

Bachelor's thesis

Degree programme in International Business

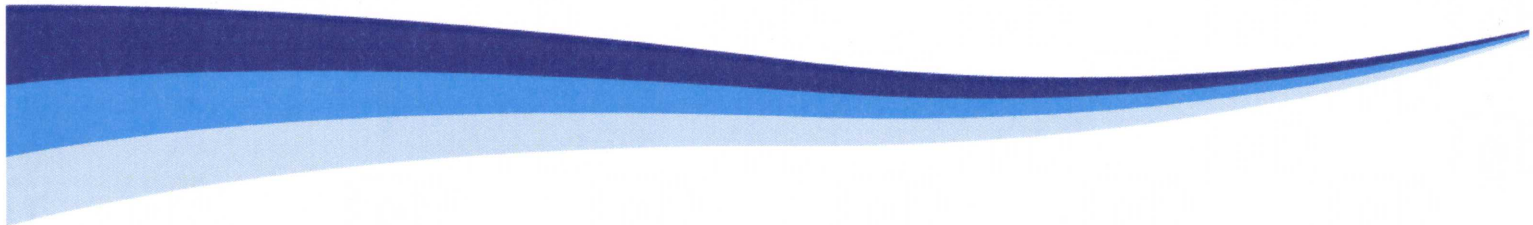
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MARKETING TO THE RUSSIAN TOURISTS VISITING FINLAND

– Case Kokemuskauppa.com



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MARKETING TO THE RUSSIAN TOURISTS VISITING FINLAND – CASE KOKEMUSKAUPPA.COM

This thesis is an assigned task by “Kokemuskauppa.com” owners in regards to the research in expanding their market area and clientele base, primarily to contain the Russian tourists in Finland. Kokemuskauppa.com collects a variety of life experiences under one Internet portal providing marketing for its service providers. The business does not produce the experiences itself but provides a portal for a quantity of activities. The leading objective of this research is to find a realistic way to market Kokemuskauppa Oy (Ltd) and its services via “Kokemuskauppa.com” – portal to the Russian tourists visiting Finland annually.

Russian tourism to Finland has been steadily growing annually since the end of 1990's. Russian tourists are the leisure holiday customers, which may be interested in purchasing life experiences. Main issue is how to gain a number of them into the services of Kokemuskauppa.

Two separate questionnaires were produced to both map out the means and methods of expansion. The first set of questions was sent out to the service providers of Kokemuskauppa. The second questionnaire was designed for a major accommodation provider in Finland, with a growing interest toward the Russian tourists, Holiday Club Resorts Oy (Ltd) as well as a charter bus transport business, Tilausliikenne Sami Arjotie Oy (Ltd).

The recommended action for Kokemuskauppa is to test the Russian clientele on the national markets, before expanding services into Russia. Lappeenranta and Imatra rose as the key areas to find new service providers and co-operation partners. This would be a strategic decision to take and acquaint Kokemuskauppa dealing with the cultural issues in doing business with the Russians. After the national market visibility has been ensured, internationalization of the services into Russia could begin, starting with St. Petersburg.

KEYWORDS:

Internationalization, marketing, Internet marketing

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MARKETING TO THE RUSSIAN TOURISTS VISITING FINLAND – CASE KOKEMUSKAUPPA.COM

Tämä opinnäytetyö on toimeksianto "Kokemuskauppa.com":in omistajilta, jossa tutkitaan heidän markkina-alueen ja asiakaskunnan laajentamista Suomessa vieraileviin Venäläisiin turisteihin. Kokemuskauppa.com on kerännyt yhden Internet-portaalin alaisuuteen erinäisiä kokemuksia palvelun tuottajilta ja markkinoi niitä asiakkailleen. Yritys ei itse tuota näitä kokemuksia, vaan tarjoaa niitä palveluina. Pääasiallinen tavoite tälle lopputyölle oli tutkia realistisia markkinointitapoja, jolla Kokemuskauppa Oy:tä ja sen tarjoamia palveluita "Kokemuskauppa.com" – portaalin kautta voitaisiin tarjota vuosittain Suomessa vieraileville Venäläisille turisteille.

Venäjän turismi Suomessa on kasvanut tasaisesti 1990-luvulta. Venäläiset turistit jotka Suomeen lomalle matkailivat ovat sitä pääasiakaskuntaa, joita tarjotut elämyspalvelut voivat kiinnostaa. Suurin ongelma on heidän tavoittamisensa ja ohjaaminen Kokemuskaupan palveluihin.

Kaksi erillistä kyselyä teetettiin palveluiden laajentamisen selvittämiseksi. Ensimmäinen kysely lähetettiin Kokemuskaupan palvelun tuottajille. Toinen kysely suunniteltiin suurelle majoituspalvelun tuottajalle, Holiday Club Resorts Oy:lle, jolla on kasvava markkinaosuus Venäläisten turistien majoittamisessa, sekä kuljetusliike yritykselle, Tilausliikenne Sami Arjotie Oy:lle.

Suosittelut toimet Kokemuskaupalle, Venäjän kaupan avaamiseksi, on testata kotimaan markkina-alue ennen varsinaista laajentamista Venäjälle. Avainrooleihin nousi Lappeenrannan ja Imatran alueet, joilta kannattaa uusia palveluita sekä yhteistyökumppaneita hankkia. Tämä olisi strateginen päätös lisätä Kokemuskaupan tunnettuutta alueella ja opetella tuntemaan kulttuurierot Venäjän kaupassa. Kun kotimaan markkina-alueen näkyvyys on taattu, kansainvälistyminen olisi seuraava vaihe. Kansainvälistyminen kannattaakin Venäjällä aloittaa Pietarista.

ASIASANAT:

Kansainvälistyminen, markkinointi, internet-markkinointi

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LIST OF ABBREVIATIONS AND SYMBOLS

C.E.O.	Chief Executive Officer
Phorm	A global personalization technology company that specializes in making content and advertising more relevant to consumers
NebuAd	An American online advertising company
4P model	Kotler's 4P model of a marketing mix; product, price, place and promotion
CREF model	Collaboration, Revenue, Experience and Findability – a varied 4P model
B2B	Business-to-Business marketing
B2C	Business-to-Consumer marketing
Vkontakte	Russian social media network
AIDA	Marketing analysis for Attention, Interest, Desire and Action
(C)EDTE	(Centre) for Economic Development, Transport and the Environment
SME	Small or Medium sized Enterprise
Niche	Subset of a market on which a specific product is focusing on
HCR	Holiday Club Resorts Ltd – a Finnish timeshare business
TSA	Tilausliikenne Sami Arjotie Oy – a Finnish charter bus company
EU	European Union is an economic and political union of 27 member states which are located primarily in Europe
CIS country	Commonwealth of Independent States: is a regional organization whose participating countries are former Soviet Republics, formed during the breakup of the Soviet Union.
SWOT analysis	a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture
PESTEL analysis	Political, Economic, Social, Technological, Environmental and Legal analysis that describes a framework of macro-environmental factors used in the environmental scanning component of strategic management
WTO	World Trade Organization deals with the global rules of trade between nations

1 INTRODUCTION

This thesis is a part of the curriculum for Bachelor's in International Business Management at Turku University of Applied Sciences. A thesis is to be written, corresponding the learning process of students, in understanding the theory behind business processes. This thesis is titled according to the request of Kokemuskauppa.com owners in regards to the research in expanding their market area and clientele base, primarily to contain the Russian tourists in Finland.

All successful businesses need a stable clientele in order to maintain profits. To increase profits, this clientele base needs to be expanded. The aim of Kokemuskauppa is exactly that. Hence, annual revenue has been increased in the past four years of operation the profits are still aimed higher than in the past. In order to gain a larger segment of regular clientele, the business is now aimed to reach not only local residents, but also to cover the tourists who visit Finland from abroad. A segment that has most variety and wealth at the moment and works best as a test group is the Russian tourism. Partly this segment is chosen due to its remarkable increase in numbers in the past few years, and further expectations in future growth. (Kokemuskauppa 2012)

As today's business is developing toward increased online commerce, the changing lifestyles and expectations for life experiences shift into demanding extensively more, here Kokemuskauppa has a market niche to fulfil.

Kokemuskauppa provides most of its operations directly online; henceforward it should be an easy way for people to reach no matter which country. However, in the process of expanding clientele base, market understanding is vital, not only in the cultural aspects, but also marketing-wise, as well as customer service.

Russian tourism to Finland has been growing annually. The reasons behind this are the increased wealth of Russian citizens, proximity of Finland and further opened possibilities of Russians to travel. Historically, in the Soviet –era of the country, only privileged people were able to pass the country's borders abroad.

Now, in the booming economy of Russia more of its citizens are able and want to see what i.e. Finland has to offer. While their visit, services provided are largely used.

The key in reaching the Russian tourists is in the marketing. Main issue is how to attract a number of them into the services of Kokemuskauppa, during their visit in Finland. The Russian tourists that Kokemuskauppa is aiming to gain as customers are those that visit the country during the Russian holiday seasons. These are the leisure holiday customers, who might be interested in purchasing life experiences as activities during their long(er) holidays.

In the competitive market today, visibility is essential, as is the ease in reaching the services. The Kokemuskauppa website has to be clear and easily found portal in order to gain interest and maintain it all the way through to the purchase process. Payment methods also need to be customer friendly and give enough variety. Customer service is a key element in this entity. In addition, the customer service has to be easily reached in case there are problems and/or questions.

Key aspects in differentiating Kokemuskauppa from its competition are visibility and reachability. In addition to these, reliable and prompt service is valued, further adding quality. This thesis was produced by research as well as interviewing Finnish-based businesses reaching the same customer fragment in the market, but in different competition segment. The current service providers were also interviewed in order to gain an insight on their abilities and willingness to serve clients in more than one language.

1.1 Objectives of the Research

The objective of this research is to find a realistic way to market Kokemuskauppa.com to the Russian tourists visiting Finland. Important in this internationalization process is to find out the volumes of Russian tourism in Finland annually, its expected growth in certain areas and find out ways to

penetrate into the markets of these areas. The penetration process to the markets could be done through further co-operation with service providers, i.e. hotels and / or hostels and / or life experience providers.

Important would be to gain a hands-on idea on the channels through which the Russian tourists could be reached as customers and maintain them as regular clientele. Further expansion of service providers plays a nominating aspect behind the business idea of Kokemuskauppa.com. Hence, concentrating into the fine selection of co-operation partners, saving time and expenses, plays a vital role.

This thesis is a research study into the channels of marketing that would be most suitable for Kokemuskauppa.com to gain visibility in areas where it still lacks partners and a stable clientele base. Ideal would be to find facet(s) that are willing to collaborate with Kokemuskauppa.com, i.e. Russo-Finn societies, travel agencies etc.

1.2 The Aim of the Research and Methods of Research

The opportunity for a further study in marketing Kokemuskauppa.com to the Russians has risen through constant increase in requirements to expand the operational area of the services provided, into covering a larger segment of the market of experience seeking clientele. The empirical data was collected through mixing qualitative and quantitative research.

The aim of this investigation was to analyse and research as well as find or identify ways and means to market Kokemuskauppa to the Russian tourists in Finland. In order to do this, two separate sample surveys were produced to both map out the means and methods. The first set of questionnaire was sent out to the service providers of Kokemuskauppa to find out their willingness to service foreign based clientele and in this case, the Russians in particular. The second inquiry was designed for a major accommodation provider in Finland, with a growing interest toward the Russian tourists, Holiday Club Resorts Oy (Ltd) as well as a charter

bus transport business Tilausliikenne Sami Arjotie Oy (Ltd). These questionnaires are analysed in chapter 6. Additional research was done on literary basis for the key marketing elements Kokemuskauppa uses and to utilise them further and expand into internationalization of the website.

2 COMPANY PRESENTATION

This thesis was assigned by Katriina Kajala and Teemu Kettula of Kokemuskauppa.com, which is an online store of life experiences. The C.E.O. of Kokemuskauppa Ltd, Katriina Kajala required a hands-on market research on how to acquire customers from the growing tourism from Russia to Finland.

2.1 Kokemuskauppa.com Oy (Ltd)

Kokemuskauppa.com is a Jyväskylä-based business, with its owners located in Jyväskylä and in Orimattila. It was founded in January 2008 and the online store was launched in August 2008. The business idea originates from the United Kingdom, where a similar business Red Letters Day operates. In the UK the business idea has been proved successful and at the time of setting up Kokemuskauppa, the idea was original to Finland. Now Kokemuskauppa.com has a few competitors, both Finnish and foreign based. (Kokemuskauppa 2012)

Kokemuskauppa.com has a business idea of collecting a large variety of life experiences under one Internet portal and thus, providing marketing for its service providers that offer the life experiences sold online. The business does not produce the experiences itself but provides a customer-friendly portal for a large quantity of activities to choose from. The sales made through Kokemuskauppa, generate a profit for the business. After customer purchase, the buyer is sent a voucher and directions on how to reserve the experience directly from the service provider. A possible aim for the future, next to internationalization of services is to place open vouchers in i.e. R-Kioski for sale. (Kokemuskauppa 2012)

Finland is a country of many life experience providers. Large quantities of them are small, privately owned businesses that do not have the funds for large advertisement campaigns of their own. Yet, the changing lifestyles of people into demanding life experiences with the grown wealth, creates a platform or an

opportunity for companies to offer services easily in one portal. This with the growing purchases made on the Internet, provides a need for an easy online shopping made available via businesses such as Kokemuskauppa. Retailing of the services improves visibility and recognition, both for the service providers and Kokemuskauppa. (Kokemuskauppa 2012)

The service Kokemuskauppa provides is divided into two main categories. First, facility is provided for the service provider in marketing. And secondly, for the customers the service is in the ease of finding large quantity of experiences under one Internet portal. The experiences offered at the moment include pampering the body and mind i.e. with the Indian head massage, sporting in motorsports and water activities (white water rafting) and aerial experiences in the form of the top seller hot air balloon rides. New experiences and services are added constantly. The aim of Kokemuskauppa is to be the top life experience provider in Finland with added experiences from outside the Finnish borders. (Kokemuskauppa 2012)

The competition has forced Kokemuskauppa to pry away from its local market area only, by acquiring foreign partners. Partnering up is aimed to give Kokemuskauppa a competitive edge and grow the variety of activities and life experiences it has to offer to its customers. This has been successfully done, raising revenue annually ever since its launch. To further business, the aim currently includes acquiring clients from tourism into the services provided. (Kokemuskauppa 2012)

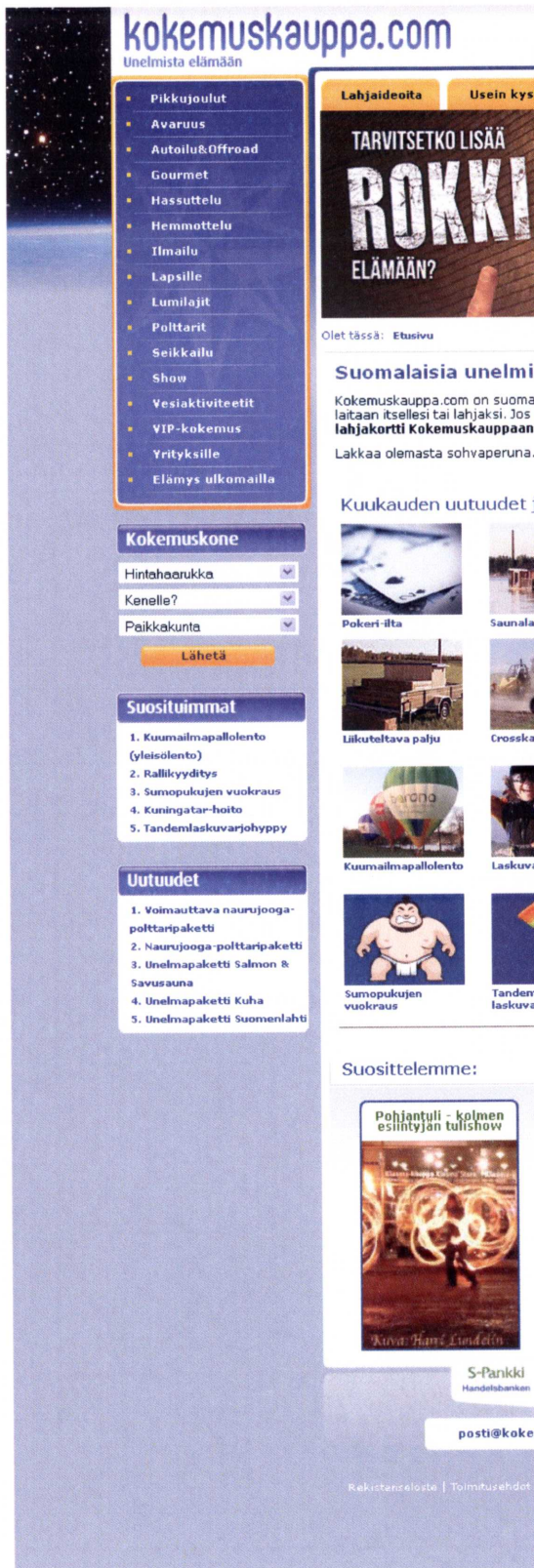
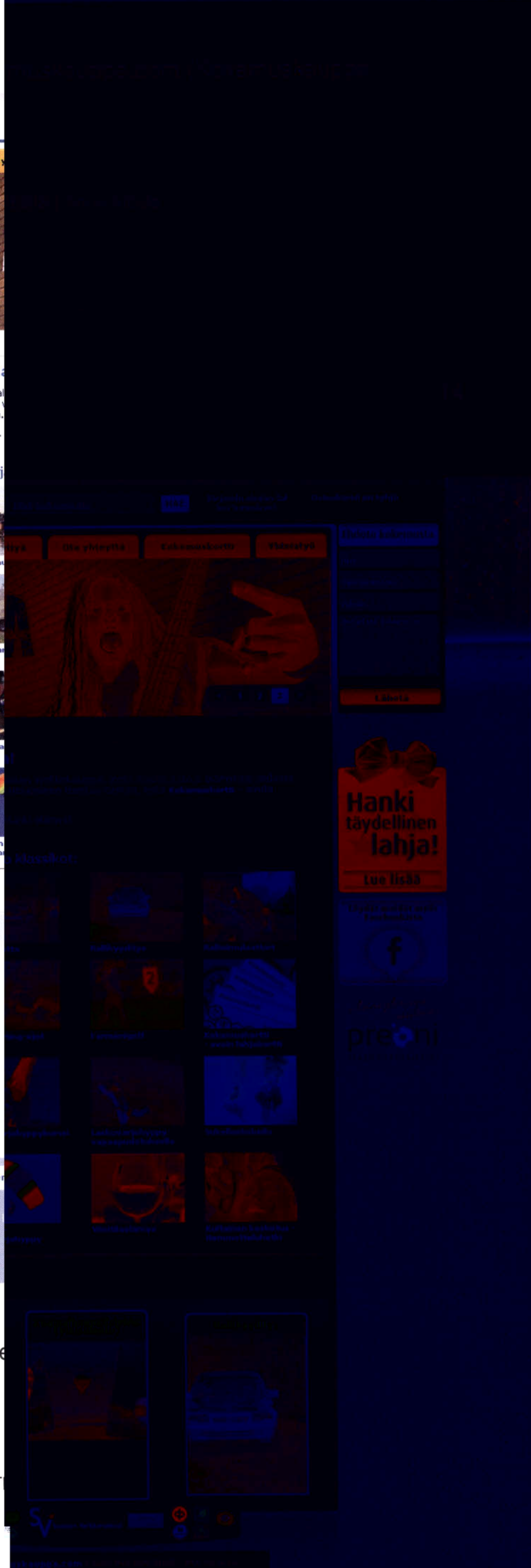


IMAGE 1. The front page of www.kokemuskauppa.com (Screenshot 09/2012)



2.2 The Need for Marketing

People are awakening to realize that the world is interdependent – people of each nation rely on people of other nations to exchange goods, services, and ideas, and that free trade creates jobs (Nelson 1995, 5)

The lifeline of Kokemuskauppa lies in marketing. This covers the business idea itself as well as its products that require visibility. Most of the marketing at present is done through the website itself and customers are attracted to it by Google AdWords and SEO (search engine optimization), which are relatively low-cost marketing tools for Internet-based businesses. Next to this, some co-operation exists with companies such as Preoni Ltd., which is a marketing agency. At the time of launching Kokemuskauppa was also promoted in trade fairs and on Internet media.

At the time of reaching out to a new customer segment, further visibility and additional targeted marketing are the keys to success. The promotion of products and services should be done in the native language of the targeted audience or the selected customer segment, in this case the Russians. Traditionally Russians are viewed as having a preference for orderliness and may have a superior attitude if their language is spoken poorly (Mitchell 1998, 11-14). Hence, whatever marketing material is produced it should be carefully designed for the customer group targeted as well as proof-read, if not entirely produced by a Russian language native.

Essential for a successful marketing campaign is of course the intensification and targeting of marketing material. The current material produced is designed for the Finnish audience primarily and does not cover the internationalization of products and services. Goods on sale have a mental image, on which the marketing is commonly based. This mental image varies when moving from a culture to another. The power of suggestion therefore, varies accordingly. On the other hand, basic human needs do not change. Understanding basic culture is vital for

successful promotion and sales in different cultural basis. Achieving a successful introduction of the products and services to a new market area requires a specified marketing plan and its effective implementation with focused marketing material.

2.3 Present Service Providers and Partners

To date, Kokemuskauppa has a little fewer than 150 service providers. The current co-operation partners abroad are located in five of Europe's Baltic countries, mainly covering the cities of Tallinn, Riga, Budapest, Krakow and Bratislava. Further expansion is planned to cover more of Europe, with Crete being the first addition. Services and products offered to the customers in Finland are in the 500's. The top five current products are hot air balloon rides, rally car rides, sumo wrestling costume rentals, queen spa treatment and tandem parachute jumping. The services and products currently only sold to the Finnish public. Sales are abroad are non-existent. (Kokemuskauppa 2012)

The relationship between the service providers and the co-operation partners is beneficiary both ways. The service providers gain visibility and customers via the website service and Kokemuskauppa makes a small profit on all net sales. Communication toward service providers and vice versa is active and somewhat seasonal based. Moving away from the season-based products entirely as an idea is a utopian one, as Finland cycles through four seasons. A quantity of activities and experiences will always be seasonal based, but to balance it out, both winter and summer activities should be offered in greater amounts. (Kokemuskauppa 2012)

2.4 The Difference between Services and Goods

Services often accompany goods, but they are also, by themselves, an increasingly important part of our economy, domestically and internationally. A good is an object, a thing; a service is a deed, a performance, an effort. Although,

this definition is quite general, it captures the essence of the difference between goods and services. Services tend to be more intangible, personalised, and custom-made than goods. Services are often marketed differently from goods. While goods are typically distributed to the customer, services can be transferred across borders or originated abroad, and the service provider can be transferred to the customer or the customer can be transferred to the service territory. (Czinkota & Ronkainen 1998, 566)

Services differ from goods most strongly in their intangibility. They are frequently consumed rather than possessed. While goods can be inventoried, services may be highly perishable. Unused capacity becomes non-saleable quickly i.e. a seat on an airplane. To maintain service capacity constantly at levels necessary for peak demand on i.e. seasonal products is expensive. The need for close customer interaction not only increases customer involvement, but also the need for service consistency to create a feel of quality. Close customer involvement to soothe out the imbalances in seasonal peaks also creates a need for extensive cultural knowledge. Sensitivity to culture, beliefs and preferences is imperative in the services industry and is highlighted in attempts to internationalize market areas of a business. (Czinkota & Ronkainen 1998, 567-569)

Services often require entirely new forms of distribution. Traditional channels are often multitier, long and therefore slow. These aspects of services exist both in international and domestic settings. However, their importance takes on greater importance for the international marketer. For example, longer distances become barriers in perishability that is harder to overcome. Similarly, the issue of quality control for international services may be much more difficult to deal with due to different service uses, changing expectations, and varying national regulations. As services are delivered directly to the user, they are frequently much more sensitive to cultural factors than products. Services are subject to many political vagaries, occurring almost daily. Yet, coping with these changes can become the competitive advantage of the service provider. (Czinkota & Ronkainen 1998, 571)

When considering Kokemuskauppa, the services provided are life experiences. Previously the production of such services has been connected with producing contents into life, today they are referred to as producing exceptional variations to life. They are services that are invisible as such, but experiences that will be remembered. It is impossible to guarantee dramatic experiences, but they can be enhanced by producing or offering individualised, genuine, multi-sensory, contradictory, yet interactive products. (Huumo 2010, 4-5)

Today, Kokemuskauppa does not have visitors on the website from Russia as the services are currently offered only in Finnish. The target market covers the Finnish public as a whole. In the future, the market area expansion is also planned to cover foreigners who visit Finland and eventually internationalize the services provided.

3 MARKETING AND INTERNATIONALIZATION

International markets are of great importance to many businesses. Commonly a large segment of a country's business depends on international trade. In order to gain footing in international markets a process of internationalization is required. Considering Kokemuskauppa's expansion to the international markets, the process itself includes translating key elements, such as the business name, website and all of the marketing material, into the language of the targeted customer group. In this case, this would consist of translations into Russian and into English as well.

The main marketing tool for Kokemuskauppa is the website as well as the online store. As part of the internationalization process, services need to be offered in several languages. Major competitive edge can be obtained through customer services in appropriate language(s), competitive pricing and reliability of services. Other aspects of targeted marketing tools need to be considered as well, depending on the way of reaching out to the new customer segment. Both, the 4P-model of product, promotion, price and place and its "modernised" CREF-model of collaboration, revenue model, experience and findability are also considerable tools in further marketing Kokemuskauppa.

3.1 Decision Making and Decision Makers Recognition of Market Hot Spots

Decision making in businesses is a vital entity of successful commerce. The thought process itself includes selecting logical choices from the available options. A part of a good decision making in companies, people in charge must consider all alternative choices for an effective decision and even forecast option outcomes in order to reach a consensus that is satisfactory. (Business Dictionary 10/2012)

The decision making processes in Kokemuskauppa is commonly a procedure made together. As the two main owners are located in Jyväskylä and Orimattila, meetings are commonly held either through devising a Skype-meeting or another

form of a telephone conference. In the annual board meetings, plans are formed for the near future as well as the following year in accordance with the finances, in person. Long-term plans are also discussed. It is possible for the two main owners to make quick, adapted decisions alone, but due to mutual respect for one another, an opinion of the other(s) is commonly sought.

When it comes to market hot spots today, the most interesting area for Kokemuskauppa is the growing tourism from Russia to Finland. This growth has been a phenomenon since the turn of the 21st century and recognised already at the very start of Kokemuskauppa in 2008. With the current selection of activities and experiences on sale, the timing for the incursion of more internationalized market is of interest.

3.1.1 Sales in Tourism and Services Provided

To this day, Kokeumuskuappa.com has no real sales individually through services in tourism. Most sales are made through the website and / or customer services. The targeted audience covers mainly the Finnish public and the (need) for sales particularly in tourism have been minimal. Extending the co-operation toward the tourism and services provided through i.e. accommodation providers could give an idea of how much this could generate added sales in Finland. Follow-up on productive relationships is essential.

Currently, the services provided for tourists are limited. The language of the website itself confines the audiences reached. However, with the translation of the website (and business name) would put the services provided public for a wider audience, i.e. the Russian tourism in Finland. Most of the products on sale can be offered for tourists visiting Finland, even for a short period of time.

3.1.2 Sales of Life Experiences

The 2012 prognosis of net sales of Kokemuskauppa.com is 125 000 Euros and net revenue from this is 5 000 Euros positive. Below is an image of the development of turnover of Kokemuskauppa.com. Notable is that business has been increasing steadily ever since the launch of the company in 2008. The year 2008 is not noted in this graph due it being an incomplete and gives no real statistical value.

Turnover of company

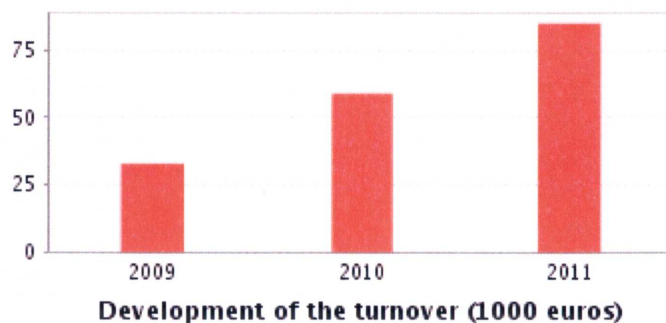


IMAGE 2. Turnover development of kokemuskauppa.com (Suomen Asiakastieto 09/2012)

In IMAGE 3, a financial ratio summary from the years of 2008 – 2011 is shown in categories of total turnover, change in turnover, profit generated per financial period, changes in profit as well as personnel headcount. What needs to be understood about this is that even though a steady increase in turnover is generated, personnel and other expenses have grown hand-in-hand. Next to hired personnel in year 2011, investments in the company lowered the profits from the year 2011.

Financial ratio summary

Kokemuskauppa Oy	2008/12	2009/12	2010/12	2011/12
Company's turnover (1000 EUR)	N/A	33	59	85
Turnover change %			78.80	44.10
Result of the financial period (1000 EUR)	-2	-5	5	-5
Operating profit %	N/A	-12.50	9.40	-4.70
Company personnel headcount	N/A	N/A	N/A	1

IMAGE 3. Financial ratio summary of kokemuskauppa.com (Suomen Asiakastieto 09/2012)

It becomes obvious from these graphs that the idea of collecting life experiences under one portal is slowly making ground amongst the service providers as well as the customers on the Internet and generates sales accordingly. The steady pace however is not sufficient enough to generate funds large enough for an aggressive and expensive marketing campaign to further the recognition of Kokemuskauppa.com itself.

3.2 Channels of Marketing

The spectrums of channels and functional models used in media business have expanded significantly during the last decade. At the same time consumers splinter into several smaller target groups; e-business flourishes as consumers use wider ranges of media's and spent more time on the Internet. Marketers will invest in greater players and innovations are merging. The position of the traditional media may be strengthened by developing existing products and services and by innovating new ones. The product range demands reform, in order for the traditional media companies to even maintain their current share of market ad investments (Viljakainen, Bäck & Lindqvist 2008, 4).

Like "management", the term "marketing" has been defined in a wide variety of ways, ranging from Kotler's 4P's (product, place, price and promotion) to satisfying human needs and wants through exchange processes. A common idea running

through many of these definitions is the indication that marketing is concerned with meeting the needs of the consumer in a way which is profitable to the business. “Marketing mix” is a set of controllable variables that a business can use to influence a buyer’s response. (Worthington & Britton 2003, 32-33)

Next to deciding where to aim marketing, the channels to use are of utmost importance. The present channels of marketing in use entail the website and other Internet marketing. Google AdWord is one of the main marketing tools used to date. To further enhance and ensure visibility, additional marketing is required. Keeping in mind the limited finances of the business, it is vital to choose the channels of marketing with care and minimize unproductive campaigns.

Co-operative marketing with service providers is an option. It is a low-cost path with low risks in damaging the Kokemuskauppa.com business image. Keeping in mind the areas in which the marketing is directed, it is important to consider whether it makes more sense to add personnel or add co-operation partners. In the case of beginning the acquirement of Russian tourist visiting Finland, marketing could be done together with the agencies, from which the original trips are purchased from.

It makes more sense to begin marketing in co-operation with Russian tourism agencies in the East of Finland and in St. Petersburg. The proximity of the Russian metropolis of St. Petersburg plays essentially a key role. This type of marketing falls under customer relationship marketing and provides a basis for co-operative marketing or joint ventures. The means of customer relationship marketing and its key elements are shown in the image below. In the image, customer service is viewed to include the key elements of; product, staff, public relations, communications, availability and price. All of these aspects are part of successful customer relationship marketing and should be planned with care.

Means of Customer Relationship Marketing



IMAGE 4. Means of customer relationship marketing (Lahtinen & Isoviita 2004, 9)

The aim, targeted group and actions taken, play a vital role in customer relationship marketing. The purpose in this form of marketing is to ensure satisfaction of the client and ensure their loyalty to the business. The potential clients may include clientele that have already used the services or that are entirely new clients. This however, does not mean that the relationship with the client has yet begun. Some may have bought a product just to experiment with the service. Effective customer acquisition goes through the stages of customer acquisition, customer service, customer relationship management and it is crucial that the personnel of the business are committed and motivated in each of the three stages. (Lahtinen & Isoviita 2004, 8)

An effective marketing mix is more than external marketing however; it includes elements from interactive marketing, after-sales as well as inner marketing. Interactive marketing consists of enhancing business image compared to competition. After-sales consist of returning clients becoming loyal customers who market the business to relatives and friends. The inner marketing consists of training business personnel into the direction of being motivated and ready to

service clientele. Perhaps the most known marketing model is the 4P-model that consists of Product, Price, Place and Promotion (Lahtinen & Isoviita 2004, 8-9).

When considering the increase in marketing, it is clear that Kokemuskauppa requires external assistance in order to promote itself further. Adding personnel might be required primarily to deal with the expansion. This brings us back to the finances, however. In the lack of capital, increasing personnel would require further consideration in the means of marketing channels and cost effectiveness. Replacing personnel with co-operative marketing in the beginning would help to expand with relative low cost.

3.2.1 Internet Marketing

Marketing on the Internet is much more than just advertising in banners and pop-up windows. When highlighting Internet marketing, there are four key areas that can be observed separately; Visibility in one's own channels, visibility in others' channels, communication and advertising. It is notable that marketing on the Internet should be included in every firm's business strategy today, as Internet is a normal continuum to people's everyday lives. (Salmenkivi & Nyman 2008, 70-72)

In a recent study, particular attention was paid to home page layout. It is not enough to have a home page introducing the business, but it should be pleasurable for both the audience and the search engines. Focusing mainly on the visual aspect of the site is effort wasted, as they are not search engine friendly nor will the customers find them. At best, the website supports customer acquisition, sales promotion and service. With a right layout, the correct visual and textual content helps in creating a customer friendly and interesting site appearance that is easy to promote and easily likable and findable. (Utti 2012, 32-33)

The key challenge in advertising is to know when and where to display them, and to target the people who have an interest of the subject displayed. Search engine optimisation for instance, has been successful as the displayed results are in the

area of the search people make themselves, hence providing a vacuum for targeted marketing. The vision for the future is that the most potential customers become active participants in the area of marketing by contacting the advertisers themselves. (Viljanen, Bäck & Lindqvist 2008, 60-61)

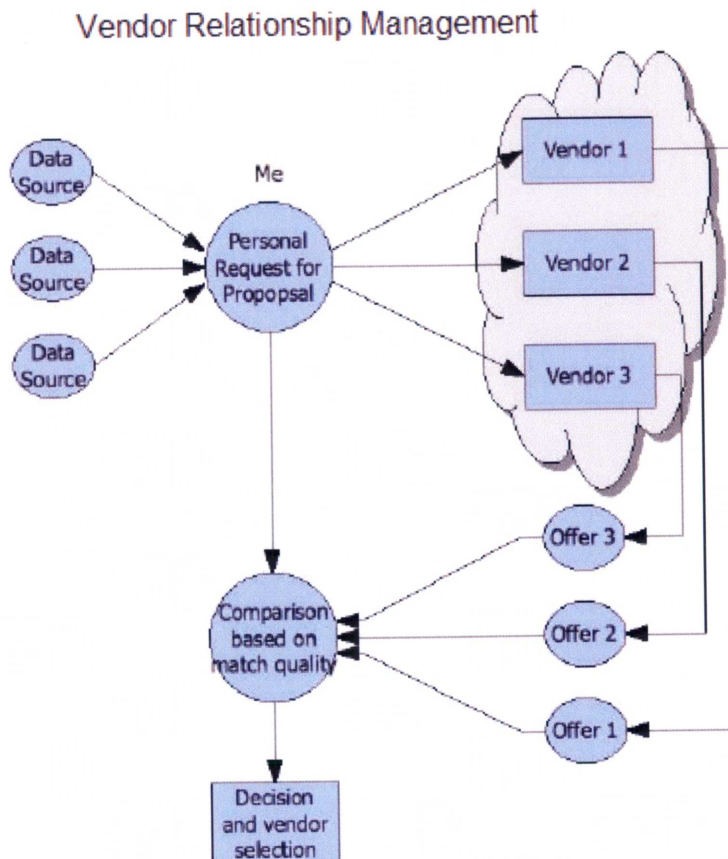


IMAGE 5. A vision of the future where customers take an active role in areas of interests directly to vendors (Viljanen, Bäck & Lindqvist 2008, 62)

A visual of this is portrayed in IMAGE 5, where the marketing process begins with “me” at the top middle of the image. The relationship process from “me” to vendors includes elements of offers made based on search or the personal request, (mental) images of vendors, and data sources that are compared before deciding which product or service to purchase.

One of the most important elements on marketing on the Internet is that it increases peoples’ active participation and interaction with each other and

businesses. People become the participants in creating new contents. Compared with passive television viewing, Internet is an active two-way media to people, which enhances their communal behaviour (Oksanen 2009, 19). On top of this, the widespread advertising networks on the Internet are able to provide a large coverage even for small business with a relatively quick timetable (Viljanen, Bäck & Lindqvist 2008, 84).

Consumer's Digital Lifestyle Themes



IMAGE 6. Digital lifestyle themes in the consumer's point of view (Viljanen, Bäck & Lindqvist 2008, 55)

Interaction is a crucial element in empowering people that could be made use of for Kokemuskauppa. The digital lifestyle themes in the consumer's point of view are portrayed in IMAGE 6: identity (identity management and reputation); gaining recognition, trust, the feel of belonging into a community and creativity. These aspects provide consumers the sense of power and ability to take action or empowerment (Viljanen, Bäck & Lindqvist 2008, 55).

In 2007, Finnish companies used 1 315 million Euro's on marketing. This was an increase of 6.4 % to the previous year. Remarkable growth was seen in marketing at movies with a growth of 64.5 % and marketing on the Internet that grew by 29.3 %. Most money was still spent on newspaper advertisements (Viljanen, Bäck & Lindqvst 2008, 19). According to a 2008 barometer on digital marketing of the year 2007, most popular channels were as follows: 1) the company's own website (including the online store) , 2) search engine marketing, 3) E-mail newsletters, 4) online advertising (i.e. banners and billboards), 5) E-mail advertisements, 6) social media (i.e. Facebook and LinkedIn), 7) result based advertising (affiliate and partnership advertising), 8) direct mobile messaging and finally 9) other E-mail advertising (Viljanen, Bäck & Lindqvst 2008, 19-22).

As Internet marketing is the most recent addition in the selection of marketing media's and in channels of marketing, much is yet to be learned from it. Even so, in Internet marketing, targeted marketing is vital and possibly even enhanced. The main key feature in reference to traditional marketing is the fact that all marketing is done digitally and has an element of interaction (Lahtinen & Isoviita 2004, 142-143).

The significance in virtual advertisement is to find products to the customers rather than customers for particular product(s). This interaction allows clientele to teach the businesses, which incorporates in the relationship of learning from the clients and "one-stop-shopping". The aim of Internet marketing is to gain additional attention. All forms of pop-up advertising, banners, homepages, sponsorships, E-mail marketing, product placement and varieties of push-techniques are categorised as means used today (Lahtinen & Isoviita 2004, 142-143). These theories and statistics prove that Kokemuskauppa is on the right track, when considering low cost marketing channels. Additional marketing may be important in the internationalization process to gain name abroad as well.

The traditional 4P-model can also be replaced with CREF-model, which is an alteration for the interactive media on Internet of an effective tool for producing a

working marketing mix. In the CREF-model, “promotion” is replaced with “collaboration”, “price” with “revenue model”, “product” with “experience” and “place” with “findability”. Here collaboration is the main tool for two-way marketing, where the customer is made part of the decision making process and marketing. At best this can result into the intensification of B2B- and B2C-relationship that can promote brand awareness, help in production of whole customer databases, increase concrete product development ideas and intensify the effects of marketing (Salmenkivi & Nyman 2007, 219-222).

Revenue model is a description of how a business will earn income, produce profits and generate a higher than average return on investment. In business, a revenue model is generally used for mid and long-term projections of a company's profit potential and operation (Business Dictionary 12/2012). Revenue model replacing price is shaped due to human behaviour. Clientele today are used to gaining free products and this shapes the pricing model of services and products into more translucent direction. Product or service pricing cannot be the key in attracting clientele. Competition by price is therefore, becoming more difficult because demand is becoming more fragmented. Most sales are generated in the mid-priced products, but the high-end as well as low-end products need to be an option (Salmenkivi & Nyman 2007, 251-253).

Replacing product with experience again, emphasises the importance of building an experience out of using a product or a service. This can be passed on as stories to the next person. In the replacement of place with findability, it is becoming essentially important to find products and places with relative ease. The use of search engine optimisation highlights the demand to be found quickly, before the urge to find something is suffocated. Consumers often go through one single page of search engine results before moving on to the next site. If a business is not found, it does not exist (Salmenkivi & Nyman 2007, 264-279). The CREF-model is a tool that should be considered in a modern Internet marketing mix.

Enhancing marketing on the Internet is a definite strategic move that at best can ensure growing exposure for Kokemuskauppa. With the correct search engine optimisation and key word search, a large quantity of products would entail growing website visits and the amount of potential customers. With the attraction of new, foreign clientele, cultural awareness stands as a key. Using of the Internet does not only have marketing value, but it ties even loose people-connections into the business as trend-setting and important content creators.

3.2.2 Social Media

Social media marketing is defined as monitoring and facilitating customer-customer interaction and participation throughout the web to encourage positive engagement with a company and its brands. Interactions may occur on a company site, social networks and other third-party sites. Social media marketing advocates customer communications on a company's own webpage or social media presence, through social media networks such as Facebook and Twitter, or through blogs and forums. Companies can use social media marketing channels also as 19 broadcasting mediums to communicate with the customers and business associates. (Hietala and Salmi 2012, 18)

Social shoppers are people who use social media to learn about, interact with, and purchase brands. Virtually everyone in the United States, age 13 and over, uses social media. Approximately, 45 % have made it part of their shopping life (The Hub, Diehlmann 2011, 32). They're the most likely to engage with brands in the social space. They're the ones to watch if we want to gain insights and design social media marketing strategies. These "social shoppers" look for peak experiences in every part of the shopping journey. Social shoppers capitalize on their connectedness, leveraging their network to get the most shopping power and best shopping experience. They pay special attention to what friends have to say about brands and retailers. There is a direct relationship between the number of social media with which a person engages and how involved he or she is in social shopping. Nearly all social shoppers use Facebook, YouTube and Amazon

regularly. These channels tend to be the “gateways” that people use when they first get involved with social media. Social media is a brave new world of marketing, full of promise and potential pitfalls. (The Hub, Diehlmann 2011, 32-35)

Social media refers to networks of people acting as communities that produce and distribute media content (Oksanen 2009, 20). Through the popularity of the Internet, marketing in social media's has grown tremendously. Even the advertisers have recognised the importance of social media's (Lahtinen & Isoviita 2004, 142). The share of online marketing is growing and advertisers aim into direct contact with consumers, which are made possible through the Internet and especially through social media's. Consumers grow more active on the Internet and businesses' can reach them when their messages are interesting enough. (Viljanen, Bäck & Lindqvist 2008, 6) To further increase Kokemuskauppa's name in the social media, empowering the customers in creating new content could add value in creating a brand. Creating content that is interesting grows increasingly challenging, yet possibilities are enormous.

A variety of online services that did not exist few years ago, have gained a remarkable amount of regular visitors to their websites and brought about changes: Wikipedia has proved that free-form community involvement can produce significant results. MySpace paved the way in the formation of visible social networks and media content enriched communication. Facebook encourages people to appear and network with their own names. YouTube has significantly shaped people's expectations and ways to use different media's. The contents are fragmented into small pieces and sending links and other media material are a popular past-time (Viljanen, Bäck & Lindqvist 2008, 37-38).

In the IMAGE 7, the two-way interaction through a variety of media channels is presented as a bridge that is travelled both, to consumers and to advertisers. In social media, competition of the advertisers takes place equally for people's time as well as the channels of interest among people. Social media is often linked to the fact that people provide information about themselves, and produce

information that can be used in targeted advertising. However, this material is not yet being exploited widely, even in the large social networking services. Social media is seen to have a lot of potential, as a technique to obtain information on what consumers spontaneously think of the products and brands. Approximately, one in four businesses will continue to use social media as a way of marketing (Viljanen, Bäck & Lindqvist 2008, 38-41).

Bridging the Gap to Consumers Through Social Media

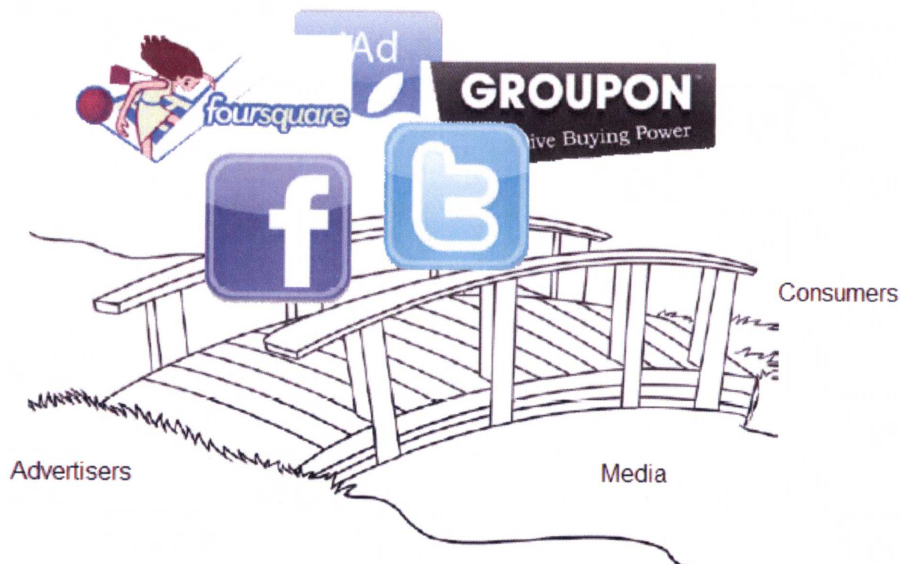


IMAGE 7. Reaching out to the consumer via social media (VTT: Next Media 10/2012)

What comes to social media therefore, independently it makes little difference in corporate marketing. Attracting the interest of consumers online is a widely growing corner-stone. In any event, social media can be used as an additional tool for enlarged social context marketing, but best results from it are gained with the use of other marketing media's. These would include; printed marketing material, spot marketing on radio and TV as well as enhancing further Internet marketing options.

3.3 Branding

Branding is the process of building an identity for goods. The branding process itself is a long path and can sometimes take years, as it includes selling a corporate vision to customers. The process is only finished when the customers views the goods in a unique way to form an image of them. (Lahtinen & Isoviita 2004, 77-78.) Partly it entails in creating an identity for goods sold or personifying goods and services provided.

When considering the Internet, products that have created a strong brand, have traditionally had better chances to fully utilise their possibilities in marketing and gain larger audiences (Viljanen, Bäck & Lindqvist 2008, 84). However, in modern marketing the core is in “engagement”, in which the people (targeted audiences) are activated as becoming part of the marketing campaigns themselves. Hence, considering engagement as a marketing strategy, aiming to enrich people’s lives via understanding their behaviour, encourages them to be part of the branding process itself. Engagement is seen as a way to link and commit people directly to the business and the brand at their own terms and for themselves. (Viljanen, Bäck & Lindqvist 2008, 85).

At the moment, the process of branding Kokemuskaupa.com is still non-existent. Key factor behind this is the lack of business finances that limit the ways in which marketing is actually generated. Attempts to gain visibility amongst the Finnish public have been diminutive. Kokemuskaupa.com has taken part in some trade fairs and other marketing events, but could increase appearances in such to ensure growing visibility. Generating an identity for the business itself is an on-going process.

Currently, co-operation partners include the service providers themselves, mainly in the area of the life experience providers. Further collaborating and co-operative marketing would be required to differentiate Kokemuskaupa.com from its current competitors. An important element in gaining further footing in the area of tourism

in Finland, would be adding on more service providers from the accommodation providers in Finland. Co-operative marketing and visibility in places where the tourism lays could be a less risky and low cost channel to create an identity for the business.

The IMAGE 8 displays the mental process behind forming an image of a product or a service. The very basic idea is that through marketing, the messages conveyed to viewers are processed through certain categories that are personal for every consumer. The most important aspect is to understand that products and/or services that have a negative impact are often avoided. In the process of branding, the image conveyed to customers can be raised through strict quality control, both corporate as well as product (Lahtinen & Isoviita 2004, 88).

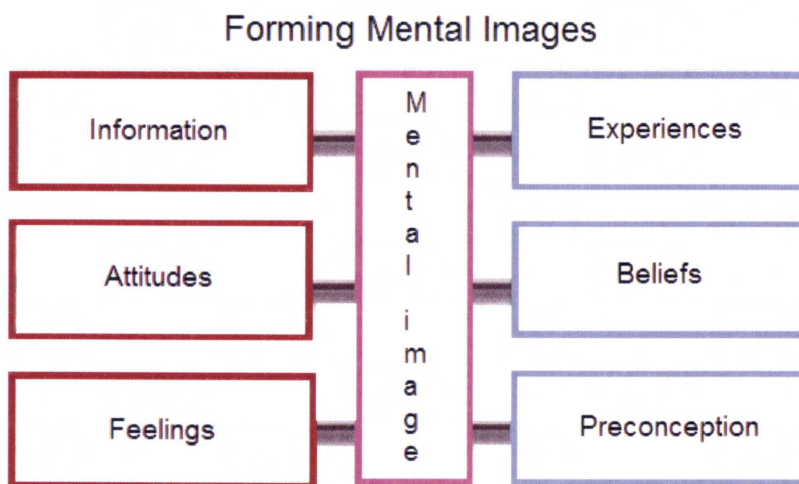


IMAGE 8. Forming mental images of brands (Lahtinen & Isoviita 2004, 88)

Quality being a vital aspect in impacting customers, Kokemuskauppa.com needs to obtain service providers of high quality and allow feedback from clients directly after the life experience has been used. Creating a positive experience from used services generates the positive formation of mental images and enhances the growth of reputation and creating a brand out of Kokemuskauppa.com.

Engagement marketing could also be utilized further, by i.e. allowing customers additional planning of their own, personified experience packages and virally

communicate these extensively via sharing through their own communication networks. Abiding by the honest traders image that the Russians have of Finnish businesses can create preference over another when customers chooses their vacation activities. Creating a brand around quality has been proven successful though it may be slow as a process.

3.4 Promotions and Advertising

A lifeline to any business is promotion. Promotion is also one of the methods when considering the Kotler theory of 4P's and part of any marketing mix. Marketing a business requires promotion and the means of marketing and communication include; advertising, sales promotions, public relations and personal selling or sales work. Promotion is generally split into two main areas; personal sales work and sales support. These two are considered as the supporting platform for sales and entail the concepts of sales promotion and public relations (Lahtinen & Isoviita 2004, 118).

Promotion is a process where a targeted audience is given informative and / or suggestive images of products and / or services. An aspect of promotion conceals an unplanned and unintentional message that cannot be calculated ahead. This includes i.e. unfit employee manners, dirty business premises and underestimating a customer, when the produce is a harmful image of the business to the client (Lahtinen & Isoviita 2004, 118-119).

Communicating the message through to the customers is also a planned process and i.e. the AIDA method is commonly used as a memory rule in communications strategies. AIDA stands for Attention, Interest, Desire and Action. Descriptively, first attention needs to be raised, then maintain the interest and develop a desire for the product(s). Finally, action is prompted in the customer to purchase the product. (Äijö 2001, 134)

In IMAGE 9 a communication model in marketing is shown. Marketing communications are designed to promote a business or its products, impacting customers' opinions, improve corporate image and other related mental images, increase profitable sales, creating and enhancing regular clientele base. By promotional communication a message can be sent to audiences. Typical aspects in communication are; desired impact, sender, message, channel, distractions, recipient, achieved impact and feedback. Customer feedback should be carefully analysed as it offers valid data on the success of promotion (Lahtinen & Isoviita 2004, 119-120).

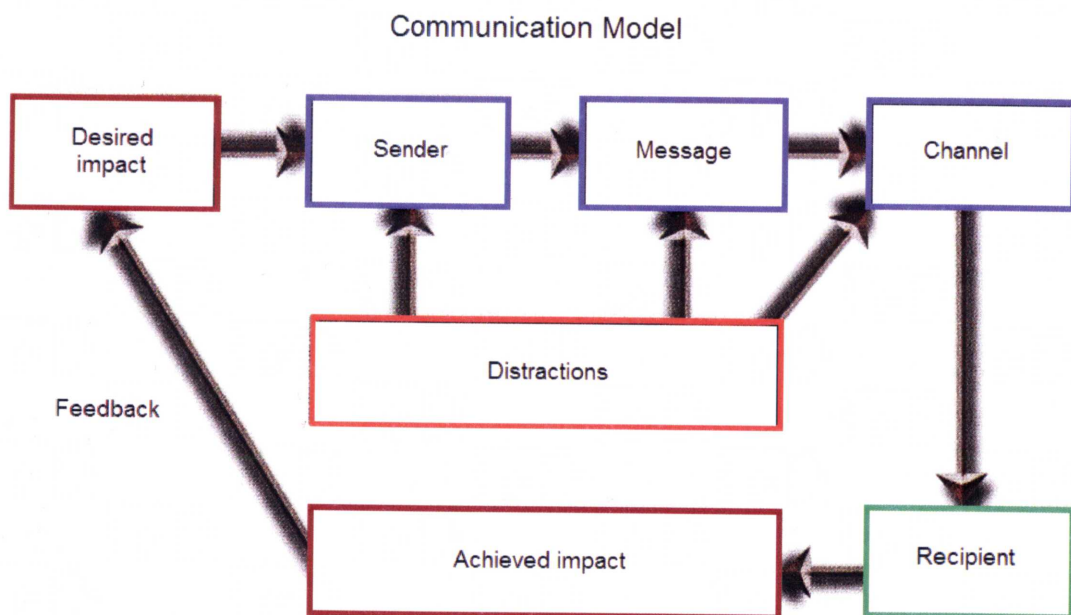


IMAGE 9. A communication model of desired and achieved impact (Lahtinen & Isoviita 2004, 119)

Next to promotion by advertising, the sales promotion tools are used by most organisations, including manufacturers, distributors, retailers and not-for-profit institutions. They are targeted toward final buyers (consumer promotions), retailers and wholesalers (trade promotions), business customers (business promotions), and members of the sales force (sales force promotions). Today in the average consumer packaged-goods company, sales promotion accounts for 74 % of all

marketing. Several factors have contributed to the rapid growth of sales promotion, particularly in consumer markets. (Kotler & Armstrong 2010, 499-502)

Promotion is viewed as an effective short-run sales tool. The increased competition of competing brands and companies push for differentiating their products from one another. Important is to remember that the advertising efficiency has declined as customers have become more deal oriented. As growing promotions have caused a “promotion clutter”, organisations need to create more dramatic displays and promote through new interactive media, such as the Internet and cell phones. In developing a sales promotion program, a company must first set sales promotion objectives and then select the best tools for accomplishing their objectives. (Kotler & Armstrong 2010, 502)

Sales promotion objectives vary widely. Sellers may use “consumer promotions” to urge short-term customer buying or to enhance customer brand involvement. Objectives for “trade promotions” include getting retailers to carry new items and more inventory, buy ahead, or promote the company’s products and give them more shelf space. For the “sales force”, objectives include getting sales force support for current or new products or getting salespeople to sign up new accounts. Sales promotions are usually used together with advertising, personal selling, direct marketing, or other promotion mix tools. The aim of all marketing is generally to reinforce product’s position and ensure long “customer relationships”. (Kotler & Armstrong 2010, 502)

In IMAGE 10 is a graph of the decision making process of major advertising decisions to make. In this process, it begins with the setting of advertising objectives selection both communicated and sales oriented. The next decision to make is the budget, an entity that must be set. At this point, risks of objectives are analysed with competitive parity in the context of affordable percentage in sales. At this stage, it is notable that advertising is only one part of a much larger marketing campaign, and funds should be allocated in reference to this. A key in setting the budget is that new, emerging products and services that have a lot of

competition commonly require a larger marketing budget as a whole. The message decisions and media decisions are the two major elements, categorized into two main groups, in accordance to developing the campaign. Today, the blizzard of new media has promoted the importance of the function of media-planning. The media decision can sometimes be more critical than the other elements of the campaign altogether as the message needs to break through the clutter or compete for attention of the consumers. (Kotler & Armstrong 2010, 454-458)

Major Advertising Decisions

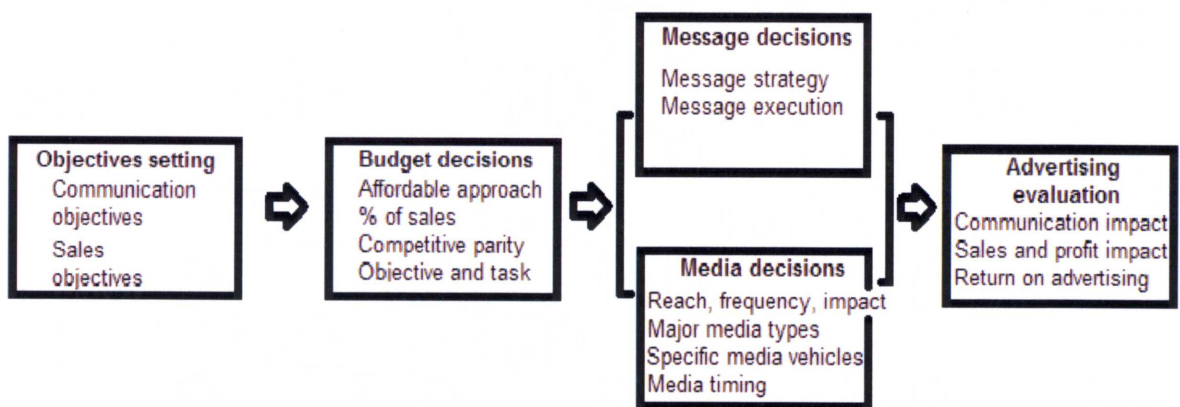


IMAGE 10. Four main decisions to make when developing advertising campaigns (Kotler & Armstrong 2010, 455)

The most important stage in this scenario is the objective setting, which is a specific communication task to be accomplished with a specific target audience in a specific period of time. Advertising objectives are categorized in three main areas; 1) informative advertising where a primary demand is built for a new product, 2) persuasive advertising where in increased competition, selective demand is built and finally, 3) reminder advertising where customer relationship is maintained for mature products. Advertiser's goal is to help move consumers through their buying process or build on and strengthen long-term customer relationships. (Kotler & Armstrong 2010, 455-456)

Finally, the success of the advertising campaign is analysed in advertising evaluation. Advertising accountability and return on advertising investment have become hot issues for most companies. In recent studies, it is shown that advertising effectiveness has fallen 40 % over the past decade and 37.3 % of advertising budgets are wasted. Efficiency and effectiveness depend much on timing but also on communication effects. Advertisement testing can be a useful tool to pre-analyse effectiveness of an advertisement. However, because so many factors affect advertising effectiveness, some controllable and other not, measuring of the results of advertising spending remains an inexact science. (Kotler & Armstrong 2010, 454-468)

Currently, marketing material produced is mainly prepared inside the business and a lot of value is set on the website itself. To optimize time from personnel, further automation should be looked into in order to free human capital to concentrate on promotion and develop marketing. It is vital to increase the amount of service providers, but just as important is finding quality co-operation partners that i.e. have aggressive, on-going promotion. Increase in advertising i.e. in social media should also be looked into and advertising created already for global demand, not just domestic as at the current level, they are not sufficient enough to increase sales in volumes desired. The main problems that arise are the financial aspects, but also the skills in creating low cost options next to the existing Internet marketing. Alternative methods should cover extended trade fair appearances, exhibitions and co-operative marketing with service providers or push to increase visibility in co-operation partners' promotion.

Collaborating in service providers' marketing schemes could bring increased visibility also for Kokemuskauppa.com. With the business structure remaining as it is, so called discount sales have proven to be tricky. Services and experiences on sale have fixed prices that are generated by the service providers directly and sometimes, the Kokemuskauppa profit is added on top. Seasonal discount sales should be prepared beforehand, possibly through annual contracting of the service providers.

Intensifying relations to certain service providers could be observed as a strategic plan for added value for Kokemuskauppa. Added visibility generates more visits on the website, hence generates added sales. With some added, aggressive marketing with signed-on customers, re-visits should be ensured. Specific event marketing could also add organizational value and help in branding Kokemuskauppa. For marketing, additional finances could be applied for through several organizations in Jyväskylä, for instance the Centre for Economic Development, Transport and the Environment.

3.5 Customer Service

Part of working in the immediate and operational environment, customer service should be paid close attention to. Customers are vital to all organizations and the ability both to identify and meet consumer needs is seen as one of the keys to organizational survival and prosperity. This idea of consumer sovereignty – where resources are allocated to produce output to satisfy customer demands – is a central tenet of the market economy and is part of an ideology whose influence has become all pervasive in recent years. Understanding the many factors affecting both individual and market demand, and the ways in which firms organize themselves to satisfy that demand is a vital component of a business environment that is increasingly market led (Worthington & Britton 2003, 9).

The close interaction with customers also points toward the fact that services often are custom-made. This contradicts the desire of a firm to standardize its offering; yet at the same time, it offers the service provider an opportunity to differentiate the service from the competition. The concomitant problem is that in order to fulfil customer expectations, service consistency is required. The issue of quality control affects the provider as well the recipient of services. Because services are delivered directly to the user, they are frequently much more sensitive to cultural factors and subject to many political vagaries. Yet coping with the changes can

become the competitive advantage of the service provider (Czinkota & Ronkanen 1998, 570-571).

In addition to the means of promotion discussed in chapter 3.4., customer service is an additional method of promotion. It is commonly recognized as an entity of its own. The value given to customer service has increased significantly even in B2B-marketing (Lahtinen & Isoviita 2004, 118). A working, customer friendly and quality customer service may work as a competitive edge for small businesses, such as Kokemuskauppa.com. Key elements in improving customer service and key components are displayed in IMAGE 11.

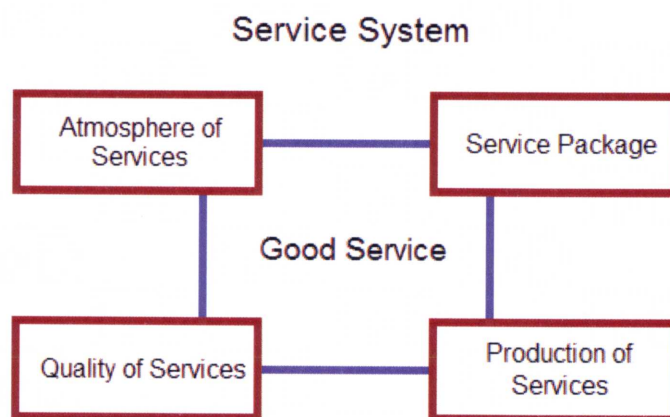


IMAGE 11. The four components of a good service or the service system (Lahtinen & Isoviita 2004, 40)

When considering customer service in the view of the service providers, Kokemuskauppa has done little in the past to ensure development from their opinions and suggestions. A questionnaire was sent to the service providers in order to obtain their views on internationalization of Kokemuskauppa's services in relation to this thesis. The feedback received from this survey was generally positive. A matter that did arise from this survey was the success of marketing for the service providers. One of the respondents stated that less sales has been generated through Kokemuskauppa than anticipated.

Encouraging further feedback from service providers would not only encourage word-of-mouth marketing of Kokemuskauppa, but increase a positive image of the business overall in the eyes of the service providers. The chains of producing and providing services require maintenance and mapping out critical elements for success. This works for the actual clientele, who make the purchases of experiences as well. Mental images can be transformed by personifying service provided. In IMAGE 12, is a graph in rough of how mental images are formed and can be influenced and what they are made of.

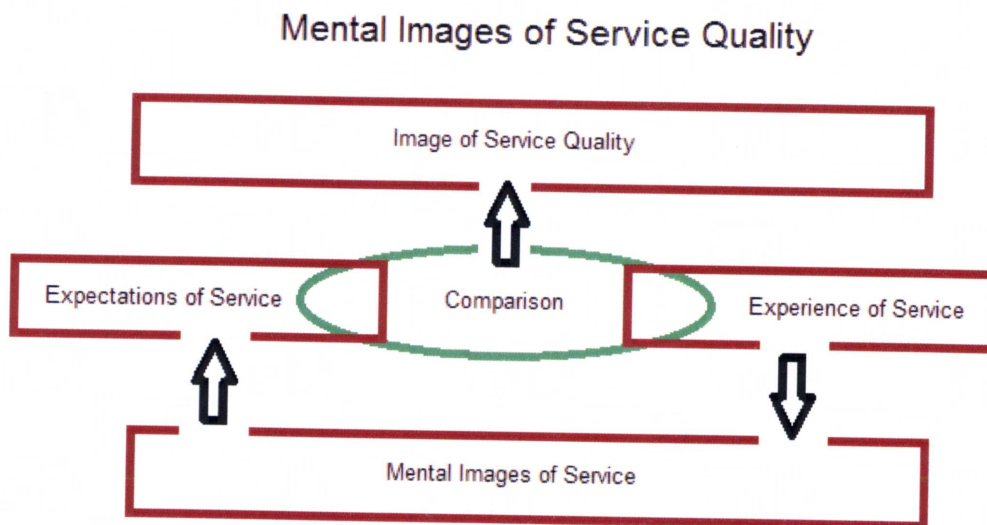


IMAGE 12. The formation of mental images of service quality (Lahtinen & Isoviita 2004, 45)

Customer service is one of the most important elements in competition. Service culminates as a key element especially in small businesses that cannot compete with prices. Servicing a customer well is an effective way to differentiate from competition. This caps in the businesses that are of servicing customers i.e. hotels, stores, banks etc. These are commonly called community services and even they are divided into standard and specified services. (Lahtinen & Isoviita 2004, 41)

The customer service of Kokemuskauppa today mainly lies as the responsibility of one person. With the current customer basis this is enough. In the case of internationalization of services it may be sufficient as well, to a certain extent. However, to service customers in the language of their preference may set new requirements upon the current level provided. Especially in extending services toward the Russian tourists, as they often require services in their native language.

The Kokemuskauppa website has originally been built keeping in mind the possible future internationalization. The layout of the page can easily be translated into English as well as Russian. However, with the translation of the website, customer services should also be provided in the appropriate languages to enhance the sense of quality.

3.6 Internationalization of Services

There are many reasons for small and medium sized enterprises (later SME) to start export activities. For one company foreign operations may have resulted from lengthy considerations whereas for other companies the reason is a mere idea, a coincidence or the last straw for the company to survive. Most often there is a concrete reason for commencing export activities. Such a reason relates to the development cycle of the enterprise. If a product is successful in the domestic market, it is likely to have potential to be successful also outside one's own borders. (Kananen 2011, 11)

An enterprise may also specialise in narrow, highly specialised niche markets often too narrow for big, international companies but large enough to enable the SME's to make profit. The sales potential of niche products in the domestic market is often too modest for a profitable business. Therefore, the market area inevitably becomes global from the very beginning. A company may internationalize indirectly with the help of other companies acting as sub-contractors in various networks of suppliers. (Kananen 2011, 12)

In highly competitive business environments differentiation is considered as the key to success, especially in cases, where competition by price is impossible. Differentiation of products or differentiation strategy seeks to provide products or services that offer benefits that are different from those of competitors and that are widely valued by buyers. Focused differentiation is a strategy that seeks to provide high perceived product or service that benefits justifying a substantial price premium, usually to a selected market segment (niche). A failure strategy is one that does not provide perceived value for money in terms of product features, price or both. (Johnson, Scholes and Whittington 2008, 229-231)

In order to avoid the worst pitfalls in exporting to the target country, an enterprise can conduct some initial desktop research. There may be enough demand in the target markets but the so-called border barriers may make exporting difficult or absolutely impossible. There can be two types of border barriers, artificial and natural. Artificial barriers include government created barriers such as tariffs, quotas, regulations and national standards. Natural barriers are related to culture, customs, habits and the location of the target country. (Kananen 2011, 19)

Export Readiness Test

Product	2	1	-1	-2
Delivery reliability	2	1	-1	-2
Financing	2	1	-1	-2
Personnel	2	1	-1	-2
Action plan	2	1	-1	-2

IMAGE 13. The export readiness test analyses the readiness of an enterprise to export (Kananen 2011, 24)

In IMAGE 13 a very basic test is shown of a desktop analysis on operational readiness for internationalization. In this analysis, products, delivery reliability, financing, personnel and action plan are scored from 2 (ready) to -2 (not ready at all). It gives a business an idea on areas of development. A simple test for Kokemuskauppa to do, in which areas to improve are clearly seen. The areas in which improvement needs to be made are financing, personnel and action plan. Before these areas in order, internationalization or export of products is not recommended.

One of the issues of significance in an internationalization process is the importance of knowledge and inward-outward connections. The networks, or the web or relationships, in which a business is embedded in, define international market entry through the utilisation of them. Existing networks provide a strategic foundation of knowledge, skills, experience and other elements. On top of network utilisation, SME's have less bureaucracy, hierarchical thinking and expensive information systems, making them more innovative, customer-oriented and therefore have shorter response time in implementing new technologies and meeting specialised needs. Developing and managing business and social network relationships can increase the smaller firm's rate of international development and the general intensity of what can be achieved. (Söderqvist & Holstius 2005, 14-16)

Modes of internationalization differ in service firms in accordance to the type of the service compared to companies with goods. The services can be categorised in three main categories 1) exportable service commodities that are distinct from their production process and tradable across nations, 2) services with that a foreign presence is necessary as they cannot be separated from the consumption and 3) services comprising a mix of distinct commodities and location bound service elements where some location substitution is possible. (Söderqvist & Holstius 2005, 16)

Service firms face problems of service production quality, human resource management and consumer behaviour. Internationalization varies depending on the service provided; in people-processing services it is essential that the service provider is locally present with easy access for customers, whereas possession-processing services supplier could have a fixed location or processes could be administered from a distance. A global strategy is needed particularly for information-based services as they depend on manipulation of data for value creation. The combination of a globally standardised core product and customised supplementary services may offer service firms the benefits of both system-wide efficiency and local market appeal. (Söderqvist & Holstius 2005, 17-19)

Russia is among the most important trading partners for Finland, also in service trade. Travel services have been the most important sector in Finnish services exports to Russia. Russian travellers are indeed a significant group for the Finnish travel industry and in 2005 Russians were by far the largest group of travellers coming to Finland. Although in the longer run it is likely that the significance of shopping trips to Finland will decrease, as items become available and cheaper in Russia. Still, Russian investments in Finland are likely to grow hand in hand with the number of Russian firms, which are likely to grow as well, especially in the South-eastern Finland. (Ollus & Simola 2006, 98-108)

A major cornerstone in internationalizing Kokemuskauppa's services lies in finding the right channels and partners to promote the business to the Russian tourists. As with many other SME's in Finland, government has quite a few supportive programmes to look into, especially in the case of limited know-how and funds. With the supportive programmes and assisted financing, thorough market research is of vital importance for risk-assessment and finding the correct market niche.

The followed actions after deciding to begin an internationalization process include a variety of network utilisation, management issues. In the case of Kokemuskauppa, decision making needs to be reconsidered into a more prompt,

on the nerve direction, where on-spot decision making becomes of a norm. Time-consuming board meeting should give the management a wider area in which to operate without consulting partners on every decision made. Furthermore, promotions and advertising need to be generated further and reconsidered in order to attract a larger audience. The sales of Kokemuskauppa have increased annually since the launch of the business but the more urgent matter, before entering the foreign market is to understand how the sales are currently made, where the revenue is brought in, if not through marketing.

When it comes to the finances of Kokemuskauppa, it is clear that market penetration to outside one's own borders is currently a non-realistic one. Instead, Kokemuskauppa should utilise the existing connections to the Southeast of Finland and expand market area there in co-operation with partners existing. From the questionnaire sent to the service provider of Kokemuskauppa, it became obvious that there are already existing connections to the market area of i.e. Imatra and Lappeenranta that could be of importance.

Next to the existing connections, new ones could be made through "Wirma" Lappeenranta Ltd, which provides services for start-up enterprises, established businesses, and tourists in the Lappeenranta region, along with developing the operating environment and competitiveness of the region. Wirma is specialised in helping businesses and public sector bodies alike in increasing their competence in doing business and promoting partnerships in Russia (Wirma 11/2012). Added finances and projects to expand in could also be applied to through several regional development companies. "Jykes" for instance is a regional development centre in the central Finland, being one of specific interest because of its location.

Jyväskylä Regional Development Company or Jykes Ltd., was established in 1996. It is a business promotion and development company owned by the four municipalities (City of Jyväskylä, Laukaa, Muurame and Uurainen) of the Jyväskylä Region. The aim of Jykes is to create a favourable business environment and to improve the co-operation between companies and the public

sector. By offering expertise, support and various networks for companies, Jykes creates opportunities and conditions for profitable business operations. (Jykes 10/2012). In addition to local assistance, Jykes has networks exceeding those of Finnish borders, i.e. in St. Petersburg where they have had an office of existence of over 20 years. A visit to the local office therefore, would be a profitable one.

Next to Jykes, there are various other similar governmental and non-governmental support centres; the Economic Development, Transport and the Environment (EDTE) Centre, Russo-Finn Chambers of Commerce, "Pohjan Akka", "Go Saimaa", and other regional development centres as well as a variety of universities. Other notable Finnish instances that can be of assistance includes; Finpro, Fintra (or the Management Institute of Finland), Finnvera, Institute of Marketing, Fide Oy (Ltd), Nordic Project Fund (Nopef) etc.

Russia is one of the most favoured targeted countries in many SME's internationalization process. At the same time however, it is perceived as the most problematic targeted country. A majority of SME's go international in search of new customers. Important incitements for internationalization are the management's international orientation and the previous knowledge about the target country. Often foreign employees are used, more frequently abroad than in Finland. This is in close connection in gaining know-how and language skills and cultural awareness. As internationalization is a process, which is difficult to plan in advance, information seeking and interpretation capabilities are important. Information influences success particularly in SME's. Next to this, marketing should be improved and finding the firm's real needs and target the services based on those needs. Also, networking has been a rather essential incitement for starting internationalization in smaller service companies. (Söderqvist & Holstius 2005, 55-58)

3.7 Internationalization on the Internet

Perhaps the fastest-growing technology tool is the Internet. The Internet offers explosive potential for conducting sales operations and for interacting with and serving customers. More and more companies are now using the Internet to support their personal selling efforts – not just for selling but for everything from training salespeople to conducting sales meeting and servicing accounts. Sales organisations around the world are now saving money and time by using a host of Web approaches to train reps, hold sales meeting, and even conduct live sales presentations. The Web can be a food tool for selling to hard-to-reach customers. (Kotler & Armstrong 2010, 494)

It is clear that in the most recent years digitalism is an ever growing trend, both at homes, but also outside of them. Advertisers generally aim to gain large masses but also perform specific marketing for targeted groups. As portable devices gain popularity, advertisers compete for the consumers' time and an attention in the general media's, social media's, in virtual gaming worlds'. In the two latter people are encouraged into an active role. The consumer behaviour monitoring and targeted marketing is therefore, a real corner-stone even in internationalization of services on the Internet. (Viljanen, Bäck & Lindqvist 2008, 91-92)

Next to the internationalization of services themselves, general marketing requires careful processes as well to direct the products for wider audiences on the Internet. One of the tools used to date is the Google AdWords, which is based on cost per click pricing and is quite effective for small businesses that do not have large funds for large marketing campaigns. Google's success in generating revenue from advertising is exactly that it is able to offer their services even for the small and medium sized enterprises not just the traditionally large businesses. (Viljanen, Bäck & Lindqvist 2008, 33)

Further adding the value of Google there are the new products launched in addition to Google AdWords, i.e. the Google AdSense service. This is essentially a

text-based Google AdWords. In Google AdSense, advertisements are targeted to reach the appropriate clientele and positioned on the website via analysing the written context in each website. In addition the Google AdPlanner service is an extension to the services provided. This is a package that gathers the demographic information of the people using a variety of publisher's websites who have joined the Google's service databases. Google AdPlanner helps in specific targeting of marketing campaigns. (Viljanen, Bäck & Lindqvist 2008, 33-36)

As Kokemuskauppa is already familiar with the Google services, it may be time wasted to familiarize themselves with competitive services of both Microsoft and Yahoo!. Even though, in additional media, the Yahoo! display-advertising has a growing partnership for 800 newspapers already existing. The general advertising networks of all these three major, international advertising providers have another controversial competition to be considered. Phorm and NebuAd have given the power to the internet providers to follow the data usage of their clientele and target advertising based on this. However, the system has a flaw, as the users generally need to approve and give authorization for the analysis. Also, case sensitive data usage would need to be excluded from the analysis itself. (Viljanen, Bäck & Lindqvist 2008, 36-37)

During the online internationalization process, the channels used for advertising should be an extension from the methods used now but keeping in the mind the development of digital services provided. The decisions made on means of marketing, channels used and ways of branding need to support the business idea of Kokemuskauppa but also need to be in relation with the consumers' buying processes. The knowledge of the buying process itself is vital and enhances further development into automation and self-services that would leave free human capital for Kokemuskauppa employees to use in the actual customer services.

Like in any internationalization, the process takes place because internationalization increases output of the whole world and increases free trade,

despite restrictions. Business environments change constantly and firms need to anticipate and consider their general and operational environments in order to take advantage of possibilities and minimise possible threats. Evolvement of business environments should be seen as a key part of strategic management and a part of the basis on which corporate decisions are made. In researching business environments a wide range of information sources, which are relatively inexpensive, can be utilised. Accessing information has been made considerably easier with improvements in information technology and especially the Internet. (Worthington & Britton 2003, 361, 385, 482)

Next to the services by Google, Microsoft and Yahoo!, other medias would be an addition to a working Internet marketing scheme. Additional co-operation with i.e. travel agencies would increase visibility on their websites with packaged deals and / or retailed packages offered. As consumers are becoming blinder to direct advertising, alternative methods to gain their attention are required. Especially case sensitive is the general behaviour of the targeted markets, in this case the Russians. Kokemuskauppa would need to set itself visible in media's used by the targeted audience. Especially visibility in Vkontakte would provide added value as it is essentially the Russian version of Facebook. Next to this, Kokemuskauppa could experiment with affiliate programs, where users recommend products and / or services for a small percentage of generated sales.

3.8 Partnering and Co-operation Nationally and Internationally

Joint ventures are collaborations of two or more organisations for more than a transitory period. In this collaboration, the participating partners share assets, risks and profits. Equality of partners is not necessary. The two major reasons for carrying out foreign investments in joint ventures are governmental and commercial, where beneficial effects include international competitiveness. Joint ventures are valuable when the pooling of resources result in better outcome for each partner than in an attempt to carry out activities individually. In some joint ventures, each partner holds an equal share; in others, one partner has the

majority of shares. In either case, partners complement each other by contributing the strengths and resources that each is best equipped to supply. Joint ventures are typically short-lived, and they are established for a certain purpose. They can also be more for a longer term but then the reasons for establishing them are quite different. (Czinkota & Ronkainen 1998, 529-530, 537 and Kananen 2011, 76-77)

Another, specialised form of joint ventures consists of strategic alliances or partnerships. The result of growing global competition, rapid increase in the investments required and growing risks of failure, strategic alliances are informal or formal arrangements between two or more companies with a common business objective. These alliances are flexible, yet, stable contracts that are subject to adjustment and change in response to environmental shifts. In essence, strategic alliances are networks of companies, which collaborate in the achievement of given project or objective. There are many reasons for the growth of such alliances, penetrating foreign markets primarily, in many companies. The most successful alliances are those that match the complementary strengths of partners to satisfy a joint objective. The aim in joining forces is to make major strategic progress toward competitiveness. A coalition may be based purely on economic reasons. (Czinkota & Ronkainen 1998, 530-532, 537 and Kananen 2011, 76-77)

As countries increasingly develop a service-based economy, the usefulness of contractual arrangements grows. Such contracts can enable the involvement of the international marketer in a project when equity participation is not possible. They also permit a client to acquire operational skills and turnkey systems without relinquishing ownership of a project. Because management assistance, service delivery, and project planning are increasingly important, international marketers can use management contracting to carve out a profitable market niche. (Czinkota & Ronkainen 1998, 537)

A joint venture can help an enterprise lacking its own know-how to enter markets that are otherwise inaccessible. Such co-operation may also result from the desire to learn from one another. A partner in the target country may serve the purpose of

reducing potential cultural problems in dealings with clients, authorities or sub-contractors. A joint venture may generate strategic advantages in the target country. However, caution is advised, as Finnish companies have had negative experiences of joint ventures in the Russian markets. (Kananen 2011, 76-77)

The business idea of Kokemuskauppa is based on partnering up or collaboration with service providers in order to ease customer access to the large variety of services provided, mainly nationally. Through their website supplementary marketing is also offered for no additional cost for the service providers. A little less than 500 products and / or services are offered by almost 150 service providers to date. Some extensions to services internationally have been made and currently experiences offered cover six foreign countries and Kokemuskauppa is eager to magnify this number in the future.

Extension to service foreign clientele base is a corner stone in the internationalization process of services. To further increase sales to foreigners, additional partners in marketing and sales may be required. To date, Kokemuskauppa has no partners in these areas yet. Even in the internationalization process, sustaining competitive advantage is essential. Kokemuskauppa has had a competitive edge on the market of life experiences offered and sold through being a pioneer in the Finnish markets, this will not be the case in the internationalization process of services.

3.8.1 Partnering Nationally

Co-operation with the local service providers is the key for success to date. Further expansion in partners would increase the variety of products and possibly increase competition in product pricing amongst the service providers. When it comes to the internationalization of the market area, Kokemuskauppa would require additional know-how and risk minimisation assistance from collaborating with another type of service providers. This category of service providers would be likely to include travel agencies, accommodation service providers and in the case

of implementing services for the Russian tourists, Russo-Finn commercial organisations in Finland and especially in the Southeast of Finland, as the key interest still lies in expanding sales to the Russian tourists.

When considering the market area Kokemuskauppa is interested in, collaboration makes most sense in the Southeast Finland, Lappeenranta and Imatra areas in particular. National joint ventures would also be a safe way to experiment with the Russian tourists as a customer segment. Specific data on the Finnish Southeast regions are considered in chapters 4.3 and 4.4. National expansion of services is an easy way to extend the market area. Important however, is to ensure the rights of the business idea and ensure that the partners cannot copy the idea for themselves. Especially, when dealing with foreign clientele groups. As Kokemuskauppa is in a sort, an agent, offering a variety of services produced by others, there may be a need to revise the co-operation guidelines for the service providers to minimize the existing risk of adapted, or copied, services formed in the area of desired expansion. A contract with the collaboration partners is advisable as well, to ensure, they will not or cannot offer similar services themselves. This threat is also present in internationalization of the services.

Traditionally, the time span in Finnish SME's is quite long when it comes to strategic decision making. Commonly, marketing plans and investigations may stand idle relatively long, before decisions are made to utilise them. Today, as information is easy to come by and the updating of the idle market research is relatively easy, pressure is put on the businesses time span to make decisions more quickly. The businesses that can utilise provided information most efficiently, process the information and take actions regarded are one step ahead of the competition. The shortened time spans of businesses ability in making quick strategic decisions has also increased their fast evolvment. (Fintra 1998, 125)

For any form of co-operation and partnering, it is important to figure out the internal chain of command and responsibilities. The set goals can only be achieved through clear organisational management and structure to enforce the

decision made push the business forward. When considering co-operation, it is clear that Kokemuskauppa would need to revise what it is they are offering for the partner and what exactly they want in return. In the market position that Kokemuskauppa is in, financially they cannot provide much. Their key is to ensure the partners visibility on the website and other marketing material as well as to ensure their own visibility in the areas of desired expansions.

One form of countertrade is bartering. Traditionally, bartering is conducted between countries with no currency. Trade is fully compensated by trade with no exchanges of currencies. It is difficult to organise barter, not impossible. In barter, the aim is to balance every transaction in the trade between the parties. (Kananen 2011, 67-68)

In the competition for market areas and gaining competitive edge over competitors, the variety of products and services are not the only corner stones of the business. The quality of services and ease of access and use are of utmost importance. To ensure competitive edge, services need to be offered also in the languages used by the targeted customer group, in this case English and Russian. This will be the case especially, if customer services are used as a competitive tool for gaining footing in the international markets.

To ensure the growth in their market, Kokemuskauppa would have to have a key contact to deal with the collaboration partners. To ensure co-operation with them, the key contact would also have to have the ability to make quick, on the spot, decisions for the company, both on the managerial level as well as economically. This entity would include the handling of the customer relations with and or to the co-operation partner.

The current co-operation guidelines for service providers and contracts are considered as classified for the business and hence, cannot be attached to this thesis.

3.8.2 Partnering Internationally

International partnerships include all operations that do not include actually entering the international market. Foreign co-operation on contract hence is only a supporting element that is practised as an addition to existing operational market. These alliances include; exchanging information, active functional assistance in the market area and ratification of respective and mutual operations. In today's market, co-operation with companies is actively highlighted. More trendy phenomenon's include; relationship marketing, networking and strategic alliances or strategic partnerships. The relative increase in the formations of such co-operations is direct consequence of the increased competition in the market. Corporations' own resources prove to be insufficient enough to manage, hence empower alliances. The three main categories of resources to consider and allocate are marketing, production and financing. (Äijö 2001, 103-105)

The decision to internationalize is a strategic choice that deserves distinct attention and finding out all issues affected. An internal analysis of the business is vital and defining if the internationalization is the correct step to take to reach for the businesses set goals. Commonly the internal analysis of the business has a larger meaning in recognising the value of the business in the international markets and evaluation of the competitive means. In addition to the evaluation, the management needs to have a recent intelligence of the competition on the international scale. Added value is given by knowing the geographical division of the new market area and potential demand. Before the final decision to internationalize, the business should have a selected specific target market in mind. (Fintra 1998, 29)

Certain service companies look for new foreign markets on their own in order to serve foreign customers. They are concerned with finding new customers and building up relationships with them (Söderqvist & Holstius 2005, 19). Next to partnering locally, enhance the spread of the Kokemuskauppa image would require partnering up with Russian service providers. The same threats as

partnering nationally exist in these forms of co-operation and were discussed in chapter.3.8.1.

The expansion of Kokemuskauppa to Russia begins with finding the right contacts. As Russia is a vast area to manage as a whole, segmenting the area to primary areas of interest is highly advisable. With the example of Holiday club Resorts Ltd and Tilausliikenne Sami Arjotie Oy (Ltd), limiting the area to St. Petersburg and later expand to Moscow would be wise.

Russia is a very wide market area and it offers a huge potential to export and co-operation possibilities for Finnish SME's. The main problem with SME's are the limited resources as well as time consuming planning work that are necessary in finding the right contacts from Russia. To ensure a successful and working co-operation with Russian agent or operator, trust is essential. With the rise in productions of the St. Petersburg automotive industry the rises in living standards in the area provide new opportunities even for the Finnish SME's export industries. (Honka, Heikkinen, Kokkonen and Munne 2007, 76)

The development programs arranged in order to improve Russo-Finn relations have gathered together some interesting and potential Russian businesses, which are contacts important even in the future for a varied field of Finnish SME's. To develop from these existing relations, in the case of internationalization toward Russia, further background research is vital. Important steps to take would include 1) taking part into the development programs to ensure finding the appropriate network of contacts, 2) evaluation of the contact businesses, 3) provide sufficient information of the Finnish business looking for contacts and 4) look into a possible visit to the business. Such development projects are an excellent support for Finnish businesses planning on extending services to Russia. (Honka, Heikkinen, Kokkonen and Munne 2007, 76-77)

In any case of partnering and collaboration, gathering information is essential. Information also needs to be provided of Kokemuskauppa. In the case of the

Russians, they tend to do business more on face-to-face basis and visits to the co-operation business are essential. In these meeting it is vital to remember to provide sufficient information on areas such as; the benefits of the meeting and co-operation, provide un-biased information of the business, confirming the provided information, providing and asking for expected numbers in growth, providing most essential information of marketing, providing possible new contacts and arranging dates for meetings in order to continue the current co-operation. (Fintra 1998, 97-98)

The current need to internationalize services of Kokemuskauppa is due to responding to competitive threat in part. Competition for clientele in the Finnish market has grown, as foreign service experience providers, next to domestic are also began to emerge. Building multiple bases of differentiation highlights the likelihood of benefits gained for the business. It may even be considered in the internationalization process, to establish a separate brand for the Russian clientele. It may be the unpredictable move to make when considering misleading competition. (Johnson, Scholes and Whittington 2008, 236-240)

When looking at the human resources of Kokemuskauppa, in the internationalization process, managing people and providing them with specific tasks is essential. People are the business' resource. The strategic capability of a business is concerned with how these resources are deployed, managed, controlled and, in the case of people, motivated to create competences in those activities and business processes needed to run in the business (Johnson, Scholes and Whittington 2008, 475). Special attention in adding work-load needs to be paid for motivation, training and development of these assets.

4 THE RUSSIAN CONSUMER

In order to attain a valid image of the typical Russian consumer, basic cultural understanding is essential. With cultural awareness, a working marketing plan can be made. The cultural understanding is formed by considering the relationship of Finland and Russia, as well as their citizens, next to the political and historical knowledge. As in any marketing the do's and don'ts need to be understood.

4.1 The Political and Historical Background

Finland and Russia have a long relationship behind them, which has not always been a peaceful in nature. To describe it as turbulent would be more accurate. This relationship goes from Finland being a part of the Russian Empire, a cause of war with Sweden, to the now peaceful days of co-existing. When the Russian Empire collapsed in early 20th century, Finland became independent for the first time, and a neighbour to a communist Soviet Union or U.S.S.R.

Through the mid-20th century Finland has in three wars against the U.S.S.R. to maintain its independence. All this, whilst the Soviet Union up-roared in cultural, political and geographical changes. Economically, the Soviet era was lucrative for the newly independent Finland, which went through a deep depression once the Soviet Union was dissolved. Through the collapse of the Soviet Union 1991, the new emerged Russian federation was opened up for further international trade.

In 1991, the people of the Russian Federation also gained the right to travel. One of the most popular countries to travel to was Finland, due to its close proximity. The growth of travelling was slow in the 1990's due to the lack of private finances. It was not before the turn of the 21st century that Russian tourism to Finland began peaking and growing in unexpected numbers and it has been growing unceasingly since.

Traditionally, Finns have been suspicious of the Russians. These suspicions have however lowered in the recent years. As Finland joined the EU in 1995, a sense of security against new Russian invasions was gained. And Russia was now next door to the European Union. Economically, this is a win both ways, a real win-win corner. Since then, even the means of travel have increased between the two countries, with the most recent addition of the high-speed Allegro-train from Helsinki to St. Petersburg. Even though, occasional diplomatic glitches occur, the Russo-Finn relations have, and continue to grow into more productive direction. The most recent matter has been to promote travelling and possibly even abrogate the need for a travelling Visa.

4.2 Basic information, Culture and Major Holidays

Russia, or The Russian Federation, is a vast country of over 17 million square kilometres. It is a border neighbour to Finland, Norway, Estonia, Latvia, Lithuania, Poland, Belorussia, Ukraine, Azerbaijan, Georgia, Kazakhstan, North-Korea and China. Not forgetting sea neighbouring to Japan. The main ethnic group are the Russians with approximately 80 % of total of 142 million citizens. The Tartar, being the second largest ethnic group in Russia gain an approximate of 4% of the total population. (Finpro 2010, 4)

The official language of the country is Russian and the four main religions are; (Russian) Orthodox, Islam, Judaism and Buddhism. The two major metropolises are Moscow of 10 million people and St. Petersburg, an area of over 5 million people. A little over 32 % of Russians have an Internet connection. (Finpro 2010, 4)

The national holidays in Russia are displayed in the IMAGE 14. As in most cultures, holidays are nationwide and are adopted often from religious and / or political background. These are commonly the longer leaves on holiday, and often the times spent abroad. Seasonal peaks, such as long national holidays, create a demand for services and activities. Competitive pricing is a key in seasonal

travelling, but it is also vital to provide competitive services and activities.

Differentiating Kokemuskauppa from the current competition could be done via pricing, effective customer service and visibility.

Visibility could be gained through marketing services in places of accommodation, i.e. hotels. In order to gain footing in this area, Kokemuskauppa would need to obtain new co-operation partners. It is doubtful that large hotel chains in Finland would agree to collaborate with a small business such as Kokemuskauppa. Hence, there are the small accommodation providers whom could be ushered into collaboration and co-operative marketing.

January 1:	New Year's Day
January 7:	Eastern Orthodox Christmas
March 8:	International Women's day
April 1:	Day of the Foundation of the Commonwealth of Russia and Belorussia
May 1:	May Day, or International Labour Day
May 9:	Victory Day
June 12:	Declaration of Independence
November 7:	November Revolution
December 12:	Constitution Day
Days vary:	Good Friday, Easter Monday, All Saints' Day (November 1) and Christmas (December 25)

IMAGE 14. Table of the Russian national holidays (Mitchell 1998, 10)

4.3 Means of Travel and Russian Tourism to Finland

Russia has over 1 million kilometres of government owned roads, which of 29 thousand kilometres are paved highways. Next to this, the 87 thousand kilometres of railway are vital infrastructural blood lines in maintaining transportation within the country. In addition, Moscow has three airports, St. Petersburg one and all of Russia has a total of 12 major ports to the sea. (Finpro 2010, 4)

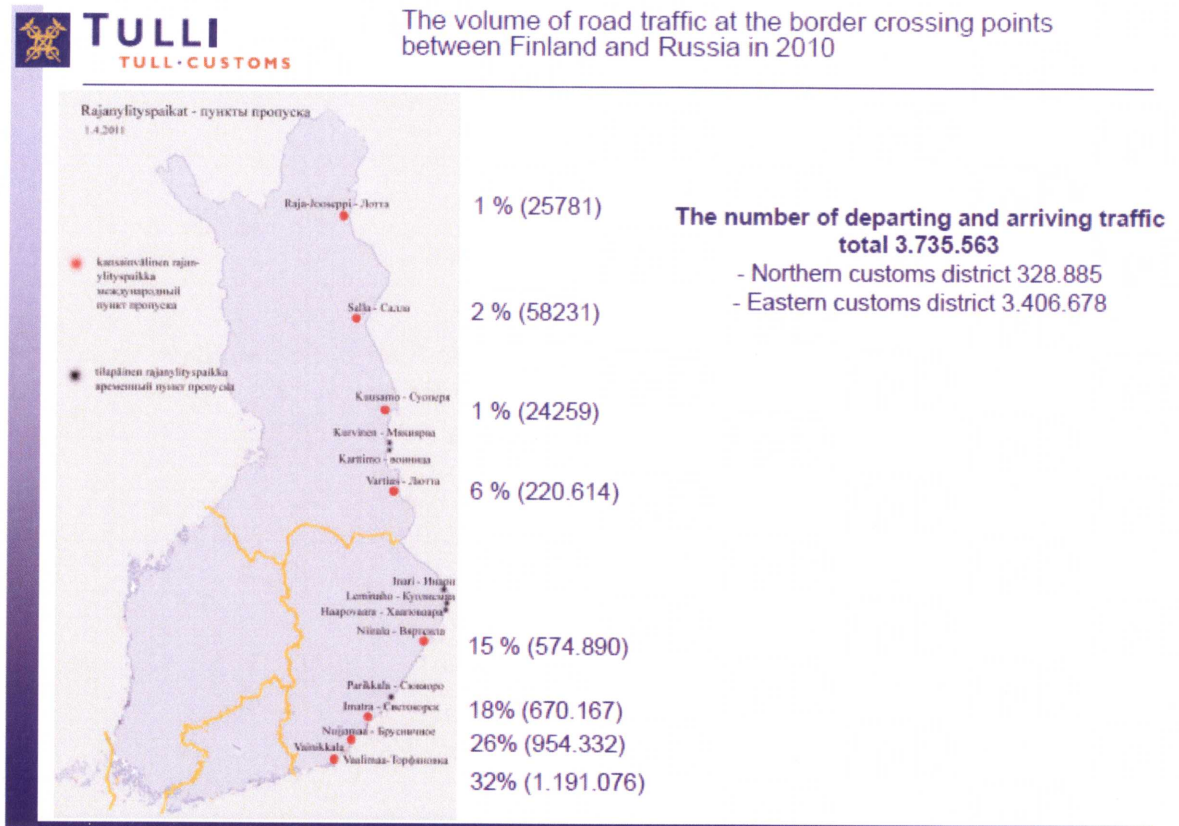


IMAGE 15. The division of passengers crossing to Finland from Russia at border control stations (TAK 09/2012)

According to the Finnish Tourist Board the most popular time to come to Finland for Russians is the winter, especially December and January, during their New Year holidays. Russians also like to come to Finland during their most common summer holiday months of July and August. More than half of the Russian travellers come to Finland to spend their leisure time or visit friends and relatives. Most Russian travellers coming to Finland are from St. Petersburg and Moscow and they come to Finland using land routes. (Ollus & Simola, 2006, 99)

When considering Finland and Russia, border crossing becomes the culminating point. With shared border of over 1000 kilometres, the easiest way to access Finland from Russia is via land, using highways or railways. The internal borders of Schengen countries can be crossed anywhere, entry into and exit from Finland is allowed via official border crossing points. (Rajavartiolaitos 09/2012)

In IMAGE 16, a typical border crossing station is portrayed. International border crossing points on the land border between Finland and Russia are located in Imatra, Kuusamo, Niirala, Nuijamaa, Rajajooseppi, Salla, Vaalimaa, Vainikkala and Vartius (Rajavartiolaitos 09/2012).



IMAGE 16. Border crossing station between Finland and Russia (Rajavartiolaitos 09/2012)

Next to the land crossings, the Russian tourists enter Finland via using aircrafts and pleasure crafts that utilise waterways, such as the Saimaa channel located in the municipal area of Lappeenranta. Main international airport in Finland is the Helsinki-Vantaa airport. Commonly, it is the business travellers that use the airways from Russia to Finland. Helsinki however, being the capital of Finland, offers most variety in services and accommodations. Today, the Russian leisure tourists are increasing in numbers. Hence, the rest of Finland has become more popular. Large cities are utilised i.e. on shopping holidays and for business.

For Russians, the most popular destinations in Finland are the so-called Lake-Finland areas in Central and Eastern Finland, as well as Southern Finland including the capital area. According to an interview survey carried out in 2003-2004 by the Helsinki School of Economics, what Russians appreciated the most about their visit to Finland was the cleanness and safety of the environment, the friendliness of the people and Finnish nature. Finland is one of the most popular travel destinations for Russians. (Ollus & Simola 2006, 99)

4.4 Predictions in Growth

Finland is a border neighbour to Russia and in close distance from two major Russian cities, Moscow and St. Petersburg. Over 15 million Russians are within a reasonable distance, when considering market areas. The distance from Helsinki to Moscow is about 900 km and the distance from Helsinki to St. Petersburg is about 300 km. Commonly Finnish companies beginning their trade with Russians in St. Petersburg, due to the close proximity.

The statistics in IMAGE 15 clearly show that 75 % of Russian traffic, both arriving and departing, reach Finland via Southeast border crossing stations next to the cities of Lappeenranta and Imatra. For the arriving Russian tourists, the likely first stop for finding service in Finland is thus in these two cities.

Russian Tourism to Finland via Southeast Border Control Stations

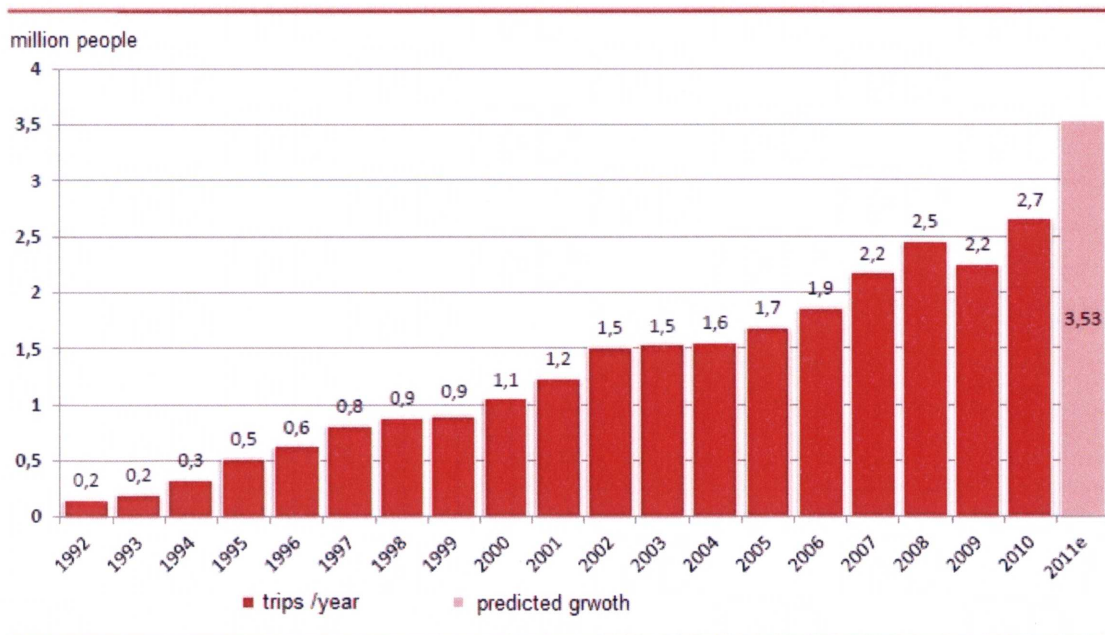


IMAGE 17. TAK prediction on growth of Russian tourism (TAK 09/2012)

The IMAGE 17 shows the development and vast growth of Russian tourism to Finland via the Southeast border crossing stations can clearly be seen from the

beginning of the 1990's until 2010. The image also displays the prognosis for the year 2011 showing a further escalation in growth. From this image, it is to be noted that during the period of 1995 – 2010 the number of the Russian tourists increased from ca. 0.5 million to ca. 2.7 million. This is an increase of nearly 550 %. The tourism prognosis for the whole year 2011 is ca. 3.5 million; this is a rise of ca. 700 % compared to the year 1995. (TAK 09/2012)

The newspaper Etelä-Saimaa published an article on November 5th 2012 on the increase in tax-free sales in the Imatra area. It reported that Imatra area tax-free sales had grown by 58 % in October 2012 compared to October 2011. The reported 1.4 million Euros in sales were left behind only to Helsinki with sales of 8 million Euros and Lappeenranta with sales of 6.9 million Euros. Growth to October 2012 in Helsinki area was 30 % and in Lappeenranta area 42 %, from October 2011. Reportedly the Russians contributed to the sales by 86.7 %. The significance of this amount is only verified when looking at the second largest consumer group, the Chinese, whom only had sales of 7.2 % in the tax-free nationally. (Etelä-Saimaa 11/2012)

In a recent study, the Russian tourists in Imatra area spent €10-19 for cafes and restaurants (21.9%); €20-39 for activities (21.9%); €40-99 for food and beverages (28.1%), clothing, footwear and accessories (23.4%), goods for children (12.5%) and cosmetics (10.9%). In this, the percentages are of those of total spending per mode of good or service. The estimated total expenditure was €132.65 per tourist per day and income was found to be the most important determinant of consumption. Other determinants were; the length of stay, the gender, men were spending considerably more than women, party size affected the expenditure on activities, the number of children, place of residence, the frequency of visiting Imatra, and the mode of transportation. The purpose of travel was something that affected the types of consumption and contributed to understanding the behaviour of the Russian tourists. Both vacation and shopping as the purpose of the trip extended an influenced the total expenditure of the tourist. (Soldatova 2010, 63-66)

While bearing in mind the travel sector, there is a vast yet unrealised client potential in Russia, as at present merely a small fraction of Russians can afford to travel abroad at all. Finland's trump cards as far as attracting Russian tourists are concerned are the country's nature and tranquillity, as well as shopping possibilities. (Ollus & Simola 2006, 103)

When considering the growth of tourism during the next three to five years, the present economic and political environment of Russo-Finn relations need to be taken into account. Finland was the most important destination for the Russian travellers among non CIS-countries until 2004 but in 2005 China rose as the top destination. So far, Finland has been able to maintain its attractiveness as a resort, but Russians' journey to China, Turkey and Egypt have increased at a faster pace. The popularity of Turkey and Egypt can be partly explained by the fact that Russians do not need a visitor's visa to enter (Ollus & Simola 2006, 100).

If relations between Finland and Russia remain, or even further develop into more positive direction, there is virtually no limit in the growth of Russian tourism to Finland. Moreover, the tourism from cities of Moscow and St. Petersburg is of utmost importance. The critical limiting factors will be complications in acquiring visa, the service providers' ability and ingenuity in Finland to accommodate the tourists. This withholds creating lucrative holiday packages for the individual Russian tourists as well as whole families. The Kokemuskauppa.com Internet portal provides a fine, up to date, possibility to the tourists to identify and easily get access to the services and products of their interest, once translated into the appropriate languages.

4.5 Key Market Areas in Russia for Finnish Companies

Through geographical proximity of the two largest Russian cities, Moscow and St. Petersburg, to Finland, many of the Finnish companies expanding their market areas to Russia begin there. Gaining visibility covering over 15 million people can

still be challenging. Hence, it is wise to concentrate on St. Petersburg at first. This is an area known as Leningrad Oblast, which covers over 5 million people, more than the total population of Finland. Placing an agent or acquiring co-operation partner in this area would be vital.

Since it is the tourists Kokemuskauppa is aiming as clientele, it would be wise to begin co-operation with travelling agencies and distributors. Offering package deals is out of the question at the moment, since there are no accommodation providers amongst the service providers but productizing and spinoff products next to focused marketing could gain footing and name for Kokemuskauppa in Russia. The first services that Finland has to offer them are based in Lappeenranta and Imatra. These are vital key access points, and ensuring equilibrium in these areas would grant visibility for Kokemuskauppa.

Once considering Kokemuskauppa, the main aim for the future at the moment would be creating connections and networking in the Southeast areas of Finland. It may be time consuming, but as most tourists cross the border of Finland in the areas of Lappeenranta and Imatra, taking part in co-operative projects such as "Go Saimaa" and "Pohjan Akka" would ensure some vital visibility in the area. It is clear that with the limited capital, both monetary and human, launching major marketing campaigns directly into the vast areas of Russian metropolises is not only costly, but might go to waste.

Ensuring good relations in the Southeast Finland would allow further networking into the direction of launching marketing campaigns in St. Petersburg in collaboration with travelling agencies as well as Russo-Finn commercial societies. Once a steady footing in St. Petersburg is gained, Moscow could be aimed at next with the help of an agent whom has both the expertise in marketing as well as thorough knowledge of the market area itself.

5 RESEARCH METHODOLOGY

In the late 2011, while I was doing my traineeship in Kokemuskauppa, I was also asked to begin looking into marketing Kokemuskauppa to the Russian tourists. It soon became clear that the area of research was quite vast and it was reformed into a thesis research question. A vital aspect of this thesis was to find out the standing of the service providers attitudes toward the internationalization process.

5.1 Methodology of Research

Much of the research is qualitative in nature with some elements in quantitative research gained through two sample surveys. Much of the theory is based on a very basic structure of analysing internationalization of marketing areas, beginning with the SWOT and PESTEL analysis of Kokemuskauppa. Hence, it was essential to gather a wide range of different literature as sources to support the conclusion. Key areas, or variables concentrated on Russian tourism to Finland, internationalization of SME's and (international) marketing and (related) connections amongst these areas in theory. It was not before I had the basic structure ready for the thesis that I started thinking about surveys or questionnaires.

The first survey was for the Kokemuskauppa service providers (SP) and it was E-mailed out by Kokemuskauppa to ensure a better response rate. The key areas in the questionnaire were to find out the hypothesis that all SP's are interested in serving foreigners, as well as find out their willingness and readiness to service foreign clientele and specifically the Russians. Also the existing language skills were important information, next to the existing connections that Kokemuskauppa could utilize in their networking to connect to the Russians.

The second questionnaire was designed for Finnish businesses that are already dealing with the Russian clientele in Finland. I tried to get a lot of spa resorts etc.

to answer to the survey, but only received two answers; one from Tilausliikenne Sami Arjotie and the other from Holiday Club Resorts. I mainly sent the survey out via E-mail, which now seems like I could have approached the businesses in a different way, i.e. face-to-face or by telephone. The questionnaire, however being long, was divided into areas of basic information, the Russian customer, economic, social and political environments and human resources, which were the main areas of interest when it comes to Kokemuskauppa. Question format, on both surveys were based mostly on open format, with some closed questions included, i.e. level of language skills of SP's, which was measured with a scale of 1 (low) to 5 (excellent).

Due to the open format of most questions directed to the service providers, the final analysis of the data gained was examined using a descriptive method. This methodology seemed to fit the purpose of the analysis the best. Hence, the result of the surveys includes two bar charts on the closed questions; the will to service foreign clientele compared to the Russian client, and a bar chart on the language skills of the service providers. The other results have been summarised in writing. With the survey to the Finnish businesses, the questions were all open, and because of this, the answers of key points have been summarised in the results section.

5.2 Questionnaire to Kokemuskauppa's Service Providers

The main analytical tools in collecting data from the service providers of Kokemuskauppa was a questionnaire produced and sent out to be answered. The first point of interest was to find out the total amount of service providers and their readiness to serve foreign clientele base, not just the Russians. Secondly a questionnaire was conducted of the marketing surroundings, means and methods of a Finnish-based company establishing trade relations to Russian companies or trying directly reach out to the Russian consumer markets. The latter questionnaire was sent to the head of marketing of Holiday Club Resorts Oy. The results are to

be discussed in the next chapter. The questionnaire and results are attached at the end as APPENDIX 1.

5.3 Questionnaire to Holiday Club Resorts Oy (Ltd)

Holiday Club Resorts Oy (later HCR) was established in 1986. It employed 588 people in 2011. HCR is one of Europe's largest vacation ownership (time shares) enterprises. HCR owns 1500 holiday homes in 32 destinations; 24 in Finland, five in Gran Canary, one in Calahonda, Spain, as well as Holiday Club Åre and Ekerum Golf & Resorts (Öland) in Sweden. Since the 1st of March 2011 HCR increased the amount of spa hotels it owns. At the moment the company owns seven spa hotels in Finland. In October 2011 Holiday Club Saimaa, the largest holiday resort in the Nordic countries, opened its doors (Holiday Club 10/2012).

A questionnaire was sent out to Hannele Eskelinen, the head of marketing in HCR to map out their marketing schemes to the Russian tourists. The main issues in the questionnaire were the marketing methods used for the Russian tourists, the corporation's means of marketing as well as actions taken in the business to ensure culturally correct marketing approaches. The entire questionnaire can be seen as APPENDIX 2.

5.4 Questionnaire to Tilausliikenne Sami Arjotie Oy (Ltd)

Tilausliikenne Sami Arjotie Oy, or charter bus service Sami Arjotie Ltd is a privately owned charter bus service. It began its operations in 2001 and currently employs 7 people. Its head office locates in the Jyväskylä area but like with any other charter service, operations are not limited to the location of the head office. The largest areas in Russia they have been doing business in are the St. Petersburg municipal area and are eager to increase their operations further in Russia. The questionnaire conducted was the same that was conducted for Holiday Club Resorts Ltd. The entire questionnaire can be seen as APPENDIX 3.

6 RESULTS OF THE QUESTIONNAIRES

The results from the questionnaires need to be analysed in two separate entities due to the nature of the questionnaires. The first set of results handles the results of the service providers of Kokemuskauppa and concentrate merely on their willingness to expand services to the foreign based clientele. The second set of analysis is based on the questionnaires sent to Holiday Club Resorts Ltd and Tilausliikenne Sami Arjotie Oy (Ltd).

From the questionnaire sent to the service providers, total of 15 replies were received in response. As this covers over 10 % of the total amount of the service providers the results can be analysed as a reliable set of data. In order to gain insight into the service providers in an analytical way, the businesses that responded to the questionnaire were numbered by the first respondent to the last in numerals from 1 - 15. Corresponding business names to each number can be found in the APPENDIX 1.

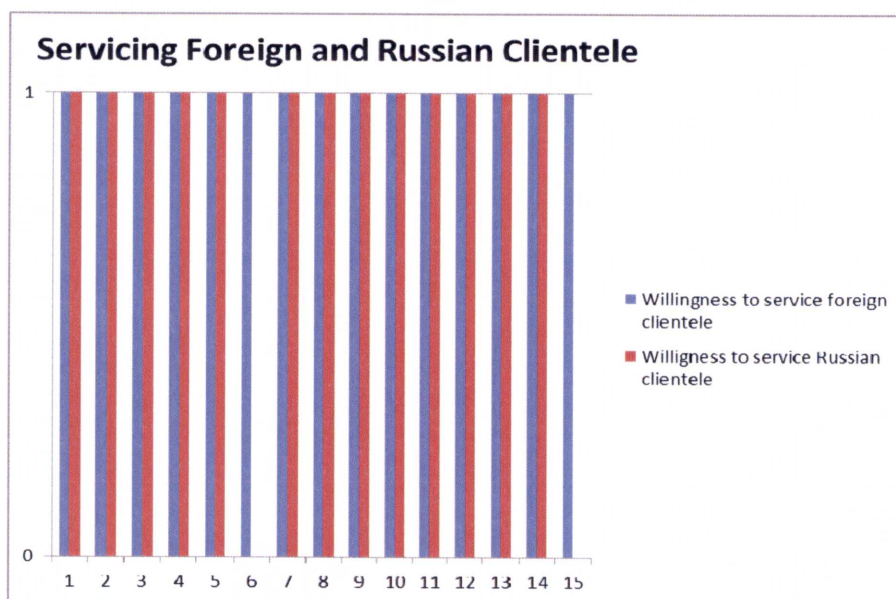


IMAGE 18. The correlation in between the willingness to service foreign and Russian clientele

From conducting the questionnaires to the service providers of Kokemuskauppa, it became obvious that 100 % were willing to serve foreign clients. In IMAGE 18 is shown the correlation of companies willing to service also the Russian clientele per service provider. The blue vertical bar represents the foreign customers as a whole and the red vertical bar the Russian clientele in specific. Based on the questionnaire, approximately 87 % of the service providers gave answers indicating interest and will to service the Russian tourists in Finland.

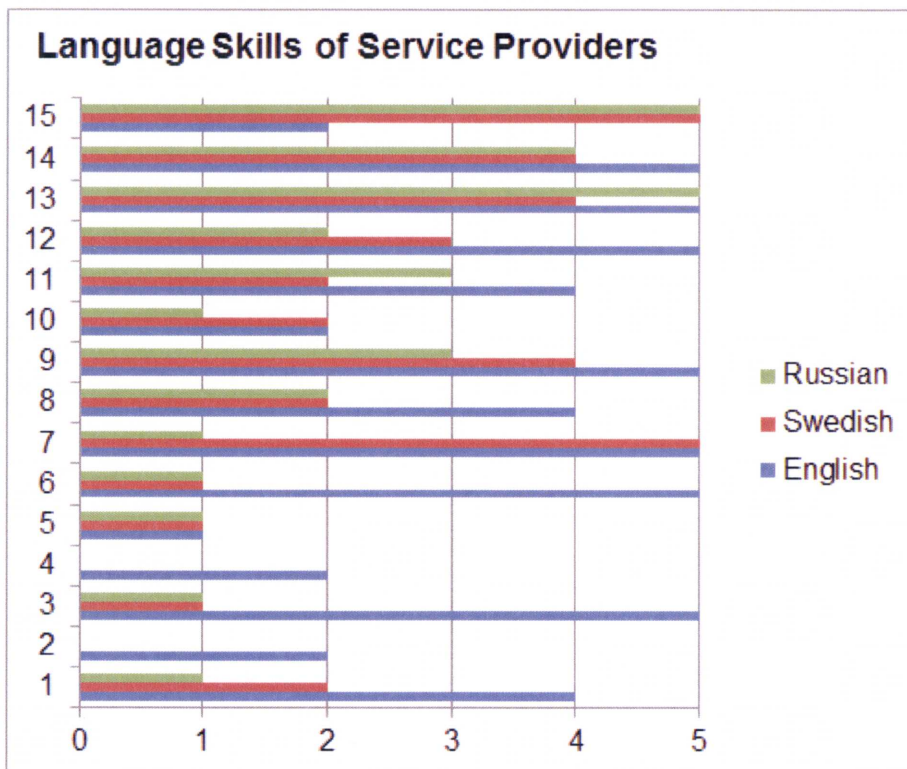


IMAGE 19. The English, Swedish and Russian language skills of Kokemuskauppa's service providers on a scale of 1 (low) – 5 (excellent)

IMAGE 19 is a gathering of the self-assessment of service providers' language skills on a scale of one to five; where one (1) meant having low skills in a language and five (5) where the language is spoken excellently. In the graph, green horizontal bars represent the Russian language skills, the red horizontal bars represent Swedish language skills and the blue horizontal bars represent English language skills. The two main language skills of interest were English and Russian

and the ability to provide services in those languages. Swedish was added into the questionnaire mainly because it is the second official language spoken in Finland.

From the self-assessment of language skills, it becomes apparent that the service providers are quite ready for a more international clientele basis. Hence, this provides encouraging results for Kokemuskauppa. In addition to the three specific languages asked, a variety of other languages were also provided as an answer; Estonian, French, German, Hungarian, Spanish and even Italian. Skills in the Swedish language also give some notable data, that the site itself could also be translated into Swedish, as it seems most service providers can provide the services they offer in it as well as in i.e. English.

What comes to enquiry's sent to Holiday Club Resorts Ltd (HCR) and Tilausliikenne Sami Arjotie (TSA), the questions were divided into four main areas of interest 1) basic information of the business, 2) the Russian customer, 3) economic, social and political environments and 4) human resources. The full enquiries can be seen as APPENDICES 2 and 3.

Correlation in the two questionnaires was found in the importance of the Russian customer and knowledge on the cultural environment and in pursue of the customers in the mid-priced product category. Politics seemed to have little impact on the business itself in both cases. Major difference was notable in the marketing methods, due to the difference in size of the two businesses and means and methods disposable.

Adapted means and methods from HCR marketing plan to gain larger segment of the Russian tourist is the obvious in visibility. Additional trade fairs and exhibitions may help in gaining customers from Finland, but if the objective is to attract the Russian tourist, additional channels of marketing in Russian media, both social and commercial need to be extended on. Cultural know-how is of importance in this area, as most material would need to be produced in a language appropriate to the market area, Russian. Important tools for domestic expanding lies in co-

operation in projects, such as Go Saimaa and personal sales work. The entire marketing organisation would need to be somewhat reorganised for the Russian markets, as currently no member of the staff are able to communicate in Russian. As Russian tourists in Finland are continuously viewed as having greater potential as customers, competition is extensive. Differentiating the Kokemuskauppa products and ensuring high quality services next to ease of use and access are of key.

When it comes to the interview of TSA, it seems that as an SME, they have utilised the services of development centres, such as Jykes. Value is also given to personal sales work as customers spend time with the bus drivers. Language skills are raised as having a large value as well. As an SME, and not having large funds available for extensive marketing campaigns, Internet and some printed media is mostly used for direct marketing. Even though, the finances are limited and competition fierce, some ground has been successfully gained, as 4 % of the customers are Russian. TSA has also begun extending market area into international markets, or Russia, beginning with St. Petersburg and refers to this area as being sufficient enough. A visit to the area was also made during the autumn of 2012.

7 THE FUTURE

The future sales to the Russian tourists depend on how well the marketing itself has been produced and the success of it. This incorporates the marketing strategy, considering internal and external factors affecting the business. Prior to launching, marketing planning and marketing itself, the key elements of the current situation, need to be considered and possibly modified. To increase the amount of existing clientele, in order to make larger profits, depend on not only co-operation, but the quality of services provided. Hence, it is vital to be able to update and develop both, services and the corporate image as well as the appeal of the business itself i.e. with the ease of use of the online store.

Notable is also the fact that even though, Kokemuskauppa may have a product of high interest among the Russians, legal and cultural aspects of both macro and micro business environments need to be thoroughly researched into and understood. The means of doing business are quite different in Russia and the cultural business environment may be a challenge just by itself with added difficulty of the legal framework of doing business. The perfect test-ground of the business should hence be done on familiar ground, before planning extending sales abroad.

7.1 SWOT Analysis

A SWOT analysis is a technique for analysing a firm's internal strengths and weaknesses and its external opportunities and threats (Worthington & Britton 2003, 500). It is widely accepted that corporate performance is influenced by a combination of internal and external factors. Systematically analysing these factors is an aid to strategic decision making and represents a situational analysis. The results of a SWOT analysis can be used to focus attention to the key environmental influences when considering the current strategy and its relevance to the changes in the business environment. (Worthington & Britton 2003, 471-472)

The analysis of opportunities and threats cannot be absolute. Opportunities may not be so when taking into account the organisation's resources, culture or stakeholders expectations. The value of SWOT analysis lies in formulating fitting influences of appropriate organisation strategies. (Worthington & Britton 2003, 471-472)

<p><u>Strengths</u></p> <ul style="list-style-type: none"> - Clear website layout - Able staff - Language skills - Easily editable website layout - Large quantity of service providers - Large quantity of products, variety of possibilities - Ability to use new technology i.e. portable media - Multiple price categories - Large database of registered customers - Ability to stay on the nerve of marketing means - Flexible customer service 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Funding - Current website language - Time consuming translation process - Lack of partners in the area (Russia) - Dependency on service providers - Seasonal products - Ability to hire new staff - Current ability to segment newsletters i.e. appropriate language - Ensuring the numbers of returning customers - Ability to find new service providers in areas of large Russian tourism - Validity time of vouchers considering the Russian tourist
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Growing tourism (from St. Petersburg and Moscow areas) - Co-operation partners - Timing - Further expansion of service providers - Trade fairs - Balancing the seasonal products - Profiling into specific customer segments - Trendsetter i.e. ethical, "hip" - Reputation of Finnish products and services in Russia - Geographical closeness of Finland and Russia - Travelling without the need of a Visa - Individual service for the Russian tourist 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Current financial situation, lack of funding - Time - Competition - Addition of service providers above quantity possible to handle - Choosing the wrong marketing path - Profiling into certain price category - Distinctive product variety - Managing customer database - Failure in gaining co-operation partners - Future political environmental changes - Competitiveness of other countries - Language barrier, language specific marketing

IMAGE 20. SWOT analysis of Kokemuskauppa 09/2012

The previous figure, IMAGE 20, is an analysis of the current factors of internal strengths and weaknesses and external opportunities and threats

Kokemuskauppa may face. This analysis is a prognosis of key elements prior to expanding marketing to the foreign consumers.

7.2 PESTEL Framework and Analysis

All governments promote exporting because it brings needed foreign exchange and stimulates job expansion. (Nelson 1995, 120)

The broad macro-environment of an organisation can be analysed with using the PESTEL method. PESTEL stands for Political, Economic, Socio-cultural, Technological, Environmental and Legal influences affecting the business environment. Politics highlights the role of governments; Economics refers to macro-economic factors such as exchange rates, business cycles and differential economic growth rates around the world; Social influences include changing cultures and demographics, for example ageing of populations in many Western societies; Technological influences refers to innovations such as the Internet, nanotechnology or the rise of new composite materials; Environmental stands specifically for “green” issues, such as pollution and waste; and finally Legal embraces legislative constraints or changes, such as health and safety legislation or restrictions on company mergers and acquisitions. The micro environment of a corporation is close to the operational tasks and can be influenced but not entirely controlled. A part of a corporation’s micro environment includes recognition of key drivers for change and concepts of competition and demand as well as the market area or clientele (Johnson, Scholes & Whittington 2008, 55-56 and Tuttureva 2012, 30 and Worthington & Britton 2003, 7-8).

Politically considering the major factors with Russia are; it is a democratically led nation with one major political party in lead, high bureaucracy and corruption as well as recognising that Russia is a highly internationalized state with connections and co-operation with many international organisations like the World Trade Organisation (later WTO). Economic factors influencing trade in Russia are; the dependency on international trade for industrial raw materials and their price

fluctuations, joining the WTO, increase in private consumption and increased foreign investments nationally. Social influences that play a key role in the trade between Finland and Russia includes; cultural difference and the vital importance in recognition of understanding the cultural differences and acting in reference to them. (Tuttureva 2012, 30-40)

Technologically important issues are; the technological development is somewhat behind that of Finland, even though the government is acting in accordance to develop this sector further. What comes to environmental issues affecting trade are next to non-existent as Russia has only recently begun paying attention to the environmental and “green” values. Legally, it is vital to note the conflictions in the legislation of the Russian laws. Even though, the joining of the WTO has improved and eased international business actions in Russia legally, it is important to take in consideration the local offices injunctions that may be area specific. (Tuttureva 2012, 30-40)

7.3 Preparative Actions

As internationalization is a process, which is difficult to plan in advance, information seeking and interpretation capabilities are important and often scarce in smaller companies. Information influences success in SME’s internationalization process. Several governmental and semi-governmental organisations offer many different forms of assistance. Also, as cultural knowledge is valued and if business resources allow, they would employ persons with good knowledge of business culture and target country languages. The most important reason to go abroad for service companies is the desire to find new customers. (Söderqvist & Holstius 2005, 55-57)

Based on the SWOT analysis as well as the PESTEL analysis, there are some vital actions that need to be taken into account, in order to begin the internationalization and marketing process to the selected customer segment. Visibility being one of the most important factors in marketing, the site appearance

should be ensured with proper search engine optimisation. Next to this, the most important issues are the language of the site as well as the name of the company. In order to serve the Russians with ease, the services promoted need to be in a language that the customer understands and by a brand that is easy to remember, pronounce and search. Finnish, having a minority language position, is out of the question as the main marketing language. The website, with all of its content, needs to be translated to both English and Russian. It may be time consuming, but having already built the website on basis taking this into consideration, the process will not be as overbearing as it could have been.

To further the strengths and opportunities of Kokemuskauppa, the ability of the staff to adapt is of utmost importance. The current staff is able to handle the national demand so far, but in the case of extending market area, further familiarisation with the new market areas is the key to ensure that customer service remains as a competitive tool. The market niche that Kokemuskauppa currently holds is small and specified. As competing with pricing is out of the question, easy access to the services is critical. The timing of the internationalization process is excellent, as more Russians have the funds to travel and Finland has maintained a status of popular destination with its strengths of natural attractiveness and friendly atmosphere. Kokemuskauppa has an opportunity to become a trend setter but to ensure this, additional service providers are important in the Southeast of Finland.

When considering the weaknesses and threats of Kokemuskauppa, it is clear that the limited funding does impose a strategic limitation to the internationalization process as a whole. This problem however, is neither imperative nor crippling. With the assistance of development centres and instances of funding, clear goals and a thorough strategic marketing plan to expand the market area, assistive funding can be applied for. It is a long and time consuming process and requires some human capital. If the human capital that also is one of the weaknesses becomes imperative the assistance of universities and trainees provided through

them, could be considered and this issue could be overcome. The proper allocation of personnel is a key in any internationalization process.

SME's have always had a significant role as employers and providers of prosperity in Finland's national economy. In export operations, these enterprises have been overshadowed by big companies. SME's mostly remain local players due to the lacking economic and intellectual resources for extending sales and marketing operations beyond their own boundaries (Kananen 2011, 7).

The definite keys for Kokemuskauppa now are the abilities to adapt and develop. The maintenance to handle the entity of service providers and their satisfaction guarantees a good reputation that is widespread. With a careful nurturing of current relationships can decrease the amount of work required in the future to add new services into the selection of the online store. Next to adding services, the clientele basis as they are need to be kept on the nerve of new products and ensure their return into the services through additional, possibly season-based advertising campaigns and additional visibility. Trade fairs nationally are good for the acquisition of new clientele and leads, but maintaining the interest of the current clientele ensures the growth in revenue, which is vital for funding the internationalization process.

Many exporters must emphasize quality in their strategies because they cannot compete on price alone. Many exporters may overlook the importance of quality especially when entering a developing market. (Czinkota & Ronkainen 1998, 326-327)

Kokemuskauppa cannot remain relying on good general reputation of their products and services, nor the geographical closeness of Russia with the extension of the market area. The key is aim for high quality of services and products, differentiating itself from the competition, which however, would not profile the company into one certain price category. Marketing campaigns at the moment should be planned in co-operation with businesses already dealing with

the Russian tourists in Finland to gain essential hands-on experience and networking before actually internationalizing sales to cover first St. Petersburg and then Moscow.

The threat of choosing the wrong marketing paths, or wrong the co-operation partners, is a chance that has to be taken. Market testing is the only way to find out which marketing methods to use for specific target groups. The large database existing already in the variety of services, products and treatments gives a competitive edge for Kokemuskauppa that can only be maintained through continuing with the addition of service providers. The distinctive product variety is a threat, but also strength. Additional value for the range of products and services available is through the ease of access, to stay on the nerve of marketing means in i.e. portable media's.

The main issue arising from the current ways of providing services to the clientele is the actual vouchers clients receive for their purchases. The mobility of the vouchers is already a factor dealt with and with the development of technology, E-mail based vouchers are commonly accessible through mobile phones etc., but the validity of the vouchers and ease of use should be developed further. If services are based on ease of use, the dependency on the service providers in this is a culminating point. Co-operation with the service providers needs to be smooth and obstacle free to ensure the tourists are able to get the full experience out of the service. With the assistance of the flexible customer service, this is another issue of human resources. There is a possibility that during peak-seasons, Kokemuskauppa cannot deal with the quantity of experiences sold, possible problems in using the services and the service providers smoothly. This may affect the corporate image of quality and competitiveness.

Future political changes and diplomatic relations are both opportunities and threats for Kokemuskauppa. With the additional means of travel between Finland and Russia, i.e. the high-speed Allegro train connection, it eases access for people into the country. Hence, the limiting factor is still the necessity of a travelling visa. With

the abolition of visa requirements, Finland would be brought back into having the competitive advantage that i.e. China has now overtaken. The possible increase of tourism would mean that Kokemuskauppa would have to aggressively target their marketing to cover the growing, potential clientele. With language specific marketing and individualised customer services, quality would grant the usage of activities, even if some are seasonal based.

8 SUMMARY ON SUGGESTED ACTIONS

The opportunities offered by the fast growing Russian market cannot be defaulted. Russia is a chance Finland cannot miss (Ollus & Simola 2006, 109).

In the process of this thesis, issues on what Kokemuskauppa should consider have been dealt with largely. The main recommended action for Kokemuskauppa at this time, is to consider testing the Russian clientele on national markets at first, before expanding services physically into Russia. First step to take in the internationalization process however, is the translation of the website (and name) into appropriate languages. Many development centres in the area of Jyväskylä, Orimattila, Imatra, Lappeenranta, Kuopio, Joensuu, Mikkeli and Karelian areas have on-going projects that may be interesting for the business. Increasing visibility in any way possible should be the key issue for Kokemuskauppa.

Action Plan for Domestic Market

The Southeast of Finland and Karelia areas are familiar with the Russian tourists and have dealt with them and Finnish businesses in the process of internationalizing extensively, the “Go Saimaa” –project as well as “Pohjan Akka” – project seem interesting (marketing) coalitions when seeking for partners in the area of Russian tourism. In the Northern Karelia area, a guesthouse, Jokipirtin majatalo, has been doing joint marketing for the Russians for over 15 years. If the Karelian area begins to grow interest; a very useful book on first-hand experiences is in the sources listing by Honka Lauri, Heikkinen Marko, Kokkonen Piia and Munne Timo.

As most of the Russian tourists enter Finland through the Southeast border stations, Lappeenranta and Imatra raise as key areas above others, to begin investing time in finding more service providers and co-operation partners. This would be a strategic decision to take and acquaint Kokemuskauppa dealing with

the cultural and linguistic issues in doing business with the Russians. Joining forces with local travel agencies, development centres, universities (of applied sciences), local trade fairs and exhibitions are the places to start looking.

In Jyväskylä area, Jykes has a representative in St. Petersburg and hence, they can provide additional information on market penetration at the later stage, once funding has been secured. Also, Jyväskylä Innovation Oy (Ltd) has a key contact that specialises in these matters. The Jyväskylä University of Applied Sciences can also be a valuable asset, as they are continuously funding and researching into developing tourism in the Jyväskylä area and have on-going projects to increase Russian tourism in Jyväskylä. Joining these projects may include traineeships of students in barter for being part of funded projects. Funding for separate marketing could be applied for from Economic Development, Transport and the Environment (EDTE) centres and other financial institutions like Finnvera and local banks. International funding needs criterion on; the international mission statement, target country, aims and goals of internationalization, international strategy plan, marketing strategy, production strategy, investment strategy and international personnel strategy. (Äijö 2001, 157)

Action Plan for International Market

After the national market visibility has been ensured, and the service providers acquired from the areas where there is existing or growing Russian tourism, it may be time to begin internationalization of the services physically into Russia. The main area of interest for most Finnish-based SME's has been the area of St. Petersburg, an overall region of above 5 million people. This is the total populous of the whole of Finland, which should be an area large enough to market and acquire clientele for Kokemuskauppa. Even so, when the internationalization process begins, it may be a wise move to appoint someone from St. Petersburg to plan the Russian marketing campaigns, whom also has knowledge of Moscow.

When considering the marketing communications mix of Kokemuskauppa in the internationalization process, it is essentially important to consider the marketing campaign in a various different ways. The marketing communications mix should include areas in advertising, public relations, personal selling, sales promotion and direct marketing tools. All of which persuasively communicate value to the customers as well as building lasting customer relationships and customer retention. These tools will help to add value to the existing Internet portal and communicate across to the customers in B2C marketing.

In the internationalization process it is recommended to find an endorsed agent from St. Petersburg area in coalition with agents working in the areas of Lappeenranta and Imatra i.e. through travel agencies etc. This means physically going into the area to negotiate with a few separate instances and requires some capital, both human and time but also money. It is a quick route to the internationalization of Kokemuskauppa. Especially in the lack of finances it may be wise to oversee existing connections from the service providers and map out their existing relations and only after that begin planning the entering into the Russian markets on a longer time span; by advertising in the local media's of St. Petersburg and Moscow and other media's relevant to the marketing strategy of Kokemuskauppa. These internationalization strategies can also be adapted to other market areas, to cover a greater area of Russia and i.e. the Baltic and the Nordic countries.

In any case, the internationalization process is time consuming and should be considered as an extension to the service providers served at the moment. Reasons behind the internationalization should be clear and goals set accordingly. Barriers to international trade need to be understood and plans made to overcome them. A thorough analysis made on the stages of export, as well as target market analysis of purchasing power, price levels and other factors affecting. This is always required when i.e. dealing toward joint ventures or with institutes of development for finances. Hence, operations and distribution analysis are needed and an analysis on the processes and levels in which operations are extended into

the target country. This includes considering operation modes; is the business a satellite agency of the existing national agency etc. Primarily, competition has to be mapped out and means to prevail ahead by means of strategic marketing, pricing, quality, reliability and selection of services.

Initially, internationalization should be integrated into the strategic expansion of the business. Agents to plan joint ventures with need to be selected through criteria that is beneficiary for the business and commissions set for reached, annual targets. Experience cannot be underestimated nor can personal chemistries. Above all, and it cannot be stressed enough, rises the cultural differences of Finland and Russia. The cultural differences may cause strategic drifts, but a changing and / or evolving business strategy is not a bad way to go. Quite often, strategy changes or drifts may even save the entire internationalization process, as keeping pace with changing environments is the key to corporate survival today. These strategic drifts frequently work in the SME's advantage, due to shorter command-chains.

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Additional insight into the basic information of Kokemuskauppa.com and the operative means and methods were gained during an internship in the business during September 2011 – March 2012.

APPENDICES

APPENDIX 1 – INQUIRY TO KOKEMUSKAUPPA SERVICE PROVIDERS

1. Name of the Business: Juha Rahkonen Oy/Unelmakala

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5

(excellently):

English: 4

Swedish: 2

Russian: 1

Other, which:

Would you be interested in servicing clientele from Russia in particular?

Yes, they are eager fishermen and want guided fishing tours in Finland. They also have ability to pay for the services.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

No

Additional details:

(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:

(No response)

2. Name of the Business: Juhlalinja

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5

(excellently):

English: 2

Swedish:

Russian:

Other, which:

Would you be interested in servicing clientele from Russia in particular?

Yes

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

No

Additional details:
(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
(No response)

3. Name of the Business: Tmi Merilei Mandelin, aputoiminimi: MoodforHoop

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):

English: 5

Swedish: 1

Russian: 1

Other, which:

Would you be interested in servicing clientele from Russia in particular?

I can offer the shows for the Russian tourists, but not the instructed courses.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

No

Additional details:
(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
(No response)

4. Name of the Business: ???

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):

English: 2

Swedish:

Russian:

Other, which: Estonian 4

Would you be interested in servicing clientele from Russia in particular?

Yes, they are interested in high quality services and are willing to spend a lot of money.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

(No response)

Additional details:
(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
(No response)

5. Name of the Business: Mielenkieli

Is there an existing will to service foreign clientele in Finland?
Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):
English: 1
Swedish: 1
Russian: 1
Other, which:

Would you be interested in servicing clientele from Russia in particular?
The execution of services is only possible in Finnish or with the help of a translator in other languages as well.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?
(No response)

Additional details:
(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
(No response)

6. Name of the Business: Jyväskylän Sukelluskeskus

Is there an existing will to service foreign clientele in Finland?
Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):
English: 5
Swedish: 1
Russian: 1
Other, which:

Would you be interested in servicing clientele from Russia in particular?
(No response)

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?
No

Additional details:
(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
(No response)

7. Name of the Business: Farmersgolf

Is there an existing will to service foreign clientele in Finland?
Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):
English: 5
Swedish: 5
Russian: 1
Other, which: German, Estonian

Would you be interested in servicing clientele from Russia in particular?
Yes

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?
No

Additional details:
(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
(No response)

8. Name of the Business: Koomikko-jonglööri Juha Kurvinen

Is there an existing will to service foreign clientele in Finland?
Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):
English: 4
Swedish: 2
Russian: 2
Other, which: juggling as a show is visual and understood in all the world's languages

Would you be interested in servicing clientele from Russia in particular?
I have done shows for the Russian businessmen, oil barons and millionaires etc. in Saariselkä, London, The French Alps – the show is visual and for everyone. The Russians in particular have been interested in the show name "CrazyFinn" and the chainsaw show – Finnish craziness.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

Yes

Additional details:

I have a few foreign based agents who use my shows abroad. Mostly businesses that organize luxury-events for foreign clientele.

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:

Can't think of anything – a lot of visitors to the site to increase business =)

9. Name of the Business: Oy AHL Product Ab

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):

English: 5

Swedish: 4

Russian: 3

Other, which: Estonian, French

Would you be interested in servicing clientele from Russia in particular?

There are a lot of Russians interested in motorsports who would find this product interesting

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

Yes

Additional details:

(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:

(No response)

10. Name of the Business: Valokeiju & Sateenkaari Rentoutushoidot

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):

English: 2

Swedish: 2

Russian: 1

Other, which:

Would you be interested in servicing clientele from Russia in particular?

The treatments can be done to anyone, including the Russians. I have an interest toward foreign clientele but not necessarily the language skills, I cannot speak Russian at all. I have had some foreign clients, occasional tourists (whom I've mostly used English with and possibly assistance from the person they have come in with) as well as the Russians living in Finland who speak a little Finnish.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

No

Additional details:

(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:

(No response)

11. Name of the Business: All the Fives Oy

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):

English: 4

Swedish: 2

Russian: 3

Other, which:

Would you be interested in servicing clientele from Russia in particular?

The product may interest the Russians: www.vartiovene55.fi

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?

No

Additional details:

(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:

(No response)

12. Name of the Business: Istira Oy

Is there an existing will to service foreign clientele in Finland?

Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):

English: 5

Swedish: 3

Russian: 2
Other, which:

Would you be interested in servicing clientele from Russia in particular?
The Russian clientele are one of our future expansion goals in marketing.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?
No

Additional details:
I have one existing contact to a Russian travel agency, but I need to negotiate with them myself first before I can hand it over.

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
I hope Kokemuskauppa invests in visibility in the future. I have been a little surprised by the fact that at least our sales have not grown remarkably through the service.

13. Name of the Business: Savonlinnan Seudun Matkailu Oy

Is there an existing will to service foreign clientele in Finland?
Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):
English: 5
Swedish: 4
Russian: 5
Other, which: French, German, Polish, some Italian and Spanish

Would you be interested in servicing clientele from Russia in particular?
We operate strongly in Russia in sales and have been for 10 years.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?
Yes

Additional details:
(No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:

14. Name of the Business: Royal Events (RFC-Finland oy)

Is there an existing will to service foreign clientele in Finland?
Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):
English: 5

Swedish: 4
 Russian: 4
 Other, which:

Would you be interested in servicing clientele from Russia in particular?
 Yes indeed. We already have some Finnish-Russian dealers.

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?
 No

Additional details:
 (No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
 (No response)

15. Name of the Business: Ari Toikkanen

Is there an existing will to service foreign clientele in Finland?
 Yes

In which languages can you offer your services in a scale of 1 (not all) – 5 (excellently):
 English: 2
 Swedish: 5
 Russian: 5
 Other, which: Hungarian

Would you be interested in servicing clientele from Russia in particular?

Do you have existing foreign co-operation networks we could make use of together, to further increase the marketing area?
 Yes

Additional details:
 (No response)

Added comments to Kokemuskauppa.com, in reference to co-operations development, communications or other related operations:
 (No response)

APPENDIX 2

Inquiry on marketing to the Russians

Basic information

1. Name of the company and year of establishment: Holiday Club Resort Oy (Ltd.) 1986
2. Size of the organization and personnel: In 2011 HCR employed 588 people
3. The business idea of the company: Holiday Club Resorts Oy is one of Europe's largest vacation ownership enterprises. Holiday Club Resorts Oy owns 1500 holiday homes in 32 destinations: 24 in Finland, 5 in Gran Canary, one in Calahonda, Spain, as well as Holiday Club Åre and Ekerum Golf & Resorts (Öland) in Sweden. 1st of March 2011 Holiday Club Resorts Oy increased the amount of spa hotels it owns. At the moment the company owns seven spa hotels in Finland. In October 2011 Holiday Club Saimaa, the largest holiday resort in the Nordic countries, opened its doors.
4. Turnover of the previous accounting period: In 2011 the turnover of the company was 93 million euros

The Russian Customer

1. Do the Russians belong to the targeted customer group?
Yes they do, especially at the new resort at Saimaa. The Russian tourists are a remarkable part of the targeted group, approximately one third of overnight stay overs' are Russian. Also the Katinkulta resort and Tampere Spa as well as the destinations in the North have a rise in Russian tourism.
2. What actions are made in the corporation to assist promotion?
A varied selection of communications in marketing that included advertising and reporting. Our Russian office contacted the Russian travel agencies, as well as attended to different marketing or trade fairs. Holiday Club is also a remarkable part of GoSaimaa- co-operative marketing campaign directed to Russia.
3. What tools are used in marketing? The main marketing channels?
Digital marketing in its many forms: website + store, newsletters for a variety of clientele, some and keyword advertising, search engine optimization. Both in Finland and Russia billboard advertising, as well as print advertising. With the launch of Saimaa campaign, print, radio, banners on websites and billboard advertising was also used.
4. What benefits does personal sales work contain i.e. in attraction destinations (hotels), trade fairs, papers, sales pitches etc.?
The personal sales work of our Russian sales team is essentially important. In Villas sales and timeshares, personal sales work is the basis for all sales. Trade

fairs are more to collect leads that may result in sales after marketing has gone through them. Actual sales campaigns (offers via mail) are tactical in nature and matter, especially as Saimaa destination is entirely new and its familiarity needs to be marketed, other vacation destinations need familiarization and marketing as well.

5. What is the main operational environment to where Russian tourists are being acquired to?
All our products are also marketed to the Russians:
 - accommodation in hotels
 - rentals of lodges
 - time shares
 - Villas

6. Main products marketed to customers:
The three main products Holiday Club carries; accommodation sales (both hotels and vacation lodges), related to this sales at venues (restaurants, activities, spa, etc.) and sales in time shares and Villas sales.

7. How is the marketing organization developed?
The organisation is developed with care and carefully planning resourcing (investment), developing the organisational communication between the head office and attractions/destinations, working toward active interaction within the organization (internally and externally) as well as training staff and personnel.

8. Does the language of marketing make a difference?
Yes it does. English is the common language in marketing that everyone understands. Naturally Finnish is used in everyday operations. Our marketing organization also has a native Russian, who can communicate and above all, produce fluent Russian marketing material. Producing fluent Russian material is essential when communication with the Russians. I'd like to highlight that Russian material needs to be produced for the Russian clientele!

9. How would the raising / lowering of prices affect the market?
The increase in prices makes sales work harder and decrease eases sales. Of course, the general economics play a vital role.

10. To which price range would the products be ranked in?
Holiday Club products are medium priced.

11. What is the amount of Russians of the total demand? How about of the total market?
Amount changes by resort / destination. Apart from Saimaa, the quantity is moderate, 30 % of customers at Saimaa are Russians and 10 % of marketing is directed to Russia.

12. What is the competition for Russian tourists? Marketing budget per customer?
Competition tightens constantly. The Russian tourists are viewed as having great potential.

13. Who and where is the biggest competition?

Primary competitions are companies in the same business. When considering Saimaa, the natural competitions are the other resorts and leisure businesses in the area.

14. What are the strengths and weaknesses of the corporation compared to competition?
We have a quality, developing product package at Saimaa – a unique attraction that others do not have. Familiarity of this attraction is not yet at the level we had hoped it would be.

Economic, Social and Political Environments

1. Does the corporation's current financial state affect the marketing to the Russian tourists? How?
Yes. Challenging economic climate restrains marketing activities. We aim at utilizing our own marketing channels more efficiently.
2. Does the political environment affect in the marketing to the Russians? How?
It has no affect.
3. Is there existing marketing in the social media: where?
Yes, in FaceBook and in Vkontakt.
4. How the Russians are segmented; is each segment marketed separately?
The main segments are as follows: (week) shareholders and Villas owners, other (hotel and rental) clients, potential clients and travel organisers.
5. Does the corporation have on-going or future investments in the East of Finland, near the Russian border?
On-going investments at Saimaa are continually made, i.e. an 18-hole golf course is completed by the fall 2013. Also Villas and additional holiday cabins are still built. Answer is yes.
6. Will these entities be marketed separately? Where and how?
Yes and no, see the answers to the previous channels and actions.
7. What special competences or qualities are required in marketing to the Russians?
Language skills and culture, customs and etiquette knowledge is important.
8. Are the local decision-makers pursued systematically?
Not systematically, there are exceptions.
9. How does the corporation react to contributions and donations? How are the charitable organisations chosen?
As a rule, there are none.

Human Resources

1. How are the internal communications dealt with?
HR is mainly in charge of communications. The corporation has an internal message board (intra), staff E-mailing. Naturally the immediate supervisor-subordinate relations are the basis for all communication.
2. Is the corporation planning on extending (the current) market area in Russia?
Some actions are taken toward Moscow, but the main marketing area remains in the area of St. Petersburg.
3. What kind of growth impact and / or growth trend does this specific environment have for the corporation?
4. Is there a need for personnel increase or decrease?
The current amount of staff is sufficient for now.
5. How is acquisition of new staff handled?
Case-by-case basis. External recruitment took place in the fall of 2011 when two new people were hired.
6. How is the marketing staff familiarized with their tasks?
Managerial guidance and learning by doing.
7. What special qualities are required of the staff, i.e. in the case of sales people? Do language skills and cultural knowledge etc. play a vital role?
8. How is the training executed?
Training of the sales people is separate from the marketing division.
9. What kinds of motivation methods are used?
Motivation means and methods vary. In marketing, feedback, open conversation and spirit of unity work well as motivational methods.
10. Is acquisition of co-operation partners necessary when considering marketing in the targeted country or are they acquired nationally?
Previously we have had advertising agency inter alia in Russia taking care of i.e. promotional events, radio advertising, TV-advertising and key word advertising. Also search engine optimization is done in co-operation with the Russians. Mainly Holiday Club covers our own marketing planning nationally (in Finland) but Russian language experts are required in international sales for the acquisition of client registers from varied databanks.

APPENDIX 3

Inquiry on marketing to the Russians

Basic information

1. Name of the company and year of establishment: Tilausliikenne Sami Arjotie Oy – Charter transport Sami Arjotie Ltd, 2001
2. Size of the organization and personnel: 7 people in 2012
3. The business idea of the company: Package tours and chartered transport in Finland and abroad
4. Turnover of the previous accounting period: 900 000 €

The Russian Customer

1. Do the Russians belong to the targeted customer group?
Yes.
2. What actions are made in the corporation to assist promotion?
Marketing on the Internet as well as newspapers.
3. What tools are used in marketing? The main marketing channels?
Main marketing channels are on the Internet and printed media.
4. What benefits does personal sales work contain i.e. in attraction destinations (hotels), trade fairs, papers, sales pitches etc.?
Personal sales matter largely, as the drivers of each bus work as personal contacts to the customers on board. The buses as well are advertisements on the move.
5. What is the main operational environment to where Russian tourists are being acquired to?
Chartered tours and on order traffic transport by bus.
6. Main products marketed to customers:
Bus tours.
7. How is the marketing organization developed?
Some help is received from JYKES and the company's own business network is utilised. Currently inadequate finances limit the extension of services.
8. Does the language of marketing make a difference?
Yes, it has a large effect, especially with the Russians.

9. How would the raising / lowering of prices affect the market?
Lowering of prices would always increase sales.
10. To which price range would the products be ranked in?
The services are priced in attempt not to be the cheapest. Mid-priced.
11. What is the amount of Russians of the total demand? How about of the total market?
Unfortunately the current Russian clientele covers about 4 % of total sales.
12. What is the competition for Russian tourists? Marketing budget per customer?
In the bus transportation business competition is tough. The Russian charter companies can afford to offer cheaper deals than i.e. the Western businesses.
13. Who and where is the biggest competition?
The biggest competition in this area of operations is in St. Petersburg, mainly the larger businesses.
14. What are the strengths and weaknesses of the corporation compared to competition?
The weaknesses are; small business size, small networks to the Russian business environment and strengths; flexibility, quality and reliability.

Economic, Social and Political Environments

1. Does the corporation's current financial state affect the marketing to the Russian tourists? How?
Yes they do, because finances are inadequate to market the business enough.
2. Does the political environment affect in the marketing to the Russians? How?
It has no effect.
3. Is there existing marketing in the social media: where?
4. How are the Russians segmented; is each segment marketed separately?
The Russians are not marketed separately at the moment. An exhibition or a demonstration was held at a consulate in St. Petersburg in early fall 2012.
5. Does the corporation have on-going or future investments in the East of Finland, near the Russian border?
Not at the moment.
6. Will these entities be marketed separately? Where and how?
7. What special competences or qualities are required in marketing to the Russians?
Cultural knowhow is important to enter the markets. Lubricating high ranking officials is a common way to make business.
8. Are the local decision-makers pursued systematically?
Not possible.

9. How does the corporation react to contributions and donations? How are the charitable organisations chosen?
Contributions are paid to instances where they ensure beneficiary advantage. It is a common way to make business in the East of Finnish borders.

Human Resources

1. How are the internal communications dealt with?
With a small staff internal communications do not present a problem. No need for extensive monitoring.
2. Is the corporation planning on extending (the current) market area in Russia?
St. Petersburg is an area large enough for us.
3. What kind of growth impact and / or growth trend does this specific environment have for the corporation?
Hopefully business will grow in the coming years.
4. Is there a need for personnel increase or decrease?
Hopefully the current staff is sufficient enough.
5. How is acquisition of new staff handled?
Word-of-mouth has proven to be the most successful way to gain new staff in the transportation /charter business.
6. How is the marketing staff familiarized with their tasks?
The job should be familiar before enrolling on pay list. There is no time to teach basics.
7. What special qualities are required of the staff, i.e. in the case of sales people? Do language skills and cultural knowledge etc. play a vital role?
Language skills are the most important for the bus drivers. Russia covers about 120 million potential customers. Servicing them is essential.
8. How is the training executed?
Some courses for the drivers are being offered.
9. What kinds of motivation methods are used?
Usually money or added income is the best motivating method for the drivers.
10. Is acquisition of co-operation partners necessary when considering marketing in the targeted country or are they acquired nationally?