

Business tourism in Kaluga Region:

Attraction of foreign customers to Hilton Garden

Vita Litke

Bachelor's thesis
May 2015

Degree Programme in Facility Management
School of Business and Services Management



JYVÄSKYLÄN AMMATTIKORKEAKOULU
JAMK UNIVERSITY OF APPLIED SCIENCES



Author Litke, Vita	Type of publication Bachelor's thesis	Date 20.04.2015
		Language of publication: English
	Number of pages 52	Permission for web publication: x
Title of publication Business tourism in the Kaluga region: Attracting business customers to Hilton Garden		
Degree programme Facility Management		
Tutor Blinnikka, Petra		
Assigned by Kaluga Hilton Garden Inn		
Abstract <p>The research was conducted for Kaluga Hilton Garden Inn hotel recently opened in Kaluga, Russia. The objective was to study the business tourism segment and the factors influencing foreign business tourists' behavior, discover whether Hilton corresponds to the needs of corporate travelers. French and German businessmen were chosen as the target as they are the most frequent foreign travelers visiting Kaluga. Another objective was to give recommendations for Hilton Garden Inn about how to attract members of this target group to the hotel.</p> <p>The theoretical background was based on the overview of business tourism, MICE industry, and hospitality consumer behavior. The service design concept and cultural differences were also discussed. The main literary and Internet sources included such experts as Swarbrooke and Horner, Kotler, Hollins, Moritz and Hofstede.</p> <p>The empirical research was conducted using a qualitative method, applying a visual tool from the Service Design framework. The data was gathered by conducting eight semi- structured interviews with French and German businessmen who travel to Russia for business purposes and are well acquainted with Kaluga city. The research data was analyzed by coding and grouping the answers by the differences and similarities. The information collected from the participants was evaluated according to the theories discussed in the work earlier.</p> <p>The results showed that the most important factors influencing booking decisions were the comfort of the room, Wi-Fi and the location of the hotel. The respondents provided informative feedback about the hotel and the services provided. Overall, the Kaluga Hilton Garden Inn corresponds to and fulfills business tourists' needs and expectations. Based on the interviewee's comments, recommendations for improvement were given to the Hilton Garden Inn Hotel.</p>		
Keywords business tourism, consumer behavior, culture, Service design, hotel industry, Hilton		
Miscellaneous		

Contents

1 INTRODUCTION	3
2 KALUGA AS A DESTINATION	4
2.1 DEVELOPMENT OF THE REGION	4
2.3 ACCOMMODATION IN KALUGA	6
2.3 KALUGA HILTON GARDEN INN.....	7
2.4 HILTON IN THE CITY.....	9
3 CONSUMER BEHAVIOUR IN TOURISM	10
3.1 CULTURAL FACTORS	11
3.2 SOCIAL FACTORS.....	12
3.3 PERSONAL FACTORS.....	13
3.4 PSYCHOLOGICAL FACTORS.....	13
4 CULTURAL CHARACTERISTICS IN CONSUMER BEHAVIOR.....	15
5 THE CONCEPT OF BUSINESS TOURISM.....	19
5.1 BUSINESS TOURISM CATEGORIES.....	21
5.2 HOTEL AS A VENUE.....	24
5.3 TYPOLOGIES OF BUSINESS TOURISTS.....	24
6 RESEARCH METHODS AND PROCESS	28
6.1 SERVICE DESIGN	28
6.2 RESEARCH METHOD.....	31
6.3 RESEARCH PROCESS.....	33
7 RESULTS	35
8 RECOMMENDATIONS	45
9 DISCUSSION	47
REFERENCES.....	49
APPENDICES	51
APPENDIX 1. INTERVIEW GUIDE.....	51

List of Figures

Figure 1. Rating evaluation Kaluga city and Kaluga region	6
Figure 2. Kotler: Model of buying behavior	10
Figure 3. Kotler: Factors influencing consumer behavior	11
Figure 4. Swarbrooke & Horner: typology of business travel and tourism	21
Figure 5. Moritz: Service Design Categories	30
Figure 6. Sequential Approach to Research	33
Figure 7. Hilton Hotel: Entrance	40
Figure 8. Hilton Hotel: Reception Desk	40
Figure 9. Hilton Hotel: Twin Bedroom	41
Figure 10. Hilton Hotel: King Bedroom	41
Figure 11. Hilton Hotel: Bathroom	42
Figure 12. Hilton Hotel: Grille & Bar	42
Figure 13. Hilton Hotel: The Great American Grill	43
Figure 14. Hilton Hotel: Meeting room	43
Figure 15. Hilton Hotel: Fitness Centre	44

1 INTRODUCTION

Tourism is the largest industry in the world; the number of tourist arrivals reached 1087 million in 2013. In many developing and transition economies, tourism has emerged as the dominant tool for economic growth.

According to the World Tourism Organization, business and professional travel accounts for approximately 14% of all international travel. (UNWTO Tourism Highlights, 2014, 2- 5.)

For Russia, there is an enormous potential in this market. Business tourism is expected to be one of the fast growing markets for travel industry providers in the years ahead. The country is interested in expanding revenues from business tourism regarding both the individual business traveler and the meetings and conventions market.

The volume of international contracts connecting Russia with foreign countries is rapidly growing. The statistics of WTO showed a robust 10 % growth of inbound tourism in 2013 with 28.356 tourist arrivals to the country, which makes a task for the hotel industry to build up comfortable accommodation with sufficient quality of services and facilities. (ibid., 7.)

The actuality of this work is explained by the need of developing the inbound business tourism in Russia, and thus, the need of research of the touristic potential in the Kaluga region as it represents one of the most developing cities in terms of foreign investments.

The growing number of industrial parks and international companies in the region creates a flow of inbound tourists coming for business purposes. The hotel industry is developing in the region, however the city can offer a small amount of accommodation with sufficient quality level of services. Several service companies are ready to offer their services to a client, but customer satisfaction is still, often on a low level. New management and marketing techniques and tools should be utilized in order to improve customer satisfaction.

Hilton Garden Inn is a newly opened hotel representing an international chain with a great potential to attract a business tourist segment and offer accommodation with high quality.

2 KALUGA AS A DESTINATION

Kaluga is a city in Russian Federation comprising about 334 000 inhabitants. Being just in 160 km distance to south- west from Moscow this city is located in the center of European part of the county, surrounded within the radius of 600 kilometers by one fourth of the whole Russian population.

The industry in the city includes 46% the auto production, 13%- energy production; and 1, 5 % is made from the light industry. Nowadays this region is considered to be one of the most economically successful in Russian Federation. During the last 7 years the auto production has shown the growth of approximately 236 %. (Investment Portal of Kaluga Region.

[http://investkaluga.com/o-kaluzhskoy-oblasti/.](http://investkaluga.com/o-kaluzhskoy-oblasti/))

Tourism Kaluga region is characterized by several types: rural, cultural and educational, sport, business and eco- tourism. For the last years Kaluga has become an attractive destination for people who travelling to the city for business purposes.

2.1 Development of the region

For the last 10 years this region has been growing rapidly and changing for the better, showing a great success in terms of infrastructure development.

According to The Moscow Times magazine, the city topped The Moscow Times' regional investment ranking in 2011, attracting \$1.055 billion in foreign direct investment the year before. This figure is more than double than its nearest competitor. (The Moscow Times 2012.

http://www.themoscowtimes.com/beyond_moscow/kaluga.html.)

According to Russian Embassy website information, the transformation began in 2007, when Volkswagen chose the city as the place to build a new factory.

The \$852 million Volkswagen plant represents the largest single German investment in Russia. The Germans were followed in 2009 by Sweden's Volvo Trucks, and in 2010 Peugeot-Citroen and Mitsubishi opened a joint venture.

Due to appearance of such foreign auto- companies like «Mitsubishi», «Peugeot», «Citroen», «Volkswagen», «Skoda», «Audi» «Volvo» and others, Kaluga region is currently forming the biggest auto – cluster basing on the declared volume investments in the country. Another international investment projects that are hold in Kaluga are «L'Oreal» (France), «General Electric» (USA), «Samsung» (Korea), and «Nestle Purina PetCare» (Switzerland). The arrival of the automotive giants has attracted support businesses. (Russian Embassy in Canada. <http://www.rusembassy.ca/node/618>.)

The groups “Volkswagen” and “PSMA Rus” are the biggest automotive manufacturing companies in Kaluga Region. The German brand is operating with 5516 employed people; 87 out of them are foreign people; French Peugeot & Citroen has 2140 people in total with 67 foreign. (Julia Zarva, Human Resources Manager PSMA Rus. Interview March 2015.)

In total foreign commercial partners are coming to the region from over than 90 countries of the world, mainly from France, Germany, Japan, Finland, China, Netherlands. People from these countries are often travel to Kaluga for business purposes to negotiate with trade partners and colleagues and to attend various conferences, meetings, workshops and exhibitions.

The government has recently opened an airport in December 2014, which is conveniently located in 20 minutes distance from the city center. Soon it will start operating the international flights around the world, what will make it more comfortable for tourists to travel for leisure and business purposes.

As political situation changes constantly, it is hard to predict the future of foreign business tourism in Kaluga. Different events in the world affect positively or negatively into country's economy. Currently, the region is still considered one of the most successful and fast developing in the country.

2.3 Accommodation in Kaluga

The growth of foreign companies in the region has created the demand of the accommodation and the services provided along. According to Business Traveller magazine, the tourist flow in 2012 has reached 1 million people, which corresponds the amount of Kaluga region citizens. The city is investing huge amounts into tourism development: in 2011 investments comprised 320 million rubbles; by 2016 the amount will reach 1, 59 milliards (Travel Magazine, 2013. http://bt-magazine.ru/journal_article/274.html.)

The Government has launched a new long- term program focused on the development of inbound and outbound tourism in Kaluga Region. Below there is a fragment of the rating evaluation with the comparative statistics for the last three years:

Kaluga City/ Kaluga Region	Number of beds in collective accommodation facilities, units			Number of tourism- related companies, providing services to the population, units			Number of employees in accommodation companies, thous. people			The amount of tourist flow in the Kaluga region, thous. People			The number of foreign citizens arriving to Kaluga region, accommodated in the hotels, thous. People		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Kaluga City	1 918	2 490	2885	179	348	400	0,468	0,51	0,525	57,433	62,8	290	13	19,393	41,884
Kaluga Region	13 714	14 851	15069	1 388	1 499	1583	3,978	7847	11436	1223,6	1497,1	2193,3	25,8	32,18	48,062

Figure 1. Rating evaluation Kaluga city and Kaluga region on the implementation of target indicators on realization long-term target program "Development of inbound and outbound tourism in the Kaluga region for 2011-2016."

Each indicator shows a constant grow of accommodation facilities and tourism- related companies; the number of people working in the industry is also raising every year. According to the statistics, in 2014 the number of foreign tourists travelling to Kaluga was raised by 2 times in comparison with the previous year and it has reached the number of 41.884 people.

It is projected, that the tourist flow will be increased with the number of 1.5 m coming people by the year 2020; the number of accommodation will reach 5 times bigger amount; and the total number of employees working in the hospitality sector will be multiplied by 4 times (Travel Russian News, 2014. <http://www.trn-news.ru/news/4309>.)

According to Minister for Economic Development of Kaluga Region,

“Development of tourism industry is currently one of the priorities of the region. Improvement of roads, transport infrastructure, construction of chains of comfortable hotels, competitive shopping and entertainment malls, sports and recreation centers of international level – is a key development objective for Kaluga Region for the nearest future.”

(Newsletter Kaluga Region 2012, <http://invest.kaluga.ru/files/uploads/files/02-2012%20Newsletter%20Kaluga%20Region.pdf>.)

The statistic above makes a conclusion that the city should meet the expectations of foreign business travelers. Today's situation with the hotel business in Kaluga is quite dramatic: the properties cannot offer to the foreigners the high quality of the service.

A certain level of facilities and services should be implemented in order to make a business trip of a tourist comfortable. Business traveler has similar needs as a leisure tourist, however, there are a lot of features and characteristics the hotels should take into consideration while putting the efforts to attract this particular segment.

2.3 Kaluga Hilton Garden Inn

Since the region is intensively developing in terms of production and for the last years Kaluga city was impatiently waiting for the international brand of hotel to appear in the city, since the region is an intensively developing in term of production. Dozens of worldwide companies are choosing Kaluga as a place for realization of long- term projects and business tourist flow increases every year.

Hilton Garden Inn hotel is a part of Hilton international chain of hotels & resorts which was opened in Kaluga city in July 2014. The awarded 4 stars hotel has a modern architecture and possess state-of-the-art facilities, it is a perfect for business and leisure travelers as well.

Situated in 3 km from the city center and in 10 minutes from the historic part of Kaluga, the hotel also provides an easy access to the downtown major business parks and industrial areas and of Kaluga.

According to the standards the hotel has hired a multi-lingual team, which makes communications with foreign tourists easier.

The hotel room offers 4 room categories such as Queen Room, King Deluxe Room and Twin Room with the size ranging from 25 to 31 m² and exclusively design Deluxe called “Gagarin”. All rooms include a mini-fridge, air-conditioning, kettle with coffee and tea, hair dryer, safe box and an iron with ironing board. In every room there is also a big ergonomic desk with a chair, giving a “business space” for the guest to work.

Along with 134 rooms Hilton is also offering to its guests a fitness center, free parking space, baggage storage, coin laundry, shoe shine stand and safety deposit box. For the food and beverage outlets the hotel possess a destination restaurant- Garden Grill&Bar, which offers to the guests Russian and European cuisine; the bar – Pub 102, lounge, 24 hour snack shop and a room service dining which is operating every day from 5 a. m. to 11 p. m.

As for the business services the hotel offers 3 meeting spaces which are 2 meeting rooms 30 m² and a conference hall with 190 m² space. There is also a convenient hall for the coffee breaks and a 24- hour business center with a phone service, copying and printing service, fax, audio and video equipment rental and video conferencing facilities. Various business events can be organized on the space of 250 m² in total for up to 200 persons. The high speed Wi-Fi service is complimentary.

Hilton business clients can choose between a formal boardroom setting and flexible multipurpose room for their small meetings. These well-designed layouts are complemented by guaranteed standards of Hilton Meetings service and amenities that aim to minimize the environmental impact while offering time-saving technology and consistent personalized service. Hilton Meetings guests have access to fresh and contemporary meeting spaces with high-quality furnishings and up-to-date audio-visual equipment. (Kaluga Hilton Garden Inn 2015. www.placeshilton.com/kaluga.)

2.4 Hilton in the city

From the quality point of view, Kaluga city can offer quite small range of accommodation. As Hilton is the first international branded hotel in the city, it has increased the competition in the market in the corporate segment and a limited flow of tourists. It is a strong competitive advantage for the hotel to be a part of international brand since the foreign travelers are aware of the company. Among a big list of unknown, private hotels Hilton definitely would be a choice number one to consider as an accommodation.

The appearance of a worldwide brand can have also an important meaning for the city development also: it can bring more conferences, meetings and exhibitions to the city. Potentially, Hilton can have a big influence on the business tourism in the region.

According to social media websites, the hotel is providing a sufficient quality of service: currently the satisfaction level with the hotel's services is 9 in Booking.com, and 4.5 in the TripAdvisor with good feedback in the comments.

The only aspect where the hotel loose points is location. People wonder why a newly internationally branded hotel is located far from the city centre. Customers mentioned that the range of facilities in the area is limited, due to the location in the industrial part of the city. However, the hotel is situated just within 10 minutes by car from the main street of the city. (Booking.com 2013. <http://www.booking.com/hotel/ru/hilton-garden-inn-kaluga.ru>.)

According to General Manager of Kaluga Hilton Garden Inn, from the opening till the end of November, 1425 guests were staying at the property. However, just 10.2 %, or 145 were foreigners; the rest 89.8% - 1280 people were Russian citizens. (Bushuev A., 2015. General Manager of Kaluga Hilton Garden Inn. Interview 2015.)

Business travel originating from individuals and conference and incentive-related business can be a major source of the revenue for a hotel. Kaluga Hilton Garden Inn has a great opportunity to attract this particular segment by offering the right services and facilities.

In order to implement the right marketing approach, a detailed analysis of the target market should be done to recognize customers' wants, needs and expectations. There should be a clear understanding of what business tourism is, and what a business traveler looks like.

3 CONSUMER BEHAVIOUR IN TOURISM

Nowadays the globalization and internationalization of market structures make it necessary for companies to study and understand the cultural differences and similarities between the consumers from different countries.

These needs can only be satisfied to the extent that marketers understand the people or organizations that will use the products and services they offer, and that they do it better than their competitors. (Solomon 2006, 8.)

In order to understand the expectations and needs of the guests in the hotel industry, marketers should analyze what influences customers' decision-making process. However, it is not easy to understand why people buy specific products and services; the answer is hidden in consumer's mind.

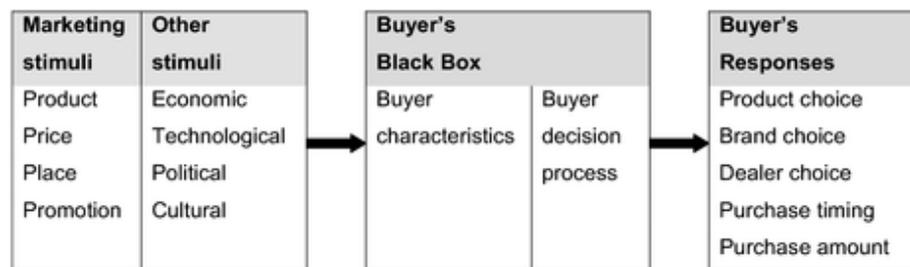


Figure 2. Kotler: Model of buying behavior

Kotler's model above explains what affects consumer's choice: 4 Ps of Marketing Mix and the factors in the environment of the buyer. All these stimuli enter the Buyer's Black Box: how the buyer perceives the information about the product. The Buyer's Responses represent the outcome of stimuli factors and personal characteristics of the consumer: what does he buy, when and where. Customer's purchasing decisions are influenced strongly by cultural, social, personal and psychological characteristics". (Kotler 2013, 144.)

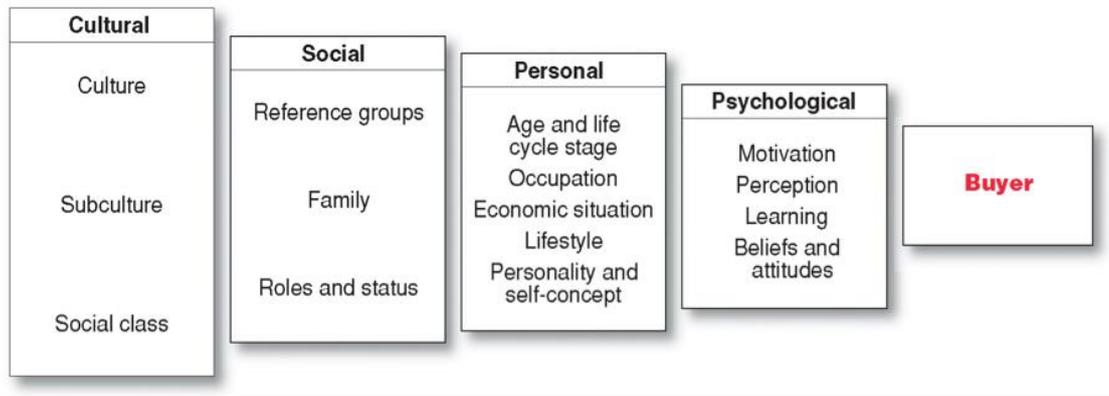


Figure 3. Kotler: Factors influencing consumer behavior

3.1 Cultural factors

The choice of consumer cannot be understood without taking into consideration the cultural context. In order to perform successfully companies should analyze this “cultural prism” through which the customers are making their choice. Kotler divides cultural factor into culture, subculture and social class.

According to Solomon (2006), culture is the accumulation of shared meanings, rituals, norms and traditions among the members of an organization or society. It is what defines a human community, its individuals, its social organizations, as well as its economic and political systems. It includes both abstract ideas, such as values and ethics, and the material objects and services, such as cars, clothing, food, art and sports that are produced or valued by a group of people. Thus, individual consumers and groups of consumers are but part of culture, and culture is the overall system within which other systems are organized. (ibid., 499.)

Kotler defines the subcultures as the groups of people with similar system of value and life experiences. These could be age, lifestyle, religions, nationalities, geographic regions. People coming from same subcultures tend to consume the same type of hospitality goods and services.

Social class is measured by a set of variables including income, family background and occupation. According to Solomon (2006), people who are grouped within the same social class are approximately equal in terms of their social standing in the community.

They work in roughly similar occupations, and they tend to have similar lifestyles by virtue of their income levels and common tastes. These people tend to socialize with one another and share many ideas and values regarding the way life should be lived. (Solomon 2006, 437.) From hospitality perspective social class affects the type of leisure preferred, destination chosen, food and drink people consume, activities they are taking, etc. Tourism industry is full of symbols which represent consumer's status and class, for example, 5- stars luxury hotels, exclusive restaurants and designer bars. (Williams 2002, 117.)

It is important for the service organizations to understand the attitudes and values of each country they deal with, every nationality has a different view on the service or product. The ways people consume tourism products are deeply connected with people's culture. It is reflected not only in psychological benefits of hospitality services, but also in socializing, eating and drinking, participating in rituals, etc. (Williams 2002, 97.)

Cultural factor is extremely important for the marketers to study while designing the product for clients. Within cultures, subcultures and social classes the buying behavior of customers show the similarities, thus, understanding the consumer's cultural background can give us a clue to attraction and retention of these specific groups.

3.2 Social factors

According to Kotler's model, consumer behavior is also influenced by social factors, which are small groups, families, online communities, social roles and status.

A good example of impact on the behavior is a word- of- mouth influence. The feedback from friends and families can have more power than marketing efforts and tools. Another example which is linked to word- of –mouth is

opinion leader: people within a reference group who can affect buyers' behavior due to some skills and experience, personality or other characteristics. Marketers try to identify these people and direct the marketing efforts towards them. (ibid., 152.)

Family represents the strong influence on consumer's behavior. Husband-wife roles are changing, children more and more affect the decisions in a family.

Consumer is involved into many social groups, and person's position can be defined within each group by roles and status. People tend to behave differently within the groups, according to this role and status. (ibid., 153.)

3.3 Personal factors

This group of influential factors consists of buyer's age and life cycle, occupation and economic situation, personality and lifestyle and self- concept.

People's values are changing with the age, and thus, the products and services also do. Life- cycle changes are related to the stages families go through and the life- changing events like marriage, having children, divorce, changing of personal income, etc. Hospitality marketers define these stages and tailor the services of the hotel accordingly.

Consumer's occupation and person's economic situation affect greatly the goods and services one can buy. The range of products the buyer can afford depends on the income. Marketers analyze trends in personal income and savings and redesign or reprice the products according to these changes.

Kotler believes that people prefer the brands with personalities that match their own. The term personality refers to the unique psychological characteristics that distinguish a person or a group.

3.4 Psychological factors

Another group of factors according to Kotler's model are psychological factors: motivation, perception, learning and beliefs and attitudes. Motivation is a need

that press a person to seek satisfaction. The needs can be biological and psychological, for example, a hunger or need for recognition. Motives can be external as the attractiveness and desire to experience the service, or internal, such as psychological factor as food and drink. (Williams 2002, 72.)

A number of studies on human motivation have been conducted, but the most popular are the theories developed by Abraham Maslow and Sigmund Freud.

Maslow states that the human needs are arranged into a hierarchy according to the necessity of the needs, from the most pressing at the bottom to the least pressing at the top. From the lowest these needs are psychological (accommodation, food and drink); safety needs (for example, special female floors and rooms), love and belonging (exclusive memberships, loyalty recognition), esteem (luxury services in the hotel, special amenities), self-actualization (hospitality- oriented educational programmes and seminars). Once these needs are satisfied they would climb up according to the hierarchy levels. (Hofstede & Hofstede 2010, 129; Williams 2002, 70.)

Sigmund's theory assumes that people are unconscious about the psychological drivers of their behavior; they do not really understand their motivators. Thereby, marketers can influence consumers' behavior in the tourism industry by delivering a desirable image that creates a pleasant symbolic meaning. (Kotler 2013, 156.)

When the person is motivated, he is ready to act. People get the information through five senses: smell, sight, hearing, taste and touch. However, the way humans understand and interpret this information is different. Kotler defines perception as "*the process by which people select, organize and interpret information from a meaningful picture of the world.*" All of senses ensure that hospitality consumers put attention, recall and recognize their previous experiences, for example, a special design, pleasant music, unusual perfume in the hotel. (Kotler 2013, 157; Williams 2002, 72.)

Learning is another psychological factor which affects consumer choice. With learning and acting, people gain experience, get beliefs and attitudes. Hospitality marketers use different advertising techniques to influence the consumer, such as repetition, visual images and other. (Williams 2002, 78.)

Although every culture is different, a lot of researchers put their efforts to reducing the cultural variation to simpler principles by identifying these widely shared values and beliefs. A famous psychologist Geert Hofstede has proposed 6 dimensions of culture: collectivism vs. individualism; the relation to differences in social power, handling of uncertainty and risk, the degree of masculine and feminine values, pragmatism of the culture and indulgence to account for much of this variability. (Hofstede's Centre 2015, <http://geert-hofstede.com/cultural-dimensions.html>.)

4 CULTURAL CHARACTERISTICS IN CONSUMER BEHAVIOR

Geert Hofstede is a Dutch social psychologist who has conducted a research about different cultural characteristics of various nationalities. Being a founder of intercultural studies, the professor developed a theory, which is globally recognized and valued.

Hofstede's dimensions are used in this research as a framework to explore the mentality and behavior of different cultural groups. The analysis of various scores of such countries as France and Germany will help to get a picture on customer's attitudes, beliefs, behavior in certain circumstances, and thus understand the expectations and needs of a guest.

At Hofstede's official website, all the cultural dimensions have definitions and explanations:

Power Distance

This dimension is about the perception of inequality in a culture and how people accept this fact. The Power distance reflects the degree of acceptance of inequality within a society: the score corresponds to the expectations about inequity and hierarchy. Low power distance cultures are characterized by democratic relations with power groups and all members of the society are equal; high power distance cultures know their place in the system and respect the hierarchy they live in. In business, PDI scores are characterized by the dependence of subordinates on bosses. (Hofstede & Hofstede 2010, 61.)

Individualism vs. Collectivism

This dimension copes with the degree of interdependence in society and how people are organizing in groups. The score is determined by whether people's self-image is defined in terms of "I" or "We".

Individualist societies tend to value the freedom of an individual, self-actualization and focus on personal growth, on the other hand, collectivist societies value collectivism, group responsibility and consider the social goals and prosperity more important than personal, regarding the group as a family. In business, this is referred to as "management of individuals" vs. "management of groups." (ibid., 91,121.)

Masculinity vs. Femininity

This dimension can be described as the assessment of the emotional roles between the sexes. A high score indicates that the society is driven by competition, achievement and success, and success is defined by the winner. A clear distinction between men and women within these cultures exists. Men in this society are assertive, ambitious and focused on material aspect, while women are supposed to be modest, tender and oriented on the quality of life.

A low score on the dimension means that the dominant values among both men and women are relationships, care for others and quality of life. A feminine society is one where quality of life is the sign of success and standing out from the crowd is not acceptable. A masculine society can be defined as "wanting to be the best", while a feminine as "liking what you do".

In business, this might be reflected in the gender of managerial positions and in wage gaps between men and women. (Hofstede& Hofstede 2010, 140.)

Uncertainty avoidance

This dimension describes the acceptance of rules and customs and the way society deals with the fact that the future can never be known: should they try to control the future or just let it happen? This dimension deals with

organizational behavior in uncertain situations and the beliefs how to avoid them: ambiguity brings anxiety with it, and different cultures deal with this anxiety in different ways. High score countries try to avoid the uncertainty by setting clear rules and precise laws, tending to be conservative, valuing traditions and past experience while low score cultures have a tendency for personal initiatives, acceptance of risk and more open towards changes. (ibid.,191.)

Pragmatism

This dimension describes “*how every society has to maintain some links with its own past while dealing with the challenges of the present and future,*” and societies prioritize these two existential goals differently. Low score means that the society has a short- term oriented future: what cannot be done today, can be done tomorrow. Those with a culture which scores high are long- term oriented, thrift and sparing with resources and take a more pragmatic approach: they encourage thrift and efforts in modern education as a way to prepare for the future. In business in short-term oriented countries main work values are defined by freedom, achievement and self- thinking, while in long-oriented the values are honesty, learning and accountability. (Hofstede& Hofstede 2010, 239.)

Indulgence

This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. It is a degree of capability to satisfy personal needs vs. the needs of the society. A tendency toward a relatively weak control over their impulses is called “indulgence”, whereas a relatively strong control and social norms over one’s desires is called “restraint”. Cultures can be described as indulgent or restrained.

Representatives of first category are usually happier, optimistic and positive, while restrained cultures are pessimistic and helpless. (Hofstede& Hofstede 2010, 281.)

France

With high score 86 on Power Distance, power is centralized in government and companies and degree of inequality is accepted. In this country the hierarchy is appreciated and top management is considered as a privileged group. CEO's of a big organization is on the top of the employee pyramid; directors are not accessible for communication for low position workers. France has a very stratified society, with strong competition between the classes.

The score of Individualism is 71, meaning that French people they are emotionally independent with regard to groups they belong to and tend to work towards group's goal achievement. In business, French people may show the respect to the boss, but behind his back they do the opposite side, as they might think they know better. French people are tend to distinct their private life and work.

France is an example of a feminine country with a score of 43. Country has a very strong social security system which protects the society: 35- hour working week, five weeks of holidays per year. French people are more concentrated on the quality of life.

The analysis for France illustrates their emphasis on uncertainty avoidance. At 86, French culture score is high on Uncertainty Avoidance. It indicates a concern for rules, laws to structure life and issues with career security. Everything should be carefully structured and planned in advance.

With a score 63 France is a pragmatic country; French people show an ability to adapt traditions easily to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results. For France a score of indulgence is set at a middle. (The Hofstede's Centre 2015.

<http://geert-hofstede.com/national-culture.html>.)

Germany

The Geert Hofstede analysis for Germany shows their emphasis on individualism, masculinity, and uncertainty avoidance.

Unlike France, Germany has a low 35 score on Power Distance. That means that direct, participative communication and meeting style is common, control is disliked and leadership is challenged to show expertise and best accepted when it's based on it. There is a belief in equity and opportunities for all citizens to grow.

In the individualistic country as Germany (67) there is a strong belief in the ideal of self-actualization. The business communication is straight and honest, loyalty is based on personal preferences for people as well as a sense of duty and responsibility.

With 66 points, Germany represents one of Masculine countries. Good performance is highly valued and people are tend to "live in order to work". Managers are decisive and assertive. The status of people is shown through expensive technical devices, cars and watches.

According to Uncertainty score Germany is a pragmatic country (83). In pragmatically oriented countries the society tends to believe that truth depends on situation, context and time. Germans can adapt to changes very easily, in life they prefer to save and invest by achieving the desirable goals.

The low score of indulgence (40) shows that German people have a tendency to cynicism and pessimism. This society does not value leisure time and control the gratification of their desires. People assume that by satisfying their personal desires that will somehow break the norms of society. (The Hofstede's Centre 2015. <http://geert-hofstede.com/national-culture.html>.)

5 THE CONCEPT OF BUSINESS TOURISM

Holloway states that travelling for trade purposes was one of the early touristic activities in ancient civilizations. Business tourism is traveling for professional and commercial purposes, and today it is one of the biggest non- leisure forms

of tourism. More and more countries, regions, and cities are trying to attract all kinds of business tourism because it is regarded as one of the most economically beneficial forms of tourism. This segment is considered the highest- spending category of travelers: the revenue per capita from the business tourist exceeds that from the leisure traveler. (Holloway 2009, 53.)

The broadest definition was developed by IFFTA, the International Forum of Travel and Tourism Advocates. It states that business tourism includes travelling for official purposes: visiting people for professional and commercial purposes, for example for inspection, purchases and sales, attending MICE events, giving lectures and concerts, negotiating on agreements and contracts, and any educational and business travelling, which is caused by the visitor's profession.(IFFTA 2011.<http://www.ifta.org/glossary>.)

Nowadays, different terms and abbreviations for business tourism are defined; the term *meetings industry* is preferred by the International Congress and Convention Association (ICCA), Meeting Professionals International (MPI) and Reed Travel over the acronym *MICE* (Meetings, Incentives, Conferences and Exhibitions) which does not recognize the industrial nature of such activities. (UNWTO).

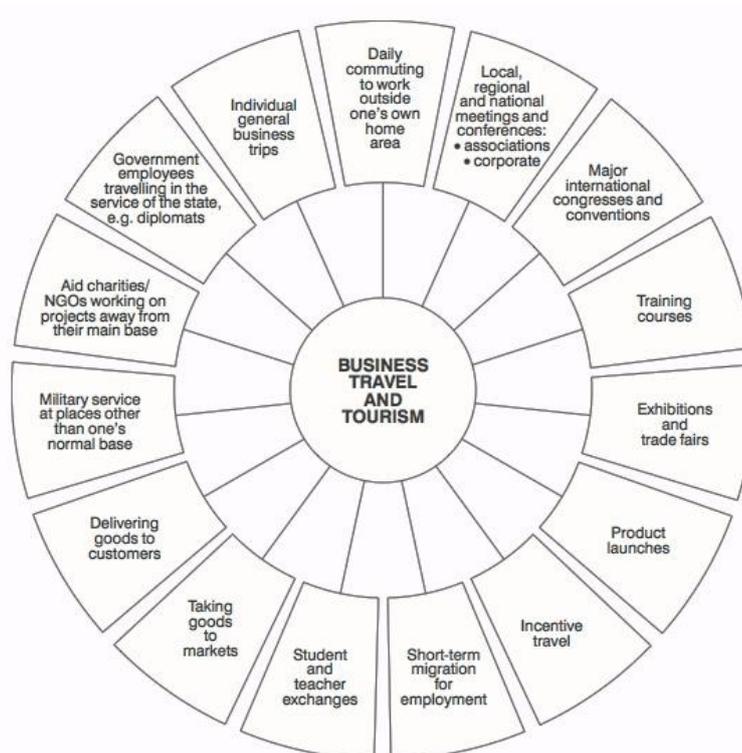


Figure 4. Swarbrooke & Horner: typology of business travel and tourism

Business tourism is a very broad term. Primary business tourism activities include meetings and attending conferences and exhibitions. Carlson Wagonlit Travel Company has conducted a research about business travelling and found out that the main purposes of travel are:

- Meetings with existing or potential clients (31%)
- Team related meetings (21%)
- Training and development (13%)
- Events, conferences and trade fairs (11%)
- Operations and quality control (10%)
- Innovation and R&D (7%)
- Supplier meeting (7%). (CWT Solutions Group, 2014, 5.)

Business tourism is one of the most perspective directions of modern tourism.

Its rapid growth is determined, first of all, by the globalization of economy and “blurring the bounds”. According to the World Tourism Organisation MICE, tourism possesses a range of benefits. It promotes international cooperation and collaboration, stimulates global economic growth by creating forums for innovations and product development, and encourages the exchange of knowledge, standards and procedures. It supports communities by the attraction of new investments by enhancing transportation, hospitality and tourism infrastructure and creating an economically beneficial form of tourism. (UNWTO Global Report on the meetings industry, 2014, 11.)

5.1 Business tourism categories

According to Holloway (2009), business tourism nowadays is represented in four main categories:

- travel for the purpose of attending conferences and other types of meetings
- incentive travel
- travel to attend an exhibition or trade fair
- individual business travel. (Holloway, 2009, 286.)

In each category of business tourism is in some way connected to the traveler's professional life or to their role in the buying and selling process that underpins much of modern commercial life.

Meetings

Meetings are one of the most widespread forms of business travelling. They can vary in purpose and size but they somehow are connected with attendants' business activities: the participants usually all belong to the same profession or association. According to Davidson, a meeting is:

"An organized event which brings people together to discuss a topic of shared interest. It may be commercial or non-commercial, may be attended by 6, or many hundreds; it may last from a few hours to a week." (Davidson, 1994.)

A corporate meeting is a meeting organized for the colleagues working at the same company. The purposes are vary: it can be linked to the organization's need to operate effectively and thus train the employees in the skills and techniques; or for a discussion of a company's future strategies.

Incentive travel

Incentive travel is a particular type of tourism so that it is regarded as a distinct category of business tourism. Holloway named Incentive travel is a travel, usually in groups, of employees who have been awarded a luxury trip, entirely paid for by their company, as a prize for high achievement at work. (Holloway 2009, 294). The Society of Incentive Travel Executives (SITE), defines incentive travel as *"a global management tool that uses an exceptional travel experience to motivate and/or recognize participants for increased levels of performance in support of organizational goals."* (SITE 2015, <http://www.siteglobal.com/p/cm/ld/fid=1>.)

The practice of using incentive travel packages to motivate employees to work harder was originally started by American companies in the 1950s. It is widely spread around the world and it is considered as an effective management tool for encouraging employees to be more productive and make a greater contribution to their employers' profitability.

This travel sector requires the same services and facilities that are used by leisure tourists: hotel accommodation, tourist attractions, shops, guides, etc. It can be a profitable target group to attract for hotel properties.

Exhibitions and Trade Fairs

Some of the largest flows of business tourists are to be found when many thousands of people gather in a destination for one or more days to attend an exhibition.

Although the word 'exhibition' is often used generically, it is common to distinguish between exhibitions, which attract the general public, and trade fairs (known as trade shows in the USA), which are mainly attended by business visitors. According to the Global Association of the Exhibition Industry, exhibitions are market events held at intervals and on a specific duration, at which a large number of companies present their product range of one or more industry sectors for selling purposes or provide information about it with the promotional intentions. Exhibitions predominantly attract the general public.

Trade fairs are the events held on a regular basis where a large amount of organizations present their product range. The segment coming to trade fairs are businessmen, people who are interested in the trade fair professionally. (The Global Association of the Exhibition Industry 2015.

http://www.ufi.org/Public/Default.aspx?Clef_SITESMAPS=142,151,152.)

Holloway explains in his book the difference between the exhibitions and trade fairs as following: people who attend exhibitions usually want to purchase or to find an information about the goods which are presented at the exhibition for the personal consumption. These are the people who are travelling with friends or family members, thus they may require other facilities then a trade fair traveler. Trade fairs attract a very specific segment which are business visitors, thus their demands and travel patterns are differ from exhibition participants. (Holloway 2009, 299.)

Individual business travel

Holloway (2009) states that the last category of the business tourism industry is an individual business travel, which may also be termed as corporate travel. This sector comprises the trips of all men and women whose work obliges them to travel, either regularly or on an occasional basis. (Holloway 2009, 298.)

5.2 Hotel as a venue

Accommodation establishments can be used both as a venue and a place to sleep. Hotel represents one of the possible venues the organizer can choose for the business meeting. For example, a hotel is a most preferred venue in the world for the small- scale meetings; at the same time, there is no possibility to hold a big exhibition or a conference. For the properties business meetings play a significant role in terms of hotel's income.

In order to organize a successful meeting, a wide range of facilities and services are required than simply a suitable venue. The participants should be fed and refreshed during the event, thus the provision of food and beverages is important.

Along with food catering, the audio-visual resources are vital to make an event look and sound as good as possible. In the twenty- first century the information and communication technologies has revolutionized the meetings industry: the space should be equipped by the latest audio- visual standards.

5.3 Typologies of business tourists

As it was mentioned earlier, business tourism can be subdivided in various forms. One typology is to classify business tourists by purpose of travel. Swarbrooke and Horner state that the purpose can be meetings, conferences or exhibitions, conferences, training courses, incentive travel, exchange programs and others.

According to Swarbrooke (2001), typologies can vary by number of criteria:

division of business tourists to several typologies can be based on the frequency of travel, how far the destination is located, amount of time the trip is going to take, how much time the business traveler uses to plan the trip or event, compulsory or not the trip is, who makes the decisions in the destinations and how big a role business travel has in the business tourist's occupation. (Swarbrooke & Horner 2001, 4.)

In business tourism, business tourists can be segmented by another method: the segmentation criteria can be purpose of trip, age, gender, nationality of traveler, number of business trips which gives the information on how often business tourist travels, and transportation mode which person uses to reach to destination.

Segmentation can be also made by type of business travel which can be divided to national or international. The business tourist can be short-haul or long-haul tourist which is also one segmentation criteria. Tourists can be segmented by booking to tourists who book business trip through agency and tourists who make all the bookings by themselves. (ibid., 26.)

Accommodation and business traveler

Nowadays more and more employees are travelling around the world in order to conduct some activities for the company they work for. Holloway(2009) in his book mentions the rapid international expand of the companies to more than one country and, as a result of globalization, in more than one continent. Employees find themselves travelling to meet their colleagues in other parts of the world and work with them for a few days to solve a problem or share their expertise.

This type of transient movement of staff between different branches of a company is another driver of individual business travel. (Holloway 2009, 300.)

More often managers of the companies try to negotiate with a certain number of airlines and hotel chains about the price of their services. A company guarantees a volume of business annually in return for lower rates for the company's workers. The most important purchase criteria for the company are location of the hotel, classification of hotel and price level.

Nevertheless, it is not always about the best value of money. The companies also seek for staff comfort, safety, loyalty and morale.

Business traveler behavior

According to Holloway (2009), in comparison with leisure traveler, businessmen are less sensitive in terms of the price and value the status. Their goal is to complete the task of the business trip within a given time effectively and efficiently as possible. However, business travelers are taking into account their personal interests and preferences. (Holloway 2009, 77.)

Swarbrooke and Horner (2007) state that business tourist is a “*fundamentally different consumer to the leisure traveler*”. Even if corporate travelers use the same services, airlines and accommodation as leisure tourists, special provision might be required to meet travelers’ needs, for example a fax machine on the aircraft or a computer in the room of the hotel. (Swarbrooke & Horner 2007, 146.)

The main features of a business travelers that distinguish this particular group from leisure tourists are the following: business tourist presents a consumer of the services, not a customer, as a person does not make a decision on a destination and does not pay for the trip. This group of tourists travel relatively frequently and their journeys are shorter in a duration, comparing with leisure group. The trip planning for businessmen varies from short (hours) to very long for conference delegates (up to several years). As it was mentioned earlier, corporate travelers are less- budget conscious, as they travel on a higher daily budget and are not paying for the trip. Finally, this segment is often more experienced and demanding as a consumer as they aware of general standards in tourism. (ibid.,146.)

Business travelers might consider the speed of transport, the location of the hotel and the services provided. Sometimes they prefer to take a spouse with them and combine a business with leisure activities.

Even though there are certain policies that an employee should follow while a trip, a business traveler has own needs which affect decision- making.

Moreover, a business tourist might extend the trip as a leisure guest if one can afford it.

Most of the facilities and services used by individual business travelers are similar to leisure travelers. However, a business traveler seeks « an office away from office», a space in a hotel room to work with Internet connection, fax, scanning machine and many other equipment in order to perform successfully on a business trip. These clients often require a meeting room or a business lounge to meet business partners.

Apart from a comfortable room, a traveler also requires the conference facilities, such as meeting space equipped with latest IT technologies.

There are also a number of other hotel services that are particularly appreciated by the business market, such as food and beverage- restaurant to have breakfast and lunch, laundry services, room service, spa, fitness center and basically all other services which are similar to a leisure tourist. Business travelers typically have some free time when they are away from home. They also may require the information about tourism activities and entertainment facilities in the city, bars and restaurants, as well as attractions, shops, pharmacies.

The last World Tourism Organization's Global Report shows that the MICE travelers are now different from how they used to be. Before people used to set the price as a priority; today it has been replaced by the total value. Before business tourists sought more stuff, and now they seek meaningful experiences. Nowadays travelers transformed from passive recipient from brand communications to active co- creators of content, products and experiences. (UNWTO Global Report on the meetings industry 2014, 14.)

In order to get a clear picture of what could be done to satisfy a business traveler, a research should be conducted on his social, cultural, psychological factors. To carry out this task, the author put attention to a service design framework, and particularly to the first step of design process- understanding the customer.

6 RESEARCH METHODS AND PROCESS

6.1 Service Design

There is no single definition for Service Design. “This is Service Design Thinking” book suggests that service design is an *“interdisciplinary approach that combines different methods and tools from various disciplines.”* (Stickdorn & Shneider, 2011, 17-19.)

According to Stefan Moritz, service design is the design of the overall experience of a service, how it is delivered to a customer. Service design is based on the idea that all people are different, having their own needs and expectations about the service. It means that each service that a company is providing should be modified for a specific customer. (Motitz 2005, 35.)

Marc Stickdorn (2011) has developed five principles of Service Design: user-centric, co-creative, sequencing, evidencing and holistic. User-centered means that despite all the statistical measurements we get about the customers, the actual understanding of cultural, social context and motivation is important. Managers have to “slip into customers' shoes” in order to understand the service experience of the client. Co-creative is a principle explaining the importance of stakeholders' involvement in the service design. Sequencing of the service process with the help of prototypes and blueprints enables a process to run smoothly and effectively. The evidencing principle suggests the companies to turn the service from intangible to tangible. This might be achieved by emails, souvenirs, brochures, something that will remind the guest of this service experience. (Stickdorn & Shneider 2011, 25-29.)

The challenge of a service is that all customers have their different needs and expectations which cannot be standardized. The only effort companies can do is to conduct a deep analysis of each target market they are trying to attract and tailor the services to the specific needs and wants of these groups.

Moritz states that “Service design is a process of four D’s – Discover, Define, Develop and Deliver”. As was mentioned earlier, it focuses on the

investigation of clients' needs and the things which should be changed and modified in the service. (ibid.,39.)

According to Design Council, Design involves the understanding of client wants, needs, motivations and contexts as well as business, technical and domain requirements and constraints. This knowledge can be translated into artefacts, into plans for artefacts or strategies that give a direction to further improvement. Design ensures that the overall experience of products, services and spaces is useful, usable and desirable as well as efficient, effective, economically viable and technically feasible. (Design Council, www.designcouncil.org.uk.)

Hollins (2006) states that managers working in the service sector are still not acquainted with the wide range of advantages the service design can bring to the organization. The implementation of design techniques can bring a strong competitive advantage for the service companies. (Bill Hollins 2006, 77.)

Service design is extremely important both for a company and their customers. For companies it creates additional value, it helps to be different from competitors. While for customers, service design improves their overall experience of the service and improves customer satisfaction. In other words, service design connects the desires of the client with the desires of an organization. Service Design is a mediator that understands how to build the bridge between company and customers. (Moritz 2005, 41.)

The tourism industry provides services, which are:

- not tangible
- not separable from consumption
- cannot be stored
- complex experiences
- their quality is difficult to measure. (ibid., 29-31.)

For the companies, Service Design can help to create additional value, to differentiate against competitors, to use the resources better, to build relationships with the customers and to improve the total service quality.

Service Design Understanding

According to Moritz (2005) service design consists of six categories: SD Understanding, SD Thinking, SD Generating, SD Filtering, SD Explaining and SD Realising. It is the basic structure to set up the process, improving the existing service or creation of a new one. (Moritz 2005, 123.)

Understanding is about exploring the customer: his needs and wants, the motivational background and setting the project objectives based on it. This category aims to answer the question: what do people desire?

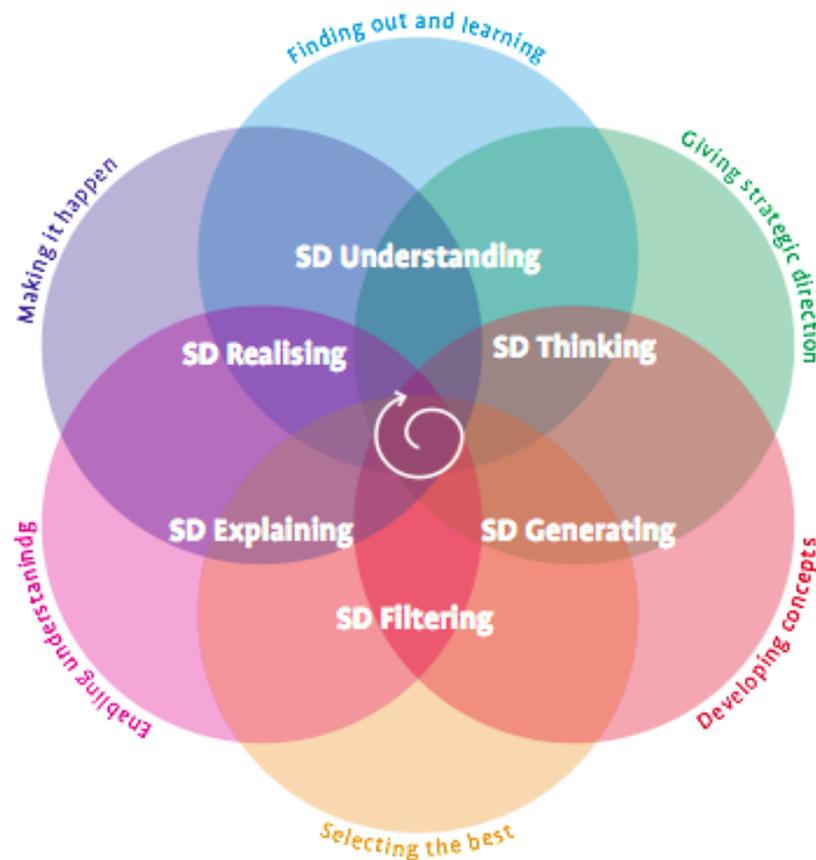


Figure 5. Moritz: Service Design Categories

At the beginning of the thesis process, the following research questions were formed:

What is the customer profile of foreign business traveler in Kaluga region?

What are the expectations of foreign guests coming to Russia?

How the attained knowledge can be utilized to attract the target group?

As mentioned below, Service Design has various categories; this work concentrates on the first stage of the design: Understanding. Understanding the customer, goals and values, needs; his behavior and problems the guest might face during the service. It is important to consider not only cultural and social contexts, but also political and economic. The information gathered in the Understanding category will guide the whole further Design Process.

In terms of innovation, quantitative measures cannot give a clear picture of customer's desires. Talking with potential customers, observing and listening will help to discover the hidden needs and cultural trends of the buyers. For this reason a dialogue, e.g. a qualitative method was chosen.

6.2 Research method

According to Arendt, the need for qualitative research in tourism field has been highly recognized. Qualitative interview format is one of the most objective methods of inquiry when a researcher is interested in qualitative aspects of human experience and interaction. It seeks to get a deep understanding about the topic area by critically choosing the limited number of interviewees and by studying their behavior thoroughly. (International Journal of Contemporary Hospitality Management 2014, 10; Birkman 2013, 4.)

Kelly (1980) highlighted some aspects and advantages of qualitative research in tourism field:

- tourism is a qualitative experience itself,
- this method studies unique personalities,
- gives an opportunity to look into people's life history and experience, not limited by current behavior and circumstances;
- tourism requires qualitative, face-to-face interactions between people;
- qualitative tools enable better understanding of person's needs and expectations. (Veal 2011, 195.)

Veal states that informal, in-depth interview requires long conversation with a few number of participants. This type of qualitative method is characterized by small number of interviewees and large information extraction. A group is usually consists of five to twelve people. (ibid., 196.)

For the qualitative method it is important to get a full and round understanding of the business traveler in situation of a few individuals. The primary data was collected by conducting by using the questionnaire. In order to analyze the expectations and preferences of a business traveler, 8 qualitative semi-structured interviews were carried out with foreign businessmen who come to Kaluga region for business purposes. Due to the distance of the participants, the interviews were carried out in the Internet using Skype Software.

Semi- structured interview allows a discussion leader to get a deeper knowledge on the topic and focus the conversation on the issues which seem to be more important for the research, rather than be limited by interview guide. (Birkman 2013, 21.)

This research applied Service Design framework as a tool in order to obtain and collect the information about the specific customer group. The author concentrated on the first phase of the design process- Understanding the customer. Visual method was selected to support the Service Design process: photos of the Hilton Hotel were considered as an effective tool to help the participants get an overall picture of the hotel and thus contribute the interview and research process.

The secondary data was collected from the literature and articles related to such disciplines as business tourism, consumer behavior, Service Design, marketing and other fields covered in thesis.

The research is focused on two main nationalities- France and Germany. The tourism statistics shows that these countries represent the most frequent nationalities which are travelling to Kaluga city for business. The aim of these interviews was to create a customer understanding based on the answers of the respondents, to investigate what businessmen expect from their hotel stay.

As the goal was to understand the potential clients and to obtain their descriptions rather than reflections, open-ended questions were applied, such as “How”, “Why”, “Please describe”, etc. The author provided a friendly conversational atmosphere, supported the interviewees during the session and tried to avoid influencing on the participants’ responses.

6.3 Research process

For the research process sequential approach was chosen. According to Veal, the stages are distinct; and each step is built upon the previous one. (Veal 2011, 196.) The pre-planned sequence was the following:

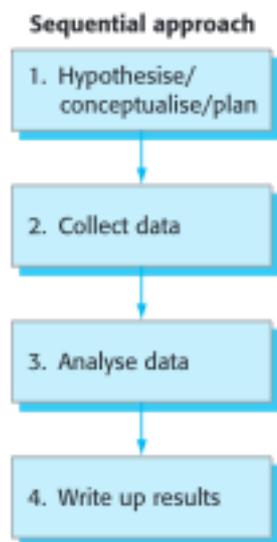


Figure 6. Sequential Approach to Research

The data for the research was collected in February- March 2015 by Internet interviews. Every interview lasted approximately 30- 45 minutes. The survey consisted of 4 parts. The first section included general attribute’s personal information including such variables as age, gender, company details, occupied position and frequency of travelling.

The second part “Pre- travelling phase” contained the questions about planning the business trip: how far in advance all the bookings are made, which kind of information the traveler is seeking, etc.

In the third part “Travelling phase” the aim was to investigate tourists’ opinions and values they have for hotel’s facilities. The respondents were offered to describe their experience once they have reached the destination: which kind of services they are using at the place. The interview attendants are also required to describe their best, worst and normal business trip experience.

In the last part of the interview the participants got the file containing photos of the hotel. They were asked their opinion about the place; which kind of image they get according to the pictures. Interviewees evaluated Hilton Garden Inn and provided feedback and suggestions about the facilities offered.

Risk evaluation

Some risks were determined in the beginning and during the thesis process. The first risk is associated with the business tourism system used for business to travel. In big companies all bookings for the trips are organized by a special reservations agent who is in charge of this activity. Companies usually have special negotiated rates and benefits with hotels and airlines at specific destinations. A company blocks a certain amount of rooms at the property and thus guarantees revenue and occupancy for the property.

During the interview, the participants mentioned that reservations are taken care of by a special department within a company. However, they have a right to choose a hotel if the price corresponds to the company’s budget. Moreover, the employees can propose to make a contract with a hotel and get a special rate. For the hotel, it is important to know the customer and the specific ways of attraction of the segment: that will be extremely useful in cultivating the relationships with companies and corporate travel agencies.

The second risk is connected with the disadvantage of an Internet interview form. This kind of interview requires demanded writing skills. According to Birkman (2013), few people possess appropriate written communication skills and are unable to express themselves on paper. Moreover, online interviewing obviously lacks the benefits of face-to-face form. (Birkman 2013, 28.)

The Thesis was written with the author staying away from Jamk University, making the communications with the tutor challenging. Moreover, the distance to the home university created some difficulties in search of literary sources.

The last limitation taken into consideration is the external forces influencing the tourism field, which are difficult to measure and control. As the political situation changes constantly, it is hard to predict the future of foreign business tourism in Russia. Different events in the world affect the country's economy positively or negatively. The current political situation was not discussed.

Data analysis

For the ethical issues, the author took into consideration some security and confidentiality issues. All information gathered during the interviews was safely stored by the researcher.

After all the interviews had been conducted, the notes were carefully revised according to every phase of the questionnaire. All the information was sorted out, evaluated and summarized regarding the concepts identified earlier.

In the notes, the author underlined the attitudes and comments expressed by the participants and pointed the main quotations and opinions in order to present the findings in the results. The data was organized by highlighting the similarities and differences between the responses; the general patterns and individual preferences were identified, comments and critiques were taken into consideration as well. All the analyzed data will be discussed in the Results chapter.

7 RESULTS

Section I "General Information"

The author concentrated on two main nationalities the representatives of which visit the city for business. The two biggest automobile factories in the region create the biggest flow of foreigners to the city: PSMA Rus (Peugeot, Citroen, and Mitsubishi) and Volkswagen. Seven out of eight interviewees are

working for these global companies. The age range was between 30 and 50. The author managed to find 7 men and 1 woman for conducting the interviews. All the participants possess managerial positions, such as Logistics, Engineering, Purchasing, Project managers; all of them are travelling around the world on company's missions and well acquainted with the Kaluga region. The list of the interviewees is the following:

Interviewee 1: Male, 35 years old, German Project Manager

Interviewee 2: Male, 50 years old, German Engineer

Interviewee 3: Male, 37 years old, French Logistics Manager

Interviewee 4: Female, 30 years old, French Purchasing Manager

Interviewee 5: Male, 41 years old, German Hotelier

Interviewee 6: Male, 36 years old, French Logistics Manager

Interviewee 7: Male, 42 years old, French Quality Manager

Interviewee 8: Male, 33 years old, German Assistant Manager of Finance

There is a new trend within business tourism – to travel with the family. However, all the interviewees were travelling on a business trip alone. The length of foreign business trips annually varies from 2 months to 6 months, changing 4- 10 destinations during the year. As the business tourists' purpose of travel most of the respondents mentioned attending conferences or meetings.

Section II “Pre- travelling phase”

Most of the participants told that within a company there is a special department, or a person, who is in charge of the bookings for business trips. The company is connected with travel agencies with whom they negotiate about the price and all the reservations are made through this channel.

However, business travelers have a right to choose a specific hotel if the price corresponds the budget of the company. Several interviewees mentioned that if they are familiar with the destination and the hotels in the area, they ask their secretary to book one they prefer.

“If I like the hotel, I will ask reservations department to book this specific one. Of course the price should be reasonable and fit company's financial possibilities.” Interviewee 6.

The bookings can be made far in advance, as well as couple of days prior the departure date. 4 participants mentioned that bookings are made 2 weeks prior the business trip, especially when visa procedure is required.

The “top” features of the hotel room are **price, location, comfort, internet, non- smoking room**. The aspects affecting the choice vary from person to person. Two French participants base their hotel choice on a private, unique style and features of the hotel. They seek something original, not standardized. Three participants from both countries prefer international brands as they trust world recognition and know what to expect of branded hotels. For the rest it does not matter whether the hotel operates under the chain or is a private one. If the hotel meets the expectations of our travelers, they will definitely choose the same property for their next business trip.

The brands and loyalty programs did not affect tourists' decisions. For most of the businessmen, there is no difference whether it is an international chain or a small private property. Quality and experience is more valued. Surprisingly, frequent business travelers are not tied up with any hotel chain by loyalty memberships.

The questionnaire showed that French people are seeking more information about the hotel and the city, while German interviewees claimed that little information was required to travel to the destination. *“All I need is to prepare my luggage and take my phone with me.”* Interviewee 7.

Section III “Travelling Phase”

All participants told that they do not have time to «enjoy» the facilities of the hotels they are staying at due to a tight working schedule on a business trip. While describing their working day on a business trip attributes mentioned that they leave the hotel very early and come back in the evening. The working day usually starts at 6-7 a.m., and ends around 19- 20p.m. The interviewees usually have breakfast in a hotel, however, most of them prefer to go out for the dinner. For some reason couple of the participants mentioned that they *“Have a stereotype about hotel restaurants that they are expensive and the food is not tasty.”* Interviewee 3, 4.

The majority of the attributes appreciate the laundry service as they suddenly might require it, but usually they do not use this kind of service staying at the hotel during the business trip.

Most of the interviewees do not use the gym, while some of them like to use Spa facilities. The majority if the respondents answered that they use the conference facilities infrequently or do not use at all due to the fully equipped meeting rooms and conference halls at their workplace.

Asking the participants to describe their ideal room, all of them mentioned a King Size, comfortable bed. Almost all mentioned that the room should be tidy and look fresh and light. Bathroom is also crucial for all attributes: according to the interviewees, it should be big and clean, preferably separated.

“The most important is bed. It should be big, soft and tidy. First thing I check- if there are any spots on the bed linen.” Interviewee 8.

Some French attributes demand a modern design and nice decoration. Complimentary Wi-Fi is a must have in the properties they will stay at. 6 businessman mentioned the necessity of the working space in a room; half of the respondents do not work in the room; they consider a hotel as a place to have a rest after a long day. *“Normally on the trip I work the whole day from 7 till 20 in the evening, so coming home I do not use any working spaces in the room.”* Interviewee 8.

Answering for the question about worst hotel experience, most of the participants pointed out stays in hotels of Kaluga, what proves the fact that the service in the region is still does not match foreigners' expectations. *“My worst hotel experience was in Kaluga some years ago. It was winter, the heater in the room was not working, and there was no water within the hotel. That was a disaster.”* Interviewee 2. *“Worst hotel I have ever stayed was in Kaluga. Everything was so old and the service was very bad. It looked like the hotel of 80’s, I was shocked.”* Interviewee 4.

The travelers claimed that previously they were facing communication difficulties with regard to the language, but today it depends on the hotel: most of the 4 star properties have English speaking personnel.

“I used to have difficulties around 4 years ago, nowadays the situation with English skills in Kaluga hotel is getting better. Good hotels have English-speaking staff and it is very good.” Interviewee 7.

6 out of all respondents mentioned that the quality of the service of important, meaning the attitude of the personnel working in the hotel. *“Friendly and caring employees can change the whole experience in the hotel, even the stay was not so good. It is especially important during the check in and check out.”* Interviewee 3.

They also agreed that information about local services, attractions and facilities should be available in the hotel.

Section IV “Kaluga Hilton Garden Inn”

At this final section the interviewees were getting acquainted with Kaluga Hilton Garden Inn through the pictures of the property. They were asked what kind of image they get from the photos, their opinion and suggestions about the facilities provided.



Figure 7. Hilton Hotel: Entrance

“The building from outside looks very old and unfriendly, like it is not a hotel at all.” Interviewee 4.



Figure 8. Hilton Hotel: Reception Desk

“Reception desk is simple and friendly, green colours are good. Nothing to be added.” Interviewee 5.



Figure 9. Hilton Hotel: Twin Bedroom

“The room is nice, made in good style and colours. Meets the needs of a business traveller 100%.” Interviewee 7.



Figure 10. Hilton Hotel: King Bedroom

“A room with mansard roof is a very interesting concept. I like originality in the hotel designs.” Interviewee 1.



Figure 11. Hilton Hotel: Bathroom

“The photo of the bathroom is awful. Looks like 3 star hotel...”

Interviewee 2.



Figure 12. Hilton Hotel: Grille & Bar

“The restaurant has an interesting design. I will definitely visit this place.”

Interviewee 3.



Figure 13. Hilton Hotel: The Great American Grill

“The dining room looks nice, but there is no space between the tables. People prefer some privacy.” Interviewee 1.



Figure 14. Hilton Hotel: Meeting room

“The meeting room looks like a jail. There should be some space with a table, coffee and pastries.” Interviewee 3.



Figure 15. Hilton Hotel: Fitness Centre

“Gym is quite big and light. The range of equipment is small, though all necessary things are here. Anyway, I rarely visit gyms during the business trip. There is simply no time for that.” Interviewee 6.

Key findings

The interviewees got different opinion about the hotel based on their previous experience and personal expectations. Some of them commented on the details and criticized every picture, others expressed just general opinion.

Regarding the differences between the responses of two cultures, the author found it difficult to create two distinct customer profiles for France and Germany. The findings on expectations and needs of business tourism consumer were quite similar between two nationalities; the preferences might be related to cultural characteristics and personal tastes as well. A deeper research required on the topic to analyze the behavior according to cultural differences.

Most of them liked the hotel; its modern style and simplicity, classical yet elegant design and a sufficient amount of facilities provided. One person described the hotel as outstanding and deserving 5 stars.

2 German participants had a feeling that it is a 3 star hotel. Couple of French people did not like the overall design as they seek something more original.

Overall the interviewees liked the rooms: light, cosy and nicely furnished. All the travelers pointed on the bathroom, as the picture does not provide a good impression. If the picture reflects all the washrooms of the hotel, some actions should be taken in order to improve the overall look of the guests' bathrooms.

The interior design of the hotel, outlets and other facilities of the hotel correspond to business travelers' needs. Participants liked the restaurants, however some of them commented on lack of space between the tables. Meeting rooms were pleasantly considered by the interviewees, while one person criticized it as a "prison" in terms of space as well. Most of the businessmen do not have time for the gym and spa, however, it is important to have such facilities as a trend towards healthy and active life among all the travelers exist.

As we discussed earlier in the part about business traveler behavior, our respondents do consider the location of the accommodation. Out of all number of businessmen 4 did not like the location of the hotel as they prefer something closer to a city center; 2 of them would not choose the hotel to stay due to this reason. Others feel comfortable about the location and do not mind using a taxi service.

8 RECOMMENDATIONS

The aim of the thesis was to analyze business tourists' needs and expectations for the hotel and see how these expectations are met in Hilton Garden Inn. Overall Kaluga Hilton Garden Inn meets the expectations of foreign tourists. The hotel provides a sufficient range of services a businessmen coming from abroad might require. Corporate travelers are looking a value for money, modern comfort and basic facilities in the hotel. They seek a nicely furnished room with a comfortable bed, good breakfast and

complimentary Wi Fi. Business travelers appreciate friendly, qualified staff and fast check in and check out process.

Hilton Garden Inn has a potential to attract this segment of customers as the facilities provided are well oriented to business travelers' needs. Furthermore, the cost of the rooms is very reasonable compare to all the prices at Kaluga hotel market. For this level of the hotel-newly opened 4- star, internationally branded Hilton property the price is very attractive and valuable.

As foreign tourists book hotels in the Internet, Hilton should continue working on e-marketing and e-distribution. This is a strong promotional tool and competitive, cost- effective strategy in the accommodation business which will favour to better target travelers' needs and preferences.

Along with e- tools it is crucial to maintain the connections within the city. As a new hotel, sales and marketing department should continuously work on basic marketing communication and advertise the hotel in Kaluga city by newspapers, radio, television, commercial offerings.

Even company's travel policies do affect business tourist choice, travelers can make the decision on the hotel by themselves. Corporate travel agents have an influence on business tourism options and accommodation choices. Business traveler is a very specific market, and reservations are usually done with the assistance of travel agencies and special departments within a company. Thus, for Hilton it is crucial to maintain the relationships with such purchase decision "influencers" within the companies.

It could be done through communication of Sales department with representative in charge of reservations. Certain negotiation required so that the price for accommodation and the services included should benefit both parties.

Another point that needs special attention is customer relationship marketing. The results of the interview showed that foreign business travelers are not bounded up with any hotel chain by membership in loyalty programs.

Nowadays accommodation companies have recognized the value of repeat customers and hence place importance on maintaining long term relationships. For Hollenson (2003), a long term guest can provide feedback on existing and on new or re-engineered products. Loyal customers can also provide recommendations and generate new business, especially by word of mouth which is still one of the strongest promotional tools. (Hollenson, 2014, 40.) Thus, Hilton have a potential to attract business traveler segment by offering their loyalty membership and promote the benefits of this program.

As the hotel is located slightly away from the city center, Hilton has to ensure convenient transportation services for the guests. It can be done by providing several options of transport, for example transfer services, car rental or taxi.

Customer service is an important part of guests' hotel experience. Employee's attitude and sincere care makes the stay memorable and pleasant, what can create loyalty. Thus, the staff of the hotel should be motivated, educated and trained on a constant basis to enable a high quality of service for the foreign customers.

9 DISCUSSION

This research covers several topics such as business tourism and traveler's behavior in this field, cultural characteristics, particularly French and German businessmen's patterns and the Service Design framework as a tool for the interviews. The results can be applied in other services related to the MICE field and business travel. Russia is an emerging country in terms of business tourism, and there is a lack of research in this area. The author believes that the research and the findings are a great asset for the Kaluga Hilton Garden Inn and for other hotels in Russia. This work is helpful to the understanding of business traveler's expectations, needs and patterns. The thesis can be utilized for further research, which is required within the fields of business tourism.

Generally, the information discovered from the interviewees' matches the theoretical knowledge about business travelers. In order to get precise information about cultural differences between nationalities, a deeper research is required.

The results of the interview are considered to be reliable as the author provided an extensive theoretical background which supports the information gathered during the interviews. All the interviews were successfully conducted via the Skype Software. The interviews were informal. However, the interviewer still guided the discussion and ensured that all the aspects of the topic were covered in the conversation. The interviewer has sufficient writing skills and completed the task without any difficulties. Each interview was carefully transcribed and analyzed. The main points were highlighted and studied by the author.

Business tourism is a very different activity compared to other forms of tourism and needs a deep research for this target market. There are services which are uniquely offered for this group. Moreover, a business tourist's behavior as a consumer greatly varies compared to that of a leisure tourist.

Specifically for Russia, a wide analysis is needed in order to understand the needs and expectations of foreign business travelers. The Demands of this particular segment are different from those of the inbound business tourists as their experience in the tourism field is greater.

Cultural awareness and understanding foreign nationalities are so crucial for the hotel industry. The Service Design is an effective tool to investigate customers' needs more deeply, and its implementation would be beneficial for all service companies.

During the writing process, the author discovered new fields and studied the familiar ones deeper, which raised the interest towards the topics covered during the research. The author is satisfied with the choice of the topic selected for the bachelor's thesis as it is definitely will help her future hotel-oriented career to understand this specific target market better in terms of needs and expectations, culture and consumer behavior.

References

- Susan Arendt, 2014. *Qualitative Research in Hospitality and Tourism*. International Journal of Contemporary Hospitality Management, volume 24, №6. Emerland Insight.
- Sven Birkman, 2013. *Qualitative Interviewing*. New York: Oxford.
- Booking.com, 2015. Kaluga Hilton Garden Inn hotel. Accessed 15 April 2015. <http://www.booking.com/hotel/ru/hilton-garden-inn-kaluga.ru>
- Business Travel Magazine, March 2013. *Central Region is Rising MICE Indusrty*. Accessed 5 January 2015. Retrieved from http://bt-magazine.ru/journal_article/274.html
- Geoffrey Crouch, Richard Roy Perdue, Jean- Pierre Timmermans, April 2004. *Consumer Psychology of Tourism, Hospitality and Leisure*, volume 3. H. J. P. CABl Publishing.
- Design Council, 2015. Accessed 18 January 2015. Retrieved from <http://www.designcouncil.org.uk/>
- The Embassy of the Russian Federation in Canada, 2015. *Kaluga Region of the Russian Federation*. Accessed 10 January 2015. Retrieved from <http://www.rusembassy.ca/node/618>
- The Global Association of the Exhibition Industry, 2015. Accessed 10 February 2015. http://www.ufi.org/Public/Default.aspx?Clef_SITESMAPS=142,151,152
- Geert Hofstede, Geert Jan Hofstede, Michael Minkov, May 2010. *Cultures and Organizations, Software of the mind*, 2d ed. New York: Mc Graw- Hill.
- Hofstede's Centre, 2015. Accessed 10 February 2015. Retrieved from <http://geert-hofstede.com/national-culture.html>
- Sven Hollensen, 2014. *Marketing Management: a Relationship Approach*. Edinburgh: Pearson Education.
- Bill Hollins and Sadie Shinkins, September 2006. *Managing Service Operations: Design and Implementation*. London: SAGE Publications.
- Chris Holloway, R. Davidson, Claire Humphreys, June 10, 2009. *The Business of Tourism*, 8thed. Edinburgh: Pearson Education.
- The International Forum of Travel and Tourism Advocates, 2015. Accessed 5 February 2015. <http://www.ifta.org/glossary>
- International Trade Forum Magazine, 2001. Accessed 2 January 2015. <http://www.tradeforum.org/Business-Tourism/>

Investment Portal of Kaluga Region, 2015. Accessed 6 February 2015.
<http://investkaluga.com/o-kaluzhskoy-oblasti/>

Stefan Moritz, 2005. *Service Design: Practical Access to an Evolving Field*. London. Accessed 18 January 2015. Retrieved from <http://stefan-moritz.com/Book.html>

Roland Oliphant, May 2012. *Kaluga*. Article, The Moscow Times Magazine. Accessed 5 January 2015. Retrieved from http://www.themoscowtimes.com/beyond_moscow/kaluga.html

The Society of Incentive Travel Excellence, 2015. Accessed 20 April.
<http://www.siteglobal.com/p/cm/ld/fid=1>

Michael Solomon, Gary Bambossy, Soren Askegaard, Margaren K. Hogg, 2006. *Consumer Behavior: a European Perspective*, 3d ed. Edinburgh, Prentice Hall Europe

Marc Stickdorn, Jacob Schneider, 2011. *This is Service Design Thinking*. Amsterdam: Bis Publishers.

John Swarbrooke and Susan Horner, 2001. *Business Travel and Tourism*. Oxford: Butterworth Heinemann.

John Swarbrooke and Susan Horner, 2007. *Consumer Behavior in Tourism*, 2d ed. Oxford: Butterworth Heinemann.

SWT Solutions Group News Release, December 2014: *The Value of Business Travel*. Accessed 20 March 2015. Retrieved from <http://www.carlsonwagonlit.com/export/sites/cwt/en/global/insights/cwt-sg-studies/the-value-of-business-travel.pdf>

Travel Russian News, 2014. *In 2013 more than 1,2mln tourists visited Kaluga*. Accessed 6 January 2015. Retrieved from <http://www.trn-news.ru/news/4309>

TripAdvisor.com, 2015. Kaluga Hilton Garden Inn hotel. Accessed 15 April 2015. http://www.tripadvisor.ru/Hotel_Review-g798118-d6563648-Reviews-Hilton_Garden_Inn_Kaluga-Kaluga_Kaluga_Oblast_Central_Russia.html

James Veal, 2011. *Research Methods in Tourism and Leisure*. Edinburgh: Pearson Education.

Allistair Williams, 2002. *Understanding the Hospitality Consumer*. Oxford: Butterworth- Heinemann.

World Tourism Organisation, 2014. *UNWTO Global Report on the meetings industry*. Madrid. Accessed 23 March 2015. Retrieved from http://www.imexexhibitions.com/media/350548/UNWTO_meetingsindustry_am_report%20%282%29.pdf

World Tourism Organisation, 2014. *UNWTO Tourism Highlights*. Madrid.
 Accessed 4 April 2015. Retrieved from <http://mkt.unwto.org/publication/unwto-tourism-highlights-2014-edition>

APPENDICES

Appendix 1. Interview Guide

INTERVIEW QUESTIONS

I. General Information

Date

Respondent's name

Company name

Job title

Main activities at work

How many business trips in a year you have? What are the reasons?

For how many days?

II. Pre- travelling phase: process of booking, purchasing decision

Describe how your trip is usually organized.

How far in advance the trip is organized? The hotel booked?

Are you travelling on a business trip alone?

What is covered by the company and what not?

Do you request any kind of insurance for travelling?

How you are choosing the hotels you staying at? (if there is a possibility to choose)

Based on what: facilities, price, location...

How and what information you search about the place you are coming to?

The city, hotel, any other information? Where you get it from?

Does your company has any accommodation partners with lower rates, etc.?

Are you likely to come to the same hotel or try another one?

Do you have any loyalty memberships with hotels?

How the brand of the hotel affects your decision?

III. Travelling phase.

Describe your main activities during the trip.

Describe your feelings during travelling to an unknown destination.

Do you feel nervous/ uncertain while travelling to unknown destination?

Do you have any communication difficulties concerning the language when coming to Kaluga?

Describe a hotel room that meets your requirements.

Which facilities do you use in a hotel? Do you use a Business Centre/ Meeting facilities?

What is the ideal place to have a business meeting with a colleague?

Which facilities are you using in the city? (Restaurants, clubs, etc..)

Which kind of transport you are using at the destination? (Rent a vehicle, bus, train, taxi.)

Could you describe your “bad” trip experience, “best” experience, “just okay” experience?

Why?

IV. Hilton Garden Inn Image.

Go through the pictures/brochure of Kaluga Hilton Garden Inn.

What do you think about the hotel? (What kind of image interviewee gets)

Location, services, etc.

Would you choose this hotel in Kaluga to stay in? Your opinion?

What would you suggest for the hotel?