

Jana Nurm

HOW TO ATTRACT THE RUSSIAN CUSTOMER  
- Case Company Hotel Old Rauma

Degree Program of International Business  
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## How To Attract Russian Customer To A Hotel Old Rauma

Nurm, Jana

Satakunnan Ammattikorkeakoulu, Satakunta University of Applied Sciences

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This bachelor thesis is created for the academic study on International Business and Marketing Logistic at Satakunta University of Applied Sciences (SAMK) in Finland. The main objective of this study is to create possibility for the hotel to enter efficiently to the Russian market. The aim of the thesis is to assist company to attract and obtain Russian customers' attention to become stronger and more competitive in the local market in the lowest seasons.

The author of the thesis is motivated in writing of the subject due to the past experience in Estonian hotel entering and marketing in Russia. The goal for the thesis case hotel is the same, but with the slightly different product offer.

The theoretical part of the study is to learn and understand the Russian country and marketing environment, the case company's possibilities, and what is the most suitable way to enter the foreign market by linking the case company to the theory. The theoretical information is gathered from the books and websites.

The practical part of the study is applied with the qualitative methodology research. It was conducted with an in-depth semi-structured interview with the Hotel Old Rauma entrepreneur (17.05.2015). The supporting data for the practical Secondary data concerning the competition was collected through Internet in order to understand the case company situation in market.

On the basis of the results in research, the thesis study of case company Hotel Old Rauma entering to the Russian market includes business mission, marketing analysis, marketing objectives, marketing strategy and marketing mix 7 P's.



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## 1 INTRODUCTION

My interest to the thesis subject is related to my previous work experience in Estonia. In January 2006 I was working as a sales assistant in Grand Rose Spa hotel, Estonia. The Grand Rose Spa hotel concentrated on the local market. However, the future goal was to bring in the Russian customer. Named objective made the Grand Rose Spa hotel exception from the other local hotel-spas who concentrate mainly to Finnish consumer.

Although, the offered product was designed to please the Russian natives taste, nonetheless, the uncertainty of how to enter and succeed in Russian market remained.

Since, the hotel got affected by the economic recession, therefor the entering to the Russian market was not enforced. To survive, the company had to find quickly the lower risk alternative target customer. For this reason, the hotel changed their target objective to Finnish audience.

This thesis is combined for the Hotel Old Rauma to enter effectively to the Russian market. The mission of the Russian marketing entrance is to assist the case company to attract customers' attention and to grow their awareness despite the seasonal client mobility in Rauma.

The theoretical part of the thesis includes explanation of various key elements that are linked to the practical part. The main key elements are micro- and macro environment, marketing analysis, marketing strategy, marketing objectives, marketing mix 7P' s and SWOT analysis.

## 2 PURPOSE, OBJECTIVES AND CONCEPTUAL FRAMEWORK

### 2.1 Purpose And Objectives

The main objective for the thesis is to provide information to the author of the thesis because of the personal interest and also, to the Hotel Old Raumas' entrepreneur, of how hotel should enter successfully to the Russian market and what is the best way to attract the Russian customer. The study will mainly concentrate to the macro-marketing environment and offer to the Russian consumer.

The essential research objectives of the thesis:

- Main attractions and objects to capture target audience attention
- Analyzing the Russian macro marketing environment
- The promotional channels for the target audience

### 2.2 Research Questions

The thesis was created to answer the following questions:

Case company Hotel Old Rauma

1. Who are the target audience the hotel is concentrated on?
2. What are the attractions of the Hotel Old Rauma to the customers? Price, place etc.
3. What would attract the Russian/ generally foreign customer to the case company?
4. What percent of the Hotel Old Rauma customers are from Russia?
5. What are the advantages of Russian customer to the hotel?

#### Competition and environment

6. How to find the information concerning competitive hotels?
7. What could be the attraction and advantages of the competitive hotels in Rauma?
8. Is there any other (except the hotel itself) tourist attraction object nearby?

#### Russian marketing environment

9. What marketing decisions have to be made in order to enter the Russian market?
10. Is there a potential market for the case company?
11. What are the best and most effective promotional sources in Russia for the target audience that case company may use?
12. Who are the reliable Russian business partners to co-operate with? E.g. Delivery channels: travel agencies and international reservations systems.

### 2.3 Conceptual Framework



The conceptual framework is conducted on the foundation of marketing planning process, which has the start point with the business mission. The next steps would be to analyze the market, find the marketing objectives; marketing strategy and marketing mix 7 P's.

In the conceptual framework the Jobber & Fahy (2009) marketing planning process has been used and linked it to the thesis. The original marketing plan of Jobber and Fahy includes: business mission, market analysis, marketing objectives, marketing strategy, financial plan, implementation and control. The financial plan, implementation and control boxes are eliminated and marketing mix 7P's is included. (Jobber & Fahy 2009, 316)

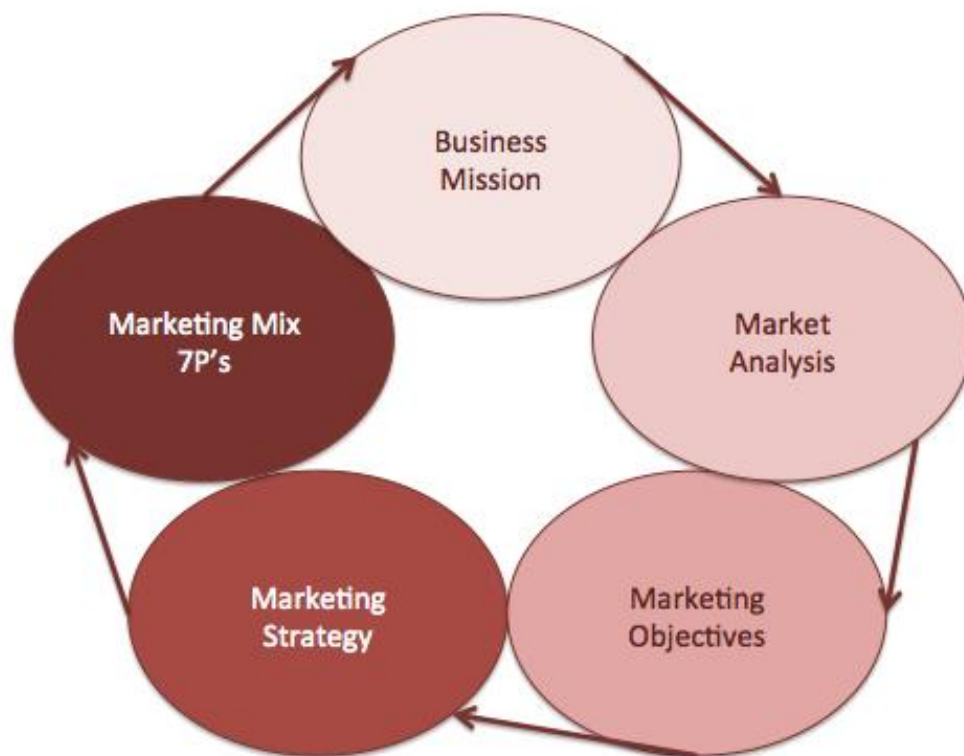


Figure 1. Conceptual framework (Jobber & Fahy 2009, 316)

Business Mission

Business mission is the starting point of strategic planning when defining the mission and the business. By the business mission it is meant the companies ambitions and its' future goals. If there is no clear idea of the company's main purpose and in what kind of market it is in, the business cannot show the variety of development in the environment; company's opportunity choices and strategies are damaged. (Bhandari 2013, 58)

The marketers should consider providing offerings with the extensive products—providing extra room for business mission development. For example, by defining a business mission “education and enjoyment”, the owner of the bookstore leaves room alongside the books to provide products like DVDs. In another words, offering so-called side products beside the main products. (Tyson & Schell 2012, 59)

### Market Analysis

Market analysis is the study that is limited concerning the market, and its tools used to reach the market, meant for the consumer goods or for the services of individual companies. A market analysis has the divided character from the fact that the study seek to solve the problem of an individual firm. (Lyndon & Brown 2008, 13)

In the market analysis scientific methods are used, which applies in the problem solution to the market and to the tools in use to reach the market. (Lyndon & Brown 2008, 12)

### Marketing Objectives

Marketing objectives may vary depending on which product or service the company is offering. For example, launching the new product, short-term objective for the company may be to win market share and to gain privilege toward competition, while through the process introducing and familiarizing the product to company's customer. It is possible to achieve long-term objectives by offering products with lower prices and shunting the profit in short-term of time. Another example of the

marketing objective can be to offer slow-moving inventory to create the cash. (Tyson & Schell 2008, 195)

### Marketing Strategy

Marketing strategy is the company's situation concerning the price, promotion, advertise, design of the product and distribution. (Bhandari 2013, 198)

There are various reasons why marketing strategy and its elements are important: in order to win and retain customers, ensure the companies development, increase and renewal, emergent sustainable advantages for customers, and finance of companies process. (Hollens & Opersnik 2010, 377)

### Marketing Mix 7 P's

The extent of preparations and operations are usually hidden from the consumer, but the service is usually visible and dealt directly. (Lovelock, Patterson & Wirtz 2015, 25)

Service company managers have beside 4 P's, which are product, promotion, price and place, three more variables to include: process, people and physical evidence. All named seven variables are called marketing mix 7 P's and every one of variable creates customer value, keep important marketing implications and cover some marketing system part. (Lovelock, Patterson & Wirtz 2015, 25)

Marketing Mix 7P's is used in thesis after deciding overall strategy of marketing, because it is one of the key concepts of modern marketing. This given key element is basis of the questions combined to the Hotel Old Rauma representative. Armstrong, Adam, Denize and Kotler have defined extended marketing mix as: "set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market." (Armstrong, Adam, Denize & Kotler 2013, 51)

## Product

The first element of the marketing mix is the product. They have the task to decide features of the product, characteristics of packing and its presentation. (Lovelock, Patterson & Wirtz 2015, 26)

For example, although Ford Focus includes bolts, nuts and other parts, it produces and offers various Focus models and optional features like self-assist parking, but it also offers fully served product. (Armstrong, Adam, Denize & Kotler 2013, 51)

## Price

Price and other costs of users is one of the elements that marketers have to take into account. The marketers should establish the selling price meant to the customer, and also setting credit terms and trade margins. (Lovelock, Patterson & Wirtz 2015, 26)

This is the amount of money that customer have to pay for the product obtained. It may be offered with the discount, credit terms and trade in allowances. (Armstrong, Adam, Denize & Kotler 2013, 51)

## Place

Place, cyberspace and time is one element belonging to the marketing mix. This is the element where marketers have to select suitable places and types to offer the product to the customers. It is also vital for marketers to spot the intermediary channels nature of selling place. (Lovelock, Patterson & Wirtz 2015, 26)

This is important element in marketing mix, because it makes the offered product available to the target customer. (Armstrong, Adam, Denize & Kotler 2013, 51)

## Promotion

The promotion is the variable where marketer has to decide which way is the best way to communicate and reach the target audience and attract them to purchase the product. (Lovelock, Patterson & Wirtz 2015, 26)

For example, the Ford Company spends millions per year to promote in New Zealand and Australia to make potential customers aware about the product. (Armstrong, Adam, Denize & Kotler 2013, 51)

Although nowadays technology offers several of advantages, still services offered to the customer are needed. Customer service importance is vital for the companies to acknowledge, because the customers notice the attitude and skill difference in different places. This means that it is important for the company to concentrate on choosing and training employees on customer service. (Lovelock, Patterson & Wirtz 2015, 26)

## People

The marketing mix 7 P's 'people' component include also managing company's customers. For the reason that the customer satisfaction may be influenced by the other consumers. For example, noisy customers may drive other customers away and because of that the managers should manage customer behavior in order to avoid conflicts. (Lovelock, Patterson & Wirtz 2015, 26)

## Physical Evidences

Sixth variable of the extended marketing mix is physical evidences, which is the consistent branding over communications. Physical evidences are 'tangible' service product component. If there is no tangible good, then the service quality comes from different context. (Lovelock, Patterson & Wirtz 2015, 26)

## Process Of Service Production

The marketing mix 7 P's last element is the process of service production, which is to produce and deliver service. Workers are depending on backstage process if the company wants to offer high quality service. Frustration and workers blaming by the customers may be caused by the processing system setback. The offered customer service is also poor when the processing system is not well designed. (Lovelock, Patterson & Wirtz 2015, 27)

## 2.4 Boundaries

One of the relative issues that is not handled in the given thesis is how to change the hotel in order to be more attractive to the Russian customer, instead the concentration will be on how to attract the customer to the hotel with its existing pros and cons. The flexibility of product price or package creating change is required because the research findings required it.

Although, according to Jobber & Fahy (2009), the marketing planning process consists usually of six steps: Business mission, marketing analysis, marketing objectives, marketing strategy, financial plan, Implementation and control, however, last two steps will not be analyzed and there will be added the Marketing Mix 7P's step in order to supplement the framework of the thesis. (Jobber & Fahy 2009)

The financial restriction and implementation will not be mentioned in thesis, since the company's inner structure concerning the workers' and their duties, implementation time and charts concerning the project is not one of the main process steps. The study will concentrate mainly of the Russian marketing environment.

The implementation and control is the last step of the jobber & Fahy (2009) in the marketing planning process, and this is the step, which also will not be mentioned, because the thesis is created mainly to the author of the thesis and the actual

implementation is unlikely to be executed. The other limitation to execute of the subject- for the case company Hotel Old Rauma to enter to the Russian market is the small size of the company and financial limitations that comes with it. This is also the reason to exclude financial plan, because it will limit the outcomes of the findings.

## 2.5 Tools In Use

The thesis will involve marketing strategies in order to understand the overall function of the Hotel Old Rauma, Russian customer requirements and Russian marketing environment concerning the hotel industry. The given project is divided to three main subjects: microenvironment of the Hotel Old Rauma, macro environment of Russia, and the Russian market and consumer/customer needs. The theoretical tools used in thesis are: micro-macro environment, Marketing Mix 7P's, SWOT Analysis and Unique Selling Proposition (USP).

The microenvironment is to analyze the case company, Hotel Old Rauma overall situation, while macro-environment analyses the marketing environment of Russia.

The Marketing Mix 7P's support the micro environment analysis, because it is the basis of questions combined to the representative of the Hotel Old Rauma to analyze the company's current position and future possibilities of what it can do to change the demand of the product. (Armstrong, Adam, Denize & Kotler 2013, 51)

Unique Selling Proposition (USP) is the functional orientation that has the characteristics that makes a brand unique compared to its competitors offers. This functional orientation is suited to use when company has the lasting competitive advantage. The USP is applied in given thesis because of case companies variable advantages compared to the competitors. (Shimp 2013, 223)

SWOT analysis is used to find out the strengths, weaknesses, opportunities and threats concerning the Russian customer. The reason to use this specific analyze is because it is considered one of the most effective, straightforward and simple tools to analyze the company's marketing information and development of marketing plan, although, in given thesis it is used to analyze the Russian consumer. (Ferrell & Harline 2008, 85)



### 3 IMPLEMENTATION OF THE RESEARCH

#### 3.1 Theory and Practice Combined

The theoretical part of the thesis was to understand the overall marketing process when entering to the foreign market, which is applied based on the theory, research outcomes and link it to a practical case. Planning entering to the unknown market is important outline in order to achieve the thesis objectives.

The first step was to link theory and the practical case in order to help to increase the marketing potential and obtain information of what is the hotel's overall function and mission. This part was done by combining interview questions for the hotel representative/entrepreneur. The questions were conducted to identify the target customers, promotional channels, the hotel's marketing pros and cons etc. The basis of the questions were Marketing Mix 7P's.

Marketing Mix, 7 P's by Boden, concept is helpful for the company's view of marketing tools availability. Named theoretical tool reflect Hotel Old Rauma entrepreneur point of view of the actual hotel marketing environment. After that which every marketing mix decisions will be distributed together to suit with the offered product. (Kotler, Brady, Goodman & Hansen 2009, 17)

The firm's situation in the market was analyzed with the micro-environment, while the macro-environment analysis focused on the differentiations of Russia secularity. The micro environment practical part was a combination of: Interview answers from Hotel Old Rauma entrepreneur; answers for the questions made in 2014 Spring to the practical training project purpose; and from the website Booking.com.

The SWOT analysis was done to find out the strengths, weaknesses, opportunities and threats concerning the target audiences.

Further, for the marketing positioning and strategy elements, the Unique Selling Proposition (USP) was made. The Key Promotional tools were also defined in thesis. This is essential for practical part to be combined, since the Russia is named by the Kotler, Brady, Goodman & Hansen (2009) as a development market, with other words, not so mature market as developed market e.g. Finland. Therefore, there were some points that need to be researched in order to use the promotional tool to reach the target audience. (Kotler, Brady, Goodman & Hansen 2009, 18)

### 3.2 Plan For The Implementation Of The Project

The first objective was to find case company, which is the Hotel Old Rauma. The second step was to define the theory for the thesis, which is done by researching the information from the SAMK library books, Rauma library books, online books or websites. The supportive factor is the interview and the answers for the Practical Training purpose. The Interview questions to specify the microenvironment were conducted with an in-depth semi-structured interview with the case company representative, Hotel Old Rauma entrepreneur. The interview clarified of fair blending inputs and outputs: price, place, promotion, people, physical evidences and process of service production. At this point, the most attractive products to promote were selected.

The further step was to search the Russian consumer preferences of hotels, sources to promote and delivery channels, which were done using online books and other reliable sources.

All the information about the Russian market was collected through the literature and Internet. The primary sources for the theoretical were be books, e-books and other sources recommended by the University of Applied Sciences teachers.

### 3.3 Timetable For Completion Of The Project

The timetable of the Thesis varied from the 1<sup>st</sup> Seminar in November, 2014, but the main objective was to graduate SAMK in spring, 2015, therefore, the goal has being completed.

In the *table 3.*, there are implemented seminars divided by the date: first seminar was in 7.11.2015; the second seminar was in 4.5.2015; and the third seminar was in 26.5.2015.

Table 3. Implemented Seminar Presentations

<b>Date</b>	<b>Seminar</b>
<b>7.11.2014</b>	<b>1<sup>st</sup> Seminar Presentation</b>
<b>4.5.2015</b>	<b>2<sup>nd</sup> Seminar Presentation</b>
<b>26.5.2015</b>	<b>3<sup>rd</sup> Seminar Presentation</b>

### 3.4 The Validity And Reliability Of The Research

The main milestone was to find adequate information about the Russian market, because the research is made in English language and not in Russian, although some graphs and tables were easy to translate, while various of articles were challenging. Therefore, the usage of Russian media in given Thesis is minimized in order to offer adequate and valid information.

When looking at the competition analysis scores in Booking.com, then have to take into consideration that the amount of the reviewers in websites of every single hotel is different. To be more specific: Best Western Hotel Kalliohoivi has 145 reviews, Hotel Cumulus has 139 reviews, Best Western Hotel Raumanlinna has 168 reviews, while Hotel Old Rauma has 370 reviews. (Website Booking.com 2015)

Various statistical data is collected from the Russian Federation at the national level, but the region of Russia is considered heterogeneous, this applies to numerous characteristics: geographical, demographical, income, citizens' customer behavior, etc. (Website of fp7 compass keytrends 2013)

## 4 MICRO- ENVIRONMENT: HOTEL OLD RAUMA

micro- environment is a combination of marketing environment factors, which affect customers and are close to the firm - the company, suppliers, and intermediaries of marketing, customer markets, competitors and publics. (Kotler, Armstrong, Harris & Piercy 2013, 74).

The micro environmental factors in given thesis are linked to the case company Hotel Old Rauma in order to apply and analyze the case companies overall function and position in the market.

Hotel Old Rauma entrepreneur, Mr. Salli, offered various insights concerning the company overall function in order to complete the thesis practical part. Also, various practical data is collected from the practical training project.

The further analysis is the combination of the practical and theoretical part of the microenvironment of the Hotel Old Rauma.

### 4.1 Company

Internal groups, such as research and development (R&D), top management and finance, buying, operations and accounting has to be taken into account when developing or designing the marketing plan. Every department of the firm has to 'think consumer'. This means that the company has to find out what are the

opportunities and problems that customer may deal with. (Kotler, Armstrong, Harris & Piercy 2013, 74-75)

Armstrong, Kotler, Harker & Brennan refers that the top management is the one who sets the company's mission, objectives, broad strategies and policies. The authors of the book also add that the marketing manager is the one who makes the decision within the plans and strategies made by the top management (Armstrong, Kotler, Harker & Brennan, 2009 76)

Concerning the case company, Hotel Old Rauma, there is two highest decision makers- entrepreneurs of the hotel. At this present time, one of the entrepreneur exempt from the obligations, so in the present time the main decision maker is Mr. Salli. He sets the missions, objectives, broad strategies and policies.

The company Hotel Old Rauma has approximately 10 employees. The amount of the workers vary depending on the time of the season- in winter, which is the low season, there may be 10 or less workers; in highest season, which is the summer, there may be over 10 employees. Because of the small size of the company ( small-size S.J. Nyberg Restaurant and hotel with 22 bedrooms), there are not many different departments, therefor the information flow inside the company is easy to manage and awareness of the opportunities and problems in internal groups are well known. To be more specific, the main mission of the case company is to please the customer and provide friendly customer service. All those 10 workers are aware of the mission and since most of them are trained as professional customer service providers, and they are aware of the hotels' functions, therefor, they are able to provide their best to obtain it. Tschohl, J. refers that the companies cannot teach courtesy, but they may hire employees with this quality and train them in the expression of their courtesy. (Practical Training Project 2014; Personal communication from Mr. Salli; Tschohl 2011, 21)

## 4.2 Suppliers

For the company to offer the product or service, they need suppliers who provide the resources to create that offer. Company has to watch costs and supply availability, otherwise the negative events may affect companies costs sales in the short run and in the long run can damage consumers satisfaction. Majority of marketers treat their suppliers as a partners to create customer value. (Kotler, Armstrong, Harris and Piercy 2013, 75)

Concerning the Hotel Old Rauma, there are several suppliers who cooperate with the case company. The cooperation between the suppliers and case company is mainly arbitrarily in the long run and based on mutual trust gained from the long period of time working together. As William Stevenson referred: “Trust. It is essential for major trading partners to trust each other, and feel confident that partners share similar goals that they will take actions that are mutually beneficial.” (Practical Training Project 2014; Stevenson 2011, 690)

#### 4.3 Marketing Intermediaries

Marketing intermediaries include resellers, agencies of marketing services, firms of physical distributions and financial intermediaries, which helps company to promote, sell and distribute its products to the customer. (Kotler, Armstrong, Harris and Piercy 2013, 76)

Resellers are the channels that help firms to find customers or help to make sales to them. Physical distribution firms provide help with the stock and place the products to prescribed place. Marketing services agencies are the dealer companies that mediate the company to find and promote to the suitable market. Financial intermediaries are the last marketing intermediaries, which include companies that provide help with financial transactions or incurrence. (Kotler, Armstrong, Harris and Piercy 2013, 75)

Mr. Salli referred that there are several Internet sites that Hotel Old Rauma has made contract with. These includes Booking.com, Hotels.com, Hrs.com and Hotelzon.com. Case company has also agreements with the travel agencies and with the bigger clients, but those are not juridical contracts. Those agreements are suitable for both sides- hotel wins the client to the house and in return the cooperative company wins price discount. (Personal communication from Mr. Salli)

#### 4.4 Competitors

In order to be successful, company must offer better customer value and satisfaction comparing to its' competitors. Marketers have to win strategic advantages against competitors' by placing their offerings in the minds of customers. Companies should choose competitive marketing strategy individually, by taking into account companies' size and industry position and compare it to the competitors. (Kotler, Armstrong, Harris and Piercy 2013, 76- 77)

Since the Hotel Old Rauma is not monopoly and company has to take into consideration other hotels in Rauma market. For example, the Cumulus Rauma and Best Western Hotels are known by their brand name. This may give customer advantage by offering '*feeling of safe*'. Another advantage at the same time Hotel Kalliohovi offers rooms with a low price, which includes Hotel Old Rauma and Kalliohovi on the same pedestal, since the main attraction for both hotels is the price. (Practical Training Project 2014; Personal communication from Mr. Salli Website of Booking.com)

There are 3 hotels that may be in the same competition level with the Hotel Old Rauma: Best Western Hotel Raumanlinna, Cumulus Rauma and Best Western Hotel Kalliohovi. In the Booking.com website there are 0-10 point analysis made by the hotel visitors. From the *Table 1*. the Hotel Old Rauma is rated in Booking.com website by the customers after the Best Western Hotel Kalliohovi as the second best in Rauma (Website of Booking.com 2015)



Table 1. Popular hotels in Rauma area. (Website of Booking 05/2015)

Popular Hotels In Rauma area	Scores
Best Western Hotel <u>Kalliohovi</u>	8.3
Hotel Old <u>Rauma</u>	8.2
Best Western Hotel <u>Raumanlinna</u>	7.5
Cumulus <u>Rauma</u>	7.2

The Booking website offers more specified valuation and score reviews made by the customer. The further comparison is to analyze difference between the popular hotels in Rauma in the *Figure 2*.

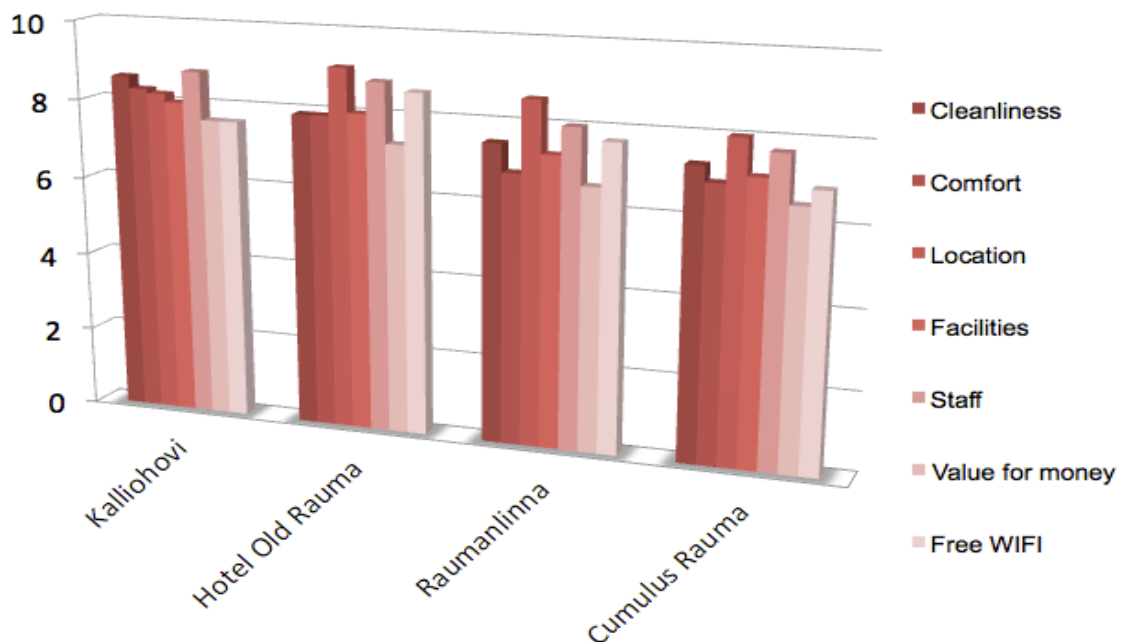


Figure 2. Competition analysis (Website of Booking 05/2015)

In the *Figure 2.*, shows that Hotel Old Rauma has high scores in location, staff and free Wi-Fi. When comparing the case company with Best Western Hotel Kalliohovi, then it has lower scores in cleanliness, comfort, facilities and also value for the money. In other hand, compared to Best Western Hotel Raumanlinna and Cumulus Rauma, the case company has better scores in every area. (Website of Booking 05/2015)

#### 4.5 Publics

Public is a group that has an interest to achieve company's objectives. The named group is divided to seven publics: Financial, media, government, citizen-action, local, general, and internal publics. (Kotler, Armstrong, Harris and Piercy 2013, 77)

Financial public is a group that affects the firm's capability to obtain funds. Under this group belong banks, investment analysis and shareholders. Media public is the second group, which includes newspapers, magazines, televisions, radio stations and Internet media. Next group is the government publics. This is the group where the government development has to be taken into account for the ad, product safety and other issues. Citizen-action publics are the environmental groups, consumer groups and others. Community organizations and neighborhood residents belong under the local publics. General publics attitude should be the concern of the firms, because the clients affect the public image. For the last group are the internal public, which includes managers, workers, volunteers and the directors' board. (Kotler, Armstrong, Harris and Piercy 2013, 77)

In order to promote, the Hotel Old Rauma entrepreneur have registered the hotel in online websites like: Booking.com, Hotels.com, hrs.com and Hotelzon.com. Given Internet sights offer advantages to the customers which includes: faster booking process for the repeat customer, reliable payment and booking process, possibility to receive money back (e.g. in case of bankruptcy) and depending of the contract, the possibility for the client to have a room with the lower price than directly booking

the hotel room. This may be exception, because usually it does not work that way, because it means the loss of money to the hotel, because the hotel is obligated to pay some % to the third party. But the main advantage for the hotel to use these sights is the possibility to give awareness to the customer who is searching the most suitable hotel through Internet. (Practical Training Project 2014; Personal communication from Mr. Salli)

#### 4.6 Customer

The most important actors in company's environment are the customers. The main goal of the value delivery network is to establish relationship with them and to serve the target customers. There are five types of customer markets that company may target: consumer markets are the buyers who purchase for personal use. Marketers of business purchase for further production processes. Reseller marketer's motive to purchase is to resell and gain profit. Government markets are agencies that purchase to produce public services or broadcast the products/services to those who need them. The international markets are the buyers in another countries. (Kotler, Armstrong, Harris and Piercy 2013, 77)

According to Mr. Salli, the highest amount of visitors by the nation are: Finnish, Swedesh and Germany. (Personal communication from Mr. Salli)

In spring, winter and autumn, the main customer of the hotel is a business traveler, who is usually staying in Rauma for the business reasons and projects as the Olkiluoto Nuclearstation and UPM. Contrary to spring, winter and autumn, the summer clients are mainly people who are staying in the Rauma for the leisure, either to visit relatives or for the reason to visit Old Rauma as it is from the world heritage list. (Practical Training Project 2014; Personal communication from Mr. Salli)

## 5 MACRO- ENVIRONMENT: RUSSIA

The macro-environments' larger societal forces of the firm affect microenvironment. There are six macro-environment forces: demographic element, technological element, natural element, economic element, political and cultural elements. (Kotler, Armstrong, Harris & Piercy 2013, 74)

When taking consideration of marketing in Russia and trying to obtain attention of Russians, there are some macro- environmental factors that should be analyzed in order to find the best solution. Although every component of the macro environment in Russia is analyzed separately, nevertheless the volume of every factor may be not equal. The reason is the language barrier or uncertainty of adequate information.

### 5.1 The Demographic Environment

Demography is the study that involves people- human population, which is the reason of marketer's interests toward demographic environment. Some trends are important for the marketers should analyze: changing age and family structure; geographic population shifts: diversity of population and educational characteristics. (Kotler, Armstrong, Harris & Piercy 2013, 78)

Marketers have to take into account the world population growth, because it offers opportunities and also challenges. (Kotler, Armstrong, Harris & Piercy 2013, 79)

Generational differences in the developed world may be divided in several different groups- the baby boomers, born in 1946- 1964 period of time are considered as the most powerful groups performing in marketing environment; generation X, who are born in 1965- 1976. These groups prefer quality to quantity and consider purchasing after searching the suitable product; Millenials are born in 1977-2000, who is large

and attractive group for the marketers. (Kotler, Armstrong, Harris & Piercy 2013, 80-81)

There are two opinions about marketing to different groups: some expert think it is not smart to concentrate on one market only, the others think that each generation have different socioeconomic level and spans decades of time. (Kotler, Armstrong, Harris & Piercy 2013, 81)

The family is the main structure basis of the economic and social behavior. Beside the traditional western household, which includes married couple and children, there are households that includes singles living together or separated parents etc. This group of households grows rapidly, as the group of working women, young people who staying at home with parents and once considered retired age group of people. (Kotler, Armstrong, Harris & Piercy 2013, 82-83)

There are also geographic shifts in population and also market diversity like migration, which influence location nature of market demand; ethnic diversity in markets, with other words, population movement, offers interesting opportunities to the marketers; Other aspects of diversity in markets like gay market; urbanization, which is the movement within the countries. (Kotler, Armstrong, Harris & Piercy 2013, 84-85)

#### Demographical Environment in Russia

If applying the Russia to the demographical environment theory, then according to Adomanis, M., the specialist in Russia economy and demography (Website Forbes 03/2015), the Russian demographic environment compared to the previous years is worsened by 2% of deaths and 4% of births. Taken into account inflation, slowing growth and unemployment situation in present time, the decline in demographic environment is perceivable. (Website of Forbes 2015)

*Table 2.* shows that birth has worsened enormously as the divorcing level. Also, it applies to the marriage and children under age 1, while death has increased. The

interval of the divorce and marriage shows that the divorcement of the couples more decreased than couple has marriage.

Table 2. Operational data in natural movement of population in Russian Federation.  
(Website of Federal State Statistics Services)

Thousand				
	January 2015	January 2014	Growth/Decrease /-/	2015 % 2014
Birth	149.3	155.6	-6.3	95.9
Death	174.7	171.2	3.5	102.0
Children under age 1	1.0	1.3	-0.3	78.1
Natural growth	-25.4	-15.6		
Marriage	58.1	60.0	-1.9	96.7
Divorce	46.2	58.3	-12.1	79.4

Russia Federation is considered to be 15-25 percent middle class from its 142 million people population. In Russia, 74 percentage live in urban area, therefor it is considered to be mostly urban country. There are about twelve cities with a population over one million with opportunities for a middle class customer/consumer. (Website of Forbes 2014)

## 5.2 The Economic Environment

The economic environment is defined as the factors of economic which influence customer buying power and also patterns of spending. (Kotler, Armstrong, Harris & Piercy 2013, 86)

There are three types of nations who vary due to income: industrial economies, who consist wealthy markets with the various kind of goods; subsistence economies, that are own industries and agricultures of consumer, and offer only some immediate opportunities in the market; for the last is developing economy, which offers outstanding possibilities for the suitable products. (Kotler, Armstrong, Harris & Piercy 2013, 86)

Change in consumer spending is one of the factors marketers should take into consideration. Recently, the European and American customers invested and spent money rashly unthinkingly the upcoming economy recession. This leded marketers to back the basic concerning the frugality. (Kotler, Armstrong, Harris & Piercy 2013, 88)

Income distribution is one economic environment factor that marketers should pay attention to, as well as income levels. The example would be India and China, where the middle class is more and more willing to invest, which means new opportunities to marketers. (Kotler, Armstrong, Harris & Piercy 2013, 88)

#### Economical Environment in Russia

Russia's world rank concerning economic freedom score 52.1. This makes the country in economical position 143<sup>rd</sup> freest in 2015 index. According to Heritage website, the Russian score has improved by 0.2 points since last year. The gain is influenced by the business freedom, corruption freedom, and labor freedom. Declining areas are monetary freedom, property rights, and government spending management. Present time, the Russia is ranked 41<sup>st</sup> out of 43 countries in Europe area and in the world it is ranked below average. (Website of The Heritage of Foundation 2015)

From 2011 Russia economical freedom score has increased 1.6 point. The reason is the high increase of business freedom area. Overall, the economic freedom in Russia remains weak. (Website of The Heritage of Foundation 2015)

In the *table 5*, the Federation of Russia economical freedom situation is divided to ten different economic freedoms: Trade freedom, investment freedom, financial freedom, business freedom, labor freedom, monetary freedom, fiscal freedom, government spending, property rights and freedom from corruption. (Website of The Heritage of Foundation 2015)

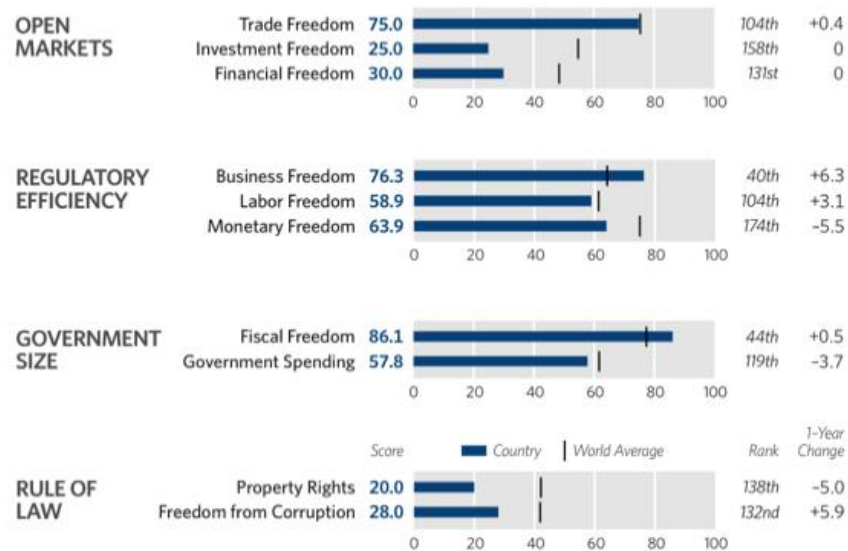


Figure 3. 10 Economic freedoms in Russia. (Website of The Heritage of Foundation 2015)

Trade is interfered with informal barriers. The government of Russia may discriminate against foreign investments. Many sectors concerning the economy are highly restricted. This includes also financial sector, which has high state interference. The central bank is single market regulation and the government owns some part of the bank. (Website of The Heritage of Foundation 2015)

The private sector is being suppressed by the bureaucracy and not consistent regulations enforcement. It may take more then 200 days to license the requirements



when forming a business in Russia. The government influence prices with means like state-owned labor code limits, petroleum product taxes etc. (Website of The Heritage of Foundation 2015)

The income tax rate of Russian individual is 13 percent, while the corporate tax rate is 20 percentages. Value-added- and an environmental tax are included to other taxes. Overall Russian tax burden is 28.7 percentage concerning the domestic income. (Website of The Heritage of Foundation 2015)

The corruption in Russia is on the high level. The small elite controls most of the nation's assets and many state institutions are not operating and functioning they are destined. The pressure from the government and not consistency of the law makes the judiciary vulnerable. For the last, the private property rights are offered weak protection. (Website of The Heritage of Foundation 2015)

In another hand, Adomanis, M., refers in the Forbes article that in recent years, the Russia economic environment has 'come-down' situation: rising inflation, slowing growth, and increase of unemployment. If the Russian government does not improve and handle the economical environment, then the recent-years-growth will be vacuous work. (Website of The Heritage of Foundation 2015)

### 5.3 The Natural Environment

The natural environment is the resources that are natural. Those resources are important as inputs or affected by marketers. There are several trends. First, raw material growing shortage for example air and water, which is infinite resource; renewable resources like forest and food; non-renewable resource like coal, oil and minerals. Next trend is increased pollution, which means organizing chemical and nuclear waste. Thirdly is the increased government intervention, which means that

pollution differ by location and governments. (Kotler, Armstrong, Harris & Piercy 2013, 89-90)

In present time, companies are more aware of environmental responsiveness, and recognize connection between healthy economy and healthy ecology. (Kotler, Armstrong, Harris & Piercy 2013, 90)

#### Natural Environment in Russia

From the sources back in 2006, the natural resources are untapped, which may increase the potential of Western businesses to invest in Russia. Those account about 80 percent of the countries export, including oil and natural gas. (Rugman & Collinson 2006, 121, 125)

In another hand, from the later sources (Website of the Moscow Times 2015), the steep drop in oil prices has been affected and this lowered Russians' real- wages by 10 percent, because the ruble tumbling against the euro, which is also the reason to raise the costs to the foreign countries. (Website of the Moscow Times 2015)

#### 5.4 The Technological Environment

The technological environment increases with its' complexity, which offers marketers new opportunities in the market. Although, there are advantages for the seller and buyer, nevertheless for the public it is important that the technology is safe. For that reason, there are several countries that have set up regulation in order to pan not safe products. Marketers have to be aware of the named regulations in order to developing the new products. (Kotler, Armstrong, Harris & Piercy 2013, 91-92)

## Technological Environment In Russia

According to Finch, A., professor of business administration (Website of Forbes 2014), the technology adaptation in Russia has been quick, to be more specific- over 53 million people of Internet marketing audience. (Website of Forbes, 2014)

### 5.5 The Political and Social Environment

The political environment consists of several factors that affect marketers' decisions: laws, pressure groups and government agencies. (Kotler, Armstrong, Harris & Piercy 2013, 93)

Many countries have laws, which covers for example competitions, product safety, consumer privacy, packaging and labeling etc. Since the regulations are constantly changing, therefor it may be challenging to the marketers. (Kotler, Armstrong, Harris & Piercy 2013, 93)

There are several reasons for the government regulations and laws: protect companies from each other, consumer protection from not fair business practices and society protection interests is for the unforced business behaviors.

To cover marketing abuse, there are laws, regulations as well as social codes and professional ethics rules. (Kotler, Armstrong, Harris & Piercy 2013, 93- 94)

Managers are encouraged by the companies to act socially responsible. Those companies try to find a ways protect their companies in the long run. Unfortunately, there are firms who are not willing to act responsible socially. (Kotler, Armstrong, Harris & Piercy 2013, 94)

## Political And Social Environment In Russia

In the article of Difficulty of Doing Business in Russia: First Personal Perspective, by the Kondakov, (Website of Valdai Discussion Club 2015), the author refers that this is big problem for the foreign companies in Russia, which has been also mentioned in website of The Heritage of Foundation (2015), that the private sector of Russia is being suppressed by the bureaucracy and not consistent regulations enforcement. The fear against the bureaucracy comes from lack of security. Website of Valdai Discussion Club 2015; Website of The Heritage of Foundation 2015)

Foreign companies operating in Russia should be aware of the laws 100 percent. This could be done by hiring Russian lawyer/s to follow constant change of laws: use alternative dispute resolution forms, make sure to follow the all formal prescription, and compare legal procedure concerning time. For the foreign company hiring the Russian lawyer may also save time. (Website of Valdai Discussion Club 2015)

Russian law is challenging, because it has its own legal standards, which are set by taxation inspectorates and other Russian official agencies. Legal environment is made by requirements from agencies, which are in turn is controlled by the state. Nevertheless, the government affects foreign companies ability to do business because of its instability and it encourage bribes. (Website of Valdai Discussion Club 2015)

Trust in Russia between partners may be achieved in different ways. Some Western companies use credible information sources instead of official financial reports that offer no trust. For that reason there are composed list of companies that are not trustworthy. (Website of Valdai Discussion Club 2015)

## 5.6 The Cultural Environment

Society's basic values, preferences, perceptions and behaviors are affected by the cultural environment institutions and other forces. (Kotler, Armstrong, Harris & Piercy 2013, 95)

The core cultural values are passed for example from parents to children. Those are values that are resistant to change in contrary to secondary value. Secondary value can be the marriage, which may be influenced by the marketers. This applies also to all secondary values, but not so much the core values. The cultural environment values concerning society are the way people see themselves, they view others, organizations, nature, society and universe. (Kotler, Armstrong, Harris & Piercy 2013, 95)

#### Cultural Environment In Russia

The culture and other aspects of Russian Federation are closely infected by the collapse of the Soviet Union, which may be confusing and difficult for foreigner to understand. First of all, Russians are very proud of their country and culture. They attend to be critical about their culture themselves, but expect foreigners to be respectful. Russians are also very cautious, defend conservatively, value stability, social order and cautious concerning risk taking. Also, Russia is male-dominated society, although the woman is seen as the stronger and more responsible one. The foreign company to market their product may use those reflections, but it is recommended to use deep insights to apply these values. (Website of Forbes 2015)

There is high risk that the taxes may be left unpaid by the corporate or in the personal level, nevertheless, the contracts may be valid only when close personal friendship is involved. The close personal relationships in the business world are named as the only reliable "contract." The good quality of relationships should not be underestimated, because the interpersonal allegiances and networking are highly important to succeed in Russia business world. (Website of World Business Culture 2015)

The Website of the World In Business Culture claim that the laws of the Russian Federation are being constantly rewritten and most agreement are necessary to combine in trust bases where the other partner have to identify high interest on his behalf. (Website of World Business Culture 2015)

## 6 SWOT

The marketers should combine a SWOT analysis, because the named analysis is helpful to evaluate organization's strengths, weaknesses, opportunities and threats. Firstly, the strengths and weaknesses are internal factors in the company and opportunities and threats are external factors of the company. Strengths are the factors that may be helpful for the company to serve its customers and accomplish its objectives, while weaknesses in the other hand are limitations that may influence company's performance. For the second, the opportunities are positive factors that company can take advantages of, while threats are negative factors that are challenging to the company. (Kotler, Armstrong, Harris and Piercy 2013, 54-55)

Marketing environment is fatal for marketers to analyze to recognize attractive opportunities and threats. In addition to opportunities and threats, the marketers should analyze also strengths, weaknesses and possible future marketing actions. The company should match its strengths to the attractive environment opportunities and at the same time reduce threats and exceed the weaknesses. (Kotler, Armstrong, Harris and Piercy 2013, 54-55)

There are major benefits of the SWOT analysis: simplicity, lower costs, flexibility, integration and synthesis and collaboration. Simplicity of the SWOT analysis means that the user of the named tool does not need any training or technical skills to successfully use the SWOT. Although, there is no need for the training and skills, still the SWOT analysis may lower the costs united with the marketing planning. Recognizing the analysis tool benefits can lead to eliminating or downsizing bigger company's strategic planning departments. When talking about SWOT analysis flexibility, it has advantages of increase the quality of strategic marketing planning without comprehensive marketing data system. But if the extensive information is

available, the information may be structured and used directly to the SWOT analysis. The SWOT analysis can also manage with the quantitative and qualitative nature information. For the last, the collaboration of the SWOT analyses is by studying equivalent do, know, think and feel. (Ferrell & Hartline 2012, 87)

The SWOT analysis of given thesis is to evaluate Russian customer behavior by applying it to understand strengths, weaknesses, opportunities and threats concerning the case company.

#### Strengths and opportunities of Russian customer

The Russians tourists trips to EU countries compared to the last decade, has grown. From the EU countries, the Finland has the highest contribution. Five years ago, in 2010, the Finland attracts 709 thousand Russian tourists, which is 17 percent of tourists entering to the EU. In *figure 4.*, it is divided countries from the smaller entrance by the Russian tourists to the higher countries in EU. The analysis of the *figure 4.*, has being updated in 2013, therefor, in present time, the numbers of Russian tourists visit Finland might be different. (Website of Compass 2013)

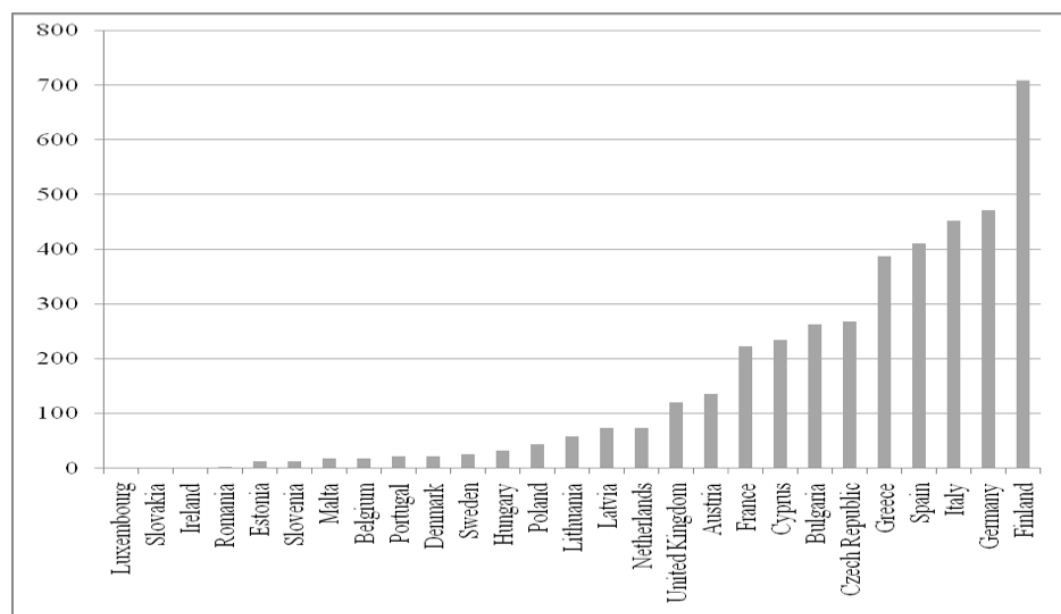


Figure 4. The statistic of Russian Federation citizens' visiting EU countries (Website of Compass 2013)



The *figure 5.*, Shows Russian tourists observed and fitted in Finland in 2013. This figures defines the growth of the Russian tourists in later years. (Website of Compass 2013)

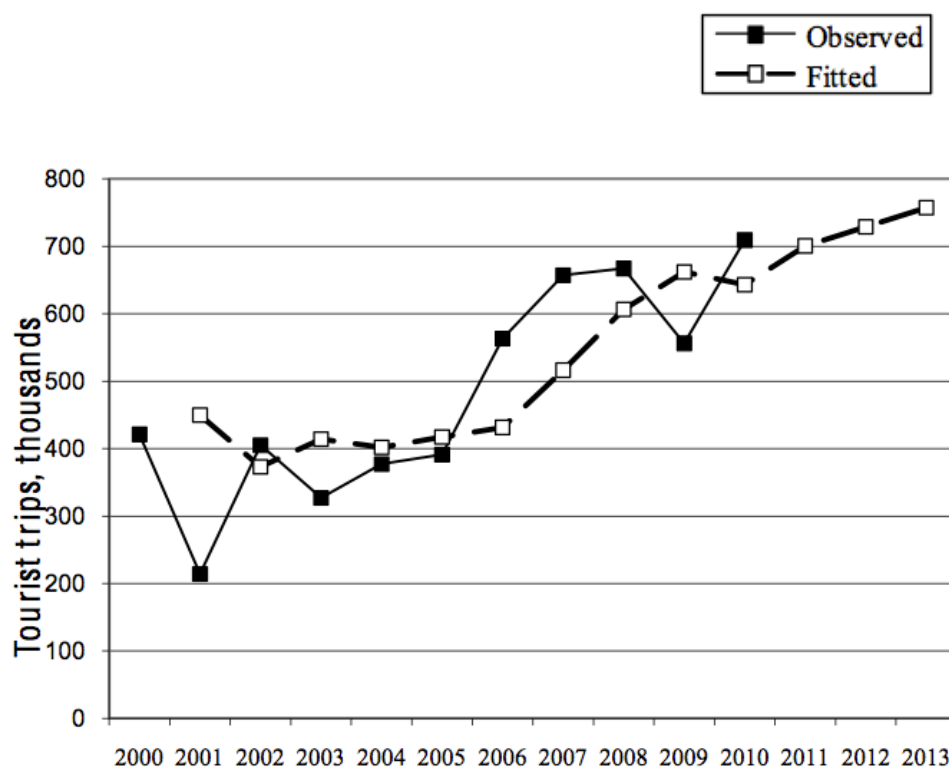


Figure 5. Observed and fitted Russian tourists visiting Finland (Website of Compass 2013)

One opportunity is the encouragement of the EU embassies to grant multi-entry visas to Russian tourists. (Website of Moscow Times 2015)

There are other various reasons that affect the Russians traveling internationally:

The visa-free regime in some countries and negotiations to simplify the system concerning the visa in EU; Various Russian agencies and tour operations development; technologies like information and communication has developed; strengths about the healthier lifestyle has turned into opportunity of sky and spa tourism; long holidays (this includes the January and May official long weekends and this is at the same time opportunity to Hotel Old Rauma, because of the low season in January); interest towards new cultures, which would be also opportunity for the case company, because of its location (centrum of Old Rauma, which is World Heritage sight). (Website of Compass 2013)

There are several opportunity factors concerning promoting in Russia and Russians preferences involved with it: they are attracted to the luxury products from the foreign country; taking consideration their high cultural values or distinguishing features, for example, targeting men as it is the male-dominated society or woman as they are the work force in Russia (Website of Forbs 2014)

#### Weaknesses And Threats Of Russian Customer

The Russian tourists are mainly considered to be relatively rich. Unfortunately, the income inequalities of Russian citizens are high: Official statistics claim that 2010 the Gini coefficient is 0.42 (GKS). Average figures published by the Russia Federal State Statistics are most likely not to present correct real consumer's income dynamics. (Website of Compass 2013)

The most timely news written in 2015 by the Tyurina, I., Russian Tourism Industry Union Spokeswoman referred that the not-official security ban has downturn tourism in EU 50-70 percent in 2015. (Website of the Moscow Times)

When promoting in Russia market, one of the weaknesses may be that many Russians think that foreigners promoting low quality products in Russia. (Website of Forbes 2014)

## 7 UNIQUE SELLING PROPOSITION (USP)

It is recommended by Rosser Reeves who was the advertising executive and advertising pioneer in television that a company has to develop the unique selling proposition for every brand and stay true to it. Every brand has to choose the characteristics to focus on and promote it as 'number one', which would be for the customers to remember. (Kotler, Armstrong, Harris & Piercy 2013, 223-224)

There may be different approaches, for example some marketers suggest companies to position themselves on various differentiators while others concentrate on one. It may happen also that more than one organization is claiming to be the best on the same attribute. In the present time the mass market is distributed into smaller segments, companies and their brands approach is to expand positioning strategies in order to appeal to wider segments. For example, majority marketers of laundry cleaning companies offer separately products and service to wash, remove static cling and soften the cloth, while lately Dian Corporation's Purex brand came into market with a offer 3- in -1. It can be compared when the bread came to the market and it was sliced, toasted and also buttered. This is advantage to the company, because clients are interested of those benefits. It may be challenging to convince the clients that one brand is able to offer all three in one. Although companies may win the clients with the special offer, nonetheless there is a risk of clear positioning. (Kotler, Armstrong, Harris & Piercy 2013, 223-224)

Unique Selling Proposition (USP) is the functional orientation that has the characteristics that makes a brand unique compared to its competitors offers. This functional orientation is suited to use when company has the lasting competitive advantage. The USP is used in thesis because the case company has more than one advantages compared to the competitors (Shimp 2013, 223)

The Finland compared to other EU countries is very attractive place to visit, and also the Old Rauma town could be the attraction itself to Russian customer, because it is in the biggest Unicef historical wooden town in Nordic countries. (The Website of UNESCO World Heritage Centre 2015)

According to Hotel Old Rauma entrepreneur and from the comments and survey of the Website Booking.com the attraction of the Hotel Old Rauma to the customer would be: best location in Rauma comparing to competitors; different rooms with design that fits with the Old Rauma town style; low prices (especially in low selling period time), Restaurant Nypperi in the first floor of the hotel, which offers delicious A-la- Carte dishes in the evening and buffet choice in the morning.

Russians are attracted to the foreign products, and although they do not trust quality of foreign company's products, it is still possible to find opportunity of given conflicts: the company should offer more luxury categories and it is recommended to change the name of the brand more adaptable to Russian consumer. Also, the cultural values and traditions should be taken into account and use those as the opportunities (Website of Forbes 2014)

Christine Moorman, the author of the "Strategy Outside In: Profiting From Customer Value," referred that the Russian media market increased by 13 percent in 2014. (Website of Forbes 2014) And as the Hotel Old Rauma highest promotional source is the Booking.com Website, then the further information conclude popular online travel companies in Russia. Also, the Russian online market is growing fast and the online market travel leaders are better equipped compared to global online travel companies. (Website of The Moscow Times 2012; Website of Forbes 2014)

The most popular and with the highest database of hotels online in Russia is an online booking company Oktogo.ru. It has 1 million unique visitors per month. The second important online site is the Travel.ru., which has also possibility to book online (Website of Moscow Times 2012; Website of Travel.ru 2015)

## 8 SOCIAL RESPONSIBILITY AND ETHICAL ISSUES

The social and ethical responsibilities have become very important, because there are many companies that have seen their reputation, image and marketing efforts destroyed by issues in given area. The marketing ethics requires performance of an efficient compliance program and ethics. (Ferrell & Hartline 2008, 59)

The social responsibility of the company is to maximize the obligations and minimize the negative impact to the society and its environment. Social responsibility is handled with every marketing decision concerning society. When dealing with marketing, stakeholder expectations has to be monitor, exceed and satisfy. (Pride & Ferrell 2008, 94)

The stakeholders have to perform with the certain purpose in order to achieve sustainable long-term formula. When ignoring customers', employees' and other stakeholders' requests concerning responsible marketing may ruin customer trust towards the company and can also prompt regulations of government, which can influence negatively financial and legal standing. (Pride & Ferrell 2008, 94)

Ethics of marketing is the study that applies to marketing behavior, decision, and institutions moral standards. (Sage publications 2011,72)

The marketing decisions should be ethically and morally right. In order to find the most ethical marketing strategy is to define at first what is ethical market. (Sage publications 2011, 72)

## 9 CONCLUSION

### 9.1 Summary

The main objectives of the thesis was to provide valid and adequate information of how hotel should enter successfully to the Russian market. The objective had to be done by linking learned theory to the practical case.

The thesis subject was challenging, and it had its' obstacles to exceed. The most worrying and challenging part was to find adequate and updated information about the Russian market, which may be questionable. The main reason is the instability of the main macro-environmental factors and the influence by the instable government, which further more influence the media.

Valid or not valid information provided by media, still, the objective was to find most suitable way for the case hotel to enter to the Russian market. This was done by analyzing the different aspects of the micro environment of the case company, Hotel Old Rauma; general macro-environment of the Russia; understanding the positive and negative factors of Russian customer with the SWOT analysis; and for the last, the uniqueness of the case company offer with the USP. When finding out the micro environmental positive and negative factors of the case company, then the overall position in the market was clearer and it provided some contributory information of the USP. The next step was the analysis of the Russia macro environment. This step provided the main threats or opportunities concerning the foreign companies operating in the Russia. This analysis supplemented the SWOT analysis of the Russian customer. All listing of the analysis helped to achieve the objective of the thesis.

## 9.2 Recommendations

There are some components, that the representative of the case company or other hotels that are interested to enter to the Russian market, has to take into account. First, the needed information of the Russian market is available in Internet, nonetheless, the quality of the truth behind the articles and books are questionable. Also, by modeling the relationship between Russia to EU countries and Finland, the thesis show no evident correlations, which may be because of the heterogeneity of Russian customer concerning the income, lifestyle and preference differences, location etc. Nevertheless, the Finland is the country where Russian tourist show steady increase of visits. Therefore, the possibilities for the Finnish hotels to attract the Russian customer is high. But there are still the instable and all-the-time changing macro environmental factors that has to be taken into account, which raises the risk for the foreign company to enter to the Russian market. These factors change also the behavior of the Russian customer.

First, the government of the Russian Federation is instable, discriminate foreign companies and influence the prices. The laws should be known or the Russian lawyers should be hired; the list of trustworthy company should be checked. One key element is important- trust. Trust in B2B or B2C should be established, because trusting the law of Russian Federation may lead to quick bankruptcy.

Therefore, it is strongly requested to shape and fundamentally improvement the Russian institutions. The institutions should establish the law, decrease corruption, implement tax code and not punishing environmental compliance. Also, it is important for the Russian to attract the foreign direct investments, especially the ones who offer technological improvement and management.

Other environmental factors, when starting to analyze the potential investment for Western business in Federal Russia, are the: untapped natural resources and consumer demand may provide high financial sales, and the low shape of economy. Nevertheless, it may take years for Western companies to acceptable return their investments. (Rugman & Collinson 2006, 121)

Secondly, concerning the Russian customer, the luxury and low price may be the key words to attract the customer to the hotel. The case company, Hotel Old Rauma offers the low price compared to other hotels and different culture from the Russian culture. Also, the linking of Russian traditions or culture to advertisement may growth attractiveness, because the Russians value highly their strong traditions and culture. But the use of those key words should be careful when marketing in Russia, therefore, the close relationships of the Russian nation operating in the market would be preferable. The advertisement should be done through Internet, because the Internet users are one of the biggest in Europe. most popular online booking companies in Russia to use may be Oktogo.ru and Travel.ru.

Although, the information provided in the thesis is quite up to date, nevertheless, the marketing situation in Russia change all the time. Therefore, when foreign company would like to enter to the named market, it should consider to use professional companies that offer up-to-date information specially provided to foreign firms.



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## APPENDIX 1

Manager of the Hotel Old Rauma: Jari Salli

Phone number: 044 369 0408

E-mail: Jari@hotelvanharauma.fi

Website: <http://www.hotellivanharauma.fi>

### Interview questions

The following questions are combined to implement the final work/thesis of ‘*How to attract the Russian customer- case company Hotel Old Rauma*’ by the student and author of the thesis, Jana Nurm. The representer of the Hotel Old Rauma owner, Jari Salli, will answer to the following questions based on Marketing Mix 7 P’s:

1. What are the most popular rooms required and sold to the customers? Why?
2. What may be the advantage of your hotel and rooms compared to competitors?
3. Do you have any accessories in the room that adds versatility and convenience? If yes, what are those accessories?
4. Do you have any additional products (except the room) for the hotel residence?
5. When is the lowest selling period?
6. What is the average price of the Twin/Double Room per night in lower sold period of time?
7. What may be the advantage of the Hotel Old Rauma location compared to competitors in Rauma?

8. Where do you promote your hotel?
9. What are the most profitable/useful promotion canals to attract the foreign/Russian customer to your hotel?
10. Please name the biggest/most important companies (tourist agencies, booking rooms online) you cooperate to market your hotel!
11. Do you have (had) any campaigns for the lower sold period of time? If yes, can you please describe the campaign (target customer, period of time, price etc)!
12. Do you have specific target market (specific nation, business customer, children, families etc) for the hotel? If yes, please explain who is your target market and why?
13. Who are your main hotel consumers/customer by nation? Please, give at least 3 percentually highest nations visiting your hotel.
14. What could be reasons that those specific nations visit Hotel Old Rauma?
15. What may be the reason of Russian consumer to visit your hotel?
16. Has the hotel built for the vulnerable audience like children and elder people?
17. How have you taken into consideration the vulnrable audience (elder people, children) while promoting your hotel?
18. How would you describe the style of the hotel?
19. What would you want to change to improve the appearence of the hotel?
20. What has been the biggest obstacle when promoting the hotel?

## APPENDIX 2

Table 4. The predicted values of tourist flows: Russian tourists travel to the EU  
(Website of Compass 2013)

Country	2000	2010	2013 (forecast)	Growth rate (2013 to 2010)
Austria	19	136	191	40%
Belgium	5	18	21	17%
Bulgaria	71	263	318	21%
United Kingdom	25	120	140	17%
Hungary	16	32	36	13%
Germany	111	471	579	23%
Greece	57	387	462	19%
Denmark	6	22	28	27%
Ireland	1	1	1	0%
Spain	192	411	444	8%
Italy	106	452	530	17%
Cyprus	109	234	257	10%
Latvia	24	73	80	10%
Lithuania	82	58	49	-16%
Luxembourg	0	0	0	0%
Malta	14	18	19	6%
Netherlands	11	73	116	59%
Poland	966	43	28	-35%
Portugal	5	21	24	14%
Romania	1	2	2	0%
Slovakia	5	1	0	-100%
Slovenia	4	12	15	25%
Finland	421	709	757	7%
France	61	223	273	22%
Czech Republic	45	268	326	22%
Sweden	8	25	30	20%
Estonia	131	11	0	-100%
Total	2496	4085	4726	16%

