

Saimaa University of Applied Sciences
Unit of Tourism, Imatra
Degree Programme in Tourism
Hospitality Management

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**RUSSIAN OUTBOUND MICE TOURISM –
DEMAND AND CONCEPT**

Bachelor's Thesis 2011

ABSTRACT

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Russian Outbound MICE tourism – Demand and Concept, 75 pages

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The purpose of the research was to find out the form of Russian outbound MICE tourism and the needs of Russian companies in Finnish congress/incentive services. The study investigates if there is any demand from the side of Russian market for Finnish supply of MICE services. It also gives the answer to the question: what needs a Russian customer has in MICE travel.

In the theoretical part of the study the information was gathered from secondary sources such as literature, the Internet sources, newspapers and previous studies' results. Theoretical framework of the research was created: MICE tourism and Russian MICE tourism in particular were discussed, the concept of demand in MICE tourism was examined, the main elements of MICE market were looked at in detail, the partner of the research was introduced and the future trends in MICE market were determined. An empirical part of the study consisted of the qualitative research, which was described in detail. The empirical part gives the description of the flow of the empirical work done and the results of the research. As a tool individual interviews with the representatives of MICE services providers and purchasers in Russia were used. To analyze the obtained data the coding method was applied.

As a result of this thesis the form of Russian outbound MICE tourism was found. The results show what kind of needs Russian companies have in Finnish supply of MICE services. The work also gives the recommendations on how to begin the work with Russian market and how to achieve it: the model of the product was created. Moreover, the research revealed important aspects in MICE tourism development in Russia such as the influence of the economic crisis and a young age of MICE tourism in Russia.

Keywords: MICE Tourism, Business Tourism, Russian-Finnish Relationships, Russian Outbound Tourism, Demand

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1 INTRODUCTION

Present Russia is a young nation, which appeared after the collapse of the Soviet Union. Many economic and social processes are going with timeout. And now many of them, including tourism are actively developing. (The Russian outbound travel market 2009.)

The Russian economy is booming currently due to the oil and gas revenues. Of course it is very difficult for the majority of the Russian people to travel, but still the life standards have improved in the recent years. And those who can afford use travel and touristic services very enthusiastically. Europe and Finland in particular would like to benefit from this. (Ibid.)

No doubt that leisure tourism is quite big in number of trips. But business tourism or MICE tourism (Meetings, Incentives, Conventions and Exhibitions) brings much bigger financial benefits (The business of tourism 1988). Finland can have a fair share of growing touristic Russian potential and of MICE tourism as well.

The topic of the thesis is connected to Russian outbound MICE tourism. The emphasis in the thesis will be on the concept of Russian outbound MICE tourism and the demand for such services. This will be viewed from the perspective of Finnish supply of MICE services.

The partner for the thesis is Holiday Club Saimaa. The company is interested in such kind of a research since a new complex of Saimaa Gardens appears soon in Saimaa region and will be equipped with modern conference equipment and will provide all kinds of conference and incentive services.

The idea of the thesis is to help the company Holiday Club Saimaa to find the needs and demands of Russian companies in the field of MICE tourism and to help them to apply the knowledge got during the research.

The main objective of the thesis is to find out the form of MICE outbound tourism in Russia and the needs of Russian companies in Finnish congress/incentive services, Holiday Club Saimaa in particular. During the work the following research problem will be solved: what are the needs of Russian companies in Finnish MICE services and the product content. To solve it the following research questions will be answered:

- Who are the customers?
- What are the customers' needs?
- Creating the model of the product.

As a research method qualitative research was used in the thesis. A limited number of companies from Russia were interviewed in order to gather the needed information. The choice of the companies was defined during the work. During the work the description of the potential companies for the research was made and the choice was possible to be given. Later the interviews with the contact people were conducted.

This particular topic has been chosen due to many reasons. First of all it is an actual topic for the businesses in Saimaa region. A new tourist, wellness and experience resort is appearing in the nearest future. The constructions have already been almost finished and a new spa hotel will be opened in 2011. The hotel will be equipped with all needed and modern conference technique and the hotel will concentrate a lot on providing MICE services. They are especially interested in Russian business tourism since it is a huge potential market because of a close distance and well-developed routes for a Russian leisure and business tourist.

Thus studying the issue of Russian outbound MICE tourism is important for Holiday Club Saimaa and this research might be of a huge value for the company and the region.

2 PARTNER'S PROFILE

As it has been mentioned earlier, the partner for the thesis is Holiday Club Saimaa. Holiday Club Saimaa is a new coming resort of Holiday Club Resorts Oy, which will be a big part of Saimaa Gardens in Rauha area.

Holiday Club Resorts Oy was established in 1986 and now has 425 employees. It has 22 destinations in Finland, 2 in Sweden and one in Spain. Holiday Club Resorts Oy has 45,000 shareholders. According to the web-site of Holiday Club Resorts Oy (2011) the company is the largest vacation ownership enterprises in Europe.

The concept of Holiday Club Resorts Oy will be also implemented in Holiday Club Saimaa. It includes the following aspects: SPA, hotels, time share accommodation and Holiday Club villas. Inside the premises the company follows a set of several components: meetings, activities, treatments, food and wine and entertainment and shows. (Holiday Club Resorts Oy 2010.)

The mission of the company is *"to create dream holidays"* and the vision is *"to be the leading timeshare company in Europe and the leading leisure-time housing and travel provider in the Nordic countries"* (Holiday Club Resorts Oy 2011).

Holiday Club Saimaa is a new spa hotel and it is planned to be opened on 1st of October 2011. Holiday Club Saimaa is planned to have Water Park, Sauna world, an ice arena, a wellness area, meetings rooms and facilities, bowling lanes, a golf course with 18 holes, a restaurant seating for 3,500 people, 221 hotel rooms, and villas apartments. As a spa hotel Holiday Club Saimaa will have a wide range of options for meeting, conferences, celebrations and other kinds of events. It will be possible to hold meetings of all sizes as well as big banquets and dinners. (Holiday Club Oy 2010.)

Holiday Club Saimaa will have an area of around 300 hectares. The international target audiences of Saimaa Gardens are Russia, Baltic countries,

Germany, the Netherlands, Belgium, Luxemburg and the UK. (Saimaa Gardens.)

3 MICE TOURISM

Every day all over the world tens of millions of people leave their homes for short and long trips. Almost one in four has a business purpose for it. And the whole spectrum of business trips is called business travel or MICE tourism. (Business Travel Worldwide, 2011.)

According to Business Travel Worldwide (2011) the aims for business trips are different; some of them are the following:

- Business trips with the aims of negotiation, closing the deals and establishing partner relations.
- Visiting and taking part in the exhibitions.
- Participating in congresses, conferences and seminars.
- Trainings, qualification trips.
- Incentive trips. (Ibid.)

The most often travelling categories of business travelers include the following: managers, companies' owners, representatives to congresses and exhibitions, sportsmen, people from the field of art, Media workers, military workers, politics, government workers, etc. Business travelers are normally the persons with the above average income and with high level of education. The structure of business tourism is composed by exhibition and congress centers, airlines, hotel business companies, business centers, consulting companies, transport companies, insurance companies, bank systems, computer and telecommunication technologies. (Ibid.)

In Figure 3.1 the structure of business tourism can be seen.

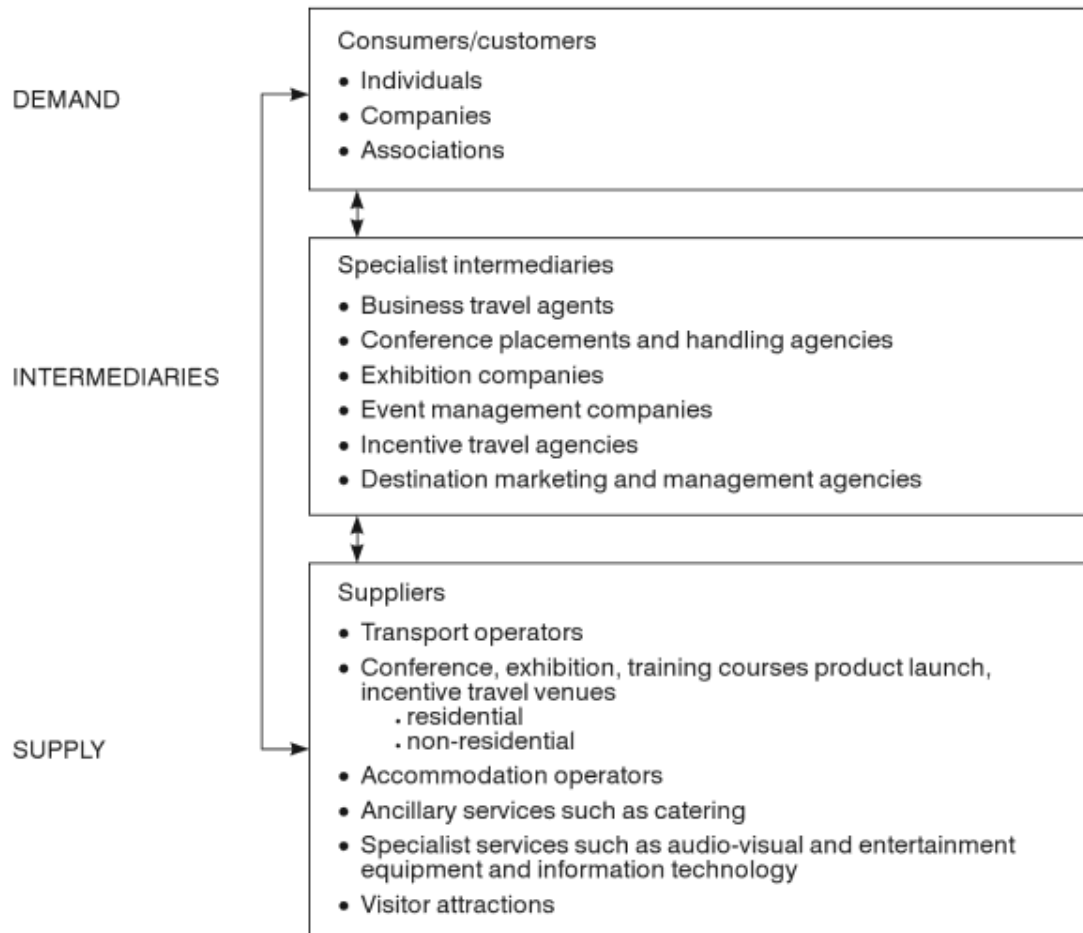


Figure 3.1 The structure of business travel and tourism (Swarbrooke and Horner 2001)

The Figure 3.1 shows a general idea of the structure of business travel and tourism. Of course, the reality is much more complex and consists of much more elements. But the Figure 3.1 shows that different players in this industry are interdependent on each other. (Ibid.)

Of course after evolving of electronic tools in people's and companies' lives and appearance of on-line commerce and on-line sales, the industry of MICE tourism got also changes. And since the main target of MICE sector is serving the customers, many of the changes with e-commerce appearance are concerning the customers. And the trends in this direction are the following: faster service, self-service, more product choices, and integrated solutions.

(Kalakota, Robinson 1999.) And these trends were and are present in a MICE travel sector as well. But even though digital tools develop every day, nothing can be better than personal conversations face-to-face. And this might be one of the reasons why people travel for business purposes.

To speak more concretely about MICE tourism, these four sectors (Meetings, Incentives, Conferences and Exhibitions) are quite distinct from each other, but still overlap. Thus, the same accommodation can be provided for meetings or for the conference or they can complement each other. As Ladkin (2006) proposes, conference tourism is one of the most important sectors within the MICE industry. It includes planning, travelling and taking part in conferences; and it also includes a leisure aspect, since many conference participants/companies extend their stay for leisure purposes and team activities. International Meetings Industry Glossary (1993) gives the following definition to the conference: *“An event used by any organization to meet and exchange views, convey a message, open a debate or give publicity to some area of opinion on a specific issue. No tradition, continuity or periodicity is required to convene a conference. Although not generally limited in time, conferences are usually of short duration with specific objectives. Conferences are generally on a smaller scale than congresses”*. (Ladkin 2006.)

Saimaa Gardens will include a lot of components into it, like the hotel, spa, amusements, etc. And it might be the reason for many companies to choose it as a destination for incentive trips or corporate celebrations. In the Figure 3.2 Swarbrooke and Horner (2001) suggest the following mechanism of an incentive trip:

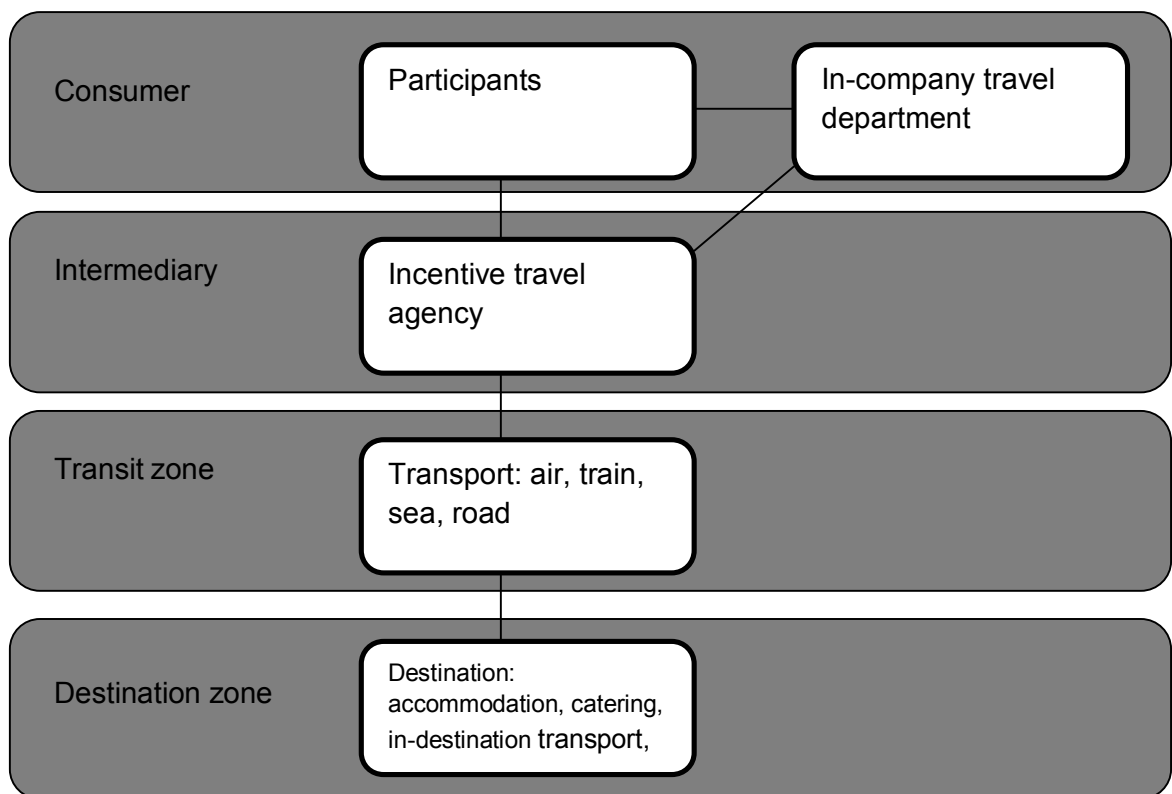


Figure 3.2 Participants in incentive travel trip (Swarbrooke and Horner 2001)

In the case of this research work and Saimaa Gardens the participants are the following:

- Consumer – Russian companies;
- Intermediary – Russian business travel agencies, Finnish destination management companies (DMCs);
- Transport – road or rail (can be air as well, but the distance is too small if speaking about Saint-Petersburg only);
- Destination zone – Saimaa Gardens, which includes accommodation, catering and other services.

3.1 The buying centre

There are not many companies which have the department for congresses and exhibitions organization. And during the economic crisis many of those companies, who had them, cut their expenses on such departments first of all. And the outsourced services have become more popular. Large organizations of course have the employees responsible for MICE trips organization, but usually these responsibilities constitute a small part of their job profile. And

normally the following departments are in charge of the organization of business trips: sales and marketing, training and personnel/ human resources, administration. (Rogers 2008.)

It also depends on the organization how much the staff is involved in the trip's organization. In some companies responsible for business trips staff only look for the information and possibilities for the travel. On the other hand other companies expect their employees to organize and run the trip from the beginning to the end. (Ibid.)

3.2 Intermediaries

Intermediaries may play a very important role in business tourism. As interview results showed especially it might be applied to Russian market, where most Russian companies apply to the intermediaries (tour operators, travel agents, DMCs) in order to get MICE packages.

There might be different intermediaries in business travel and tourism. According to Swarbrooke and Horner (2001) they include the following categories: a professional conference organizer, venue-finding service, conference production service, an incentive travel agency, a destination management company (DMC), a corporate hospitality company, a business travel agency, an exhibition organizer.

Such intermediary as an incentive travel agency might be especially important in this research. This intermediary is specializing in organizing incentive travel packages, corporate hospitality and entertainment and conferences and meetings, particularly those with major partners and/or a social programme. (Rogers 2008) In general intermediaries might play a very important role between the buyer and the supplier and they do so. In the situations where the latter two can not find each other on their own, an intermediary does his job by connecting them.

The role of intermediary – tour operator

A tour operator plays an important role in the travel and tourism industry. He purchases individual elements of transport, accommodation, and other services, combine them together and then sell them to the customers, directly or indirectly. Their position in the tourism sector can be seen in the following figure.

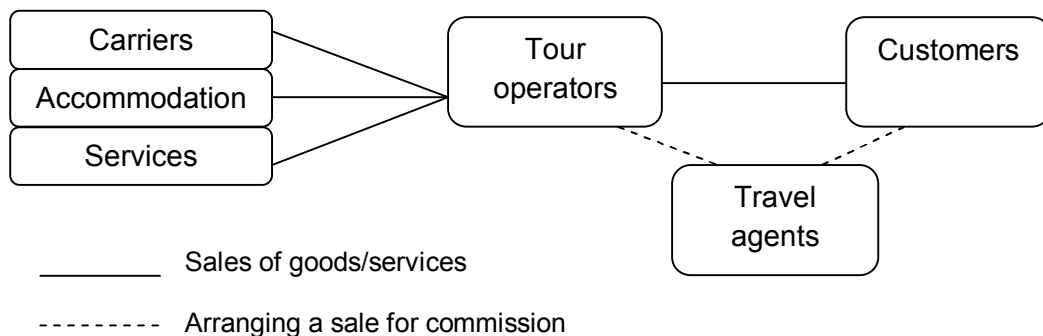


Figure 3.3 The position of the tour operator in the tourism industry (Holloway 1998)

Thus, as it can be seen from the Figure 3.3 tour operator acts as a “bridge” between the service providers and the customers. Besides that there can also be travel agents between the tour operators and the customers, who act only as distributors of the ready-made tours and packages.

3.3 Importance of MICE tourism

The industry of MICE tourism is a complex and diverse one. This sector is associated with planning, travel and participation in different kinds of programmes and events. The sector of MICE also includes a leisure tourism part, which is added to the main business programme. And this contributes highly to the development of the destination and brings benefits to it. (Buhalis and Costa 2007.)

Business tourism brings both direct and indirect benefits for Europe. These benefits can be expressed as a money flow or employed people of sub-sectors. Besides that business tourism covers a huge range of services and activities

offered with the aim of exchange of experience, knowledge, etc. And thus business tourism supports international integration. (Davidson 1998.)

Davidson also suggests that business tourism is of high importance in Europe, since any business based in a Member State can establish itself in any other Member State of the EU. This opportunity makes the companies establish branches in different European countries and thus they have a need to travel and meet their international partners and colleagues. (Ibid.)

Another aspect is that different categories of business/MICE tourism can merge into one another. Thus, for instance a meeting can be added to an exhibition and an incentive programme can be joined to a conference. And by doing this MICE tourism generates much higher volumes of visitors and finance occupied than in any form of leisure tourism. (Ibid.)

4. RUSSIAN MICE TOURISM

Russia is one of the countries where tourism is actively developed now. MICE and business tourism are quite new forms of tourism in Russia. Vadim Zelenski from Business Travel Agencies Association (BTAA) in his interview to "Russian Business-Newspaper" (2010) has told that the form of MICE tourism in Russia is very young comparing to Western European countries where such form of tourism has already existed for 40-50 years. In Russia it has existed for only 15 years, which puts Russia at the beginning of the process of the development of MICE tourism. And while in Europe the volume of airplane trips occupied by MICE tourism amounts at around 60%, in Russia it is around 40%.

Speaking about Russian MICE tourism it is also worth to mention that outbound tourism is prevailing. Russian companies prefer to travel for MICE purposes abroad rather than using domestic market services. (Ibid.)

Because of its young age MICE tourism in Russia is not yet as much developed as in Europe. And the problem which exists now is the lack of the travel agencies and tour operators offering the services of MICE tourism to Russian companies. But travel agencies and tour operators are responding that there is a quite low demand from Russian business. (Travel Group 2010.)

One more consequence of the young age of MICE tourism in Russia is unpopularity of incentive tourism. While the demand for exhibitions is quite high, incentive tourism constitutes almost zero (Ibid). Financial crisis also affects already a small amount of incentive trips. Due to financial circumstances such trips have been reduced by 60%. (BTAA 2009a.) Another form of MICE which has suffered due to the crisis is corporate holidays and celebrations. If previously the companies could afford a big celebration abroad, now this is one of the first issues where they cut the expenses down. (BTAA 2009b.) Another thing is that not many Russian companies can afford travelling abroad. Usually such trips include only one-time trips for meeting major partners. But as Russian companies are coming now on a new stage of market relationships, the necessity for business tourism increases, since it is a good tool for widening the

business contacts, development of Russian economic potential and integration of Russia into the global society. (Travel Group.)

According to the data of BTAA (2009a) the top 3 countries for MICE outbound tourism in Russia include the following: Turkey, Egypt and Spain. And these countries are also very popular for leisure purposes. So they are normally compiled of two parts: work and leisure. It is not possible to say that this situation is stable, since the financial crisis has affected heavily already week MICE tourism in Russia (BTAA 2009b).

4.1 The process of acquiring of a MICE trip by a Russian company

Russian companies are normally using the services of a travel agency in Russia or DMC at the needed destination. It is rather hard for them to organize trips themselves. For some destinations it is even impossible. Thus normally a Russian company will apply to a travel agency in Russia which can provide this kind of services. An agency in its turn first of all compares the following prices: prices offered directly by airlines, hotels; prices offered by DMC at the destination. And if it is a popular MICE destination then a travel agency can not help applying to a tour operator. Often tour operators are the only ones having a block of rooms reserved in a hotel at the needed destination. (Ibid.) The list of the biggest MICE trips providers can be seen from the Table 4.1.

Table 4.1 The biggest MICE trips providers in Russia (MICE forum 2011)

	Name of the company	The location	Main activities
1	UTS Travel	Moscow Saint-Petersburg (the branch)	Providing services to the B2B clients: - Business trips; - Hotels, flights, visas; - Corporate events; - Excursions; - All kinds of tours.
2	DEKO Ltd	USA, Canada, Caribbean, Russia, Estonia, Latvia, Lithuania	- Tour operating; - Visa issues; - Tickets reservations.
3	Business Travel Worldwide	Moscow	- Corporate consulting; - International and domestic ticketing; - Visa issues; - Exhibition consulting; - Events organizing; - Etc.
4	Nicko Travel Group	Moscow Saint-Petersburg other big Russian cities	- Business trips; - Corporate events; - Visa issues.
5	Zelenski Corporate Travel Solutions	Moscow Saint-Petersburg	- Air travel, railway transportation; - Accommodation; - Visa issues; - Business trips; - Etc.
6	Demlink	Moscow	- Congresses, exhibitions; - Ticketing; - Visa issues; - Etc.
7	KMP Group	Moscow Saint-Petersburg New York	- Leisure tourism; - Shopping tours; - Business trips; - Renting; - Etc.

A MICE trip for a Russian company usually means that any kind of congress meetings and conferences are compiled together with an entertainment programme and team-building activities. Here a travel agency can decide whether they develop the programme themselves or outsource it from any event companies or DMC companies (BTAA 2009b).

What the companies are complaining about is that in Russia there is a lack of agencies able to organize a tour or a trip to some congress or conference. And

if a company wants to participate in a foreign congress or conference often they have to find a suitable DMC company which can provide these services. (Ibid.)

Again it is quite difficult to tell about Russian MICE tourism since all the economy was affected by the latest economical crisis. And for sure the companies tried to cut down on their expenses and MICE trips were the first trips to be cut. The survey at the end of 2009 (European Business Review) showed that the companies who still purchased the MICE trips, reduced the flight and hotel categories (82% of respondents).

It was expected that the Russian businesses will come back to the before-crisis level in 2010. But according to Nadezhda Gavrilova from UTS Travel (2011) during the year of 2011 many Russian companies reduced their MICE trips, especially abroad. If a company purchased a MICE trip, the trip was normally domestic.

4.2 Customer's profile

In this research the Russian market is analyzed and looked at. To make an empirical part it is necessary to identify the customer – our respondent. It is needed to find out which type of companies normally buy the MICE trips, how we can specify those companies according to the industry, size, location, etc.

Saimaa Gardens will be located very close to the Russian border and it is obvious that the first companies which will be aimed at are the companies in the areas close to the Russian border: Saint-Petersburg and Leningrad region, and possibly Vyborg. It is also possible that the companies from Moscow and Moscow region will be taken into consideration, though it is quite far away from Finland.

Another thing to think about is the industry the organizations are operating in. There is no difference for Holiday Club Oy what kind of companies use their services. But an important thing is what kind of companies most often buy MICE trips. During the years 2008, 2009 and 2010 the economic crisis stroke heavily

the Russian businesses and most of the companies reduced their MICE trips. Though, according to interviews' respondents IT (Information Technologies) companies still purchased MICE trips even abroad, which are much more expensive than domestic MICE trips. Thus, it is important to find out which types of companies suffered less from the crisis and still used the MICE services during it and would like to buy them now.

According to the Key Work (2008) the industries which suffered most from the crisis are finance, law, marketing, human resource management, transport, wholesale and retail trade. All these industries had a huge development in Russia during the last 5 – 7 years. Some experts consider that mainly these sectors suffered most, because they had the most expanded and huge staff.

The industries which were able to keep their positions even during the crisis are analytics, accountancy, pharmaceutical industry, IT companies, insurance companies, food industry, defense industry, road building companies, and even such specializations as debt collectors, lawyers specializing in bankruptcies and suppliers of safes (Russian Business 2008). These industries remained quite successful during the crisis due to the stable investment activity. According to Svetlana Vasilenko and Mikhail Kichanov (2009) the most stable and prospering industries among the above-mentioned are the following:

- Food industry;
- IT industry;
- Pharmaceutical industry;
- Medicine.

But it should be also taken into consideration that Russia gets many of its revenues from oil and gas industry. And the companies who are dealing with it are also prospering.

Companies of all sizes make orders and buy MICE trips. But of course big companies are the most popular MICE buyers. The Figure 4.1 sums up the customer's profile, which will be used later.

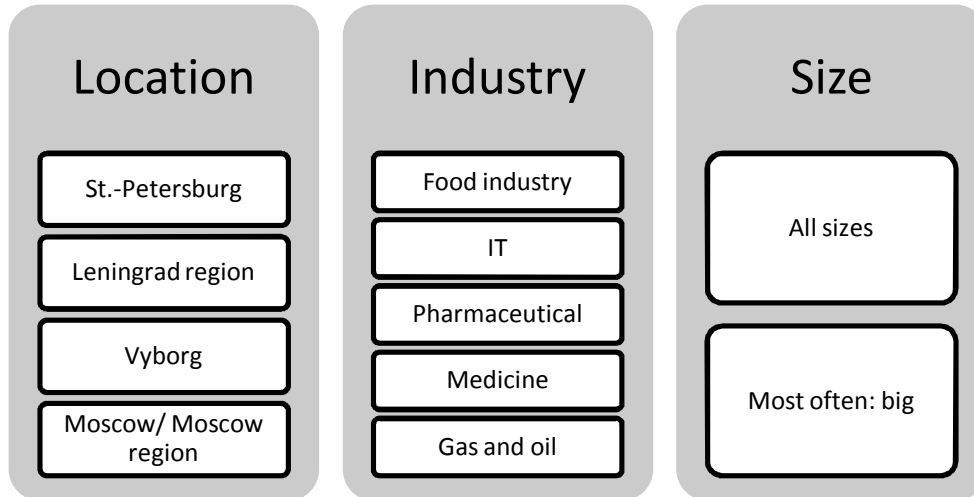


Figure 4.1 Customer's profile

5 DEMAND FOR THE MICE TOURISM SERVICES FROM RUSSIAN COMPANIES

Before starting providing MICE tourism services, it is necessary to define if there is a need for these services among the Russian companies. It is first needed to define the nature of the demand and then it can be possible to transfer it to the Russian market.

5.1 Dimensions in business travel demand

According to Swarbrooke and Horner (2001) business travel demand has two dimensions: customers and consumers. The difference between them is:

- Customers – employers or some sponsors who are responsible for deciding if the employees go for business trips. They can give permission, direct or sponsor the trips.
- Consumers – employees, who are actual users of business travel services and products.

This explanation of course is some kind of oversimplification, but it helps to conclude that business travel is less elastic than leisure travel, since the sponsors and users of the services are usually different in business travel. But of course often it can be that the person who decides upon the issue travels himself as well. Besides that of course these two groups have different motives for business travel (Ibid). In Russia usually the group of consumers is present. But there are people who belong to both groups. They make the decisions on the trips and take part in them.

5.2 The structure of the demand

A simple way to distinguish the business travel and tourism is to define it as the trips made by people for business purposes. But it is possible to make the divisions of the business travel demand.

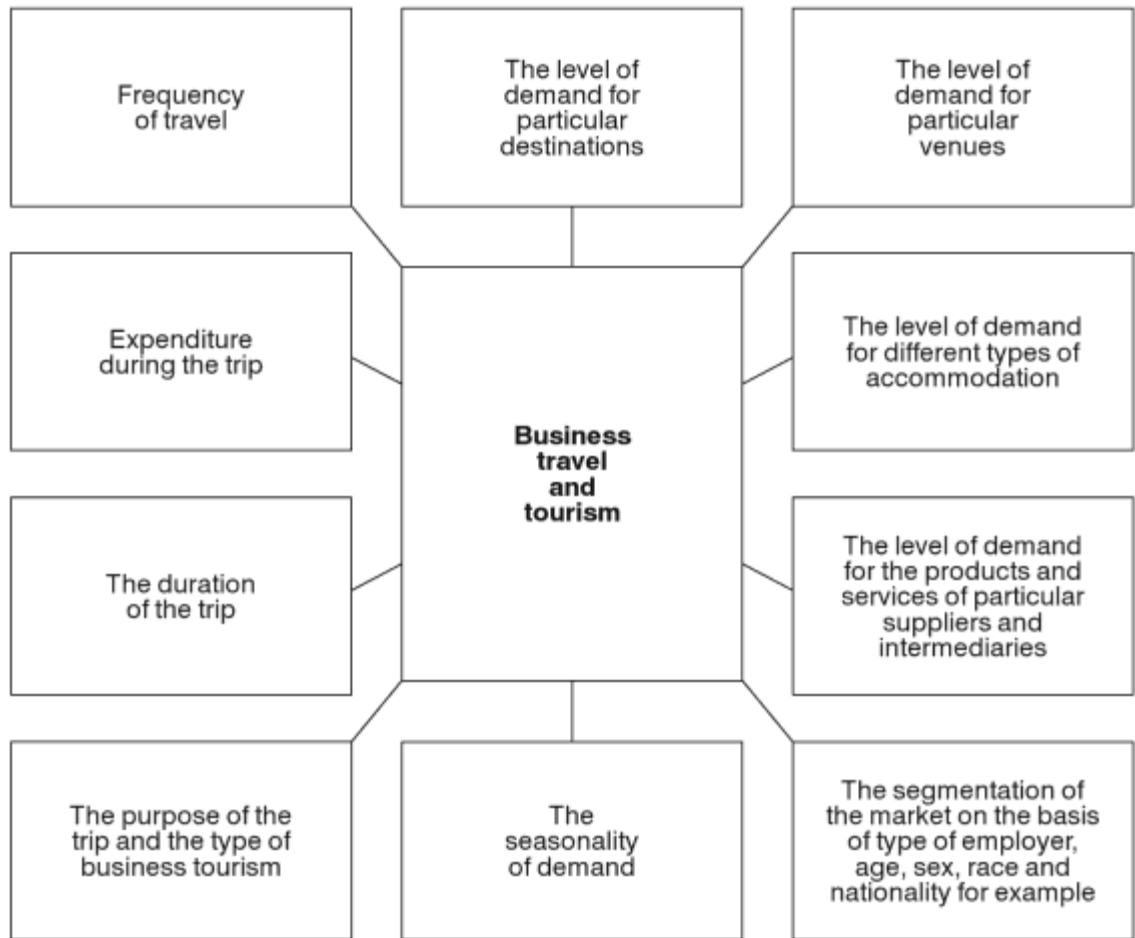


Figure 5.1 Dimensions in business travel and demand (Swarbrooke and Horner 2001)

Thus a business trip can be looked at from many perspectives. It depends on all the dimensions described in the Figure 5.1. The following description gives a short explanation to each of those dimensions:

1. Frequency of travel – most of the companies send their employees to the individual business trips to particular destinations for the purposes of negotiations, signing the contracts or establishing the contacts with the customers, suppliers or other stakeholders. But meetings, corporate events, incentive trips vary in frequency from company to company. According to Landmark Study (2008), which carried out the research from most of 1200 corporate respondents, the average number of incentive trips is 3.6 per year; the average number of motivational meetings is 4.7 per year; the average number of special events (sales meetings, conventions, business meetings and

social gatherings, banquets, theatre or sporting venues) is 91.3 per year. And according to the Russian Outbound Travel Market (2009) 52% of Russian companies organize from 1 to 10 events per year, 44% organize from 10 to 50 events and 4% organize more than 50 events per year.

2. The level of demand for particular destinations – this dimension is dependent on the country of origin of the company. According to the statistics of the Russia Federal Agency for Tourism (2010) the most popular destinations for business trips for Russian companies for 9 months in 2010 are China (162,861 trips), Finland (111,138 trips), Germany (70,883 trips), Latvia (29,577 trips), Lithuania (29,339 trips) and Turkey (28,241 trips). And these destinations are used mainly for business trips, meetings, but not incentive.

3. The level of demand for particular venues – according to the Russian Outbound Travel Market (2009) for a business trip it is important to have a good hotel, conference/ meetings halls. Swarbrooke and Horner (2001) reports that also specialist training centers, convention and exhibition centers are highly used.

4. Expenditure during the trip – the Russian Outbound Travel Market (2009) reports the following figures for annual budget for Russian Meetings and Incentives:

- a. 38% of Russian companies (respondents) spend € 250,001- € 500,000;
- b. 23% - € 100,001- € 250,000;
- c. 21% - € 50,001 - € 100,000;
- d. 9% - less than € 50,000;
- e. 8% - € 500,001 – € 1,000,000;
- f. 1% - more than € 1,000,000.

5. The duration of trip – according to 2011 Incentive Trends Survey (2010) the average length of a business trip in 2000s was 4.89 days. But during the last couple of years, almost 50% of the companies tried to decrease their business travel expenditures by decreasing the length of the trips.

6. The purpose of the trip and the type of business tourism – business trips can be of many varieties like meetings, conferences, conventions, exhibitions, training courses, product launches, incentive travel, etc. The Russian Outbound Travel Market (2009) suggests that incentive travel and meetings are popular types of business trips in Russia.

7. The seasonality of demand – seasonality is not of such a big influence in business tourism as it is in leisure travel. Though, the season of business trips is much longer, it is still possible to see the influence of it. To put in general the season of business travel lasts for all the year except the summer holiday months. And of course business travel takes place mostly during the week days from Monday till Friday (Swarbrooke and Horner 2001).

8. The segmentation of the market on the basis of type of employer, age, sex, race and nationality for example – though most of the business people are men, women are travelling for business purposes more and more. Other aspects like race, nationality, etc., are probably fading away more and more, since the world is becoming “smaller”.

9. The level of demand for the products and services of particular suppliers and intermediaries – as it has been written above Russian companies tend to apply to travel agencies and tour operators for the purposes of acquiring a business trip (BTAA 2009b). For sure there are market leaders (Figure 4.1), but usually the main reason for the choice of this or that supplier or intermediary is the financial aspect.

10. The level of demand for different types of accommodation – Swarbrooke and Horner (2001) reports that function leisure rooms in hotels (used for private and leisure parties) are popular and important in business tourism. Also meeting and conference rooms with all audio and visual equipment are usually asked to be provided.

5.3 Factors influencing demand

The demand in business travel is influenced by a number of factors, which come both from the destination and the country of origin. They are definitely varying depending on the type of the business trip, destination and other factors, but a general picture looks as the following:

1. Level of economic and development and state of the economy – if the country has a high level of economic development and a developed economy, this increases the demand for business trips. The opposite happens if the economy is not developed enough.
 2. Currency exchange rate – if the exchange rates for the place of origin against the destination are stronger, travel becomes cheaper to the destination and vice versa.
 3. Degree of political stability – it is needed to have political stability in both the place of origin (generating region) and the destination in order to make the business travel possible and flourishing.
 4. Cost of living – if the cost of living is relatively low at the destination, this might increase the attractiveness of the destination for the country of origin, since the company from the country of origin can spend less money for the same services.
 5. Historical and cultural links with particular places – if two countries have some common history or culture, this can encourage the business tourism between these two countries to prosper.
 6. The industrial structure – business tourism is about to flourish between the countries who have common interests in some industries, products or services.
 7. Government policies on trade relations – if the governments of two countries support and encourage the free trade, there is a high possibility of increasing business tourism between these two countries.
- (Swarbrooke and Horner 2001)

Factors influencing demand in Russia and Finland

The present research concentrates on Russian-Finnish relations with Russian outbound travel. The factors described by Swarbrooke and Horner (2001) do influence the business tourism between Russia and Finland. And how they do it can be seen from the following description:

1. Economic development of Russia is not at as high level as Finnish economy is. One of the metrics showing it is GDP per capita (in USD): in Finland in 2006 it was 32,587, while in Russia it was 13,217 (OECD, 2010). Thus, Russian economic development is not fully stimulating the business tourism. Although the state of Russian economy improves from year to year, the recent economic crisis stroke heavily on Russian business.
2. Currency exchange rates between Russia and Finland make it easier and cheaper for Finnish people to travel to Russia, rather than for Russians to travel to Finland.
3. Political situation in both countries Russia and Finland it is stable for the present time (Prime Tass 2010). Moreover in the recent years tourism has been paid more attention by Russian government. Thus, since 2004 the Federal Agency for Tourism, Rosturizm, has been in charge of travel and tourism. Rosturizm deals with domestic, inbound and outbound tourism. Also a new law concerning tour operators licensing was issued in 2007, where tour operators had a requirement of a financial guarantee (The Russian Outbound Travel Market 2009).
4. Cost of living in Finland is higher than in Russia (Numbeo). Almost all the aspects like transportation, market, utilities, sports and leisure, clothing and shoes, etc. are more expensive in Finland than in Russia. This factor makes business travel from Finland to Russia easier than vice versa.
5. Russia and Finland have a long common history and have a lot of things in common in culture, traditions and habits. This factor makes the business relations and business travel easier between these two countries.
6. Because of the closeness of Russia and Finland to each other, these two countries have many common businesses, industries and joint ventures.

Together these facts make business travel flourish. Many new business projects are done in collaboration between Russia and Finland.

6 TRENDS IN BUSINESS TRAVEL AND TOURISM AND MICE MARKET

According to Swarbrooke and Horner (2001) business travel has a tendency to grow with the time passage. The tendencies, which it will face in the future, might include the following three dimensions:

1. Safety and security. These issues are especially paid attention to now, when organizing events. And they will have a tendency to grow in importance in the future. Thus, venues have to be checked to comply with health and safety issues. One more aspect of safety and security is credibility of the Internet and financial security. This concerns credit cards payments, e-mails, personal information, and information in databases.

2. Needs of disabled travelers. Today laws are supporting the needs of disabled travelers and their possibility to access all the events. And thus venues for the events will be chosen with the attention to the all facilities for disabled people.

3. Other important factors influencing MICE tourism in the future include improvements in service, facilities, venues design, IT developments, and competitive destinations in terms of value of money. (Hotel Mule 2010.)

But business travel and tourism will also face challenges in the future, which can influence future development of business tourism. The key challenges according to Swarbrooke and Horner (2001) in business travel and tourism comprise the following aspects.

The fragmentation of the industry and its trade associations

Business travel and tourism area does not get sufficient attention from the government. And there is no single body responsible for and representing the whole industry. And thus, the industry of business tourism can be quite diverse and have many differences like structure, main stakeholders, etc. The problem

also lies in sufficient degree of co-operation and partnering of business travel associations.

Training and education

Today there is no well-developed system of training and education for business travel and tourism industry. There should be training for general staff as well as management training for the managers. Swarbrooke and Horner (2001) suggest that for the industry to be successful and developing the following should be completed: let staff move from level to level in the hierarchy, develop qualifications which will be recognized in all countries, balance theory and practice, develop generic skills, give flexible methods of teaching etc. There is also a lack of attention to business travel and tourism from the side of academic establishment right now.

The lack of data on business travel and tourism

The sphere of business travel lacks good research. This problem can also be seen in the field of leisure tourism, but business tourism suffers even more from this. Swarbrooke and Horner (2001) define the key weak areas in business travel research:

- The lack of reliable data on key markets;
- The lack of data on how buyers make their purchase decisions (and thus it is difficult to market products to them);
- Perceptions, which buyers have regarding destinations, venues, etc.;
- Trends in the market;
- Cross cultural issues;
- Benefits and drawbacks of business tourism;
- Future development of the industry.

What is also important and concerns all the aspects described above is the co-operation and co-work of different countries and establishments.

The impact of new technologies

New technologies, evolving each year, represent a high potential for business travel to develop. Thus for instance, the Internet gives a more cost-effective way of distributing the product. On the other hand, too sophisticated technologies can lead to the growth of computer conferences and decrease in demand for business travel (Ibid.)

The needs of female business travelers

The number of women traveling for business purposes is increasing from year to year. Some of female travelers do not want to be treated differently than male travelers. But others use special arrangements for single female travelers like women-only floor in the hotel or having a hairdryer in the room.

Nevertheless if one looks at a business travel brochure it will be more targeted to a male traveler rather than female. But as today the number of single women travelling is increasing, more advertisement and marketing is done towards them as well. But of course more research is needed to find out the needs of female business travelers. (Ibid.)

The needs of disabled travelers

As it has been written in the beginning of the chapter, the demand for business travel by disabled people is increasing and more legislation is defending their rights to do so. And for business travel venues it is important to realize how important this issue becomes, how many forms of disability can exist and how to make all the services for disabled people available. This is costly for the tourism venues, but it is definitely necessary for the future. Today not enough attention is paid to this issue, but in the future it should be and co-operation with disabled people will increase in order to understand their needs. (Ibid.)

Customer and consumer satisfaction

It is important to get your customer satisfied. But in business travel and tourism it is necessary to think also about consumers. In the previous chapters it was mentioned that customer is generally one who pays the bill for people to attend some business travel packages and trips; while consumers are those who consume and experience these trips. And this is a challenge for business travel industry to keep these two categories satisfied. These two groups are both important: customer pays the bill and consumer experiences the product and in a case of bad services can leave a bad feedback (Swarbrooke and Horner 2001.)

The balance between work and play

One of the main problems of today world is stress. And it is especially influential on the business travelers, who are away from home for a long time, have long working hours and are affected by long air or train trips. It is a problem, which can be tackled and solved to some extent by providing more possibilities for leisure activities, planning more free time during the congresses and meetings, avoiding difficult routes, making easy for business travelers to contact their families and friends, having relaxation exercises and classes at the venues. (Ibid.)

Objective evaluation of industry performance

The industry of business tourism is relatively young, but at the same time it is competitive and has a big potential for development. And these are two factors which demand evaluation of the industry performance. Thus, evaluation of the industry includes consideration if the work of convention bureau at the destination is successful, if the events are held well or poorly from the guests' point of view, if the companies inside the industry are successful. Constant evaluation helps to see where the industry is now and understand where it needs to be (Ibid.)

Reducing the negative environmental impact of business travel and tourism

Business tourism is blamed for negative environmental impact. This concerns mostly the transport. Business tourists fly a lot and use rented or private car to get to the venue or destination. Already airlines do a lot and have environmental initiatives to reduce the pollution. Organizations planning incentive and business programs and tour operators should also consider these issues when making the packages and trips. (Ibid.)

Managing destination marketing and the concept of partnership

In many countries the marketing of business tourism is done by governmental bodies. Though they do it, they lack very often resources and qualified people to do so. And that is the reason why today public and private sector is partnering in order to market the destinations right. And it is considered right, since such marketing activities are financed by those establishments, which get most of the benefits and revenues from business tourism (Ibid.)

Managing the cross cultural issues in business travel and tourism

The globalization of the world and development of economies in Asia, Africa and South America makes the industry of business travel and tourism really international. Today a business traveler can be from any country. And it also brings changes on how the product and services are marketed if religious beliefs and diets are taken into consideration. Staff should be more trained on how to behave with different cultures in order not to offend anybody. Intercultural nature of the staff employed should also be taken into consideration.

All the above described trends show what kinds of needs customers and the industry will have in the nearest future. And the companies need to consider

these needs; moreover the needs are lying in the basis of the value chain. (Ibid.)

Customer-driven value chain

Today with fast-moving technologies, progress and innovations customers' demands and expectations become higher. For the business it is more and more difficult to sell a standardized product. The customers should feel that the product / service has an added value. To do this the companies need to change their value chain. (Kalakota, Robinson 1999)

The traditional value chain concentrates on known products, launching them into the market. The reverse value chain, which is demanded now, puts customer needs at the top. This approach understands customers' preferences and puts them as the basis. The Figure 6.1 shows the customer-driven value chain.

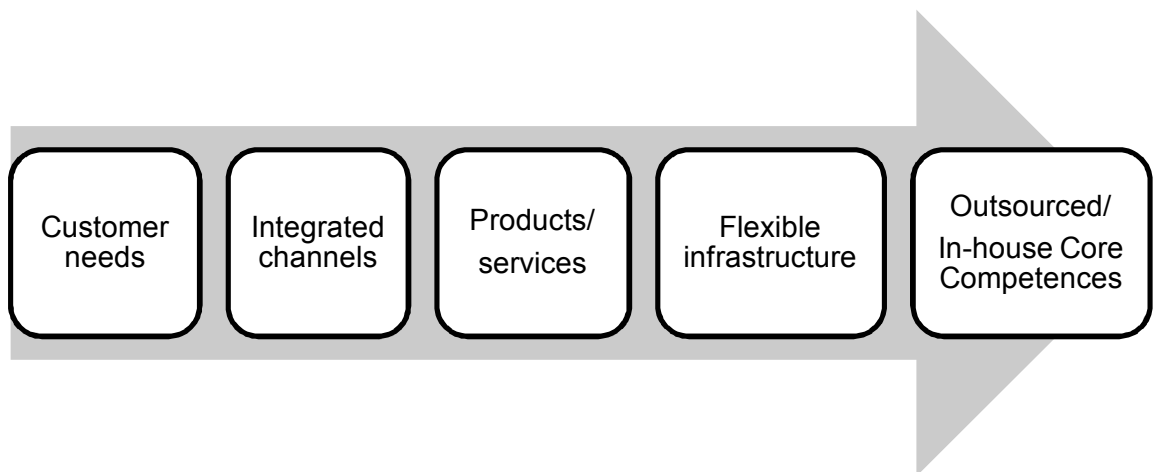


Figure 6.1 Customer-driven value chain (Kalakota, Robinson 1999)

Thus, as it can be seen from the figure above customer needs are placed at the top. The customers' needs come from many sources. Some of the future needs are described above. The trends which are expected to be in the industry are expected to be followed by the corresponding needs. And the created products and services are based on them. After that these products or/and services are distributed via the system of a flexible infrastructure. And finally the company can decide if it has all the needed competences, skills, etc. or it has to

outsource. In this case the company is not basing on the skills and competences it already has. In this thesis work the concentration will be on the first three steps of the customer-driven value chain.

To transfer itself to a customer-driven value chain from the traditional approach, an organization should start to think in a new way and create a change. However, it is not necessary that the change occurs just by itself, it can be controlled by the organization. An organization can set the boundaries for the changes. (Kalakota, Robinson 1999.)

According to Kalakota and Robinson (1999) a company should “choose a focus”. It should decide for itself what to concentrate on, what can be the competitive advantage, which will help to gain the leadership. To find this competence, competitive advantage, a company can choose the area of focus out of:

- Service excellence – serving the customers well, being responsive and listening organization, committing to CRM.
- Operational excellence – providing lowest-cost goods and services and making the purchases pleasant for the customers.
- Continuous-innovation excellence – always changing, innovative organization.

Choosing one of the focuses allows an organization to concentrate on the strong sides and being competitive and leading.

7 RESEARCH METHOD

7.1 The description of the research method used in the thesis

The research process can be divided into several elements starting from selecting the topic and ending with reporting the findings. At the stage of deciding the research strategy information gathering techniques are normally decided upon. They include several of those like using the existing information, observations, qualitative methods, questionnaire-based surveys. (Veal 1998.) The choice of the method depends on many things like selected topic, the research questions, etc.

In the present work qualitative research method has been chosen. It was done due to many reasons. According to Kelly (1980) qualitative research has a number of advantages over the quantitative research (Veal 1998). First of all, the area of leisure is of a qualitative experience itself. Qualitative research tends to be more personal, rather than quantitative research. The business of tourism involves itself face-to-face interaction between people and this can be a part of qualitative research. Kelly also states that qualitative research is helping to understand people's needs and aspirations, what is especially needed in this research.

Qualitative methods include quite a wide variety of methods like in-depth interviews, group interviews, participant observation and ethnography. A short description of these forms of qualitative method is given in the Table 7.1.

Table 7.1 Forms of qualitative research (Veal 1998)

A form of qualitative research	Description
1. In-depth interviews	They are conducted with a small number of respondents. An interviewer has a checklist of topics to be raised. Interviews are usually tape-recorded or transcribed into a written text. Such an interview can last from half an hour to several hours.
2. Group interviews	They are similar to in-depth interviews but are done with a group instead of one person. There is interaction not only with an interviewer but also between the members of the group.
3. Participant observations	They are done by a researcher being a participant of the subject being studied.
4. Ethnography	This form uses a number of the techniques. Its aim is to see the things with the eyes of those being researched. In tourism industry this approach is mainly associated with the cultural studies.

In the present research as the research method the form of in-depth interviews is used as the research method.

7.2 Qualitative method in the present work

This chapter will give the description of the research method used in the present work. It will also show how the interviews were done.

7.2.1 Interview planning and preparation

As it has been mentioned above the form of the qualitative research used in the present work is mainly in-depth interviews. In comparison to the questionnaires, an interview schedule can be relatively short. Most of the interviews will then deepen the topic given in the guiding question. (Barbour 2008.)

A qualitative interview schedule includes a set of headings or fully made questions, which are then elaborated on by the respondents. In the present work the interview schedule includes the following guiding questions:

1. How often does one company make a purchase of MICE package?
2. Is there demand for particular destinations (countries, cities)?
3. Is there demand for particular venues?
4. What is the duration of business trips?
5. Is there demand for products or services of particular intermediaries, tour operators?
6. What are the purposes and the types of the trips? Which are the most popular ones?
7. Is there any seasonality in demand? What is the high season?
8. What is the average budget for a MICE trip purchase?
9. Which types of the companies (size, industry, location, etc.) are most often applying for MICE trips organizing? (the question is for travel agencies)
10. Who is the main user of MICE trips inside the organizations?
11. Is destination "Finland" popular among the Russian companies?
12. What are the requirements Russian companies expect to be fulfilled?
13. What attracts Russian companies when they choose destination "Finland"?
14. Which related, supplement services are expected to be added?
15. Are the customers and consumers of MICE trips the same people?
16. Who is the contact person in the organization dealing with MICE trips purchases?
17. Who influences most the decision making regarding MICE trips purchases?
18. What can make Russian companies choose destination "Finland"?

These questions are the guiding questions only. The respondents were encouraged to elaborate on the main topics and express their feelings and experiences.

The interviews were held with the representative from the responding company – a person responsible for MICE trips organization, contact person, managers.

In order to conduct the interviews, the companies wishing to participate were found. To find such companies the guidelines from the paragraph 4.2 were used.

For the interview 56 companies mainly from Saint-Petersburg, operating in the industries of medicine, pharmacy, finance, food, IT and gas and oil, as well as travel agencies and tour operators organizing MICE trips, were contacted. From these companies 8 replied positively. These 8 companies included the following companies:

A. Travel agencies:

1. UTS Travel, the respondent – Nadezhda Gavrilova, the head of MICE department;
2. Milari, the respondent – Larisa M.;
3. Business Daily, the respondent – Alina Roshchina.

B. Individual companies/MICE trips purchasers

1. A3 – IT company, computers, the respondent – Vladimir Smirnov, the director of business development;
2. Medical research company – medicine, medical research, the respondent – Elena, the project assistant;
3. Akvamar – food production (meat), the respondent – Sergey Bosov, the director;
4. Shell – oil industry;
5. Fazer Group Russia – food production, the respondent – Anna Galatova, Marketing manager.

These companies were contacted and the time and date were agreed upon.

7.2.2 Interview passage

All the interviews were held in Saint-Petersburg, besides one. A short interview with Fazer Group Russia was held via the Internet. Some interviews were taped

if the respondents felt comfortable with that. Others were written down. An average time for one interview was 30-40 minutes. During this time the topics from the checklist were raised. Some interviews were formal and were held in companies' offices, while others happened to be quite informal and were held upon the wish of the respondent in a public place.

After the interviews, the tape recordings were transcribed and transferred into an electronic form. Later on the data obtained was analyzed. The analysis of the data is shown in the next paragraph.

8 RESEARCH ANALYSIS

The main goal of the qualitative research analysis is to make an interpretation of the studied issue using the data obtained. To do that the following can be done: to simplify the findings, to look how the findings comply with the theoretical background, to find logic between the aspects. (Tonder 2009.)

Coding is the process of analyzing, identifying and generalizing the process or phenomena described in the text. By doing coding the researcher does the interpretation of the text by cutting the quotations and linking them to the indexes. (Ibid.)

Coding process consists of three phases: open coding, axial coding and selective coding. The first step – open coding – is done for categorizing and naming concretely the phenomena. During the open coding the data is divided into separate parts/phenomena, which then later are compared, similarities and differences are found out. Each line in the text is looked at from the perspective of giving the answer to the question: what is it about. When the quotations are classified and linked to indexes, there might be tens of indexes. To make the process of analyzing easier, they are put into larger themes. (Straus and Corbin, 1990.)

The next step after the open coding is the axial coding. Its aim is to find the connections between the codes and themes. The axial coding finds if the codes influence each other, how they do it, if one code is the consequence of another, etc. In the end the logic of the whole phenomenon should be found. The categories for codes should be created. This process is based on the following:

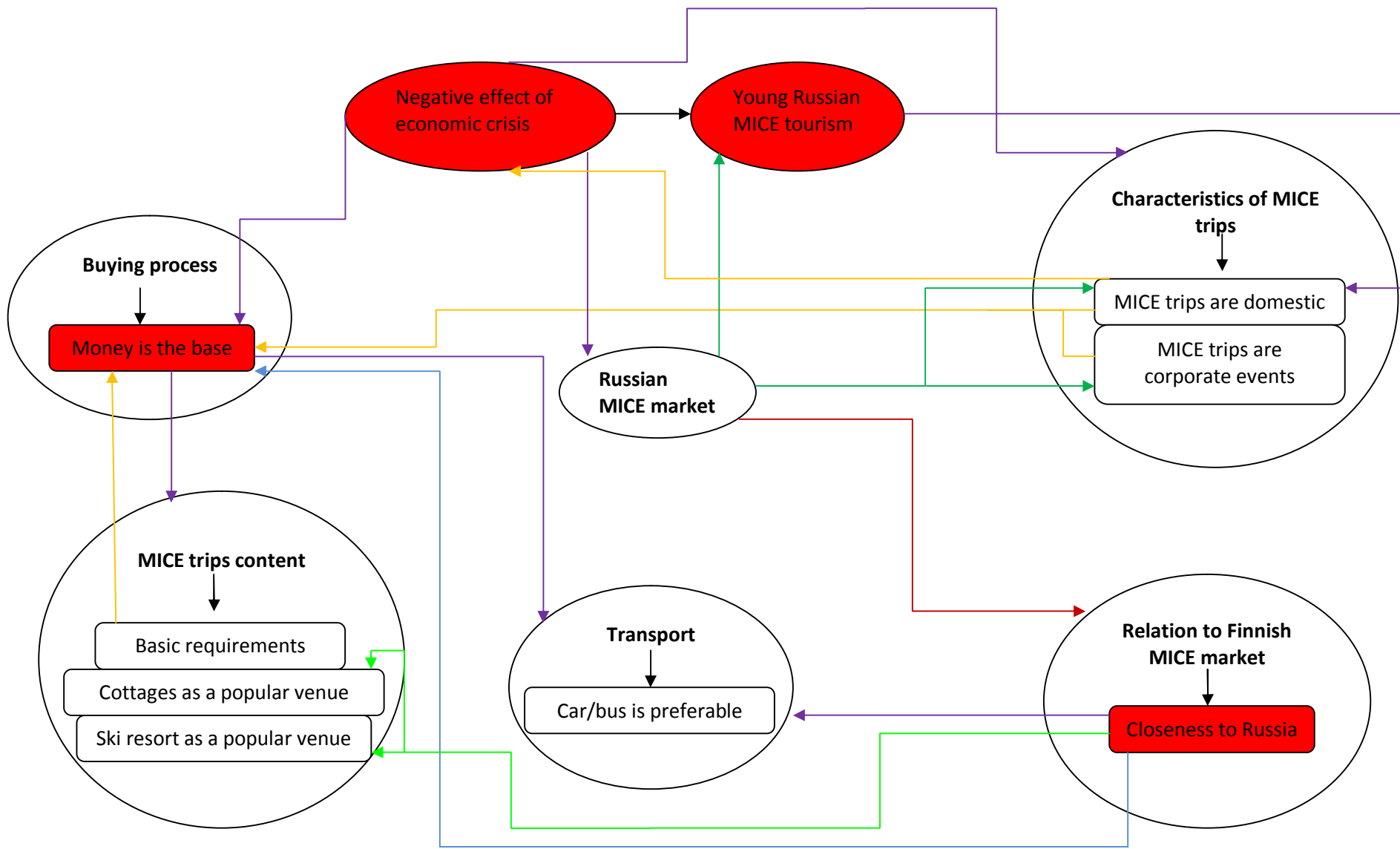
- Phenomenon – answering the questions: What is the source of this process? Why does this happen?
- Context – identifying a group of factors that influence the codes;
- Interaction – finding out how codes interact with each other, which allows to manage the phenomenon;
- Consequences – looking for the consequences of context and interaction. (Tonder, 2009.)








After the axial coding the selective coding is done. The aim of this coding is to understand the central meaning and aspect in the whole phenomenon. And the most important – core codes – are selected. Core codes have many connections with other codes, help to understand other codes and appear often in the text. (Ibid.)

8.1 Axial coding

The axial coding, presented below by means of the scheme, includes all the thematic registers with the codes, which represent the most important meaning in the registers. These codes have appeared a lot of times in the answers of the respondents and in connection with many issues and happenings.

It was important in the axial coding to understand what makes Russian business travelers choose Finland as their destination or what could attract them. Besides that it is needed to find out what should be included into a successful concept of the product provided for the Russian market. Also axial coding should show the influencing factors in Finnish-Russian business tourism.



	Influences
	Acts as a consequence
	Includes
	Acts as a source
	Contributes
	Aggravates
	Interact

8.2 Selective coding

From the axial coding several core codes have been chosen: “Money is the base”, “Negative effect of economic crisis”, “Young Russian MICE tourism” and “Closeness of Finland to Russia”. These aspects describe the core phenomenon the best ways. These codes have most links and connections to other codes. Since the issue is very wide, each of these codes describes best one of the side of the phenomenon. They contribute to each other and help to explain other codes as well. They influence and are influenced by other codes and thus build the essence of the issue.

To start from the first core code “Money is the base”, seems to be logical. Obviously, companies often base their decision on how much something costs. They are businesses, and their prime goal is to get profit. That is why all the expenses are carefully considered before making them. No wonder that such aspect as MICE trips are also based on financial issues. Business trips always bring many expenses and companies try to reduce them by reducing the expenses on each item of such trips. Today not really many companies’ personnel fly business class. And medical research company responded in their interview: *“We fly any airlines that are suitable and economy class normally. Sponsors do not spend money on business class”*. The respondent from Business Daily also points this out: *“First of all, the decision is made based on the price...”* Money is an issue, which lays the limits for the trip. First of all the

management think of how much they are ready to spend on this or that trip or event, and then they build the programme based on the defined budget.

The code described above is closely connected to the next one: “Negative effect of economic crisis”. Russian business suffered from the economic crisis. People started to talk about it in 2008. Viktor Kopchenkov in his article concerning the influence of the economical crisis in 2009 shows the results of his research conducted between the managers of Russian companies. The scheme below shows how Russian business saw the impact of economic crisis.

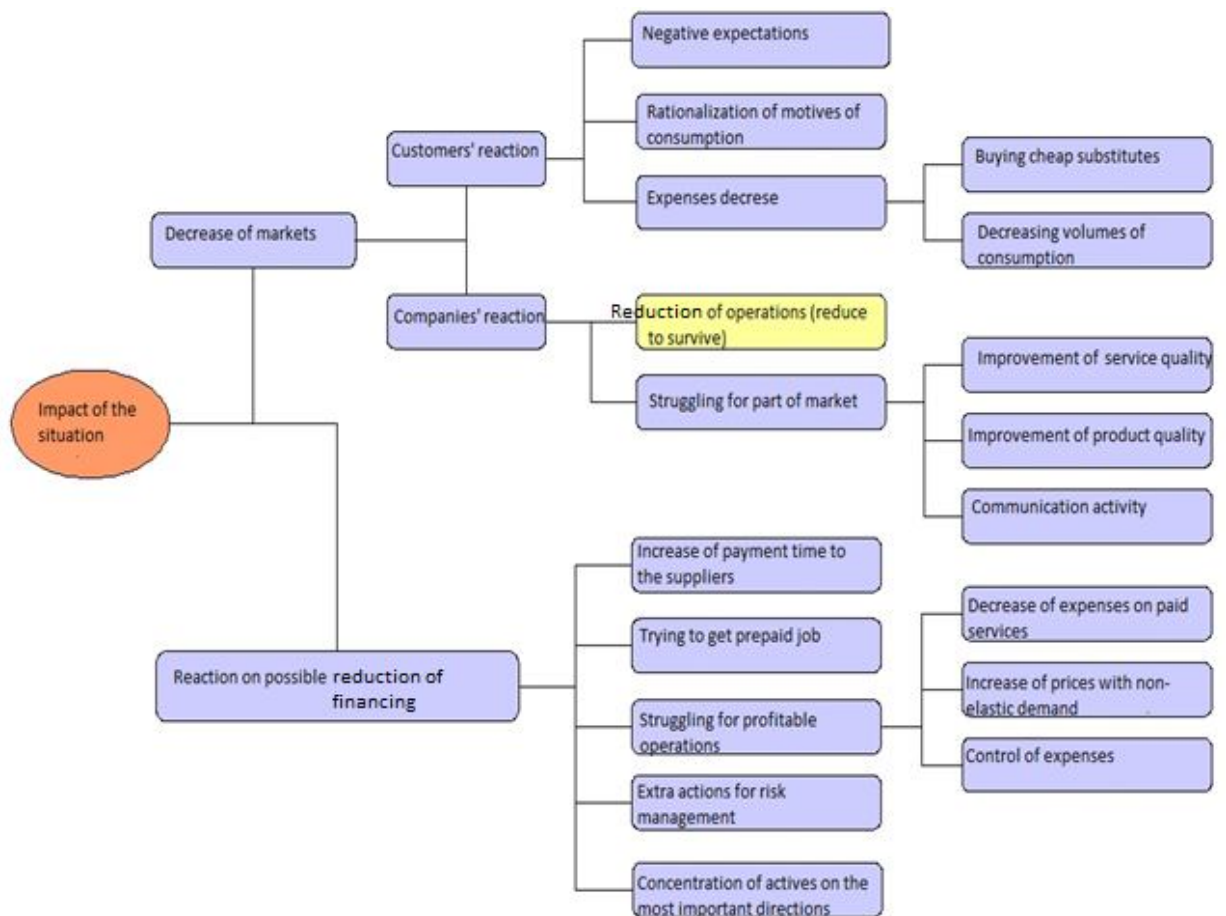


Figure 8.1 Impact of economic crisis on Russian business (Kopchenkov 2009)

As it can be seen from the figure above the crisis influenced business in Russia and made it find other ways for developments and the ways to adjust to the current situation. And very often such solutions were connected with the reduced financial actives.

Another important code is “Young Russian MICE tourism”. Russian MICE tourism is very young comparing to MICE tourism in Europe or the USA. Today only in big cities in Russia there is the infrastructure for the business tourism. And only recently centers for teaching business tourism evolved. Russian MICE tourism is based on European experience. (Malinina 2010.) Russian MICE tourism is only at the beginning of its development. As Business Daily pointed out: *“There is a huge potential in Russia for that [MICE tourism], but it is not clear when it will be opened”*.

The fourth important defined code is “Closeness of Finland to Russia”. This is the main reason for Finland being so popular among Russian tourists, both leisure and business. This fact makes Finland more available as the destination for Russian tourists; makes tourism for Russians cheaper – they can economize on trip expenses. And Business Daily responds on this issue: *“First of all, it is the transport availability. 3 km from the border it is a big plus”*.

9 RESULTS OF THE RESEARCH

In the theoretical part of the thesis the scheme of dimensions in business travel and tourism by Swarbrooke and Horner (2001) was looked at. And it was applied to Russian MICE tourism based on secondary sources. And the assumptions on the phenomenon of Russian MICE tourism have been made. Conducted research gives the possibility to prove or disallow the assumptions and estimations.

9.1 Dimensions in business travel and tourism

The model of dividing business travel and tourism into subdivisions by Swarbrooke and Horner (2001) can be applied to Russian market with relevance to Russian market subdivisions.

9.1.1 Frequency of travel

This dimension is very different from a company to company in Russia. It is normally dependent on the size of the company:

“Only the companies who have some agreements with Russian travel agencies are obliged to buy the amount of MICE trips agreed in the contract. Such agreements are usually made at the beginning of each year.”

But according to the research results an average frequency of MICE trips is 3-5 times during the year. And such trips do not include any individual business trips, but incentive, motivating trips:

“Normally Mice packages are bought 3-4 times during the year”, “Last year we had 6 outbound business trips for 2 companies.”

These results in general confirm the assumption of the Russian Outbound Travel Market (2009). But the assumption made in this source has a very wide range of the number of trips. Due to a small sample in the present research, it is

not possible to fully prove or reject the assumptions of the Russian Outbound Travel Market (2009).

The results of the research comply partly with the results of Landmark Study (2008) conducted globally. Landmark Study calculated that the average number of incentive trips is 3.6 per year. Taking that into consideration and based on the research results most Russian trips are corporate events or incentives, this figure can be proved and applied to Russian market as well. Of course the average number of special events in Russia is lower than it was estimated in Landmark Study globally.

9.1.2 The level of demand for particular destinations

In the period of crisis the main destinations were located in Russia – Saint-Petersburg region and close to it towns. Now after the crisis has ceased, orders for trips abroad are got by the travel agencies and tour organizers. Normally the trips are organized to the near-laid countries such as Estonia, Sweden, and Finland. But according to Nadezhda (UTS Travel 2011) there are orders for Finland, but as a rule other destinations are chosen, since destination “Finland” is very familiar to Russian people (especially from Saint-Petersburg). Usually Finland is chosen, when the budget for the business trip is limited and it is the possibility to economize on the transfer. Also now the resorts of Turkey and Egypt are popular. But other respondents replied that for some of them Finland is very attractive as the destination. And one of the reasons for that is that it is located close to Saint-Petersburg:

“We make incentive trips and corporate events only in Finland and close to the border, which means Imatra, Lappeenranta and Ruokolahti”, “One of the corporate clients, who are based in Saint-Petersburg, chooses always Finland and only Imatra, because it is close to the border and in 3 hours they are in another country”.

It is also worth to mention that Finland is also an important destination for Russian business trips, because there are many business partners in Finland for Russian companies.

The respondents also replied that Western Europe and Turkey are popular. Some companies go there because they have there production or business partners:

“We have a plant in Turkey, which is visited with our key partners”, “Our prime destinations are also in Europe and this is because it is convenient to bring people from other countries to these events.”

The research results proved partly the data of the Russia Federal Agency for Tourism (2010), which suggested that the main destinations for Russian business trips are China, Finland, Germany, Latvia, Lithuania and Turkey. China did not appear in the responses due to the fact that this destination is popular among companies located in another part of Russian Federation.

9.1.3 The level of demand for particular venues

According to respondents' answers in winter the ski resorts are popular among the Russian companies. And during the summer it might be cottages near the city or hotels inside the cities. It is also advisable that there is a lake or aqua park nearby. The places which have possibilities for doing sport activities are also very popular among Russian businesses. Interviewed companies also pointed that ski resorts and venues providing possibilities for doing sports are popular. And many companies reported that cottages are popular venues among Russian companies. There they can relax and have some additional sport activities.

Of course according to the respondents it is important that if there is some conference or meeting to have a conference room and the equipment in the venue. And this complies with the assumption of the Russian Outbound Travel

Market (2009), which suggested that it is important to have conference/meetings halls.

9.1.4 The duration of trip

This dimension is not univocal. Different respondents replied differently on this issue. Many companies told that the average duration of a trip is 3-6 days. But the trips can also be a one-day trip or a two-week trip if it is Turkey or Italy. The latest are usually done by combining work and leisure part. But normally the trips to Finland last for several days – 2-4 days. This is an average length of a trip according to 2011 Incentive Trends Survey (2010). This survey suggests that an average trip lasts for 4.89 days.

Duration of trips depend on many things: which kind of a trip it is, what the aims of the trip are, where the trip is made, if there is a leisure part in it, etc. And thus, for instance, the trips to Turkey and Italy last for longer time, because the companies combine them with holidays – leisure part. At the same time if it is some excursion to Finland, it may last for only one day.

9.1.5 The level of demand for the products and services of particular suppliers and intermediaries

Today most of the business trips are organized by the tour operators or travel agencies. Companies prefer to have a ready-made package. But Svetlana Jakimova (2010) states that in two years 90% of the business trips will be organized and booked by companies themselves, not via the tour operators. The results of the respondents were rather contradicting: some of the companies stated that they buy trips via tour operators or DMC companies, while other prefer to do it themselves, because as they mentioned there is some “mistrust to tour operators in Russia”. But the aspect, which all the respondents were sure about, is that there is no demand for the services or products of particular suppliers or intermediaries. “Money is the key question”: the companies base their decision on this factor first of all. And this supports the

ideas expressed by BTAA (2009b), that financial aspect is the main issue, while of course there are market leaders.

9.1.6 The purpose of the trip and the type of business tourism

Very often the purposes of the trip are conferences of different kinds, which are then combined with some leisure activities. But of course the purposes might be very different (Gavrilova 2011). The research shows that because of the economic crisis most of the companies hurried to reduce their MICE trips. Of course important business meetings with partners and negotiations remained, but other trips were cut in many cases. Now the most common purposes of the trip are corporate events like New Year or company's own meeting and an additional incentive component to these trips. But as it was stated in the interviews in Russia there is no clear vision what MICE means and what, for instance, incentive trips mean. Often for Russian companies incentive trips are presented as shopping tours to Finland. This all comes from the fact that MICE tourism in Russia is very young.

9.1.7 The seasonality of demand

There is no particular demand for some specific season. But as respondents pointed out the summer is calmer since a big part of the personnel have holidays during this time. Generally the research confirmed that there is no seasonality in business tourism. Of course there is some deviation from it, but it is not felt as in leisure tourism.

9.1.8 The level of demand for different types of accommodation

The research did not show any specific preferences among Russian business tourists for accommodation. But of course in spite of basic requirements, accommodation for top management and other personnel differ. Besides that, if the trip includes some meeting or conference, a conference room is required. And of course audio and video equipment has to be there.

If the destination is Finland, a normal accommodation is a hotel room or cottage premises. Some other destinations offer hotel rooms for business travelers.

It is difficult to tell about the segmentation of the market. Today it is only possible to say that the companies who mostly use MICE services are those, who suffered less from the crisis. And possible industries, which were not influenced so much by the crisis, were mentioned earlier in the thesis work: IT, food industry, oil and gas, medicine and pharmacy.

It is also difficult to prove or reject the results of the Russian Outbound Travel Market (2009) concerning trips' expenditure. Most of the companies do not want to talk about their expenses. Thus, it is hard to estimate this.

9.2 Answering research questions

At the beginning of the research, the research questions were put in order to solve the research problem. Now it has become possible to answer them.

9.2.1 Russian MICE customers

In the theoretical part a profile of the potential customers has been defined. Now it is possible to make changes in it.

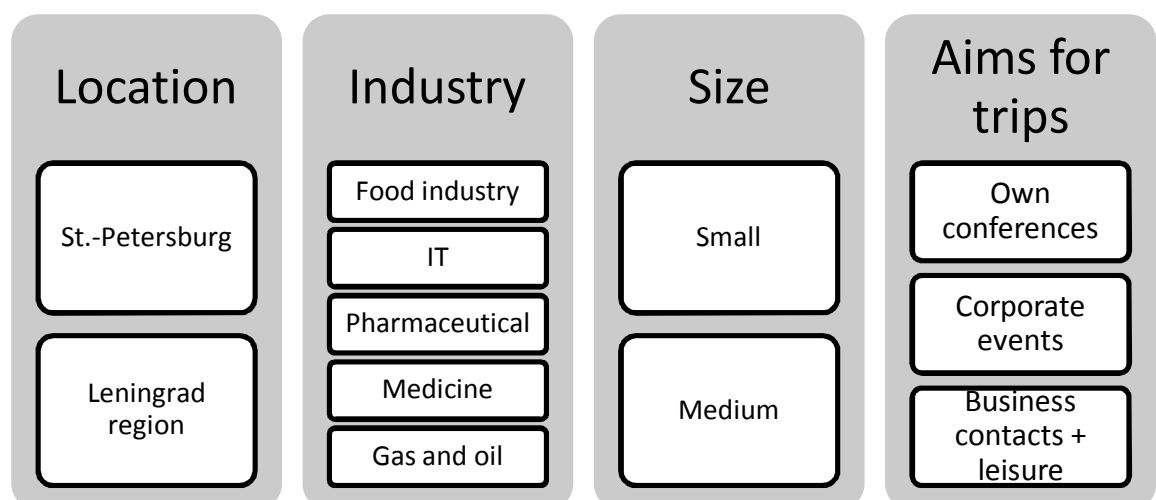


Figure 9.1 Customer's profile

The research only occupied companies located in St-Petersburg and Leningrad region. Companies operating in Vyborg and Moscow were not taken as respondents. But concerning companies in Moscow some conclusions can be made:

“It is rather difficult to organize business trips for companies in Moscow, comparing to Saint-Petersburg. This problem occurs due to many factors: impossibility to make a multi visa like in Saint-Petersburg, long distance. That is why many companies in Moscow rather prefer to go to some far European countries than to Finland. The distance is long anyway and there is not any special interest from their side to go to Finland.”

The industries which potential customers represent, proved to be the same like described in the theory. But of course the sample was too small to define the industries where potential clients operate.

Speaking about the size of the companies, here some careful considerations are needed. Although big companies and corporations are of course the hugest buyers on the market of MICE services, such companies are not necessarily important for the case of Holiday Club Resorts Oy. Most of the companies, coming to the border area, stay in cottages, use aqua park services and other activities. As a rule for such trips most of the personnel come. And since all the personnel are able to come and be accommodated, usually such companies are not very big. Moreover, small and medium-sized companies can not normally afford to have some conference in Spain or Turkey for a week or two, while big companies do. That is why in Finland small and medium-sized companies can combine both work (conference, meeting) purposes and leisure.

Coming from the size of the companies, the types of the trips can be defined. Companies who have as the aims of MICE trips corporate events, business contacts and leisure and own conference and meeting, come to Finland and especially close-to-border towns.

9.2.2 Needs of the MICE customers

The essence of the research question #2 was to find out what customers want to see, experience and get from MICE trips, and also MICE services and products. According to the obtained data the following aspects were pointed out to be important.

As one of the need for trips made to Finland sport activities were mentioned. Companies would like to experience during their stay sport games, table games, four wheelers, golf. As it has been also pointed out during the interviews, some companies even have their team for football or volleyball and they also appreciate if there are conditions to do that during the trips. Separately skiing was mentioned. Skiing is exceptionally popular among the companies' personnel. And it is one of the needs many of them have during the trips.

Another need of Russian companies is water preserves. If it is summer time, then it is a lake or a river. Aqua parks are also popular throughout the year. Thus, companies choose venues where there is water nearby.

Some companies also prefer if catering is included in packages and if it can be done at the venue. Banquets, dinners and coffee breaks during the meetings are often asked to be provided.

Also if Finland is concerned and MICE trips to Finland are looked at, it is preferable to have some cultural programme at the venue, so that the company can add leisure part as well. And also the venue is chosen so that there are shopping opportunities nearby.

The distinction also has to be made between two kinds of MICE/business trips:

1. Trips to Turkey, Egypt, Spain for one or two weeks.
2. Trips to China, Germany, Finland, Latvia and Lithuania for several days.

Both these groups were mentioned in the work previously as being the most popular destinations for Russian outbound MICE trips. And they both are, but at the same time they do differ in trips' types, characteristics and target groups, using them.

First group of the trips is mainly done by combining two parts: leisure and work. In such kinds of trips not all the personnel go, but just several workers. And they combine their holidays with some work part at the same time. Such trips are normally made for quite a long period of time, like one or two weeks. And usually big companies can afford providing their workers with such trips.

On the other hand there is another group of trips, which is more interesting to us. It includes mainly business trips or short incentive trips. And Finland as the destination is a part of this group. Trips to the mentioned countries from the second group normally last for a couple of or several days. Such trips are used by workers from big companies for business purposes. If it is an incentive trip, then small companies can even afford bring all their workers to these kind of trips. And that is what they do.

In chapter 6 the trends which MICE industry expects in the nearest future were described. And as it has been mentioned, these trends present the needs of the customers and the industry in overall. But the companies, tourism associations and government can consider now, what will be in demand very soon. The Table 9.1 based on the described trends lists the needs which industry, customers and companies, representing the industry, will have in the future.

Table 9.1 Needs of MICE industry, customers and companies within the industry

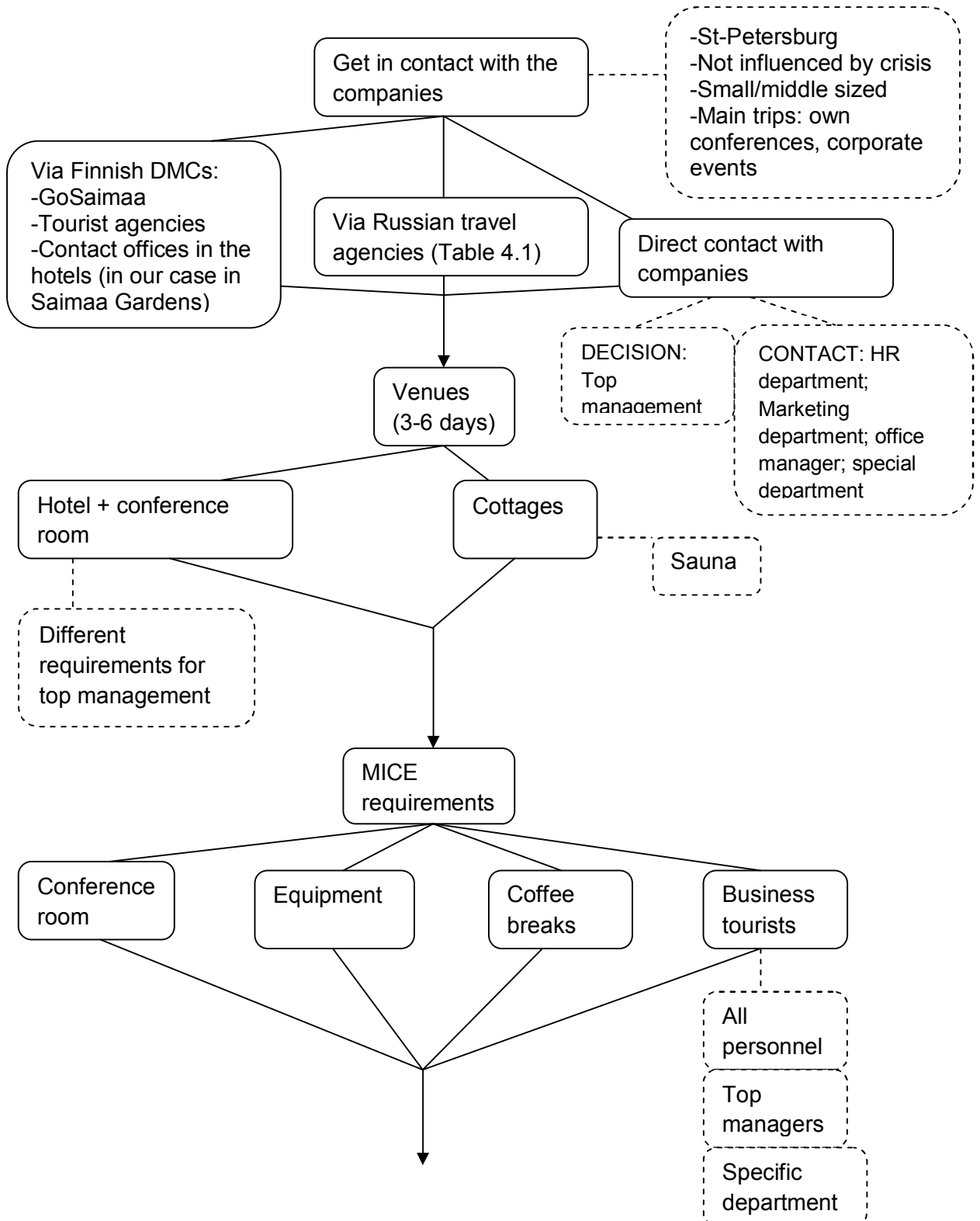
Needs of the industry	Needs of the customers	Needs of the companies, representing the industry
<ul style="list-style-type: none"> - A single representing body; - Co-operation within the industry; - Attention from academic establishments; - Reliable data; - Constant evaluation; - Conservation of nature; - Co-operation with companies, representing the industry. 	<ul style="list-style-type: none"> - Being served on the top level; - Easy purchase/use of MICE products due to new technologies; - Special demands from female-business travelers; - Special needs of disabled travelers; - Having both customers and consumers satisfied; - Balancing between work and leisure. 	<ul style="list-style-type: none"> - Trained/qualified staff; - Data about key markets, customers, trends, etc.; - Updating technical provision; - Satisfying both customers and consumers; - Providing ways for rest for travelers; - Co-operation with industry official representatives; - Managing cross-cultural issues.

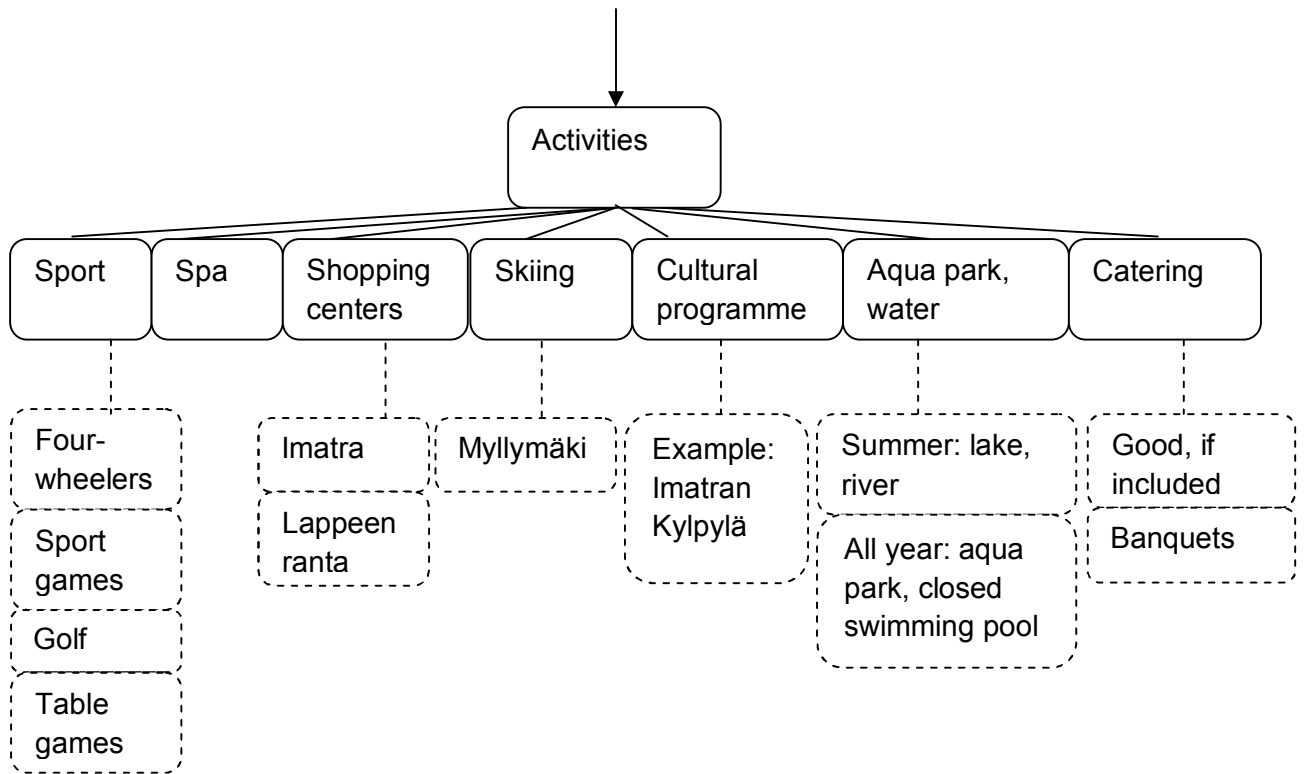
Thus, figure 9.1 represents the needs of different parties, which might evolve in the future. Of course this particular research is more interested in the needs of the customers.

Here in the results of the research in chapter 9.1 were described dimensions in business travel and tourism. However, it seemed impossible to prove or deny the following dimension: trips' expenditure. That is why it was decided to give an idea how much a small company can spend on a small-scale trip.

10 MODEL OF THE PRODUCT

Based on the results of the research and the data obtained before it and presented in the theoretical part, it is possible to make a model of the product, which is demanded by the Russian market.





MICE trips' expenditure

Here the average price for a MICE trip for a small firm from Russia will be calculated. As a trip type an incentive trip together with a conference will be taken into consideration, as this type of trip in Russia is one of the most popular.

We can suppose the following conditions:

- Amount of employees in the firm – 20 people, out of which:
 - The director – 1 person;
 - Department managers – 3 persons;
 - Other employees – 16 persons.

As it has been mentioned earlier usually the companies take all their employees to the incentive trips to Finland. This option is one of the most financial wise. Particularly, this concerns small companies, as they can not afford making trips to farther destinations. Also during the research it has been found out that small companies are the target customers.

Also considering the fact that the calculation is made for a small company, this calculation will be made for a company, organizing a trip itself. Full data about the trip is presented in the Table 9.2.

Table 9.2 The data for the calculation

Amount of travellers	20
- The director	1
- Department managers	3
- Other employees	16
The duration of the trip	3 days
The time of the trip accomplishment	4 – 6 November 2011
Time frames	Start – the morning of the first day (Friday); Finish – midday of the third day (Sunday)
The country (hosting part)	Finland
The town	Imatra
Accommodation	Saimaa Gardens hotel
The type of the accommodation	8 double rooms 4 single rooms
The type of the trip	Incentive trip and firm's own conference
The aims of the trip	Work (firm's own conference), recreation, rest

Now considering the aspects, studied in this research, the results of the research and the model of the product, it is possible to make a general composition of the elements of the trip. These components as well as their price are shown in tables 9.3 and 9.4.

Also there will be calculated two options with the change in the accommodation type: the hotel and cottages. Since both these options are popular among business tourists, both options will be presented for the calculation.

Table 9.3 Calculation of the trip's price, option 1 – accommodation type is the hotel

Trip's elements	The price per one person (€)	The price for the whole group (€)
Transfer from Saint-Petersburg to Imatra by bus	30	$30 \cdot 20 = 600$
Transfer from Imatra to Saint-Petersburg by bus	30	$30 \cdot 20 = 600$
Insurance	3	$3 \cdot 20 = 60$
The hotel Saimaa Gardens (2 nights) – a single room when booking in the Internet	275	$275 \cdot 4 = 1100$
The hotel Saimaa Gardens (2 nights) – a double room when booking in the Internet	335 $335/2 = 167,5$ per person	$335 \cdot 8 = 2680$
Final dinner	20	$20 \cdot 20 = 400$
Visiting spa	12	$12 \cdot 20 = 240$
Renting a conference room for $\frac{1}{2}$ a day	2	$2 \cdot 20 = 40$
Water and drinks during the conference	3,5	$3,5 \cdot 20 = 70$
Total: In a single room In a double room	375,5 268	5790

Table 9.4 Calculation of the trip's price, option 2 – accommodation type is the cottages

Trip's elements	The price per one person (€)	The price for the whole group (€)
Transfer from Saint-Petersburg to Imatra by bus	30	$30 \cdot 20 = 600$
Transfer from Imatra to Saint-Petersburg by bus	30	$30 \cdot 20 = 600$
Insurance	3	$3 \cdot 20 = 60$
Cottages (2 cottages, for 10 persons each)	426 per night per cottage $426/10 = 42,6$ per person	$213 \cdot 2 \cdot 2 = 852$ per 2 nights per 2 cottages
Final dinner	20	$20 \cdot 20 = 400$
Visiting spa	12	$12 \cdot 20 = 240$
Renting a conference room for $\frac{1}{2}$ a day	2	$2 \cdot 20 = 40$
Water and drinks during the conference	3,5	$3,5 \cdot 20 = 70$
Total:	143,1	2862

The price for the transfer from Saint-Petersburg to Imatra and from Imatra to Saint-Petersburg is determined according to the prices of one of the tour operators, providing services of transfers to Finland – Baltik Way (Baltik Way 2011).

Since the hotel Saimaa Gardens will be opened on 1 October 2011, the prices for visiting aqua park, spa and conference rooms will be determined later. But for this calculation it seems to be possible to use the prices of Imatran Kylpylä (Imatran Kylpylä 2011). The prices for the insurance services are taken from the price list of the company Travelmart, which is one of the companies providing insurance services in Russia (Travelmart 2011).

And since the companies spend a lot of money on business trips, it is important to realize for the companies which financial benefits they can get from MICE tourism. The expenditure on business trips by Russian companies according to the Russian Outbound Travel Market are shown in chapter 5.2.

As it has been mentioned earlier the prices for the trips are calculated for a small-sized company. If comparing the calculation results taking into consideration the frequency of travel with those results, provided by the Russian Outbound Travel Market (2009) it can be seen that they are not high comparatively high. And although small and medium sized companies have limited financial resources, these prices seem to be affordable:

“But it is very close and the price for transfer is quite low.”, “Finland is good place for such trips. The price is affordable.”

Among the respondents were the companies of small and medium sizes. And all of them pointed out, that business travel to Finland is more affordable to them than to other countries. They can economize on transfer and the prices for the services and products are compatible with the quality.

CONCLUSIONS

The research gives the explanation and description of MICE market in Russia and in general. MICE tourism, especially Russian MICE tourism lacks the research; there is not enough reliable data so far. And the aim of this study was to give an overview of MICE tourism in Russia, concentrating an outbound tourism to Finland. First the theoretical framework of the study was determined. It was later used for the conduction of the empirical part. In the theoretical part secondary sources were used such as books, magazines, the Internet sources, statistical databases, newspapers. Based on these sources some kind of a framework for the future research was created. Thus, for instance, a customer profile was made, which was later used for choosing the potential respondents for the research.

In the theoretical framework an outline of demand in MICE tourism - one of the most important aspects in MICE tourism - was determined based on the suggestions of Swarbrooke and Horner (2001). This outline was used for the analysis of the obtained data and comparison of the obtained results with the ones provided by the secondary sources.

The results of the study show that there is a huge potential in Russian MICE market, as well as many challenges to overcome in order to realize the potential. The key challenges determined are the huge influence of economic crisis in Russia and the young age of MICE tourism in Russia. The later leads to the misunderstanding among the Russian companies what MICE, or incentive or business tourism is, existence of mistrust among the Russian companies to service providers, etc. Both these challenges lead to one of the most important fact and factor in decision-making in Russian MICE tourism – the importance of money expenditure. Russian companies try to economize on MICE trips as much as possible, and this prevents MICE industry in Russia from a full development.

Nevertheless, there is a promise for MICE market development in Russia. And the first signs have already shown up: creation of legislation concerning tourism in Russia, creation of the administrative body Rostourizm, which is responsible for tourism development in Russia, emergence of relevant tourist agencies and tour operators, etc.

The results of the research also give the explanation of each element of demand in MICE tourism in Russia. Thus, the average length of MICE trips, demand for the particular destinations, venues, frequency of MICE trips, demand for the services of particular intermediaries, seasonality in MICE tourism, the most popular types and purposes of MICE trips, demand for particular accommodation were determined. Some of the research results proved the estimations of the secondary sources, some not. It is worth to mention here that the most popular types of MICE trips among the Russian companies are considered to be corporate events, firm's own conferences, incentive trips and trips for the purposes of creation of business contacts. Unfortunately during the research it turned out to be impossible to determine such aspect of demand as trip's expenditure. The companies were not eager to share this information. For this reason calculations of a simple MICE trip for a small company were made. The calculations included two different options with the change in the accommodation type (the hotel and cottages accommodation) and included the elements, which are most often used.

As a result of the theoretical and empirical parts a customer profile was created, which can be used by Holiday Club in their work of achieving the customers. This profile outlines the portrait of the companies in Russia, who potentially constitute the target group for Holiday Club. Moreover, the study shows the model of the product. This model shows in general step by step how a prospect customer can be achieved and what should be included in its MICE trip. The data obtained and information present in the present thesis is considered to be helpful for the ordering company – Holiday Club.

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APPENDICES

Appendix 1 Open Coding

1. Negative impact of economic crisis
2. Most MICE trips are domestic
3. Most MICE trips are corporate events
4. Destinations for MICE trips for Russian market
5. Ski resort as a popular destination
6. Cottages as a popular venue
7. Water is a requirement
8. Trips' duration
9. Money is the base
10. Incentive trips/addition of incentive programme
11. All season business
12. Deviation from seasonality
13. MICE trips purchasers
14. Basic requirements to MICE trips
15. Advantages of Finnish MICE tourism
16. Decision-making centre – top management
17. Contact centre
18. DMC/tour operator is a part of buying process
19. Sport activities
20. Problems with trips to Finland
21. Flights are important - timetable
22. Transport infrastructure is important
23. Car/bus as a transport preference
24. Companies buy MICE trips themselves
25. Frequency of MICE trips
26. MICE trips consumers
27. Closeness of Finland to Russia
28. Young age of MICE tourism in Russia

Appendix 2 Thematic register

1. MICE trips content

a. Ski resort as a popular destination

“In Moscow those companies who purchase MICE trips, often ask for example for the resort Vuokatti. It is a good ski resort.”

“But mainly in winter the businesses prefer to get ski resorts”

b. Cottages as a popular venue

“In summer some cottages near the town or hotels by the lake or with an aqua park”

“If to deal with this summer event, then I think it is necessary to rent a cottage and not just cottages”

“We spent night in the cottage in Porvoo.”

“And usually the cottage is rented.”

c. Water is a requirement

“It is preferable for them that there is some water nearby.”

“It is good if the venue has an aqua park”

“Thus, this company chooses Imatran Kylpylä”

“If it is some conference, then usually it is asked that spa is included”

d. Basic requirements to MICE trips

i. Basic requirements

“There are no special requirements. Everything is very common, like hotel rooms, meals, some activities.”

“Other things are basic like equipment, coffee breaks.”

“The main thing is that it is in another country and that there is some conference room.”

“What concerns requirements, first of all it is the conference room. Then, the place should be good. Thus, this company chooses Imatran Kylpylä, because there are Imatra and Lappeenranta as shopping centers, there is a green area and Kylpylä in Imatra has a good cultural programme”

ii. Catering

“If it is some conference, then usually it is asked that spa is included and some dinner in the evening.”

iii. Activities, sports

“If it is some incentive trips, then companies ask some activities and games (like sport games) to be organized.”

“Popular venues for MICE trips are those which we have the possibilities for doing sports, like skiing.”

iv. Top managers’ requirements

“In general top management asks for 4-star hotels”

“There are also requirements on hotel rooms’ types. It depends on who goes.”

v. Other requirements

“So maybe there might be some souvenirs prepared for them in the hotel rooms.”

“Normally we have our own interpreters, but it can be that we ask for them at the destination.”

“For us it is the most important to have everything fast”

e. Sport activities

“Then companies ask for some activities and games (like sport games) to be organized”

“Popular venues for MICE trips are those where we have possibilities for doing sports, like skiing. “

“It was interesting for them to have some sport activities to be organized.”

“But some place offer other services as well, like four-wheelers or golf.”

“Leisure – excursions, games, sport games, banquets.”

2. Characteristics of MICE trips

a. Most MICE trips are domestic

“Most of the trips purchased are domestic trips in Russia”

“Most of the conferences are held in Saint-Petersburg”

“While interest in domestic trips (Saint-Petersburg) is growing”

“Companies often ask to organize some trips to Peterhof or some concert event.”

“Of course we look first of all at Leningrad region”

“Russian companies think why they should go abroad if they can get the same stuff, but 4 times less expensive.”

b. Most MICE trips are corporate events

“Mainly those [events] are corporate events like New Year celebration”

“Besides that, companies widely buy corporate events, corporate celebrations, like New Year celebration or some top manager’s birthday party.”

“Yes, we have New Year celebration.”

“One [event] during the summer like for instance a trip to the country to some holiday camp”

“And usually there is a trip for New Year celebration.”

“If to speak about corporate trips/events, we have them once a year on New Year. The choice of place is made in October or November.”

c. Incentive trips/addition of incentive programme

“And such seminars are also asked to be complemented with some incentive programme.”

“And to such events incentive programs are also added. They usually take form of some team games and team building activities.”

“There is some banquet at the beginning, 2 days of the event itself and a restaurant in the end.”

“Team building is taken as banquets and restaurant.”

“Some table games and sauna”

“Trips to Helsinki for instance are also made, but not like corporate trips, but excursions (in such trips there are no requirements to have conference room).”

“Such trips (Italy, Turkey) include two parts: work and leisure. The format over there is different as a rule.”

“Thus, the trips are mostly motivating.”

“But the company also made themselves the trips (motivating, leisure, excursions) to Helsinki, shop tours also via Business Daily.”

“Leisure – excursions, games, sport games, banquets. “

d. Trips’ duration

“Duration is not more than 5-6 days.”

“Resulting seminars, which normally last for 1 day.”

“Normally business trips last for about 3-5 days. Usually of course they are longer than 3 days, but do not exceed 5 days.”

“Normally such trips are from 1 to 5 days. 5 days is seldom, average is 2-3 days.”

“The average length of the trip is 3 days.”

“Thus, summer trips to Italy and Turkey last for one or two weeks.”

“The trips to Finland are for 2 days as a rule.”

“Cluster Meeting all personnel 5-7 days; Sales Meeting – departments responsible for sales, 3-5 days; Distributors Conference– 3-5 days”

“- What is an average length of trips? - 3-5 days”

e. Frequency of MICE trips

“So the frequency of MICE trips purchases really varies. But some companies have agreements with us, which we sign with them at the beginning of the year. And according to such agreements, these companies must buy as many trips as they pointed in the agreements.”

“For the last half a year, I have been to Germany 3 or 4 times”

“Normally Mice packages are bought 3-4 times during the year”

“Last year Business Daily had 6 outbound business trips for 2 companies.”

“All together 4-5 times a year”

3. Buying process

a. Money is the base

“Everything is decided based on money issues”

“Money is the key question”

“I think that it is manly the price that attracts companies to Finland”

“The sponsor tells where the event will be held or he tells how much money he can spend on a trip.”

“First of all, the decision is made based on the price: one thing is to go to Helsinki and totally different is to go just across the border to Imatra.”

b. All season business

“There is no clear seasonality in MICE trips”

“There is no high season in conference business.”

c. Deviation from seasonality

“But of course summer is calmer, when most of the personnel in companies have holidays.”

“MICE trips are most often made in spring.”

“Most of the trips are made in spring and autumn.”

“But of course in summer there is less demand for the business trips. But it is not felt in business tourism.”

d. Decision-making centre – top management

“Usually head office is making the decision concerning the business trip even if the person from some other office is going to this kind of trip.”

“- Who influences most the decision making concerning MICE trips purchases?

- Normally top managers.”

“In general it depends on the general director. But I have some autonomy [director of business development].”

“And we make the variants, describe them and then the sponsor chooses.”

“The director is usually the contact person and he decides if the trip will be made or not.”

“- Who makes the decision concerning the trips? - Company’s top management”

“- Who makes the final decision? - Company’s top management.”

e. Contact centre

“If it is incentive trips then it is human resources department who is making an order. If it is some conference, then even the department of marketing can do that.”

“The department who deals with visas and MICE issues in our company is Finance Administration (Business Travel and Meetings – Business Trips Coordinator).”

“But other personnel (managers) contact the suppliers and make bookings.”

“In this company the contact person is manager. Here the question of motivation pops up.”

“But in big companies they have even a whole department responsible for these kind of trips. They choose the destination, components, etc.”

“Office manager books the tickets and the hotel if needed.”

f. DMC/tour operator is a part of buying process

“[Travel agency] We normally get in touch with DMCs at the destination. And it might be easier if we can get directly to the DMC which relates to the particular hotel.”

“[Travel agency] Sometimes we cooperate with DMCs at the destination. It depends on the scale of the trip and event.”

“And if it is some place like Finland, then it is possible to use tour operators’ services.”

“When the trip is concerned, we hire a big company Kuoni Group, who makes all our trips in Europe. We tell them what we want, which hotel. They offer us all included.”

“But the reservations they do not make themselves, since they do not want to take responsibility. And the reservations are normally made by the travel agencies.”

“Business Daily also cooperates with DMCs at the destinations. But it depends on the destination and other things. Finland is done totally by Business Daily without Finnish DMCs.”

“We buy the tickets via the travel agency.”

g. Companies buy MICE trips themselves

“In general in Russia I do it myself, since there is some mistrust to tour operators.”

“And we booked it ourselves.”

“We go there by ourselves, not through tour operators.”

“We never apply to tour operators or travel agencies, but book everything by ourselves.”

4. Relation to Finnish MICE market

a. Closeness of Finland to Russia

“It is very close to Russia and Saint-Petersburg”

“The company, which goes to Finland, chooses the places close to the border.”

“First of all, it is the transport availability. 3 km from the border it is a big plus.”

b. Advantages of Finnish MICE tourism

“But it is very close and the price for transfer is quite low.”

“Finland is a good place for such trips. The price is affordable. And services are good.”

“Secondly, visa regime.”

c. Problems with trips to Finland

“There were some problems with border crossing and transport”

“Once we had a difficult question. BD made a conference for 120 people: 50 from Saint-Petersburg, other from Moscow and other cities. Multi visas are only for North-West region, other cities have visas only for particular period of time. And they went first to Saint-Petersburg and then with others to Finland. Thus, for North-West region Finland is open and convenient.”

5. Russian MICE market

a. MICE trips consumers

“When there is some celebration or corporate events, then usually all the personnel is taking part in it. If it is some conference then there are only top managers attending it.”

“- Who normally go to such kind of trips? - Me. My position in the company is the director of business development.”

“If it is some kind of training, then also technical personnel comes, like the department director. If it is exhibition, then normally I come.”

“[Medical Research Company] All the doctors invited go there, assistants (we) and our doctors.”

“The group of about 16 people goes to such trips (all the personnel).”

“The group travelling depends on the aims put by the company. A trip for top managers is totally different than a trip for general personnel. The programme is different. To Finland go normally all the personnel”

“- Who goes to such trips? - Cluster and Sales Meeting - company’s personnel; Distributors Conference – distributors participating; Visits of key clients to one of the plants – representatives of big industrial companies participating (ore-dressing companies, metallurgic industry, etc.) or big automobile distributors like Mitsubishi, Toyota, Mercedes, etc”

b. MICE trips purchasers

“We have most of the companies from Saint-Petersburg”

“About industry, we had many IT companies. They suffered less from the economic crisis.”

c. Destinations for MICE trips for Russian market

i. Finland

“First of all I can tell about our company and trips to Finland.”

“Geographically one company always buys trips to Finland”

“(If to speak about) our destinations, (they) are the countries and cities, where the offices of our group are located, like the following cities: Helsinki, Riga, Tallin, etc.”

“The trips are made to Finland: Lappeenranta, Imatra, Ruokolahti.”

“Visits of key clients to one of the plants – closest plants – Turkey, Finland, France.”

ii. Western Europe

“We also have trips to Germany.”

“Now mostly we go with the projects to Western Europe: Portugal, Spain, Romania, Bulgaria, Latvia, and Poland (depending on the sponsor).”

“But recently we have had some orders for Estonia and Portugal”

“The other company is located in Moscow and that is why they go to distant places (like Italy).”

“Cluster and Sales Meeting – former Soviet Republics; Distributors Conference – usually linked to some step in Formula 1, normally in Europe; Visits of key clients to one of the plants – closest plants – Turkey, Finland, France.”

6. Transport

a. Flights are important □ timetable

“Also there might be some requirements to the flights like flight time.”

“But I have a lot of requirements to the airlines.”

“If we are in Turku... I will fly there for sure.”

“We fly any airlines that are suitable and in economy class normally. We look at the time of the flights.”

b. Transport infrastructure is important

“Closeness to the main railway station.”

“For me it is important that it is in the city center close to the transport infrastructure.”

c. Car/bus as a transport preference

“We were invited, and I went by car.”

“But in terms of Kotka... I will go by car independent of the border. It is important for me to be mobile.”

“We never go by buses or trains. We only fly. But might be if we go to Finland we will go by train or bus.”

“We go by our own cars.”

“[For Imatra Spa] And normally the bus is ordered.”

“And bus is more comfortable”

“But with the bus, you can always change something and change the number of participants.”

7. Other dimensions

a. Negative impact of economic crisis

“The economic crisis in the country has not even went fully away yet”

“. The companies do not make many MICE trips (especially during the crisis)”

“Earlier we had trips for New Year. But not anymore, starting from 2008 with the crisis. And before it, there were trips to Zelenogorsk and even Finland.”

b. Young age of MICE tourism in Russia

“Our office in Saint-Petersburg is very new; it is only one year”

“The companies do not make many MICE trips (especially during the crisis)”

“There is no MICE tourism in Russia yet. Maybe now they do not have the need to make contacts abroad so much. And there is no clear vision in Russia what MICE tourism is, what incentive trip is, etc. There is a huge potential in Russia for that, but it is not clear when it will be opened”