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DEVELOPING CUSTOMER-ORIENTED SERVICES FOR RUSSIAN GUESTS IN KATINKULTA

THESIS
ABSTRACT

School	Degree Programme
Business	International Business

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Title
Developing customer-oriented services for Russian guests in Katinkulta

Optional Professional Studies	Supervisor(s)
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	Commissioned by
	Holiday Club Hotel Katinkulta

Date	Total Number of Pages and Appendices
Autumn 2007	68+3

This thesis was a desktop research commissioned by Holiday Club Hotel Katinkulta. The aim of the work was to give suggestions on how to improve customer-oriented services for Russian guests visiting the resort.

At the moment, Russian guests visit Katinkulta mainly in the time of New Year. Katinkulta has acknowledged that there are some points to be improved concerning the services offered throughout the year. The aim was to find out the areas of improvement and give general suggestions for developing the operations in relation to Russian guests.

The schedule for the work was autumn 2007. The process began with gathering information on the basic concepts relating to the theories in tourism, consumer behaviour and customer orientation. It was followed by necessary information on Russia and Katinkulta. An interview with a sales secretary working in Katinkulta was conducted in order to gain complementary information on the company's customer-oriented services for Russian guests.

As a result, suggestions for development were made in order to give some guidelines for Katinkulta to use. These suggestions were given by utilizing the information gathered.

Language of Thesis	English

Keywords	customer orientation, Russia, Katinkulta
Deposited at	☒ Kaktus Database at Kajaani University of Applied Sciences
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1 INTRODUCTION

The aim of the thesis was to give suggestions on how to improve customer-oriented services for Russian guests in Holiday Club Hotel Katinkulta. This was accomplished by gathering information on basic theories related to the topic and utilizing them in this specific case. The thesis is divided into two parts, the theory and the empirical part. Theoretical part includes the basic theories of the core issues in tourism, consumer behaviour and customer orientation. Empirical part begins with information on Russian culture, history, economic issues, travelling habits and travel buying behaviour. To be able to make conclusions and suggestions, it is vital to be familiar with the services offered in Katinkulta at the moment, how they are run and how customer satisfaction is monitored. The outcome of this desktop research will be suggestions for development for the commissioning party to use in practice.

Katinkulta is aware that there are some weak points in their customer-oriented services provided for Russian guests. The objective for us was to point them out and suggest how the situation could be improved. On the basis of this thesis, Katinkulta will receive a brief theory outlook which the company can utilize whether they have any points to be improved in the future. Katinkulta will also receive suggestions which concern the contemporary issues.

Utilizing the information gathered to effective service and marketing will have great importance when considering the growing competition on attracting the Russian tourists. This is a customer group which is vital to the tourism industry in Kainuu and Finland, and therefore it is important to have well established services. The better the knowledge on Russians, the better are the company's possibilities for satisfying the customers' needs. Yet, the aim is not only to offer the information but also to propose how to use it. Information gathered will be utilized in this specific case.

The thesis has significant importance especially for Holiday Club Hotel Katinkulta. Yet, it can be utilized also in other companies offering services for Russian guests. The theories gathered are a concise information package which can be useful for any company in tourism sector.

Picture 1 presents the frame of reference for the thesis. The figure represents how the concepts are connected to each other. It also demonstrates the stages of the project from the top to bottom. The time used for the thesis work was autumn 2007.
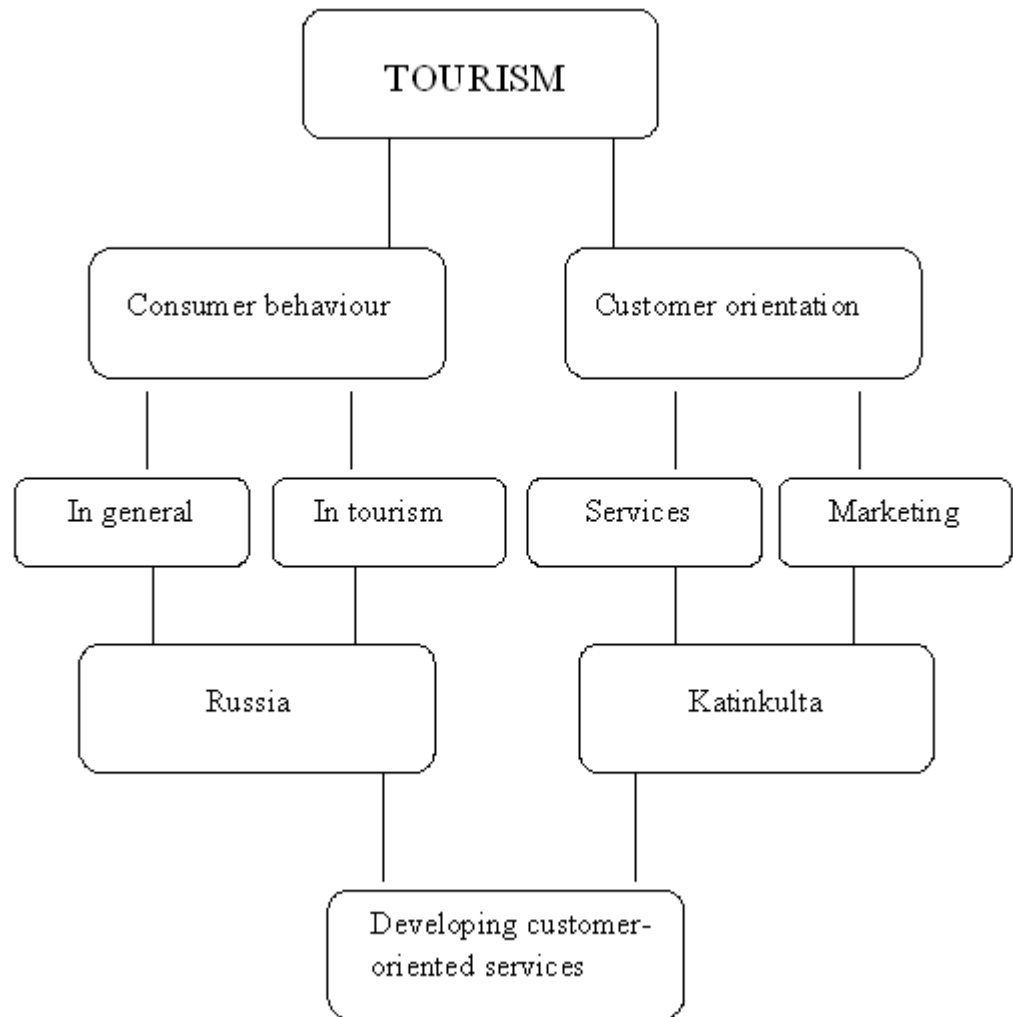
Picture 1. Frame of reference

2 TOURISM

In order to provide the best possible information for the commissioning party, it is important to be aware of the main rules, characteristics and terminology in the field of tourism. In this chapter some definitions will be explained, the concept of tourism will be clarified and a look is taken at the conceptual framework and environmental factors of tourism. Also the hospitality and accommodation sector will be gone through briefly. Lastly, it will be seen what the future holds for the tourism sector.

2.1 Defining tourism and tourists

The World Tourism Organization's definition of tourism is: "Tourism comprises of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes" (McIntosh, R., Goeldner, C. & Brent, J.R. 1995, 11).

Yet, there are no generally agreed definitions of tourism. It is said that tourism is the world's largest industry, but due to the fact that the sector does not have a common agreement on what comprises it, one cannot say whether it is the largest industry or not. There is a lack of rigour and focus in the field. (Cooper, C., Fletcher, J., Fyall, A., Gilbert, D., Wanhill, S. 1998, 3.) Nevertheless, "tourism directly and indirectly generates and supports 195 million jobs globally. This is equivalent to 7.6% of the world's workforce and is forecast to rise to over 250 million jobs in 2010". (Cooper, C., Fletcher, J., Fyall, A., Gilbert, D., Wanhill, S. 2005, 4.)

The definitions of tourism can be seen as demand-side definitions or supply-side definitions. Tourism is driven more by demand-side than supply-side. (Cooper, C. et al. 2005, 12-13.)

Demand-side definitions

The WTO definition (introduced before) shows the essence of tourism on the demand-side as follows: tourism starts from the movement of people and people staying in various places or destinations. The minimum length of a stay has to be one night and the maximum one

year. The journey and the stay are the two vital elements in tourism, and both occur outside the "usual environment" of a tourist. The definition of "usual environment" is 160 km. Tourism is distinct of the resident and working populations of the places in which they stay and travel through. There is an intention to return back home within days, weeks or months. The destination is visited in other purpose than having a permanent residence or employment. (Cooper, C. et al. 2005, 13.)

The latest development made to the demand-side definitions was in the World Tourism Organization's (WTO) 1991 International Conference on Travel and Tourism Statistics (Cooper, C. et al. 2005, 12-13).

Supply-side definitions

The supply-side is defined by Leiper: "The tourist industry consists of all those firms, organizations and facilities which are intended to serve the specific needs and wants of tourists" (Cooper, C. et al. 2005, 15).

"The tourism satellite account (TSA) is the agreed approach to defining the tourism sector as it measures the goods and services purchased by visitors to estimate the size of the tourism economic sector" (Cooper, C. et al. 2005, 15). The TSA provides information on the economic impact of tourism, investment, tax revenues, tourism consumption and the impact on a nation's balance of payments. It also provides information on tourism employment and its characteristics and allows tourism to be compared with other economic sectors. (Cooper, C. et al. 2005, 15.)

Tourist

"A person who travels from place to place for nonwork reasons. By U.N. definition, a tourist is someone who stays more than one night and less than a year. Business and convention travel is included. This thinking is dominated by balance-of-trade concepts. Military personnel, diplomats, immigrants, and resident students are not tourists". (McIntosh, R. et al. 1995, 535.) A person who is a day visitor or a cruise visitor and returns to his home or e.g. ship or train to sleep is called an excursionist (Knowles, T. 1998, 2).

Tourists can be classified by the nature of the trip. Firstly, there is a difference between domestic and international tourists. Domestic tourism means that a resident travels inside his country. International tourism means travelling outside the country of residence. Classification can also be made by three categories of the purpose of visit: leisure and recreation, other tourism purposes and business and professional. There are also many other ways of classification. (Cooper, C. et al. 1998, 12.)

By WTO, the term leisure tourism describes a person who takes of a holiday, visits friends and relatives, or has sports or culture as a reason for the visit. The term professional tourism means visiting a place on a business purpose e.g. attending a meeting or a conference. The term for visiting a place e.g. for education or medical treatment is other tourism. (Knowles, T. 1998, 2-3.)

2.2 Types and perspectives of tourism

There are four types of tourism: international tourism, internal tourism, domestic tourism and national tourism. International tourism consists of inbound tourism (visit to a country by a non-resident) and outbound tourism (visit by a resident of a country to another country). Internal tourism means a resident of a country visiting his own country. Domestic tourism is internal tourism plus inbound tourism. National tourism is internal tourism plus outbound tourism. (McIntosh, R. et al. 1995, 11.) Naturally, this research will concentrate on the international side of tourism.

According to McIntosh et al. (1995, 9) there are four different perspectives of tourism:

1. The tourist: The nature of tourists' needs for psychic and physical experiences and satisfactions will determine the destinations chosen and the activities wanted.

2. The business providing a tourist goods and services: Profiting from providing tourists some goods and services.

3. The government of the host community area: Seen as a wealth factor in the economy due to the fact that the citizens can earn income from this business. "Politicians consider the foreign exchange receipts from international tourism as well as the tax

receipts collected from tourist expenditures, either directly or indirectly" (McIntosh, R. et al. 1995, 9).

4. The host community: Tourism is affecting the host community culturally and employmentwise. Considering the culture, tourism can be beneficial, harmful or both.

2.3 Organizational framework of tourism

According to Leiper's model there are three basic elements in the tourism system:

1. Tourists

Tourists are the actors of the system

2. Geographical elements

Geographical elements (Picture 2) can be divided into three parts: 1) traveller generating region, 2) tourist destination region and 3) transit route region.

Traveller generating region i.e. a region that is generating a market for tourism pushes to stimulate and motivate travel. This is the stage where the tourist searches information, makes the booking and departs. At tourist destination region the full impact of tourism is felt and planning and management strategies are implemented. This stage includes special places distinguished from the everyday life e.g. by their cultural, historic or natural significance. At the destination the most important and dramatic consequences of the system occur. "The transit route region does not simply represent the short period of travel to reach the destination, but also includes the intermediate places which may be visited en route" (Cooper, C. et al. 2005, 9).
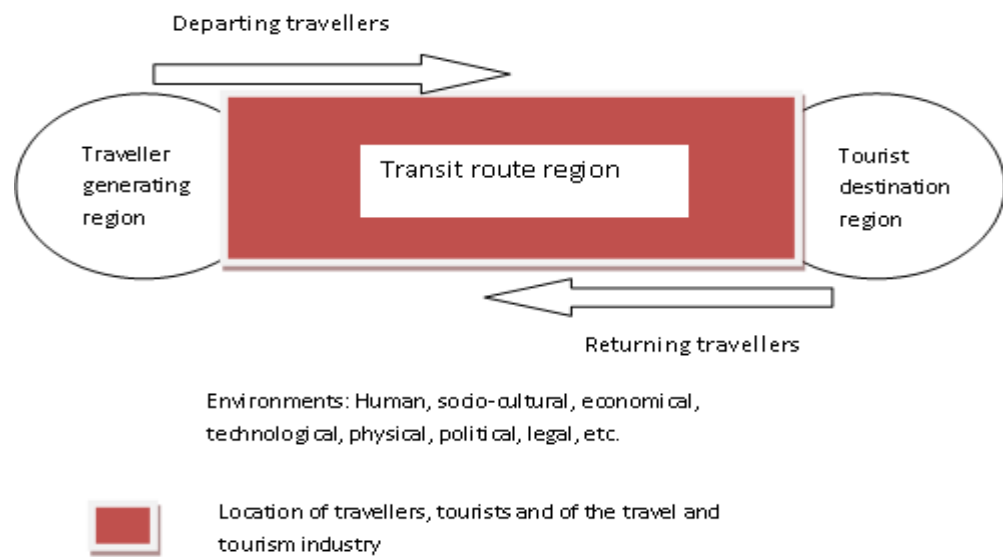
Picture 2. Geographical elements of tourism system (Cooper, C. et al. 2005, 6)

3. Tourism sector

The tourism sector includes the business and organizations involved in delivering the tourism product. (Cooper, C. et al. 2005, 7-10.)

Leiper's model helps to understand the process of tourist travel from both the purchaser's and supplier's perspective. It also helps identifying the organizations which influence and regulate tourism. In addition, "it allows one to understand the links between different elements of tourism, from where the tourist interact with the travel organizer (travel agent or retailer), the travel provider (airline, or mode of transport), the destination area and tourism sector within the destination. This approach is also helpful for understanding how many elements are assembled by the tourism sector to create an experience of tourism". (Page, S.J. 2007, 13-14.)

By Cooper et al. (2005, 10) the advantages of this particular framework are the fact that it has the ability to incorporate interdisciplinary approaches to tourism, one can use the model

at any scale or level of generalisation, the model is extremely flexible and it is demonstrating the fact that all the elements of tourism are related and that they interact together.

2.4 Environmental factors

There are several environmental factors that affect the tourism industry. These factors are political, economic, social and technological factors (PEST). (Knowles, T. 1998, 11.)

Political factors are e.g. conflicts that affect the stability of a country. "The international tourist movement in 1986 was disrupted by the combined effects of the disaster at Chernobyl, the fall in the US dollar, the Libyan bombing incident and increase in terrorist activity". (Knowles, T. 1998, 11.) The 9/11 terrorist attack to the United States in 2001 is an example of a more current political factor that has affected the tourism industry.

In the beginning of 1980s there was an economic recession, which resulted as a fall in income and increased the costs of travel. This recession had a negative impact on travel and it is a good example of an economic factor. Also the recession in 1990-1992 in the industrialized countries had a similar effect on tourism. (Knowles, T. 1998, 1998, 12-13.)

Demand for long distance and exotic holidays, perforations changing from the beach holidays to new holiday experiences, a shift away from the package holidays (tour operators can reach the consumer directly nowadays), independently arranged holidays (consumers want higher degree of control and flexibility over their holidays) and legislative changes are some contemporary social and cultural factors affecting the tourism industry (Knowles, T. 1998, 16-17).

Due to the development of technological factors, e.g. the expansion of the computer reservation system, the tourism industry has grown significantly (Knowles, T. 1998, 17).

2.5 Hospitality and accommodation sectors

"Hospitality is the very essence of tourism, involving the consumption of food, drink and accommodation in an environment away from the normal home base" (Page, S.J. 2007, 201).

All the sectors in the hotel and catering industry are described by the term hospitality. To be more precise, it includes all the products and services offered to the consumer away from home concerning travel, lodging, eating, entertainment, recreation and gaming. Even though there is much overlapping with tourism and hospitality, there are also many characteristics that separate those two e.g. hospitality includes restaurants and public houses that mainly attract the local community. (Knowles, T. 1998, 3.)

Accommodation sector is a part of the hospitality sector and it is defined as follows "a guest pays a fee in return for a specified service and grade of accommodation, and associated services such as food and beverages" (Page, S.J. 2007, 201).

There are two types of tourist accommodation; serviced accommodation and non-serviced accommodation. The hotel is the most known element of the serviced accommodation sector. Hotels offer rooms, food and beverage services, but the services have also moved e.g. towards the health resort market. The difference between serviced accommodation and non-serviced accommodation is not that clear e.g. due to the existence of apartment hotels permitting self-catering in the non-service sector. The non-service sector also includes e.g. holiday homes, caravan parks and holiday parks. (Page, S.J. 2007, 206-224.)

The accommodation industry consists of hotels and similar establishments in different sizes varying from only few to several hundreds or even more rooms. Only 21% of these establishments are large in capacity i.e. have more than fifty rooms. The majority are small and family-run. The market for accommodation includes hotels, camping and caravanning, people who visit friends and relatives, and self catering in rented accommodation. (Knowles, T. 1998, 6-7.)

Hotels and other similar establishments defined by WTO: "are typified as being arranged in rooms, in number exceeding a specified minimum; as coming under a common management; as providing certain services, including room service, daily bed making and cleaning of sanitary facilities; as grouped in classes and categories according to the facilities and services provided; and not falling in the category of specialised establishments" (Knowles, T. 1998, 7).

2.6 The future of tourism

By Page (2007, 54) there are some key trends over the next decade which will indicate how tourism consumption and development can be affected. These include the growing market sector of the over 50-age group in the western countries, growth in single households, information technology becoming an essential part of our lives, the increasing consciousness of the environment by the consumers balanced by the increased searches for hedonistic experiences and flexible leisure time, and the increasing role of media affecting the tastes and preferences of consumers.

The ten important world tourism issues in 2006:

1. Safety and security in tourism

2. Impact of the world's economy in tourism

3. Managing sustainable tourism

4. Tourism policy and strategic planning

5. Utilizing e-commerce tools in tourism

6. Tourism education and training

7. New tourism products

8. Quality tourism experiences (value / money)

9. Partnerships and strategic alliances in tourism

10. Impact of health issues / natural disasters on tourism.

(Page, S.J. 2007, 55).

These ten issues are some essential points which need to be considered in order to ensure the growth of the tourism sector, e.g. using the e-commerce tools in tourism is becoming more important when trying to reach customers. Also the continuous education of the per-

sonnel involved in the tourism industry has a high significance when trying to reach the maximum level of profit and customer satisfaction. Creating new markets and areas of growth by developing new tourism products is also an issue that should be taken into consideration. Today tourists want that the experience is worth the money they have paid, i.e. to have quality tourism experience.

The impact of tourism on health issues and natural disasters has gained more attention in the past few years. International tourism has enabled the faster spread of different types of diseases around the world. Some regions in the world are more likely to have natural disasters than others, e.g. the tsunami in Thailand in December 2004 resulted as a numerous loss of lives and collapse of the tourism in that specific resort. Also, the safety and security in tourism is something that has to be improved and monitored continuously. One of the recent consequences of failed security was the terrorist attack in the United States in 2001.

3 CONSUMER BEHAVIOUR

To be able to understand the behaviour of a company's potential customers, one first has to clarify the very basic theory of consumer behaviour. In this chapter, firstly the fundamentals of consumer behaviour will be explained and secondly an insight will be taken to the consumer behaviour in tourism to see whether there are some differences.

3.1 Consumer behaviour in general

American Marketing Association has defined the concept of consumer behaviour with the following way: "The dynamic interaction of affect and cognition, behaviour, and environmental events by which human beings conduct the exchange aspects of their lives" (Blythe, J. 1997, 2). Since this definition is relatively complicated, it is easier to be observed in smaller elements.

By stating that consumer behaviour is dynamic Blythe (1997, 2) means that it can change and evolve constantly since there is no permanent way of behaving that would remain the same from decade to another. People adopt new ways of thinking and behaving all the time through the change of fashions in thought and social conditions.

It also requires interactions to be able to understand consumer behaviour. It has to be made clear what customers think (cognition), what they feel (affect) and what they do (behaviours). Also environment plays an important role since things and places have their own effect on consumer behaviour. What people think and feel evidently affects their behaviour, but also the human's behaviour in itself leads to other, correlated behaviour. (Blythe, J. 1997, 3.)

Blythe (1997, 3) also explains that there are exchanges between human beings in consumer behaviour, which are the exchanges between the customer and the service provider. Furthermore, it is important that both parties are satisfied with the exchange, since otherwise no trade would occur.

3.1.1 Dimensions of consumer behaviour

There are three key dimensions in consumer buying behaviour: who is important when making the buying decision, how do people buy and what is the choice criteria used. If a company wants to find out answers to these very fundamental questions, it can be done by being in personal contact with the customers or with the help of a marketing research. There are also two other dimensions, where do people buy and when do the buy. (Jobber, D. 1998, 57.) Since the three first mentioned are the most complicated ones to answer, they will be examined in this study.

When defining the role of the person making the buying decision, it is noticed that there often is more than one person having an effect on the decision-making. The roles of persons influencing the buying decision are initiator, influencer, decider, buyer and user; nevertheless one person may have several roles in the purchase decision process. Initiator is the person opening the discussion for some purchase. Influencer is the person who tries to convince the other group members to make the correct decision. Decider is the person who has either the control for decision-making or the financial power to choose which product to buy. Buyer is the person making the actual purchase and being in interaction with the supplier. Finally, user is the person who concretely uses the product. (Jobber, D. 1998, 59.)

Answering the question 'How do people buy?' requires understanding the consumer decision-making process (Picture 3) which can be divided into five different stages: need recognition, information search, evaluation of alternatives, purchase and post-purchase evaluation (Jobber, D. 1998, 60).

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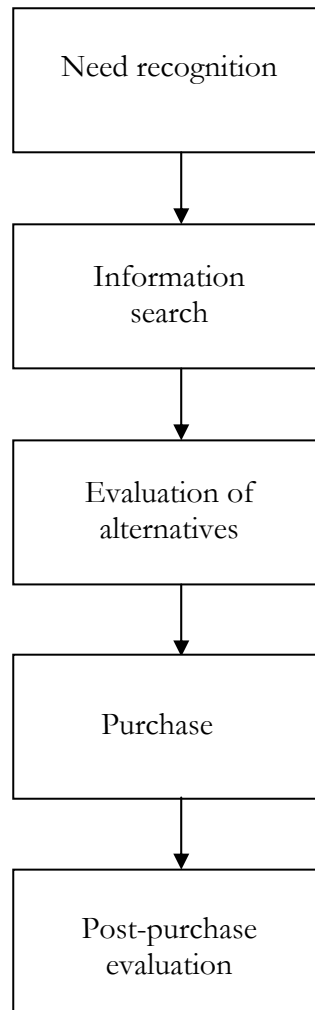
Picture 3. The consumer decision-making process (Jobber, D. 1998, 60)

The process starts when the consumer recognises a need, which can be e.g. functional, emotional or psychological depending on the situation. At this stage the consumer possibly will not take any action despite for his need, which means that the process ends there. If the consumer perceives the need strong enough, the next step of the process, information search, begins. Now the consumer searches for information to discover alternative ways to fulfil his need. Once the alternatives have been found, it is time for the consumer to evaluate the alternatives and after that make the actual purchase. The final part of the decision-making process is post-purchase evaluation of the decision, in which customer satisfaction plays an important role. (Jobber, D. 1998, 60.)

The choice criteria consumer uses when making decisions has been defined by Jobber (1998, 65) as follows: technical criteria, economic criteria, social criteria and personal criteria. Technical criteria are used to evaluate the performance of a product or service and include e.g. reliability, comfort and convenience. Economic criteria mean the cost side of the product and include e.g. price, value for money and residual value. By social criteria the consumer measures his perceived relationships with people and the influence of social norms by taking into consideration e.g. the status, social belonging and convention. Personal criteria mean the psychological impact of the product or service to the consumer and can be measured e.g. by self-image, morals and emotions.

3.1.2 Influences on consumer behaviour

The main forces influencing consumer behaviour are personal influences, social influences and the buying situation (Picture 4). Personal influences include information processing, beliefs and attitudes, personality, lifecycle, lifestyle and motivation. Social influences can be categorized as culture, social class, geodemographics and reference groups. Also buying situations can be divided into three categories, which are extended problem solving, limited problem solving and habitual problem solving. (Jobber, D. 1998, 68.)

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                    ┌─────────────────────┐
                    │ Consumer behaviour  │
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│ Personal influences│ │ Social influences │ │ Buying situation  │
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Personal influences	Social influences	Buying situation
- Information processing	- Culture	- Extended problem solving
- Beliefs and attitudes	- Social class	- Limited problem solving
- Personality	- Geodemographics	- Habitual problem solving
- Lifecycle	- Reference groups	
- Lifestyle		
- Motivation		

Picture 4. Forces influencing consumer behaviour (Jobber, D. 1998, 68)

Personal influences

Information processing means the way consumer receives a stimulus, how he understands it, stores it in his memory and later returns to it. Information processing is affected by the external influences and the consumer's own decision-making process. Beliefs in consumer behaviour refer to the thoughts that consumers hold concerning different things. Beliefs are the consumer's own perceptions, and therefore there can sometimes be misconceptions concerning products or services provided. Beliefs are related to the person's attitudes, which define the consumer's overall opinion about a product or service. (Jobber, D. 1998, 70-73.) Blythe (1997, 69) has used the following definition for an attitude: "A learned tendency to respond to an object in a consistently favourable or unfavourable way".

Personality means the kind of psychological characteristics a person holds, whether he is e.g. a warm or a cold person or if his nature is sociable or loner. Also lifestyle has an effect on

consumer decisions, this relates to consumer's beliefs, activities, values and demographic characteristics. Lifecycle affects the person's disposable income and purchase requirements differing for example when taking a look at a young couple with no kids or a big family. (Jobber, D. 1998, 73-74.)

There are a lot of different kinds of approaches and theories concerning how to define one of the personal influences, motivation, in consumer behaviour. One influential approach to motivation has been introduced by Abraham Maslow (Solomon, M., Bamossy, G., Askegaard, S., Hogg, M. 2006, 98). Maslow's hierarchy of need is an important tool when defining the motivation in customer behaviour. According to Maslow's theory, every human has certain needs that have to be fulfilled in a specific order of importance. The theory says that there are some basic needs such as hunger and thirst which have to be fulfilled before the human is able to move on in the hierarchy of need. (Blythe, J. 1997, 16.) Maslow has categorized the levels of need as follows: the needs starting from the lower-level and moving on to upper-level needs are psychological, safety, belongingness, ego needs and self-actualization (Solomon, M. et al. 2006, 99).

Social influences

When defining social influences on consumer behaviour, culture means the set of beliefs and values which people in a group share. There are national differences in cultures, and people perceive things differently. (Blythe, J. 1997, 90-91.) Even if countries would be similar in economic development, there are cultural variations, which have an effect on the consumer's behaviour (Jobber, D. 1998, 75). Social class of an individual is usually defined by his occupation. The division of different social classes is: upper middle class, middle class, lower middle class, skilled working class, working class and those at the lowest levels of subsistence. Nevertheless, this definition is beginning to be out of date as the old class division seems to be breaking down. (Blythe, J. 1997, 93-94.) Geodemographics is an alternative method for classifying households. This means grouping consumers geographically based on e.g. the type of accommodation, occupation and ethnic background. Reference groups mean the people which have an effect on individual's attitude or behaviour, e.g. family, friends or work colleagues. (Jobber, D. 1998, 76-77.)

Buying situation

In the division of buying situations extended problem solving is needed when making an important purchase with high value. Extended problem solving therefore means that an individual will take part in a high degree of information search and observe the alternative solutions against choice criteria. Limited problem-solving can be used when the consumer has some experience of the product in question so that a little information search is needed. When an individual uses habitual problem solving, he repeat-buys the same product and does not feel the need to evaluate the different alternatives very closely. (Jobber, D. 1998, 68-70.)

3.2 Consumer behaviour in tourism

After clarifying the theory of consumer behaviour, it is time to see whether consumer behaviour in tourism differs from the basic consumer behaviour models.

Since the basic theories of consumer behaviour are primarily meant to be used for understanding customers when marketing ordinary products, a different model for consumer behaviour in tourism is needed (Horner, S. & Swarbrooke, J. 1999, 46).

When a consumer buys a tourism product, he makes a purchase which has both tangible and intangible elements. Making a purchase decision for a tourism product also involves greater risk than buying an ordinary product which can be seen and evaluated before purchase. Also the grand amount of money spent in tourism service or a holiday makes the customer strongly interested and involved in the purchase decision-making process. (Horner, S. & Swarbrooke, J. 1999, 45, 51.) The things affecting purchase-decision in tourism will be gone through after clarifying the models for consumer behaviour in tourism.

There are differences also within consumer behaviour in tourism, depending on whether a simple purchase or a complex purchase is being made. E.g. if the consumer makes a simple purchase such as bus transport or a one night's hotel accommodation, the decision does not have equal significance in his mind when comparing to a complex purchase such as a world cruise. This division is applicable also in consumer behaviour for purchases of regular consumer products. (Middleton, V.T.C. 2001, 82-83.)

Consumer behaviour differs as well when looking at the different sectors of tourism and not only between different sectors but also within sectors. The sectors of tourism have been divided into three zones by Horner and Swarbrooke (1999, 158) with the following way: destination zone, transportation zone and generation zone. Areas belonging to the destination zone are accommodation, attractions, support services, ground handlers and destination marketing agencies. Transportation zone is formed from different modes of transport and generation zone means retail travel and travel media.

3.2.1 Factors influencing tourism demand

There are factors which determine the level of tourism demand for different countries. The factors are common for all countries, and they should be constantly examined so that sufficient and up-to-date information concerning the target country would be attained. (Middleton, V.T.C. 2001, 54.)

The main things affecting the levels of global tourism demand include the economic position of the region or country, which has a direct effect on the level of tourism demand. Some of the measuring tools are e.g. purchasing power parity, the quality of life and disposable income. (Horner, S. & Swarbrooke, J. 1999, 107-111.) The influence of economic variables is important especially in the leisure and holiday travel, but it also has an effect on the other sectors of tourism (Middleton, V.T.C. 2001, 55).

Also demographic factors determine the level of tourism demand for a country, including the household income, size and composition levels, age demographics, social classes and the education levels of a country. Demographic factors as determinants for demand are strongly linked to the economic factors of a country. (Middleton, V.T.C. 2001, 57.)

Travel demand and destination choices for leisure purposes can often be explained by geographic factors such as the climate and scenery. Also the size of the community in which populations live is one determinant for demand in addition to the exact geographic location of the business. (Middleton, V.T.C. 2001, 58-59.)

Socio-cultural attitudes also affect the demand for holiday travel compared with other leisure products, meaning the universal attitudes and behaviour of the target group. These attitudes

towards tourism are usually common to a national culture, are fostered by the media and can be influenced by promotion and marketing. Socio-cultural attitudes have a great influence, since they symbolize commonly held beliefs and perceptions that are usually brought up as children. (Middleton, V.T.C. 2001, 59-60.)

Personal mobility factors determine the volume and types of tourism (Middleton, V.T.C. 2001, 61). Since this factor is important mainly when thinking about domestic tourism, it will not be given a great emphasis in this study of international tourism.

Government regulations are an aspect influencing tourism, especially national and international tourism. Most of these regulations are meant to safeguard the health and safety of the country's population, but also to control the use of land and buildings. (Middleton, V.T.C. 2001, 62.)

Also the mass media communications have an effect on demand for tourism, not only because they are reaching a bigger part of people's everyday lives, but also because of the growth of e.g. the World Wide Web. Especially marketing for international tourism has gained a great advantage on the possibility for global communication. Directly linked to the mass media communication is also the information and communications technology which partly impacts the demand for tourism. (Middleton, V.T.C. 2001, 64-66.)

The nature of demand for tourism is different not only when comparing different nationalities, but also within different segments of the tourism market. Each of the market segments have their own characteristics which the tourism company has to think about and as a result get familiar with the segment they are concentrating on. Some of the segments are the family market, hedonistic tourists, educational tourists, religious tourists, ethnic minority tourists and tourists with disabilities. (Horner, S. & Swarbrooke, J. 1999, 146.)
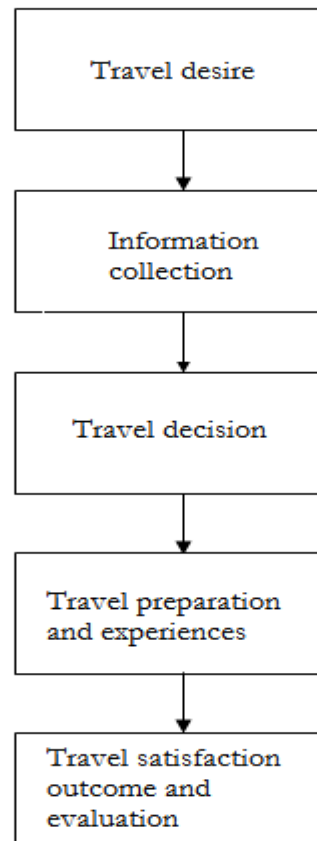
3.2.2 Tourist behaviour models and their weaknesses

There are several theories and models for consumer behaviour in tourism. Horner and Swarbrooke (1999, 47) introduce one basic model developed by Schmöll, which hypothesizes that consumer decisions are a result of four elements.

1. Travel stimuli, arising from e.g. guide books, other travellers' experiences, advertising and promotion.

2. Personal and social determinants of travel behaviour consisting of motivation, desires and expectations.

3. External variables, e.g. the images of destinations, and things restricting the consumer such as cost and time.

4. Characteristics and features of the service destination, being e.g. the variety of attractions and the link consumer perceives between cost and value.

Also Woodside, Crouch, Mazanec, Oppermann and Sakai (2000, 140) introduce the same model but as well explain some restrictions such as the fact that the model cannot act as a tool of prediction and that it cannot be used in forecasting demand for a destination or service. However, this is the only model taking into consideration the constraints and their effect.

Other often used model for consumer behaviour in tourism first introduced by Mathieson and Wall (Picture 5) in which Horner and Swarbrooke (1999, 47) refer to, includes a simple linear five-stage model of travel buying behaviour.

```
┌─────────────────────┐
│    Travel desire    │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│    Information       │
│    collection       │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│   Travel decision   │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│  Travel preparation │
│  and experiences    │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│ Travel satisfaction │
│ outcome and         │
│ evaluation          │
└─────────────────────┘
```

Picture 5. Travel-buying behaviour (Horner, S. & Swarbrooke, J. 1999, 146.)

Woodside et al. (2000, 140) distinguish the weaknesses of Mathieson's and Wall's model to be the lack of consumer's own awareness, such as perception, memory, personality and information-processing.

Horner and Swarbrooke (1999, 49) realize the problems related to the models generated for tourist behaviour, for example that there has not been conducted enough empirical research so that the models could be tested against actual consumer behaviour. Woodside et al. (2000, 141) define one of the models' weaknesses to be the lack of time dimension, and this resulting to the fact that it cannot be known when it would be suitable for the marketer to intervene the process to influence the consumer's decision.

Cooper et al. (1998, 73) claim that models for consumer behaviour are not at a very developed level; instead they are at a relatively early stage. Yet, research has to be done to make clear what the subjective psychological influences upon buying processes in tourism are. Despite of the models' inadequacies, they are very useful and important since they provide a tool for planning and management in the tourism industry.

3.2.3 Factors influencing purchase-decision

Horner and Swarbrooke (1999, 51) divide the factors influencing the purchase-decision in two parts: the motivators and the determinants.

Motivators

Motivators are things that motivate consumers to buy tourism products, varying between different types of tourism product and different groups of people. In general, factors motivating people in the field of tourism can be categorized in two groups: factors that motivate a person to go on a holiday and factors that motivate a person to go on a holiday to a precise destination at a particular time. (Horner, S. & Swarbrooke, J. 1999, 53.)

Horner and Swarbrooke (1999, 55) emphasize that every individual is different, and therefore it is best to take a look at the main factors, which determine an individual tourist's motivations:

1. Personality: the characteristics of a person, e.g. social, adventurous, shy.

2. Lifestyle: provides the context for a person's purchase decision, e.g. a person living alone and wanting to make friends or a person having a big family.

3. Past experience: positive and negative experiences the person has as a tourist from different types of holidays.

4. Past life: things that have happened in person's life earlier, nostalgia.

5. Perceptions: how a person perceives his own strengths and weaknesses and what kind of effect these have on his wealth or skills.

6. Image: how a person wishes to be seen by other people.

Still, it has to be remembered that these factors do not remain constant from time period to another, but there are changes as the person's circumstances change, such as having children or sudden decrease in income.

When thinking about the Maslow's hierarchy of need and the determinants of motivation, tourism is seen almost at the top of the hierarchy, because tourism is a luxury product which an individual might perceive to need once he has fulfilled his basic needs (Seaton, A.V. & Bennett, M.M. 2000, 66).

One important thing having an effect on person's motivations in tourism is his nationality and culture. It is known that some motivators are universal to all people, such as nostalgia and romance, but a little research has been conducted on the motivators of different nationalities. This is also one of the things to be developed concerning the research of the tourist industry. (Horner, S. & Swarbrooke, J. 1999, 59.)

Determinants

Horner and Swarbooke (1999, 62) divide determinants into factors which determine whether or not someone is able to take a holiday and if a holiday can be taken, of which type the trip will be. Determinants can be subdivided into things which are personal to the tourist and those that are external to the tourist. The distinction between the importance of personal determinants and external determinants to an individual varies between tourists because of their personality and lifestyle.

Determinants personal to the tourist can be divided into four categories:

1. Circumstances: e.g. person's health, income, leisure time, commitments.

2. Knowledge: of destinations, the obtainable tourism products and price differences between different companies providing tourism services.

3. Attitude and perceptions: political views, preferences for different countries or cultures, attitude to standards of behaviour as a tourist.

4. Experience: of types of holidays, previously visited destinations, finding discounted prices, different kinds of products offered.

(Horner, S. & Swarbrooke, J. 1999, 62.)

Certain personal determinants are perceived differently in an individual's mind, so that some have more influence over the others, also changing constantly once the time passes on (Horner, S. & Swarbrooke, J. 1999, 59).

Determinants external to the tourist are the views of persons that are close to the tourist such as friends and relatives. Also marketing activities, the influence of the media, global, national, society-wide, political, economic, social and technological factors affect the tourist behaviour. (Horner, S. & Swarbrooke, J. 1999, 64.)

3.2.4 The future of tourist behaviour

Horner and Swarbrooke (1999, 255) claim that it is very likely that tourist behaviour will not remain the same in the future, since it is influenced by several factors that the tourist himself has a little effect on. These factors are:

- Economic factors: distribution of wealth, currency exchange rates, economic booms and recession.

- Social factors: demographic changes, social concerns, lifestyle changes.

- Technological factors: internet, multi-media systems, virtual reality.

- Experience: tourists' growing confidence and knowledge.

- The influence of the media: non-travel media and travel media.

- Industry marketing factors: new product development, pricing policies.

- Political factors: legislation, terrorism, political changes in countries.

These factors will influence consumer behaviour in tourism in different ways, some of the factors acting together when creating the change. As e.g. the economic, political and social conditions change, it will cause the growth of outbound tourism from countries that have earlier made only few international tourist journeys. Also as a consequence of social change, the influence of the media and actions of the tourist industry, the tourism demand of some certain groups in society such as children or students will increase. There will be developed new types of tourism product because of the tastes of tourists change constantly or new technological innovations are being made. Because of technological innovations, changes will occur in the ways which tourism products are being bought, which can already be seen e.g. as the growing impact of the internet as purchase channel. (Horner, S. & Swarbrooke, J. 1999, 255-262.)

Horner and Swarbrooke (1999, 262) emphasize the fact that if tourist behaviour is to be understood better, there should be adopted new agenda for the research of individuals' behaviour in tourism. Some of this agenda includes e.g. focusing upon the purchase-decisions, paying attention to quality and tourist satisfaction, noticing the need for conducting longitudinal research so that new trends in tourist behaviour would be perceived and stressing the importance of researching the variations in tourist behaviour between different nationalities and cultures.

4 CUSTOMER ORIENTATION

It is important to have knowledge on customer-oriented services and marketing and the theories behind the subjects if a company wants to develop its operations to be more customer-oriented. The following information is gathered to clarify the core idea of this topic.

4.1 Characteristics

There are certain definitions and characteristics for a customer-oriented company. Honkola and Jounela (1994, 13) have summarized the fundamentals for customer-orientation as follows: Company's operations are based on producing services and products the customer is willing to pay; therefore the company can exist only if a customer needs it.

Lahtinen, Isoviita and Hytönen (1993, 19) have defined the golden rules of a customer-oriented company:

1. Customer needs are the starting point of the company's operations

2. The company continuously acquires feedback from the customers

3. The products and services are fitted as accurately as possible to customer needs

4. The actions of the competitors are continuously observed

5. The service rule is that customers should not be served the same way but with the same respect

6. Accepting the "Customer is the king" - way of thinking

7. The personnel is the most important internal resource and the importance of the inner marketing is noticed

8. The aim is to make one-time customers regular customers and to make them visit the company continuously; also after-service marketing gains more significance.
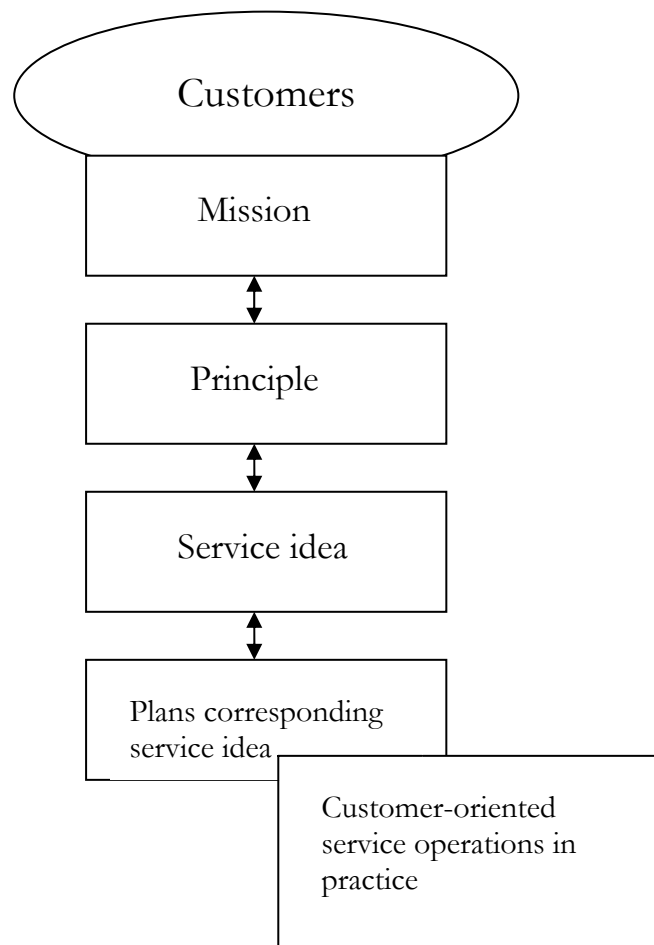
To be able to know what acting in a customer-oriented manner means in practice, Vuokko (1997, 15) has defined six characteristics an organization has to follow in order to be qualified customer-oriented.

1. The organization has to begin from finding out the needs of its target group. The company aims to fulfil the target group's needs and desires by developing its products, distribution channels, pricing and methods of communication with the intention of corresponding to these needs as well as possible. (Vuokko, P. 1997, 15.)

2. The company also needs some very basic information on the target group. Important is not only to find out what the consumers' needs and desires are, but also to know about the purchasing criteria the customers use, how much they are willing to buy and when they want to buy something. (Vuokko, P. 1997, 16.)

3. The company has to use different ways to find out customers' opinions. For those organizations that have the opportunity to meet the customers in person, the best method is to ask the opinion of the customer directly. Customer research is also a good tool; the company can observe customers' opinions e.g. with the help of questionnaires. It should be remembered that information is needed constantly; it is not adequate enough if customer research is being made e.g. only when establishing a company. (Vuokko, P. 1997, 17-18.)

4. A customer-oriented company takes an advantage of all the methods of marketing. The company not only uses the regular ways of marketing, but has a comprehensive approach to the techniques of marketing. In the customer-oriented approach experienced and skilful personnel is a very important competitive advantage supporting the service or product sold. (Vuokko, P. 1997, 19.)

5. Being customer-oriented means that the company has understood the core idea that all the potential customers are not similar, everyone does not appreciate the same things or work with the same way. From this realization the company should develop different kinds of strategies for different kinds of target groups. Furthermore the company should choose some primary target groups of the greatest value to be able to create and maintain customer relationships especially with these groups. (Vuokko, P. 1997, 19.)

6. The final characteristic is to look at the competition from the customers' perspective. Often companies incorrectly define their competitors to be organizations working at the same field and selling the same product or service. Instead, competition should be looked at the customers' point of view to see what kinds of factors compete for the customers' usage of money, time or energy. (Vuokko, P. 1997, 21-22.)

4.2 Customer-oriented services

As explained earlier, customer-oriented way of thinking means that the organization familiarizes itself with the other party of business, i.e. the customer, and clarifies for itself what the other party's needs are. The organization thinks that the success is measured by how well the business can adjust to the demand of the customers. (Vuokko, P. 1997, 13.) The main standpoint is that the customers are satisfied with the company, and therefore companies use different tools to measure the quality of their operations. In companies offering services a tool for measuring the total quality is called service quality, which can be viewed for example from the point of customer service quality or the quality of internal services. (Honkola, J. and Jounela, T. 1994, 15-16.)

```
                    ┌─────────────────┐
                   (    Customers     )
                    └─────────────────┘
                    ┌─────────────────┐
                    │     Mission     │
                    └─────────────────┘
                            ↕
                    ┌─────────────────┐
                    │    Principle    │
                    └─────────────────┘
                            ↕
                    ┌─────────────────┐
                    │   Service idea  │
                    └─────────────────┘
                            ↕
                    ┌─────────────────┐
                    │ Plans corresponding
                    │ service idea    │
                          ┌─────────────────────┐
                          │ Customer-oriented   │
                          │ service operations in│
                          │ practice            │
                          └─────────────────────┘
```

Picture 6. Foundation for customer-oriented way to operate (Honkola, J. & Jounela, T. 1994, 39)

Being customer-oriented can be seen in practice when looking at an organization's service operations, which is a very wide concept (Honkola, J. & Jounela, T. 1994, 15). Honkola and Jounela (1994, 38-40) introduce a model (Picture 6) for customer-oriented way of operation in a company offering services. According to the model, customer orientation begins from the company's mission and principles for operation and moves on to operating in practice by creating a service idea. Service idea is used to describe the customer groups or single customers of an organization. Important is to evaluate what kind of customer needs will be satisfied with the company's service operations, what kind of problems will be solved and how this will be done. If a service idea is thought extremely deeply, it can also be used to describe the concrete advantages the customer gains from the company. The plan should also present

the way company operates in order to solve customers' problems. Therefore, the service idea does not only answer the question who the company is for and what kind of services it produces, but also clarifies how the organization will implement customer-orientation in practice.

4.2.1 Customer expectations of service

The starting point for a customer-oriented company is not what the organization possibly wants to sell, but the idea is to find out what the customers' desires are and what they want to buy. The organization finds its customers as its first priority; the operations are derived from the needs of the customer. (Vuokko, P. 1997, 13.)

Therefore, understanding customer expectations is the very first step when a company wants to deliver high quality, customer-oriented service (Zeithaml, V. & Bitner, M. 1996, 204). According to Zeithaml and Bitner (1996, 77-78) customers' expectations can be categorized in two levels, desired service and adequate service, although customers hold several different types of expectations about service. These are the standards a customer uses to assess a company's service performance.

Desired service

The higher level of expectation is called desired service which means the level of service customer wishes to receive. Things that affect customer's desired service level are what the customer thinks the service could be and what he expects the service should be. Customer's hopes and wishes and the belief that they can be fulfilled are important in establishing the desired service level. Main factors that influence consumer's desired service level are his personal needs (physical, social, psychological and functional needs) and the philosophies about service implicating the basic thoughts about the meaning of service. (Zeithaml, V. & Bitner, M. 1996, 77, 82-84.)

Adequate service

Customers realize that their desired service level cannot always be fulfilled; therefore they also hold another level of expectation. The lower level of expectation is called adequate service, which stands for the level of service the customer will accept. Adequate service means the lowest level of performance the customer finds tolerable and believes he will get based on previous experience with services. The factors affecting the adequate service level are transitory service intensifiers (temporary factors making the customer more aware of the need for service), perceived service alternatives (other service providers), self-perceived service role (the role of the customer in service situation), situational factors (things beyond the service provider) and predicted service (level of service customer expects to get). (Zeithaml, V. & Bitner, M. 1996, 78, 84.)

4.2.2 Customer perceptions of service

Customer perceptions are relative to expectations. Therefore it is important to explore also how customers perceive the service they receive. There are several factors influencing customer's perceptions of service quality, value and satisfaction. Factors working together and forming these perceptions are service encounters, evidence of service, image and price. (Zeithaml, V. & Bitner, M. 1996, 104.)

Service encounters

Service encounters mean the actual interaction between the customer and the organization providing services, for example starting from a phone call to the firm and ending in billing. Some services have only few service encounters, but it has to be remembered that they are the most important factors when the customer forms his impressions for the service. Any encounter can be critical in determining customer satisfaction and be the opportunity for the company to give quality service and increase customer loyalty. (Zeithaml, V. & Bitner, M. 1996, 105-106.)

Evidence of service

Evidence of service can be found in every interaction with the company, since the actual service is intangible. This can be categorized as three most important factors experienced by the customer, which are people, process and physical evidence. The interactions with people include e.g. contact with the employees and other customers. Process means how the activities in the company work, e.g. does the customer have to wait in queue when he calls to the company or whether there is flexibility in the operations. Physical evidence of the service is formed from the actual surroundings, e.g. the cleanliness of the premises and other tangible matters. (Zeithaml, V. & Bitner, M. 1996, 113-114.)

Image

The image of the organization is also important when customer forms his final perception. Image in customer's mind means the associations he has about the company, e.g. how long the company has been in operation, how easily the company can be reached or what are the hours of operation. There are also some associations that are not as concrete and can reflect the customer's feelings, such as trustworthiness, reliability or excitement. The better the image of the company in customer's mind, the greater is the positive impact in customer perceptions of quality, value and satisfaction. (Zeithaml, V. & Bitner, M. 1996, 114-115.)

Price

Price has an important effect on the perceptions of quality, satisfaction and value, partly due to the intangible nature of services. Services are difficult to evaluate before purchase and therefore price will be influencing the customer's perceptions. There is a direct connection between the price and expected service quality. If the price for a service is too high, customers might think that they are being charged too much money and conversely if the price is too low, customers may assume that the quality of the service is not adequate enough. (Zeithaml, V. & Bitner, M. 1996, 116.)

4.2.3 Service quality and customer satisfaction

Quality and satisfaction are regularly defined to be almost identical terms, but it should be emphasized that satisfaction is a broader concept, and that the service quality is in fact only one important component forming customer satisfaction (Zeithaml, V. & Bitner, M. 1996, 123).

Service quality

The expectations for a service together with the perceived service build the perceived service quality. This can be summarized with the fact that if the perceived service is higher than expected service, customer is more likely to be satisfied. (Bergman, B. & Klefsjö, B. 1994, 268.)

According to Zeithaml and Bitner (1996, 118), consumers evaluate different dimensions when they make the assessment whether they have received service quality:

- Reliability: whether the company performed the service dependably and accurately

- Responsiveness: whether the company was willing to help the customer and give adequate service

- Assurance: whether the company's employees knowledge and courtesy were at a sufficient level to inspire trust and confidence

- Empathy: whether the customer feels that he was being cared and given individualized attention

- Tangibles: whether the appearance of e.g. physical facilities and personnel support the positive image of the company.

Customer satisfaction

A necessary tool when measuring the success of a customer-oriented company is the customer satisfaction. According to Zeithaml and Bitner (1996, 123), a customer's satisfaction is influenced by how he perceives the service quality, product quality and price. Things affect-

ing are also the situational and personal factors related to the actual experience, such as the mood of the consumer and the experiences during the trip to the company providing the service.

Long-term customer relationships are the cornerstone of a services organisation and attachment in the organization is formed when the customer feels that the actual service situation is pleasant for him and he finds it satisfying. This attachment can be seen as willingness to buy again and as customer loyalty. It should be remembered that only a satisfied customer will become a loyal customer. (Grönroos, C. & Järvinen, R. 2001, 96.) Since it is more expensive for a company to acquire new customers than to maintain the old satisfied customers, customer satisfaction should be given a great emphasis (Bergman, B. & Klefsjö, B. 1994, 281).

4.3 Customer-oriented marketing

The core idea of customer oriented marketing is that the customer needs are the starting point of every function in the company. The starting point of customer-oriented marketing has been described as follows: we have a group of individual consumers. With what kind of products and services could we meet their needs? (Lahtinen, J. et al. 1993, 17-18.)

This approach also emphasises the fact that a satisfied customer is the best way to market the company. A satisfied customer returns and tells about his pleasant experience to three (estimation) persons. Yet, if the customer is unsatisfied it will be told to 11 (estimation) other persons. Here one can see the power of the word of mouth. In the best scenario the company has a firm customer base and customers who use its services regularly. (Lahtinen, J. et al. 1993, 18.)

4.3.1 The concept of customer-oriented marketing

Marketing is a series of actions in which the needs of potential customers are identified, a product that meet those needs is developed and produced, the product is given a price and it is promoted to the target groups and placed for the clients to reach, in the way that it is profitable for the company and the customers are satisfied (Lahtinen, J. et al. 1993, 21). This

definition includes the cornerstone of marketing – the four Ps: product, price, place and promotion, which are also vital in competition with same type of products and services. Yet, "more recently, the 4 Ps of the marketing mix has been found to be too limited in their application to services". (Palmer, A. 2001, 10.).

There are some expansions made to the matrix for it to be more applicable to the service sector. In this matrix people, process and physical evidence are added to the original 4Ps (Middleton, V.T.C. 2001, 94). The term people mean the important human interactions in the service / tourism experience. This fifth P includes visitors, employees and the host community. "The travel and tourism product experience consists of both process (sixth P) and outcome. For travel and tourism, perhaps more than for any other service products, the outcome is highly dependent on the quality of service delivery as perceived by the users". (Middleton, V.T.C. 2001, 98.) Physical evidence (the seventh P) mean the physical setting of the delivery process e.g. environment and design of a hotel. Physical evidence communicates messages about quality, positioning and differentiation. It also helps to set and meet visitor expectations. (Middleton, V.T.C. 2001, 94-103.)

Kotler modified the four Ps to four Cs when applying them to services marketing. "Product means customer value (the perceived benefits provided to meet needs and wants, quality of service received and the value for money delivered assessed against the competition). Price means cost (price is a supply-side decision, cost is the consumer-focused equivalent also assessed against the competition). Promotion means communication (embracing all forms of producer/customer dialogue including information and two-way interactive relationship marketing, not just sales persuasion). Place means convenience (in terms of consumer access to the products they buy". (Middleton, V.T.C. 2001, 88-89.)

4.3.2 International marketing of services

There are some environmental factors that one has to consider when marketing a service abroad. These factors are: political, economic, social, demographic and technological environments (Palmer, A. 2001, 454). These all belong to the macroenvironment of a company which also includes natural and cultural environments and competitors. The macroenvironment consists of societal forces which affect the microenvironment. Microenvironment refers to the actors that are close to the company and affect its operation when serving its cus-

tomers, i.e. the company itself, suppliers and intermediaries. (Kotler, P., Bowen, J. & Makens, J. 2006, 114.)

Macroenvironment

The political environment is made up of laws, government agencies and pressure groups that influence and limit the activities of various organizations and individuals in society (Kotler, P. et al. 2006, 132). Government organizations restrict business operations by legislation. Yet, intergovernmental agreements are also creating boundaries. European Union and The World Trade Organization (WTO) have also their own restrictions. When selling services abroad, the company should pay attention to the economic environment of the country. Good indicators of this are the GDP per capita and the distribution of income in order to find some niche markets. (Palmer, A. 2001, 458.)

Demography studies mean human population in terms of age, gender, race, size density, location, occupation etc. One of the most important demographic trends is the changing age structure in the developing countries. The post-World War II baby boom can today be seen as a large group of middle-aged people. This group is something that marketers should take an advantage of. (Kotler, P. et al. 2006, 121.)

One should also take a look at the level of competition in the aimed market. In order to succeed the company has to satisfy the needs and wants of the customers better than the competitors do. Therefore, marketers have to adapt to the strategies of other companies that serve the same target market. (Kotler, P. et al. 2006, 117.)

Social and cultural environments stand for the values of a society. Marketers have to understand the culture of the country that they are marketing their services in and appreciate it. When a company is planning operations overseas, an analysis of the population has to be made to be able to notice whether the there is an increase in the total number of people who are available to purchase services. The projected population growth rate is one of the most important things to be taken into consideration when plans are being made. An analysis of the technological environment is important for those who need to use technical infrastructure, essential is also to have workforce who can use technology. (Palmer. A, 2001, 455-460.)

The natural environment means the natural resources which are mandatory for marketers or which are influenced by marketing activities (Kotler, P. et al. 2006, 128).

Microenvironment

When looking at the microenvironment of a company, everybody involved in its operations must work in harmony and keep the customer in mind. This all affects the marketing plans and actions. Suppliers are the ones that provide the resources for the company to produce its goods and services. If there is some change in the trends and developments affecting the suppliers, the results can also be seen in the company's marketing plan. (Kotler, P. et al. 2006, 115-116.)

In order to promote, sell and distribute its services a company needs the help of marketing intermediaries. They include the wholesale tour operators, travel agents and hotel representatives and they simply help the company to find customers. Marketing service agencies help the company to improve and implement its marketing strategy. These agencies include advertising agencies, relations agencies and direct mail houses. Marketing service agencies also include marketing consulting firms, marketing research firms and media firms which help in targeting and promoting the services to the right markets. Financial intermediaries help companies e.g. to finance their transactions. They include credit companies, insurance companies, banks etc. (Kotler, P. et al. 2006, 116-117.)

4.3.3 The model of customer-oriented marketing

The customers differ from each other in various ways e.g. by age, occupation, level of income and the attitudes towards the company and its product. Also the relationship between the company and a customer varies when it comes to different people e.g. some of the potential customers have never heard of the company, some of the customers are regular and some customers are occasional. Due to the existence of these issues it is very important to have a model to help the marketer in decision-making. (Lahtinen, J. et al. 1993, 34.)

In the model of customer-oriented marketing the customers are divided into three different groups:

1. Potential customers

Potential buyers of the service: of which certain segments are chosen to be the target groups of marketing.

2. Customers that are at the stage of communication

The customers to which the company has made a personal contact.

3. The customers who have done purchases before

The customers that have once or more used the services of the company and the regular customers

(Lahtinen, J. et al. 1993, 34).

Also the customer relationships are divided into three stages in this model: finding the customers, getting contact with the customers and the after-purchase stage (Lahtinen, J. et al. 1993, 34).

The different methods of operation include internal marketing, which is the way of motivating the personnel to their work and to the customer-oriented way of operating. Other aims of internal marketing are the aim to improve the working environment, the education of the personnel and the managing methods. External marketing is a way of attracting people to get interested in the service at the stage of finding customers. This way of marketing is mainly targeted to large groups of people. Communicative marketing is the way to get the people at the contact stage to buy the services. This type of marketing occurs at the actual sales office. After-sales marketing is a way of making the people at the after-purchase stage to become regular customers of the company and to make them tell to other people about the services of the company. (Lahtinen, J. et al. 1993, 35.)

5 RUSSIA

In this chapter some essential factors will be explained to help defining the Russian nation and its characteristics. At the history part the concentration will be more on the post World War I period than the earlier years. At the culture section the Russian culture will be looked at through literature, art, traditions, manners and national character. Socio-demographic characteristics and details related to standard of living are important when defining the facts which have an effect on e.g. the financial limits of the customer. Consumer behaviour is the most essential part of the study of Russians, since it has most significance in the implementation of the thesis.

5.1 History

In 1906 when Russia was still an empire and ruled by the tsar Nikolai II, the country got its first parliament (Duma). By the year 1916 the status of the tsar had weakened notably due to the bad success in World War I, which was resulted as a loss of lives, territory and resources. There was also some tension seen between the peasants and the rulers, which led to riots and strikes. Yet, this crisis was ignored by Nikolai II. In February 1916 the Duma and the members of the Petersburg soviet combined forces which resulted as an abdication of the tsar. (Webber, S. & Webber, T. 2004, 10-11.)

With the slogan "peace, land and bread" Lenin and the Bolshevik party promised to take Russia out of the war with Germany, and it resulted as a support of large number of people and the October revolution in 1917. The October revolution resulted as taking over the seat of power by Bolsheviks and making Lenin the head of the Council of People's Commissars. This was the beginning of The Soviet Union. (Webber, S. & Webber, T. 2004, 11-12.)

The new era started by the civil war (1918-1921) between the reds (soviet) and the whites. After the death of millions of people the reds won the war. "During the conflict the Soviet government had imposed 'War Communism', which had led to mass nationalization of industry and agriculture and the extension of strict centralized control over resources" (Webber, S. & Webber, T. 2004, 12-13). After the war a certain amount of capitalism was allowed

by the New Economic Policy (NEP), which remained till the year 1927 (Webber, S. & Webber, T. 2004, 12-13).

In order to keep up with the more developed Western countries, Stalin implemented the policies of collectivization and industrialization. Stalin had taken the place of the general secretary of the communist party after the death of Lenin in 1924. Stalin demanded that the richer farmers and peasants should be killed in order to set up the collective farms. This led to starvation and suffering of people. "This contributed to the exodus to the towns, where they joined the industrialization programme, which aimed to bridge the gap with the West through five-year plans that squeezed the capacity of the workforce to its limits". (Webber, S. & Webber, T. 2004, 13.)

Till the late 1930s the Russian secret police was called NKVD (People's Commissariat for Internal Affairs), and its duty was to deal with the people who resisted the new order. They took part in the serious crimes against humanity and also the assassination of the people close to Stalin. In 1934 Kirov (a Leningrad party boss) was assassinated. This event started the purges, arrests, tortures, executions, exile to labour camps etc. due which 8 million (estimation) people died. (Webber, S. & Webber, T. 2004, 14.)

Hitler invaded Soviet Union in 1941 at the time when the USSR army was still weak. This invasion, called Operation Barbarossa, was successful in terms of occupying the southern Russia and Moscow and laying siege to Leningrad. Yet, the severely cold Russian winter was a surprise to the German army, and also the Red Army began to recover and get more equipment. Finally, the soviet army succeeded to push the Germans away in 1945. The war took its toll which was seen as death of 26 million people. (Webber, S. & Webber, T. 2004, 15.)

The 45 years between the World War II and the end of the USSR started as superpower rivalry between Soviet Union and United States and developed into cold war. Stalin died in 1953 and Nikita Khrushchov took his place as the leader of Soviet Union. Khrushchov improved the living standards and more contact was permitted with the West. Yet, the building of the Berlin Wall and the Cuban Missile Crisis in 1962 made the relationship between USSR and USA worse. Due to these events Khrushchov was deposed from office in 1964. He was followed by Leonid Brezhnev who was more conservative and cautious politician. The period that Brezhnev ruled the country was known for Soviet Unions non-developing econ-

omy and in 1980s it moved the country more towards crisis. The relationship between West and USSR got worse again over human rights, the Polish issue and the invasion of Afghanistan. Brezhnev died in 1982. (Webber, S. & Webber, T. 2004, 15-16.)

Mikhail Gorbachov took office in 1985 and introduced the policy of perestroika (restructuring) which was indented to revitalize the economy. Also glasnost' (openness) promised more open debate in the media and society. There was also a goal of democratization added, which was meant to widen grander political freedom and power to the population. This came into effect when a Congress of People's Deputies was elected in 1989, these being the first free elections in the Soviet Union's history. Also the relationship to the West was getting better through arms reduction. Yet, in Soviet Union Gorbachov faced criticism and problems (due to the glasnost'), e.g. people wanting economic reforms and the breaking of Communist party's monopoly of power. (Webber, S. & Webber, T. 2004, 17.)

The weakening of the Soviet power was quite clearly seen when the revolutions in East-Central Europe (1989) and the bloody demonstrations in Latvia and Lithuania (1990-1991) occurred. In 1991 a coup attempt was made in Moscow. Yet, Boris Yeltsin (who at that time was the leader of the parliament of the Russian Federation) led the opposition to the coup and was able to prevent it. Although Gorbachov tried to save the union it was too late and he resigned in 25 December 1991 and the Soviet Union ceased to exist. (Webber, S. & Webber, T. 2004, 17-18.)

Gorbachov was followed by Yeltsin who announced radical reforms in the Russian Federation e.g. price liberalization and mass privatization programme. Yet, the Russian economy faced many difficulties throughout the 1990s e.g. poverty and organized crime. The Russian economic crisis in 1998 forced the government to devaluate rouble. In March 2000 Vladimir Putin was elected as the president of Russia. (Webber, S. & Webber, T. 2004, 19, 21.)

5.2 Culture

Culture is something that shows the nature and reflects the history of a group of people. In this chapter we will take a look at the culture of Russia.

Literature

Through literature and art one can see the essence of Russia and the Russians. One of the main themes in literature has been the discussion over social changes. This interference to the political issues has been fatal to some writers. Pushkin and Dostoyevskii were punished by internal exile and later some of their fellow authors died at Stalin's camps. Yet, their literary work has been an inspiration to their own and later generations. Other issues in Russian literature have been dealing with spirituality, the Russian soul, and individuals and their identity. Also being a philosopher may have had fatal consequences in Russia. "At the same time, Russia has, perhaps more than any other country, seen its social and political life influenced by grand philosophical debates and dogmas: the Soviet state's violent imposition of Marxist-Leninist ideology being the starkest example of this". (Webber, S. & Webber, T. 2004, 42-43.)

Traditions

The roots of the Russian traditions are in pagan rites and rituals, traditions of the ethnic groups, festivals connected with the Orthodox Church and the Soviet-period holidays. In the time of communism the traditions of pre-revolution time were tried to suppress, but the people kept them alive. Also in recent years some Western traditions e.g. Halloween have been added to the calendar. (Webber, S. & Webber, T. 2004, 100.)

For Russians the Christmas has been one of the most important days of the year. The Orthodox Christmas according to the old calendar is on the 7th of January. This gives a chance to celebrate the Christmas twice a year. The Christmas is spent similarly as in the Western World: decorating the Christmas tree, giving presents, having a visit from the Santa Claus-like figure (Grandfather Frost), helped by the Snow Maiden. (Webber, S. & Webber, T. 2004, 100-101.)

 To the Russians, New Year has still more importance than Christmas. In the time of Soviet Union, Christmas was not officially recognized and therefore the people were celebrating only New Year. (Webber, S. & Webber, T. 2004, 100-101.) New Year is traditionally spent at home. In 2004 81% of Russians celebrated New Year at home. (Vihavainen, T. 2006, 101.)

There are also other important days to celebrate in Russia e.g. in Tatyana's day the lives of saints are remembered and in fatherland day the Russian men are honoured. Other vital celebration is the Orthodox Easter which was the most important in the tsars Russia. In addition there are the Victory Day to commemorate the ending of the great patriotic war (World War II) and Independence Day in 12 of June (the independence of the Russian republic from the Soviet Union in 1990). (Webber, S. & Webber, T. 2004, 102-106.) The exact dates for celebration are presented in Appendix 1.

Manners

A research done by some Finnish researchers gathered information on characteristics of the Russian behaviour. The research showed that Russians are emotional, open-minded, straight-forward, hospitable, badly organized, carefree and talkative. All these issues are true, but one has to notice that people behave differently in different situations. In Russia the public and private spaces are clearly separated. Therefore, one does not have to be polite to unknown people at a public place, but at a private level politeness is compulsory. Russians are known for their emotionality and openness. They are able to make contacts and friends quickly. Having conversations is an important part of being a Russian. Yet, small talk is not used. (Vihavainen, T. 2006, 93-96.)

A well brought up person from a Russian point of view is someone who e.g. opens the door for a lady, does not swear and does not talk about money. The traditions of the nobility can be seen in whether to address somebody formally or not. One should always address formally people that one does not know. Older people should also be addressed formally and use their first- and father's name. (Vihavainen, T. 2006, 96-98.) In Russia person's last name is formed according to his or her father's first name.

National Character

It is generally acknowledged that one of the most important national characters in Russia is collectivism i.e. operating as a group. Proves of this can be found in Russian folk poetry, sociological researches, literature and historical sources. Collectivism in Russia roots back to the ancient times. One more recent example could be the use of collectivism by the communists after the October revolution, which resulted in establishing kolkhozes and sovhozes

i.e. combining the households of peasants and working together. The collective way of thinking has a little respect on private life of a person. Therefore, the interference into other people's personal issues is approved also nowadays. (Vihavainen, T. 2006, 114-117.)

When having a conversation, Russians tend to come physically quite close to the other party. One can say that the personal space of a Russian is much smaller than in the Western countries. Also, when having a conversation, Russians tend to touch the other party. They also like to give "French kisses" when meeting a person. Relations to neighbours and friends are highly cherished. (Vihavainen, T. 2006, 117-118.)

Money and property do not have great importance to Russians. Especially talking about money or being greedy for it is inappropriate. This way of thinking roots back to history and culture, e.g. the orthodox culture and morals. Another reason is the aspiration to equality and the belief that richness is inappropriate. Yet, there have been some recent changes in the attitudes towards money and property. Especially among youth it is not shameful to be successful in life or to be rich. (Vihavainen, T. 2006, 119-121.)

There has never been a real democratic political system in Russia. The political system has always been patriarchal i.e. the people in power are the "father" of the common people and the common people are the "children" who have to be guided and controlled. Some recent researches show that most of the people do not trust the people in power. They rather see them as "strangers" and "enemies". The hatred and anger is even greater towards them than towards rich people. Also the attitude towards militia is negative. People are more afraid of them than criminals. These issues have some societal consequences e.g. when people think that one cannot get help from the people in power, one has to solve ones problems by oneself. Another consequence of distrust to the people in power is political passivity. The third consequence is the sense of justice of the common people, disrespect towards laws and regulations. (Vihavainen, T. 2006, 122-125.)

The relation of the common people to education and culture improved significantly in the Soviet period. One of the communist objectives was to improve the level of education. In today's Russia the set of values seem to have changed and the idealistic culture-oriented philosophy of life has been replaced with rationalism and the ideology of cynicism. The media has adopted the style of the American pop culture and the Russian youth follows it on daily basis. (Vihavainen, T. 2006, 125-126.)

One of the specialities in the Russian national character is the extremeness of it. The size of the country is said to be one of the reasons for the psychology of the Russian people. Also maximalism and idealism are words that characterise Russians. A common attitude is "all or nothing"; there is no room for compromise. (Vihavainen, T. 2006, 130-134.)

5.3 Socio-demographic characteristics

In order to understand a company's target market, it is essential to know some basic information concerning the socio-demographic characteristics of the target country. Facts regarding different variants in population are one part facilitating the understanding of potential customers.

Russia is such a big country that the amount of population cannot be exactly confirmed. However, the estimated amount of population in July 2007 was 141 377 752. The estimated age structure of the population is presented in Table 1.

Age group	Proportion
0-14 years	14.6 %
15-64 years	71.1 %
65 years and over	14.4 %

Table 1. Age distribution in Russia 2007 (Central Intelligence Agency 2007)

The year 2007 estimation for median age of population is 38.2 years. Estimated life expectancy at birth was 65.87 years. The year 2007 estimated sex ratio for total population is 0.859 male(s) / female. (Central Intelligence Agency 2007.)

The approximate birth rate in Russia in year 2007 has been estimated to be 10.92 births / 1,000 population and the death rate 16.04 deaths / 1,000 population. When taking a look at

the approximated birth and death rates, the year 2007 estimation for population growth rate was -0.484 %, which means that the amount of population was slowly decreasing. (Central Intelligence Agency 2007.)

Population is comprised of different ethnic groups of which Russians form the majority (79.8%) according to year 2002 statistics. Other, smaller ethnic groups are e.g. Tatar, Ukrainian, Bashkir, Chuvash and other unspecified groups (2002 census). Among the ethnic groups there are also different religious practiced, e.g. Russian Orthodox (15-20%), Muslim (10-15%) and other Christian religions. It should be remarked that Russia has also large populations of non-practicing believers and non-believers. (Central Intelligence Agency 2007.)

5.4 Standard of living

By the 2006 estimation of the Central Intelligence Agency (CIA), the unemployment rate in Russia was 6.6 %. The percentage of the population living below poverty line was 17.8 %. (Central Intelligence Agency 2007.)

Different languages spoken in Russia include the official language Russia and in addition several minority languages spoken by different minorities. By CIA World Fact Book, all over 15 year old people can read and write. 99.4% of the total population is literate (99.7% of men and 99.2% of female). (Central Intelligence Agency 2007.) The rate is at a noticeably good level when considering the enormous amount of population.

The Gini index in Russia was 40.5 in 2005. The index shows the degree of inequality in distribution of family income in a country. The index is calculated from the Lorenz curve. The closer the curve is to the 45 degree line the lower is the Gini index. If the income would be distributed with perfect equality, the Lorenz curve would match the 45 degree line and the Gini index would be zero. If the Lorenz curve would match with the horizontal line, the distribution of income would be in perfect inequality and the Gini index would be hundred, e.g. Scandinavian countries have the index of 25, which is quite good. (Central Intelligence Agency 2007.) One can see that in this case Russia is behind Scandinavia and the gap between different households and their income is greater.

Purchasing Power Parity in Russia is $ 1,746 trillion (2006 estimation). The GDP real growth rate in 2006 was 6.7 %. (Central Intelligence Agency 2007).

5.5 Travelling habits and consumer behaviour in tourism

The amount of Russian tourists abroad grew 13% in the first half of 2006. The most popular destinations are Turkey, China, Egypt and Finland. In Finland the growth was even more significant than elsewhere (30-40% in the leisure sector). Most of the Russian visitors are from St. Petersburg. The median age of the Russians visiting Finland was 38.9 years (Winter 2005-2006). The majority belonged to the group between 35-44 years of age. (Matkailun Edistämiskeskus 2007 b.)

In 2006 there was approximately 673 120 Russian tourists visiting Finland. The growth from the previous year was 34.8%. Total amount of overnights was 635 667 of which 55.5% was spent in winter (Nov. - Apr.) and 44.5% in summer (Apr. – Oct.). 28.3% of the overnights were in Mid-Summer. (Matkailun Edistämiskeskus 2007 a.)

The most popular month of visitation is January (151 523 people in 2006) and the next popular is December (87 108 people). Also June and July are quite popular months of visitation with over 67 000 visitors during both months. The visitations in the rest of the year is quite fairly distributed from 30 000 to nearly 50 000 visitors per month. (Matkailun Edistämiskeskus 2007 a.)

It seems that Uusimaa of the Finnish Provinces is attracting the most of Russian tourists (204 760 visitors in 2006). South-Karelia is the next in popularity with 100 171 visitors in 2006. Lapland is the third with 57 528 visitors and Pohjois-Savo is the fourth with 47 238 visitors. Kainuu comes the fifth with 41 152 visitors. (Matkailun Edistämiskeskus 2007 a.)

By the MEK statistics (Table 2) the amount of Russian overnight tourists in Finland has increased steadily since 2000. Yet, the years 2003 and 2004 were exceptions with fewer visitors compared to the previous year. The amount of visitors grew by 212 541 (from 460 579 to 673 120) people when comparing the years 2000 and 2006. (Matkailun Edistämiskeskus 2007 a.)

Year	Amount of overnight visitors
2000	460579
2001	530865
2002	542719
2003	488043
2004	447210
2005	499307
2006	673120

Table 2. Amount of Russian overnight visitors in Finland (Matkailun Edistämiskeskus 2007 a.)

The yearly change in the amount of visitors can be better interpreted with the help of a diagram (Picture 7).
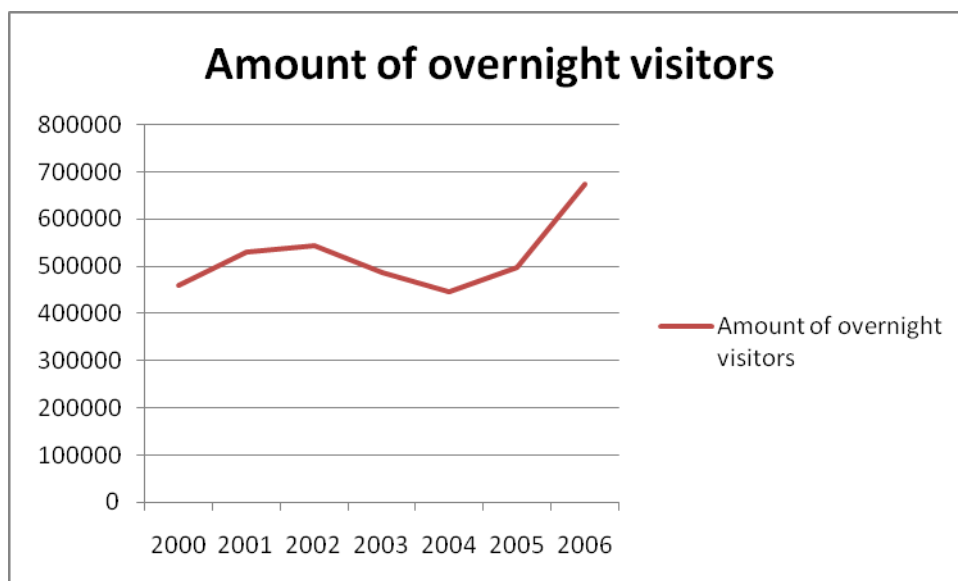
Picture 7. Diagram of overnight visitors (Matkailun Edistämiskeskus 2007 a.)

By MEK the most of the Russians come to Finland in leisure purposes (Table 3). In 2005 there were 851 000 leisure visitors, 352 000 business visitors, 114 000 people visiting friends and relatives and 367 000 people visiting the country for other purposes (total 1 684 000). The travel receipts in 2005 were € 413.5 million. (Matkailun Edistämiskeskus 2007 a.)

	2001	2002	2003	2004	2005
Leisure	516 000	817 000	828 000	849 000	851 000
Relatives /friends	94 000	102 000	110 000	107 000	114 000
Business	429 000	314 000	321 000	331 000	352 000
Other	177 000	297 000	330 000	360 000	367 000
Total	1 216 000	1 530 000	1 589 000	1 647 000	1 684 000

Table 3. Purpose of visit (Matkailun Edistämiskeskus 2007 a.)

The Russian visitors spent money in 2005 as follows:

- 224 € / visit

- 88 € / day

- 376 800 000 € / total

(Matkailun Edistämiskeskus 2007 a).

By MEK 70% (170 €) of the money that Russians spent when visiting Finland (winter 2005-2006) went for shopping, 34 € to restaurants and 17 € to accommodation (Matkailun Edistämiskeskus 2007 b). The small proportion of money spent on accommodation can be explained by the fact that 2/3 of Russians visiting Finland are not overnight visitors (Savonlinnan koulutus- ja kehittämiskeskus 2003).

Characteristics of a Russian tourist

Only 3-5 % of Russians spend their holidays abroad. This is a very small proportion of all inhabitants living in Russia. Travelling abroad is a comprehensive experience for a Russian inhabitant. People prepare for the trip for a long time, which includes e.g. collecting money and applying for the visa. (Schönberg 2007.) A Russian tourist spends a lot of money for

shopping at the destination so that there would be both memories and physical evidences for the trip abroad (Pietarinen 2006).

The language skills of Russian tourists' are not at a very advanced level and many of the tourists do not speak any other language than Russian. Therefore, a Russian tourist appreciates if the company provides its sales material in Russian, regardless if the material is related to the area, destination or accommodation alternatives. (Savonlinnan koulutus- ja kehittämiskeskus 2003.)

Other issue that a Russian tourist really appreciates and finds important is service. Good service is a matter most of the Russian tourists require in a holiday service, which includes e.g. getting customer service in tourist's own language. Yet, it is not enough that the person working in customer service can speak Russian, but he also has to be friendly and act in an appreciative manner towards the Russian customer. Nowadays many of the Russian tourists have travelled to different places abroad, which makes them experienced and demanding customers who are able to evaluate the service supplied. The service has to be satisfying and there has to be enough activities provided for them who have enough money to travel abroad. Russian tourists cannot be taken as self-evident by being sure that they will return back to the holiday destination next year no matter what kind of service they receive and how expensive the prices are. (Schönberg 2007.)

Decision-making

When thinking about factors that affect the travel decision-making of a Russian tourist, the two most important things are the recommendations of friends or relatives and the tourist's own, previous travel experiences concerning the target country. Other, less significant factors listed in accordance of importance are information obtained from the internet, advertisements and brochures, recommendations of travel agencies and radio or TV programmes. (Matkailun Edistämiskeskus 2006.)

Things that determine the specific destination a Russian tourist is most willing to travel include the safety of the destination, easiness for getting the visa, friendly reception, good transportation connections, reasonable prices and possibility for nature tourism (Savonlinnan koulutus- ja kehittämiskeskus 2003). Other important things when choosing the exact destination are e.g. cleanliness, customer service, restaurant services, activities, accommoda-

tion services, prices, quality, night life and the Russian language skills of the personnel. From the earlier mentioned factors, six most important ones which Russian tourists appreciate most are cleanliness, safety, customer service, nature, restaurant services and activities. (Aira, M. 2000, 38.)

To make the purchase decision, tourists need valid information concerning the destination, which can be obtained from several different sources. Finnish Tourist Board (2002, 123) has done a research concerning the preferred sources of travel information which Russian tourists find most suitable for them:

- Travel agency or a tour operator

- Finnish tourist information office having its own Internet websites and providing e.g. free informational material, prompt service, accommodating of customer wishes and a listing of tour operators providing offers which include the prices

- Internet

- Tourism trade fairs

Yet, Finnish Tourist Board (2002, 123) points out that Finland should first advertise in newspapers or magazines, make the possibilities and offers known and also increase the level of awareness for the Finnish Tourist Board and make its position as an objective source of information stronger.

According to a research compiled by Finnish Tourist Board (2002, 125), when Russian tourists make the travel decision, they are more willing to buy a holiday which is sold as a package. This is due to its easiness, simplifying of entry formalities, knowing in advance the cost of the trip and also because not enough is known about the possibilities offered. An organized package deal would make the travel decision of the Russian tourist easier, it would give the holiday a specific content and the tourist would know beforehand how much he would have to pay for the holiday. An outcome would be a reasonably-priced package deal which would be comprised of transportation, accommodations and activities for one total price.

Russian tourists and Finland

Finland's image in Russian tourists' minds is all things considered quite positive; Finland is regarded as a country which is easy to access and easy to travel within. When Russians travel to Finland, they expect to get a smooth and easy vacation, shopping experiences and a couple of days of relaxation in peaceful, clean and natural surroundings. Especially people living in big cities in Russia appreciate Finland's peaceful way of living, clean nature and safety. In Russian tourists' minds Finland is considered to be mainly a winter-holiday destination and especially a place where to spend the holidays during the New Year's celebration. The tourists believe that the winter holiday possibilities in Finland are at an excellent level, but most of the Russian tourists believe that summer holiday possibilities in Finland are not that superior. (Savonlinnan koulutus- ja kehittämiskeskus 2003.)

Russian tourists travelling to Finland can be divided into five categories according to what kind of holiday they are looking for:

- Relaxation holiday

- Interesting holiday with no unpleasant surprises

- Good quality with little money

- Independent holiday

- Beach and spa holidays

For example people who are looking for good quality with reliable prices usually travel to Finland e.g. by bus, train or own car and do not use other accommodation than friends or relatives. Usually people belonging to this category receive information concerning the travel destination either from TV or most often from friends or relatives. Travellers who want to spend an independent holiday appreciate the easiness to travel from place to place, good travel connections and the possibility to freely travel within the country. This kind of travellers also are independent when making plans for the holiday and do not like group activities or travel agencies. (Savonlinnan koulutus- ja kehittämiskeskus 2003.)

Reasons for Russian tourists constantly travelling to Finland include e.g. good possibilities for active holidays, city holidays and family holidays. Russian customers' interest towards active holidays has been increased to a great extent, especially winter activities such as downhill skiing and snowmobile safaris are popular among the Russian tourists. Also fishing is a popular hobby in Russia and it is increasing its popularity as a holiday activity among the middle class of Russia. (Savonlinnan koulutus- ja kehittämiskeskus 2003.) Activity tourism is also getting more significance within the Russian tourists, especially among people who are quite wealthy and who are not interested in lying at the beach but rather want actively become acquainted with new things (Schönberg 2007).

City holidays are often made with the purpose of shopping, but it is even better if a shopping holiday can be attached to a visit in a local spa or aqua park. People looking for the peace and quietness of nature or relaxation also have a fondness for Finland. This kind of tourists usually rent a cabin from Finland either in the summer or in the winter, usually from the vicinity of a downhill skiing centre. Finland is also remembered as unforgettable place to spend the New Year's celebrations, which is the most important holiday season in Russia. From a New Year holiday a Russian tourist is looking for unforgettable celebration and entertaining programme. Parties often begin at midnight and last until the morning. Since this is such an essential celebration for Russians, it is important that everything is planned according to the customers' needs. Other important times of year for holidays are the end of March, the beginning of May and the beginning of November. This is when the schools are closed for holidays. August is the most popular month for spending summer holiday. (Savonlinnan koulutus- ja kehittämiskeskus 2003.)

Aira (2000, 43) presents elements (Picture 8) related to the trip to Finland, which Russian customers find most important.
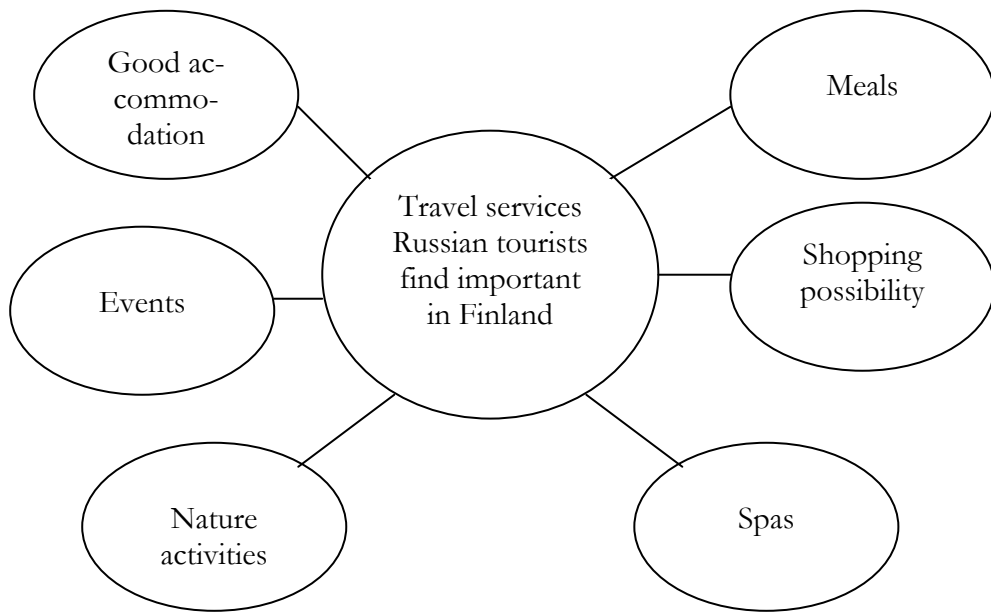
Picture 8. Elements of a good holiday package (Aira, M. 2000, 43)

The elements include things related to good accommodation, events, nature activities, spas, shopping possibilities and meals. Things appreciated naturally include also good customer service, necessary transportation and a peek at some genuine Finnish lifestyle. Different kinds of experiences can be built inside each one of these elements. (Aira, M. 2000, 43.)

6 HOLIDAY CLUB HOTEL KATINKULTA

Holiday Club Hotel Katinkulta belongs to the chain of Holiday Club Spa Hotels which are located in different parts of Finland. Altogether there are six Holiday Club Spa Hotels in Finland: Katinkulta, Turku, Kuusamo, Oulu, Saariselkä and Tampere. Holiday Club Spa Hotels are owned by Sokotel, which is the subsidiary of SOK. The trade was done in April 2006 and it meant that the six Holiday Club hotels transferred to the ownership of Sokotel. (Holiday Club Resorts 2006.)

In Holiday Club Hotel Katinkulta there are 112 superior hotel rooms and 4 suites. The usage rate of the hotel is approximately 63 % and the average duration of an ordinary customer's stay is 2.0 nights (year 2006 statistics). The main market area for Holiday Club Hotel Katinkulta is Finland, but there are customers coming also from abroad. The most important market area abroad is Russia, of the customers coming from abroad 80 % are of Russian nationality. In general, 88 % of customers come from Finland and only 12 % from abroad. Annually there are approximately 59 000 overnight customers in Holiday Club Hotel Katinkulta and 225 000 customers visiting the spa. (Katinkulta 2007.)

The quantity of customers varies extremely when different times of year are compared. For example in the spring during April and May the company has its most silent time of year. Conversely, during some months in the summer and autumn, the hotel is fully booked. Also during New Year the hotel has a lot of Russian customers, which are a very important customer group for the company.

There was some information needed that could not been found from published sources. Therefore, an interview with the sales secretary Tiina Rimpiläinen was conducted. Via that deeper knowledge on Katinkulta's customer-oriented services for Russian guests was acquired. Questions were prepared beforehand (Appendix 2) and the conversation at Katinkulta was built on the questions.

6.1 Katinkulta's services

Different services Holiday Club Hotel Katinkulta offers include accommodation, spa, treatments, activities, restaurant services and meetings and conferences. Holiday Club Hotel Katinkulta's estimated turnover for year 2007 is approximately 10.6 million euros. Half of the turnover (50 %) comes from restaurants' sales, the second most important source of income is the hotel sales (28 %) and the rest of the sales are formed from spa tickets (10 %), treatment services (7 %) and activity tickets (5 %). (Katinkulta Koulu 2007.)

Holiday Club Hotel Katinkulta promotes itself as the most versatile holiday destination in Finland. Its business idea is to offer as many-sided services as possible so that the customers would get all the services under the same roof. In Katinkulta one can find activities from golf and spa to bowling and badminton. (Katinkulta 2007.) In addition to the company's own base of activities, it co-operates with the surrounding companies which provide programme services, e.g. Kuusela Safaris and Vuokatti Husky. With this co-operation, Katinkulta can plan its customers the kind of programme they want. These kinds of services are used especially when designing programmes for meetings and other groups.

One important thing Holiday Club Hotel Katinkulta is known for is the events it organizes. Events like Rocking 70's and Winter Open bring thousands of customers to Katinkulta several times a year. The annual amount of customers visiting these events is approximately 30 000. (Katinkulta 2007.)

Welfare tourism is also one of the business strategies Katinkulta promotes. Welfare tourism destinations include spas and other tourism destinations providing recreation and relaxation services. The things Holiday Club Hotel Katinkulta finds most important in its welfare services are e.g. relaxing saunas, different kinds of pampering treatments, good and healthy meals added to versatile and active sports-, culture- and activity services. Welfare tourism means travelling which makes the traveller feel good even after the visit to the destination. (HC Ketjubrändi 2007.)

6.2 Customer-oriented services for Russians

New Year season is the time of the year that attracts the most amounts of Russians to visit Holiday Club Hotel Katinkulta, e.g. approximately 800 Russian people participates the New Year's gala arranged in Katinkulta's premises. Family orientation can be seen especially in New Year, when Russian families like to rent cottages and spend time together e.g. cooking meals by themselves and not using that much restaurant services. Also the week 13 is important, because it is the winter holiday time in Russia. In the summer months (July-August) there are also many visitors coming from Russia to Katinkulta. Yet, the Finnish summer is not as attractive to Russians as the winter due to the perception of Finland being only a winter destination. The duration of Russian guests' stay is usually from one to two weeks. Yet, in the summer time a visit can last even a month. Most of the Russian guests come to Katinkulta from St. Petersburg and Moscow. (Rimpiläinen, T. 2007.)

The services for Russian guests in Holiday Club Hotel Katinkulta are mainly the same as for all the other customers. Customers can e.g. use the babysitting services or beauty-care services. In the time of New Year activity services can be purchased from a counter located in reception area, which helps the reservation-making. Also the menus in restaurants are in Russian, and in New Year a special menu for Russians is provided which includes traditional Russian cuisine. Some members of personnel working in Katinkulta speak Russian in order to make interaction with the guests easier. (Rimpiläinen, T. 2007.)

One point of improvement in Vuokatti area is that the shops e.g. grocery stores should have more convenient opening hours (stay open longer) when thinking about the Russian guests. This is due to the habit of staying and waking up late when having a holiday. Also the communication network needs some improvement since Katinkulta is quite remote place. (Rimpiläinen, T. 2007.)

The marketing for Russian customers is arranged through travel agencies, fairs, winter brochures and the Holiday Club Hotels chain's advertisements in tourism publications. Katinkulta also has its own advertisement material and web page in Russian. The New Year gala is arranged in co-operation with a Russian travel agency e.g. the performers in the show are recruited from Russia. The marketing is arranged by the agency and Katinkulta only has to provide the prices and menus for the agency to promote. (Rimpiläinen, T. 2007.)

The services of Holiday Club Hotel Katinkulta are not being continuously improved and monitored. The company does not have an actual feedback system and Russian guests do not like to give feedback directly. Therefore, the only received feedback is via travel agencies, which might not give a genuine picture of the opinions of the customers. This is due to the fact that Russians do not prefer to give negative feedback. Because of the numerous intermediaries between the company and the customer, the information on services provided changes and some Russian guests have false expectations of the resort. (Rimpiläinen, T. 2007.)

6.3 Competition and differentiating from the others

In its business strategies Holiday Club Hotel Katinkulta has to take into account also its competitors in several different branches. These include competitors in the hotel and tourism operations, spa and welfare activities and in restaurant services not only in Vuokatti and Sotkamo area, but also in other parts of Kainuu and the whole Finland.

Considering the whole of Finland, the main competitors of Katinkulta are the holiday destinations Ruka, Levi and Tahko. In the winter time the competitors do not have a great significance, because of the fact that there are always enough Russian guests for each resort. In the summer time the main competitor is Saimaa region due to its closeness to Russia. The whole Eastern Finland attracts Russian tourists. The competitors in Vuokatti area are the new Sokos Hotel (once it is opened in December 2007), Suvikas and Kainuun Lomapirtti. The companies that offer the same type of New Year celebration services for Russians are Vuokatinmaa and different companies arranging events. The new Sokos Hotel will provide the same New Year programme as Katinkulta. (Rimpiläinen, T. 2007.)

Katinkulta's competitive advantages are the fact that the company is recognized widely, and the possibility to offer a variation of activities around the year. In addition it is a family destination; it is safe, close to nature and a lot of activities are offered for the whole family. (Rimpiläinen, T. 2007.)

7 CONCLUSION AND SUGGESTIONS FOR DEVELOPMENT

One of the reasons for choosing this particular topic for the thesis was the fact of Russians being such an important customer group for Kainuu and the whole Finland. The Russian customer group is growing its importance constantly and therefore it is important that the customers can be satisfied with the services provided. Russian customers use different kinds of services when visiting Finland, nevertheless the aim of this study was to discover matters concerning especially the tourism sector. One of the objectives of the thesis was to study the Russian customer group and by that way help the commissioning party, Holiday Club Hotel Katinkulta, to understand them better; what the customers' needs are, what they are willing to use money in and what they are interested in. There should be specific service manners planned for this important customer group, since there are very enormous differences when comparing the Russians to Finnish customers, most importantly when thinking about the language and culture.

The theory part of this thesis was gathered in order to clarify and support the conclusions and suggestions of the thesis. The customer-orientation part is the core of the theory, and the rest of the information is gathered in order to support it and to make the final suggestions and conclusions. In addition to the customer-orientation, the information gathered may also have importance when the commissioning party wants to get some general information on the Russian nation and some theories concerning the developing process.

Due to the fact that Katinkulta is involved with the tourism industry, it was important to start the theory with clarifying the main concepts of tourism. The main concepts of the consumer behaviour and customer orientation are also important when later concentrating specifically on Russians e.g. there are some patterns in consumer behaviour that apply to all consumers regardless the origins of a person. And evidently, customer-orientation being the main issue of our thesis, it is a significant part of the theory.

Studying the history and culture gave us some information on the essence of being a Russian. When giving the suggestions for development, it was vital to know some characteristics and perforations of the nation. Travelling habits and tourist behaviour of the Russians are some issues that basically link very closely to the decision-making process which has to be taken into consideration when improving customer-orientation.

Companies often do not have time to perform this kind of specific studies on their target groups nor do they have time to study the basic theories to understand the reasons behind their customers' behaviour to be able to act accordingly. With the help of this thesis, the commissioning party Holiday Club Hotel Katinkulta acquires useful information concerning their Russian customers, gains information on customer-orientation and finally receives suggestions for utilizing this information in their own company. This study was performed keeping the commissioning party's specific needs in mind so that it would be as valuable for them as possible. The idea of an interview with the sales secretary in Katinkulta came into consideration when there were some significant points in the thesis that needed some clarification. This part was made in order to reinforce the facts gathered from other sources concerning Katinkulta. An interview with the personnel actually being in interaction with Russian guests, e.g. employees working in the reception could have been conducted in order to acquire their experiences and opinions concerning the Russians. It is needless to say, that there has to be a solid base of knowledge on Katinkulta before starting to develop its customer-oriented services.

There was sufficient amount of information when writing the theory part of the thesis, but some problems were faced when acquiring information concerning Russia and the Russian tourists. E.g. information on the decision-making process of Russians tourists was not available. Lack of information was due to the fact that there were practically no up-to-date publications concerning the present stage of living in Russia, and therefore the information had to be obtained for the most part from the internet. The Finnish Tourist Board (Matkailun edistämiskeskus) has prepared some very good statistics and studies which were utilized in the thesis work.

The schedule for the work was rather tight, and therefore at the beginning of the thesis process a detailed plan for time usage was prepared to ensure that the thesis will be completed in time given. The work progress was excellent and the schedule was a major help when planning the order in which the tasks were done. This was one of the things facilitating the success of preparing a well-established thesis. However, to mention some weak points of the process, the shortage of time narrowed the outcome e.g. if there would have been more time, a ready-made feedback form for Katinkulta to use could have been prepared. Also more co-operation could have been performed with Katinkulta in the form of discussions in order to gather more information to work on.

Suggestions for development

As a starting point of improving the customer-oriented services it is good to study the principles of the theory. In order to do things right, the golden rules of customer-orientation should be followed: using customer needs is the starting point of the company's operations, continuously acquiring feedback from the customers, fitting the products and services to customer needs, observing the actions of the competitors, serving the customers with the same respect, accepting the "Customer is the king" - way of thinking, noticing the importance of the personnel as the most important internal resource and the importance of the inner marketing, making one-time customers regular customers.

The six characteristics that an organization should follow in order to be qualified customer-oriented are some issues that Katinkulta could use as guidelines. These are basically the same as the golden rules of customer-orientation, except giving more exact information on how to follow each step, e.g. how to find out the needs of the target group. Based on these two sets of guidelines, the company can monitor the needs of its customers and via that create products and services that are fit specifically to Russian guests. These issues are gone through as guidelines throughout this chapter.

When making the actual plan for development, the model of the foundation for customer-oriented services could be a good approach to the process. Katinkulta should create a specific plan for Russian guests according to this model. The model begins from the company's mission, which could be e.g. improving customer satisfaction and via that getting more customers. Principle for operation means the starting points and the tools with which the company can reach the mission. The service idea is meant to be developed in order for Katinkulta to define the actual customer needs which it aims to fulfil. The best way of accomplishing this could be a feedback form. From the service idea Katinkulta should develop plans which would help implementing customer orientation into practice based on the information gathered from the feedback forms.

As the golden rules of customer-orientation state, the customer is the king when having this approach. Therefore, Katinkulta should start to see the Russian visitors more as guests than customers i.e. treating the customers the same way as a guest that visits a friend. When a company sees person as a customer, the starting point is what the organization possibly wants to sell, but when the person is seen as a guest, the starting point is what the guest

wants to buy. Using the word customer could be changed more towards using the word guest, which makes the visitor feel more welcome.

Russians differ from the domestic customers, not only when thinking about language, but also their culture and manners are not even closely to similar with the Finns. Therefore, Katinkulta should invest in the personnel's knowledge in relation to Russians. Internal marketing is a way of motivating the personnel to their work and to the customer-oriented way of operating. This includes e.g. the education of personnel (also one of the golden rules of a customer-oriented company). Russians appreciate if a company is able to provide service and information material including brochures and signs in the company's premises in Russian. This is due to their language skills e.g. in English not being at a very developed level. Katinkulta should improve both the level of Russian language skills of the personnel and the understanding of the culture of Russian customers. Development of customer service should be systematic and continuous for the company to be able to maintain its operations at a good level. The attitudes of the whole personnel being in interaction with the Russian customers should be monitored. Training should be given for the personnel, especially the possible conflict situations with the customers should be kept in mind and it should be thought how these situations could be solved successfully without losing the customer.

One of the issues that arose in the interview with Tiina Rimpiläinen was the change in the information that Katinkulta provides to their current and potential customers. The large amount of intermediaries when marketing the services in Russia creates the change in the information, which leads to customers having false perceptions of the services. One way of preventing this could be by having more marketing via internet. Katinkulta should also discuss and improve the ways of keeping the information as accurate as possible in co-operation with the tour operator who is responsible of distributing the information in Russia. According to golden rules of customer-oriented company, it is also important to have after-service marketing in order to maintain the customer loyalty. Yet, in case of Katinkulta the large amount of intermediaries could come in the way of doing this efficiently. This could also be a reason for improving the co-operation with the tour operators.

Internet should be given greater emphasis as a marketing tool for Holiday Club Hotel Katinkulta. Internet is growing its importance as a way to connect especially among the younger people. Via the internet it could be possible to reach customer groups which might be otherwise unreachable.

Knowing that word of mouth can be such a vital marketing tool for a company and that it can give either a positive or negative picture for people, it should be given a significant importance also in Holiday Club Hotel Katinkulta. This can be explained by the theories of customer oriented marketing, which make clear that a satisfied customer is the best way to market the company. If a person is not satisfied with the company, he will also enlighten others about it but he will not automatically inform the company about his dissatisfaction. This leads to the conclusion that a company should monitor the satisfaction of its customers. Since Russians are such an important customer group for Katinkulta and there is no established method for monitoring customer satisfaction, it would be recommendable for the company to build an effective feedback system.

At the moment the only way for Katinkulta to receive feedback is through the travel agencies, and therefore the company should build up a way of receiving feedback directly from the customers. This could be done e.g. with the help of a feedback form targeted specifically for Russian guests. The form could be placed in the guest's hotel room and he could hand it in at the reception at the time of departure. Knowing that Russian customers are not eager to give negative feedback, the questions could be created in a way that a customer is able to give the feedback positively. Consequently we suggest that there should be optional answers for the customer to choose from. The customers would be able to answer anonymously which would guarantee the honesty of the replies. There should also be some questions which would clarify some background information of the customer and what are the factors that affected the purchase decision.

As a starting point for the feedback form, one could take the customer's expectations (desired service and adequate service) and perceptions (service encounters, evidence of service, image and price) of the service. Collecting feedback should be continuous so that the company has up-to-date information on the customers' experiences and perceptions and is able to take actions. Examples of issues to be solved are e.g. the programmes customers would prefer in New Year celebration, services that the customers find important in a holiday destination and what kind of packages they would be interested in. Also a question on the characteristics that the customers find important in customer service should be included to be able to have the right emphasis when training the personnel. When trying to improve the function of the information channel, it would be good to ask where the customers got the information on the resort. With the help of these guidelines, the company can design questions that they find important and suitable for their situation.

Having an emphasis on understanding one's customers is important for a customer-oriented company. Some questions concerning the three key dimensions in consumer buying behaviour (who is important when making the buying decision, how do people buy and what is the choice criteria used) could also be included to the feedback form.

Issues that should be developed, but which are external to Holiday Club Hotel Katinkulta are the communication network and the opening hours of grocery stores at the surrounding area. The company does not have significant ways to change these issues, but it could make suggestions for the parties in concern for them to make improvements. Russians are vital not only for Katinkulta, but they have a great importance also for the economy of the whole Vuokatti and Sotkamo area. Therefore there should be active co-operation for development which would benefit everyone operating in the area.

There is a need for developing some activities for the period when there is not that many Russian guests visiting Katinkulta, e.g. in the spring. One suggestion would be that in addition to New Year, Katinkulta could attract some people by creating some new packages containing the programme for the vacation, accommodation and transportation etc. Katinkulta could start to develop something concerning e.g. Russian Easter and via that attract some new customers. Also the other important holidays (Appendix 1) could be possibilities that Katinkulta could create an event around, e.g. International Women's Day and White Nights. Especially White Nights could be a good possibility to create growth. Even though the White Nights are a popular cause of celebration especially in northern parts of Russia, this event could attract people from the south and from cities to Katinkulta to enjoy the beauty of nature. When developing a package for these occasions, the model of the elements of a good holiday package could come in hand, i.e. good accommodation, events, nature activities, spas, shopping possibilities and meals.

Katinkulta should actively follow the trends of the consumers' preferences in the Russian market. There are always new preferences arising, and if the company is up-to-date of these trends, it can take an advantage of them in its own operations. Information on these issues can be found e.g. via Finnish Tourist Board. The social conditions of the country do not remain the same from time period to another, which also has its effect on the consumer behaviour. Therefore, this is another issue that Katinkulta should have contemporary information on.

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Important celebration days in Russia

Celebration	Date	Notes
New Year	1 of January and 14 of January.	Celebrating New Year according to Gregorian calendar in 1 of January and according to Julian calendar 13 days later. Traditionally spent with family.
Tatyana's Day	25 of January	Remembering the lives of saints, popular among Russian students.
Fatherland Day	23 of February	The day to honour Russian men.
International Women's Day	8 of March	The day to honour Russian women.
Orthodox Easter	April	Traditional holiday for fasting. Family holiday.
Day of Peace and Labour	1 of May	Originally celebrated as International Workers' Solidarity Day.
Victory Day	9 of May	Commemorating the World War II.
Independence Day	12 of June	Celebrating the independence of the Russian republic from the USSR in 1990.

White Nights	June	Celebrating the extension of twilight. Season of cultural activities.
Great October Socialist Revolution Day	7 of November	The most important day in the Soviet period. Nowadays the people that are nostalgic for the days of the USSR celebrate the day.
Christmas	24.-25. of December and 7 of January.	Celebrating Christmas according to Gregorian calendar in December and according to Julian calendar (Orthodox Christmas) in January.

Webber, S. & Webber, T. 2004, 102-106

Questions for interview in Katinkulta 15th October

1. Katinkulta's services at the moment

   - What are the dates when Russians visit Katinkulta

   - How long is the duration of stay

   - Issues in services in Katinkulta's point of view that should be improved

2. Customer-oriented services & marketing in Katinkulta

   - What kind of special services are there for Russian guests

   - What kind of marketing is used, especially when marketing to Russians

     o Keeping contact

     o Marketing channels

   - How are the events for Russian guests organized

   - Is customer satisfaction among Russian guests being monitored

   - Are the services developed / improved continuously

3. Differentiating from the others

   - What are your main competitors when thinking about the whole Finland

   - What are your competitive advantages

   - What are you main competitors in Vuokatti area

   - How do you differentiate from those competitors

   - Do you know if other companies in Vuokatti area offer same kind of services for Russians