

# SERVICE IMPROVEMENTS AND MARKETING DEVELOPMENT BASED ON RUSSIAN MARKET DEMAND

Case Peurunka

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| Abstract<br><p>The purpose of this study was to help Peurunka get a better understanding of what kind of image they have in the eyes of Russian customers and to offer the company ways to improve their marketing efforts as well as their services in order to achieve the image Peurunka management is aiming at giving to its customers.</p> <p>Hotel Peurunka is a spa hotel located 25 km away from the city of Jyväskylä, Finland. The hotel offers a variety of winter and summer sports as well as rehabilitation facilities. During the New Year and Christmas period the hotel is constantly fully booked, and more than 80% of the guests come from Russia.</p> <p>The research was carried through in-depth interviews with Peurunka guests coming from Russia during the period from December 2010 to January 2011. It revealed the real image of the hotel in the minds of Russian customers and gave the ideas for service and marketing development in Peurunka.</p> <p>The results of the research demonstrated that Peurunka's image desired by the management and the image in minds of Russian customers match.</p> <p>The proposals for further development of Peurunka services were offered. Also, the themes for potential research topics for Peurunka were discussed.</p> |  |   |
| Keywords<br>Hotel, marketing, Russian tourism market, service improvement, positioning, image  |  |   |
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# **1. INTRODUCTION**

## **1.1. General presentation of the topic area**

Hotel Peurunka is a spa hotel located 25 km away from the city of Jyväskylä, Finland. The hotel offers a variety of winter and summer sports as well as rehabilitation facilities. At the moment the spa part of the hotel is under renovation which is to be completed in the autumn 2011 (Peurunka, 2011; Wirzenius, 2011).

Peurunka's history dates back to the year 1974. Since that time the hotel became quite popular with visitors from abroad, including Russian guests who constitute the big part of Peurunka's foreign customers. During the New Year and Christmas period the hotel is constantly fully booked, and more than 80% of the guests come from Russia. Although the hotel is demonstrating a good performance, the hotel management have detected some failures in meeting the expectations of Russian guests, as well as the hotel marketing in the Russian market (Peurunka, 2011; Wirzenius, 2011).

The purpose of this study was to help Peurunka get a better understanding of what kind of image they have in the eyes of Russian customers and to offer the company ways to improve their marketing efforts as well as their services in order to achieve the image Peurunka management is aiming at giving to its customers.

A significant amount of information was collected from different sources combined with personal experiences and observations in order to analyze the current situation of the satisfaction of Russian guests in Peurunka. If constantly implemented, the given proposals could be beneficial to both short-term and long-term satisfaction of Russian customers.

## **1.2 Purpose of the research**

The idea for this thesis was born during one of the authors' practical training period and work at the company. Being in constant interpersonal interaction with customers and using the same mother language helped to see Peurunka's potential for achieving better customer satisfaction by making certain improvements.

The potential thesis topic was discussed over a lunch break with Mr. Petri Wirzenius (Reception/Shift Manager) in January 2010. During this meeting, the interest in the

topic of the hotel image and service improvement in the eyes of and for Russian customers was expressed. Mr. Wirzenius pointed out that Peurunka management is interested in the research which would reveal how Russian customers view the hotel and how Peurunka meets these expectations. He was particularly interested in the pre-impression of the company on Russian guests built up from the combination of the hotel's web-site and other information sources. Therefore, it was agreed that the purpose of the research would be to familiarize Peurunka with what kind of image they have in the eyes of Russian customers and to suggest the ways of improvement of their marketing and services in order to achieve the image that would match their position in the market.

The significance of the research lies on the improved operational performance of Peurunka and, as a consequence, increased revenues. Therefore, the research is extremely advantageous both for Peurunka and other companies on a market share.

#### 1.2.1 Research questions

The main research question is the following:

*How do Russian customers see Peurunka as a company and resort? And does this impression match with Peurunka's desired image for its customers?*

The necessary sub-questions:

*What can be improved in the service of Peurunka in order to add to the value for Russian guests?*

*How can marketing oriented on the Russian audience be developed in order to attract customers independently apart from intermediaries?*

By answering the main and the sub-questions correctly, the purpose of the thesis is fulfilled.

## **2. SPA HOTEL PEURUNKA**

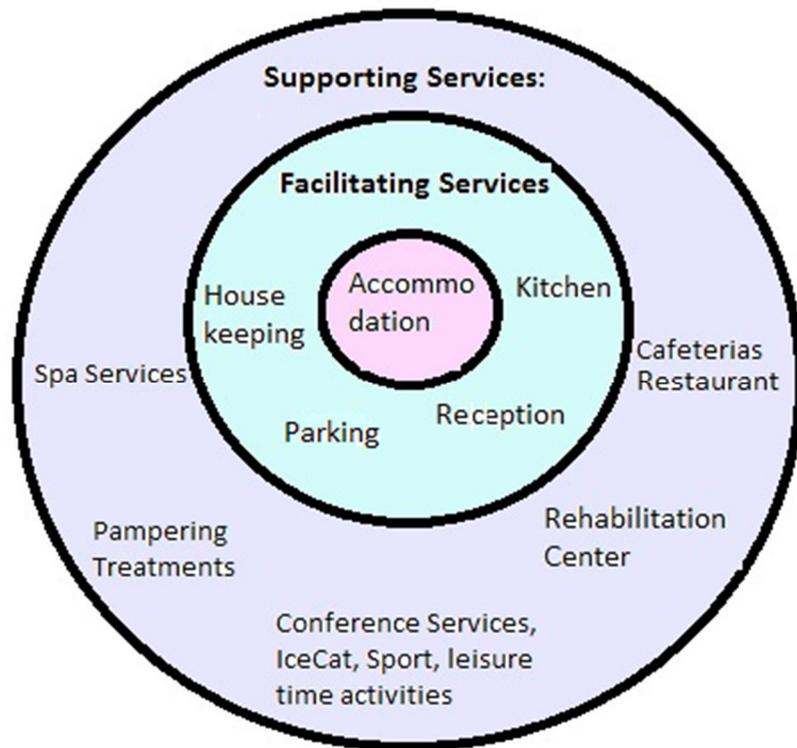
### **2.1 Company description**

Hotel Peurunka is situated in the Laukaa region about 25 kilometers from Jyväskylä. Peurunka started as a rehabilitation center and sport foundation in 1974. The premises of the company were under renovation between the years 1993 and 1997. The latest renovation was completed in 2008 when conference rooms and restaurant premises got a new look. Peurunka's main objective is to maintain and to improve the physical condition and health of their customers, forasmuch as their slogan can be translated from Finnish as "It's better to feel good". The main customer segments of Peurunka are rehabilitation and business customers, individuals and families who go on vacations, spa visitors, and of course, foreign travelers mainly from Russia and Germany (Peurunka, 2011; Wirzenius, 2010).

The services that Peurunka provides include spa center, five eating facilities, accommodation premises, smoke and beach saunas, sport center and rehabilitation center, event and conference center. There are plenty of outside sport possibilities in the territory of the hotel (Peurunka, 2011).

#### **2.1.1. Business structure in Peurunka**

In order to explain the business structure in Peurunka, the concept of the three elements of the basic supply of services at the hotel was used. The service supply consists of the following three elements: core services (accommodation), essential facilitating services and competitive supporting services (Hsy and Powers, 2002, 170). The picture below demonstrates this.



Picture one. Based on the table “*Three elements of the basic service offering in a hotel*” (Hsy and Powers, 2002, 171)

The **core service** – accommodation – is “*the reason for being in the market*”. According to Peurunka web-site, there are about 450 beds in Peurunka (hotel building: 133, Peurunka Piha: 56, Peurunka Mäki: 31), some of which are suitable for people with allergies, non-smokers, as well as for disabled people. Moreover, there are several rooms for those who are travelling with pets. All the hotel rooms of Peurunka were renovated and modified within the period between 2006 and 2008. Townhouse-type rooms in Peurunka Piha, Peurunka Mäki, and three luxury cottages are situated close to the main building of the hotel (Hsy and Powers, 2002, 170; Peurunka, 2011).

**Facilitating services** are “*essential to operation*”, without them the delivery of the core service is impossible. Not only the facilitating services are crucial for the delivery of the core service, they can also help the hotel to differentiate itself from the competitors (Hsy and Powers, 2002, 172). In Peurunka the facilitating services are Reception, Parking, Housekeeping, and Kitchen.

*Reception:* based on one of the author's work experience in Peurunka, the Reception is located in the main building of the hotel and is open 24 hours a day, 7 days a week. The Front desk of the hotel performs all basic reception activities such as processing advance reservations, registering and accounting (making payments and billing) of guests, accommodating guests, handling guests' luggage, mail and parcels, issuing room keys, and providing the information. It is important to point out that the Peurunka's Front Desk also administers telephone service. All the phone calls coming to the sales department after 5 pm on week days and on weekends are handled by front desk employees.

*Parking:* Most of the Peurunka customers arrive at the hotel by their own cars. Therefore, it is essential for Peurunka to provide the parking spaces. There are three parking lots in the territory of the hotel, one of which is situated directly next to the hotel. This parking lot has roofed parking spots and is suitable for people with disabilities. The other parking lot is located closer to IceCat arena on the hill and is noticeably wider. All the buses that bring big groups of customers (e.g. from abroad) are directed there. The other parking lot is situated on the other side of the building, next to the spa department. This parking lot is dedicated to customers with trailers (Peurunka, 2011).

*Housekeeping:* Peurunka outsources its cleaning services through the SOL cleaning company.

*Kitchen:* the kitchen is the facilitating service for the restaurant, without it the five Peurunka restaurants cannot function (Hsy and Powers, 2002, 171). In more details the restaurants are described below as they belong to the supporting services.

**Supporting services** are necessary "*to maintain the operation's supporting services*". They are important for the product marketing and help differentiate the services from the competitors' offerings (Hsy and Powers, 2002, 173). Peurunka's supporting services are listed below.

*Catering services:* the restaurant and food services include five eating facilities which are: Restaurant Villipeura (350 seats), A la carte restaurant Peurakello, Gastro Pub Apollo, Café Kupoli, and Café Paussi. During the summer time food services are available outside the hotel (Peurunka, 2011)

Restaurant Villipeura daily offers to its visitors not only delicious and healthy food services, but also arranges dancing evening, and twice a week there is an orchestra or famous artists performing on the stage. Meanwhile, those guests who prefer to experience food always have a possibility to visit Peurunka's a la carte restaurant Peurakello (Peurunka, 2011).

*Conference services:* the Peurunka conference services includes 13 meeting rooms (10 - 50 people), two sauna cabinets, an auditorium for 155 persons, and even Kupoli hall for 1500 people (Peurunka, 2011).

*Ice skating services:* the Icecat Arena is a brand new ice hall opened in 2008. It offers a range of ice facilities, e.g. skating and curling possibilities (Peurunka, 2011).

*Sports services:* the sport department Kupoli offers a gym, playing field, sauna, and swimming facilities. There is a possibility to rent sport equipment and book playing fields (Peurunka, 2011). However, at the moment this department is closed for the renovation.

Peurunka cooperates with a company called Peurunka Golf. Peurunka Golf is a separate business unit. The company makes the marketing together through offering golf in the accommodation package, or separately for Peurunka customers at a special price.

*Spa services:* Day & Aqua Spa Nautilus offers a wide range of facial and body treatments as well as a beauty specialist's services (Peurunka, 2011).

*Rehabilitation services:* dedicated to the guests suffering from tiredness and everyday stress or even people with more serious health problems are offered to participate in specialized courses which are normally split into 2 - 4 rehabilitation periods (Peurunka, 2011).

Below there are some pictures of the Peurunka Hotel complex (Peurunka, 2011).



Picture two. Entrance to the hotel.



Picture three. Room configuration in the main building.



Picture four. Peurunka row-houses.



Picture five. Inside Peurunka row-houses.



Picture six. Peurunka cottages.

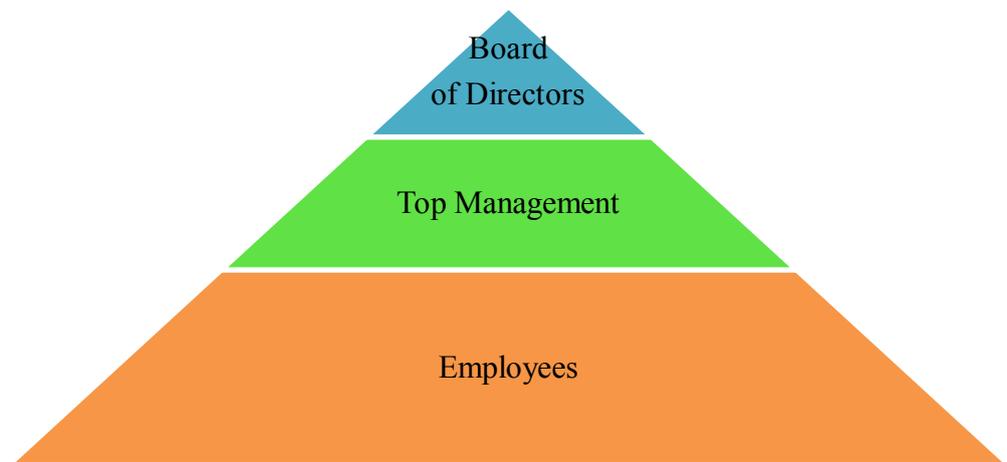
## **2. 2. Organizational structure**

### **2.2.1. Personnel Structure**

There are about 220 employees in Peurunka. Still it is hard to give the exact number, because company's structure as well as personnel structure is under changes nowadays (Wirzenius, 2011).

All employees of Peurunka belong either to the Kuntopolku Oy side or to Rehabilitation and Medical Center side of the company. The amount of employees in Kuntopolku Oy is approximately 115 people and 111 in Rehabilitation and Medical department (Wirzenius, 2011).

At the top of Peurunka's administration is the Board of Directors, the head of the company is Seppo Virta. Each department consists of managers, supervisors, and staff employees, as it is shown on the picture below.



Picture seven. Structure of employees in Peurunka (Wirzenius, 2011).

Cooperation and interaction within the organization is significant. Power distance is very small, especially between directors and managers, management and employees (based on the experience of one of the author's).

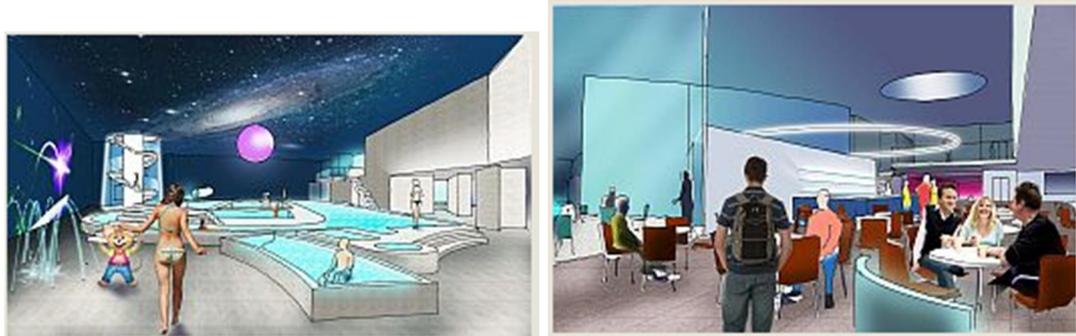
#### 2.2.2. Quality issues in Peurunka

Quality is one of those things which are very important in Peurunka. Customer satisfaction and meeting customer's expectations are of crucial importance. Quality of services (intangibles) is achieved through professional and reliable staff, who are well instructed about their jobs. Quality of tangible products is kept running by cleaning, maintaining and repairing works (Wirzenius, 2011).

Based on the author's experience, every customer can evaluate the quality of services in Peurunka. Quality and customer satisfaction questionnaires are available in the rooms, in the lobbies, at the reception, and online. Feedback form is simple, short, and has clear questions. Every guest in Peurunka can offer corrections or innovative ideas concerning any product or service that the company offers. Subsequently, all of the questionnaires are collected and the feedback is put into the computer system, after what they are analyzed. Feedback forms are available in Finnish, English, Russian, and German.

In order to increase the revenues, attract more customers, and keep up to standards, Peurunka started a total renovation of spa complex at the beginning of 2011. The company has been carefully planning and preparing for this big step for a while, 11.5 million Euros has been invested in it, and the project has already been launched. The

new water center is expected to be unique in Scandinavia and the biggest in Europe, and, consequently, the occupation is expected to increase significantly during the upcoming years. The estimated time of opening the new spa complex is autumn 2011 (Wirzenius, 2011).



Picture eight. The project of Peurunka swimming pool after the renovation.

### **3. RUSSIAN TOURISM IN FINLAND**

#### **3.1. The overview of Russian tourism market**

##### **3.1.1. Tourism development in Russia**

International tourism started to become popular with Russian travellers in the middle of 1990s. Despite being relatively young, tourism industry became one of the most important sectors in the economy of Russia, and has developed rapidly during the last ten years.

The web-site of All Russian Public Opinion Research Center suggests that such a fast development of tourism in Russia became possible due to social-economic changes which are: availability of greater financial resources; travelling services became more affordable; Russian travellers became more experienced; the motivation and values for travelling have changed; and because of the media impact (Danilenko, 2006, 8).

Let's now have a closer look at all of these changes. The influence of the financial resources is the following – tourism is a mass product, and its success greatly depends on its affordability. The higher the income of consumers, the more options they have in terms of destinations, length of stay, trips frequency, etc. According to the Newsru.com web-site, the income of Russian citizens is increasing. As a consequence,

the demand for tourism is growing, and, therefore, the amount of tourism companies is increasing (Income of Russians is increasing, 2003).

The development of travel services was motivated by the increased demand in tourism products, which led to the competition between numerous travel companies. With the spread of charter flights and low-cost airlines the transportation costs became more affordable, and as significant part of Russian travellers are price sensitive, tour operators have to offer more affordable packages in order to succeed (Danilenko, 2006, 9).

Travelling experience is growing; according to Russian Tourism Market Professional Newspaper, in 2010 more than nine millions of Russians travelled abroad. Compared to the year 2009 this figure increased by 34% (More than 9 million Russians had vacations abroad in 2010, 2011).

Because of the increased tourism experience, new motivations and values for travelling are arising, as well as new values regarding how to spend the free time.

The impact of media, especially social media, on tourism became enormous with lots of advertisement of destinations on TV, radio, Internet, magazines, etc. The importance of social media in Russia continues to grow, and it has become one of the key tools of interacting with customers. Information Technology in Russia is growing very rapidly, with the Internet users increase from tens of thousands to tens of millions users during the last ten years. With the Internet spread information becomes easily available, which leads to customers becoming more independent in the choice of their destinations (Russian Tourism Market Professional Newspaper, 2011; (Vasilieva, 2003).

According to the research done by comScore Digital World Measurement Company, in Russia there is the world's most engaged social networking audience, "*with visitors spending 6.6 hours and viewing 1,307 pages per visitor per month*". (Russia has World's Most Engaged Social Networking Audience, 2009).

Based on the research done by the research group TNS, in 2010 the amount of Internet users in Russia increased by 14 times and counts for 59% of Russians. Television is still the leading source of information for Russians, however analysts expect the turning point in media – switch from local media to complex media. Today 59% of Russians older than 12 years old use the Internet at least once per month. Social web-

sites are particularly popular with Russians. TNS research says that within one year the amount of social web-sites users increased on 22%, and more that 27 million of Russians are using social network at least once per month (Gavrilyuk, 2011).

The growth of Internet users generally occurs due to older age groups since the young generation is already using the Internet actively. However, the social web-sites grow generally due to the younger generation because still quite a small part of them are there (Gavrilyuk, 2011).

The most visited web-site of Russian Net was and still is “VKontakte” – 12 million visitors per day. The second position belongs to “Odnoklassniki.ru” – 7.2 visitors per day, next there goes “My World” which is daily visited by 5.3 million people. The biggest increase in users in 2010 was demonstrated by Facebook, however the audience of this site is still only 1.2 million people in Russia. Nonetheless, Facebook has good prospects, and may become the second most popular social web-site in Russia (Gavrilyuk, 2011).

### 3.1.2. Length of vacations

Due to the fact that the north-western region of Russia has the border with Finland, a lot of Russians spend the weekend in Finland. A big part of tourists from Saint-Petersburg take such trips, and in most cases travel by car. The problem, however, are the waiting queues on the customs.

Russian tourists coming from regions other than Saint-Petersburg, as a matter of a fact, stay in Finland longer than a weekend since they need more time to get to Finland and tend to spend more money to get to Finland. Usually they are using the same services as tourists on short holidays, however often they are less experienced as many of them are in Finland for the first time, and, therefore, they are more willing to buy packaged tours (Danilenko, 2006, 9).

### 3.1.3. Seasonality in tourism

Throughout the year there are some peaks in tourism demand connected with the national and school holidays. Obviously, the longest are holidays during the summer

months. The second significant peak period is the end of December – first two weeks of January when there are the New Year winter holidays. Also, the last week of March is school holidays, and the first decade of May are national holidays.

Different seasons assume different demand patterns. Thus, during the summer people tend to go on the vacations to warm countries with the sea/ocean. Russian Tourism Market Professional Newspaper says that in 2010 the most visited destination by Russian tourists was Turkey (more than 2 million visitors) because this is one of the most affordable options which is often cheaper than domestic resorts, however the level of service is usually higher. After Turkey there goes Egypt (1,495,829 visitors) and China (1,009,365 visitors). These destinations are the most popular mass package tours destinations (More than 9 million Russians had vacations abroad in 2010, 2011).

Downhill skiing has become popular with Russians during the last decade, and there is a tendency of more and more people to do winter sports. Downhill skiing is now something fashionable, and the market is full of offers with winter resorts and destinations both in Russia and abroad, including Finland.

Smaller demand exists on city holidays abroad which are usually European capital cities. Some people prefer meeting the New Year abroad as they find it exiting and interesting. In terms of a New Year destination Finland is the leading country for Russian tourists (Russian Tourism Market Professional Newspaper, 2011).

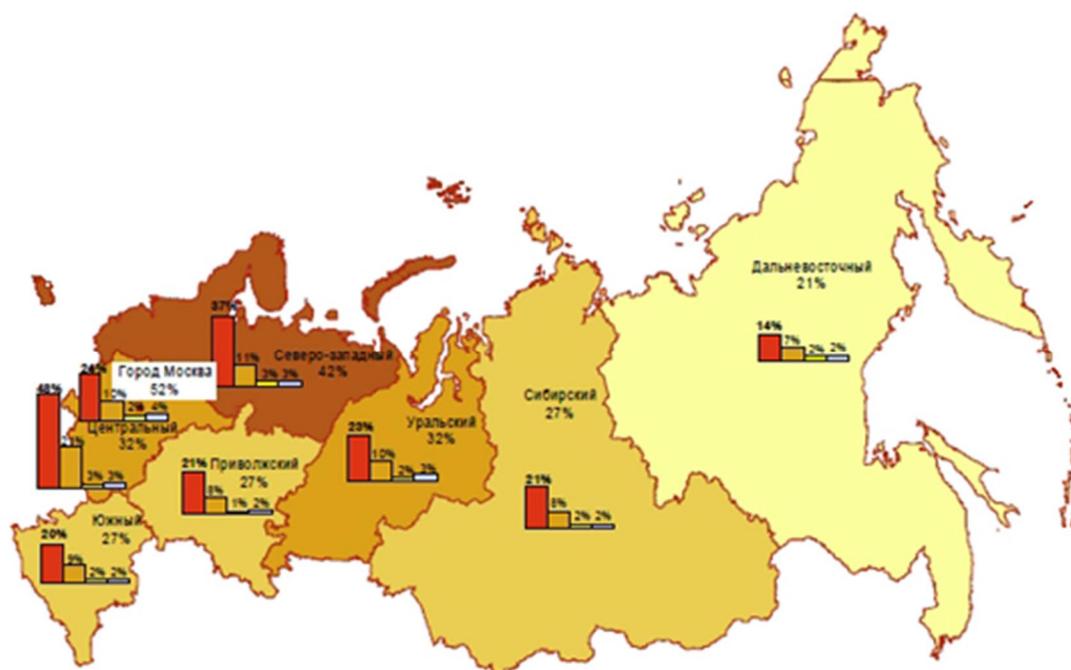
As a destination, Finland is characterized by moderate season demand fluctuations with high seasons to be winter and summer. At the same time, Finland is one of the most stable destinations for tour operators, and there are almost no special offers during the peak seasons. Most of the tour companies work on the catalogue with the same price levels, and price dumping is very rare. This happens, firstly, because all ski regions in Finland have their own seasons, and, secondly, because customers tend to come back to the resorts they are familiar with (Danilenko, 2006, 11).

#### 3.1.4. Distribution channels

Still quite a few people in Russia buy tourism products through other ways than travel agencies. Only some people order trips via Internet which is explained by several

reasons: lack of Internet usage knowledge, low level of English and other foreign languages, relatively low Internet penetration level (Danilenko, 2006, 12).

According to Prima.Media.ru the amount of Internet users in Russia counts for 42 million people. The highest level of Internet penetration is in Moscow (60%), Central and Ural regions. The map shows geographical spread of Internet access in Russia (GFK research: Internet usage in Russia in 2009, 2010).



Карта создана с помощью RegioGraph, GfK Geomarketing

Picture nine. Red color indicates the percentage of Internet users at home (GfK research: Internet usage in Russia in 2009, 2010).

According to the skyscanner evaluation, by 2013 the amount of Russians booking vacations themselves via Internet will increase by four times (Konovalov, 2010).

A lot of people prefer to buy a packaged tour at once at the agency rather than taking care of the tickets, visas, accommodation, etc. separately.

### **3.2 Russian tourists travelling to Finland**

The website of Matkailun edistämiskeskus gives the information about Russian travellers coming to Finland during the last couple of years. Thus, in **2007** there were more than 2 million Russians visiting Finland. 73% of them arrived from the Saint-Petersburg region and 10% from the Moscow region. Half of the visitors told that the purpose of visiting was leisure, 14% - business trips. 67% of the travellers had one day trips. One fifth stayed in Finland from one to three nights. The average stay was 1,5 nights. All-in-all, Russian travellers spent 3.1 million nights in Finland. 46% of Russian tourists stayed in motels and hotels, whereas one fourth of them stayed at their friends' or relatives' places. In total, 470 million Euros was spent by Russian tourists. 50% of this amount was spent on leisure trips. On average, visitors from Russia spent 90 Euros per day, and 227 Euros per visit. Approximately one third of Russians' trips were made to Lakeland Finland or Kainuu, while one fifth visited Helsinki or Uusimaa (Border Interview Survey, 2008).

In **2008** the number of Russian travellers was approximately 2.3 million, which is a 30% increase from the previous year. As in 2007, half the visitors came to Finland for leisure purposes, 11% - for business. 67% had a one-day stay. One fourth of visitors stayed for one to three nights. The average stay was 1.4 nights. 3.2 million of nights were spent by Russian tourists in Finland. 51% of Russian tourists stayed in motels and hotels, whereas one fourth of them stayed at friends' or relatives'. In total, 595 million Euros was spent by Russian tourists. 50% of this amount was spent on leisure trips. On average, visitors from Russia spent 107 Euros per day, and 255 Euros per visit. One third of Russian travelers chose the Järvi-Suomi and Kainuu regions as a travel destinations, while one fifth of them stayed in the Helsinki and Uusimaa regions. The biggest group of Russian travellers is still one-day shopping tourists coming to Helsinki and other cities close to the Russian border, such as Lappeenranta (Border Interview Survey, 2009).

In **2009** the number of Russian tourists in Finland was about 2.2 million, which was one third of the total number of foreign travelers visiting Finland. 70% of Russian tourists defined free time traveling as a purpose of their arrival to Finland and only 8.5% of Russian travelers came to Finland for business reasons. The number of people staying at the hotels or motels was 47% of travelers, however 28% of visitors from Russia stayed at their friends' or relatives' place. 64% of travelers were in Finland for

a day visit. Approximately one fourth of the tourists stayed in Finland for a period from 1 to 3 nights. In total, Russian tourists spent in Finland about 3.5 million nights. On average, Russian tourists spent 244 Euros per stay (Border Interview Survey, 2010).

According to the Russian Tourism Market Professional Newspaper, in 2010 the number of Russian travellers in Finland was 1.4 million people (Venislavitcheva, 2011).

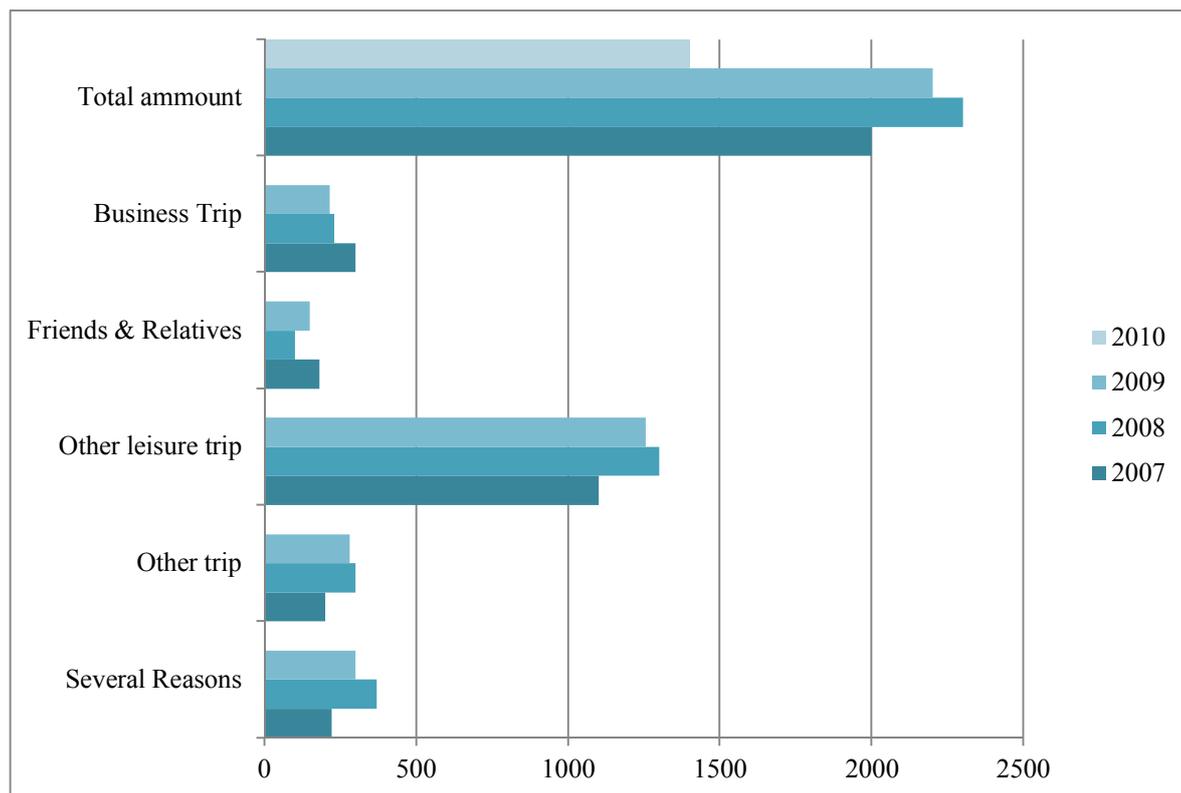


Diagram one. The main reasons of Russian tourists for coming to Finland between years 2007-2010 (Number of visitors in thousands) (Based on Finnish Tourism Board; Venislavitcheva, 2011).

### 3.2.1 Finland is the destination number one in Russia

In 2010 Finland became the travel destination number one for Russian travelers. However, according to the annual tourism report of Arto Asikainen, the increase in fees for visas affected the travel demand. The estimated number of trips to Finland was 3.4 million trips, 709 000 of them were made for vacation purposes. Next on the list of the most preferred tourism destinations for Russians were Turkey (3.01), Egypt (2.53), and China (2.28). In 2011, according to the statistics from “RIA News”

agency, the situation has not changed, and the most visited countries by Russians are still Finland, Egypt, Turkey, Cyprus, and Israel (Finnish Tourism Board, 2011; RIA News, 2011).

According to the Finnish Tourist Board web site, Finland is the most popular travel destination out of other European countries. Next most popular destinations in Europe for Russian travelers are Germany (470 000 trips), Italy (451 000), and Spain (411 000) (Finnish Tourism Board, 2011).

The main competitors of Finland in Northern Europe were left far behind on the list. The total number of Russian tourists in Norway in 2010 was 91 000 (13 000 holiday trips) and in Sweden 53 000 (25 000 holiday trips) (Finnish Tourism Board, 2011).

The credit crunch of 2009 influenced the flow of tourists to Finland which, according to the Statistics Service of Finland, was reflected in 10.8% decline. However, in 2010 the amount of Russian tourists increased by more than 50% (Basyrova, 2010).

Compared to the previous year's statistics, in 2010 Russians started traveling abroad 15% more often. In total, tourists from Russia made 39.3 million trips abroad. Leisure tourism has grown 32% (12.6 million trips) which is a sign of a significant improvement in the economic situation of the country (Suomi ykkösenä venäjällä, 2011).

### 3.2.2 Finland is becoming more popular in different regions of Russia

In 2011 there are going to be even more tourists from Russia due to several reasons. First of all, in March 2011 the Finnish visa center was opened in the city of Kazan which will allow a big flow of Russian tourists from Tatarstan region to get to Finland already in the autumn (Venislavitcheva, 2011).

Secondly, in December 2010 Nord Aviation launched straight flights from Murmansk to Helsinki. For promotional purposes Nordavia offered Murmansk media and local travel agencies free flights from Murmansk to Helsinki. The entire flight takes approximately 120 minutes and costs about 180 euros (both ways), in contrast with a daylong and pricy trip by car (Nordavia, 2010).

According to the Railway Gazette International, December 2010 became another important month for Russian-Finnish travel services. The new Pendolino-type train Allegro brought its first travelers from Helsinki to St. Petersburg. The new train gets from Helsinki to St. Petersburg in just 3,5 hours, which is 2 hours faster than its analogues (Allegro launch cuts Helsinki - St Petersburg journey times, 2010).

Undoubtedly, the new airline route announcement and the launch of Allegro train are the signals of future increase in yearly amount of trips by Russians to Finland.

### 3.2.3 Reasons of Russian tourists choosing Finland

Travelling is an integral part of the lifestyle of middleclass in Russia. Obviously, long haul trips cannot be affordable by every pocket. As Finland is within a relatively easy reach, and the procedure of getting a visa is simple, is makes it a good alternative.

Finland is a very popular shopping destination especially with those from Saint-Petersburg region. Even though one can get most of these goods in Russia, Russians still prefer to shop in Finland because the fact that a particular item was bought abroad sounds fancier then if it had been bought in home country. Besides, it is believed that the Finnish quality is high (Finland continues to attract Russian tourists, but next year looks bleaker on the incoming front, 2011).

When it comes to leisure travelers, one of the main reasons for choosing Finland except the convenient location is the financial matter. It is believed that the quality of services compared to Russia is better and more affordable, and compared to other foreign countries – cheaper.

### 3.2.4 The tradition of New Year celebration in Russia

Before offering a New Year program to Russian customers, the company should *fully* understand the meaning of the New Year's eve for Russian people and the specific traditions by following which great customer loyalty can be established.

Russian New Year is celebrated on December 31<sup>st</sup> with lots of fanfare. During the New Year Eve everybody gives gifts to one another, has fun, makes fireworks, cooks

delicious meals, and visits friends and relatives. New Year celebrations in Russia are marked by variegated traditions. Presents are usually placed under the New Year Tree

Russians follow the integral tradition of listening to the President's New Year Speech at midnight. After that everybody opens a bottle of champagne and makes wishes while the Kremlin Clock chiming. After, Russians either stay at home and keep watching various entertainment programs or go out to see the fireworks and meet with friends, relatives and have fun the whole night.

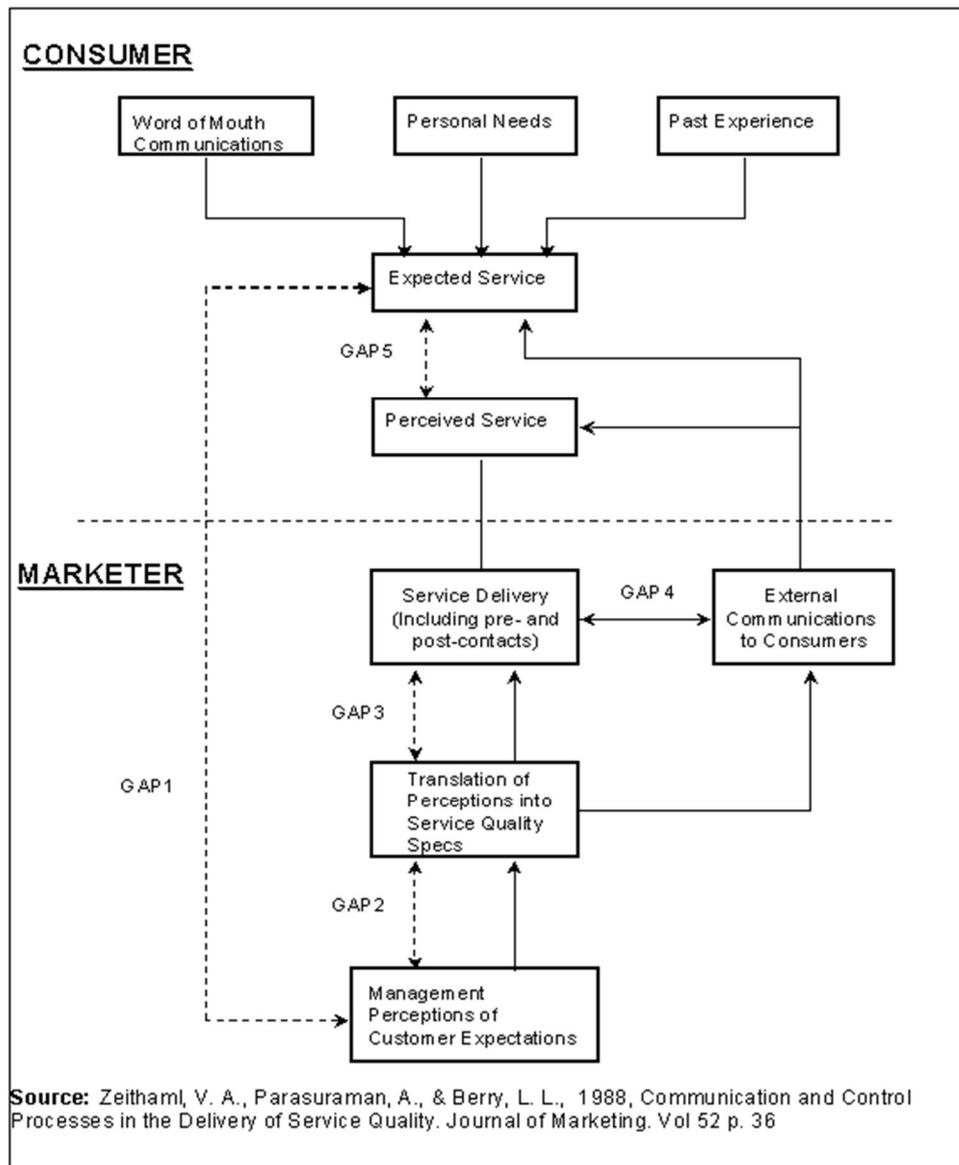
A remarkable New Year tradition is the arrival of Ded Moroz (or Father Frost) and his granddaughter Snegurochka, the snow girl. They bring the New Year presents for children and hide them under the pine tree.

#### **4. MARKETING IN TOURISM AND HOSPITALITY**

In order to understand how Peurunka services can be developed, we need to know the interrelation of product/service and marketing. That is why the topics of four Ps of marketing and product positioning are covered.

The gap analyses model became the basis for the topic structure of the theses. This model was used to analyze the sources of quality problems in Peurunka. The model reflects the role of marketing (e.g. positioning, image) and its interrelationship between product and services, price, promotion, place, and personnel in the delivery of service quality. That is why the topics below are discussed in details.

Marketing is about expectations, stay is about experiences. What Russian customers think prior to arrival to Peurunka is the expectations shaped mainly by marketing, what they get during their stay is the experience. Ideally, expectations must match with experiences.



Picture ten. The service quality gaps (Zeithalm, Parasuraman and Berry, 1988).

#### 4.1 Positioning

One of the most important topics in marketing is the product positioning. The product positioning is meant to give to a company's product its own desirable place in the minds of customers, make product distinctive and seen out of the alternative options in the market (Kotler, Wong, Saunders, Armstrong, 2005, 31).

Another definition of positioning claims that positioning is the way in which customers see the company, package, and service in comparison with other organizations. The evaluation or customer's point of view builds up on a customer

segment basis; for example comparison of similar products offered by different organizations by a price image (Lumsdon, 1997, 74).

Positioning requires a number of main steps. First of all, differentiation: identification of strongest and competitive advantages. The main idea of a company is to understand how it is different from its competitors in a beneficial way (best offers, best prices, unique location). Then, positioning the advantages in the most attractive way for a certain group of customers (giving added value for products). And finally, creating an attractive image position. In practice it means that the selected position image must reach target customers (communication) (Lumsdon, 1997, 75).

Among the most common gaps in positioning there are: inability of companies to sustain the selected position for a lasting period of time; a mismatch between the image company aims to project and the actual image in their customers' point of view; inability of company to differentiate itself from competitors, because of being too similar to them, which is also called competitor assimilation (Lumsdon, 1997, 75).

Another positioning error is over-positioning. This happens when a company gives its customers too narrow information about itself (Kotler, Bowen, Makens, 2010, 219).

In tourism business positioning is crucial. Inability to differentiate the business from others can lead to losing customers. Differentiation might require a lot of investments and creativity from companies, not only for sake of repositioning their image, but even for further offer or product development (Lumsdon, 1997, 75).

## **4.2 Marketing Mix**

Once the company has positioned itself in the marketplace and chose suitable strategy, the main task is to plan further actions and tasks which can be implemented. These actions are a part of framework called marketing mix, which are known also as tools used by marketing managers in order to achieve company's goals and a particular position in the market. Basically, the marketing mix is everything the company can do to influence the demand for company's product (Lumsdon, 1997, 76).

The four main elements of marketing mix, also known as the four P-s of Marketing are Product, Price, Place and Promotion (Kotler, Wong, Saunders, Armstrong, 2005, 34).

Product can be defined as anything that can be offered by a company for use, consumption, attention, that might satisfy costumers' wants or needs. Product can be both: tangible (physical objects) or intangible (service, ideas, etc.) (Kotler et al. 2005, 34).

Price is the amount of money or the sum of values that is charged for having or using products or services which company offers (Kotler et al. 2005, 34).

Promotion is a mix of activities that connect products with customers. The promotional activities are meant to persuade target customers to buy companies' products or services (Kotler et al. 2005, 34).

Promotional activities are often thought to be the same as marketing itself; however, it is not true.

Place is any location where a product can be purchased. It is a distribution channel through which costumers buy products or services. Place does not have to be necessarily a physical shop, it can also be any virtual store (Kotler et al. 2005, 34).

According to many sources, there is the fifth P of marketing – Personnel.

It is important to remember that a marketing mix is viewed by companies and customers from different points of views. Customers believe that each marketing tool has to deliver benefits for them, however companies are used to consider 4 P-s as a toolkit to influence buyers (Kotler et al. 2005, 34).

### **4.3 Service quality gaps**

As it was mentioned before, the purpose of this research is to familiarize Peurunka with what kind of image they have in the eyes of their Russian audience, and based on that to offer company the ways to develop their marketing efforts as well as some services in order to meet customers' expectations on the best possible level. In order to come up with new ideas for Peurunka service quality gaps should be taken into the consideration. In other words: to fix a mistake, you have to know where the mistake is.

Clearly, it is of a fundamental importance for a company in tourism and service industry to choose the right market, to position itself in the market, to plan and

implement further actions and plans. The next step for any hospitality company is monitoring.

At this stage organizations face quality issues and, unfortunately, quality gaps. There are five main gaps in service quality, which are:

- Gap 1 is the distance between what customer expects and what managers think their customers expect;
- Gap 2 is between management perception and the actual specification of the customer experience;
- Gap 3 is from the experience specification to the delivery of the experience;
- Gap 4 is the gap between the delivery of the customer experience and what is communicated to customers;
- Gap 5 is the gap between a customer's perception of the experience and the customer's expectation of the service (Lumsdon, 1997, 200).

Surprisingly, all of the five gaps are the results of a blurred vision of management. There often comes a point when a company or organization concentrates too much on routine processes, it cannot take a look at the situation from aside. However, it is not fatal. Companies have plenty of tools to, first of all, see the gaps and, secondly, reduce them. The main way to do the gap analysis is measuring company's own performance and customer satisfaction. It means that management should evaluate the experience and the outcome of a service encounter on a set number of criteria (access, reliability, credibility, security, customer empathy, responsiveness, courtesy, competence, communications, and tangibles). Customer satisfaction surveys and interviews are traditional ways to gather information for analysis. Scaling device, called Servqual was developed especially for service quality analyzing purposes by Zeithaml and Berry (1998) (Lumsdon, 1997, 202).

Therefore, we conducted the interviews which helped to determine the service quality gaps that exist in Peurunka. Thus, two gaps were determined in Peurunka: the gap number one and gap number two; both of the gaps can be demonstrated by the following example: slight misunderstanding between how Russian customers percept the concept of fun in Peurunka and what they expect from it (e.g. the New Year program) and what Peurunka thinks what fun for Russian customers is. Based on that, the solutions for reducing the gaps will be offered.

Based on the theory about quality gaps model, Peurunka should study its customers carefully. The authors interviewed Russian customers and explored their wishes and quality preferences. In order to perform successfully, Peurunka should communicate the appropriate behavior with Russian customers and their expectations so that employees could act according to new ideas.

#### **4.4 Corporate image**

The topic of image is covered because the research aims to find out the image of Peurunka in the eyes of Russian customers.

Corporate image is how a company is perceived by customers. It is a commonly acknowledged image of what a company stands for. Image is one the key factors influencing the buying decision; it is listed as number three on the list of buying decision making after economic influence and emotions and feelings. It is important to remember that hospitality companies need to establish their image in order to differentiate themselves from competitors (Kotler, Bowen, Makens, 2010, 178, 218).

#### **4.5 Marketing to family leisure travellers**

The main segment of travellers to Peurunka hotel are family leisure travellers. The base of family travellers is diverse: married couples with or without children, single parents, elderly couples. Some families (mainly coming from Saint-Petersburg region) take mini-vacations (stay for the weekend or less than a week), others take extended-stay vacations. Families with children and married couples without children are price-sensitive, however the former prefer quality to price because most likely that both spouses work and can afford to spend more on vacations (Abbey, 1998, 565 - 566).

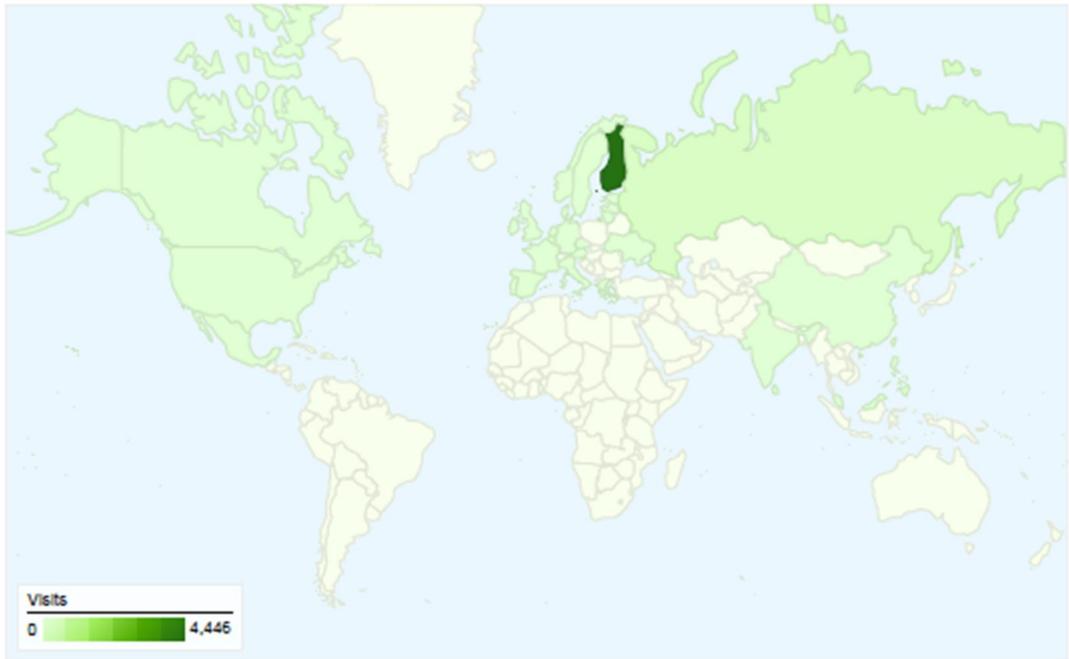
Usually families tend to compare various destinations and prices when they chose their vacations. Such things as special services offered by a hotel can influence the purchase decision as well as the decision to come back, these include extra towels, baby cribs, children's menu, etc. (Abbey, 1998, 567).

#### **4.6 Peurunka.fi website**

For a better understanding of a real situation of Peurunka in online Russian market, two weekly “visitors of [www.peurunka.fi](http://www.peurunka.fi)” reports were used. The reports were created by google analytics and were kindly provided for this research by Pietari Sorri, the Head of Marketing Department of Peurunka. The reports include statistical information about Peurunka’s web-site seven days before so-called russian season in Peurunka (7 Dec – 13 Jan 2009 and 6 Dec – 12 Jan 2010). The reason why particularly those two winter weeks were chosen for the comparison is because usually there is a boom of Russian visitors on [peurunka.fi](http://peurunka.fi) during this time.

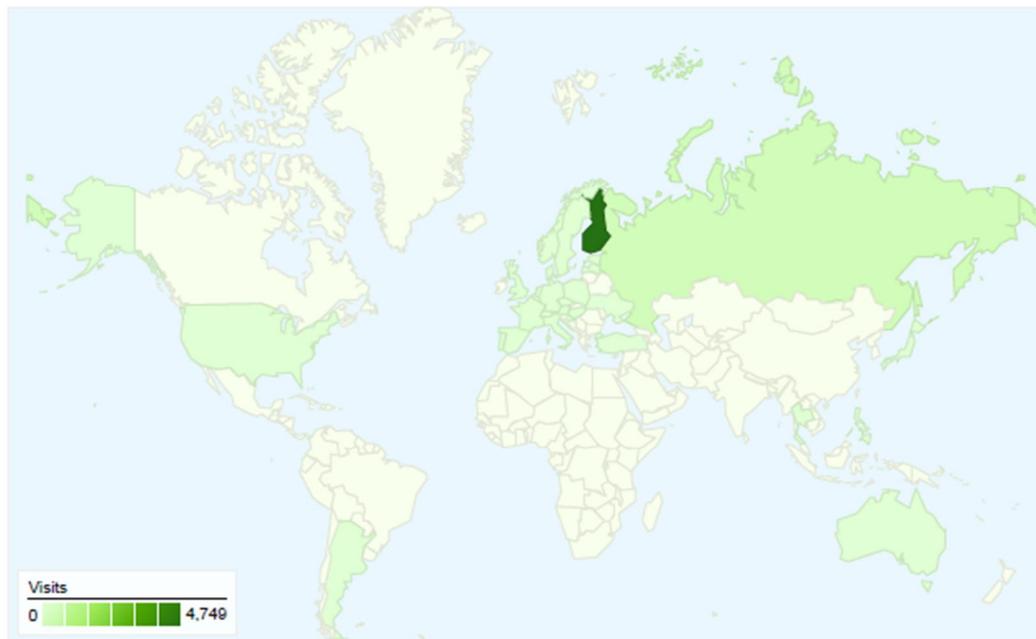
Unsurprisingly, the second biggest group of [peurunka.fi](http://peurunka.fi) visitors come from Russian Federation, which can be seen on the maps of both of the google analytics reports. According to these reports, the number of Russian Internet users increased by almost 100% during the period from 2009 - 2010. The average time spent by users from Russia increased on 50%.

It is important to point out that totally new web addresses from which Russian users were linked to [peurunka.fi](http://peurunka.fi) appeared, such as [finnis.ru](http://finnis.ru), [keskisuomi.ru](http://keskisuomi.ru) and increased [kontakte.ru](http://kontakte.ru). (Sorri, 2010). [Vkontakte.ru](http://vkontakte.ru) is the biggest social networks in the Russian Federation.



**4,741 visits came from 33 countries/territories**

Map one. Report by google analytics reflecting the dynamics of Peurunka.fi from Russian season in Peurunka in 2009 (Sorri, 2011).



**5,217 visits came from 32 countries/territories**

Map two. Report by google analytics reflecting the dynamics of Peurunka.fi from Russian season in Peurunka in 2010 (Sorri, 2011).

## **5. RESEARCH**

### **5.1. Research method**

Conducting the research, the authors followed the outline offered by Bryman and Bell in their book “Business Research Methods” (Bryman and Bell 2007, 410). The outline is the following:

1. Formulate the problem (research questions and research approach).
2. Prepare the interviews (prepare the question list, interview skills, other preparations).
3. Execute the interviews (collection of relevant data).
4. Report (interpretation of data, coding).
5. Analyze (conceptual and theoretical work).
6. Conclusions and Advice.

Before formulating the questions, the research approach was selected. According to Veal (1997, 130), “*leisure is a qualitative experience*”, and in our research qualitative method of collecting data fits better than quantitative because qualitative research is about words rather than numbers, it collects richer and deeper data and is more suitable in order to understand the needs of the hotel guests. Qualitative interview is less structured than a questionnaire-based interview. Therefore, the method selected for this research was qualitative (Veal, 1997, 130; Bryman and Bell, 2007, 408).

The selected technique for the qualitative research was in-depth interviews. According to Veal (1997, 132), the nature of in-depth interviews is to explore more deeply than questionnaire-based interviews. They encourage interviewees to talk and explain their answers and last at least half an hour.

The questions for the interviews were formulated in order to gain the necessary information for the research and understand what kind of experiences the guests had and what improvements can be offered to Peurunka. Special attention was paid to the form of the questions: open-ended questions were chosen. Simple, direct, unbiased wording was used. Questions were put in the logical order.

When preparing for the interviews, the necessary interview skills were considered. Thus, based on Veal (1997, 132), not only the interviewer asks the questions and

records them, the in-depth interviewer encourages respondents to talk, asks additional questions and asks to explain the answers. The interviewer should avoid agreeing or to disagreeing with the interviewee or suggesting answers. The atmosphere has to be friendly, and the interviewees' responses must not be influenced (Veal, 1997, 134).

Other preparations for the interview included obtaining the recording instrument which in our case was a dictaphone. In order to deeper understand the emotional perception of Peurunka by Russian customers, pictures were used in order to help to reveal the emotions of Peurunka guests about their stay. The authors were particularly interested in three emotions: joyfulness, boredom, and relaxation. The pictures used can be seen in Appendix 2.

The interviews were conducted during the Russian Season in Peurunka in December 2010 – January 2011 because one of the researchers was working at the Peurunka's reception during this time. This made it possible to establish interpersonal relations with the customers and invite them for the interviews. The interviews were held in the friendly atmosphere while having a cup of coffee in the hotel cafeteria, restaurant area, or lobby area. Each interview took approximately 20 to 25 minutes. None of the interviewees felt uncomfortable because of the dictaphone. All the interviews were conducted as it had been planned before; no questions were excluded or added to the initial plan.

The data was interpreted by listening to the recorded interviews and filling in the necessary data in the tables prepared in advance. After that, the information was analyzed by summarizing the answers and expressing the information in a percentage ratio.

## **5.2 Results**

The questions of the interviews can be found in the Appendix 1. The answers below are summarized in accordance with the questions and put in the logical order.

### **5.2.1. Guests' profile.**

Twenty-one persons took part in the research, ten of them – males, eleven – females. All-in-all ten families were interviewed. They vary both in the family composition (70% families with children, 10% young families without children, 20% married

couples in their fifties and sixties), and guests' backgrounds (from holding management positions to working in the municipal area).

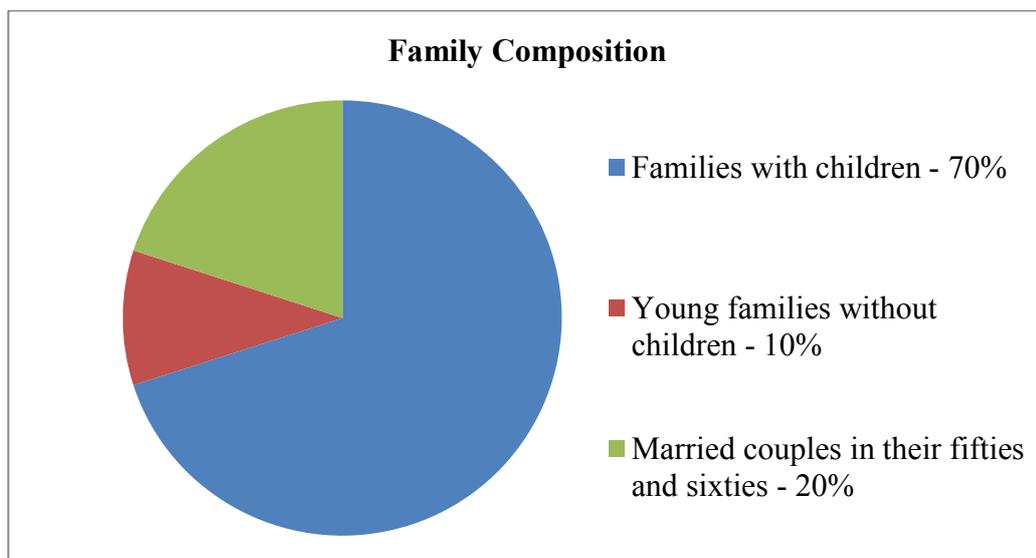


Diagram two. Family composition of interviewees in Peurunka.

100% of the interviewees belong to the family travellers segment. Only adults were taken into consideration when conducting the interviews. Seven out of ten families travelled with children aged from 2 to 19 years old.

#### 5.2.2. Previous visits to Finland and Peurunka.

For 30% of the interviewed families it was their first visit to Finland, whereas 70% of families have been to Finland before.

30% of the families visited Peurunka not for the first time, whereas for the rest 70% it was their first stay in Peurunka.

#### 5.2.3 Sources of information about Peurunka.

For the first time the information about Peurunka was acquired from various sources, below the reasons are listed in details.

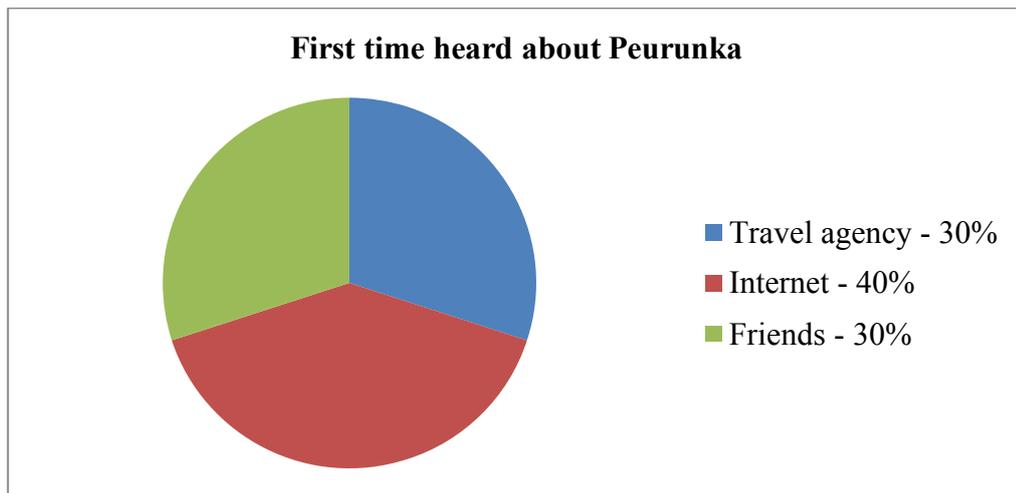


Diagram three. Sources of information from which interviewees first heard about Peurunka.

It is important to point out that those visitors who were brought to Peurunka through a travel agency, said that the information received from a travel agency was noticeably more solid and organized than the information that they got from the web-site.

#### 5.2.4. Impressions from Peurunka web-site.

20% of the families did not check Peurunka web-site, the rest 80% checked the web site, found it useful, and were pretty much satisfied with the information provided. One family pointed out that Peurunka web-site is more user-friendly compared to other Finnish resorts web-sites. From the point of view of 40% of interviewees, the web-site has improved significantly during the last year.

Despite the fact that the majority of the feedback was positive, some customers stated that by implementing some improvements the web-site has a potential to become more attractive and informative.

First of all, six families got the impression that the amount of information available in Russian language is far less than in Finnish. One man clearly stated that Peurunka thinks that Russian customers do not need to be provided with the up-to-date (contained the information about the events that took place in 2008) and full information since *“Russians are coming to Peurunka anyway”*, whereas Finnish pages are taken much better care of. He made an assumption that *“Finnish pages do not contain as many grammatical mistakes as Russian pages”*. Such a treatment of potential customers from Russia causes the felling of *“a slight disrespect”*.

Also, the navigation system of the web-site was unclear to four families: two families could not find the Russian language button on the site at all, and the other two families mentioned that they could not find the detailed room description.

Therefore, as the site is popular with Peurunka's guests, it would be good to consider the above mentioned comments and make it more user-friendly.

#### 5.2.5. Expectations from vacations in Peurunka.

The expectations were based on the wishes. All the families were looking for a place that offers the variety of winter sports, could be associated with health and well-being. One of the key factors was the presence of the swimming pool (three families mentioned).

For one family the availability of ice skating ring was a key expectation because the child was doing professional skating.

#### 5.2.6 Trip to Peurunka.

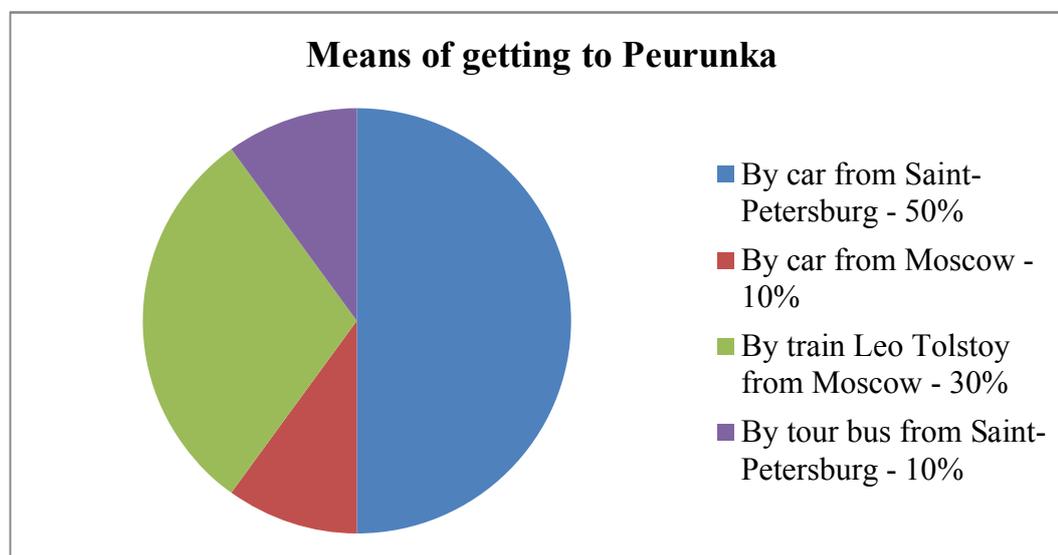


Diagram four. The ways of Russian customers of getting to Peurunka.

In general, the visitors did not experience any serious difficulties of getting to Peurunka from Russia, however 30% of those travelling by car mentioned that the availability of driving instructions in Russian would be beneficial and would ease the trip significantly.

### 5.2.7 Location of Peurunka.

Since Peurunka is located 25 km away from the closest big city - Jyväskylä – one of the aspects we wanted to find out was whether the guests feel separated from the rest of the world, being “in the middle of nowhere” or not. And if they do, whether they like this feeling or not.

Eight families mentioned that they enjoyed the fact that Peurunka is located “in the middle of nowhere” because this let guests enjoy the beautiful nature and peace, and this was exactly what they were looking for. Nonetheless, having enjoyed the peace and remoteness from the rest of the world, the desire for visiting Jyväskylä arises. Therefore, three families mentioned that it would be useful if there was a Peurunka bus available with the guide, or at least more information available on the web site in the Russian language with directions and sightseeing proposals. It is crucial for Peurunka to realize that its customers do not only come to Peurunka and evaluate only it, but, based on their experience in Peurunka, they build up their experience about Jyväskylä and Finland in general.

Thus, the suggestion would be to include some tourist city information on the web site as well as travelling directions since owning a bus would, probably, be not an option.

### 5.2.8 Experiences from Peurunka.

All of the families praised Peurunka as a winter sports resort. Everyone mentioned that they enjoyed the attitude of Peurunka personnel who were friendly, helpful, polite, and professional. Particularly, the presence of a Russian speaking person was noted and highly appreciated. It is especially important to mention that 40% of the visitors tried Peurunka’s services, such as Spa, only because of the help with the service provision in Russian language.

The feelings of Peurunka guests were the following: “*relaxed, comfortable, peaceful*”. As can be seen from the three pictures that were shown to the guests with the expressions of festive mood, boredom, and piece and relaxation, no one chose the picture expressing boredom. 30% of families defined their feelings about Peurunka as festive, joy, and vacations. 70% of families felt relaxed and peaceful.

#### 5.2.9 Best thing during the trip.

Among the best things during their stay in Peurunka the following things were pointed out: they got exactly the vacations that they wanted; aqua complex; the variety of sports; IceCat arena; ski tracks; nature and ecology; entire service system in Peurunka; staff professionalism; multilingual staff.

#### 5.2.10 What could make the holiday better.

The opinions were mostly very positive; guests' expectations were either satisfied or overcome. However, there are some common disadvantages detected, as well as advantages.

Among the negative moments, seven families mentioned the inconvenience of lack of Russian TV channels and press. Four families found entertainment program during the New Year night poor. Four families pointed out that the food quality was poor and unvaried; there is plenty of fat food and lack of dietary food, poor choice for breakfast. One family told that the food is expensive compared to other Finnish resorts. Two families experienced problems with the room cleaning (cleaned not every day). One family mentioned the inconvenience of outlet working hours (swimming pool closed after the dinner, bar not working during the New Year holidays). One family was annoyed by the prohibition of attending sauna in swimming suites and lack of any reasonable explanation of this.

To sum up, based on the interviews, Peurunka is doing a great job in its main direction – winter sports, – and Finnish nature works excellent on impressing the guests by forest, snow, and piece. Nonetheless, some hotel management issues need to be considered more carefully and adjusted to the specialties of Russian customers as they constitute the majority of Peurunka's guests during the New Year season, and consequently, their satisfaction directly impacts the profit.

#### 5.2.11 Would they come back and recommend Peurunka to friends?

Every single family told that they would come back to Peurunka again. Seven families are going to come to Peurunka during the summer or winter this year.

Everyone would recommend Peurunka to their friends, however mentioning not only positive but also negative things.

## **6. SERVICE DEVELOPMENT PROPOSALS**

### **6.1.1 Media services in Peurunka in the Russian language**

As 70% of the interviewed guests mentioned the discomfort caused by the lack of Russian TV channels and press, the authors believe that this is worth paying attention to. As described in the theoretical part of the thesis regarding the tradition of celebrating the New Year in Russia, Russian people tend to celebrate the New Year watching the TV shows and listening to the President's Message at 00:00.

Ideally, it would be beneficial to add a couple of key Russian TV channels. However, the expenses of TV subscription during the whole year can be unnecessarily high for Peurunka. Therefore, if legal, it could be an option to offer Digital Box cards for an additional fee to Russian customers. Digital Box cards with a short-term subscription could be beneficial for both the company (by having happy guests whose traditions were considered at a low cost for the company) and customers (who were not bored during the New Year night as well as their spare time).

According to some comments, in the evenings after a tiring day outside, guests wanted to relax in their hotel rooms, but there was nothing to do (watch or read). Another suggestion would be to have some Russian newspapers available so that the Russians could follow the news and stay up-to-date.

### **6.1.2 Entertainment during the New Year's Eve**

Several families mentioned that the New Year program was very boring because the entertainment was poor. Guests' proposals were to invite a professional animator from Russia, especially for children, or to offer karaoke with Russian songs.

One family mentioned that they felt uncomfortable during the New Year celebration due to the differences in Finnish and Russian cultures, and also because the dining part was over pretty soon (the dinner started at 20:00 and since it was boring to stay there for a long time, they left however they had nothing to do as there were no

Russian TV channels, and the bar was closed). This family mentioned that the next New Year they wish to celebrate at home in Russia.

Based on the abovementioned comments, the New Year program should undergo some changes, such as making the program livelier by inviting animators. It is important to consider that Russian customers are not used to finish the celebration at 2.00 am since this is too early. It would be thoughtful to let those customers who wish to continue the celebration to do so. An option could be to open one of the smaller premises after the restaurant is closed where customers could consumer alcoholic beverages, dance, and sing karaoke. The shift of one of the restaurant employees could be extended for a couple of hours. This would not be costly for the company, but would lead to greater customer satisfaction.

### 6.1.3 Food in Peurunka during the Russian season

Most of the families pointed out that that they were dissatisfied with the food quality because they have the image of Finland to be a healthy-living country and Peurunka to be a SPA hotel, however the food presented during the New Year celebration contained a lot of fat and was monotonous. In addition, the food choice for breakfasts was poor, and low-fat products were missing. One family mentioned that every morning when they went for breakfast they were in a sad mood because they knew in advance that they should not expect anything tasty.

Several families that stayed in Peurunka before said that the situation with food did not change over years. Despite this, they keep coming back to the resort to enjoy the winter sports.

Therefore, the food improvement suggestions would be to offer more dietary products, decrease the amount of fat food, and diversify the breakfast cuisine. Also, as far as we know, the food offered outside the Russian season is different, with less fat products. So it could be reasonable not to change the restaurant menu during the Russian season.

#### 6.1.4 Room cleaning service

Several families faced the problem of the room cleaning complaining that their rooms were not cleaned daily. Investigating deeper into the problem, it turned out that some guests spoke Russian to the cleaning ladies saying that they want the room to be done later, however the cleaning personnel, clearly, did not understand the request and considered it as no need for cleaning at all. In the other case the bed was not done because there were some personal belongings on it, and the guest did not know the rule that if anything is left on the bed, it is not done. And finally, there were some complaints of not having the towels changed daily when they were not thrown on the floor.

Having considered all the misunderstandings between housekeepers and Russian speaking guests, we came up with a suggestion to improve communication flow between customers and staff. It could be achieved through the implementation of new paper signs including the Russian language. Those paper signs could inform Russian guests about rules of changing sheets, towels, making bed, etc. The text on the paper sign should be written so it could be easily used for a face-to-face communication between room cleaners and customers if needed.

#### 6.1.5 The use of swimming suite in sauna

One more detail that might appear too obvious for Finnish people, but causes a lot of misunderstandings with foreigners is the obligation of attending sauna strictly naked, without a swimming suit. Russian women guests do not always feel comfortable with being completely naked in a company of unknown females. According to the guests' logic, it is more hygienic to wear a swimming suit. Since there is no reasonable and logical explanation available, this is irritating. The suggestion would be simply to give a proper explanation by adding it to the informational sign in sauna which says that wearing a swimming suit is prohibited

### **6.2 Marketing improvement oriented on Russian customers**

Peurunka has a certain position on the market which is associated with health, sports, and well-being. It makes successful marketing on both domestic and international

markets. Peurunka is cooperating with Russian travel agencies, which is the main channel of bringing customers from Russia. However, getting customers through travel agencies is becoming out of date and less and less effective, so it is crucial to establish one-to-one relationships with customers which can be successfully implemented through the Internet.

Peurunka web-site provides the information on Russian language, however this information is not always up-to-date and grammatically correct, and the navigation system of the site is confusing. For all these reasons the information is lacking the quality. Because of this Peurunka is over-positioning itself, which does not let the customer to see the real image of the company.

A good example is that on Russian version of Peurunka web-site it is hard to find a room description, however on the Finnish language the 360 degree premises preview is available.

In our opinion, the web-site improvements could lead to Russian customers receiving enough quality information independently, which would exclude the need of turning to the help of travel agencies and lead to direct bookings. This means that Peurunka does not overpay to intermediaries and its revenues increase.

#### 6.2.1 Web-site improvement suggestions

One of the main reasons for Russian customers turning to travel agencies is that they take care of visas, and people simply do not know how easy it is to make the visa themselves directly in the Finnish Embassy. The provision of clear and detailed information about how to get a Finnish visa could lead to more customers booking directly from Peurunka.fi.

Also, the trip planner that gives the directions of how to get to Peurunka could, again, lead to more customers' independence. Trip planner could include train and bus schedules and prices, as well as the information about route connections.

## 6.2.2 Social media solutions for Peurunka

Social media is a category of Internet marketing that is developing extremely rapidly. According to the Facebook web-site, it has more than 250 million users, 120 million of which log onto the site daily (Social Media Strategies for Hotels, 2011).

With the help of social media it is possible to establish a one to one relationship with customers and get regular feedback. Through using blogs, social networking web-sites, etc. Peurunka can position itself as an expert of the destination, and as people prefer to buy from experts, most likely they will follow the news. Even more important, through being mentioned in various social media channels, the search engines give more search results (Social Media Strategies for Hotels, 2011).

Currently, Peurunka is present on the following foreign Internet pages:

- Profile on TripAdvisor user generated content channel (TripAdvisor website, 2011);
- A small group (less than 10 people) on VKontakte web-site (Russian analogue of Facebook) created by one of the customers (Vkontakte website, 2011);

Therefore, Peurunka does not have a social media strategy because they have no profiles in social networks, so the main objectives may include: create Facebook profile (as Facebook is predicted to become the second most popular social web-site in Russia (Wirzenius, 2011; Gavrilyuk, 2011); create profile in Russian on vkontakte.ru website which has more than 100 million users with 23 million users logging in daily (vkontakte.ru); create YouTube videos with hotel facilities overview and advertisement, particularly with the spa renovation project.

These channels can be created without the help of outside agencies. However, it is necessary to bear in mind that appropriate keywords should be linked with the channels, and the channels are linked to the hotel web-site and vice-versa. Needless to say that the content has to be updated on a regular basis (Social Media Strategies for Hotels, 2011).

In order to keep up with the rapid growth of Internet space usage in the sales and marketing processes (especially in foreign markets), Peurunka needs to follow up, develop and update Internet its pages in foreign languages. To be more specific, Peurunka's Internet pages in Finnish seem to be much more developed than their

equivalents in Russian. From the point of view of Peurunka, this is understandable since the majority of Peurunka's customers come from Finland. However, Peurunka's second biggest target market - Russia - should not be underestimated. The abovementioned maps of the dynamics of Peurunka.fi demonstrate that the second biggest number of Peurunka web-site requests come from Russia (see p.p. 27-28). Russia is one of the leading countries in IT, and, accordingly, Russian customers are extremely demanding.

And improvement of Peurunka's web-site could help the company to make a step forward towards reaching the right customer with the right and valuable message/product. The main principle is to develop by giving benefits to both: existing/potential customers and to the company itself. The key is to develop enough value and excitement to get customers to come to the site, stay there and come back again as a customers willing to buy.

### 6.2.3 Image match

According to Wirzenius (2011), in the eyes of the customers, Peurunka aims at being associated with health, well-being, nature, and sports. Concluding the research about the perception of Peurunka by Russian guests, the image desired by Peurunka and the image in the minds of Russian customers *match*.

Despite the fact that Russian visitors mentioned a number of disadvantages, they still highly appreciate the variety and quality of winter sports, the wonderful nature, peaceful and relaxing atmosphere, and staff attitude.

By implementing the service improvement proposals offered, Peurunka will have the potential to achieve higher customer satisfaction and loyalty and, consequently, higher revenues during the Russian season as well as throughout the year. By developing the marketing development offers, Peurunka has good chances to increase the number of independent travellers and, at the same time, reduce its dependence on intermediaries.

## **7. CONCLUSIONS**

To conclude, it was interesting for the authors to conduct the research and explore the topic related literature. The authors learnt a lot about Russian customers in Finland and their expectations from Peurunka and Finland. Also, the authors obtained the necessary skills to conduct the interviews and analyze qualitative data.

The proposed development and improvement ideas offered to Peurunka can be used in practice. The thesis received the appreciation of Peurunka management and most of the proposals are going to be implemented in practice.

Some of the topics mentioned in the thesis could be researched more in depth and become the foundation for new thesis. Such topics include catering and entertainment development for Russian customers.

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## APPENDIX 1

### Interview questions.

1. Basic background questions: family composition, age, occupation, place of residence in Russia.
2. Have they ever been to Finland before? Where? Have they visited Peurunka before?
3. How they find out about Peurunka?
4. Was Peurunka web-site checked? Was the information gathered from the web-site enough?
5. What were the expectations based on the information received about the hotel? How did they imagine their holiday in Peurunka?
6. Describe the trip to Peurunka. Have they faced any difficulties during the trip?
7. What do they think about the location of Peurunka? (the idea is to understand, if customers feel “trapped” in Laukaa, if they have enough info about Jyväskylä region and it’s entertainment possibilities)
8. Describe the stay in Peurunka by now. What have they done? What kind of experiences have they had? What are the feelings about the staying here right now?
9. What is the best during the trip?
10. What could make the holiday better? (In other words what is missing?)
11. Would they come here again? Why? (Or why did they come again?)
12. Would they advise Peurunka to friends/relatives/etc.?

## APPENDIX 2

Pictures used during the interviews.



Picture 1. Boredom.



Picture 2. Relaxation and Peace.



Picture 3. Festive mood, holidays, joy.