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# **OPPORTUNITIES AND THREATS OF E-MARKETING OF THE HOTEL SOL TENERIFE ON RUSSIAN MARKET**

Bachelor's Thesis 2011

## ABSTRACT

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Opportunities and Threats of E-marketing of the Hotel Sol Tenerife on Russian Market, 49 pages

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The purpose of the present study is to create valuable information for the Spanish hotel Sol Tenerife about characteristics of e-marketing in Russia. The study investigates main opportunities and threats which a foreign hotel has to consider when implementing the Internet marketing strategy in the country. The specifics of Russian travelling market and consumer behaviour are explained.

The theoretical frame for the work is created based on the review of a secondary data concerning general features of the Internet usage and its influence on consumer behaviour. The main characteristics of the Internet usage and Russian traveller profile are described. The empirical part is accomplished with an analysis of the results of the qualitative investigation which was carried out among Russian customers of the Hotel Sol Tenerife. Data was gathered with open interviews and the results were studied following the codifying method.

The thesis was completed by connecting secondary data and the findings of the qualitative investigation. Firstly the major concepts of the subject were studied. Secondly the method of collecting interviews was chosen and the process of leading the investigation was planned. Thirdly the investigation was completed and the results were simplified and analysed. Finally the secondary data and primary data findings were joined together concluding the work.

The paper presents several findings on the subject of e-marketing of individual clients in Russia. The researcher claims that there is a growing interest among Russian citizens in the usage of the Internet services as a source of touristic information. However, there are several threats on the way of development of e-marketing which are language barrier, need of personal advice, visa obtaining difficulties and lack of experience in online booking. The research findings reveal that Russian travellers still need to be educated on the subject of online booking of accommodation services.

Keywords: Internet usage, e-marketing, consumer behaviour, Russian customer profile, decision making process

## CONTENTS

1. INTRODUCTION .....	4
2. GENERAL CHARACTERISTICS OF THE INTERNET USAGE AND ITS INFLUENCES ON CONSUMER BEHAVIOUR .....	6
2.1. STATISTICS OF THE WORLD INTERNET USAGE .....	6
2.2. ADVANTAGES FOR A COMPANY IN THE USE OF THE INTERNET AS A MARKETING TOOL .....	7
2.3. GENERAL CHARACTERISTICS OF THE INTERNET USAGE .....	10
2.4. CENTRAL ASPECTS OF THE THEORY OF CONSUMER BEHAVIOUR AND ITS APPLICATION TO THE INTERNET USAGE.....	12
3. THE INTERNET USAGE IN RUSSIA.....	16
3.1. DEVELOPMENT OF INTERNET USAGE IN RUSSIAN FEDERATION .....	16
3.2. THE STRUCTURE OF INTERNET USAGE ACCORDING TO THE AGE.....	17
3.3. STATISTICS OF THE INTERNET USAGE DEPENDING ON A LOCALITY .....	19
3.4. PLACE OF THE CONNECTION TO THE INTERNET.....	20
4. RUSSIAN CUSTOMER PROFILE .....	22
4.1. AVERAGE AGE OF A TRAVELLER AND NUMBER OF TRIPS DURING A YEAR .....	22
4.2. INFLUENTIAL SOURCES OF INFORMATION AND METHODS OF PURCHASE .....	22
5. INTRODUCTION OF THE PARTNER COMPANY .....	25
6. RESEARCH METHODS .....	27
6.1. METHOD OF COLLECTING INFORMATION AND ITS PROOF.....	27
6.2. CHARACTERISTICS OF THE QUALITATIVE METHOD OF COLLECTING INFORMATION..	28
6.3. APPROXIMATE STRUCTURE OF INTERVIEWS .....	29
6.4. CRITERIA OF SELECTING RESPONDENTS AND THE TECHNIQUES TO BE USED WHEN COLLECTING THE INTERVIEWS .....	31
6.5. METHOD OF ANALYSIS OF THE COLLECTED INTERVIEWS .....	32
7. RESULTS OF THE RESEARCH .....	34
7.1. GENERAL INFORMATION ABOUT THE CONDUCTED RESEARCH.....	34
7.2.1. System of codes .....	35
7.2.2. Correlation between the codes of a decision making process .....	39
7.3. FACTORS AFFECTING THE DECISION MAKING PROCESS AND CONSUMER BEHAVIOUR .....	43
7.3.1. Need of personal advice .....	43
7.3.2. Language barrier.....	45
7.3.3. Visa obtaining difficulties.....	46
7.3.4. Lack of experience of online booking.....	48
8. CONCLUSION.....	50
REFERENCES .....	53

## **1. INTRODUCTION**

The current work presents a study of a phenomenon of e-marketing in Russia. The decision about concentration on this particular subject is justified by the following facts. Firstly, Russian Federation is one of the world's fastest growing outbound travel markets, and its growth seems to continue (World Tourism Organization and European Travel Commission 2009). Russian tourists have wider opportunities to travel than before. More Russian citizens nowadays feel a need of travel overseas at least once a year. Russia is the ninth largest outbound travel market in the world in terms of expenditure, consequently serving the Russian guests would bring good profits to a company (Eventica Communications 2010). Secondly, the Internet penetration of Russia is expanding rapidly and e-tourism has appeared on the market later than in most European countries, therefore, plenty of opportunities still exist for companies to conquer the Russian Internet market. The Internet in Russia is becoming a common tool to use when searching for touristic information. However, in this country the usage of the Internet functions differently than in Europe.

The work was written in cooperation with the Hotel Sol Tenerife, which already has a Russian clientele, but is determined to expand more on this market through new distribution channels. The hotel has several contracts with Russian tour operators. This fact formulates limitations for the researcher: the work is based on the Internet marketing of individual Russian customers.

This study attempts to identify the levels of usage of the Internet as an information source and product-purchasing tool by Russian travellers. The aim of the investigation is to collect valuable information which will help the company to analyze how it can use the Internet as a marketing tool in order to acquire new clients from Russian Federation and turn the present customers loyal.

The main question of the study is how the hotel Sol Tenerife can use the Internet as a marketing tool when working with Russian clients? Answering this question requires responding to the following ones. Which distribution routes are most effective when doing internet marketing in Russia? What factors of consumer

behavior should be taken into consideration when doing marketing of a hotel in Russia? Is it possible to evolve the loyalty of the clients with the help of the Internet and influence their decision making process?

In order to accomplish the aim of the work and answer the above questions, a field work was conducted in the hotel. However prior to that, the theoretical frame of the paper was created. The core issues of the research were studied. The work started with an analysis of the Internet usage characteristics and how they had an influence on the Internet marketing of touristic products. It is vital to consider this information for better understanding the topic. After that the secondary data of Russian Internet usage was studied and a Russian Internet user's profile was described. The theoretical part of the work is written based on the secondary data sources and mainly quantitative records although qualitative information is also used.

The practical part of the work – the field study - was executed in a form of interviews with Russian clients of the partner company. This part of the work was accomplished following a method of qualitative survey, since the number of Russian customers of the hotel was not large enough for a reliable quantitative research. Qualitative methods provide an opportunity for making an investigation more personal, which permits receiving information about decision making process, the factors that influence it and the motivation of a particular customer. During the investigation all the respondents were interviewed personally, as it required the method of qualitative survey.

Finally the gathered secondary data, theoretical studies and results of investigation were compiled and processed. The paper concludes by exemplifying the theoretical and practical implications of the research findings.

## **2. GENERAL CHARACTERISTICS OF THE INTERNET USAGE AND ITS INFLUENCES ON CONSUMER BEHAVIOUR**

### **2.1. Statistics of the world Internet usage**

For the last decade the usage of the Internet in all of the five continents of the world has increased dramatically. According to the World Stats (2010) the total growth of the Internet usage since the year 2000 is equal to 444.8%. The statistics about eight world regions is illustrated in figure 2.1. The world region with the highest number of Internet users is Asia, however, according to the data of the percentage of the Internet penetration the leading world's region is Latin America and Caribbean with 77.4% of Internet penetration among the population. By both characteristics of a number of the Internet users and level of penetration, Europe takes the second place among the world regions. More than a half of European population, 58.4% are constant Internet users. The figure has increased dramatically for the period of two years. The growth of the Internet penetration in Europe is equal to 352%.

Figure 2.1. does not provide a reader with a particular statistics of the Internet usage in Russia. It is questionable to decide to which world region the country belongs according to the figure. The western part of Russia lays close to Europe while the massive part of the country in the east is considered an Asia region. However, the cities with the biggest number of population and technology development, such as Moscow and St. Petersburg are situated in the European part of the country.

The given chapter provides a reader with facts and figures about the world's Internet usage. Statistics on the Internet penetration of Russia and characteristics of its usage are presented in the third chapter of the work.

<b>WORLD INTERNET USAGE AND POPULATION STATISTICS</b>						
<b>World Regions</b>	<b>Population ( 2010 Est.)</b>	<b>Internet Users Dec. 31, 2000</b>	<b>Internet Users Latest Data</b>	<b>Penetration (% Population)</b>	<b>Growth 2000-2010</b>	<b>Users % of Table</b>
<a href="#"><u>Africa</u></a>	1,013,779,050	4,514,400	<b>110,931,700</b>	10.9 %	2,357.3 %	5.6 %
<a href="#"><u>Asia</u></a>	3,834,792,852	114,304,000	<b>825,094,396</b>	21.5 %	621.8 %	42.0 %
<a href="#"><u>Europe</u></a>	813,319,511	105,096,093	<b>475,069,448</b>	58.4 %	352.0 %	24.2 %
<a href="#"><u>Middle East</u></a>	212,336,924	3,284,800	<b>63,240,946</b>	29.8 %	1,825.3 %	3.2 %
<a href="#"><u>North America</u></a>	344,124,450	108,096,800	<b>266,224,500</b>	77.4 %	146.3 %	13.5 %
<a href="#"><u>Latin America/Caribbean</u></a>	592,556,972	18,068,919	<b>204,689,836</b>	34.5 %	1,032.8 %	10.4 %
<a href="#"><u>Oceania / Australia</u></a>	34,700,201	7,620,480	<b>21,263,990</b>	61.3 %	179.0 %	1.1 %
<b>WORLD TOTAL</b>	6,845,609,960	360,985,492	<b>1,966,514,816</b>	<b>28.7 %</b>	444.8 %	100.0 %

Figure 2.1. World Internet usage and population statistics, 2010 (Internet World Stats 2010)

## **2.2. Advantages for a company in the use of the Internet as a marketing tool**

The Internet offers a rich, dynamic environment for the exchange of information and resources. The dramatic increase of the Internet usage had some grave influences on every area of human life. It is now impossible for any serious business to exclude the Internet from their marketing mix. A correct utilization of the Internet as a marketing tool can guarantee excellent results for a company in marketing. The Internet offers any business plenty of advantages, the most

valuable of which are cost savings, interactivity, accessibility, addressability, flexibility and improved services. The costs can be minimized by automation of the reservation processing and the payments system. The automatised process requires an involvement of fewer people, and the service becomes available for a reasonably bigger number of customers, consequently it cuts down sales costs. Distribution costs can be reduced by implementing direct links between the producer and the consumer. Finally the promotional costs are cut down thanks to the net's ability to send customized messages through electronic communication. (Netstarter 2010)

The Internet makes it possible to address each consumer personally. The addressability of the Internet provides the ability to customize and tailor the product and the marketing effort to one consumer at a time. The Internet is a new efficient tool of relationship marketing. Well-designed web sites, emails and news-groups, can be as effective as personal selling. The next valuable feature of the Internet, which differentiates it from traditional communication media is its ability to interact. It makes it possible to obtain a feedback from visitors of the web-page and users of the Internet services. Dialog between two parties, the company that offers a service and its customers, represents a vitally important element of relationship marketing which helps to build customer loyalty. With the help of the Internet services customers are empowered to communicate with companies, they can search for information and execute transactions. Now it is much easier for companies to contact its customers in order to clarify their needs or inform them of new products, services and promotion campaigns. The web simplifies the exchange of information between consumers as well as between companies. The Internet is more flexible than traditional mass media. A website of a company performs its electronic brochure. When visiting an electronic web-page of a company every visitor can receive information about its product and services. A webpage is more flexible than a physical advertisement, printed brochures or catalogue. A great advantage of a webpage consists in the possibility to update it with current information whenever it is required. Since tourism industry is heavily reliant on brochures the web's flexibility and immediacy in information transmission



is priceless. The process of preparation and distribution of holiday brochures requires time and extra costs. The demand conditions and competition situation can be changing constantly. In case any changes in price or promotion policy occur, the previously printed brochures would need to be replaced with new ones. Meanwhile the information on the web-pages can be changed instantly and at little cost. The Internet significantly improves the availability of information and interaction between users. When a web site is effective it works for a company 24 hours a day all year around keeping a company present in a global market place. The place and time is no longer a barrier, anybody in any part of the world and at any time can access marketing information of a company. (Netstarter 2010)

Accessibility is vital in international trade where business spans across different time zones. Till the mid 1990s destination promotions were accomplished only by local travel agencies of a country. With the appearance of the Internet touristic companies are no longer entirely reliant on the travel agencies and are able to reach their customers without an external help. A benefit of the Internet is that it allows any company to be present in any corner of the Earth without being there physically. Consequently doing business on the Internet usually does not require following special regulations settled by a country and allows avoiding many restrictions. Unlike the traditional media, the web permits unlimited access for hundreds of millions users to an unlimited amount of information. Finally the Internet is a very important tool which a company should use in order to improve its service quality at all levels of customer interaction. During the phase of pre-sale customers can find required information and characteristics of a product on a company's webpage. However, the interaction should not stop at this stage. A company can inform and support its customers during their purchases and after the sale has been done. There are three tangible improvements in customer service that could be attained by using the Internet in its marketing mix. The web enables consumer with wider choice possibilities since it displays a full range of products and services offered by a company. The payment process becomes quicker and simpler when done online. Ultimately the Internet makes available a great amount of information that can be accessed rapidly and easily. (Netstarter 2010)

### **2.3. General characteristics of the Internet usage**

Studying the main characteristics of the Internet usage helps to understand how it influences tourism marketing and consumer behaviour.

The existence of a connection to the Internet at home can tell some characteristics about a household. It has been discovered that persons with Internet access at home view their own economic situation and their nation more favourably compared with persons without home Internet access (Valliant 2004).

The central characteristics of the Internet usage are easy accessibility from any locations, fast seek and share of information. The Internet makes it easier to compare prices and specifications, and can take some effort out of shopping. In many cases, price levels seem to be lower on the Web. This fact explains the increasing number of consumers who use the Internet for purchasing goods and services.

Initially the Internet was used mainly for business purposes. Nowadays the Web became “a place” where users spend hours of their lives mostly for individual purposes such as leisure and communication. It is impossible to calculate the number of web-sites that exists since it is growing with every second. Various pages provide users with different services and possibilities. The most commonly used web pages are the sites of searching engines.

A web search engine allows exploring information available on the World Wide Web and FTP servers. The results of a search are listed from most relevant and visited web-page to less relevant ones. The presented list of results is called hits. The information of hits may consist of various types of files such as web pages, images, information, etc. Generally searching engines operate automatically or they could also be a mixture of automatic and human input. The world’s most widely used searching engine is Google, however, many regions and countries have their own searching engines which are mostly used by its population. (Wikipedia 2010b)

Completing functions of linking people, organizations and sharing information and knowledge, computer networks have become an essential type of social networks.

They can be named as social institutions and should not be studied in isolation. Only when integrated into everyday lives is the computer network research worth the effort and will bring reliable results. The Internet increases people's social capital by simplifying ways to contact with friends and relatives wherever they are located. It is fair to say that the high level of Internet communication nowadays exists due to the emergence of social networks web-sites. (Wellman 2001, 2031)

A social network is an online service which is presented in a form of web-site. Its main function is to offer a platform where users can build social relations and communicate, share their interests, create groups and organize events. The representation of each user is necessary in any social network and is usually done by creating a personal user profile. Users can interact with the help of instant messages and perform various activities when presented in a social network. The online community services are sometimes considered as a social network services. In other words, network services are usually presented as individual-centered services whereas online community services are group-centered. The main attraction of social networking sites is an ability to share news, ideas, activities, events, and interests with the use of its services. (Wikipedia 2010b)

The social networks most widely used worldwide are Facebook, Twitter and MySpace. However many countries have other social-websites which are used by its citizens. For instance in Canada the majority of the Internet users have an account in Nexopia, in Spain people use mostly Tuenti and in Russia the most popular social network page is V Kontakte. It is common that citizens of one country use the local social network that was created in a country. (Fact Source 2010)

With the help of the Internet and online social networks communication barriers can be lowered and almost overcome. As a result the efficiency and speed of transactions increases leaving a person more spare time. Social networks permit maintaining geographically diverse connections and facilitate social interaction. Thus Internet users may build new links and communities of interest and emotion far beyond the limits of their local environment. Additionally, the Internet may and usually does change existing social networks. People tend to add the Internet to other contacts or sometimes shift a vast part of communication to the usage of this

media. The purposes of online communication often differ from the offline. The Internet is used more frequently for functional purposes and leisure activities. This type of communication and information search is more task-oriented and impersonal (Hlebec V., Lozar Manfreda, K., Vehovar, V. 2006, 13)

#### **2.4. Central aspects of the theory of consumer behaviour and its application to the Internet usage**

Without doubts the Internet is an important source of information for international travelers. Touristic companies use it as a marketing tool of their business. However there is a general lack of information available on how do travelers use the Internet for information search, online booking of services and purchase of products. In order to formulate and appropriate marketing strategies it is crucial for travel marketers to understand the consumer behaviour of their clients. The Internet has an enormous potential as a distribution channel and it can be developed only by recognizing the ways in which consumers think and act. (Heung 2003)

In order to analyze the consumer's behaviour on the Internet some fundamental characteristics of consumer behaviour need to be reminded. The theory of consumer behaviour is a study that answers questions of when, why, how, and where people do or do not buy a product. It combines different elements from psychology, sociology, social anthropology and economics. The objective of consumer behaviour study is to understand the buyer decision making process, which can be performed both individually and in groups. The study is focused on demographic and behavioral characteristics of individual consumers and is searching for understanding customer's needs. It also intends to identify and measure influences on a consumer from his family, friends and reference groups. (Wikipedia 2010a)

Customer behaviour study is based on consumer buying behaviour, where a customer performs three distinct roles of user, payer and buyer. The basic model of a consumer behaviour and a customer choice consists of five steps. Firstly a

person feels a need of purchasing a good or service. Under the influence of external and internal factors he recognizes a problem of a lack of a product. After a need has been recognized he starts searching for information about a product or service that he is lacking. The duration of the second stage can vary a lot. The length depends on different factors such as information sources used, for instance personal sources, commercial sources, public sources or personal experience. The importance of a purchase for a customer and the amount of money he is ready to spend also affect the duration and the quality of the process of information seek. Once the data is gathered the stage of evaluation of the alternatives starts. The consumer compares products and brands characteristics evaluating functional and psychological benefits that each product offers. Different people behave differently during this step, since the mechanisms and sources used for the evaluation of the alternatives can vary. As soon as the alternatives have been evaluated a consumer makes a purchase decision. However, not always does a purchase intention results an actual purchase. Some barrier can emerge during the process and the aim of marketing organizations is to facilitate the consumer to accomplish his or her buying intention. Finally, the last stage of the process is a post-purchase evaluation. A customer evaluates whether his expectations about a product matched the reality, and also evaluates the efficiency and effectiveness of a decision-making process that was undertaken. During the decision making process the customer finds himself under influence of various stimuli that affect his behaviour and final choice. Generally the stimuli come from marketing and environmental origin. The marketing stimulus includes 4P elements which are product, place, price and promotion, while the environment stimulus can influence a decision in the form of economics, technological, political, cultural, demographic or natural factor. (Wikipedia 2010a)

Each consumer passes the previously described five stages of a decision-making process. However, based on consumer characteristics, his needs and importance of a product, the character of the model of consumer choice can be different. Various studies propose that based on a model of a consumer choice a suitable managerial control can be undertaken. There are three basic models of consumer

choice and managerial control: the cognitive model, the reinforcement model and the habit model. The first model supposes that rationality was used by a customer during the process of choice. The decision is based on beliefs about alternatives, which are investigated and compared. A company can influence that a customer would follow a cognitive decision-making process. To achieve that a company should provide a consumer with the right information that would lead him to prefer or reject alternatives. According to the reinforcement model, the customer's choice is controlled by factors in the environment that reward and facilitate some alternatives more than others. In this case the managerial control is achieved by changing the consumer's situation. However, a correct understanding of reward should be taken into consideration, since what is rewarding to some persons may not be so to others. The habit model insists that the choice is controlled by managing stimuli, which can be a brand name, logo, pack features. This stimulus becomes associated with a product as a result of past purchases. This phenomenon is called stimulus control. (World Tourism Organization and European Travel Commission 2010, p. 7)

Consumer behaviour when applied to the Internet has some special features. Attitude toward online shopping depends on transaction services, convenience, sensory experience and merchandise. There are two characteristics of products influence on the Internet usage for both information seeking and making on-line purchases. These characteristics are the frequency of purchase and value proposition. As a rule inexpensive items such as books, electronics are purchased more frequently than expensive items such as automobiles or cruise-based vacations. Therefore consumers are more interested in receiving greater amounts of information about high-involvement items (the more expensive ones) to aid in their decision-making process. Secondly, whether goods and services are tangible also influences the utility of the Internet as a marketing tool. If a product is tangible consumers may be interested in gathering information about it, for instance pictures, specific features, cost, and options, but prior to making a purchase, the consumer would expect to sample the product, making it unlikely that an online purchase would be made. Conversely, with intangible items such as vacation

package or hotel services, consumers would be interested in receiving detailed information but would not expect a sample. In this case, the Internet can be used to provide considerable details about the product or service and provide the user with options to make online purchases. It is crucial that the purchase process would be convenient. In order to achieve it the traditional communication should be combined with transaction channels. Conclusively, travel and tourism-related products and services are well suited to Internet marketing because of their distinctive high-priced, high involvement, well-differentiated characteristics. (Bonn M., Furr L., Susskind A. 1998).

With the help of provided information on a website, customers feel empowered to find answers to their inquiries themselves, cutting costs on telephone charges and agencies visits. Consequently Internet customers are likely to be more price-sensitive. However, some studies suggest that 80 per cent of Internet customers pay more than they have to. Once a customer is familiar with a site, he may return to it later because it is easy to use and saves time. As a result the use of the Internet to obtain better value is restrained by loyalty to particular websites. (East, R., Wright, M., Vanhuele, M., p. 16)

There are three types of loyalty behaviour that consumers can show, which are share, retention and recommendation. First, when buying several brands in the same category, consumers can give a high share to one of them. Retention effect happens when customers continue to buy a brand for a long time. Finally, they can recommend a brand to others and recruit new customers. These three forms of customer loyalty ensure a continuing revenue stream for a company and therefore should be encouraged. (World Tourism Organization and European Travel Commission 2010)

### 3. THE INTERNET USAGE IN RUSSIA

#### 3.1. Development of Internet usage in Russian Federation

Not longer than a decade ago the level of Internet penetration in Russia was very low compared with other countries of Europe and Asia. However, today Russia is named by Internet World Stats a country among twenty others with the highest number of Internet users. It takes its place after China, the United States of America, Japan, India, Brazil and Germany. The growth of Internet users in Russia during the last ten years is equal to 1,825.8%. (Internet Worlds Stats 2010)

Figure 3.1 demonstrates the significant augmentation of the Internet usage in Russia since the year 2000. Today 42.8% of the population of the country is using the Internet comparing with 2.1% in 2000. (Internet World Stats 2010) Residences gradually become more familiar with the usage of technology and Internet services. The Internet steadily integrates in the everyday life of Russian citizens both professionally and personally. Consequently more and more people use the Internet as a source of information.

YEAR	Users	Population	% Pop.
2000	3,100,000	145,149,035	2.1 %
2007	29,400,000	141,377,752	20.8 %
2008	38,000,000	140,702,094	27.0 %
2009	45,250,000	140,041,247	32.3 %
2010	59,700,000	139,390,205	42.8 %

Figure 3.1. Internet usage in Russia statistics (Internet World Stats 2010)

It should be noticed, however, that the amount of daily, weekly and monthly audience vary greatly. Figure 3.2 illustrates the difference between the three



variables. The number of monthly Internet audiences is always higher than that weekly and daily. For the summer of 2009 the difference between the number of monthly and weekly Internet users was 5 million people, while the number of daily Internet users remains much lower and is equal to 29 million people, which is 15 million people less than of monthly audience. The statistics demonstrates that though the amount of the Internet usage and people who have a connection at home is raising there is still a shortage of a continuous frequent Internet usage. (Общественное Мнение 2010)

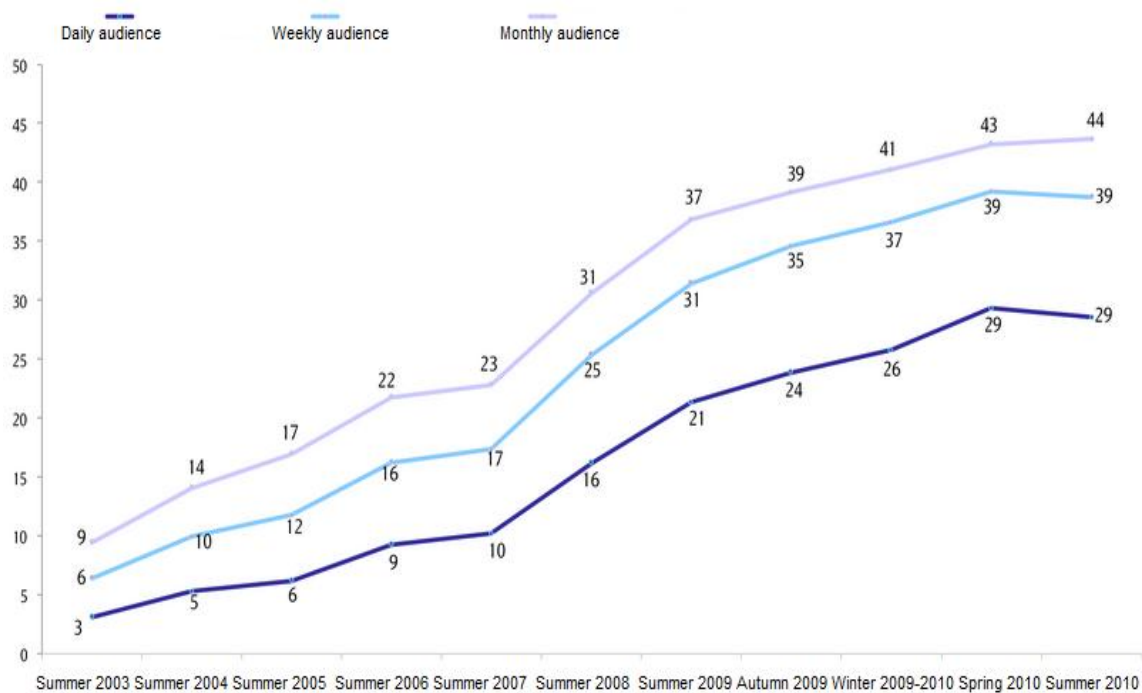


Figure 3.2 Dynamics of Internet usage in Russia, mln. People from 18 y.o. and older (Общественное Мнение 2010)

### 3.2. The structure of Internet usage according to the age

Among Russian Internet users there is seen a tendency of a reduction of the share of Internet users from 18 to 24 years. Currently young people represent 30% of the total amount of Internet users in Russia, which is 7% less than 5 years ago.

However the trend is explained not by a decrease of the amount of young people using the Internet, but by the increase of the amount of middle aged Internet users. Consequently the share of young Internet users is declining when looking at the whole picture. (Общественное Мнение 2010.)

Figure 3.3 represents the structure of Internet users in Russia. It compares the results for the periods of the year 2005 and for the year 2010. The major difference as it has been noted earlier is between the level of Internet activity of Russian citizens between 18 and 24 years old. The level of Internet users of the age group from 25 to 34 years has risen up by 3%, the age group from 45-54 years also has shown a growth of 2%. Finally the age group of 55 years and older has performed the growth of 3% during the last 5 years.

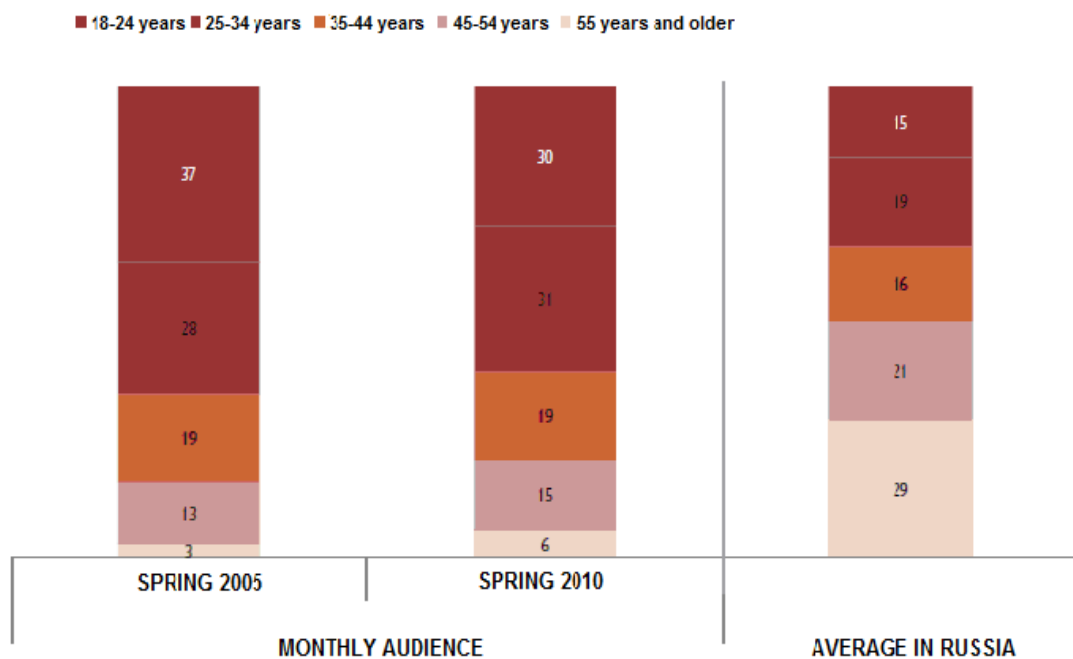


Figure 3.3 Structure of the usage of the Internet according to the age (Общественное Мнение 2010)

### **3.3. Statistics of the Internet usage depending on a locality**

The Internet penetration level is not equal between cities of Russia. Reasonably the highest number of people who use the Internet is found in the capital of the country. In Moscow the level of Internet penetration is higher than 60%. The level of penetration among young citizens of the city, from 18 till 14 years, equals to 98% and 97% in St. Petersburg. In the cities with a number of populations higher than one million almost every second citizen uses the Internet, and among young people it is nine of ten persons, which is 87%. The average monthly figure of Internet usage in Russia is 37%. This number is lower only in cities with a population less than hundred thousand citizens and in villages. However a half of the population of the country lives in towns and villages. In fact more than 44% of population of towns and 50% of citizens of villages declare that they do not want to use the Internet since they feel no need for it. Figure 3.4 demonstrates how the level of the Internet usage is divided between the cities of Russia. Apparently in order to achieve the objective of reaching the level of the Internet usage equal to 90% of the total number of the population, which was announced by D. Medvedev the president of Russia, it is not enough to change the infrastructure of the country but also the mentality of Russian people. (Петрова 2010).

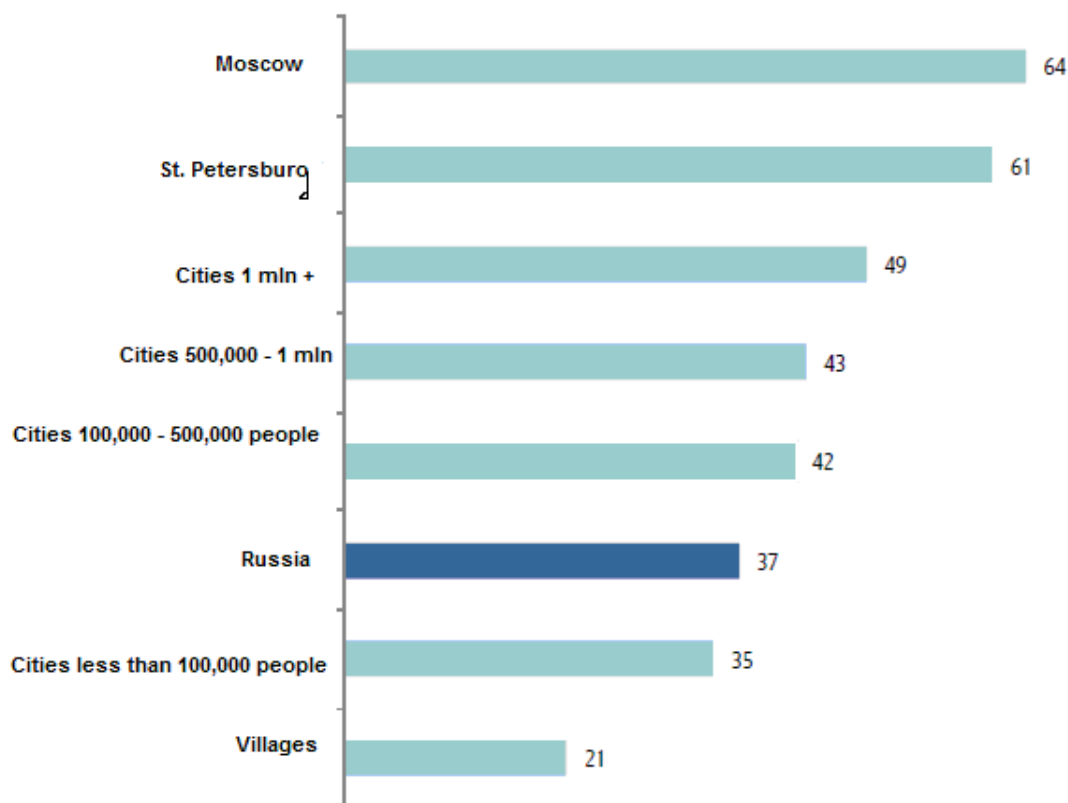


Figure 3.4. Dynamic of Internet penetration in localities, % (Общественное Мнение 2010)

### 3.4. Place of the connection to the Internet

The place of a connection to the Internet shows the importance which it plays in the society. The more essential the Internet becomes for a community the more often they feel a need to use it. Consequently people prefer to have an access to the Internet from the places where they spend the most time of their day and where they can use the Internet for any purpose that is important for them.

Ten years ago the majority of Russian citizens connected to the Internet from their offices or other workplaces. However, today the overwhelming majority of Internet

users, 70%, connect to the Internet from home. The second place which is most commonly used for connecting to the Internet is an office or a workplace. Thirty-three per cent of Russian people connect on their working places. The third most common place from where to go online, which is used by 13% of Internet users, is from house of friends or relatives. Figure 3.5 demonstrates the other variants of connection to the Internet and statistics. (EyeforTravel Research 2008, p. 70)

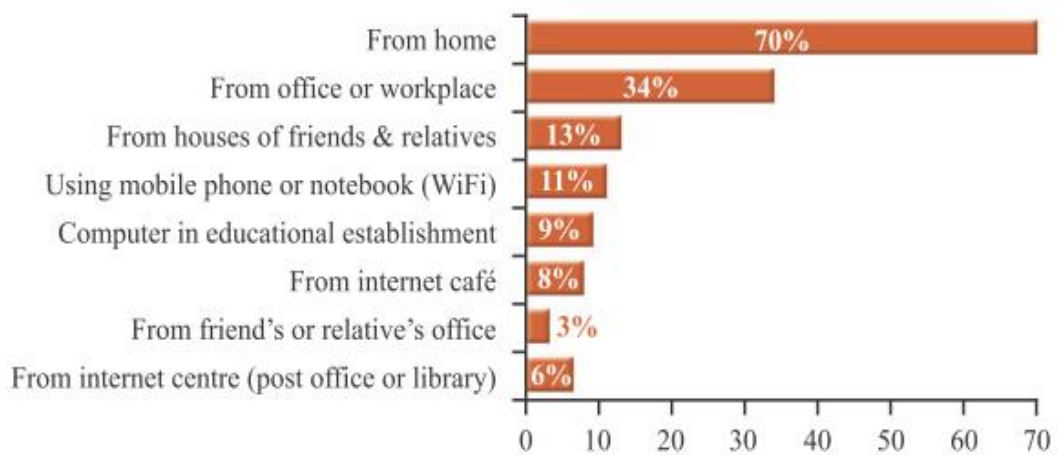


Figure 3.5. Internet access location of Russian consumers (EyeforTravel Research 2008, p. 70)

## **4. RUSSIAN CUSTOMER PROFILE**

### **4.1. Average age of a traveller and number of trips during a year**

The average age of a Russian person who travels abroad for leisure purposes is 39 years, excluding children under 16. The average age for men is 39 and for women 40 years. The socio-demographic structure remains stable since 2004 and shows a further relation: women – 60% and men – 40%. Tourists in the age from 25 to 54 make 75% and from 5 to 10 make 12% of all tourists. Families of middle class normally make two or three trips during a year. It is both outbound and inbound trips. (EyeforTravel Research 2008)

### **4.2. Influential sources of information and methods of purchase**

For customers with a low and middle level income the main factor that has a major influence on their decision about future trip and accommodation is its price. According to research conducted in 2005 by company GMI, the most commonly used source of touristic information for Russian travellers is personal recommendation of friends and acquaintances. The Internet is the second most common source of information used by 37% of travellers. (EyeforTravel Research 2008, p. 70)

The most commonly used searching engines are Yandex and Google. A few years ago on the third place was Rambler, however, according to the statistics for March 2011 today the searching engine Search.Mail.ru is more popular (Смирнов 2011). Other sources of touristic information are TV programme, travel agency and newspaper. All the main sources of touristic information are shown in figure 4.1

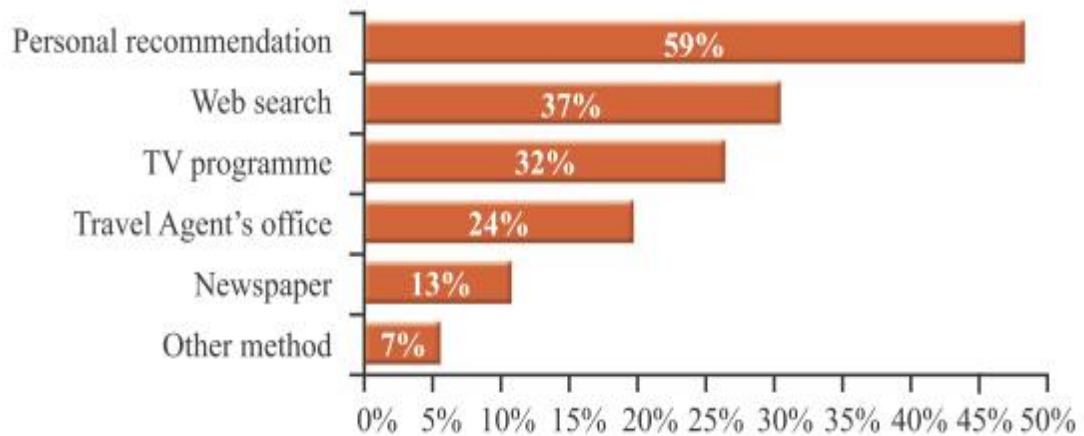


Figure 4.1. Influential sources of information for Russian travel consumers (EyeforTravel Research 2008, p. 70)

A majority of Russians, when purchasing accommodation, make it not directly from a hotel or on the Internet but using services of travel agencies and tour operators. The number of the bookings made by tour operators is equal to 97% of all the bookings. This can be explained by the fact of dominance of tour operators on Russian travel market rather than because of poor level of technology development. The number of direct sales is higher when speaking about outbound trips and is equal to 4 – 5%. (Eye for travel research 2008) Figure 4.2 shows the relation between online and offline purchases of touristic products. It can be seen that the level of online purchases is quite low but it is growing.

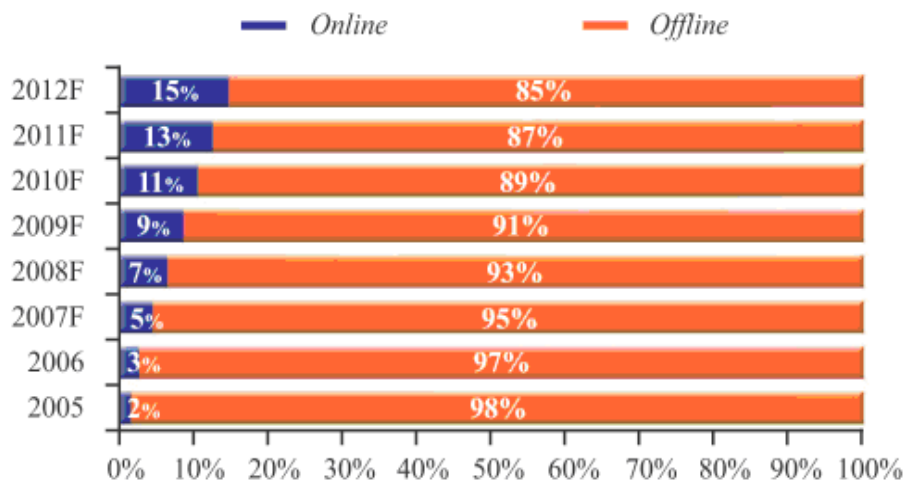
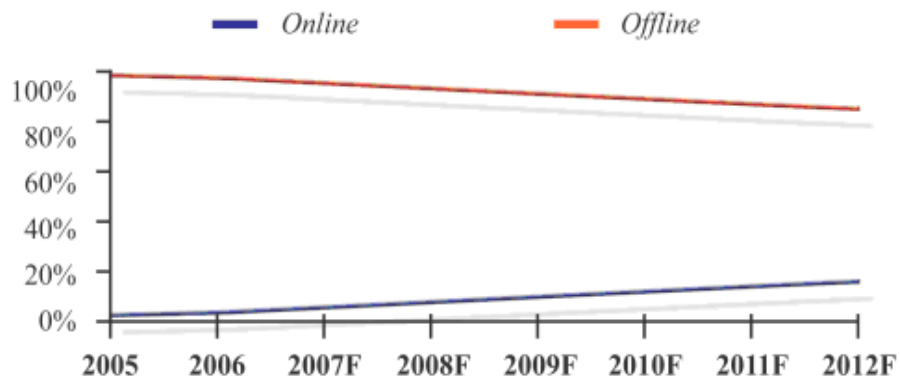


Figure 4.2. Influential sources of information for Russian travel consumers (EyeforTravel Research 2008, p. 46)



## **5. INTRODUCTION OF THE PARTNER COMPANY**

The present work is written in cooperation with the Hotel Sol Tenerife which belongs to Sol Meliá Company. Sol Meliá SA is one of the leaders in hospitality industry in Spain. The company was founded in Palma de Mallorca in 1956. It operates under eight different brand names, such as Gran Melia, ME by Mliá, Meliá Hotels & Resorts, Ininside, Paradisus Resorts, Sol Hotels, TRYP Hotels and Sol Meliá Vacation Club. Sol Meliá comprises more than 300 hotels in 30 countries in Europe, Asia, Latin America and Africa. (Companies and markets 2010)

The hotel Sol Tenerife is a fourstar hotel located in the touristic center of the biggest island of the Canary Islands – Tenerife - in the zone of Playa Las Americas. The hotel is situated in fifteen kilometers distance from the international airport Reina Sofia. It stands on the first beach line, 200 meters from the Atlantic Ocean. Due to the mild and warm climate of the Canary Islands the touristic season lasts there the whole year round. The hotel was built in 1979 and the last reconstruction was in 2005. The hotel embraces two buildings with the total number of rooms of 522. It offers a wide range of amenities for various types of clients. There is a mini club for children from 4 to 12 years old, animation programs which include sport activities, daily entertaining and evening show programs. A majority of clients of the hotel are citizens of Spain, Italy, Portugal and Belgium. (Sol Meliá 2010) The vice Director of the hotel Silvia Zamora informed that the share of Russian clients of the hotel is 17%. These clients purchase the services of the hotel mainly through Russian tour operators such as Natalie Tours and Tez Tours.

For summer 2010 the hotel had no Russian speaking personnel. The vice Director of the hotel explained that it was not necessary to hire an extra person with Russian language skills since quite often the hotel had got a student on placement who spoke Russian. The hotel prefers a Russian speaking staff, however, does not make any special recruitment search for them.

In the last few years the flow of Russian tourism to the island of Tenerife has risen. Consequently the Hotel Sol Tenerife has paid more attention to working with clients from Russia. The hotel is presented on the market mainly through tour operators.

The management of the hotel has decided to explore new routes of marketing and distribution of its services to Russian guests, particularly e-marketing.

## **6. RESEARCH METHODS**

In previous chapters the theoretical frame of the paper was created. The main aspects of consumer behaviour on the Internet, characteristics of a Russian traveller and Internet usage were studied. Based on this knowledge a practical investigation among Russian clients of the hotel was executed. Prior to start the survey, the researcher chooses and proves the research methods which are used, explains the algorithm of the investigation, describes the interview structure and explains how the analysis of the collected interviews is executed.

### **6.1. Method of collecting information and its proof**

In order to conduct the present investigation the usage of secondary data was not suitable since it was fairly difficult to find relative secondary data. Consequently the decision was made to collect the primary data. The method of the investigation was chosen to be qualitative, given that it was vitally important to get the personal opinion of each client. The massive collection of questionnaires would not provide the researcher with the desired results in view of the fact that the objective was to examine the behaviour and personal opinion of Russian customers of the company. The idea of the investigation was not to collect the statistical information by examining a large scale data, but to collect information concerning the customers' behaviour and their motivation. That is why the qualitative method of investigation is the most suitable for the given work.

In addition the method of observation is also suitable in these circumstances and is used by the researcher.

## **6.2. Characteristics of the qualitative method of collecting information**

Following the decision of selecting the qualitative method of collecting data, the way in which the interviews will be conducted should be settled more precisely.

The qualitative method consists in most structured interviews, which are done on a small scale and refer to the internal aspects of human behaviour. Various techniques exist, such as deep interviews, group interviews, the opinions of experts, etc. (Mejía Navarette 2004)

It is important to study the main characteristics of qualitative research prior to commencing the investigation. First of all the qualitative method requires having an open and permissive approach to generate the unstructured information. The process of collecting data has only a few limitations, since the main objective is to obtain valuable and specific information that could not be collected with a quantitative research. Qualitative research is used mainly for explorative studies and for understanding the behaviour in the processes of decision making and performance. The data gathered during the research helps to discover deep reasons, factors and motivations which influence a particular behaviour. It is therefore vitally important to reach an understanding of these aspects. Normally the number of cases is small and partially representative. Consequently the achieved conclusions are not easy to generalize. The gathered data is not easily quantified and cannot be resumed in numbers. The analysis of the data is not statistical; it is done with the help of a model of an interpretation based on sociology and psychology. Ultimately, qualitative investigation is not a final conclusive research. It means that its findings cannot be perceived as absolutely accurate, since it cannot be described as a representative sample of a given population. (Luque 1997) Despite this limitation, qualitative studies are highly regarded in the business (Lumsdon 1997).

### **6.3. Approximate structure of interviews**

The number of cases is decided to be small but representative. In order to collect more information, the interviews are deep, meaning that each respondent is given as much time as is needed to understand his or her opinions, behaviour and motivation. Respondents are allowed to speak about anything they consider relevant and important concerning the given topic. However, the main line of the interview is lead by the researcher in order to guide the respondent and help him or her to talk about relevant issues. Therefore the interview is semi-structured. Every respondent is asked the same main questions but depending on the answer the researcher keeps asking the planned questions, or switches to other questions, or just listens and reacts.

There are various objects of interest which the current qualitative survey aims to discover. It is necessary to collect information concerning demographical and socio-economical aspects of the respondents for further consideration how these factors influence their behaviour and decision making. Other aspects that have to be examined are attitudes and opinions of these clients regarding the usage of the Internet when searching and purchasing hotel services. This information is required in order to understand how Russian clients percept Internet usage as a tool of searching for touristic information. It is very useful to discover what web pages are more commonly used and how the information is searched for. It is essential that the interview reveals the intentions and motivation of respondents when choosing and purchasing hotel services.

According to these needs the interview questions are divided into five topics. The first topic is about educational and professional background. This part contains the following questions:

- Which city are you from?
- How old are you?
- What education do you have?

- What is your profession?

The second part of the interview is concentrated on the usage of the Internet by Russian travellers. This topic is developed by receiving answers to the following questions:

- How frequently do you use the Internet?
- Do you have an email address? How often do you check it?
- Why do you use Internet?
- Where do you connect to the Internet?
- Do you read advertising / promotion letters?
- Do you use social networking websites?

The third part of the interview aims to discover how people normally search for accommodation abroad. The researcher is interested in methods and sources that are used in this case. The proximate answers of this part are the following:

- How do you choose a hotel when you are planning a trip abroad?
- Which sources of information do you use?
- How did you find out about these sources of information (Websites)?
- Have you ever bought anything on the Internet?
- Have you ever purchased touristic products on the Internet?

The forth part consists of the questions that reveal how the respondent chose the Hotel Sol Tenerife:

- Where did you find the information about the Hotel Sol Tenerife?
- If it was a recommendation, who recommended it to you?
- Did you use the Internet to choose this hotel?
- Which web-sites did you use?
- Was the information you found competent?
- Did you use forums or other sources to find out the feedback for the hotel of other travellers?
- Which sources did you use?

Finally the last part of the interview aims to determine if there is any possibility that an interviewee will become a loyal customer of a hotel. Loyalty in this case is considered both returning to a hotel and advising it to friends and family.

- Would you recommend this hotel to your friends?
- Will you leave a feedback about the hotel?
- Did you make a MAS card (a card of a frequent quest)?
- Would you like to come back to the hotel again?

#### **6.4 Criteria of selecting respondents and the techniques to be used when collecting the interviews**

The process of collecting the interviews depends both on the respondents and the interviewer. In order to conduct a successful interview it is not enough to plan it correctly, it is only the first step. The researcher needs to have certain qualities such as a good memory, the capacity to be able to guide and develop the interview into the right path in order to obtain maximum information on the topics of interest. It is essential to be able to create a relaxed atmosphere and lead the conversation in a cordial manner. The interviewer should make sure that the respondent feels confident and willing to share his or her opinions. It would not be correct to influence the respondent and persuade him or her into something; instead the investigation leader should stimulate the respondent in expressing his or her point of view. Special attention should be given to the language used by the interviewer. Any impersonal pronouns should be avoided, in its place the personal pronouns should be used in plural. Finally the tone of voice, gestures, and facial expressions should create an amicable conversation. (Luque 1997, p. 34)

In order to record the interviews a Dictaphone should be used. This device allows a relaxed conversation; the interviewer is able to carefully follow everything that the respondent is saying and look at him or her, not a piece of paper. First of all the respondent has to be asked permission to record the conversation. In case the respondent is not willing to be recorded, the investigator should take notes during

the conversation. Before doing the interview the researcher explains to the respondent for what purposes this material will be used, asks for his or her agreement to use the materials in the final thesis report and assures the respondent that no personal data will be used in the written work.

## **6.5. Method of analysis of the collected interviews**

The conducted interviews of the Russian guests of the hotel allowed gathering the primary data on the matter of their consumer behaviour on the Internet and distribution routes used when searching for accommodation and purchasing hotel services. Analysis of the primary data together with secondary data creates conclusions for the work by providing answers on the research questions. The investigation seeks for the most effective ways of how the hotel Sol Tenerife can use the Internet as a marketing tool for Russian clients. The academic study of the subject presents some secondary data findings on the question. The empirical part of the work aims to discover stimulus which influence the consumer behaviour of the clients of the hotel.

Analysis of the interviews is the final stage of the investigation. The process is demanding since the investigation is done in the manner of qualitative research. Gathered information cannot be analysed with the help of analytical software such as SPSS for instance. Therefore the results of the research are analysed using a codification method. The given method is very effective and easy to apply when working with the findings of qualitative investigation. It allows simplifying various results of the interviews that were obtained. The method proposes a technique to classify the gathered data and decrease the amount for further analysis and interpretation.

The analysis of the primary data is completed by following the next three stages of coding process:

1. Exploring and simplifying findings



2. Reducing findings through combination and classification

3. Interpretation

(Tonder 2009).

During the first stage the gathered material is observed from the perspective of the theoretical framework, and the important findings are pointed out. Secondly the results are classified and codified. To achieve it the researcher has to identify the most important and more commonly named statements and factors mentioned in the interviews. After that similar statements are combined in groups. Finally the findings are interpreted and analysed. The researcher aims to find connections between the codes, identify how different codes influence each other, which of them have the major influence and why.

## **7 RESULTS OF THE RESEARCH**

### **7.1. General information about the conducted research**

The primary data collection was conducted from 23 of May until 23 of August 2010. Twenty clients of hotel Sol Tenerife were interviewed. The duration of each interview varied. Some of the interviews lasted one hour, others about half an hour. The average duration of an interview was 40 minutes.

Initially it was planned to record the interviews using a Dictaphone. Unfortunately this method of collection was not suitable. Firstly, since it was noticed that interviewees became nervous when they realized that they were being recorded, even though they gave their permission for it, secondly, because of the background noise that was heard on the tape when listening to it afterwards. Most of the interviews were taken in the lobby of the hotel. Although it seemed to be quiet at the time of the interview, noise was heard on the tape. It is possible that the quality of the voice recorder was not good enough. As a result the main points of each interview were documented on paper throughout the conversation and immediately after the interview were transformed to a full text.

The selection process for interviewees followed point 6.4.: Criteria of selection of respondents, it was done very carefully. Firstly a candidate for an interview was observed: did he or she seem to be in a good mood, was he or she relaxed or did he or she seem to be waiting for someone, did he or she return the researchers smile. After observation the researcher used her working position of the Guest Relations Manager of the hotel to start a conversation with a candidate. Later if a candidate was open to a conversation and willing to share his or her experience he or she was asked to give an interview. Normally the time and date of interviews was agreed, but sometimes an interview was done straight away.

The atmosphere of the interviews was friendly and relaxed. Initially an interviewee was asked some questions about his or her hometown and job position, followed

by questions about his stay at the hotel. Usually after these questions a respondent started sharing his or her experiences, opinions and problems concerning the topic of conversation. Then he or she was let to speak uninterrupted and was only occasionally lead in the right direction.

## **7.2. Interpretation of the interviews**

### **7.2.1. System of codes**

The process of interpreting the interviews has lead to the emergence of various codes which highlight the main themes that appeared during each talk. Several main codes have been emphasized which have the major importance on the system of behaviour and motivation of Russian travellers. The system of codes is presented in figure 7.1.

The process of decision making when choosing a hotel is composed by the following next steps. Initially a person realizes a need in travelling and once decided about a destination starts the process of search for a hotel. When among other accommodation possibilities a customer prefers a particular one, he makes deeper research about it and verifies the information that was obtained from various sources. As soon as the decision is made, the process comes to its final stage – a purchase. The codes system chart does not include an after purchase evaluation, but it is described afterwards.

The investigation proposes nine codes which influence particular customer behaviour and a mechanism of decision making.

The first code is the frequency of usage of the Internet. The most common response on this question was “daily”, fewer numbers of interviewees confessed that they used the Internet one or several times per week and only one respondent admitted that he used the Internet not more than once or several times per month.

This code is connected with a place of Internet connection and has influence on the level of its usage.

The second code reveals the source used when choosing a destination for a holiday. According to the results of the interviews there are the following groups of sources used at this point: travel agency, information from TV, magazine or the Internet; or a friend's or acquaintance's advice.

The third code is called gathering the information about the hotel. This point is one of the core codes since it is connected with many others and provides valuable data about distribution routes from which Russian customers receive information about hotels. During the interviews many of the respondents mentioned how they have found the hotel even without being asked this question. There are different ways how the information about the Hotel Sol Tenerife was gathered. Some interviewees did it with the help of the Internet by searching mainly in Russian searching engines, such as Yandex and Google for hotels in the destination Tenerife. Other respondents searched for "last minute" offers on travel agencies' web pages. The third type of clients discovered the hotel in the travel agency office. Finally, other clients of the hotel trusted friend's or acquaintance's advice about the hotel.

The fourth code and the next step of the decision making process is verifying the information about the chosen hotel. This job is executed by searching for feedbacks about the hotel in forums, in Russian tourist advisor's web pages or on forums of tour operator's web pages. Another way to do it was getting to know the hotel while investigating information found about it with the help of searching engines. Some of Russian travellers preferred visiting or calling various travel agencies in the search for a best deal.

Code number five describes what decision was made about the purchase of hotel services. According to the results of the interviews there are three methods of realizing the purchase. The most popular is to purchase the whole packet which includes transportation, transfer from the airport to the hotel and hotel services from a travel agency. Other respondents said that they preferred purchasing only

hotel services from the travel agency and book flights by themselves on the Internet. Only few interviewees informed that they preferred booking both flights and hotel's services by themselves.

The following four codes do not form a part of the decision making algorithm but influence it. These codes are auxiliary to a process.

To begin with, one very grave obstacle on the way of getting information about the hotel and booking the services online is the language barrier. The majority of interviewees confessed that they did not speak English or that their foreign language level was very poor. The majority of Russian travellers feel very uncomfortable when they have to speak another language.

The second auxiliary code is need for personal advice. During the conversation about the decision making process, personal advice that was given about a destination or a hotel was mentioned plenty of times. Some interviewees said that they preferred friend's and acquaintances' recommendations to all other kind of advices. The significant issue of this matter is the need for guidance and support while choosing a hotel which was mentioned several times by various interviewees. Feedbacks on forums are also considered personal advice and they affect the final decision about the hotel. Advice of a travel agency is also trusted and taken into a careful consideration.

The third auxiliary code is interest in individual travelling. Russian travellers confess that they would like to try to organize their trip individually since it is cheaper and gives a wider possibility for choice. Some interviewees said that they would like to organize the following trip individually, although the majority of them have never tried individual booking and see it as a risk. "We would like to risk and go on an individual trip, but only without kids"- one respondent confessed. In conclusion many people admitted that they saw big perspectives of development of research and booking of touristic products through the Internet.

The fourth auxiliary code is lack of experience of Internet booking. A majority of Russians do not have any experience of booking touristic services online and do not know how to do it. Consequently they feel uncertain about booking of touristic

services on the Internet. The interviewees said that they would appreciate receiving some education about how to do Internet bookings

Finally the last topic which was mentioned in every interview is difficulties with visa. Every Russian traveller faces the need for applying for visa when going abroad. This process takes time and a lot of paper work. The majority of Russian travellers aim to simplify the process and avoid arranging it themselves. Consequently the visa difficulties have a meaningful influence on the purchase method decision. The correlations and influences of the codes are explained in the following section.

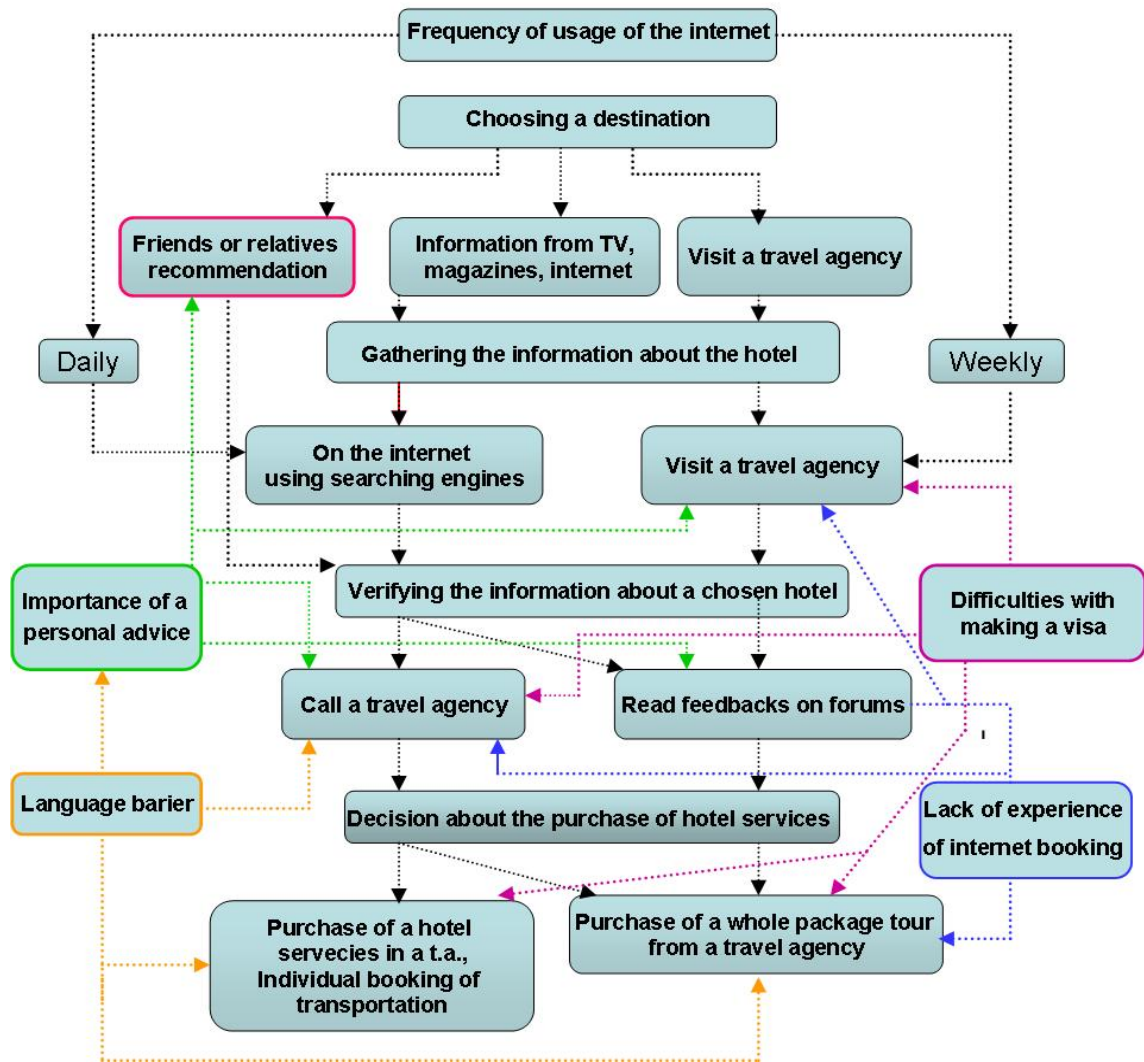


Figure 7.1 Codes system

### 7.2.2. Correlation between the codes of a decision making process

The following step of the interpretation of the interviews aims to explain how the above codes are related.

Prior to choosing a hotel, a future traveller chooses the destination for a trip. The decision could be made based on the information received on TV programs about travelling, which are fairly popular in Russia, from travel magazines or during the

last decade on the Internet. However, the major influence on Russian travellers is word-of-mouth advertising. Almost 1 in 2 Russian tourists chose their destination under friend's or relatives' recommendation vs 1 in 3 in average under other markets (aboutourism 2010). Travelling is a very common topic of conversation, for instance during a dinner among a few families. In these talks a hotel is always described quite precisely: the area of the hotel, its rooms, food, the quality of services. In case there was any Russian speaking personnel in a hotel it is essentially mentioned.

Many of the interviewees admit that they have chosen the destination of Tenerife and the hotel Sol Tenerife after friend's or relatives' recommendation. They usually trust their friend's advice about travel destinations and accommodation and it has a strong influence on their decision. Many respondents said that after receiving a positive feedback about the hotel Sol Tenerife they did not check other hotels or checked just a few. In case there was no recommendation from friends, the process of searching for a hotel is performed in two ways.

One group of interviewees mentioned that they preferred using the Internet as a primary source of information, since it is faster and easy to access - it is not even necessary to leave your home. The Internet provides a visitor with a massive amount of information and choice possibilities. Russian Internet users utilize search engines, mainly Russian ones, which are yandex.ru, search.mail.ru and rambler.ru. A Russian version of Google - [www.google.ru](http://www.google.ru), has also been mentioned as a searching engine when looking for touristic information. The words which are mostly input are "hotels in Tenerife".

Some people use the Internet to search for information about hotels on tour operator's web-sites such as Tez-Tour, Neva, Natalie Tours, etc. These pages normally contain a list of all the hotels in a destination with a description in the Russian language. In addition these web-sites often include user-generated sections with pictures added by visitors to the hotels, their comments and feedback. For instance, a web-site of tour operator Natalie Tours provides its visitors with very comprehensive information about all its destinations, local culture,



cuisine, hotels and its facilities. There is a forum where all the users can share their experiences, both positive and negative about the company, destinations, and hotels where they stayed. Additionally there is a section of blogs where everyone can register and add reports about the destinations they have visited, pictures and feedback. Other users can read and comment on those blogs and communicate with a blog's author. When clicking on a country link, for example Spain, there appears a page with its description, pictures and most popular destinations. Each destination has a list of 5 top hotels recommended. Each hotel in its turn has a complete description and below feedbacks of its visitors. (Natalie Tours 2010)

The second group of interviewees stated that they preferred calling or visiting a travel agency after realizing a need for travel. This behaviour was preferred by elderly travelers who do not use the Internet a lot and prefer face-to-face communication. However, age is not the only factor that matters. Some 30 year old interviewees also stated that they preferred using travel agencies when searching for a hotel. They find this way faster and more comfortable. The members of this group state that communication with real people in a travel agency makes them feel more convinced about their decision. This information confirms that travel agencies still play a greater advisory role in decision making despite the growth of Internet usage. Some interviewees explained that they had no time to search for information on the Internet, so they called or visited a travel agency where the whole package was organized for them. This statement made the researcher consider that the level of Internet usage may affect the approach which is preferred by a future traveller when arranging his trip. It is suggested that people who use the Internet every day both for work and personal purposes, such as communication, research, making reservations and Internet shopping find it faster and easier to search for touristic information and accommodation on the Internet. Accordingly infrequent users of the Internet prefer using the services of travel agencies when organizing a trip. Besides, some persons still have this algorithm of actions in their mind: need of getting touristic information – contact a travel agency. They do not consider any other way than purchasing the whole packet of services from a travel agency, consequently they tend to obtain the most information from it.

However, the number of persons who do not verify on the Internet the obtained data about the hotels is decreasing.

Next to making a choice about a destination and definition of a hotel where the customer is wishing to stay, he wants to make sure that the facts obtained during the second step of the decision-making process - gathering information about a hotel - is correct. Additionally he wants to collect more data about the hotel. Following these needs he starts the process of verifying the information acquired before. Generally it is made in two ways. Persons who used the Internet as a source of primary information contacted a travel agency, and those who have previously visited a travel agency tended to use the Internet as a source of additional information.

Customers who at this stage verified the information on the Internet normally searched for feedbacks on Russian forums. Many of them preferred a feedback web-page about touristic services: [www.otzyv.ru](http://www.otzyv.ru). On this web-site Russian travellers share their experience about touristic products, mainly hotels. There every visitor can read feedbacks, see pictures and make questions to the author of each commentary. Secondly, with the use of searching engines, as it has been mentioned before mainly [yandex.ru](http://yandex.ru) and [google.ru](http://google.ru), more information about the hotel is looked for. Some of the respondents announced that they visited the hotel's Sol Tenerife web-page, nevertheless, did not browse it for a long time since there is no version of the page in the Russian language.

Persons who have previously found some suitable variants of accommodation on the Internet visit a travel agency to consult about their choice and purchase the services of a hotel found. In many cases the major factor which influences their decision is the price since they have formerly made research about the hotel and discovered the information needed. Probably the client has compared prices of various travel agencies before starting negotiations with one particular agency. Usually persons who prefer getting information by themselves with the help of the Internet sources seem to be less loyal to any particular travel agency than others who initially ask information from a travel agency.

The last stage of the decision-making process is the purchase. The conducted investigation showed that there were two methods used when purchasing accommodation services of the Hotel Sol Tenerife. Both ways of purchase were realized through a travel agency. The only difference consisted in the fact that some customers purchased the whole package of travel services, which includes flight to the destination and back, transfer to and from the hotel and the accommodation services, while others preferred booking flights by themselves and only buy a hotel's services in a travel agency.

### **7.3. Factors affecting the decision making process and consumer behaviour**

The conducted qualitative survey allowed the researcher to find the reasons and motivations of various types of consumer behaviour of Russian clients of the Hotel Sol Tenerife. Figure 7.1 demonstrates the factors which influence a particular behaviour of customers.

#### **7.3.1. Need of personal advice**

A very important influence on a Russian customer's decision is advice of friend, member of a family, colleague at work, etc. As it is has been described before, when a Russian person receives positive advice about a hotel the model of his behaviour changes noticeably. He is no longer gathering information about a hotel, but verifies if the received data is correct and matches his idea about the hotel which he created in his mind after a story of a friend or others. Generally in Russia personal advice plays a vital role in decision making. Therefore, in case there was no advice from friends or family, person wishes to receive it from someone else and asks the professionals of this business - travel agency workers. Need for a personal advice is one of the reasons why a future traveler decides to use services of a travel agency. However, in the last couple of years this need started

stimulating the use of the Internet and particularly travels advisors websites and forums where feedbacks on touristic services can be found.

Russian culture is such that people communicate a lot, share their experiences and like to give advice. These features explain the occurrence of a great amount of word of mouth (WOM) advertisement. The definition of WOM dated to 1967 says that it “is product-related, oral, person-to-person communication” (Wikipedia 2010c). However due to the emerge of new technologies such as mobile phones, computers and the Internet the character of WOM has changed. The modern formulation of WOM that it is not only face-to-face spoken communication, but also phone conversations, text messages sent via SMS and web dialogue, such as online pages, blog posts, message board threads, instant messages and emails. (Wikipedia 2010c) Today persons have a wide range of media to use in order to share the word-of-mouth. It is a great opportunity for companies since they can now have an access to customer’s opinion about them. It is possible to read the advices that customers of a hotel leave for other future customers. This advice and feedbacks probably differ from those left in a customer satisfaction questionnaire of a hotel, since they are often more sincere. However, two facts should be taken into consideration. First, those who set up websites may encourage either more positive or more negative WOM than is typical in everyday life. Secondly, it is possible that persons who post comments on the Internet are different from those who give offline advice. (World Tourism Organization and European Travel Commission 2010).

Social networks, such as facebook and, in case of Russia Vkontakte, are new medias of information sharing among users; consequently they are new WOM distribution tools. It is very common for Russian Internet users to share their experience about realized vacations by creating a photo album on their page in the social network Vkontakte. While viewing such an album other users can realize a need to travel and visit the same destination and the hotel. In this case information about a destination and accommodation can be found on the same webpage of [www.vkontakte.ru](http://www.vkontakte.ru) by searching for a destination in the section Groups. For instance, when inputting the word Tenerife (Тенерифе) a user gets a result of 205

groups related to the topic. Some of those are created by travel agencies and tour operators which use the social network as a marketing tool and a distribution route of its products. However, many groups are created by other users and represent a fun-club of a destination or a hotel. It is a common phenomenon that people from different cities and parts of the country meet during vacations in a hotel and keep in contact afterwards with the help of social networks. They create a group of a hotel or a destination in Vkontakte and share pictures and comments there. During the interview conducted in the Hotel Sol Tenerife one respondent from Moscow shared her experience of previous vacations during which she met other travellers from the eastern part of Russia. After the holiday was finished they found each other on the pages of Vkontakte and created a group of the hotel where the vacation took place. After one year the group has plenty of members from various cities of Russia. They communicate, share feedbacks about the hotel and are planning a comeback trip in a big company of fans of the hotel.

Due to the mentality of the nation personal advice is highly meaningful for Russian people. It can be received from a friend or acquaintance in a face-to-face conversation but also from the Internet messages or when viewing a friend's pictures and reading his notes on his profile page on a social network web-site.

### **7.3.2. Language barrier**

A factor that has a vast influence on the algorithm of decision making and on the preferred way of purchasing hotel services is the language barrier. The majority of Russian tourists do not speak English. They might understand something but according to the results of the investigation there is a huge language barrier that is seen in the form of resistance of foreign languages. The majority of older population of the country does not speak English and young people who do understand the language feel very uncomfortable when they have to speak it. Some time ago, when the Internet system was not well developed in Russia there were not as many travel adviser pages as today. The greater part of the Internet

web-sites was in English and therefore unavailable for Russian users. Today this is no longer a difficulty given that there are plenty of web-sites that describe hotels and destinations all over the world in Russian. Nevertheless, many people still do not use the Internet as the source of touristic information since they are used to receive it from an employee of a travel agency. Besides many Russians feel a lack of trust to touristic information that can be found on the Internet. The survey conducted among Russian clients of the Hotel Sol Tenerife showed that one reason why the clients consulted and purchased the services of the hotel through a travel agency was the language barrier. Even though there is no longer a lack of Russian language web-pages that offer hotels description in Russian language, many citizens still feel unsure about purchasing the services by themselves. It happens since in the explained situation a customer would need to speak foreign language when getting from an airport to a hotel and in the hotel as well, as there he will have no guide to help him.

### **7.3.3. Visa obtaining difficulties**

The investigation has shown that probably the heaviest influence on the decision about the way of purchasing of the hotel services - whether it will be individually or with a help of a travel agency – plays the need for applying for a visa and obstacles to receive it. The decision about a purchase of touristic products can influence on the sources of the information used when looking for accommodation abroad. Many Russian tourists assume that an individual search for touristic information on the Internet is useless as long as the product has to be bought in the travel agency. Russian citizens are required to have a visa in order to enter the territory of any country of the European Union. A visa document allows its owner to stay on the territory of the country for a period mentioned in the document. The majority of EU countries, and Spain among others, are members of a Schengen convention. According to this agreement, moving from one country to another within the Schengen area is allowed without border controls. The Schengen visa makes it

possible to visit all the countries in the Schengen area and to cross internal borders without further formalities. The type of Schengen visa can be one-time-enter or multiple entry visa. A multiple entry visa can be issued for the period of half a year, when a person is allowed to stay on the territory of a European countries in total for 45 days. The other type of multiple entry visa is of one year duration with a possibility to be in European zone for 90 days. Various countries have different requirements of documents needed for a visa issue. Among other documents such as passport and purpose of visit explanation, the consulate requires a hotel reservation or an invitation from a resident of the country to which the visa is solicited.

Among the interviewees of the survey nobody booked an accommodation in the Hotel Sol Tenerife individually. All the respondents used services of a travel agency. The majority justified this fact by the obstacles that they would have to go through in order to receive a visa to Spain. An immense advantage that is offered by any travel agency is handling and issuing visa. When purchasing touristic services from a travel agency the second part takes the responsibility of making a visa for its clients, consequently customers do not have to spend their time in a queue to a consulate. Citizens of small cities and Russian villages cannot apply for a visa in their hometown and have to send the application form and documents to Moscow. The procedure takes a long time and occasionally a request can be rejected due to various reasons, among which the incorrect filling of a form. Reasonably many Russian people refuse spending their time and patience on long bureaucratic procedures in order to receive a visa; as a result they prefer delegating this task to a travel agency by purchasing from it the whole tour package or only hotel services. For citizens of big cities such as St. Petersburg and Moscow a travel agency only saves their time when arranging a visa. The population of the capital of the country has access to consulates and embassies of the European and other countries of the world. Anyone can solicit a visa by providing all the required documents. The vast majority of populace of the northern capital of Russia travel to countries of the Schengen zone with a Finnish visa document. St. Petersburg is the biggest Russian city situated less than 200 km from the Finnish

border. Finland is one of the most popular outbound travel destinations of St. Petersburg citizens because of its close location, easy and economical way of access and unproblematic visa obtaining. The procedure of the visa issuing is simplified for the citizens of St. Petersburg. It is enough to mark “shopping” as the reason of a visit to the country and there is no invitation or a hotel reservation needed. Besides, the document that is issued is a multiple entry visa. A Finnish visa document allows journeys not only to Finland but to every country of the Schengen area, consequently the vast majority of St. Petersburg citizens travel to European countries, such as Spain with a Finnish visa document.

In conclusion, visa obtaining procedure is long and complicated for all Russian citizens, except that populations of Moscow and St. Petersburg have some benefits during the process. However, every Russian person has a right to travel in the Schengen area when having a multiple entry visa document. Therefore once received the document with the help of a travel agency a person can still use it for other trips which would be realized within a valid period. In this case there is no need in new visa issuing, and consequently arranging of individual trips is possible.

#### **7.3.4. Lack of experience of online booking**

According to the data collected during the exploratory investigation among Russian clients of the Hotel Sol Tenerife the most common reasons for the Internet usage were communication with friends and family via email and social web-sites (mostly V Kontakte), for work and study purposes, information search in various sectors and leisure purposes, e.g. music listening or watching movies. A few interviewees confessed that they used the Internet for online shopping. Mainly it happened to purchase of electronics, train and airplane tickets and in a few cases for booking accommodation services abroad. The previously described factors of a need for personal advice, language barrier and visa obtaining difficulties lead to a particular customer behaviour when making a purchase decision of accommodation services abroad. These obstacles threaten the customer when evaluating the perspective of



online booking of touristic products. However, the above factors are not the only barriers on the way in the development of online booking in Russian Federation. As the investigation showed, nearly a half of interviewees had never tried online booking of any touristic products and some responders were not aware of the existence of such a possibility. Logically prior to reaching some experience level in Internet booking the customers should be educated about such an option. Those customers who theoretically knew that it was possible to make an online booking of a hotel room confessed that in practice they did not know from where to start and how to make an online reservation. The participants of the investigation admitted that they found individual planning and booking of flights and accommodation a very attractive option to a usual travel agency package. Many of customers told that having a multiple entry visa they would like to try individual travelling and therefore booking hotel services by themselves via the Internet, however, they would need some instruction on how an online booking can be accomplished.

## 8. CONCLUSION

The present study presents an exploratory investigation on the perception by Russian travellers of the Internet as a source of obtaining touristic information, particularly about accommodation services. The analysis of the theoretical studies, secondary data and the results of the investigation conducted among Russian customers of the Hotel Sol Tenerife has led to the emergence of some guidelines that can be used by a company when planning an e-marketing strategy that can be applied for the Russian market.

The investigation shows the existence of a wide range of opportunities but also several significant threats on the way of Internet marketing of a foreign hotel in Russia.

A positive dynamic growth of Internet usage ensures wide perspectives of e-marketing and e-commerce in the country. The level of Internet penetration in Russia is 42.8 %, however, in big cities such as Moscow and St. Petersburg the figure reaches 64% and 61% respectively (Общественное Мнение 2010). Unlike a decade ago today the most common place of connection to the web in Russia is the home which is represented by 70% of users connected from the place where they live (Eye for Travel Research 2008). Russian citizens are getting used to the services of the Internet and mostly in order to search for data. The Internet steadily becomes a popular source of touristic information and many travellers use it as a primary source. Given that accommodation is an intangible service the utility of the Internet as a marketing tool is crucial since customers are likely to use it in order to obtain more detailed and diverse information about a chosen hotel. (Bonn et al. 1998) A vast majority of Russian persons seek for touristic information with the help of searching engines, mainly Yandex and Google. (Смирнов 2008) Plenty of tourist advisor web-sites appear on the Russian web. Tour operators and travel agencies on their web-sites provide users with the information not only about their services but also about destinations, hotels and feedbacks of other visitors. Finally Russian social network Vkontakte is turning into a massive source of touristic

information and feedbacks sharing among its users. Travel agencies, hotels and normal users create groups of hotels and destinations where the last ones are being promoted.

The main objective of marketing is to educate and promote a product or service for its further selling. Logically e-marketing implies Internet selling, and here the main obstacles appear. According to the analysis of secondary data and the results of the conducted investigation Russian customers are not ready for making online purchases of accommodation services abroad. The main reasons for that are lack of experience of online booking, need for personal advice, lack of trust in the internet services, language barrier and finally visa obtaining difficulties. The described factors are always taken into consideration by a Russian traveller who is planning an outbound trip. The theoretical part of the paper mentioned two characteristics of product influence on the Internet usage, which were frequency of purchase and value proposition (Bonn et al.,1998). Given that accommodation and travelling to Canary Islands where the Hotel Sol Tenerife is located is costly, Russian customers perceive the option of online-booking as a risk. On the other hand, because of the same reason of high value proposition, customers necessitate more information about the hotel and search for it on the Internet.

The mentioned barriers can be turned into opportunities. For instance one of the major obstacles on the way to online booking of the hotel services was visa obtaining difficulties, but once a multiple entry visa was obtained the obstacle disappeared for the period when the visa document stayed valid. This particular moment can be used by the hotel in the strategy of making a customer return to use the services, making him a loyal customer. In case a special tariff or other benefits and privilege will be offered to a customer with the condition of visiting a hotel again within the following half year, it is likely that a customer books the hotel services online. However as the investigation showed, Russian travellers have very little experience in online booking. A big part of population is not aware of the possibility of online booking of accommodation services while another part is reluctant to try to use this service. The research suggests that the education of Russian customers about a possibility of online reservation of the services of the

hotel can be an effective tool on the way when developing the Internet marketing of Russian clients. A manual of completing an online reservation can be created and distributed among Russian market segment. Several respondents mentioned during the interview that they would like to receive a step-by-step instruction about how an online booking can be completed. One of the channels of distribution of the elaborated manuals could be the hotel reception desk during the check-in procedure. In this case a customer would consider online booking of the services for his next visit. Additionally this act would create positive world-of-mouth. When a customer of the hotel would be sharing his experience with friends and family he would be likely to mention the possibility of online booking of its services. Another distribution channel of the proposed manuals can be a web-site of the hotel, however, it is strongly suggested that the web-page would have a Russian version. Conclusively the present work has created valuable information about a Russian customer profile, his behavioral model when selecting accommodation abroad and explanation of preferred purchased methods. This information could help the Hotel Sol Tenerife in developing an e-marketing strategy for Russian market segment.

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