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**What are the reasons for the low number of Russian travellers to Gran Canaria?**

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<p>The main objective of the thesis was to analyse the Russian tourism market in Gran Canaria. The observations showed that at the moment there are a low number of Russian travellers on the island. Therefore, this thesis accomplishes a deep investigation of possible reasons and factors that influence low demand and interest of Russian tourists in visiting this particular destination.</p> <p>The theoretical background includes general information about Gran Canaria and its attractions. Moreover, the promotional tools and transportation issues that affect the destination selection process were discussed. In order to investigate the Russian customer's buyer behaviour, two models were used with the aim to support the research problem and analyse what the external, and internal factors that have a significant role in the decision making process are.</p> <p>The study is based on the qualitative research that includes two interviews with potential Russian customers and tour agencies. The reason for conducting the two questionnaires is the high interconnection between these two groups. Therefore, it was important to examine both customers' and marketers' perspectives, which show an interesting contrast concerning their opinion.</p> <p>The results of the investigation demonstrated that at the present time the collapse of several tour operators caused the change in Russian travellers' buyer behaviour. The questionnaire conducted among the clients underlined the preference towards the organisation the trip independently, despite the fact that some years ago the majority of the tourists did not consider booking the holidays without the tour operators' assistance. This change might have a positive effect on the increase of Russian tourism in Gran Canaria, due to the fact that the vacation in this destination has to be organized individually. However, the issues such as no charter provision, current Russian government policy, which is directed towards domestic tourism development and economical instability, are the main obstacles in development of Russian tourism in Gran Canaria.</p>	
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## PREFACE

We want to give our thanks to the Gloria Palace Amadores Hotel for providing us with as opportunity to do our internship, which gave us our topic idea. We also want to express our deep appreciation to Jan Mitts supporting and supervising our thesis process. We would also like to thank Peter Stricker for helping and guiding us through all our academic studies.

We would also want to thank the representatives of the tour companies and the Russian customers who we interviewed, enabling our research.

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## 1 INTRODUCTION

Tourism is one of the biggest industries in the world. This sector is growing rapidly, and year on year it involves many changes and developments. People are looking for new destinations and new experiences. More and more tourists are ready to combine or replace leisure tourism for the active one (World Tourism Organization). The following thesis is devoted to the analysis of Russian tourism market on Gran Canaria.

The idea of the thesis arose during an internship, which took place in Canary Islands, specifically on Gran Canaria in the Gloria Palace Amadores hotel. Gloria Palace Amadores is a four-star hotel located in the south of Gran Canaria (Mogan region) near Amadores Beach. The hotel counts on 392 rooms classified in double standard, family and junior suite rooms. It was founded in 2003 and became a very popular tourist destination for its sea view, service quality and its exotic location in the rock. On the hotel's territory there are bars, conference halls, a mini club for children, reception with the service available 24 hours, swimming pools, parking areas and the Thalasso centre.

During the practical training and being employed as the receptionist we had a chance to observe the flow of the customers and discover which nationalities are highly interested in visiting this destination. Nearing the end of the internship, it became obvious that for some reasons Gran Canaria is not popular among Russian tourists. More than that, the neighbouring island Tenerife is a very attractive destination for this particular market group and annually receives thousands of them.

This phenomenon became very interesting to investigate and research possible reasons of following behaviour. Moreover, we are closely connected to the mentality and culture of Russian people and as a result we try to find out the main reasons why Russian people are travelling to thousands of popular destinations, but not to Gran Canaria.

Based on the observations and practical experience we pointed out the following research questions:

- What are the reasons for the low number of Russian travellers visiting Gran Canaria?
- What are the main factors that influence Russian consumer buyer behaviour?
- What can be done in order to attract greater number of Russian customers to the island?

The thesis accomplishes a detailed study on which factors should be taken into account with the purpose of attracting a greater number of Russian customers.

The theoretical background includes two models which are very useful in thorough analysis of the main research problems. On the one hand, one model gives opportunity to investigate the main internal and external factors which affect the destination selection process. On the other hand, the influence of the tour agencies on customers' buyer behaviour can be discovered by using the second model. In addition, it might be helpful to analyze the marketing tools applied by the tour agencies in order to create or support needs and wants of the clients. What is more, the study of different stages of the consumer decision making process is a significant matter which includes the analysis of important aspects such as the information channels for the customers.

The empirical part involves two qualitative questionnaires, with the intention of obtaining a response from the potential Russian customers and tour operators. In order to acquire the accurate information of the tour operator performance, the first questionnaire was applied within the strongest representatives in this sphere. Therefore, the twelve biggest tour operators from three different regions - Moscow, St. Petersburg and Murmansk - took place in the interviews. In contrast, ten potential customers with broad travelling experience from the same regions as the tour operators were participating in the survey. This is important with a view to look at the same research question from both marketer's and consumer's perspective. The qualitative research has been chosen in order to analyse the data, based on the tour operators' and customers' previous experience and their perception.

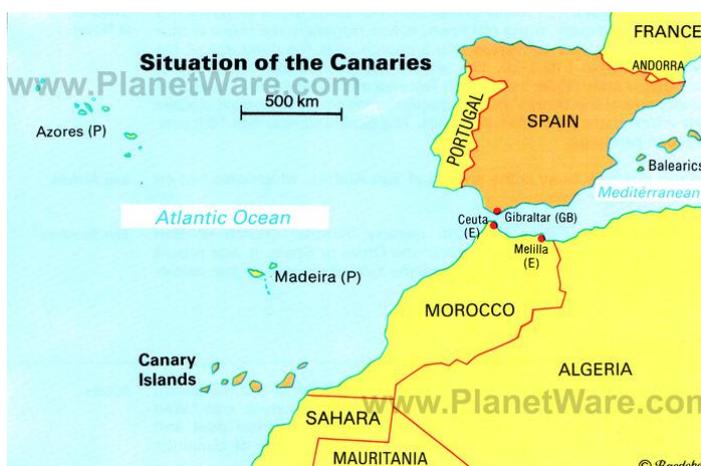
The thesis structure is presented in two different sections, including the theory and information part and research part together with the findings. Both sections are selected and reported in a manner to support the practical matter based on the theoretical part. Following from this, the empirical findings during the investigation process provide a wide picture of possible influencing factors and reasons for the low interest in Gran Canaria within Russian market. Moreover, the recommendations for further development are supported by the research presented.

## 2 CHARACTERISTICS OF THE CANARY ISLANDS AND GRAN CANARIA

The following chapter describes the general information about the Canary Islands and gives more details about Gran Canaria, its environment and climate, tourist attractions and development of the island.

### 2.1 General Information about the Canary Islands

The Canary Islands are a Spanish archipelago located in the North Atlantic Ocean. It is one of the 17 Spanish communities that include seven islands: Tenerife, Lanzarote, Gran Canaria, Fuerteventura, La Palma, La Gomera and El Hierro, which are also part of the European Union.



Picture 1. Map of the Canary Islands location (Planet Ware 2014).

The archipelago is situated about 1000 km from the mainland and is in close proximity to Morocco, Africa. Together all the islands cover about 8000 square kilometres, and the population estimates about 2 million inhabitants. The climate, popular attraction and beaches of the Canary Islands make this place very popular around the world. Every year the number of visitors to the Canary Islands is growing. Tourism industry is a significant factor in the development of the area (Casa Gran Canaria. 2014).

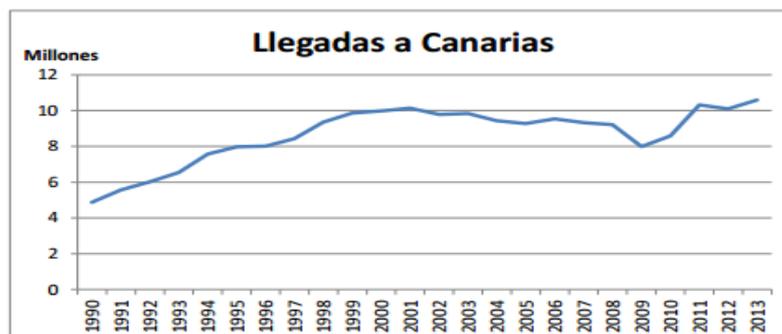


Figure 1. Evolution of Tourist Arrivals to the Canary Islands 1992–2013. Source: AENA

From the graph above we can see that since the beginning of 90s there has been an increase of tourist arrivals to Canary Islands more than two times. Based on the statistical data in 1990 the number of tourists on the Canary Islands archipelago was estimated a bit less than 5 million tourists. In 2013 this number increased two times and the amount of travellers reached 10.5 million travellers (AENA 2014). The dynamic growth of international visitors to this region made tourism industry the most important business for the Islands' economy. Tourism makes a minimum of 50 % of the total GDP providing thousands of jobs and acts as a significant aspect in improving social, environmental and cultural features (Tourism Management. 2004).

## 2.2 Gran Canaria

Gran Canaria is located close to the West African Coast, Morocco. The official language is Spanish, however, English is widely spoken in the tourism services and destinations. It is the third largest island in the archipelago, and the second popular tourism destination of the Canary Islands.



Picture 2. Map of the Location of Gran Canaria (Casa Gran Canaria 2014)

The population of the land exceeds 800 thousand, which makes it the most populated compared to all the other islands in the archipelago (Canario.co. 2013).

### 2.2.1 Environment and Climate

The environment and climate in this region is recognized to be one of the best in the world. The weather conditions are perfect for sunny holidays throughout the year. The average temperature on the island is about 21 degrees Celsius. During the hot season from June to September the temperature rises up to 28 degrees and during winter season the thermometer does not go below +16 degrees Celsius. Due to the favourable climate Gran Canaria is a very popular destination throughout winter season (Gran Canaria Info.Co. 2014).

The natural heritage of Gran Canaria boasts great biodiversity. The Island is full of the natural attractions that draw tourists from all over the world. Rare species of animals, volcanic landscapes, crystal clear water, different types of forests and pristine beaches can be observed on Gran Canaria. Moreover, about 40% of the land is protected natural reserves by UNESCO. Many of the species can be found only on this island and nowhere else on the planet (Gran Canaria Info.Co. 2014).

### 2.2.2 Tourist Attractions

Gran Canaria is filled with diverse tourist attractions that cannot be seen anywhere else, except on this island. Both artificial and natural sights are covering the land of Gran Canaria which brings thousands of tourists all year around.

The island is unique for its nature where various types of landscape come together. Based on the personal experience one of the most popular places on Gran Canaria is the centre of the island called “Roque Nublo”, which has unique volcanic nature. Another popular tourist destination is the natural dunes located in one of the most visited city which is Maspalomas. The dunes are located miles along the South coast line and present a view of a desert. This place is well promoted inside the island and all the tourists are informed in the beginning of their stay about the natural phenomenon that has to be seen in order to get a full image of Gran Canaria.

Moreover, the island is full of beautiful cities that have exclusive architecture. Puerto De Mogan located in the South of the Island, has an image of “small Venice” in Gran Canaria. The town of Teror that can be found right in the middle of the island is attracting visitors with its beauty, original buildings and structural design. The city can be reached only by the mountain road, where the island`s nature and ocean view is observed. One of the most visited cities on the island is Las Palmas, which is the capital of Gran Canaria. The city is located in the north of the island. However, most of the tourists are willing to visit this place because of its shopping districts, friendly bars, a small historic centre and entertaining night life.

In addition the island is ready to offer many theme parks and entertainment that are suitable for adults and families. Open Air Aqua Park is visited by most of the travellers, where they can find many different water attractions. Another popular nature based park is located in the middle of the island. Palmitos Park is famous for its animal show including dolphins, parrots and wild birds. Other well-known theme parks are Angry Birds Activity Park which is an open air playground and Holiday World Attraction Park (Gran Canaria Info.Co. 2014).

### 2.2.3 Development of the Island

In the last few years the infrastructure of Gran Canaria was developing in order to expand the number of visitors and create a high-quality image of Gran Canaria as a tourist destination. A new highway was built along the coast line that helped to improve the transport facilities between the airport and tourist destinations. Moreover, new cities, such as Meloneras and Anfi were built, utilizing new technologies and latest innovations in constructing new hotels and attractions, such as the first class golf club. Due to the increase of tourists the airport was rebuild and it was expanded 3 times (Gran Canaria Russian Centre and Club).

In the future, the government plans to construct even larger scale projects that will have an important role in developing tourism industry in Gran Canaria. These projects include the construction of Aquarium Loro Park, all-season tennis school, 7 star Eco Spa Hotel, a high speed railway between the capital of the island, the airport and the most visited city Maspalomas, as well as many other projects (Gran Canaria Russian Centre and Club). The growth of infrastructure has an important role in development of tourism industry.

### 3 THEORETICAL BACKGROUND

Customers are the key players in the business industry. Based on John's definition, consumer is a person that acquires goods and services to fulfil his/her own needs and improve satisfaction (John 1999; 161). A professional understanding of the consumer is at the core of the successful business practice in the tourism industry (Goeldner and Ritchie 2011). Here comes the clear idea that a study on the behaviour of tourists is fundamental in the tourism industry. The analysis of consumer behaviour is a complex process that involves numerous factors. In many cases there is a chance of different people being involved in the process, which might influence the consumer's final decision (Kotler, Bowen, Makens 2006; 7).

#### 3.1 Consumer Buying Behaviour

Based on the definition of Engel, Blackwell and Miniard (1995) consumer behaviour is defined as follows: "Consumer behaviour is those activities directly involved in obtaining, consuming and disposing of products and services including the decision processes that precede and follow these actions" (Swarbrooke, Horner 1999; 6).

Kotler, Bowen and Makens (2006; 198) have emphasized the central question in a model of consumer behaviour: How do consumers respond to the various marketing stimuli that a company can use? Understanding consumer's response to the various features of the product, advertising and prices gives a great advantage to the company (Kotler, Bowen, Makens 2006; 198). The study of the relationship between marketing stimuli and consumer response is an ongoing compound process that is vital in order to achieve the best practices of comprehension between customers and marketers.

The model below is a useful tool to demonstrate the procedure of how a consumer's buying behaviour is influenced by both external and internal factors that later on will be of significant influence on the buyer's response of the final purchase. The Schmolle consumer behaviour model displays the decision making process on the travel that includes interaction of four fields of influence. It also underlines that the tourist's perception has an important role in the process of the final decision.

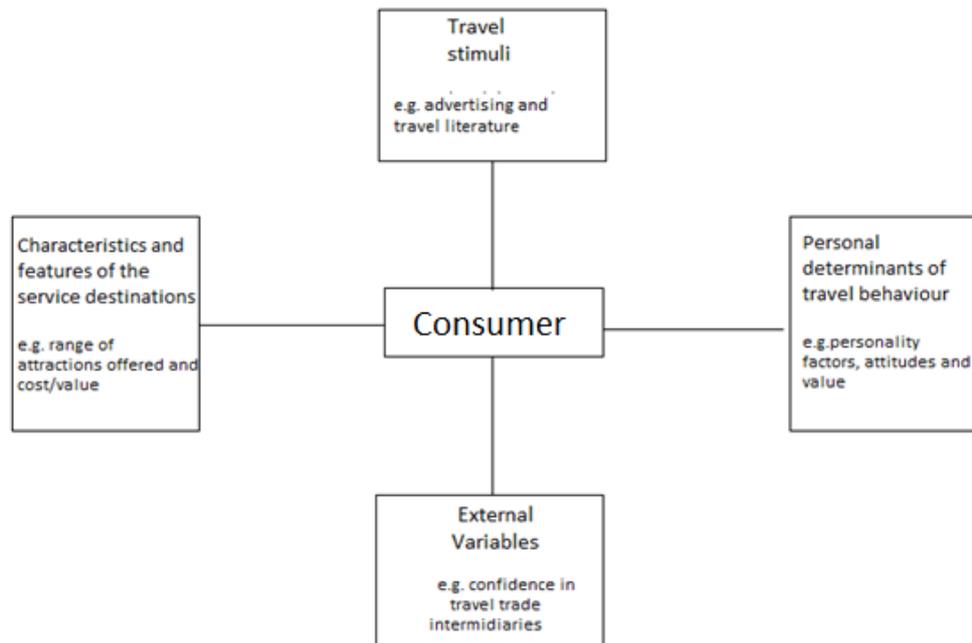


Figure 2. Schmoll's Consumer's Behaviour Model (Swarbrooke, Horner, 1999; 76).

Schmoll has developed a model which underlines that the consumer's decision is affected by the four elements below:

- travel stimuli, including guide books, reports from other travellers, advertising, and promotion
- personal and social determiners of travel behaviour including motivators, desires and expectations
- external variables, including destination images, confidence in travel trade intermediaries and constraints, such as cost and time;
- characteristics and features of the destination services, such as the perceived link between the cost, value and range of the attractions and amenities offered

(Swarbrooke, Horner 1999; 47).

When talking about the tourism product and services it is important to recognize that it has unique qualities that have to be taken into consideration in order to understand the whole concept of buyer behaviour in the tourism industry.

Tourism products most of the time act as a service. Service is very hard to define because it relates to the different factors, which differs from the product. These aspects are mentioned below:

- I. Intangibility: Service is intangible. It cannot be seen, tasted or smelled before the purchase. Also, it cannot be measured. In order to overcome this problem tourism companies were trying to find the solution with the help of technology. For example, consumers were offered to watch a video from the destination.
- II. Inseparability: This definition implies that the production and providing the services and the consumption of it obviously cannot be separated. It has a strong interconnection between the consumer and the provider and it can affect the pattern of consumer's behaviour and the final decision making.
- III. Heterogeneity: It is hard to provide the same service several times. Most of the time it will never be the same twice. The consumer personal mood can vary in different situation and this will affect the appraisal of the product. At the purchase stage the customer cannot evaluate the potential quality of the tourism product.
- IV. Lack of ownership: At the end of the operation the consumer does not own anything. Experience and satisfaction is the only thing that the tourist acquires after the service is completed (Swarbrooke, Horner 1999; 70).

The customer has a high level of involvement in the process of buying a tourism product. What is more important, the tourist will change the behaviour pattern based on the type of holidays that has been chosen (Swarbrooke, Horner 1999; 71). As seen previously, Schmol's model demonstrates what the internal and external factors that have a significant role in making the final decision are. However, it is also important to realize what the marketers' perspectives are in order to influence customer's assessment and choice.

Solomon has suggested the model that explains issues that get addressed at every purchase stage, which are pre-purchase, purchase and post-purchase phase. (Swarbrooke, Horner 1999; 45). This model illustrates how different stages of the purchasing process are viewed

from customer`s and marketer`s perspective, and it presents the intersection with two main groups of participants.

The Solomon's model is a useful tool in our research because the investigations are aimed at the potential customers and tourism agencies. This information is essential as it shows the influence of agencies on travellers' buying behaviour. It also presents how marketing activities of travel agencies can manipulate the creation of customers' needs or wants and how they can support the existing ones (Swarbrooke, Horner 1999; 45).

Solomon's model demonstrates that consumer's behaviour involves many different factors. The purchaser and user of products might not be the same person. People may also act as influencers in the buying process (Swarbrooke, Horner 1999; 43).

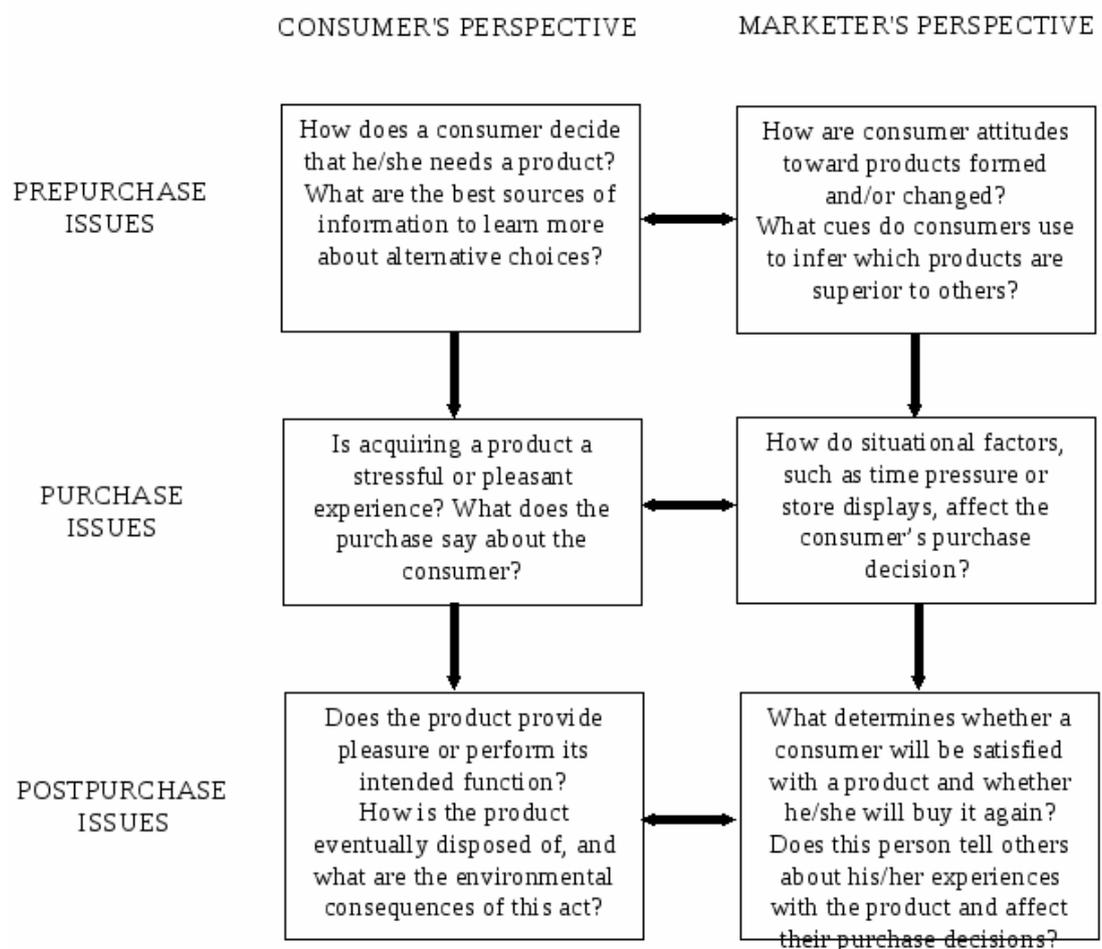


Figure 3. Solomon's model of comparison process (Swarbrooke, Horner 1999; 45)

- I. The pre-purchase stage shows how the customer decides to have a certain product and what information source is the best to use in order to learn about the alternative option. The marketers during the stage determine what is the customer's attitude towards the offered product and what the reasons for changing customer's preferences are (Swarbrooke, Horner 1999; 45).

If we look at the same point from the tourism perspective during this state the potential tourists are looking for the information channel that will be the best for them. In our case we consider the tour operators to be the marketers, who analyze the best way to deliver the offer to the customer.

- II. During the purchase stage the consumer is acquiring the products which provide a stressful or pleasant experience for the customer. Whereas, the marketers analyze how different factors at the present moment, such as time pressure or store displays, influence the decision making process (Swarbrooke, Horner 1999; 45).

From the tourism aspect, it is important to understand that there is a close connection between tours agencies and tourists. The marketers have to recognize the features that can have positive or negative effects on the customers purchase decision.

- III. At the post-purchase stage the customer finds out what the experience from the provided product was. Did the product successfully fulfil the intended functions? From the customer's perspective, it is important to consider the future of the product and its utilization and environmental consequences. The marketer's aim at this stage is to find out whether the customer is satisfied with the product and if he will buy it again. And what is more important to figure out if the purchaser will share the experience with other potential customers (Swarbrooke, Horner 1999; 45).

In the tourism industry the tourist will determine whether he was satisfied with the provided service. A significant question appears at this stage to the tour agencies. It is important to investigate if the client was satisfied and will use the service of the tour operator again. Will the tourist tell about the experience to the next possible client which can be an imperative factor in the person`s decision making process?

### 3.2 The Decision Making Process

Based on Solomon et al. (2006) a typical decision making process consists of five stages: problem recognition, information search, evaluation of alternatives, product choice and outcome (Solomon, Bamossy, Askegaard ,Hogg 2006; 258).

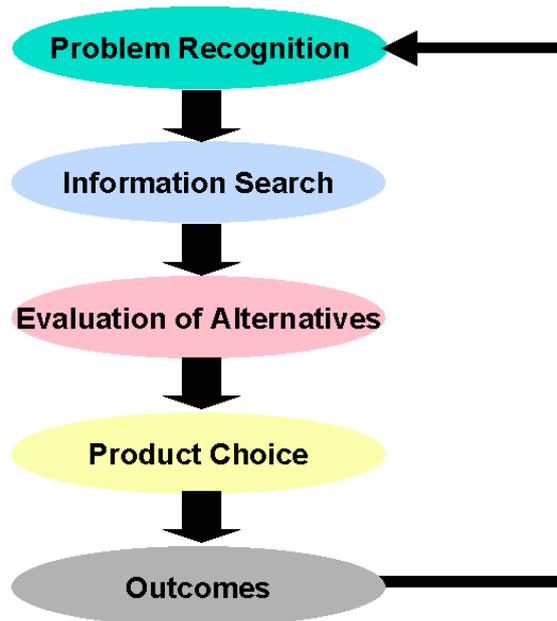


Figure 4. Stages in consumer decision making.

Problem recognition is the first stage in the model. At this point the customer recognizes a problem or need. It is the time when the consumer sees a significant difference between his current conditions of affairs and some desire of a better state (Solomon, Bamossy, Askegaard, Hogg 2006; 263).

Once the problem is recognized the customer starts searching for information regarding the needed products. Information search is defined as follows: the process when the consumer surveys his or her environment for the appropriate data to make a reasonable decision (Solomon, Bamossy, Askegaard, Hogg 2006; 265).

After gathering the required information the customer is at the stage when the actual choice must be made from the available alternatives. At this point the customer has processed the information with the purpose to come to a product choice. Armstrong and Kotler believe

that the evaluation of alternatives depends on the individual consumer and the specific buying situation (Armstrong, Kotler 2013; 171).

As soon as the customer has evaluated all the possible options, he is forced to make a decision on one product. The selection among alternatives can be influenced by the information gathered from various sources, such as previous experience with the same or similar product, brand and image that has been created by the media (Solomon, Bamossy, Askegaard ,Hogg 2006; 277).

The final stage of the decision making process determines the outcome. The product that has been chosen by the customer might provide satisfaction or dissatisfaction. Based on the positive or negative result the customer will decide whether to buy the same product again or not. (Solomon, Bamossy, Askegaard, Hogg 2006; 290)

### 3.3 The Importance of Analysis

In the previous section the theories of consumer buying behaviour and decision making process have been described. As it has been mentioned before, the theories facilitate deeper analysis of the Russian customer behaviour and find out how various factors play an important role in the final decision making process. In order to present a clear picture of why the consumer buying behaviour theories presented are an important part of the analysis please consider the following.

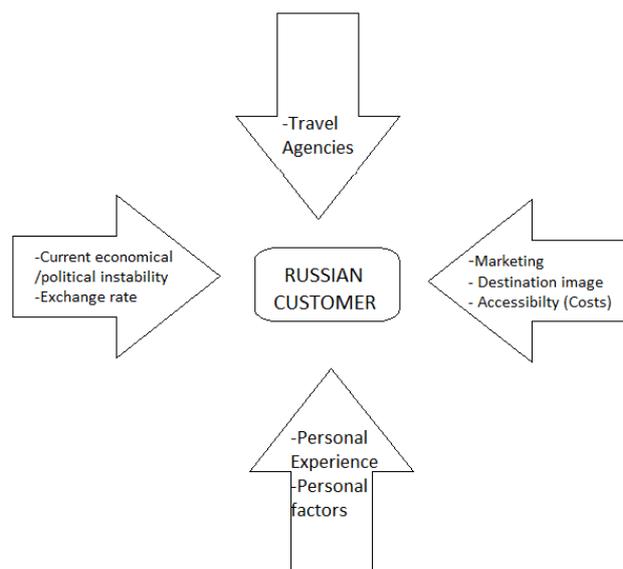


Figure 5. Factors that Influence Russian Consumer Behaviour

The figure is created with the purpose of demonstration the key factors that should be further studied to come to the valuable conclusion. At this point the Russian customer is the main figure in the market and it is important to look at the external and internal features that will influence the consumer's final decision. The issues that are listed in the figure above include the current economical situation and the ruble exchange rate. At the present moment there have been many changes and declines in the Russian economy that have also influenced the tourism industry. The same feature is noticeable in the political sector. The current government intervention and policies have been changed towards the development of domestic tourism. Therefore, the Russian outbound market has been subjected to change. Recent collapse of many tour agencies has a great impact on the Russian consumer behaviour. And, of course, personal factors and experience have an effect on the consumer buying behaviour, which will affect the decision making process. What is more, the destination itself, accessibility (direct flight and costs) and marketing of the destination are a significant matter during the destination selection process. These entire features will be later described and investigated. Further research will explain why these factors are important and how they can influence the Russian consumer buying behaviour in the tourism industry.

## 4 INTRODUCTION TO THE RESEARCH

What is research? Bennett points out that marketing research is the identification of the strategy, which can be helpful for analyzing data of given answers to the research questions (Seaton & Bennett 1996; 88).

DePoy and Gitlin offer another definition, which describes research as several systematic strategies that help to obtain the precise knowledge on the subject of human behaviour or experience where the researcher's thoughts are logical and clear (DePoy & Gitlin 1998; 5-6).

The main reason for conducting research in this thesis is to obtain the answers to the following question: what the reasons of the low number of Russian travellers to Gran Canaria are. It explains why two questionnaires are created. The idea of the first questionnaire is to find out individual's points of view in order to learn their motives, needs, preferences and the purchasing reasons concerning their vacations. At the same time, another goal is to study actions and importance of the tour agencies to the customer based on their own experience. The questionnaires are written in the Russian language to suit the target group and include 22 questions all together.

### 4.1 Research Methods

The most common research methods in tourism can be qualitative and quantitative. The information from the quantitative surveys usually is presented in a statistical form while the qualitative research involves people's personal opinions and feelings (Briggs 1997; 60).

According to Briggs (1997; 60), the quantitative research method is applied to monitoring changes and developments and answering such questions as who, where, and when. Ritchie and Goeldner (1994; 487) state that the main objective of quantitative research method is to acquire useful but limited information from a significant amount of respondents with the purpose to compile the data concerning the population at large.

This research approach is more about confirming the idea concerning a specific subject. The technique is useful to trace the numerical variation, which includes closed-ended question format and uses highly structured methods such as questionnaires or surveys that can be analyzed by running computer programs. In general, quantitative methods are quite

inflexible what makes it possible to implement the meaningful comparison of responses among the participants (Qualitative research methods overview; 3).

The qualitative research method aims to obtain the information concerning people's feelings, opinions, and emotions regarding the experienced product or service (Briggs 1997; 61). In the view of Ritchie and Goeldner (1994; 487), the purpose of the qualitative work is to explore the full range of views. This approach serves to open the mind concerning the studied subject and at the same time, the thoughts expressed by of the respondent might be highly significant to the successive productive work.

The qualitative approach as a research method is handled in an open-ended questions form including free responses with the textual description of people's experience in their own words. The flexibility of this technique allows to use deeper customer's analyses and investigate the subject from the customer's perspective. Moreover, the interaction between the researcher and the participant is conducted in a less formal way and the participant has enough time to ponder on the answers and to provide the opinion in a detailed way (Qualitative research methods overview; 4).

What is more, qualitative research, which involves face-to-face interviewing, aspires to recognize the respondent's experience in exact words. The main task of the interviewer is to get all the attention of the respondent and to support the idea of clear and honest answers. One of the main goals of this type of research is to obtain the explanation from the respondent's answer without relying on the facts or laws (Gubrium and Holstein 2001; 57, 83).

The qualitative research has been chosen for this thesis for the reason of having opportunity to receive meaningful and open answers, which must be the foundation for the subsequent investigation. Furthermore, the responses bring researchers deeper into the details, which help to analyze customers' behaviour according to the given answers. The qualitative interview method brings the necessary connection whereby the responses can be clearly explained in exact words. Additionally, this qualitative approach gives the probability of receiving unexpected but interpreted responses what plays an important role as it serves as the essential addition to the further investigation.

## 4.2 Research Problems and Questions

One of the main complexities in research is to identify the research problem correctly. It has to be purposeful and useful with the direct connection to the studies in order to uncover meaningful knowledge. The way of identifying the problem influences and forms the subsequent ideas and undertaken actions as well as it determines the manner in which it will be revealed (DePoy & Gitlin 1998; 38-39).

Despite the fact that the topic of this work is broad enough, the formulation of the research problem did not cause many difficulties. The situation, which induced the problem, has been observed during a certain time, which was enough to form it correctly. The main research problem in this work is based on the practical knowledge obtained during the internship together with the opinion and experience of the hotel manager. The problem has been identified as follows: a low number of Russian tourists in Gran Canaria. This main issue automatically involves sub problems such as: air transportation, attractions on the island, investments in this sector, governmental involvement and interest in developing Russian market on the island.

The right framing of the investigated problem brings the researcher right to the research questions. Considering the main research problem, the research questions are:

1. What are the reasons for the low number of Russian travellers to Gran Canaria?
2. What are the main factors that influence Russian consumer buyer behaviour?
3. How is it possible to attract them?

## 4.3 Market Segmentation and the Target Group

Before the identification of the target group, the market segmentation has to take place. Seaton (1996) states, that market segmentation is a useful approach to accurately identify the same kind of group among the diverse population for implementing the marketing programs, which can satisfy the needs of a homogenous group (Seaton & Bennett 1996; 30).

Segmentation plays an important role as it helps to market the precise group what makes the marketing programs more affordable.

There are two main ways of market segmentation as pointed out by Smith (1990a). They involve segmentations based on trip and tourist descriptors. Trip descriptors segmentation concerns the information regarding the sort of trip that has been experienced. Trip can be divided into several types which are: recreational/leisure, visiting friends and relatives, business and other. The most popular type of trip regarding the tourism industry is the recreational one (Seaton & Bennett 1996; 31-32).

Surveys aimed to recognize travellers' opinions, features of the trip, information on the subject of destination and visited places are playing a very important role in obtaining knowledge regarding the characteristics of a trip. The principal example of the trip characteristics consists in the purpose of a trip, the mode of transportation, the type of accommodation and activities involved (Ritchie & Goeldner 1994; 69).

Tourist descriptors segmentation is dealing with the person itself who is undertaking the trip. In this case it can be segmented as follows: benefit segmentation which answers the question of traveller's needs, segmentation by season, time and occasion, geographical data which involves the information about the country of origin together with the destination and the benefit by volume of usage including the frequency and the regularity of the trips. Furthermore, tourist descriptors segmentation includes the socio-demographic data, which covers income, occupation, family size and lifestyle, age, and gender (Seaton & Bennett 1996; 34).

In this paper, one of the surveys was aimed at the Russian residents according to the age category and the frequency of travelling abroad with the leisure purpose. The surveys were sent by email to ten individuals. Age group chosen spanned from 30 to 50 years. In most cases this group consists of the people whose income level is above average, therefore, students and retired people are not in the list. Moreover, interviewee's previous travelling experience was very important. They have better knowledge about tourism industry; they can clearly explain their preferences and give an opinion based on the previous experience. The information obtained might be very helpful to conclude what exactly affects customer decision-making process.

What comes to the salary issue in Russia, it varies a lot depending on the region. For that reason the average per capita and per month income for year 2012 is presented for Russian cities such as Moscow, Saint- Petersburg and Murmansk. According to Russian statistical

yearbook, the average salary in Moscow region is 460 euro, while in Moscow city itself the number is two times exceeding and makes approximately 769 euro. Leningrad's region average wage is 283 euro, whereas in Murmansk region it is around 452 euro. At the same time, the people who live in Saint- Petersburg city receive 440 euro monthly per person. Based on this data, the definition of "income level above average in Russia" becomes clearer (Federal State Statistics Service, 2014).

Another target group composed the strongest tour agencies and the interview was carried out in a face-to-face form. Initially, the surveys have been sent by email but, unfortunately, there was not a single answer received back. The possible reasons for this behaviour might be connected to the way of working. Internet and conversation via email is not the way how Russian tour agencies communicate. The only way to get the necessary information is the direct contact. The information from this target group was meaningful as it is important to find out the information about their experience in the market and to understand their strategies towards the offered products. This information is very helpful in order to realize why tour operators work specifically in this direction.

Both resources are very important because these two sectors depend on each other. Russian Tour operators offer the product based on the needs, wants and expectations of the Russian market.

## 5 ANALYZES OF THE CURRENT SITUATION IN RUSSIA

In many different countries tourism plays one of the most important roles in promoting and creating growing employment, developing infrastructure and upturn of the local economic sector, which may lead to a higher level of life. In general, it facilitates the socio-economic development of the country and region. In the following chapter the current political and economical situation in Russia and Russian outbound market will be described.

### 5.1 Government's Role in Development of Tourism and Political Situation

According to Page, the government's involvement in the development of tourism is essential. In order to succeed in tourism there is a need for political and economical stability, well-developed infrastructure and clearly defined legislation. All of these services can be regulated through the ministry of tourism or national tourist organizations. Additionally, the government is involved in issuing visas, as well as, airlines' landing rights (Page 2007, 337).

At the present time, the policy of the Russian government is aimed to develop tourism inside the country as well as to attract numerous foreign tourists (Federal Tourism agency. 2014). It is understandable that progress of tourism is one of the most efficient tools to overcome economic crises and to reach a higher level of the regional socio-economic development. However, the national resources are not used properly and that is the reason why Russia takes only 1% of the world's tourist flow. It has been discovered that the actual potential of the country allows to receive up to 40 million international tourists per year in comparison to 7,4 million of travellers today (Ministry of Culture of the Russian Federation, 2014).

Nevertheless, the analysis of the current development of tourism in Russia shows that recently there has been a visible tendency of the dynamic and stable development of this sector. In accordance to the forecast for the next six years, the Russian government has a strong programme to improve and transform tourism. The most essential barriers which have to be dealt with by the government include: poorly developed regional infrastructure, old fashioned recreational tourism sites, such as resort-homes and health centres, seasonality of the Russian destinations (business unprofitability, except the high season in the summer time), high prices of food, accommodation, transport in relation to EU countries. There are

also unfavourable conditions to attract investment to tourism infrastructure, lack of highly-qualified employees, plus the shortage of the modern transportation system (Ministry of culture of the Russian Federation).

Moreover, the imperfection of visa system affects Russian tourism and in several cases restricts visitors to non–visa directions (Ministry of Culture of the Russian Federation, 2014). Further, in order to control the customers' demand, marketing plays an important part in promoting tourism. The events supported by the government with the purpose of tourism promotion can help to increase the demand among the potential tourists both domestic and foreign. The main goal of these events is to create the right image of the country by using its attractions (Ministry of Culture of the Russian Federation, 2014).

Taking into consideration everything what has been mentioned above, Russian government is supporting tourism industry and trying to cover the gaps, which are known as the main obstacles in the development of tourism.

Nowadays, Russia is highly interested in expanding and promoting domestic tourism, as well as, attracting a great number of foreign tourists (Federal Tourism Agency, 2014). One of the reasons is the existence of resort regions involving such popular destinations as Sochi, Anapa, Crimea, etc

Strictly speaking, Sochi has become even more popular among the Russian tourists when the Olympic Games have already finished. Based on the personal experience, in order to accommodate the Olympic Games, Sochi has been completely renovated and now it is a modern, reconstructed, competitive resort. It includes a variety of cultural sights, clean and well-equipped beaches, new transport infrastructure and greater amount of accommodation. Sochi is a sports, cultural, business and tourism centre of the international level.

At the same time, taking into account the political situation in Russia Crimea, which became a part of Russian territory, creates some differences in tourism policy and becomes a good alternative for the Russian tourists. Government is using various means to attract new domestic visitors to this Republic. The development of the peninsula is in progress, but the government has several ways and solutions how to attract tourists to this area. First, there is a need to arrange direct flights from large Russian regions, and not only from Moscow and Saint Petersburg. Besides, the price reduction of the flights might facilitate the maintenance of tourism flow to Crimea. However, it cannot be handled without the governmental support and, therefore, the air travel should be subsidized (Federal Tourism Agency, 2014).

## 5.2 Economical Instability

According to the travel industry professionals, despite the political and economical situation in the country, it does not affect the outbound tourism much, however it might influence spending in the destination country. Moreover, as stated in the speech of Alexei Aleynikov, Deputy General Director of the Council of Tourism, the political crisis, which is the reason of economical fluctuations, causes the changes of the national currency that is the key point influencing tourists' behaviour (O'Connell 2014, 4).

The currency exchange leads to the significant financial losses on the Russian customer's side what makes this action unprofitable. Moreover, the decrease of the value of the ruble limits the number of habitual leisure countries, making more of them unaffordable.

Maria Sakhinova, the business development manager of Star travels, asserts that the tourists' behaviour has been changed not by the visa issues but it was caused by the rise of the euro, which automatically induces increase the costs of the tickets and the tours. At the same time she reports, that Russian tourists do not face visa problems, as the number of issued visas grows along with its validity (O'Connell 2014, 4).

Considering all of these aspects, it is a perfect time for the domestic tourism development, where Russian tourists don't have to worry about the currency fluctuations and take advantage of the holidays in the ruble zone.

The following tables show the fluctuation of exchange rate of the ruble in relation to the euro and the U.S. dollar, that shows the unfavourable movement of the Russian currency. The green line presents the purchase price and the yellow line the selling price of the currency. The tables demonstrate the fluctuation of the ruble in the period of 30.09.14 to 31.10.2014.

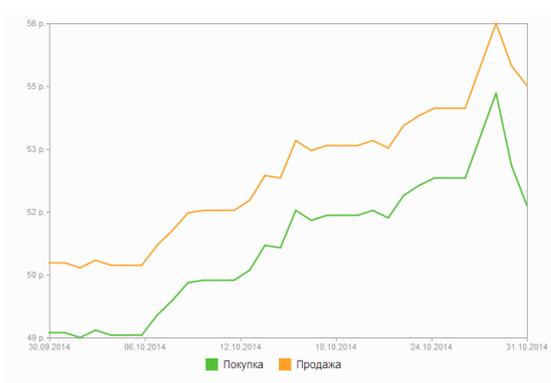


Figure 6. The Fluctuation of Exchange rate EUR/RUB.

(Exchange rate. 2014)



Figure 7. The Fluctuation of Exchange rate USD/RUB.

In order to observe a wider picture of the ruble fluctuation against the euro in the previous years, the following graph is presented.

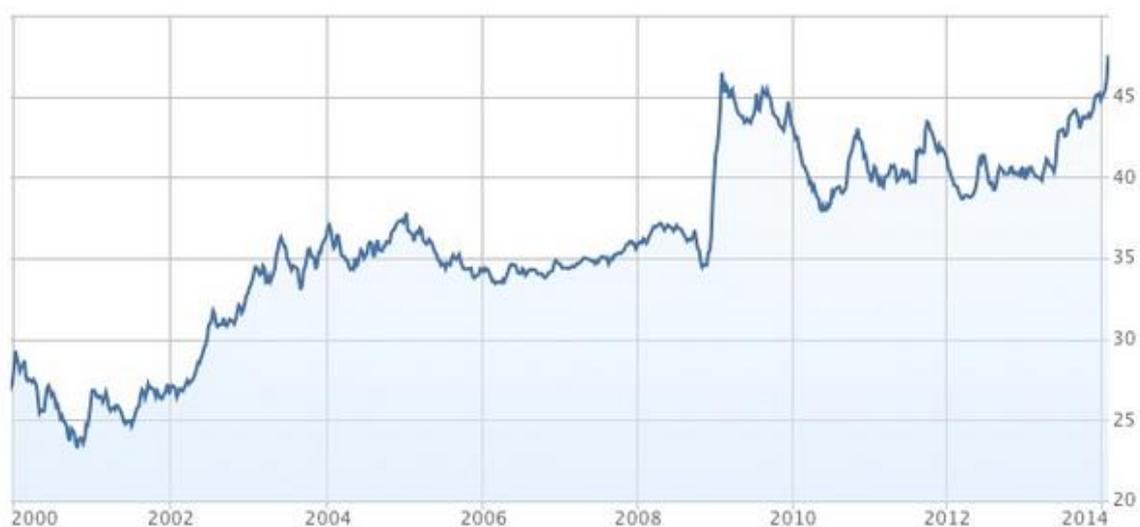


Figure 8. The RUB/EUR Exchange rate in 1.01.2000 to 1.30.2014 (d'Amora 2014).

It is clear that in the past few years there was a dynamic growth of the national currency level and as we see in the previous graphs it continues to growth.

## 6 SEASONALITY

Seasonality is one of the factors that influence the demand for the tourism product. Based on Coope et al.(2005) see seasonality as the temporary fluctuations of tourism on a daily, weekly, monthly or annual basis. Most of the time it happens on the basis of the climate change throughout the calendar year. Seasonality is well-observed in the destinations that attract customers with beaches and hot summers, and another case is the ski resorts. These are the destinations that are highly affected by the seasonal demand (Cooper, Fletcher , Fyall, Gilbert, Wanhill 2005; 133).

Seasonality appears to be a problem in the tourism industry because the tourism products cannot be stored. This phenomenon in the tourism area can be caused by the supply factors, such as price, and by the demand factors, for instance, the tourists ready to travel at different times of the year. A good illustration of the seasonality is the price of the flight tickets. The dynamic fluctuation of the price level depends a lot on the period of the time the customer chooses to travel (Cooper, Fletcher , Fyall, Gilbert, Wanhill 2005; 312).

Another important sector where seasonality plays an important role is employment, where it determines the casual or seasonal staff, investment and pricing policies. From the business perspective there is continuous development of policies that helps to cut the negative impact of seasonality. For example, in order to overcome the consequences of the low demand at a certain period of season, the hotels and operators are offering the holidays cutting the price drastically(Cooper, Fletcher , Fyall, Gilbert, Wanhill 2005; 312).

In the chapter "Current situation in Russia" we could see that the policy of the Russian government at the present time is aimed at developing the domestic tourism and increasing the popularity of the places such as Sochi and Crimea. Though, the plan can be implemented only during the hot season which starts in March and goes on until September. Therefore it is important to keep in mind that attracting travellers from Russia is the most beneficial during the winter from November to April, when the hot season is not yet opened at the domestic destinations.

The theoretical concept of seasonality as a significant aspect in the tourism industry has been discussed before. However, it is essential to observe the importance of this feature in order to develop Russian tourism market in Gran Canaria.

Gran Canaria is a typical example of 3S tourism that indicates "sea, sand, and sun" and is mostly based on mass tourism. According to Cooper et al. (2005; 149), mass tourism "is commonly resort based and sold as a package. It is based upon large-scale production in marketing, transportation and accommodation, such as high payload factors of aircraft".

The key advantage of Gran Canaria as a tourism destination is the climate that allows to attract customers throughout the year. As it has been mentioned before, the average temperature on the island lets travellers come here even during the winter time.

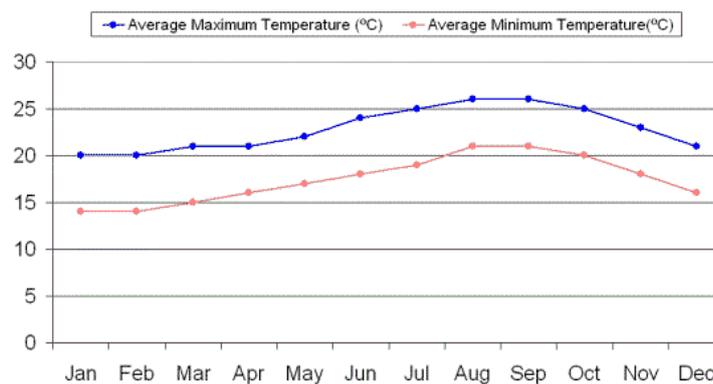


Figure 9. The Average Temperature in Gran Canaria

(Spanish Fiesta. Discover the Real Spain. 2014)

On the graph above it is seen that the average day temperature during the winter time does not go below +20 degrees Celsius. However, based on the personal experience it can be said that the temperature goes above it and reaches the comfortable weather conditions, so it is possible to enjoy the sunny holidays.

This aspect might be an excellent reason and motivator for Russian customers to visit this place specifically during the season when other popular destinations, such as Turkey, are out of the offer. Promoting Gran Canaria as a winter destination for a sunny resort is a favourable method to increase the number of Russian customers on the island.

## 7 RUSSIAN OUTBOUND MARKET

The outbound tourism in Russia is growing rapidly. That is demonstrated by the statistical data from the Russian Statistical Centre. During the first half of 2013, in comparison to the same period in 2012, the outbound tourism in Russia grew up from 6 473 165 to 8 522 617, which is approximately 32% compared to the previous year index (Russian Statistics, 2014). The last five years indicate the continuously growing number of the Russian tourists who prefer to spend their holidays abroad. The growth of the outbound tourism can be observed from the table below.

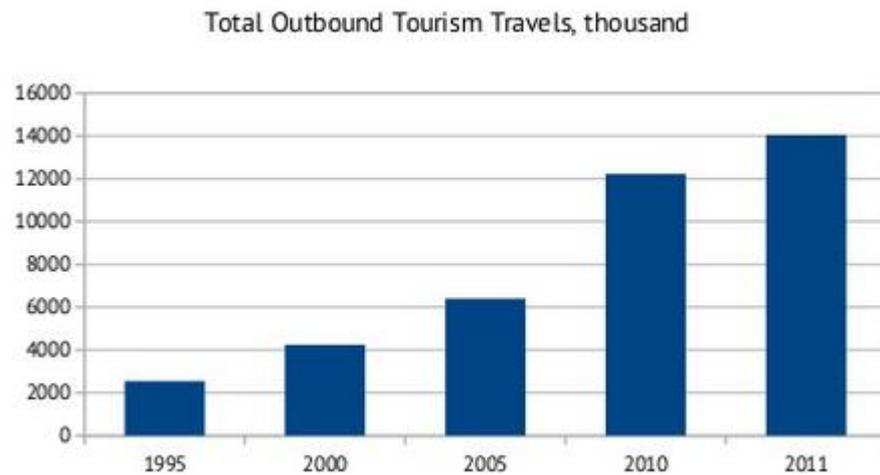


Figure 10. Russian total Outbound Tourism Travels (Unique Hotels Marketing, 2013).

The most popular resort destinations are: Turkey, Egypt, China, Thailand, Spain mainland and Greece. Though the positions of the listed countries change, Turkey and Egypt are still in the top of the most popular destinations for the Russian clients (Russian Statistics, 2014).

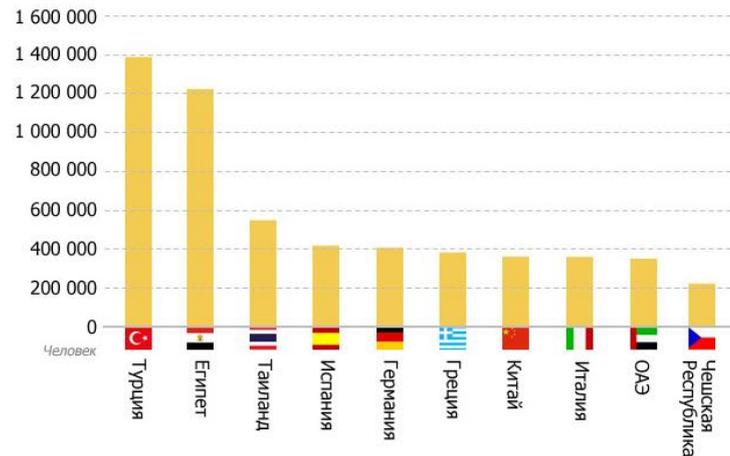


Figure 11. Top 10 Countries visited by the Russian Customers (Russian Statistics, 2014).

Turkey has been holding the leading position for the last five years and the popularity among the Russian travellers is increasing. The first half of 2013 shows a high level of outbound tourism, which grew to 30% in comparison to the same period in 2012. The probable reasons of high demand for Turkey as a tourist destination and the extension of the season were the political disorders in Egypt. However, the index from 6 months of 2012 presents the fall of tourists' flow of 17%. Despite this fact, Turkey is holding the leading position and in the first half of 2014 the tourists' flow rose to 14% (Russian Statistics, 2014).

Egypt occupies the second place in the list of the most popular resort destinations. This country was in a crisis, which took place in 2011. The outflow of Russian tourists in the first half of 2011 is clearly demonstrated by Russian Statistics. There was a decrease of 57% in contrast to the year 2010. Nevertheless, the first half of 2012 displays the increase to 69% and at the same period of time in 2013 it increased up to 30%. Egypt represents a very famous and affordable winter destination for the Russian travellers and the popularity of this resort is growing (Russian Statistics, 2014).

In 2014, Thailand replaced China and according to the statistics, it took the third place. China is not in the list of the countries with the relation to the leisure holidays. It is a popular destination for the big cities of Russia, such as Novosibirsk, Irkutsk, Chita, Khabarovsk and Vladivostok. The main goal of travelling to China is for shopping purposes (Everything about tourism, 2104).

Thailand is one of those countries where Russian tourists are free from visa issues and are allowed to stay there for 30 days. The only procedure that has to be carried out is receiving an entry stamp. The number of Russian tourists has been growing rapidly and in the first part of 2010 and 2011 it was over 87%. But it is important to mention that it was not the limit of the growth. In the first half of 2012 it rose by 9% and during the same period in 2013 it increased even more to 24%. However, in 2014 Thailand lost 4 % of Russian tourists due to the riots and political instability (Russian Statistics, 2014).

Spain as a tourist destination rose from the fifth place in 2013 to the fourth in 2014. The number of Russian tourists to this country in the first part of 2014 constitutes 410 348 that is 2% of the total outbound market (Russian Statistics, 2014). Following the statistics concerning Tenerife, the number of Russian visitors to the island is growing year by year. In 2012 there were 140 254 visitors from Russia while in 2013 the number grew up to 185 086 what demonstrates that the amount of Russian flow increased twice (Todo Tenerife, 2014). While in Gran Canaria in 2013 the number of Russian customers is less than 10 000. (Gran Canaria 2013.)

Tourism in the first half of 2014 demonstrates a decline by 3%. As it has been mentioned above, the government policy is directed to develop the domestic tourism inside the country. The Russian resorts are in the development and the air tickets are subsidized by the government. Because of this approach the vacations in Russia become affordable and convenient. Moreover, the currency instability makes it more possible to spend holidays in the ruble zone. What is more, the loss of clients, who work in the state organizations, could affect the outbound tourism, as well as, the taxation of Russian tourists travelling abroad.

## 8 TRANSPORTATION

The development of the transport system has strongly influenced the tourism development and, possibly, is one of the core reasons of tourism existence. According to Cooley (1894; 3), transport is a very significant factor in economic and social thriving of the country, where the initial goal is not only to reach the desired destination, but also to satisfy the travel desires and requirements of the customers (Page, S.J 2009, 3).

Tourism demand and fast technology development have expanded the destination geography what made tourism famous and attractive on the global level (Page, S.J 2009, 3).

### 8.1 Air Transportation

There are many different modes of transport, which are used by tourism organizations for transporting customers. Air transport plays the leading role among all of the modes of the transportation system, because it is the most convenient way to reach the further destinations. Air transportation segment is rapidly growing and year by year, it takes stronger positions in the world transportation system (Everything about tourism; 2014). In 2013 the total number of travellers carried by the world airlines was 3.1 billion (ATAG. 2014).

Nowadays, there are more than 1300 air companies in the world. What is more, approximately 1.5 billion people per year are transported by the airplanes internationally. More than one thousand airports in the world take part in the maintenance of the international air traffic and roughly speaking 650 out of this thousand provide regular international air transportation (Everything about tourism, 2014).

### 8.2 Charters

Oxford Dictionary provides the following definition of charter flights: "A flight by an aircraft chartered for a specific journey, not part of an airline's regular schedule" (Oxford Dictionary, 2014). In order to organize charters, several important things need to be taken into account. Firstly, it includes defining the route, negotiating responsibilities concerning both participants, verifying the conformity of the lease agreement according to the

international roles and the setting the price. Second, when it comes to the contract, a number of aspects should be specified. It comprises the regularity and the rent price of the flights, the amount of seats that can be sold, the route including the departure and the destination airports, the validity of the contract and the cancellation policy of the flight together with the further sanctions (Everything about tourism, 2014).

The contract signed by the tour operator and the air company involves defining requirements in relation to the client. The advance payment has to cover the first and the last flights during the period of the charters activity. This approach insures the risks of the air company, as well as the tourists that have been already brought to the holiday destination. In addition to this, the air company has the rights to introduce the penalties or to break the contract in case the client delays the payment (Everything about tourism, 2014).

Usually charter takes place during the high season and is directed to the most popular holiday destinations. One of the most significant factors, which have an effect on the tourists' purchase behaviour, is the price. In this case, charter becomes irreplaceable, as the price of this kind of flights is cheaper than the regular ones for the reason of the bulk purchase made by the tour operator (Five season club, 2006).

One feature of the charters is that one round trip is operated without the tourists on the board. The first trip is at the beginning of the season when the plane has to return back without tourists and the second one is at the end of the tourist season when there is only one group of tourists left. In this case, the tour agency has to pay for 2 "empty" flights and, in order to avoid the loss in this situation, the client raises the price for the peak dates in a high season period. That means that the more charter flights are organized during the tourist season, the less will be the loss for 2 "empty" flights (Fly.ru, 2014).

### 8.3 Charters vs. Regular Flights

Regular flights operate all year round and have to be approved by the instate agreement. These kinds of flights are run by the biggest air companies strictly observing the schedule. In addition, the purchase of the ticket for the regular flight allows to choose the date, price, duration of the trip or just a one way direction (Viva Travel, 2014).

In general, charters and regular flights differ from each other by its organization and frequency (Viva Travel, 2014).

Regular flights normally are more expensive than the charters and the flight change or airport replacement is almost impossible. It can offer the bonus programs to the loyal customers and children discounts. Regular flights take the responsibility for infringement of the schedule during the stops (Viva Travel, 2014).

At the same time, charter flights are cheaper but in case of cancelation, the cost is not refundable. Furthermore, this kind of flights can be cancelled or delayed and the plane can be changed from the big to the small one and vice versa (Viva Travel, 2014).

## 9 EMPIRICAL FINDINGS

In the following chapter we will observe the findings that were conducted during the research. It covers the transportation and promotion issues as well as the deep analysis of the conducted surveys.

### 9.1 Air Transportation

The prices for the flight tickets as well as its duration are playing a very important role in the final determination and choice of the destination. This chapter is intended to research and identify the difference of the ticket price from the tour operators in comparison with the individual online ticket purchase. This approach might be helpful to find out the reasons why Gran Canaria is rarely visited by the Russian travellers, as the transportation issues can become one of the main obstacles in this process.

It has been decided to include the most popular winter destinations among the Russian tourists and, therefore, it includes Egypt, Thailand and Tenerife. The reason of this decision was the fact that Gran Canaria is a winter destination and the goal is to investigate the potential competitors in this period of time in order to come to a valuable conclusion.

This chapter involves the pricing data and online offers of PEGAS Touristik, the strongest Russian tour operator. In addition to this, the low cost options will be presented from skyscanner.com together with the charter tempting offers.

Regarding the tours offered by tour agencies, the choice fell on the four-star hotels due to the target group, which involved people with the income level above average. Moreover, it is not a secret that prices vary depending on how much in advance the ticket purchase took place. For this reason, the analysis of the prices of the plane tickets was conducted three months in advance, before the period in February.

### 9.1.1 PEGAS Touristik

PEGAS Touristik is in the list of the Russian tourism industry leaders and one of the biggest international tourism companies. Nowadays this company can offer a wide range of services to different customers and preferences where the main goal is to provide a high quality service. Furthermore, it contributes to the country on the social and economical levels. PEGAS Touristik was awarded with a number of diplomas and certificates, the most significant being: an award in the nomination "Outbound tourism" for the development of tourism in Moscow and a certificate "Trusted Brand" was awarded after an independent research which showed that customers prefer to trust this tour operator rather than many others. More than that, a certificate was received for high achievements in promoting tourist destinations in Egypt in 2008. The website of this tour operator was officially recognized as the best one in Russia according to the internet portal mail.ru poll results (PEGAS Touristik 2014). Based on the fact that this tour agency is one of the strongest on the Russian market the following research of their offers is presented.

### 9.1.2 Tour and Flight research

The following research is directed at observing 3 most popular winter destinations for Russian customers: Egypt, including Hurghada and Sharm el-Sheikh; Thailand together with Pattaya and Phuket and the Spanish island - Tenerife. The chosen tour packages are offered by PEGAS Touristik and the flights are organized from Moscow. All the offered packages include accommodation, transfer, flight round trip and insurance. We chose 4 star hotels at every destination in order to compare of the prices. To have a wider view of the product different types of board are presented:

- BB – bed and breakfast
- FB - full board
- AI – all inclusive

If a certain type of board is not listed in the table that means that the hotel does not offer it. The duration of the trip differs depending on the destination. Therefore, when observing the price it is important to pay attention to the number of night. This information is

observed in every table. What is more, as the goal is to find out the most profitable offer upon comparing the prices, the cheapest offers from PEGAS Touristik have been chosen. We tried to find as similar products as possible to be able to examine the price variation. All the tours are offered approximately at the same period of time, which is February 2015. The prices are shown for one person, consistently, some of them can seem overpriced. This can be explained by the fact that in practice the tour offers a discount for two people, having a twin bed or two beds in the room. The price of a double room booked entirely for only one person will exceed the shared price per person when the room is occupied by two people. For example, if a room for two people is 1000 Eur, then for one person it will not be 500 Eur, but 700 Eur as the accommodation is fully used.

### Tours to Egypt

According to statistics, Egypt takes the first place as a winter destination in the list of popularity among the Russian tourists. The most famous resorts visited by the Russians and the most offered by tour agencies are Hurgada and Sharm-el-Sheikh. Therefore, the most affordable tours offered by PEGAS Touristik to these destinations will be investigated for the further comparisons.

<u>Egypt</u>	Hotel	Date	Duration	Hotel board type	Room type	Price
<b>Sharm el-Sheikh</b>	Royal Oasis Naama Bay Hotel 4*	14.02.15	6 nights	BB	Standard room	430 Eur
	Royal Oasis Naama Bay Hotel 4*	14.02.15	6 nights	AI	Standard room	490 Eur
<b>Hurghada</b>	Panorama Bungalows Hurghada Resort 4*	14.02.15	6 nights	AI	Standard room	393 Eur
				no offer for BB		

Table1. The tours to Egypt (PEGAS Touristik)

In this table it is clear that the best price is Hurgada all-inclusive. Despite the fact that Hurgada does not have bed and breakfast (BB) options, its AI offer looks more attractive than BB in Sharm el- Sheikh.

## Tours to Thailand

The number of the Russian tourists visiting Thailand is bigger than the number of tourists from such Asian countries as Malaysia, Vietnam and India. Moreover, the attendance rate continues to grow and the crucial role of this phenomenon is the simplicity of visa policy, as it is allowed to spend 30 days in a country without a visa. However, the climate in the winter time, exotic nature and culture makes this destination very attractive. Two most popular resorts for the Russian tourists are Pattaya and Phuket (Discover Thailand. 2014).

<b>Thailand</b>	<b>Hotel</b>	<b>Date</b>	<b>Duration</b>	<b>Hotel board type</b>	<b>Room type</b>	<b>Price</b>
<b>Pattaya</b>	Eastin Hotel Pataya 4*	17.02.15	11 nights	BB	Superior room	897 Eur
	Eastin Hotel Pataya 4*	13.02.15	8 nights	BB	Superior room	1047 Eur
no offer for AI						
<b>Phuket</b>	At Panta Phuket 4*	12.02.15	10 nights	BB	Deluxe room	988 Eur
	At Panta Phuket 4*	18.02.15	8 nights	BB	Deluxe room	1061 Eur
	Chalong Beach Hotel 4*	21.02.15	8 nights	AI	Deluxe mountain view	1367 Eur

Table 2. The tours to Thailand (PEGAS Touristik)

According to the following table, it is possible to notice that Pattaya is more economically advantageous offering BB for 11 nights in four-star hotel but it does not have AI offers at all. That could be a significant inconvenience for many Russian customers, as they prefer to spend their holidays with the service which provides maximum offers where AI plays an important role.

At the same time, Phuket seems to be slightly more expensive and comparing BBs offers, 10 days in Phuket is approximately 988 euro what makes difference of 91 euro with Pattaya. However, Phuket has an AI offer, which is above 1000 euro and looks much more expensive in comparison with AI in Egypt. This price difference of 968 euro might strongly influence the decision making process.

## Tours to Tenerife

Every year 4 million tourists visit Tenerife because of the modern infrastructure and high quality service for the leisure travellers. The most touristic zones consist of Playa de Las Americas and Los Cristianos (Aronatour, 2006).

<b>Spain/Tenerife</b>	<b>Hotel</b>	<b>Date</b>	<b>Duration</b>	<b>Hotel board type</b>	<b>Room type</b>	<b>Price</b>	<b>Extra info</b>
<b>Playa de Las Americas</b>	Ole Tenerife Tropical 4*	09.02.15	10 nights	BB	Standard room	1093 Eur	rec. for young people
	Cleopatra Palace 4*	09.02.15	10 nights	BB	Standard room	1567 Eur	Cheapest offer by Pegas
	Ole Tenerife Tropical 4*	09.02.15	10 nights	AI	Standard room	1355 Eur	rec. for young people
	Spring Bitacora 4*	09.02.15	10 nights	AI	Standard room	1569 Eur	rec. for families
	Sol Tenerife 4*	09.02.15	10 nights	AI	Standard room	1675 Eur	
	Spring Vulcano 4*	09.02.15	10 nights	FB	Standard room	1436 Eur	
<b>Los Cristianos</b>	Regency Country Club 4*	09.02.15	10 nights	BB	Apart. 1 bedroom	2193 Eur	VIP offer
	Spring Arona Gran Hotel 4*	09.02.15	10 nights	FB	Standard room	1698 Eur	Early booking, rec. for families

Table 3. The tours to Tenerife (PEGAS Touristik)

Tenerife is the most expensive destination among the two others proposed by PEGAS Touristik. The relatively inexpensive suggestion comes for Playa de Las Americas, Ole Tenerife Tropical hotel. Despite the note that it is recommended for young people, it does not mean elder travellers are not allowed to spend their vacations in this hotel. The offer for young people including BB and AI clearly shows more favourable prices in comparison with the same offer from another hotels recommended for families or the cheapest proposition without recommendations.

What is more, Los Cristianos seems to be more expensive than the tours organized to Playa de Las Americas. The first and the most profitable BB suggestion is aimed at the VIP clients. VIP offers with PEGAS Select mean that by the tourists' arrival at the airport they

will be met with a sign "PEGAS Selected". Also, the transfer to the hotel will be included together with round-the-clock support of a Russian speaking guide during the whole stay. More than that, the bed and breakfast demonstrates the price higher than FB and even higher than AI offered in Playa de Las Americas.

### **Tours to Gran Canaria**

It is impossible to make a purchase online to Gran Canaria as this destination is not included in the list of offers proposed by PEGAS Touristik. It means that in order to buy a tour to sunny Gran Canaria, the customer has to visit the tour agency's office.

#### 9.1.3 Charters vs. Regular flights

Chartex.ru offers tickets both for the charter and regular flights. Therefore, it is a good approach to compare the prices and to find out the reasons why the Russian inhabitants do not fly to Gran Canaria so often. Also, it is important to mention that the starting point for all the trips observed in this chapter is Moscow.

### **Charters**

Everyone knows that charters offer the best prices with the luggage fee included. Most of the time charters are cheaper than the tickets for the regular airlines. Also, it is a more convenient way to travel as most of the charters offer direct flights. Based on the analysis of the following table, we can conclude that the most attractive price comes from Hurgada round trip flight. Furthermore, Tenerife takes the second place for affordability having the difference with the cost of Hurgada flight of 99 euro only.

Country	Destination	Time /Month	Airline	Price
<u>Egypt</u>	Hurghada	February	x	360 Eu
	Sharm el Sheikh	January	x	538 Eu
<u>Thailand</u>	Phuket	February	Transair	621 Eu
<u>Spain</u>	Tenerife	February	Vim airline	459 Eu
		February	Transair	561 Eu

Table 4. Price of charters (Chartex.ru)

Moreover, it is important to emphasize that charters to Tenerife are organized from the two biggest cities of Russia, which are Moscow and Saint- Petersburg. This aspect makes Tenerife the most accessible among the Canary Islands for Russian tourists.

Unfortunately, there are no charters organized to Gran Canaria, therefore, the only solution is to check the regular flights, which will be observed in the next chapters.

### Regular Flights

Regular flight offers taken from chartex.ru include the stops in transit zones and it often happens that timeouts take several hours and, in some cases, they can exceed 20 hours. What is more, regular flights do not include the translation expenses and additional taxes, therefore, the initially shown price might differ from the final one in the last purchase stage. In spite of this, Hurgada and Tenerife hold their positions of being the most profitable offers among the other most popular winter destinations for the Russian tourists. The most inconvenient proposition in this case is Thailand because of its price and the stop duration.

Country	Destination	Time/Month	Airline	Price	Extra Info
<u>Egypt</u>	Hurghada	February	Egyptair	444 Eur	1 stop/ both ways Duration: 08h 55; 07h 05
	Sharm el Sheikh	February	Turkish Airlines	526 Eur	1 stop/ both ways Duration: 06h 40; 07h 25
<u>Thailand</u>	Phuket	February	China Southern	710 Eur	1 stop/ both ways Duration: 23h 45; 22h 10
<u>Spain</u>	Tenerife	February	Sibir	420 Eur	1 stop/ both ways Duration: 09h 50; 12h 35

Table 5. Price of Regular Flights (Chartex.ru)

### Skyscanner.com

The following table demonstrates the prices for regular flights as to the Skyscanner.com. The popularity of the web is increasing that is the reason why the prices come exactly from this source. In the table the best price is indicated for Egypt, Thailand and Tenerife. The price includes a round trip which starts in Moscow.

Country	Destination	Time/Month	Airline	Price	Extra Info
Egypt	Hurghada	February	Turkish Airline	367 Eur	1 stop/ both ways Duration: 06h 40; 07h 20
	Sharm el Sheikh	February	Turkish Airline	339 Eur	1 stop/ both ways Duration: 06h 40; 07h 25
Thailand	Phuket	February	China Southern	563 Eur	1 stop/ both ways Duration: 23h 45; 22h 10
	Pattaya	February	Airflot+ Bangkok	778 Eur	1 stop/ both ways Duration: 16h; 33h 20
Spain	Tenerife	February	Iberia	393 Eur	1 stop/ both ways Duration: 14h 15; 08h 45
	Gran Canaria	February	S7 Airlines + SAS	389 Eur	1 stop/ both ways Duration: 10h 25; 19h 55
	Gran Canaria	February	Swiss+ Lufthansa	394 Eur	1 stop/ both ways Duration: 18h 40; 21h 10

Table 6. Price of Regular Flights based on Skyscanner (Skyscanner.com)

The Skyscanner.com search showed interesting information concerning Gran Canaria. Relying on of the following figure, it is possible to notice that the initial price offered to Egypt and Gran Canaria do not differ strikingly from each other. The difference between the cheapest offer to Gran Canaria and the most profitable offer to Hurhada is 22 euro. What is more, Gran Canarian flight shows a slightly cheaper price than the Tenerife one. However, the biggest disadvantage, which might affect the customer's decision-making process, in this case, is the duration of trip. The journey to Gran Canaria takes a relatively long time which causes much inconvenience to the families with little children and elderly

couples. Under such circumstances, Egypt is the main competitor as it offers reasonable trip duration together with the best price offer.

#### 9.1.4 Conclusion

To sum it up, during the research process, we came up to the conclusion that today, the most profitable offers from the price and duration perspective is Egypt. There are the best propositions for purchasing tours, charters, and regular flights. Moreover, based on this investigation, it looks more profitable to arrange vacations in Egypt using tour agencies assistance. Consequently, this explains why the Russian tourists prefer to spend holidays in Egypt using tour operators' service where everything is already included in the tour package.

Tenerife seems to be an easily reached destination but when it doesn't come to the tour purchasing process. The price of a tour package is over 1000 euro what made it the most expensive offer. However, the prices are rational enough for the suggestions, which come from charters and regular flights. Furthermore, Tenerife is always included into the list of offers what we cannot say about Gran Canaria. On the basis of the concerning Tenerife, this destination takes the second place in terms of affordability (excluding PEGAS Touristik tour offer) and the flight duration.

Thailand revealed itself as an expensive destination and besides that the duration of the regular flights in some cases is more than 15 hours. Nevertheless, Thailand is the type of destination, which can be favourably purchased with the tour operator's support.

The offers to Gran Canaria are shown in the last figure presented. The main obstacle is not the ticket price, but the duration of the flight and nonexistence of charters. All of this turns a sunny and beautiful destination into a hardly reachable one for the Russian travellers.

Making the conclusion of the conducted research, we can see that Egypt is the most affordable and convenient variant for the Russian tourists to arrange the vacations from many perspectives, especially tour packages. At the same time, Thailand is the type of holidays that can be easier arranged with the tour operators' support. In this case, it is easier to avoid long lasting flights and to get the final version of a well-planned trip.

Trips to the destinations like Tenerife and Gran Canaria are easier to plan independently what can be monitored in the conducted study. The only significant difference is the charter arrangement to Tenerife while the flight to Gran Canaria requires an excessively long time.

## 9.2 Promotion and Advertisement

The promotion and advertisement of the destination is one of the key elements of bringing popularity to the certain place. Based on the definition provided by Kotler, Bowen and Makens (2006; 542), promotion consists of "advertising, sales promotion, public relations, and personal selling to achieve advertising and marketing objectives". In our case we would like to have a closer look at advertisement and sales promotion. Advertising is defined as "any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor" (Kotler, Bowen, Makens 2006; 542).

The objective of this section is to look at how Gran Canaria is promoted on the Russian market. In addition, it is to observe different aspects and find out if there is enough information and involvement of representatives in order to attract people to visit the island. This feature was also an important element in the questionnaires for the potential consumers, with the purpose to find out if Gran Canaria is well known to the target group. The questionnaires and responders are discussed more specifically in the next sections of the research, but in this section it is important to emphasise that during the research it was found that generally people are not familiar with Gran Canaria.

During the study it was found that since 2014 the tourism industry representatives of the Canary Islands, including Gran Canaria tourism organization representatives and "Tenerife Tourism Corporation" were participating in the MITT Moscow International Exhibition Travel & Tourism. MITT is the Russian largest annual travel and tourism exhibition for the international companies with the purpose of promoting themselves to the Russian travel and tourism market. The first exhibition was organized in 1993 and since that time it has attracted more and more participants every year. In 2014 there were 2,056 exhibitors presenting 87 countries or 198 regions from all over the world. Many participants have already become regular clients at the exhibition. And it was interesting to review some of the opinions given by the regular customers. There is feedback from Josep M Perramon, a representative of Catalan Tourism Board, Spain, and the director of East European Countries (MITT. 2014).

*"This is the most important touristic event in the ex-Soviet Union. We have 30 active participants and over 150 Catalanian representatives. I've observed that visitors at MITT 2014 are even more professional than usual" (MITT. 2014).*

Based on the feedback and information it can be mentioned that MITT exhibition is an important event in the development of interrelations between Russia and other countries that appear to be popular and attractive destinations for the Russian customers. Closer cooperation with MITT and annual participation in the exhibition gives an opportunity to research the market and to find the right approach to the Russian customers.

What is more, Loro Parque is mentioned as a participant of the 21<sup>st</sup> Moscow International Exhibition. Loro Park is the attraction park that is located on Tenerife Island and covers a vast area of 135 000m. (Loro Parque Tenerife. 2012) This place is attracting thousands of customers who are visiting Tenerife every year. Based on Tenerife Information Centre, Russian tourist is showing high interest in visiting this place during the holidays on Tenerife. This means that Russian people are familiar with the park and the participation on the exhibition has a positive side (Tenerife Information Centre. 2014.)

Another well known tourism fair that is held in Russia is The Moscow International Travel Fair MITF. On the 15th of May 2014 the opening ceremony of International Tourism Fair took place in Moscow. The main goal of the conference was to discuss the issues concerning the domestic tourism development in Russia. Also, the business meeting between the Spanish tour agencies and the embassy employees was aimed to discuss the Russian-Spanish interrelations in tourism sphere (Biblio Globe).

It is noticeable that Spanish representatives including the ones from Gran Canaria are searching for the most appropriate, reliable and convenient technique to penetrate the Russian market and to gain the confidence of the Russian customers. One of the common methods of sales promotion is the internet. The biggest advantage of the World Wide Web is that the information reaches a large number of people. The president of Gran Canaria is considering the importance of launching an official web page that will provide a greater insight to the Russian market in the article. One of the key points is that the information is provided in the Russian language (Onda Nueva. 2013).

### **Web site of Gran Canaria in the Russian language**

According to the article, the president of Gran Canaria decided to introduce the Russian version of the website of this destination. At the same time, the main participant in this kind of promotion is the Gran Canarian Tourism Board. The key reason for this decision was the promotion of Gran Canaria among the Russian tourists and attracting greater amount of

clients from this market. The website promotes the best features of Gran Canaria by providing beautiful pictures together with the description of the unique nature and culture on the island (Onda Nueva. 2013).

Also, it has been found that the Russian tourism market is rapidly growing with the significant amount of internet users. According to the statistics, in Russia more than 87 million of people use the internet what makes it the biggest “internet country” in Europe. (Internet World Stats, 2014). Before, the website was translated into several languages, such as English, German, Dutch, Italian, French, Swedish, Portuguese, and Polish. Following the President's speech, having a Russian language version might affect the Russian tourists' perception and attract more travellers to the island (Onda Nueva. 2013).

## 10 ANALYZED SERVEY RESULTS

This chapter sums up the key findings derived from collecting and analyzing the primary data. Two different interviews were conducted in order to research the questions and find the answers to the stated problems. The first interview was conducted among the most popular Russian tour operators with the aim to find out the key reasons why Gran Canaria is not in the popular destinations list from the tour operators' perspective. More than that, it was important to investigate their point of view on why the current popular winter resort destinations are so attractive to the Russian customers.

The second interview was held among the potential Russian travellers. The main point was to find out the factors which affect the consumer buying behaviour and the decision making process. That further will be an important aspect in analyzing the main research problem.

It is important to mention that the interview was conducted in person and, therefore, the discussion does not have a standardized format. The questions could slightly change based on the respondents' answers, but the main theme of the questions stays the same for each of the responders. The reliability of the obtained responds depends on the honesty, openness and frankness of the interviewer.

In the following parts, we introduce the main topics that are included into the questionnaires and further are briefly explained. After that all the answers are thoroughly examined and presented in a summarized version. In order to support the answer of the respondents direct quotations are used.

### 10.1 Tour Operator Analysis

The research was conducted among the tour operators in three different regions. Two tour operators are located in Murmansk, four in St. Petersburg and six in Moscow. The aim was to investigate the tour operators in bigger cities as the customer target group is located in the same regions.

### **The Most Popular Winter Leisure Destinations for the Russian customers**

The very first question of the interview was chosen because it is useful to select the top winter destination among the Russian clients. Relying on this data, the most popular winter travel destinations can subsequently be compared after which the reasons why one destination is more popular than the other can be identified.

Ten out of twelve respondents named Egypt as a popular winter destination for the Russian customers, while Thailand is listed seven times. Summarizing all the answers, the following information was obtained. The most popular destinations during the winter time are: Egypt, Thailand, Vietnam, Cuba, the Caribbean Islands and the United Arab Emirates.

Barcelona and Costa Blanca region are the most attractive locations in Spain to the Russian travelers. However, these two destinations are summer tourism oriented and that is the reason why they cannot be considered in this research. When Tenerife and Gran Canaria were mentioned one of the tour operators noted that these holiday destinations are usually independently planned by the customers without the tour operators help.

As a result, only two main winter destinations listed by the tour operator are closely examined. They are Egypt and Thailand. Furthermore, Tenerife is taken into account as well despite the fact that it was not mentioned by the tour agencies. Tenerife is the main competitor within the Canary Island, therefore it is significant to analyse this destination.

### **The Canary Islands in the List of Offers**

Next, the travel agencies were asked if they offer the Canary Islands tours. And if they did the representative was inquired to mention what the most visited and less popular islands are. It is important to recognize how often the Canary Islands are offered by the tour agencies, because it helps to understand how closely the archipelago cooperates with Russia nowadays.

All except one tour agencies had the Canary Islands in their list of offers. Unfortunately, only one island, which is Tenerife, is offered to the Russian customers. The main reason is that only Tenerife can be reached by a direct flight from Russia. However, one of the tour operators located in Murmansk pointed out that if a client prefers to have a flight from Finland it is possible to organize. Finland has good connections with more island than just Tenerife. That is the reason why Gran Canaria can be also considered when the Russian costumers choose the Canary Islands. The flights from Finland are organized for the

convenience of the customer. This offer is practical for the customer from the Northern part, in this case, from Murmansk. And for the customer's handiness they are offered to fly from Finland instead of going to Moscow or St. Petersburg first.

One travel agency does not offer the Canary Islands package, and in the nearest future is not planning to expand their list of offers due to the fact that the company is focusing on the different market.

*"We do not offer the Canary Islands tours. It has a specific target group and the average tour price of that destination is twice or even three times more expensive than the tours to Egypt or Turkey." (1)*

Another tour agency from Moscow brought up that only Tenerife out of all the Canary Islands is on the list of offers. However, if the client has a special request and willingness to visit other islands (most of the time it is Gran Canaria) it is possible to arrange it. But, due to the reason that company organizes the individual tour packages, the price exceeds the average. One more tour operator from St. Petersburg underlined that only Tenerife is a mass tourism location for the Russian customers, whereas all the other trips to different islands are organized by the clients individually.

### **Tenerife as the Most Popular Destination on the Canary Islands for the Russian Customers**

This question was asked with the goal to explore further the reasons for high popularity of Tenerife considering the tour operators' experience and opinion. This question might be helpful to monitor Tenerife's activities towards the Russian market and, therefore, to figure out what actions Gran Canarian government has to undertake in order to increase the demand among the Russian tourists.

The investigation of this question showed that the key reason for wide popularity of Tenerife among the Russian tourists is the organization of charter flights, and it was mentioned by nine tour agencies out of twelve. The second important feature that was pointed out by five companies is the pricing policy. It has been noted that Tenerife is relatively inexpensive holiday destination concerning food, accommodation and entertainment, in comparison to Gran Canaria. In addition to this, right implementation of marketing strategies played its part in promoting Tenerife what was underlined by a half of the tour agencies. At the same time, one of those five agencies from Moscow revealed a very interesting fact:

*“In the beginning of 90s Alla Pugacheva, a popular Russian singer from the Soviet Union, sang a song about Tenerife. In that time this woman was an "idol" on the soviet pop music scene. And today people mention that this could become a starting point introducing this destination to some Russian residents. But don't take it too seriously.” (2)*

Furthermore, the tour agency from Murmansk stated that Tenerife is the biggest island of the Canary Archipelago and its attractions are well known all over the world and this makes it a very inviting place.

### **The Leading Factors for the Russian customers**

The following question was addressed in order to find out the tour agencies' perspective on the leading factors for the Russian tourists are when choosing a destination for sunny holidays. What are the Russian customers interested in the most? This information is essential in order to analyze the Russian customer's buying behaviour not only in the customer's words, but also from the perspective of the service provider.

It is not going to be a surprise that ten out of twelve responders have stated that the first factor the customers are paying attention to is the price. And only then the costumers are interested in what is included in this price.

*“Usually the first thing that the client mentions is the amount of money he is ready to spend on the holiday, and then he states his preferences. And it is important to bring up that sometimes for a very low price customer asks for a high quality holiday. Whereas, they have to understand that they get certain value for their money, and most of the time for a higher price you will get better holidays.” (3)*

What is more, almost a half of the respondents as an important aspect have mentioned family holidays. That means that the tour package has to include a hotel where the children can spend their time, as well as a convenient trip. And most of the respondents underline that Egypt is a perfect combination of all the previously mentioned factors. There is always children animation and direct flights.

Only two tour agencies underlined the importance of all-inclusive (AI) package. Based on their opinion it is very attractive to the customers, but, at the same time, this aspect is not decisive. And the importance of the direct flights has an advantage in the final decision making process. Later we will discuss this concept from the customer's perspective.

An interesting feature, mentioned by one of the tourist agencies was that customers do not visit the same place twice. Most clients become regular clients after the first purchase.

*“We try to find a special approach to the customers and offer the best possible product in order to satisfy their needs, especially, when they make a purchase repeatedly.” (4)*

### **Current Political and Economical Situation**

According to the acquired information, Gran Canaria is the type of holiday destination where the trip to be planned individually without tour operator's support. For this reason, the political and economical instability in Russia and the collapse of the strongest tour operators might cause several changes in tourist behaviour what could positively affect individually planned trips such as to Gran Canaria.

As reported by ten out of the twelve tour agencies, economical and political instability seriously influenced the demand. After summarizing all the replies, it is safe to say that the political instability initiated the economic uncertainty which affected the ruble/euro exchange ratio. Because of this, the tour price is growing and the tour agency from Moscow emphasized that the only affordable choice for the most of the Russian customers is Egypt. Four tour agencies pointed out the problem of strict prohibition for the Russian power structures to travel abroad, as well as, a decrease in demand among all the citizens in general. Moreover, the travel agency located in Moscow mentioned that the unstable situation influenced their company the most in July and August. Based on the personal experience, in most cases the slump in demand is driven by fear after several tour agencies crash. The customers chose to purchase tours one week in advance or plan the trips independently instead.

Nowadays, the unstable situation brings several problems into the tour operators business. On the one hand, it might result in tour agencies collapse further and the biggest Russian tour operators drop catastrophically. On the other hand, it might bring changes into the consumer buying behaviour and decision-making process and open new destinations, such as Gran Canaria, to the Russian travellers.

### **Price Difference for the Popular Destinations**

To begin with, further studies of the customer's perspective show that AI actually is an important factor when choosing the holidays. That is the reason why it is remarkable to investigate the following question: What is the average difference in the AI service package for the popular among the Russian customer's destinations, such as Egypt, Thailand, and Tenerife. These locations are chosen for the reason they are the leading winter destinations on the Russian market. Based on the personal research it has been observed that the cheapest deal is to visit Egypt, Thailand is more expensive and Tenerife is the most costly one. The data was provided by PEGAS Touristic Travel Agency.

The answers from different tour operators showed exactly the same pattern. Eleven respondents, the ones who offer Tenerife, have mentioned that sometimes the price of the tour AI package is two or three times higher than a similar package to Thailand or Egypt. Moreover, many Tenerife offers are not AI. This happens due to the fact that most of the time travellers rent an apartment and travel around the island in order to explore the nature and try different restaurants, instead of staying at the same hotel and have AI meals.

Most representatives of the travel agencies underlined that in the last few years the demand for tours to Egypt increased due to many reasons: direct flights, no special visa requirements, and the best prices for reasonable quality. AI offers are the most attractive; the client has all the services in the hotel, as well as, many excursions are included in the package.

What is more, every respondent stated that a Thailand tour package is more expensive than an Egypt travel package due to the location, duration of flights and exoticness. However, it is cheaper than tours to Tenerife. The price of a tour to Tenerife justifies the high quality services and holidays.

### **The Main Obstacles in Cooperation with the Canary Islands**

It appeared that the most significant barrier, as reported in the questionnaires is the price. It was mentioned seven times by the tour agencies and they explained that the tour packages to Tenerife are more expensive than to destinations like Turkey and Egypt. At the same time, Turkey and Egypt leave the Canary Islands out of the competition when it comes to the "last minute" sales. Also, as it has been mentioned before and repeated by a few tour agencies, a euro zone destination is not profitable for the Russian tourists on the basis of the

current economic instability. The second important obstacle is visa issues and it was listed three times in the questionnaires.

From the point of view of a tour operator from St. Petersburg it was possible to pinpoint the aspects that influence the decision making process among the Russians.

*“The charters are organized to Tenerife only and, therefore, Gran Canaria requires selecting the flights thoroughly that makes planning holidays complicated from the very beginning. In addition, a Russian tourist is interested in vacations where the price meets the quality especially all-inclusive. Unfortunately, at the moment, this kind of services can be offered in Turkey in the summer time and in Egypt in winter.” (5)*

Quite the opposite, other St. Petersburg tour operators noticed that, actually, there are no real barriers.

*“The problem is that there is no demand for Tenerife, as well as, there are no appealing price offers. The Canary Islands is the client's matter of taste. What is more, the Russian tourists are spoiled by the reasonably priced and qualitative all-inclusive services” (6)*

### **Advertisement of the Destinations**

As it has been discussed in the advertisement and promotion section, marketing the product is one of the essential parts of business in order to attract the customers. The further research has been directed to find out what types of advertisement the tour agencies use in order to catch the attention of a client.

The internet, as a tool for promoting the company and offered products, was mentioned by every tour operator. Each company has a web page with more information about the offers. For the research every company web page was visited. Based on the personal experience, at least four web pages are hard to browse, find the information about the company, and to receive the necessary information about the tour packages. However, it is a popular promotional tool that provides information to a high amount of potential customers.

Only a few biggest and strongest tour operators mentioned using TV advertising.

*“This method of promotion is very useful in the tourism industry, especially, because it shows real picture of the destination being promoted. The biggest disadvantage of commercials on TV is the high price.” (7)*

Other tour operators mentioned the cost, as well. Because of the recent changes in the demand for the products due to the instability of ruble, most companies are forced to cut

their expenses. Even though such a big company as Tez Tour has visual advertisements of Dubai, Turkey and Egypt, the Canary Islands promos were not observed on TV.

However, other promotional products, such as brochures, flyers and ads in newspapers were mentioned by all the agencies. These are not that effective compared to the internet nowadays, but still are highly popular and draw attention of the customers.

### **Summary**

In order to have a clear picture of the information provided by the operators, a small summary is presented. Based on the answers we can see that the price is in the list of the most important factors that affect the consumer's buying behaviour. However, this statement can appear controversial to the answers of the customers due to the reason that tour operators give an overall view of the customers, whereas our target group was the travellers with a higher income than the average.

An obvious fact comes up in relation to the "all inclusive" services. For the more experienced travellers this aspect is not significant when choosing the final destination. But the more specific results will be revealed in the next section when analyzing the customer's interviews.

However, the importance of a convenient flight is undeniable. The tour operators underlined that the current demand for Tenerife exists in the presence of direct flight from the big cities. This is the main notion where the tour operators and the potential customers demonstrate complete conformity. The next section will explain the results from the customer's point of view in more detail.

### **What are the Possible Reasons for Tour Agencies Going Bankrupt?**

With the help of the questionnaires provided by the tour agencies, the main principle of their tourism business management and the possible reason of going bankrupt have been discovered. Most agencies work using a financial pyramid. The idea is the following: the client pays money in March for travelling in June. Money has to cover the expenses including tickets, insurance and accommodation, but instead of it, this money will be utilized to pay for the customer whose trip is about to begin in March. This system can be very profitable and productive when the demand is high. Nevertheless, the current economic

instability in Russia led to the price growth (because of ruble instability) and customers outflow. In addition to it, the bankruptcy of big tour operators started to change the Russian customers' behaviour. At the moment most clients prefer not to trust tour operators and plan their holidays themselves. Those, who still prefer to make receive tour operators' services, prefer to pay one week before the actual trip. Unfortunately, these companies have lost the group of potential travellers including police, military and judges due to the governmental decree concerning the restrictions to travel abroad. This group of customers comprised those, whose income level is above average, therefore, this group of clients is a significant loss for tour agencies.

### **How Governmental Involvement Together with Current Political and Economical Instability Can Affect Russian Tourism?**

According to the research that has been made, there are two possible ways of tourism behaviour changing as a result of governmental involvement and current political and economical instability.

On the one hand, the intervention of government puts forward the growth of domestic tourism. At the same time, the development of Russian resorts, air travel subsidizations, the taxation of Russian tourists travelling abroad and instability of currency leads to increase of domestic tourism.

#### 10.2 Customer Analysis

The interviews were conducted during two weeks in October of 2014. The total number of respondents was 10. The responders were between 30 to 50 years old. Four out of 10 respondents were between 30-40, and the other six between 40 and 50. Three interviewees were from Murmansk and the same number from Saint Petersburg, while the rest four were chosen from the Moscow travellers. More than a half of the respondents are married, one person is divorced and two are single. The research was focused on the group of travellers whose income level is higher than the average in Russia. A Half of the responders mentioned that they travel 1-2 times per year, two people responded they take a trip at least 2 times per year and the other two prefer to travel more than 3 times per year.

The questionnaire is aimed to find out the places the visitors travelled to before, their driving forces choosing the hot climate destination, their information sources, the stereotypes they have about the Canary Islands, how they prefer to make a purchase and their opinion about attracting Russian customers to visit the Canary Islands, especially Gran Canaria.

Only two of the responders have visited the Canary Islands before. One person had a vacation on Tenerife and one responder was in Gran Canaria. The popular destinations listed were countries such as: Turkey, Egypt, Thailand and Montenegro. 6 responders underlined that Egypt is the perfect winter holiday destination.

*“Egypt is one of the first choices during the winter time. It is possible to get a good tour package where the amount of money I have to pay definitely meets the quality.” (8)*

### **Driving Forces**

This research was aimed to observe the main pulling factors for the Russian costumers during the decision making process. To begin with it is important to mention that 9 out of 10 responders point out that they prefer to discover new destinations and visit the places that will be new for them. In comparison, only one customer was more confident to visit the proven place and enjoy already well known holiday.

On the ground of the interviews, the findings demonstrate that one of the key factors in the decision making process are the destination itself and the availability of clean beaches, sightseeing, beautiful nature and infrastructure.

*“This is what I am looking for when I am going for summer holidays with my family. I go away from the big metropolitan and I want to enjoy beautiful nature, fresh air and of course clean coastline...” (9)*

As it has been mentioned before the main target group within the interviewees are the people with a higher than the average income that explains the fact that the financial issue was not in the first place. The money was mentioned only 4 times. The responders did not see it as the most important aspect in their decision making process, however, they are ready to pay a reasonable amount of money for appropriate quality services. Whereas the direct flight or the convenient transportation was pointed as a critical aspect when choosing the destination, especially it concerns travellers with the family. Almost all the participants underlined the significance of the nonstop flights. The quotation below explains the thoughts of one respondent:

*“The convenient flight is very important when I choose a holiday destination. First of all, I have only 10 days for the holidays and I do not want to lose lots of time for travelling and, if I travel with my children, it is reasonable to have a direct flight, instead of changing flights. I am ready to pay a bit more money, but I would like to travel with comfort.” (10)*

Also six answers concern the importance of the distance. Sometimes the exotic destination is located further away and demands long flights, for example, the Canary Islands. It does take longer to get to the final destination, and not all the travellers are ready to spend additional hours during the journey. Many potential tourists underlined the importance of the duration of their holidays and only then they can decide if they are ready to spend a certain amount of time travelling. The average duration of the time off work does not exceed 2 weeks. A half of responders replied, that usually the vacations last 10 days, whereas only 1 tourist mentioned that he is able to travel more than 2 weeks. And the other three responders stated that their holidays last exactly 2 weeks. However, numerous tourists due to the willingness of exploring new, exotic places are ready to spend a bit more time travelling, but it still should be within reason.

### **The Information Source**

The following study is aimed at finding out how the Russians gather information in order to find the suitable vacation or to collect more information about the already chosen destination. This pre-purchase stage is one of the central aspects in the consumer buying behaviour as it strongly influences the final decision. Based on the research, the first choice of the information source for the majority of the respondents is the internet. As it has been mentioned before, nowadays the internet by its popularity exceeds many other channels the information can be received from. Trip Advisor reviews are becoming more popular and are often used by the travellers. It was mentioned by some of the respondents that this source is not influenced by advertisement and does not contain false information, only tourists' opinion. However, one of the travellers told that the internet source cannot always be reliable as a lot of the information is added with the purpose of promotion and does not demonstrate the whole picture of the resort, but just its best features

Further, there are media sources. Advertisements, videos of the destinations have been mentioned 6 times. At the same time four responders highlighted that they haven't noticed any visualized advertisement of Gran Canaria so far and that might be the reason why the island stays "unknown" on the Russian market. This fact shows that the marketing policies

of the destination have to consider the development of the "destination's visualization" that gives a clear picture for the customers. Moreover, it can provide more than just a written text.

Additionally, word of mouth as an information channel was underlined to be a popular information source, especially, if it comes to friends or acquaintances. Many responders mentioned that they feel more confident when someone they are familiar with, share their experience and they can gain some extra information from it.

Moreover, the tour operators are becoming less popular than they have been before. Only four participants stated that they prefer to obtain the information from the travel agencies. Another visitor had a very criticizing way of thinking and he thought that this method becomes unreliable, and hence is the comment:

*"I prefer to get the information from different sources as the agencies have a high interest in selling their product rather than caring about customers' satisfaction. There is a bunch of other sources where it is possible to find more reliable information."* (11)

### **Purchase Stage**

Furthermore, with regard to the trip organization, the majority of Russian travellers prefer to plan their trip independently without tour operator assistance. Based on the questionnaire there are six tourists out of ten who prefer independence from the tour operators. However, many of the responders underlined that organizing an individual trip has changed under the current circumstances, in the last few years. Summarizing all the comments received, trip organization and making decisions individually brings the choice options concerning the hotels and flights. It makes the trip more flexible and convenient for all the family members. What is more, it has been noticed that an online purchase helps to save time which for the overwhelming majority it is a very important aspect of lifestyle.

*"I am organizing the trip myself because I prefer the freedom of choice and time flexibility. In this case, I have a wide variety of options in choosing the destination itself, the flight and the hotel."* (12)

At the same time, there are four travellers who give the preference to the tour operators. Only one client out of three chooses the online purchasing method, while the other three need the tour operators' support. Following their explanations, it makes the planning process easier because the package is created on the basis of the clients' wishes and it does not require special knowledge of booking a trip as everything can be done by the specialists.

A face-to-face meeting allows to find the answers to the worrying questions directly from the representative of the tour company. Moreover, another problem that a Russian customer can face is poor English language knowledge that might become a problem during a long trip which requires flight changes, for instance. Therefore, under such circumstances it becomes more reasonable to book a direct flight trips with tour operator's support where, in most cases, the direct flights take place with a guide's assistance.

*“I do not speak any other languages except Russian what makes me feel uncomfortable in foreign airports. In addition to this, I prefer to pay a certain amount of money and I can be sure that I will get the holiday package including everything I need for the full satisfaction during my vacation.” (13)*

### **Familiarity with the Canary Islands and Gran Canaria in particular.**

Analyzing Gran Canaria and the reasons why this sunny destination is not popular among the Russian tourists, we came up with the idea to investigate how many Russian tourists know about the existence of Gran Canaria. What is more, ten potential tourists were asked to name the islands that are the parts of the Canarian Archipelago, as well as, to describe the image or existing stereotype of this destination.

Observing the given results, none of ten tourists know the names of all seven islands. However, Tenerife was listed 9 times and four out of nine respondents have heard about Gran Canaria, including the one who has visited this place. Additionally, it was noticed that Tenerife is considered to be the biggest island while Gran Canaria takes the second place.

When it comes to stereotyping and the existing image, in the Russian tourist's mind, Canary Islands are associated with hot weather all year round and unique nature of volcanic origin featuring cactuses.

Several respondents pointed out that these islands are somewhere far in the ocean with the resorts intended for the rich tourists or for the more luxurious vacations.

*“In my mind the Canary Islands offer high quality holiday organization specially designed for the civilized vacations.” (14)*

### **How to attract more Russian tourists to Gran Canaria?**

As it was expected, the questionnaire showed that in order to start the promotion of the island, the charters, attractive and beautiful destination together with more affordable prices

have to be organized. This opinion was expressed by six respondents and it was supported by our investigation above in the air transportation chapter. In addition, almost all of the interviewees mentioned that the professional promotion of the destination could change the current lack of interest in Gran Canaria. For instance, TV advertising could be a very effective tool providing useful information about the destination and creating the right image on the Russian market.

*“Several years ago I saw a very colourful advertisement of Dubai that encouraged me to visit this place. I still remember this beautiful and sunny resort and I am thinking of going there once more in my life. I think if the same marketing tool is implemented for promoting Gran Canaria, many people will start considering this destination as the one worthy to visit.” (15)*

At the same time the necessity in the hotels with the all-inclusive (AI) services was mentioned 3 times that means that some Russian clients still give the preference to the not so expensive AI package. The same feature was mentioned in the replies from the tour agencies. However, Gran Canaria does not offer this service yet, but on the basis of the respondents' opinions it could be a one step towards attracting Russian tourists.

*“I cannot tell about all the Russian tourists because they are very demanding and special clients in the tourism industry. My family would be attracted to beautiful wild nature and clean beaches, and scenic surroundings. When it comes to advertisement, I would like to see beautiful pictures of nature and animals in its natural habitat. At the moment we seriously consider the Canary Islands as an option for visiting with the child in order to enjoy a high quality vacation.”*

### **Summary**

To sum it up, the price issue did not take the leading place probably because the target group was wealthy people with extensive travelling experience. One of the most significant points was the duration of the trip and respondents gave preference to nonstop flights. In this case Gran Canaria will not be even taken into the consideration, since it was investigated above, the flight lasts more than 10 hours with several plane changes.

At the present moment, according to the respondents' opinion tour operators are insufficiently reliable from the promotion and trip organization side. More and more tourists prefer to organize trips independently. The same response was given by tour operators and it was emphasized that there is a decrease in demand which is driven by the clients' fear to be deceived. On one hand, individual organisation gives the freedom choosing the

destination, flight schedule and hotels. On the other hand, the recent failures of a few tour operators without paying the money back and organization of several trips fraudulently probably made clients start planning their vocations independently on the internet.

## 11 CONCLUSION

This chapter presents all the significant results that were discovered during the research process. Based on the results we came up with the possible suggestions and recommendations.

The main objective of the study was to research and analyze the reason is for the low number of Russian customers in Gran Canaria. In order to implement deep investigations we had to look at the different aspects that influence the consumer buyer behaviour and the destination selection process. The Schmall's model of consumer buyer behaviour and Solomon's model, which indicate the comparison process from the consumer's and marketer's perspective, demonstrates that there are various internal and external factors that have a great influence on the final decision making process. Moreover, it displays the close interaction between tour operators, who have a role of marketers, and the tourist. Therefore, with the purpose of scrutinizing the issue, two qualitative questionnaires for the tour operators and the potential customers were conducted.

According to the obtained results one significant fact that has to be emphasized is that Gran Canaria is not well known among the majority of Russian tourists. The most likely reason for this phenomenon is the lack of promotion and collaboration with the island. What is more, the accessibility of the island is an essential obstacle for Russian tourists. Due to the unavailability of charters and direct regular flights most of the time Russian customers do not even consider Gran Canaria as a holiday destination while Egypt has a leading position from the viewpoint of chartered and nonstop flights, as well as the reasonable price for the tour-purchasing and visa-free regime. All of these factors facilitate the tourism development in countries which offer all of the previously mentioned features.

In addition to this, the main Gran Canaria's competitor within the Canary Islands is Tenerife. It keeps the position of the most attractive island for Russian tourists, because of the charter arrangement from Moscow and St. Petersburg. Based on the research result it is noticeable that direct flight is an important factor when choosing the final tourism destination. This makes the trip more convenient, cheaper and with less stress involved. What is more, the affective collaboration with Russia and promotion of the island and its attractions is a successful tool which leads to increasing the popularity within the Russian market.

However, the interview with the tour operators demonstrated the summarized overview of the ordinary customers, whereas our target group for the development of Russian tourism in Gran Canaria are the customers with the higher-than-average level income and rich travel experience. Following the analysis of customers we can see the dynamic changes in their buying behaviour. As it was mentioned by the tour operators, recently their service had more popularity than they do nowadays. And following our studies we can see the tendency of the preference to the individual purchases. This type of behaviour can be supported by the collapse of the several biggest tour operators in the Russian Market. The customers do not feel fully secured when purchasing the product through the tour operator, as they have a fear of being deceived. This might change the customer's attitudes in relation to the tour companies. In addition to that, the current economical instability and unfavourable ruble exchange rate in a combination with the present Russian government policy, that is directed to develop domestic tourism, affects the demand for the Russian outbound tourism.

According to our research it is noticeable that the existing situation negatively impacts the development of the Russian tourism market on the island of Gran Canaria. Taking into consideration the following factors, which are current ruble exchange rate, visa issues, Russian government's involvement, collapse of the Russian travel agencies, chartering being non-existent in Gran Canaria and lack of promotion that keeps the island to be unfamiliar to the Russian tourists makes it problematic but at the same time not an impossible challenge regarding attracting a high number of travellers from Russia.

## 12 RECOMMENDATIONS

On the basis of the research and the obstacles that have been identified during the investigation process we came up with the subsequent recommendations. In our opinion all the barriers have a significant influence on the Russian tourism development of Gran Canaria. However, the non-existent chartering makes the island a barely-reachable destination for this certain target group. That is the reason why the charter provision should be the first step towards the development of Russian tourists in Gran Canaria.

We also noticed that there is a lack of cooperation between Russia and Gran Canaria. Following the example of Tenerife, from our point of view, in order to be more recognizable destination on the Russian market Gran Canaria has to increase the collaboration with Russia and bring more representatives to the country. As well as the official spokesperson of Russian tourism industry should regularly visit the destination with the purpose of becoming more familiar with the offered product. Regarding the attraction's promotion, we found out that the representatives of Loro Parque regularly visiting Moscow exhibition MTTT which helps to keep the level of interest to visit this place. According to our experience, Gran Canaria has similar attractions such as Palmitos Park, which also could bring many Russian customers if the promotion of such places would take part in the biggest Russian exhibitions, like Tenerife does.

Moreover, with the relation to promotion and advertisement it was noticed that the marketing promotional tools should be improved. The visualization of the destination will help to enhance and create a favourable image of the island in Russian customer's mind.

Furthermore, we have to mention that at the present time the political and economical instability does not affect beneficially the implementation of the set task. This is a considerable external factor that cannot be taken under control. But this political unrest and financial turbulence played a significant role in the tour operator collapse. This automatically leads to the loss of clients trust and the preferences changing towards the organization of the trips individually. In order to sustain the tour operators business it is essential for Russian government to improve a system that protects the clients and their money in case if the tour operator goes bankrupt.

As it has been mentioned above, Gran Canaria is the destination that has to be planned independently and in this case, the changes of the buyer behaviour might appear to be

positive and bring more Russian tourists to Gran Canaria, but the flight issue has to be solved before.

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## Appendix 1. Interview with the clients

- How often are you travelling?
- Do you like to visit the same places or you prefer to experience something new?
- Which countries did you visit with the leisure purpose?
- Name the factors which influence your decision when choosing the destination
  - Distance, price, attractions etc.
- Which information source do you use when choosing the destination?
  - Word-of mouth, internet, tour operators, reviews of trip advisor etc.
- Do you prefer to organise your trip independently or with the support of tour operator? Explain your answer.
- Does All inclusive play any role when you choose the destination? Explain your answer.
- Can you name the Islands, which are the part of Canarian Archipelago?
- Existing image or stereotype regarding the Canary Islands.
- Have you ever heard about Gran Canaria?
- How to attract more Russian tourists to Gran Canaria?

## Appendix 2. Interview for the tour operators

- What are the most popular winter destinations for Russian tourists?
- Do they offer trips to Canary Islands? If yes, name the most visited islands.
- If we talk about Egypt, Thailand and Tenerife and following your rich experience, what is the most popular destination and what is less attractive? Reasons.
- Price difference for AI for destinations like Egypt, Thailand and Tenerife.
- From your point of view, why Tenerife is the most popular island for Russian travellers within the Canary Islands?
- What are the leading factors that influence Russian customers' decision-making process?
- Political and economical instability.
- What are the main obstacles in cooperation with Gran Canaria?