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Visit Finland Segmentation Study 2017

– From Modern Humanists to Authentic Lifestyle Seekers



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Abstract

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The purpose of this thesis was to observe Finland as a tourism destination and to analyze tourism marketing strategy made by Visit Finland. Visit Finland has created a marketing segmentation strategy to pinpoint the most valuable target clients for the country in order to increase the visibility and attract more visitors.

The thesis contains a brief overview of a tourism industry in general, with the main focus on Finnish tourism industry.

The main research objective was to observe Visit Finland's old and new market segmentation theory and analyze differences and impacts on the country's tourism image, as well as Visit Finland's vision.

The thesis also contains a theoretical part and an analysis of Visit Finland's market segmentation strategy, its purpose and an observation through segmentation theory analysis and the 8p marketing mix.

CONTENTS

| | |
|--|----|
| 1 Introduction | 3 |
| 2 Tourism as a concept | 4 |
| 2.1 Destination marketing | 4 |
| 2.2 Importance of reviews in tourism | 5 |
| 2.3 Trends and future in travelling | 6 |
| 2.4 Overtourism | 6 |
| 2.5 Economic Impact of travel and tourism | 7 |
| 3 Finnish tourism industry background | 9 |
| 3.1 Finnish tourism marketing | 9 |
| 3.2 Finnish trends in tourism | 10 |
| 3.3 Finland destination reviews | 11 |
| 3.4 Overtourism in Finland | 12 |
| 3.5 Sustainable tourism and eco-tourism | 13 |
| 3.6 Stopover tourism in Finland | 14 |
| 3.7 Finnish tourism in numbers | 15 |
| 3.8 Competition | 15 |
| 4 Market segmentation in tourism | 17 |
| 4.1 Why tourism segmentation is needed? | 18 |
| 4.2 Visit Finland | 19 |
| 4.3 Visit Finland's new segmentation strategy | 20 |
| 4.4 Differences between strategies | 22 |
| 4.5 Benchmarking Denmark's tourism strategies | 23 |
| 4.6 Russian visitors in Finland | 25 |
| 4.7 Chinese visitors in Finland | 28 |
| 4.8 Theory analysis | 29 |
| 4.9 Marketing Mix | 33 |
| 5 Conclusion | 37 |
| 6 List of references | 38 |

1 Introduction

Leisure travelling has come a long way in past decades; nowadays it is one of the fastest evolving industries. Tourism industry is more sensitive than any other industry to fluctuations in demand, as well as competition.

Tourism has a significant direct and indirect impact on the GDP and employment situation and is considered as a very important economic activity in most countries worldwide. Contribution to the economy has been growing steadily annually everywhere in the world, which also concerns Finland. As tourism industry is growing so fast, it impacts on more people every day in some way.

Tourism is not a main source of livelihood in Finland, however it brings an important contribution to the country financially through its impact on GDP, employment situation, entrepreneurship and overall welfare.

Visit Finland is an organization which is in charge of researches and promotion of Finland as a destination abroad, as well as co-operation with tourism entrepreneurs. Visit Finland spends plenty of resources on the marketing strategies and data gathering, to target valuable customers and also gaining competitive advantage on the global level.

Finland may not be the most popular country in the Europe, but many tourism related trends favor Finland in many ways, such as sustainable tourism and avoiding overcrowded places, as well as exploring the pure nature and seeking for authentic experiences.

Marketing of a tourism destination demands specific strategies and a set of actions in order to create a functional marketing strategy, which brings desired results to match the wanted results.

Market segmentation strategy is widely used among marketers to discover the most profitable and valuable clusters of existing and potential customers. Visit Finland has conducted many researches in order to identify those clusters and target them in the best possible way.

Finland is growing as a travel destination, attracting more people and gaining recognition and visibility across the world. This demands more focus on the marketing and promotion of the country's offerings to the travelers. Market segmentation strategy is a good tool to scan the market and its potential. Visit Finland has done a lot of research to pinpoint strengths of the country to present them in the right light and attract more visitors. In some segments Finland can be considered as a strong competitor on a global level.

2 Tourism as a concept

Tourism is a composition of products and services, which altogether provide a subjective experience for the consumers. For many years tourism industry was classified into following eight sectors: accommodations, adventure and recreation, attractions, events and conferences, food and beverage, tourism services, transportation, and travel trade (Yukon Department of Tourism and Culture, 2013.)

Tourism industry is more sensitive than any other industry to fluctuations in demand. Demand fluctuations can be unseen, either due to natural causes or man-made causes, such as natural disasters, political situations, seasonal changes and others.

Tourism has a significant direct and indirect impact on the GDP and employment situation and is considered as a very important economic activity in most countries worldwide. (World Travel and Tourism Council, 2017.)

2.1 Destination marketing

Destination marketing promotes a certain destination (town, city, region, country, etc.), in order to increase the number of visitors and raise visibility. Destination marketing is basically a tourism advertising for a specific place. Opposed product marketing, in destination marketing consumers must come to the destinations themselves, which demands a very specific promotion approach. This type of marketing is more challenging than any other typical marketing because the destination must really have a specialty or a unique attraction in it for people to want to come and visit. (Promodo, 2018.)

Branding destination is challenging in many ways since there is no tangible product or intangible service attached. The only certainty that can be promised to the customer is an experience, which is subjective. The destination image is a combination of perceptions, attributes, characteristics and psychological associations with intangible aspects of a destination; a combination of functional and holistic attributes. (Destination think, 2018.)

When the difference between marketers promises and actual customer experiences is matching, it usually means customer satisfaction. Image development is a mixture of cognitive, affective and conative processes. Destination branding

easies the selection process whenever a potential customer is interested in booking a trip. It helps to create a sense of familiarity with brand attributes, sends positive messages and ensures standards of service. Branding can help to overcome the tourism's intangible nature and to create a sense of tangibility. (Destination think, 2018.)

2.2 Importance of reviews in tourism

Tourists usually use online reviews to help them find extra information about the destination. Reviews written by real people are trusted more than advertisements and promotion campaigns. About 85% of consumers trust online reviews as much as personal recommendations (INC, 2017). Potential customers usually look for reviews from multiple sources.

Online reviews work as a medium between customers and service providers, which can not only reflect satisfaction with the consumption experience, but also provide valuable information to help potential consumers make decisions. Online reviews appear to be a strategic tool that plays an important role in hospitality and tourism management, especially in promotion, sales and management. It also provides information and ideas for a change and improvement. (Schuckert, Liu & Law 2015, 609.)

Online reviews on destinations can be influential and positive experiences of other people may encourage more people to travel to the destination. One of the biggest and most reliable sources in tourism reviews is TripAdvisor, which shows hotel, restaurant and attraction reviews, as well as other travel-related content. Most of the content is provide by users, which write real reviews. TripAdvisor is the world's most visited travel website, which helps travelers to plan their trip based on the real reviews. (Telegraph Travel, 2015.)

2.3 Trends and future in travelling

Trends come and go, every year there is a trending country or a destination which for one reason or another. Such visibility usually means overcrowding by tourists. The popularity of social media has brought up many trends, especially by social influencers and celebrities. Travelling in general is a trend nowadays. It is easy to book everything needed for a trip in a very short period time and everything can be done via the smartphone. Brick and mortar travel agencies hardly exist anymore, however, pre-booked and package deal holidays are still very popular amongst most of the people. Those package trips are most of the times quite cheap, effortless and fast to book, which make them a convenient solution for families with kids, elderly, etc. (Fund, 2017.)

One of the biggest trends lately has been personalization and customization. It can be seen in many industries, also in travel and tourism industry. People are purchasing less package trips. Tailoring own trips, booking flights, hotels and destination activities separately is preferable. Avoiding overcrowded places which are the targets of over tourism is becoming trendy also. (Das, 2018.)

Due to massive competition in the industry, prices of flights and accommodations are getting lower each year, opening possibilities for more people than before to travel abroad. In the future customers are expected being more demanding on authentic experiences, adventure seeking, search of fulfillment and learning. Responsible travelling, sense of belonging to the culture and handcrafted experiences are becoming more popular than ever. (Das, 2018.)

2.4 Overtourism

For decades most tourism destinations have tried to attract as many tourists as possible, without any reckoning that there could be limits beyond which local people's lives and tourists' experiences may suffer.

Tourism is generally speaking good for the hosting country, it contributes to the country's GDP, welfare, job offerings and overall economy. However there are some tipping points with negative side effects, which can be destructive to other matters, despite the contribution. (Responsible travel, 2018.)

Overtourism is a phenomenon, which occurs when a popular tourism destination becomes overcrowded with tourists in an unsustainable way, bringing negative consequences to that particular destination. Those consequences can be economic, environmental and sociocultural. (Telegraph, 2018.)

Even though tourism is good for the economy, it can be very harmful for nature, environment and even historical monuments. It can also be harmful to the locals. There are many cases of different vandalism acts done by tourists. Not only is overcrowding a problem, but so is litter and noise. (Responsible travel, 2018.) Officials can take some actions, such as limiting traveler quantity per day, providing stay only under guided tours and restricting housing permits or hotel constructions. Many SME businesses also are limiting their services, such as restaurants and private housings. Also downsizing bed night capacities, pre-booking with fixed numbers, operating fewer flights and promoting less well-known areas. Limiting the services still generates benefit to local economies but with less social and environmental impact. (Telegraph, 2018.)

2.5 Economic Impact of travel and tourism

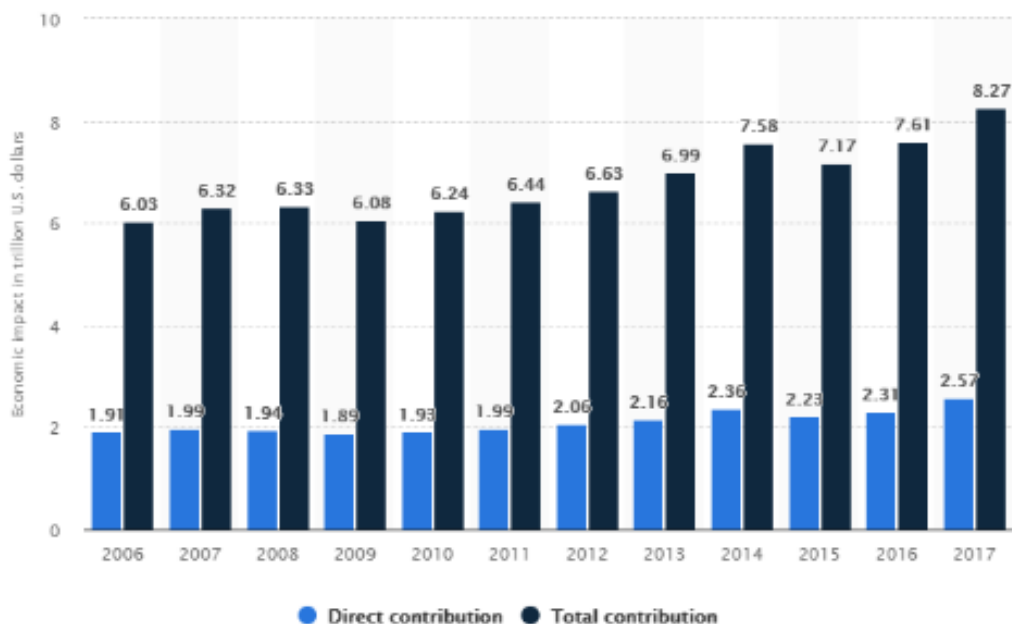


Figure 1. Direct and total contribution of travel and tourism to the global economy from 2006 to 2017 (in trillion U.S. dollars). (Statista, 2018).

World's tourism and its contribution to the economy has been growing steadily annually everywhere in the world, which also considers Finland. (Statista,

2018). Other than that, differences between the old and new segmentation strategies occur in the marketing and branding Finland, attracting the right kind of people to maintain the image and getting rid of some stereotypes and preconceptions considering the country.

Visit Finland would like to present Finland also as a good summer destination, since it is mainly associated with winter and snow. Visit Finland has conducted a research asking people of their interest in summer holiday in Finland and the feedback was notably positive. Visit Finland claimed that summer holiday would be as popular as the winter holiday, if people were more aware about the offerings and possibilities. (Visit Finland, 2018.)

3 Finnish tourism industry background

In Finland Leisure tourism became noticeable at the end of the 19th century. Finnish Tourist alliance was founded in 1887 and Finnish Tourism Agency was founded in 1909. Main actions for these organizations were however mostly assisting and helping incoming foreigners. Between Finnish people travelling was available mainly for the upper class, such as scientist and artists. At the time, motives for travelling were mainly seeking the better standard of living and job seeking. (Asunmaa, 2018.)

Finnish living standard took off at the beginning of the sixties. People had more financial resources and became more interested in tourism and travelling abroad in general. First direct flights to a holiday destination from Helsinki were to Mallorca, Rhodes and Rimini. First Finnish travel agencies were founded in the 1960's. Little by little travelling got more and more affordable and available to more people in Finland. (Tui, 2017.)

3.1 Finnish tourism marketing

Finland spends the least amount of money on tourism marketing amongst all the Nordic countries (Yle, 2014). In addition to that, the marketing patterns and strategies have been the same for many years. Forests, Lakes, Lapland, Marimekko, Sauna and Moomins are the most used marketing point in Finland. It is beneficial to exploit things Finland is known for, however some marketing strategies need to be updated. Even though tourism rates are growing all the time, it does not mean that nothing needs to be changed. (Savon Sanomat, 2017.)

Finnish tourism market is not large, and it is still known mostly as a winter destination. In marketing the main focus is on the things country already has and is known for, which is mostly nature, winter activities and a couple of well-known and appreciated brands(Savon Sanomat, 2017.)

Particular areas of Finnish regions attract different nationalities, for example Lapland and Northern exoticness attract many nationalities, but especially Asians. Finnish culture, art, lakes and outdoor activities are on the other hand very attractive for Europeans. (Kilpeläinen, 2017.)



Figure 2. Experts claim: Tourism marketing of Finland is outdated (Savon Sanomat, 2017).

3.2 Finnish trends in tourism

Europe is Finland's number one market for tourism. More than half (52%) of nights spent by foreign tourists come from within European Union. Asian tourists made up 16% of all nights spent by international visitors, up by 21% from the previous year. In fact, Asia now accounts for more spent nights than Scandinavia or Russia (Visit Finland, 2018.)

Virkkunen, P. from Business Finland's Visit Finland stated on Visit Finland website as following: "Tourism in Finland has shown a healthy trend in the past years: we have managed to build sustainable growth on several markets while also advancing our risk management capabilities. The Finnish travel sector no longer relies on Russian tourists for growth".

The top five visiting nationalities remain unchanged from last year: Finland receives the most visitors from Russia (809,000), Germany (614,000), Sweden (593,000), the United Kingdom (580,000) and China (359,000, Hong Kong included). For 2017, Visit Finland worked together with the travel industry and focused on marketing and sales in Germany, the UK, Sweden, China and Japan. Germany edged past Sweden and became the second-largest source of visitors. (Visit Finland, 2018.)

The Helsinki region and Lapland are Finland's main attractions (growing 13% and 22%, respectively), but travellers are starting to discover other regions as well. Lakeland saw a 12% increase in nights spent by international visitors while the Archipelago region netted 8 %.(Visit Finland, 2018.)

Many trends favor Finland's travel industry now. Excessive tourism in some of Europe's top destinations has become a major issue and many travelers are seeking for new and safe destinations which are not overcrowded. Finland's unique features such as easily accessible wilderness, open spaces, peace and quiet, become more meaningful for travelers especially from big cities. However, more visitors will inevitably strain delicate natural and cultural ecosystems. In order to maintain sustainable development, the industry needs to focus on producing experiences and services to customers who are willing to pay for quality. Fortunately, premium experiences are in high demand at the moment. (Visit Finland, 2018.)

3.3 Finland destination reviews

Lonely Planet is a largest travel and guidebook in the world, which is a trustful source for people to seek for advice on the travel destinations. Each year they make a "best in travel" list, in which they compose a top ten travel destinations of the year. In year 2017, the only European country that made it to the list and was ranked the third best of the list was Finland. In their text it was said that the year 2017 "there's never been a better time to discover Finland's proudly unique culture and landscapes." This level of recognition and attention brought up to Finland was recognized as very valuable to county's visibility, according to Visit Finland. Finland is not the most known and wanted place to visit in Europe, at least yet, meaning that any recognition is advisable. (Visit Finland, 2018)
Lonely planet description of Finland is following: "Inspired design, technology and epicurean scenes meet epic stretches of wilderness here in Europe's deep

north, where summer's endless light balances winter's eerie frozen magic." (Lonely Planet, 2017.)

Top Finnish destinations listed on the website were about nature, as it is the most valuable resource and attraction of Finland. Despite that fact, according to the trip advisor Helsinki is still the number one popular travel destination in Finland. (Trip Advisor, 2018.)

The Telegraph also listed top list of things to do in Finland, which also were either Helsinki or Lapland. The best things according to the listing were arctic experiences, nightlife, wilderness, sauna and birdwatching. Known stereotypes about Finland are listed on multiple websites as the most known Finnish attractions, and it is recommended to experience the most well-known activities, because in Finland there is a limited amount of popular attractions.

3.4 Overtourism in Finland

In Finland the chance of over tourism is highly improbable, however not impossible. Finland is a perfect destination for people who would like to avoid over tourism and overcrowded places, because it is still quite an unknown place to some nationalities. Because of that Finland may turn into a trendy place someday, but because of the high prices, remote location and not so well-known reputation, not any time soon. Even though huge masses of tourists are not expected in near future, Rovaniemi may become a place in Finland which can suffer some of the consequences of over tourism. (Visit Finland, 2018.)

Every year Rovaniemi has about 470 000 visitors, 60 percent of which are visiting during winter season. Since the Chinese travels are escalating quickly, numbers can be expected to rise noticeably in near future. Chinese e-commerce Alibaba confirmed bringing 50 000 Chinese tourists next year through its subsidiary company Alitrip (Yle, 2018). According to Alibaba the wanted number would have been 100 000 visitors, if VisitRovaniemi would have agreed. Rovaniemi cannot provide the needed services for that kind of tourist volume, considering that there are also visitors from other countries and also domestic visitors. However, there are going to be the most visitors from China one of next few years, according to Yle. (Yle, 2018.)

3.5 Sustainable tourism and eco-tourism

Sustainable tourism can be defined as a form of tourism which takes account of its economic, social and environmental impacts, now and in the future. It is also addressing the needs and important matters of travelers, hosts, communities and environment. Despite that, tourism has no potential of being completely sustainable, but there are actions that can be taken, which help to decrease the impact of traveling on the environment. (World Tourism Organization.)

Sustainable tourism means not only respecting the environment and making green choices throughout the trip starting from the planning stage, but also respecting the local nature, culture and people.

Difference between sustainability and being eco-friendly is that sustainability goes beyond environmental issues. Eco-tourism is a growing niche market, as it also represents sustainable tourism. People are more aware of the climate change and they would like to participate and contribute in improving the conditions. (Medium, 2017.)

Ecotourism seeks to reduce its impacts on the visited area. It contributes to the conservation of natural areas and sustainable development of contiguous areas and communities by spreading awareness among residents and visitors. (Williams, 2011.)

As more countries and destinations develop their tourism industry, it impacts on natural resources, environment, consumption patterns and social systems. The need for responsible planning and execution is essential for the industry. Even though tourism is private sector dominated, it is also a government matter, that's why they usually co-operate or government sets regulations and laws under which the private sector must operate. (World Tourism Organization, 2016.)

As tourism industry is growing so fast, it impacts on more people every day in some way. To some countries it is a main source of living, which creates a serious economic dependence. It is hard to tell how the certain society would survive without tourism.

Sustainable tourism became trendier since people got more educated about the facing and potential problems. Even the small things, such as tags in the hotel bathrooms which explain the hotel laundry impacts on the environment encourage people to contribute by reusing towels and bedding.

Environmental impacts may not be the priority concern of every traveler, but more people planning their trips are interested in maintaining and reducing the negative impacts on the environment.

In Finland things sustainable tourism is an important matter, Finnish government is protecting the environment and encouraging sustainability in many forms. There are many organizations which participate in tourism sustainability, such as Metsähallitus, Green Tourism of Finland –ecolabel, Joutsenmerkki and many

more. Unfortunately, not every country has the needed resources or regulations to implement that kind of regulations. (Green Tourism, 2018.)

Finland takes sustainability very seriously and wants to preserve and save its pure nature for many more years. In Finland environmental quality programme is required from all providers of hospitality services. The programme must determine on-site practice including measures for energy saving, use of raw materials, water conservation, recycling and acquisitions." It is also possible for tourism entrepreneurs to apply other tourism environmental quality programs, as long as they meet up the standards of the GT of Finland label. (Green Tourism, 2018.)

3.6 Stopover tourism in Finland

Stopover trip means that the destination is not the main target of the journey, it means stopping over in the country for some time and carrying on to other destinations. Finland is in a good location for stopover trips to Europe or other Nordic countries.

Stopover Finland project started in 2015 and it has been active since. It is a collaboration between Finnair, Visit Finland and Finland Tours. When booking flights via Finnair, there are some options when choosing the flights for a stopover trip in Finland, with duration varying from 5 hours to 5 days. Targeted travelers are Asians and specifically Chinese. The program offers different activity packages which traveler can tailor depending on the length of the stay, needs, wants and preferences. (Visit Finland, 2016.)

Finnair plays a big role in this project, since most flights coming through Finland are operated by this airline.

In 2017 the number of Chinese visits to the Nordic country rose by 63 percent, according to Visit Finland. According to the text, Chinese value Finland more as a stopover place, where they can stay for a short period of time and proceed to a different destination shortly.

Before launching the project, there were conducted a market research and benchmarking in the targeted countries, which are China, Japan and South Korea. Benchmarking was completed in comparison to well-known and successful stopover destinations such as Iceland and Singapore. Reports were based on interviews in target countries and in Finland in 2015.

In January 2016 there were also conducted a customer research in Asia amongst potential stopover travelers about products and travel packages they would be interested in. Stopover Finland got 2500 answers in total across Asia. Research company NEPA put together a website prototype Stopover Finland website, which included 87 potential products and services. (Visit Finland, 2016.)

Stopover Finland works well to attract Asian customers, especially when they are travelling to multiple destinations or for example have multiple connected flights when travelling to western countries. This stopover gives a great opportunity to get to know the country and to settle down between long connected flights. Stopover Finland have multiple destination choices for every season, from witnessing nightless nights in summer to spotting northern lights in the winter. However, pure and clean nature is still in the center of attention, it works on Asian people taking into consideration the polluted industrial circumstances in their home country. Stopover trip in Finland it is enough to experience Finland in a nutshell. It is also a great way to get travelers out of Helsinki-Vantaa airport and to support other businesses in Helsinki area. (Visit Finland, 2016.)

3.7 Finnish tourism in numbers

Tourism is not Finland number one source of livelihood, but it still makes difference in country's GDP, employment and entrepreneurship. In the year 2016 Finland got about 13.8 billion euros from domestic and foreign travelers, however foreign spending was only 26 percent of that, 3.6 billion euros. (Statistics Finland, 2018.)

Increment and value that was caused by Finnish tourism was about 4,6 billion euros, which makes up about 2,5 percent of Finnish GDP. This number is almost as big as forestry, fishery and agriculture and bigger than food industry. (Statistics Finland, 2018) Finnish tourism offered about 138 000 people jobs and the total of active Finnish tourism businesses was almost 29 000. (Visit Finland 2018.)

3.8 Competition

Finland's main competition countries are Nordic and Scandinavian countries. Even though those are Finland's neighbor countries, each Nordic country is very

different from another. With the growth of Chinese tourist's arrival, Finland must compete for the Asian tourists. (Visit Finland, 2018.)

Compared to competing travel destinations (Sweden, Norway, Denmark and for Asian countries also France, Italy, Spain and Switzerland), Finland stands out with northern lights, pure nature and winter experiences in general. (Visit Finland, 2018). Arctic nature is Finland's most valuable differentiation point, according to Visit Finland. It is the strongest asset, which is already marketed very well.

4 Market segmentation in tourism

Tourism marketers use segmentation strategies to gain better understanding of customer needs and allocate resources effectively, since travel market is large and diverse. Successful segmentation can be implemented after a thorough quantitative research, focusing on large volumes of people and categorizing them based on mutual characteristics such as demographics, behavioral patterns, socioeconomic status etc. Once groups are identified, they are referred to as segments, which can be targeted by specific offerings and tailored marketing solutions. (Essays, UK, 2013.)

Tourism related market segments are usually created by a combination of following:

- Age / Life Stage
- Motive
- Socioeconomic status
- Type of travel
- Geography

There are many factors based on which market can be segmented, it depends on the service on how marketers will decide to choose the best segmentation option. Sometimes the best option arises from using different strategies together. When making segmentation strategies there are several questions which needs to be answered; where, who, how, why.

Market segmentation can be done for different businesses operating in the industry. Tourism destination is a unity for which market segmentation is conducted. (Sherwood, 2017). Market segmentation benefits tourist destination to specialize on the needs of a specific target group and satisfy their needs. Destination can gain a valuable competitive advantage over competitors from the global market in destinations specializing on the same segment. Efforts can be focused on improving the product in a specific way rather than trying to provide everything for everyone. Marketing efforts can be focused by developing an effective message for the segment and communicating the message through the most effective communication channel. Tourists experiencing the destination that suits their needs are likely to be more satisfied with their stay. Therefore there is a bigger chance for them to revisit the destination and promote among like-minded people. (Wagner.)

Market orientation helps understanding and responding to consumer needs. Consumer needs are heterogeneous, meaning different consumers have different needs. The key strategic marketing tool driven by the motivation is to understand consumer needs and ensuring market orientation. Market segmentation considers the fact that in most markets' consumers differ in their needs. (Sherwood, 2017.)

Market segmentation can be used as a method of market structure analysis. This can help not to only gain valuable insight into the market and its specific sections, but also identify the most suitable strategy to apply. The strategy itself will not only require market segmentation, but also product positioning. Segmentation solutions should be monitored regularly to ensure that current market structure is up to date. (Essays, UK, 2013.)

Trends change very fast and different locations become trendy from season to season, that's why segmentation marketing strategies do not remain the same. Marketing strategies must be up to date to target right people at the right time. Tourism Market structure is very dynamic, and it may be challenging to target the right segments without the needed data. Constant market analysis, data gathering, monitoring and analyzing helps to know more about potential and existing customers. (Essays, UK, 2013.)

Presumably the most important part of the segmentation process is to choose the right variables which determine each research target in the segmentation analysis. For segmentation variables to be successful, they need to be accessible, actionable, differentiable, measurable and substantial. A segmentation criterion is measurable if it contains measurable or categorizable data, for example size. Substantial in segmentation context means that there are enough members of the segment and the forecasted sales are expected being profitable enough to implement the strategy. Accessible variable means that segments can be reached and served well, differentiable means that they can be separated them from each other and it is to categorize them. Different segments should react in diverse ways to the Marketing Mix aspects. (Claessens, 2016.)

4.1 Why tourism segmentation is needed?

Market segmentation helps to allocate better company's resources and avoid unnecessary wastage, ensuring the maximum responses and sales from each segment. (Essays, UK, 2013).

Visit Finland segment their market for the various reasons, with main reason being gaining knowledge on where to promote and market Finland as a destination, to achieve visibility and effective results. (Visit Finland, 2018).

Market research shows key aspects of the competitors' products and services, marketing strategies and target clients. Using that information while planning marketing campaigns can help to maintain competitive advantage and add value

to the business. Gathered data gets outdated quickly due to changing trends, that is why regularly monitoring and updating market changes will help the company to stay aware and prepare for possible changes, updates and adaptations. (Wagner.)

The main goal of market segmentation is to identify clusters of already existing or potential customers with similar needs, wants, budget, usage of media channels and other characteristics. All that information help marketers to create the needed combination of products and services suitable for the specific target group. (Essays, UK, 2013.)

Tourism industry usually target customers from specific countries or regions, which is why they compel to engage with international market segmentation. Some companies may also use an intermarket segmentation approach, which means creating consumer segments with similar needs for people from different countries, even if they may have different demands. That way it is easier for companies to address customer needs and spare resources. (Essays, UK, 2013.)

4.2 Visit Finland

Visit Finland is the official travel guide of Finland. It is an organization which is in charge of researches and promotion abroad, as well as co-operation with tourism entrepreneurs. It is also a website filled with information and articles for potential travelers and foreigners who are interested in Finland. Visit Finland also works closely with finish tourism entrepreneurs and executes strategical plans on how to raise visibility in Finland and increase tourist volumes. Visit Finland does not provide services for travelers but it does make close co-operations with domestic tourism related enterprises. (Visit Finland, 2018.)

One of those strategical plans is creating a marketing target segments of the traveler types which bring the most value to the country. One of Visit Finland's main target segments of 2013 was Modern Humanists. Visit Finland published an E-book for Finnish tourism entrepreneurs about modern humanists as a main target segment. They stated in their book that modern

humanists were one of the most important potential target segments. (Visit Finland, 2018.)

Modern humanist is a person who avoids mass tourism and popular, well known tourism destinations. This type of person likes to explore and go for adventures on own terms and wants to customize the trip according to own preferences. The characteristics of this group are higher than average educational and income levels, interest towards sustainability, new cultures and local people. The modern humanists are considered as experienced travelers who prefer locality over mass tourism.

Culture fans make up a second most large of a segment and financially are the most important segment, since they spend a lot of financial resources on the cultural experience and design shopping. Travelers under this group are interested in different cultures, their way of living, traditions and history.

Modern humanist couples are the biggest segment in the study. They take a trip as a journey to the unknown and they are willing to explore. They represent modern humanists in every way.

Those segment attributes may sound demanding, but conclusively modern humanists are just travelers who want to explore the foreign country and get unforgettable experiences. It is easy to satisfy their needs from the entrepreneur point of view, especially when they know their customers. That is the main purpose of the target segmentation, getting to know about the potential customers as much as possible in order to provide them the best kind of service. (Visit Finland, 2018.)

4.3 Visit Finland's new segmentation strategy

The modern humanist tourism segmentation has been valid for five years, until Visit Finland published a new target client segment on which tourism entrepreneurs should shift their focus. It differs a lot from the older version, however there are still similar features. (Visit Finland, 2018.)

Goals of the new segmentation are more tactical, because old strategy got outdated and does not support Finland's marketed image anymore. Target countries are also no longer the same anymore; they used to be UK, Germany, France, Spain, Italy and Holland and now target countries are UK, Germany

China and Japan. Asian countries came as a new addition and are in central focus right now. (Visit Finland, 2018.)

Many factors have been taken into consideration when building a segmentation marketing strategy. New Visit Finland segmentation has a clearer structure to it, it is no longer a one big segmentation with different sub segmentations, there are six concrete segments, which define the travelers. Following segments are: City Breaker, Nature Explorer, Nature Wonder Hunter, Activity Enthusiast, Authentic Lifestyle Seeker and lastly the Comfort Seeker. Each segment has been identified with the typical traveler age, gender, preferences, interests and assumed nationality. (Visit Finland, 2018.)

Most popular segments between all countries were City Breakers and Authentic Lifestyle Seekers. Other segments had different recognition rates which are quite even, the least popular segment between the countries was Nature Wonder Hunter. It may not get enough recognition by itself but for example combined with the nature exploring segment it may work better. (Visit Finland, 2018.)

Differences between summer and winter holiday packages are also presented between countries. Even though Finland is mostly associated with snow, cold, Lapland and northern lights, summer trips are almost as popular as winter holidays in the most of target countries. (Visit Finland, 2018.)



Figure 3. Six main segments of the segmentation strategy. (Visit Finland, 2017).

Main traveler profile segmentations done by Visit Finland are following; city breaker, nature explorer, nature wonder hunter, activity enthusiast, authentic lifestyle seeker, comfort seeker.

City Breakers are interested in historic attractions, shopping and culinary experiences. This is the most typical Finland visitor, especially in Helsinki area.

Nature explorer and nature wonder hunter were not described in the segmentation part, titles describe them well enough. Activity enthusiast are active people who seek physical, country specific experiences, which can be classified as extreme/unusual to what they can experience in their own country. On Finnish scale this means usually winter sports such as skiing/downhill skiing, sauna and ice swimming.

Authentic lifestyle seekers would like to know the local culture and all the aspects of it, such as local events, art, museums, sauna and local foods.

Three segments were recommended as main motives for Finland, considering size and probability for Finland to win its competitors: Nature Wonder Hunters,

Nature Explorers and Activity Enthusiasts. In these segments Finland is a strong travel destination on a global level, having great competitive advantage over similar competitors. City Breakers and Authentic Lifestyle Seekers, on the other hand, could rather be targeted in a combination with primary motives, since the competition from other markets is tough in these segments, and it is challenging for Finland to stand out. (Visit Finland, 2017.)

4.4 Differences between strategies

Modern humanists are experienced travelers who prefer locality over mass tourism. People coming to Finland are not mass travelers and in Finland there are no annual events which draw huge masses of people. (Visit Finland, 2017). In the old segmentation strategy there was just a one big segment which can be categorized as modern humanists, meaning it was based on values and attitudes of people. In the new segmentation strategy there are six different traveler types and their interests as travelers, not people in general. (Visit Finland, 2017). In the old strategy the segment was evolving around people type, now it is not focused on the kind of people, but what kind of travelers those people are. Because of that, the new segmentation is broader and better tailored for travelers who would like to visit Finland. Countries of main focus are reduced, but it does not mean that other countries are excluded entirely.

Old visit Finland segmentation focused mainly on psychographic matters, meaning focus on one type of people. In the new segmentation psychographic matters are also present, but in a more diverse way and it is not the only one matter based on the segmentation theory.

New segmentation is tailored very well for people coming to Finland; it covers almost every type of activity that Finland is known for. Depending on which kind of activities and overall trip nature traveler is interested in, it is easy to determine to which segment traveler belongs and forecast potential activities of interest.

Since the change of the target segments Finland had a positive shift in incoming tourist numbers, but they are not directly tied with the change of the strategy, because of the overall world situation, such as economy and social media. (Visit Finland, 2017).

4.5 Benchmarking Denmark's tourism strategies

Visit Denmark has three main target categories, which are coast and nature, the good life and City breaks in Denmark.

City breaks is a target group for adults and young couples with and without children seeking modern city attractions. This is an universal target group which can be adjusted in many destinations with modern cities. Those people usually come either to city capitals or other big cities of the country. Preferred activities are museums, sightseeing, famous attractions and local restaurant offerings. (Visit Denmark, 2018.)

Finland has a similar target group which does not differ much from Denmark's. Finland has a great selection of offerings for a city vacation, as well as Denmark, that is why both of countries target group is definitely necessary and relevant.

Coast and nature

Families, couples and friend groups who are looking for holidays in pristine nature with easy access to historic towns, world-class family attractions such as LEGOLAND and active holiday experiences, for example water sports. (Visit Denmark, 2018.)

Denmark's nature is quite varied, there are rocky islands, sandy heathlands, and beaches with built holiday homes along the coast. There are also 72 inhabited islands, which can be reached by ferries or bridges. Hiking trails and hundreds of kilometers of cyclic lanes are opened to everyone. This gives an opportunity for many activities, such as island hopping, hiking, cycling and others. (Visit Denmark, 2018.)

History lovers can discover old castles, seaside towns and other coastal getaways. Danish coast and nature give an opportunity for many activities in nature for the whole family. Danish beautiful nature attracts nature lovers and suitable for that segment people, who want to take a break from busy city life. (Visit Denmark, 2018.)

In Finnish segmentation this is similar to the nature explorer; people who want to have a quiet and peaceful stay, however extreme sports, activities and historic explorations do not belong to this segment in Finland. This is probably because Finland has a very long-distance ranges between attractions, which are located across the country, when Denmark claims that everything is very close and there

are “activities everywhere you go”. Finland is very sparsely populated in the relation of the country's size and everything is not as close.

The good life

This is a segment for young couples, adult couples or friend groups without children. Pleasure-seekers who look for urban, rural and cultural attractions, inspiration and relaxation in peaceful surroundings, meaning they want to get away from city center and explore other country surroundings, preferably in nature. Exploring countryside and coast by rented bikes, going to small villages and enjoying local produce food. In Finnish strategy this is resembling the authentic lifestyle seeker. (Visit Denmark, 2018.)

Overall those three target segments are enough, there is no need for more target segments. They summarize the offerings in Denmark well and there is no need for more segments.

Compared to Visit Finland those segments may be more attractive, because Visit Finland has six different segments which could be compacted into fewer ones, especially because some of them are quite similar and some are not so popular amongst travelers.

VISIT Copenhagen

Copenhagen has a strategy of its own, separate from Visit Denmark. Wonderful Copenhagen published recently a new strategy, stating that the days of grouping people into targets and segments are over for them. They call it "the end of tourism as we know it". (Visit Copenhagen, 2018.)

Main target for travelers who are visiting Copenhagen is to make them feel like they are part of the locals, which they call the "shared sense of localhood". They would like for visitors to feel the emotional connection, shared relations and authenticity experiences, rather than basic tourist attraction visits, souvenir shopping and perfect pictures of main attractions. (Visit Denmark, 2018.)

They claim that their core business are still travelers, but the main product and asset now is people. Copenhagen want travelers to feel temporary local and have personal connection to a shared experience based on interest, relations, and authenticity. (Visit Denmark, 2018.)

Visit Copenhagen uses data and updated visitor insights to identify and remove the weak point of the destination, increase visitor satisfaction levels. On their website they do not elaborate how the strategy is going to implement the sense of locality, which makes it unclear and non-concrete. There are statements that they want to increase value of the visitors and make them want to come back

again by creating a perfect stay but the execution is not explained. (Visit Denmark, 2018.)

Point of the strategy is to increase visitor quantity and maintain the livability of the locals, as well as add mutual value for the visitors and locals. The vision is to increase tourist bed nights by 1/3, which means approximately 17 million tourists. Which is a lot for a country that size, especially when all of them are placed to Copenhagen. That would mean almost 70 million annual visitors, with the whole country's own citizen population being only 6 million people. (Statistics Denmark, 2018). Finnish tourism rates are about 20 million visitors annually. (Statistic Finland, 2018).

The idea of the strategy has a lot of potential, however removing all the flaws of the stay, creating the sense of being local for 70 million people annually, getting overcrowded and pleasant at the same time seems unrealistic.

What comes to visit Copenhagen compared to Visit Finland, there are some local factors in Helsinki area, but it is more an urban and international area, which does not reflect true Finnish locality in that many ways. Finnish people are friendly, but not easily approachable and in many international travel guides it is also separately claimed that Finnish people do not like to engage in conversations and in small talk with strangers and foreigners. That alone makes it challenging bringing the "sense of locality" to the visitors. (Visit Finland, 2018.)

4.6 Russian visitors in Finland

Even though one of the biggest group of travelers in Finland are Russians, Visit Finland did not include them into the new segmentation strategy. The sector of Russian tourists is quite large; however, it does not bring the desired value to the country. (Visit Finland 2018.)

Russia is a Finnish neighbor country and it is relatively easy to market Finland to Russians, because the connections are easily accessible, and people are coming for holidays throughout the Finland from different points of border crossings. That is why it may sound inconsiderate not to include Russia into the strategy, even though it does not bring as much value as some years ago. (Visit Finland 2018.)

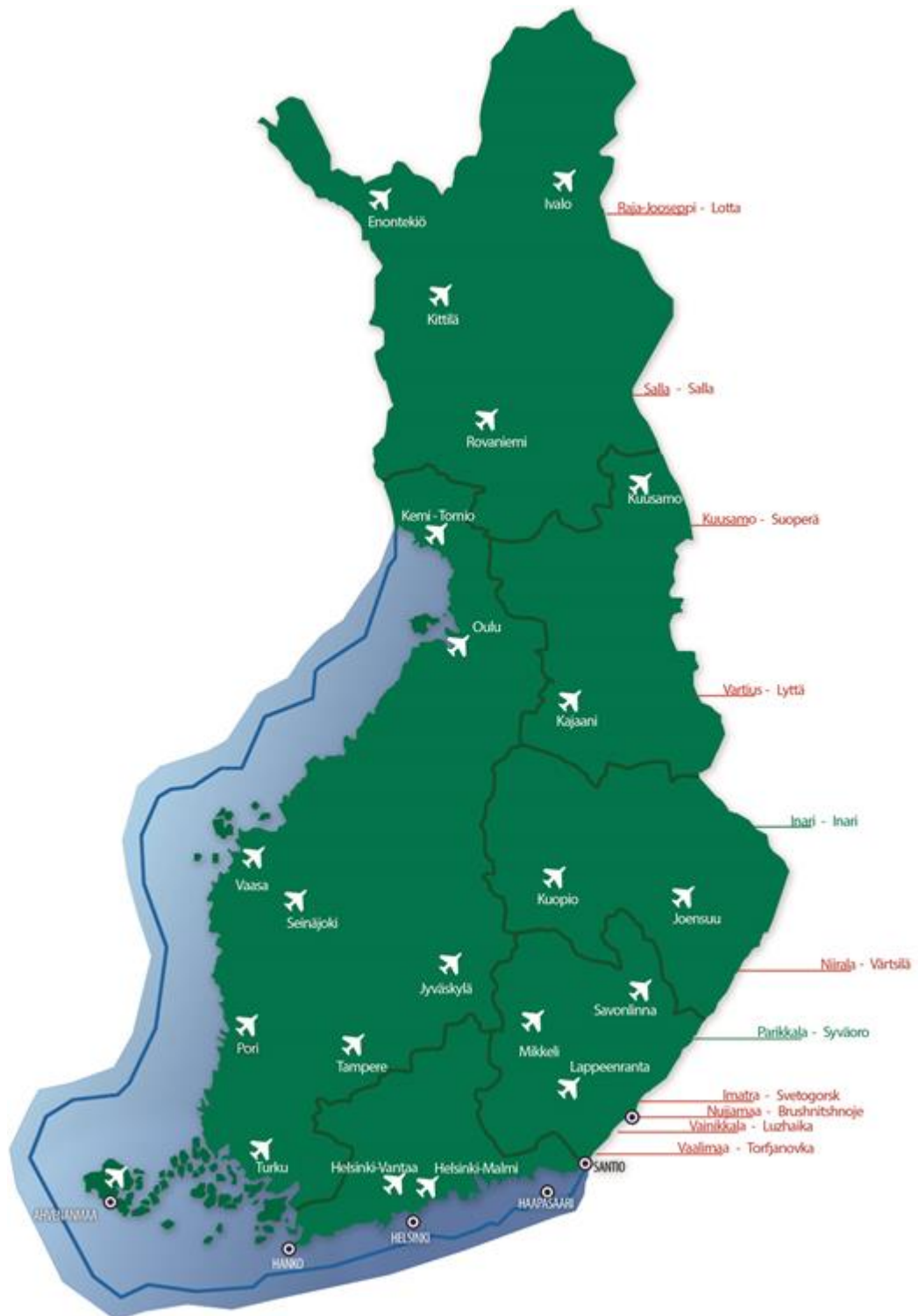


Figure 4. Border crossing spots on the map (Rajavartiolaitos)

Russian travelling to Finland is bound with the currency rates. When the ruble rate is low, and the value compared to euro is relatively low, traveling for Russians is going to be expensive. Currency rates has been fluctuating for the past years a lot, and they are still not stable (Statista, 2018). Finland can get away with very little marketing to Russia, because Russians are well familiarized with Finland and its offerings.

Russia was also not included in the old strategy of modern humanists. Russians are rarely related to modern humanists, however, in the new strategy with more structured and concrete segments, Russians should have been taken into consideration.

On all board crossing spots, the percentage of Russian visitors have risen over 20 percents (Yle 2017). Even though the percentage of Russian visitors is escalating, it does not necessarily mean that the money spending percentage is going to rise, since Russian buying power is tied with the course of ruble and oil prices. However, it has been rising for few years now quite steadily (Trading economics 2018.)



Figure 5. Russia consumer spending (Trading economics, 2018).

The Federal Agency for Tourism of Russia (Rosturizm) has revealed that Finland was the most popular travel destination for Russian tourists in early 2015 (Helsinki Times 2015). Rosturizm reported that Finland was the destination of over 705 000 people of the 5.9 million Russians who travelled abroad during the first quarter of the year.

4.7 Chinese visitors in Finland

Finland focuses right now mostly on China and Chinese travelers, because they spend the most money in the country out of other nationalities. Finland is trendy in China and Finland is trying to take the most out of it. (Visit Finland, 2018.)

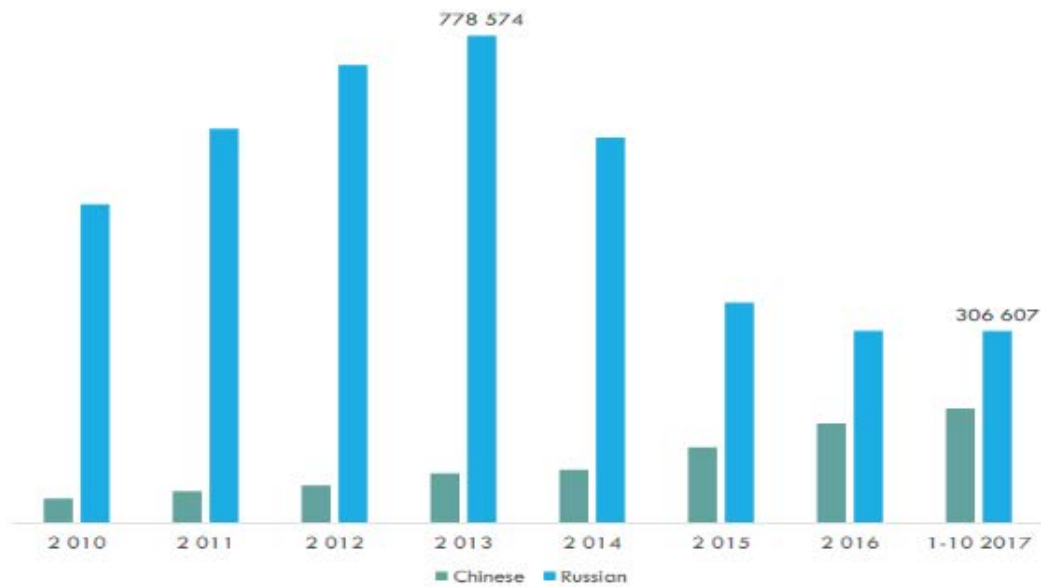


Figure 6. Arrivals in registered accommodation. (Matkatieto).

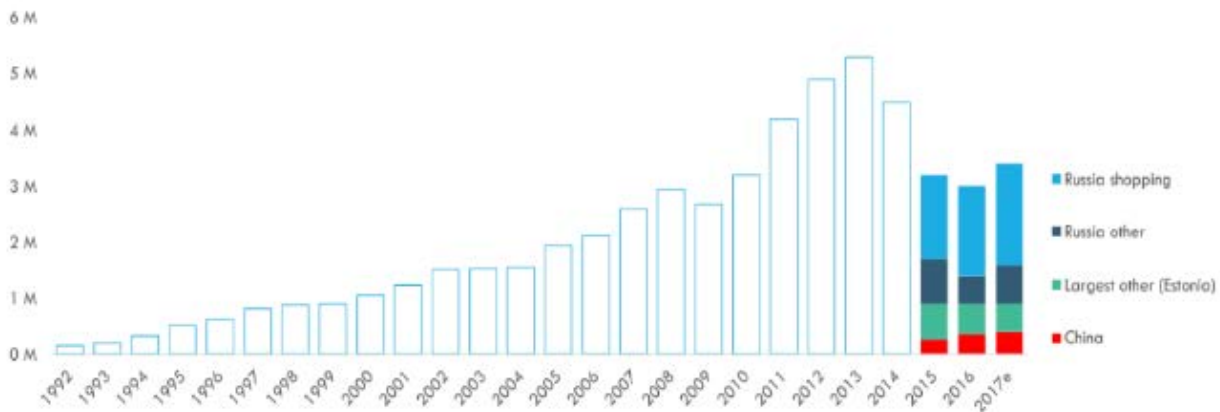


Figure 7. Russian travelling to Finland (Matkatieto).

In 2017 the number of Chinese visits to Finland rose by 63 percent. In 2016 number of Chinese visited Finland was around 265,000 and in 2017 about 432,000. Chinese also spend a lot of money in the country compared to the other nationalities. Russian visitors are spending on average 240 euro per trip, when Chinese spend on average around \$1,553 per trip (Visit Finland, 2018). Those numbers may be related to the length of the trips, since Russians can come over for a day trip, when for Chinese it is either a stopover trip or a longer trip. (Matkatieto).

4.8 Theory analysis

Visit Finland completes many travel researches annually and uses them as a base for creating market strategies and other campaigns. Because of the evolving customer base, Visit Finland's marketing is progressively shifted towards sales promotion. Customers are selecting their destination according to their activities, interest and experiences. (Visit Finland, 2018.)

A situation based approach was chosen to find out customer needs and attitudes in different situations. Over a thousand online interviews were conducted in each of the four target countries, in the course of summer 2017. As a result, the study answers the questions of what to communicate, when, to which target groups and in which channels. (Visit Finland, 2018.)

Three segments were selected as main motives for Finland, considering size and possibility for Finland to challenge its competitors: Nature Wonder Hunters, Nature Explorers and Activity Enthusiasts. In these segments Finland can be considered as a potent destination on a global level. City Breakers and Authentic Lifestyle Seekers, on the other hand, could rather be targeted in a combination with primary motives, since the competition from other markets is tough in these segments, and it's difficult for Finland to stand out. (Visit Finland, 2018.)

In-depth analysis of the four main target markets was made to enable taking local preferences into account. A country specific segmentation for UK, Germany, Japan and China is found in separate reports. (Visit Finland, 2018.)

There are 3 core segments and 3 supporting segments, however the focus should be shifted towards most valuable segments, based on their size, current image and desired image.

- 1: Size / Value: The segment needs to be large enough/ bring the best value
- 2: Current image: Finland's strengths right now
- 3: Desired image: The desired position of Finland, what kind of image needs to be achieved

Once the segments are defined, the next step is to determine which ones have enough customers to meet set goals. Benchmarking the competition is beneficial at this point to observe if other companies try to attract similar segments. After that it is important to evaluate capabilities of access to potential customers, by reviewing geographical, legal, technological and other factors that may restrict the efficient strategy application and communication. Visit Finland segments were made based on the segmentation theories, segment analysis, data gathering and future projections. (Visit Finland, 2018.)

Segments based on geography

Visit Finland gathers annually different information about the travelers incoming to Finland. Information such as spent financial resources during their stay, trip duration, specific nationality volumes etc.

In new segmentation strategy target countries are Asian countries (China and Japan), UK and Germany. Annual visit volumes from those countries may not be the highest out of other countries, but they bring the most value to the country. (Visit Finland, 2018.)

Even though traffic from Russia is massive, Russians do not spend as much money during they stay as they used to, that being a reason not to include them in the target segment.

The number of Chinese passport holders is expected to double by 2020, which means that more Chinese travelers will be expected not only in Finland but also worldwide. Finland is not the only country which will be focusing on Chinese travelers, countries worldwide and especially Nordic countries will be competing for the Chinese travelers, since they spend a lot of money during their stay and usually travel in large groups. Future projections are very promising, that's why they were included in the strategy.

Segment size

Segments which has a lot of potential, either in bringing more value to the country or the potential to grow are usually the most worth focusing on.

In the segmentation theory segment size matters, it is stated that the segment needs to be large enough for the company to concentrate their resources and attention to bring out the best market offerings. However, despite those matters Visit Finland segmentation theory does not implement that factor in their strategy, they focus more on the geographical segments which bring the most value financially and reputation wise.

Strengths now

Finland takes advantage of its own strengths by exploiting the strongest marketing points, which are pure nature, aurora borealis, Lapland and well-known brands. Every segment evolves around those selling points, except city breakers. Helsinki is a considerably separate place, because it does not directly represent Finland as a whole. Visit Finland focuses on people whose values match with what Finland can offer, because Finland has very specific offerings which do not draw attention of tourist masses.

Desired Image

Visit Finland would like to promote Finland also as an equally desired summer destination. Visit Finland has conducted a research interviewing participants from the target counties about their interest in summer experiences and the results got the same amount of popularity between the participants. Visit Finland's goal is to get rid of the certain perceptions of the country, make the trip offerings more diverse and to create an image of a versatile trip destination.

Psychography

Old visit Finland segmentation was focusing mainly on geographical and psychographic parts of the segmentation theory, modern humanists, which means they just focused on one type of people. In the current segmentation there is no direct reference to the psychographic factors of targeted travelers.

Services

Gaining better comprehension on what customer wants demands a lot of qualitative and quantitative research. Visit Finland has done surveys and launched a pilot website of service and product offerings in target countries, to get better insights on what potential customers would like to experience on their Finland trip.

Surveys were also conducted in the target countries with approximately 1000 replies in each country between customers which made a trip to Europe recently or are planning to make a trip soon.

Life stage

Finland draws in different type of people depending on age/gender and different segments are an indicator of that.

Most popular segments are city breakers and authentic lifestyle seekers. Those are supposed to be universal in age but apparently, they are more attractive for the older generations. However, those segments were formed mainly more based on travelers' values and their interests, not based on their age.

About behavioral and sociographic values

Finland is not an affordable country for everyone to visit and traveling in Finnish climate is not for everyone. Acknowledging those facts explains why Finland is not centered on these variables, because people traveling to the country are assumed having a good income and interest in arctic climate.

Variables to focus on

The term market segmentation is defined as knowing that neither the market nor the customers are homogenous. The market is divided into several sub segments where market segmentation's role is to split the existing customer base and/ or potential customers into groups with similar attributes. The reason for doing this is that the customers or potential customers have different ways of perceiving the value of different kinds of products and services. By delivering the benefits to the customers in a way which appeals to them best companies can achieve better results and meet their goals. The aim of doing this is by serving these groups in a more individual manner and to tailor the offering to meet the needs of the customer.

4.9 Marketing Mix

Since Visit Finland is not an official travel services provider, it is challenging to create a marketing mix, however the questions which the 8p analysis is answering are related to the process of the segmentation strategy, based on which Visit Finland is doing the segmentation strategy.

Even though there are tangible elements in the tourism industry, it is still mainly considered as a service industry. Tourism as an industry is based on intangible, imperishable services, which only provide people with subjective experiences. (Inbound tourism, 2003.)

There are eight P's in tourism marketing mix; Product, Price, Promotion, Place, People, Planning, Programming, Physical Evidence. (Markgraf, 2017).

Price

Price gives an indicator of the value in the eyes of customer, it is a common perception that higher price means better quality and value. (Srilal, 2016). Finnish prices are already high compared to some other European destinations and Visit Finland or service providers cannot alter that. (Europa, 2016). There are pricing differences between accommodations, but usually activities, flights and restaurant costs are quite high. Despite that, price must match the product or the service.

Since Visit Finland cannot affect pricing, they can adjust the marketing, which when done right eliminates the threshold of a high pricing issue for the customers who seek a good value for exchange of their money.

Pricing depends on many factors, such as seasonality, geographic location, competitors pricing and government regulations. Even though Finnish prices are high, it is not the biggest restraint for the customers. High prices are usually associated with good value, which is determined individually by each person. (Srilal, 2016.)

Product

Tourism industry does not include products, as it is powered by services which can be physical, but they cannot be stored for later, such as flights, accommodation, etc. (Inbound tourism, 2003). The quality of the tourist experience as a product is directly proportional to the quality of the service a tourism business provides. The product must be designed to emphasize its features and to satisfy customer's needs. (Srilal, 2016.)

When applying this to the Visit Finland segmentation theory, one of the aspects of the segmentation is based on traveler's interests, activities of their choice, motive of their trip and the area of Finland. List also considers restaurants and accommodations. On the Visit Finland website prices are not shown, there are only links and contact information of the service providers. (Visit Finland 2018.)

Place

Place in tourism marketing mix usually refers to where from the customer purchases services, and nowadays all the tourism related products and services shifted online. (Markgraf, 2017). Visit Finland does not sell services, but it has a list of different services and activities which can be done in Finland, as well as descriptions and links to them. (Visit Finland 2018.)

Physical Evidence

As stated earlier, tourism related services are mostly intangible, they cannot be stored for later. Despite these facts, customers need to have a sense of tangibility. (Markgraf 2018). Since the customers are getting the experience as their main product, everything evolving around the experience which can be tangibilised is related to the whole package, starting from the airplane seats or for example a blueberry juice which is served on Finnair flights.

Planning

Planning is one of the most important aspect of the trip. Customers usually plan most of the trip in time and purchase everything beforehand. Marketing plays a big role in the stage of planning and purchasing, because customer cannot physically see or touch services and products which are purchased. Despite that, it is usually expected that the services purchased will match final expectations and experiences. (Markgraf, 2018.)

Visit Finland has a segment on their website called My stay, where a potential customer can plan their trip based on the season, region and interests. Customer can add the wanted services to own favorites and start planning trip from there. The only thing they can relate to is the description and the website. Visit Finland also does not take responsibility on the executed experience, since service providers are separate businesses. (Visit Finland, 2018.)

Promotion

Promotion gives visibility for the offerings of destination. Promotion is a mix of operations which support the offerings of an organization. It is considered as a method of communicating the information and it is usually tailored specifically for the target audience. (Markgraf, 2018.)

In visit Finland case the reason of segmentation they promote the destinations offerings to the target markets abroad as they first complete the research on what kind of offerings are needed and desired. When visit Finland made a segmentation strategy abroad in the target countries, there were conducted a qualitative research to get insights on what the potential customers would be interested in. (Visit Finland, 2018.)

Target markets are selected carefully based on the research. Visit Finland does a lot of campaigning and marketing in the target counties and different sales events. Visit Finland has a market specific campaign and an execution plan for each target market. Segmentation study helps to create that kind of promotion campaign. Visit Finland has a Business Intelligence –team, which has mapped out the basic knowledge about different markets, as well as the potential and projections of the demand. Visit Finland campaigns their offerings in the target markets in different countries. (Visit Finland, 2018.)

People

In tourism product is a collection of services, in this case the focus is on people who provide those services. Those are the ones who make up the experience for the travelers. Those people are good at customer service and offer the best possible service which aligns with the organizations vision, providing the needed value and making people want to share the experience with others. (Kar, 2010.)

Process

This part means the whole process happening from the starting point of the segmentation; research, data gathering, monitoring, planning, maintaining, and executing. Process is ongoing, without the constant monitoring and executing there would be no results. (Kar, 2010.)

In Visit Finland case this is the campaigning and forming new contacts and connections. Also, the process of delivering the service is a part of the marketing

mix. How the service execution process is done affects a lot on the satisfaction of customers and an overall experience of the trip. (Kar, 2010.)

5 Conclusion

Visit Finland is very acquainted with the tourism market situation due to many researches, constant monitoring and research data. Finnish strengths and weaknesses are known to Visit Finland's marketers, as well as it is clear how to exploit strengths and target the right customers with the right offerings and promote where it is needed.

Overall market target segmentation is a useful tool in many ways, especially because of the nowadays trends in traveling. It helps to keep up and stay ahead of the competitors, creating competitive advantage, tailoring offerings and create efficient promotion campaigns.

Visit Finland still have much to do in order to eliminate perceptions and stereotypes about Finland and creating an image of an equally valuable summer destination.

Finland's most valuable assets are nature and winter experience related, which attracts a specific type of people. Visit Finland has done plenty of research in order to identify those people and target them in the right way. That is why segmentation strategy is very useful for the Finland's tourism marketing strategies.

What comes to differences of the old and new segmentation strategy, there are many visible changes in the strategy in general, but what comes to impacts on the results, there are not enough data yet to pinpoint differences, since the new segmentation strategy came to force in the year 2017, and the old strategy was valid for five years.

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