

**Marketing strategies for attracting tourists from Russia, Finland and Estonia. Case company Delta Apartments.**

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<p>Tourism is highly international and fast-growing industry and aims to create a unique experience for tourists. Tourists need places to stay during their visits, which is why the accommodation sector exists in the tourism industry, to provide people with different types of accommodation. In recent years, the popularity of rented apartments has grown tremendously and become easier for people to book them.</p> <p>In every country, there are several companies providing rental accommodation for tourists and they need to advertise their services. However, customers in the tourism industry are international and come from different countries. This is why it can be challenging to advertise to them as they have different needs, values, and expectations concerning apartments. Culture and background have a big influence on the behavior of people, which marketing specialists should take it into consideration to better target customers.</p> <p>This report describes the importance of cultural differences and how they affect purchasing decisions in tourism. The theory part presents books, articles, blogs and internet pages reviewing the topic. It is followed by research for the case company which is an Estonian company called Delta Apartments. For this research, a qualitative research was conducted in order to identify the different factors in tourists' which affected their opinions, and ultimately their purchasing decisions. Three main customer groups in Delta Apartments are of Russian, Estonian and Finnish origin. The behavior and opinions which influenced their decision was observed and then written.</p> <p>When purchasing accommodation, it was observed that the biggest influence customers had was their cultural background. Although most of tourists have common preferences, such as the comfort and cleanliness of the apartment, some differences were discovered related to priorities. Despite being close geographically, it was observed that tourists from Finland and Estonia have a lot in common, while tourists from Russia have a different outlook.</p>	
<b>Key words</b> Tourism marketing, hotel industry, purchasing behaviour, customer segments, culture	

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# 1 Introduction

This chapter explains the objectives of this thesis, introduces the case company and presents the research question. It introduces the international aspect of the thesis along with benefits for the case company and the author. In addition, the main concepts are explained and connected with definitions related to tourism and hospitality. Lastly, the importance of the modern business world is explained.

## 1.1 Background

The tourism industry, also known as the travel industry, provides people with travel activities to different locations. It's connected with the hospitality industry and its main goal is to create a unique experience for tourists.

Both the travel and tourism industry contain an accommodation sector for people who need housing while traveling. There exist a few types of accommodation for tourists, but the main two types currently are hotels and apartments. The popularity of apartments is constantly growing as some online platforms have made it extremely easy for tourists to find and book accommodation online for cheaper prices than hotels.

For the companies providing different types of accommodation it became important to advertise availability and options for tourists. The main platforms for advertising these services, are social media sites and websites for booking accommodation, such as Airbnb and Booking.com. However, it's not easy to create suitable content for tourism and travel industry promotion as customer segments vary from one country to another, and it's important to understand different customers mentality and values.

People working in the field of marketing and advertising must have the opportunity and skills to create content that may be of interest to all target groups. There is a number of fields that culture has an impact on. These industries are as follows: advertising, brand effectiveness, localization, international negotiation, international marketing and consumer behavior. (Pepra, Ocansey, & Mintah 2017, 151.)

This means that the content created for each target group has to be personalized and well planned. It is important to take into consideration different aspects which can affect customers thinking.

Although Marketing has impacted the industries of travel and tourism, it has also been undervalued. People responsible are both policy makers and practitioners which has caused misunderstanding when deciding which marketing disciplines to use. Renewed focus for these practices can increase sales and benefit the companies doing marketing in these industries. As an example, analyzing contextual factors are used for marketing purposes. Various authors have mentioned the lack of detailed research in different areas of strategic marketing and distribution processes used in travel and tourism. (Reige & Perry 2000, 1291.)

Delta Apartments is the case company that was chosen for the research and it is situated in the city of Tallinn. Tallinn is a very specific city because it has a famous old town which makes it so popular for tourists to visit. The old city of Tallinn has not been reconstructed since the Middle Age. Currently, it's the most popular location for tourists than the new center of the city, since most of tourists want to experience the old atmosphere of Tallinn. All the apartments are situated in the old buildings which makes them even more valuable and unique. Because of that, the renting price of the apartments is quite high.

The number of apartments owned by the company is constantly growing and this created a need to implement new marketing strategies for attracting more tourists.

## **1.2 Research question**

This thesis aims to improve marketing strategies used for the main target groups of tourists in the accommodation industry. It will explain the main features in customer behaviour. A research will be created which takes into consideration customers' opinions about Delta Apartments and what marketing strategies can be improved there. Based on that, new marketing strategies will be offered for Delta Apartments. The research question for this thesis can be worded as "What marketing strategies can be used for different customer segments in the rental accommodation industry?"

Following four investigative questions were designed:

IQ1. What are the existing marketing strategies used in Delta Apartments?

IQ2. What are the characteristics and behaviour of each customer segment?

IQ3. What are the most suitable channels for reaching each customer segment?

IQ4. What kind of marketing content most effectively engages each customer segment?

Table 1 shows connections between investigative questions, theoretical framework, methods and results.

Table 1. Overlay Matrix

Investigative question	Theoretical Framework	Research Methods	Results (chapter)
IQ1. What are the existing marketing strategies used in Delta Apartments?	Marketing strategies	Qualitative analyses.	Understanding existing strategies
IQ 2. What are the characteristics and behaviour of each customer segment?	Consumer behaviour	Survey, interview, quantitative and qualitative analyses.	Getting answers from tourists
IQ3. What are the most suitable channels for reaching each customer segment?	Marketing channels	Interview	Understanding the main marketing channels used by the customers
IQ4. What kind of marketing content most effectively engages each customer segment?	Marketing strategies	Results analyses	Suggestions for improvement

### 1.3 Research methods

Quantitative and qualitative methods will be used in the research. First, theoretical research will be made for better understanding the problem. Then, an interview with a few questions about existing marketing strategies will be made for tourists. Finally, there will be created an interview for the employees of the company aiming to understand their opinions about improving marketing as well. After conducting this research, it will be possible to answer the main question and provide some suggestions for improving marketing in the case company.

### 1.4 International aspect

Tourism is one of the most international oriented industries. Companies providing accommodation services for tourists should be aware of difficulties that they can face when serving international tourists. Nowadays the popularity of traveling as a leisure activity has grown among all customer segments as people started moving more freely and more often.

“Tourism is on the rise. In 2018 there were a record 1.4bn international tourist arrivals, according to the World Tourism Organization (UNTWO), a rise of 6% over 2017. That

doesn't mean 1.4 billion people travel abroad for their holidays, as many people will clock up more than one trip." (Blackall 1 July 2019.)

Delta Apartments company research has a big international aspect as it provides accommodation services for tourists from different parts of the world and different cultures. The company has to adapt its marketing strategies to customers representing different mentalities. Also, Delta Apartments is a fast-growing company and in the near future it may operate also in other countries and become even more international.

### **1.5 Benefits**

This research is clearly beneficial for both parties – Delta Apartments and tourists. The case company will be provided with a new plan for marketing strategies, possible solutions of some problems and recommendations for later improvements of the company's marketing. Tourists, especially from the main target groups will also get benefits from the research. They will be provided with an easier way of booking an apartment in the Tallinn old town and get more important information about Delta Apartments' campaigns and offers.

### **1.6 Case company**

Delta Apartments is the case company for the research. It offers accommodation services for tourists from many different countries. Currently the company owns 32 apartments in the Tallinn old town. The number of apartments is constantly growing and the marketing strategies are developing. Most of the tourists come from Finland, Russia and Estonia, so there is a need to create more new strategies for these customer segments. The key objective for the company is to provide comfortable accommodation for tourists visiting Tallinn.

Table 2. Number of bookings, number of guests and total number of nights in Delta Apartments (Vainberg 10 November 2019)

Country	Number of bookings	Number of guests	Total number of nights
Unknown	44	124	175
Algeria	1	3	3
Argentina	9	29	15
Australia	40	121	112
Brazil	6	19	12

Estonia	206	627	449
Finland	684	2807	1097
France	41	134	126
Germany	125	471	363
Kazakhstan	1	1	2
Mexico	6	17	12
Russian Federation	430	1482	884
Spain	44	155	93
United States	74	196	190

This table represents the countries from where visitors came in 2019, number of bookings, number of guests and total number of nights. The first biggest numbers belong to Finland. The number of bookings from this country was 684 in 2019, the number of guests was 2807 and the total number of nights was 1097. The second biggest numbers are represented by Russia. The number of bookings from this country was 430 in 2019, the number of guests was 1482 and the total number of nights was 884. The third biggest numbers belong to Estonia. The number of bookings was 206, the number of guests was 627 and the total number of nights was 449.

It is clearly seen from these two tables that the biggest customer groups for Delta Apartments are Finns, Russians and Estonians. So, the new marketing strategies should target mostly these three groups.

### 1.7 Key concepts

**Marketing strategy** used can be summarized as the process of planning, promoting, incentivizing products or services with competitive prices, and then portraying that to the customer. This would show the customer the potential relationship and how they would assist in reaching goals of the customer. There are different types of marketing strategies, such as paid advertising, relationship marketing, word of mouth, internet marketing and so on. (Bennet 1995, 155.)

In some cases, marketing strategies should be adapted to the customer's mentality and culture. The three main target groups for Delta Apartments are Russians, Finns and Estonians, and their cultural background should be considered when planning new

marketing strategies due to the differences in interests. There is a wide range of marketing strategies in both traditional marketing and digital marketing.

**Traditional marketing** is any type of marketing that is not online. It can be regular mail, phone or print. This type of marketing is the most recognizable and most companies still use traditional marketing as a part of their marketing strategy. This method is used for reaching target audience. (Carmicheal 24 September 2019.)

**Digital marketing** refers to any type of online marketing. There are several channels for online marketing, such as content marketing, influencer marketing, social media, online advertising, SEO. Digital marketing helps brands connect with customers and have a higher reach to potential customers. It also provides customers with new information about products. (Odden 16 July 2014.)

**Cultural values** are standards and expectations viewed with importance in every culture. These values have varying degrees of importance, benefits, appeal, acceptability. It can also be explained that it includes the beliefs of people which impact the way they view products and services. (Business Dictionary 2020.) An example would be a person who adheres to a vegetarian diet, and might dislike seeing marketing related to meat.

**Consumer behavior** involves different aspects of consumer search, selection, purchase of products and services. It explains how emotions, motivations and needs affect buying behavior of individuals along with how the products or services are used. Consumer behavior is one of the key areas marketing focuses research on. (Market Business News 2020.)

## 2 Theory

The aim of this chapter is to introduce the main consumer behavior features of the biggest Delta Apartments' customer segments, which are Russians, Finns and Estonians. It is crucial to understand how to interact with each customer segment and how to create suitable content for them.

Since many companies have started international activities, it became important to analyze how these companies create international advertising for their products. Most companies that operate internationally do not adopt their advertising to different cultures, they only translate text or slogan without changing its meaning.

“Differentiated means of advertising are means of advertising which take cultural particularities of the cultures/countries, in which they are used, into consideration. Therefore, they differ in their content or design (e.g. by adaptation of the visual elements, variation of the slogan etc.)” (Diehl, Terlutte & Weinberg 2003.)

### 2.1 Existing marketing strategies

This chapter explains marketing strategies used in Delta Apartments currently. The first marketing strategy, which is one of the most important for their business, is social media marketing. Delta Apartments has several accounts on Instagram, Facebook and Vkontakte (for Russians).

Facebook is widely used in the accommodation industry. Delta Apartments uses paid advertisement for Facebook which costs 10 euros per two days. This paid advertisement extends to Tallinn and cities around it. However, there are some difficulties in using this social media website. To post a picture on Facebook the user needs to first download this picture from the website where he can pay for it. According to one of Delta Apartments' employees, he once posted a picture which he has not paid for and this led to complaints from the picture's owners. Now, Delta Apartments marketing department cannot post many pictures because the funding is not enough to buy photos from the official website.

Another marketing channels used specifically for Russian customers is Vkontakte. VKontakte is one of the largest social networking services among Europeans. Vkontakte website is available in many different languages but most of its users are Russian speaking people. Because the city of Tallinn is popular among Russian tourists, Delta

Apartments is actively using Vkontakte. Unfortunately, this method has some disadvantages too. Compared to Facebook, Vkontakte is not working as clearly. It does not provide users with the information about extra fees that may have to be paid. According to Delta Apartments marketing specialists, it is very difficult to work with paid advertisement in Vkontakte.

Delta Apartments is actively using Google.com and Yandex.ru. Yandex is a technology and Internet services company in Russia. Yandex is a Russian internet services company that offers many different products and services. It is the most popular website among Russian speaking users. On Google.com and Yandex.ru Delta Apartments is using keywords. English for Google and Russian for Yandex. When users search for accommodation in Tallinn, Google and Yandex automatically display results with Delta Apartments. The usage of Google keywords costs 500 euros per month and Yandex 200 euros per month. Also, every word has a price for a click.

Another marketing channel is Booking.com where tourists can book the accommodation. Booking.com sends emails with offers to all users who have an account on this website. Same marketing strategy is used on Expedia.com, another website for booking accommodation.

Delta Apartments has its own website also, where tourists are provided with different offers and discounts. It is not easy to book an apartment directly from the website because the user has to go through too many clicks. Therefore, most of the users book Delta Apartments accommodation through Booking.com or Expedia. It is not a beneficial strategy for the company as Booking.com and Expedia take extra profit from every user who has used one of these websites for booking an apartment.

Another marketing channel is a program called mail chimp. This program is used for creating and sending emails for the customers who already visited Delta Apartments at least once. Company's employees create emails in English, Finnish and Russian languages.

There also exists a couple of hidden marketing strategies which are successfully used by Delta Apartments' employees. Tallinn is a rainy city but most of the tourists coming there do not take umbrellas with them. So, Delta Apartments' employees ordered a dozen of umbrellas with Delta Apartments logo. Customers take these umbrellas when it is raining and walk through the streets of the city with open logo on their umbrellas. So,

they voluntarily advertise the company. Another hidden marketing strategy is giving customers a pen bearing the company's logo so they remember the company's name.

## **2.2 Consumer behaviour**

Culture has a big influence on consumer behavior. Culture includes values, traditions, ethics and many other factors. Considering values and cultural features of a certain group of people is beneficial for the company's marketing. Once the company knows and understands its' customers it becomes easier to target them.

An important part of marketing that helps advertisers reach a specific audience, and should be considered frequently, is targeting. Targeting is a process of choosing a specific market and uses advertising as a method of reaching people within that market. (Bush 22 August 2016.)

Purchase decision is the buyer's decision about which brand to purchase. Factors, affecting purchasing decisions of consumers are usually advertising, previous purchasing experiences, friends' opinions, price and cultural background. Consumer values are linked to the emotions of people, their attitudes, behavior and psychology. Studying values helps marketers find a right way to present their product.

Sometimes it is difficult to grasp the importance of culture and effect it has on consumer behavior. Most of our decisions are affected by our mentality, from buying small goods to larger movements like flying abroad. There are practices which have special meaning to us. We understand culture as something daily, and we do not see how powerful it is until we experience a different environment. If we happen to be in a different environment, we start to understand that many things that we had taken for granted, do not apply to the culture different from ours (Solomon, Bamossy, Askegaard, & Hogg, 2006, 499.)

### **2.2.1 Cultural differences in consumer behavior**

Culture plays an important role in consumer behavior. Understanding the culture of a certain target group helps to predict its behavior. Culture indicates how to act, what to say, what to wear and what to buy. It also makes possible for people to communicate in verbal and non-verbal way.

There are some points of cultural influence on consumer behavior:

1. Hierarchies of needs

2. Culturally based values, especially in terms of individualism and collectivism in cultures
3. Institutions, which influence consumer behavior.

### **2.2.2 Culture in tourism marketing**

“The role of cultural differences in determining tourist behavior has not been paid much attention in tourism research. This is unfortunate because cultural differences are especially relevant to the tourism industry. The tourism industry is increasingly experiencing globalization, cultural characteristics represent an attractive element of the tourism product itself, and tourism is a service industry where people from different cultures can meet.” (Reisinger & Turner 2003, 29.)

Without understanding the customers' culture in tourism, hosts may see their services as satisfying, but international guests may not enjoy their stay. The aim of international tourism is to meet the needs of various customer groups from different cultures. Therefore, before creating the content for accommodation promotions, it is important to study the culture of the target groups. However, this statement does not mean that hosts must completely adjust their services to international tourists. Many travelers want to experience the uniqueness of other cultures and nationalities.

Cross-cultural differences are not only limited to language, food, or dance, but are also experienced in a variety of human interactions between international tourists and local hosts, including their non-verbal behavior, religious beliefs, time orientation, attitude to privacy, their manners, customs, forms of address, body language or gestures. These cultural elements are potential grounds for cultural misunderstanding and conflict between international tourists and locals. Marketers and managers must study them and have the ability to learn about cultures and compare. They can then recognize the differences, understand how cultural factors influence the others' behavior, and implement strategies that would successfully target the particular cultural group.

Cultural differences include many different aspects, as language, food, holidays, greetings, etc. Another type of cultural differences is represented in non – verbal behavior (religion beliefs, time orientation, attitude to privacy, forms of address, body language). Potentially, these differences may create problems for international guests and hosts.

### 2.2.3 Consumer behavior of the main Delta Apartments target groups

Russian, Estonian and Finnish customers, which are the main target groups for Delta Apartments, have special cultural features which affect their purchasing behaviour. First of all, Russian culture is more collectivistic than Finnish or Estonian, and this impacts many spheres of influence, including tourism preferences. Below is a list of the most popular destinations for Russian tourists according to the Russian state statistics service, Rosstat.

Table 3. Most popular destinations for Russians in 2018 (Mitt 2020)

Country	Visits
Turkey	2 281 000
Finland	1 559 000
Kazakhstan	1 287 000
Ukraine	1 074 000
China	908 000
Thailand	679 000
Estonia	858 000
Germany	591 000
UAE	545 000

The table below represents the most popular destinations for Finnish tourists.

Table 4. Most popular destination for Finns in 2018 (SimilarWeb 2020)

Country	Visits
Estonia	1 200 000
Spain	820 000
Sweden	700 000
Germany	310 000
Italy	260 000
Greece	250 000
Russia	240 000
United Kingdom	220 000
Norway	190 000

As it is seen from the list, Estonia is the 7<sup>th</sup> most popular country to visit for Russians and the first most popular destination for Finns. Some cultural features have significant impact on Russian tourists' behaviour, e.g. so-called the effect of word-of-mouth. Russian people have a collectivistic mentality and they like to take advice from their friends, relatives or colleagues. It can also be travel advice. Russian attitude towards spending is also an important feature in Russian consumer behaviour. According to Tourists review news (2020), Russians spend 12% more cash compared to tourists from other countries.

According to the polls, residents of Moscow and Saint – Petersburg travel more often than residents of other regions in Russia. The average amount spent by Russian tourists abroad is \$1.050 per person. (Vadim Tylik 2018, 22.)

Nowadays more and more Russians choose their destinations independently, meaning that they do not use travel agencies services. This caused some changes in the advertising industry. According to the Russian Association of Communication Agencies (RACA), “the Russian advertising market grew by 13% in 2018 in comparison with the same period in 2017: its volume amounted to \$3.7 billion.” (Vadim Tylik 2018, 44).

Finnish customers have a different mentality, so their decisions about travel destinations and accommodation are based on some other factors. First of all, Finns have a strong sense of national identity and everywhere they go, they are happy to hear that other people know about Finnish culture. Many Finnish people are proud of Finland’s achievements, so they like to hear and talk about it. There is a high degree of equality in Finland. Both men and women can be equally successful and split the bill even they go on vacation.

Finnish people usually speak English and other languages on a good level and are used to seeing advertisements in English. This is very different from Russian culture where most of people only speak Russian and do not tolerate any advertisements in English.

Also, Finland is a more expensive country when compared to other European countries, which means that tourists from Finland have high price standards and expectations. To create customer satisfaction among Finnish people, it is sometimes important to focus on customer service and the buying experience. About 60% of the population in 2018 is active on social networks. However, it does not mean that the access to the information and the opinions of other users are the main factors in motivation for buying goods or services. When it comes to the personal data of customers, they consider and look for a few topics important to them such as data protection along with access and stable security. (Santander 2020.)

Estonian customers are similar to Finnish customers. Estonians are also proud of their country and have the tendency explore and to travel to different Estonian cities. People from small Estonian cities like to travel to the capital and spend holidays there. Also, there are many Estonians who have moved abroad recently. Now, they have a habit of returning to Estonia for different national holidays, such as Easter, Christmas, Independence Day and many others. Tallinn has become a popular destination not only for foreigners but also for Estonians.

In 2018, 1.45 million Estonian tourists and 2.14 million foreign tourists used accommodation services in Estonia. The percentage of tourists staying in rental accommodation in Estonia is 77%. (Statistics Estonia 2020.)

### **2.3 Channels for reaching each customer segment.**

Russians have a negative attitude towards advertising. The lowest loyalty is to TV and radio advertising. Russians do not like “screaming” ads that invades their personal space. However, most of Russians are quite loyal to media advertising, such as Instagram, Facebook or Vkontakte. Another important factor is the age group of the target segment. On average, mostly young people between the age 16 – 30 pay attention on any kind of advertising.

Almost one third of their free time in the internet Russians spend doing online shopping. One of the most popular websites for Russian audience is Yandex.ru. Russian customers use it more often than Google.com which makes it an excellent platform for reaching Russian customers. There is a list of other websites that are very popular among Russian speaking audience, e.g Vkontakte, Odnoklassniki (a website for searching classmates) and My world which is a part of Mail.ru.

The most popular websites for Russians are Yandex.ru, Vk.com, Google.com, Youtube.com, Mail.ru. Social media website Odnoklassniki that was mentioned above is on the 6<sup>th</sup> place. For travels planning Russians use Booking.com, Tutu.ru, Rzd.ru, Tripadvisor.ru, Blablacar.ru (SimilarWeb 2020.)

Finnish customers are different from Russian customers. Nowadays most of the services in Finland are provided online. Finnish people are used to making online purchases and they consider it the safest way of paying. In Finland the role of tourism agencies is becoming less important as people like to plan everything by themselves. 5 most popular websites for Finns are: Google.com, Youtube.com, Facebook.com, Iltalehti.fi, Is.fi, Google.fi (SimilarWeb 2020.) These are the websites that Finnish customers use on an everyday basis. Facebook and Youtube are social media websites and they are popular in many other countries. Another popular social media website is Instagram, where people share pictures, stories, and communicate with each other.

There is also a list of websites that Finnish customers use specifically for planning their trips, such as Hsl.fi, Vr.fi, shop.vr.fi, Booking.com, Finnair.com (SimilarWeb 2020.) As it is seen from this list, most of these websites are used for domestic trips. However,

Booking.com is very popular among Finnish customers, so it could be a good platform for advertising different companies and services.

Estonian customers use the following websites on an everyday basis: Google.com, Youtube.com, Vk.com, Delfi.ee, Bongacams.com (Alexa 2020). Surprisingly, Vk.com is almost as popular in Estonia as in Russia. This is an interesting fact, because nearly 25% of Estonian population are Russians, so they use the same websites as in Russia. However, there is a difference between Russians in Estonia and in Russia, so the advertisement cannot be exactly the same for them.

#### **2.4 Suitable content for each customer segment**

A lot of research is aimed at reducing the importance of cultural variation. However, every culture is different and the values of people also vary. Goals that people may achieve in groups are more important in collectivistic cultures while in individualistic cultures, people are more concentrated on their personal goals. This is why for successful advertising to people from individualistic cultures it is important to emphasize the meaning of the product for an individual while in collectivistic cultures this value should be shared by the group. (Solomon & al. 2006, 501)

Western marketing is mainly focused on individualism and making the user of a product different from others. In individualistic cultures, such as Finland and Estonia the ownership of a product expresses uniqueness and independence whereas in collectivistic cultures, such as Russia, the product confirms social status of its owner. In individualistic countries the probability for trying a new brand is much higher than in collectivistic countries. It is important for western brands to be unique, because people of individualistic cultures appreciate uniqueness as it's a part of their mentality. In collectivistic cultures advertising is mainly focused on in-group benefits and family whereas in individualistic cultures advertising is focused on individual benefits that people can get from the product or service.

Consumers are also sensitive to the country of origin of products and services. Country of origin is used as a stereotypical information about the product or service this country provides. Estonia is associated with calm, good quality, bad climate, Soviet past, quiet people. Based on these stereotypes, people from many different countries create their opinions about Estonian products.

Consumer behavior of people is usually determined by their needs, motives, and surroundings. It may vary from one country to another. It is important to understand

when creating a suitable content for different customer segments. The need for status is different in masculine and feminine cultures. In masculine cultures, the need for success and status is higher than in feminine cultures. Estonia and Finland are feminist countries and Russia is more masculine. So, for advertising to Russian customers it is worth showing the status of the brand whereas for Estonia and Finland safety and comfort play more important role.

Environmental issues can be also one of the decision-making factors for some countries. Thus, in lower-power distance countries with low uncertainty people are more active with environmental behavior. People buy more environmentally friendly products in the low power distance countries. Russia is an example of high-power distance culture where power holders are very distant from society. Finland and Estonia are low power distance countries. People also express and have a different understanding of emotions used in advertising. In some cultures, it is common not to show emotions on public whereas in other cultures people do it freely.

Vacations are an important aspect in every culture. In the late twentieth century, going on a holiday became one of the most meaningful aspects in peoples' lives. When people travel on holidays, it means that they step back from their work and everyday life. Holidays and traveling have impacted and depend on various business in different industries such as hospitality, food service, travel agencies, etc. (Solomon & al. 2006, 511)

People usually travel in groups of relatives or friends, so for accommodation advertising understanding of family values is important. In collectivistic cultures, like Russia, people in groups (formal or informal) are more dependent on each other. In individualistic cultures people are less dependent on each other and join groups for achieving their own goals. Russian children are more dependent on their parents than Finnish or Estonian children. In collectivistic cultures the meaning of family is more important in life. In the Western individualistic world, the meaning of family is a bit different. Parents usually give their children more autonomy and freedom to make their own decisions. In high power distance cultures two generations live in two different worlds and in low-power distance cultures parents communicate with their children on the same level.

Since children from community-oriented cultures are more dependent on their parents, they travel together more often even throughout adulthood. People from individualistic cultures tend to travel with their children but only during infancy and youth stages. Upon

reaching adolescence, young people from these cultures usually travel with groups of friends.

Another issue is the language of advertisement for each customer segment. In Finland and Estonia most of young people are fluent in English. Finland and Estonia are in the top 10 English speaking countries in the world. (Önberg 17 April 2015.) Finland is in the 4<sup>th</sup> place and Estonia is in the 8<sup>th</sup> place. The Russian population has a completely different attitude towards English language with only 3% of people speak and understands English there.

## 2.5 Factors affecting buying decisions

In tourism industry there are different factors that may affect the decision of booking a certain hotel or an apartment. For understanding different customer segments' behavior, it is crucial to study the factors that affect their buying decisions. Choosing a hotel or an apartment is complicated for travelers because they have to consider many aspects.

According to a blog related to tourism, "the most important factors in decision-making for booking accommodation are location, price, and past experience" (Barsky 3 February 2010). This means that an important task is informing potential customers about locations available to gain attraction. It is necessary to take into consideration the different areas of concern for customers that affect the decision. Below is a table that shows the most important factors affecting choice of hotels for all customer segments.

Table 5. Global Market results (Barsky 3 February 2010)

Location	30.2%
Price	15.7%
Past experience	11.9%
Someone else's choice	7.5%
Recommendation by friend or colleague	6.8%
Reputation of hotel or brand	5.5%
Special promotion	5.0%
Convention or event location	4.0%
Loyalty program	3.8%
Other	3.3%
Positive online reviews	2.9%
Special amenities, facilities or services	2.7%

Hotel's "green" program	0.5%
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According to this table, three most important factors in purchasing decision in tourism industry are location, price, and past experience. However, this research is meant to explain the buying decision factors for different customer segments and this will help to answer the main research question which is "What marketing strategies can be used for different customer segments in the rental accommodation industry?"

Another important factor is so-called "user-generated ratings". It basically means the hotel or accommodation rating usually from one to five (from horrible to excellent). These companies use a star rating system to display the quality and service feedback given by other guests. Guests booking the accommodation can bridge the connection between their expectations and the reality, since these ratings are viewed as honest opinions of quality and service. These give the new guests realistic expectations of service.

Therefore, a hotel with a higher star rating is expected to provide better service. So, one of the factors to study in this research is the effect of online reviews on decision-making process in hotel booking.

## 2.6 Conclusion

Tourism is a very international industry that provides services for people from different cultures. In order to respond better to international markets, the tourism industry should adapt its marketing strategies to the cultural differences between tourists. Attraction of attention to the tourism market should take place focusing on the cultural characteristics of representatives of different countries. Travel companies should study and consider these differences to further develop marketing strategies. (Reisinger & Turner 2003, 322.)

The content of advertisement usually represents some cultural features of the target group. For successful advertising to Russian customers marketing specialists should understand what is collectivistic culture, the meaning of status for Russians, high-power distance, the meaning of a group. The content, created for Russians should show the status of the brand and its quality. It is also worth showing benefits for families and for the groups. Only 3% of Russian population are fluent in English (Rbth 2020). So, if Russians is one of the biggest target groups for accommodation in Estonia, it is very important to have a website and all advertising in Russian language as well.

For Finnish and Estonian tourists some other factors are crucial, such as comfort, safety and high-quality of the brand. They pay attention on employees' professionalism and are very critical to the service provided for them.

Also, as other Nordic nationalities, Finns and Estonians are sustainably-oriented and they are willing to pay more if they know that the brand is eco-friendly. These two cultures are individualistic and low-power distance which means that individualistic goals are very important for them in all spheres of life, including tourism.

### **3 Case company research**

This chapter introduces the research which was chosen to understand the behavior of the three target groups. It consists of the objectives of the research, the chosen method, sample population, the qualitative research process and the results. It also explains the reasons and motives for choosing qualitative research as a method.

#### **3.1 Objectives**

The objective of the research is to explore consumer behavior of the three main groups of tourists, which are Russians, Finnis for the case company. The research should help understand the factors affecting purchasing decision for each customer segment and how it is related to their cultural differences. These factors are different but mainly location, price, past customers' experience, recommendations, hotel reputation, and some other factors. The thesis aims to produce new marketing strategies that will help the case company to better target each customer segment.

#### **3.2 Qualitative research**

Qualitative research focuses on non-numerical data. Once this data is interpreted it helps understand social life and study social phenomenon. Qualitative research also helps investigate the meanings and motivations of peoples' behavior. The most popular methods of qualitative research are interviews, observations, open questions, focus groups. Qualitative research explains how everyday life is influenced by different kinds of social forces.

In order to understand social life, qualitative research collects and studies non-numerical data. Its main feature is that it researches and reviews everyday situations in peoples' life to reveal different qualities. Relevant conclusions made answer qualitative research answers questions and explain certain phenomenon. (Crossman 2 February 2020.)

For this thesis qualitative research method was chosen because the question of cultural differences and its' effect on consumer behavior is not easy to explain with numbers, as it would be with quantitative research. Also, qualitative research is more targeted which means that for this thesis it is more suitable as it describes different target groups.

### 3.3 Sample population

This research was conducted in Estonia. Three main customer groups were chosen for the research. Data was collected from representatives of the Russian, Finnish and Estonian nations. The survey was sent to the tourists who stayed in Delta Apartments in 2020 and 2019. All the respondents were of different age. The questionnaire was sent to the respondents via emails.

### 3.4 Questions

The aim was to see what are the main features of customers' behavior in tourism industry and what are the most important factors in booking accommodation for the main customer segments. Even though, there were three groups of customers to interview, the questions were the same for all of them. It helped to see the difference in their answers. It was planned that the interviews will be conducted in Tallinn where the main Delta Apartments office is located and where tourists come to pick up the key and check in. However, due to the unforeseen circumstances and the closure of Estonian borders, the interview process had to be changed. It was decided that the interviews will be conducted online. As most of the tourists coming to Delta Apartments leave their emails, it was decided that these emails can be used to send them the interview questions. The interviews were conducted in two languages – English (for Estonian and Finnish tourists) and Russian (for Russian tourists). There were six questions in each interview:

#### Questions about consumer behavior

1. *Where did you find Delta Apartments' offer?*
2. *Which platform do you use for booking accommodation?*
3. *What is the maximum price you would pay for accommodation if you travel with your family or friends?*
4. *How important for you is the location of the apartment? (Choose from not important/ important/ very important)*
5. *Name any other criteria that in your opinion is important for accommodation.*
6. *Have you looked at online reviews before booking an apartment?*

Table 6. Overlay Matrix

Russian, Finnish, Estonian tourists	
Questions	Theory
1. Where did you find Delta Apartments' offer?	Marketing channels

2. Which platform do you use for booking accommodation?	Platforms for booking accommodation
3. What is the maximum price you would pay for accommodation if you travel with your family or friends?	Price factor
4. How important for you is the location of the apartment? (Choose from not important/ important/ very important)	Location factor
5. Name any other criteria that in your opinion is important for accommodation.	Other factors
6. Have you looked at online reviews before booking an apartment?	Reputation of hotel/recommendations

## **4 Results**

This chapter represents the results of the survey created for this research. All the respondents were asked the same questions based on the following theory: marketing channels, platforms for booking accommodation, price factor, location factor, reputation of the hotel and other important factors. The results were categorized as follows: price, location, online reviews, platforms for booking accommodation, open questions. There were three groups of customers, as it was planned: Russian, Finnish and Estonian tourists. The survey was made in two languages – English for Finnish and Estonian customers and Russian for Russian customers. There were 43 responses from Russian tourists, 38 responses from Finnish tourists and 36 responses from Estonian tourists. The survey was sent to the respondents on the 2<sup>nd</sup> of April 2020 and was available until the 20<sup>th</sup> of April 2020.

Usually most of tourists in every country prefer to pay less and have a good location along with great condition of the apartment. However, this research aimed to discover a significant difference in the consumer behavior of the main customer groups. Some differences were discovered which will be discussed below.

### **4.1 Price**

Price is one of the most important factors in the decision-making process. Most of the customers prefer to pay less and get good services and goods. However, representatives of some cultures are willing to pay more regardless of their financial wellbeing. Figures below represent the answers of Finnish, Estonian and Russian tourists to the question “What is the maximum price you would pay for accommodation if you travel with your family or friends?”

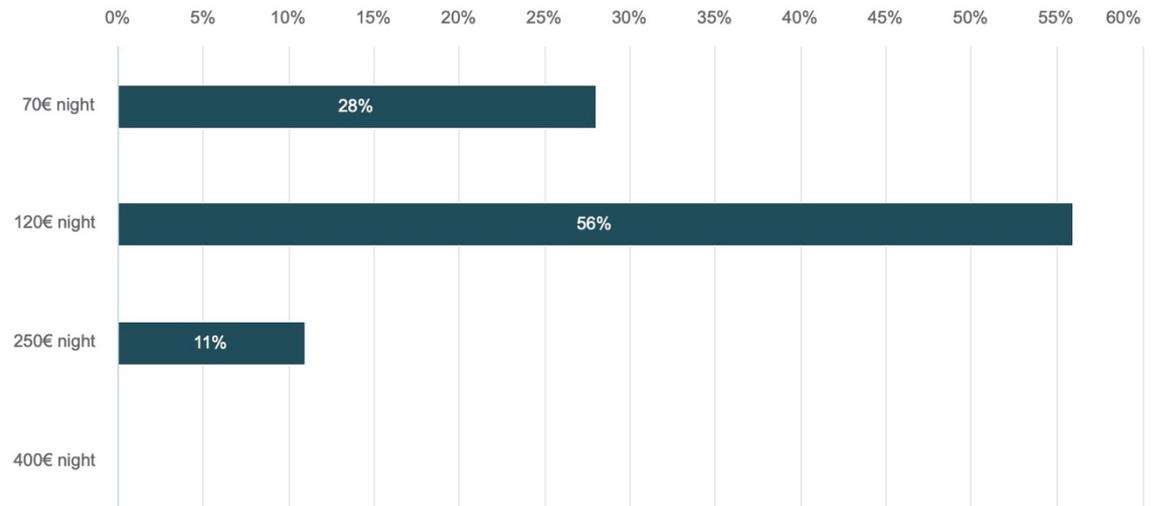


Figure 1. Apartment's price for Finns

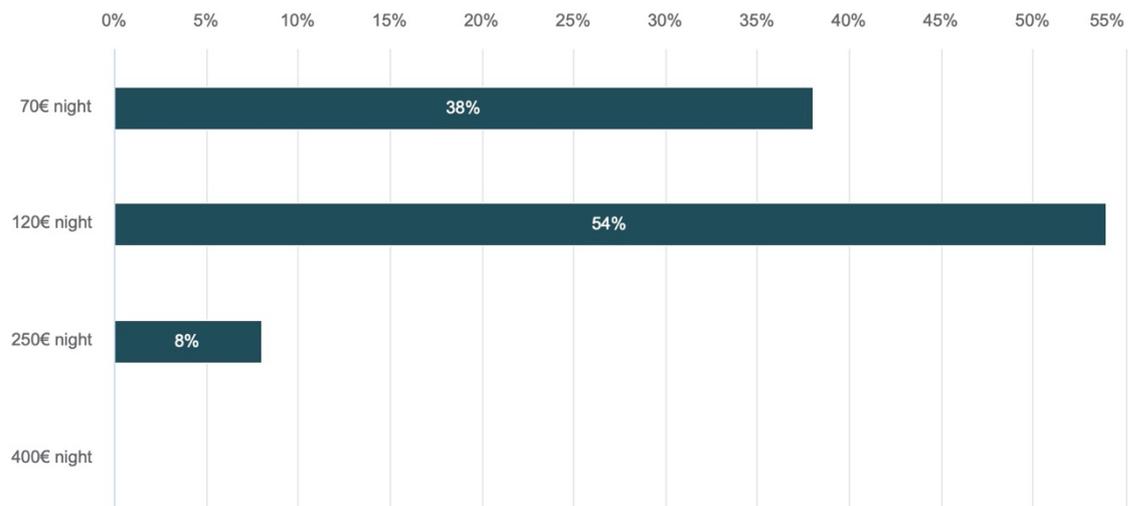


Figure 2. Apartment's price for Estonians

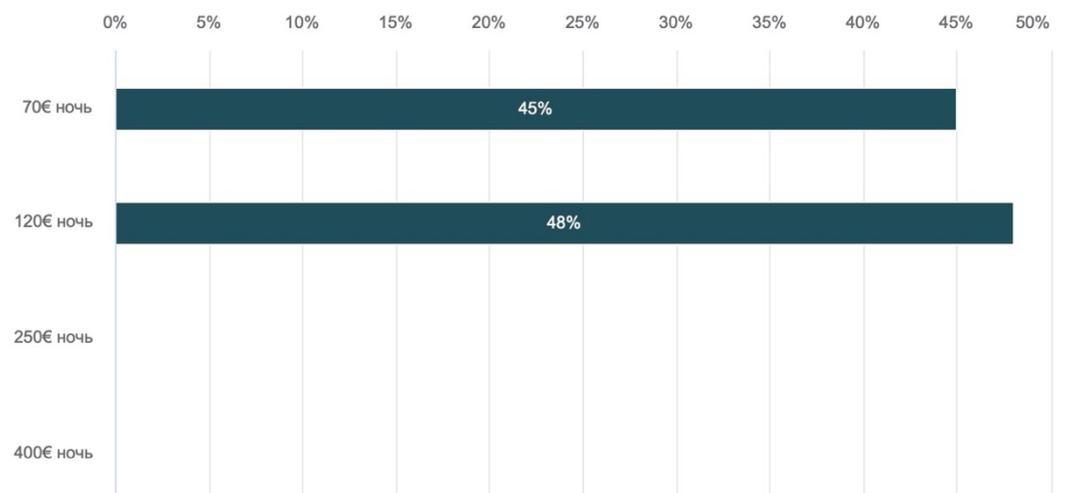


Figure 3. Apartment's Price for Russians

As it is seen from these figures, the most popular answer in all target groups was 120€. However, the percentage of tourists who chose this answer varies in all groups. 56% of Finnish tourists are willing to pay a maximum of 120€ per night, while 54% of Estonians agree to pay this price. Only 48% of Russians agreed to pay 120€ per night.

The second most popular answer to the price question was 70€. 28% of Finns, 38% of Estonians and 45% of Russians are willing to pay this price. Only 11% of Finnish tourists, 8% of Estonian tourists and 0% of Russian tourists agreed to pay 250€.

It is worth mentioning that prices for accommodation highly depend on the season when people travel. During the summer prices are usually much higher and tourists from all countries are willing to pay more for apartments. During November – March period prices are usually lower as less people visit the city of Tallinn.

#### **4.2 Location Factor and Online Reviews**

Location factor appears to be the most important in choosing accommodation according to experts (Barsky 3 February 2010). One of the questions in this research was about the importance of the location factor. To evaluate the significance of this factor all the respondents had to choose from three options: not important, important or very important. The most popular answer was “important”. This option was chosen by 65% of Finns, 70% of Estonians and 57% of Russians. The option “very important” was chosen by 30% of Finns, 23% of Estonians and 38% of Russians. Only 5% of Finns, 7% of Estonians and 5% of Russians answered that apartment’s location is not important for them.

Online reviews question showed similar results in all target groups. Nowadays people usually check online reviews before making a decision about booking accommodation. 91% of 18-34 year old people trust online reviews as much as personal recommendations (Kaemingk 9 April 2019). The results were: 90% of Finnish tourists, 85% of Estonian tourists and 85% of Russian tourists check online reviews.

#### **4.3 Platforms for booking Accommodation**

One of the survey questions was about platforms that customers use for booking apartments. 5 answer options were given for this question: Booking.com, Airbnb.com,

Expedia.com, Tripadvisor, Delta Apartments website and Other. Figures below represent the results of all target groups.

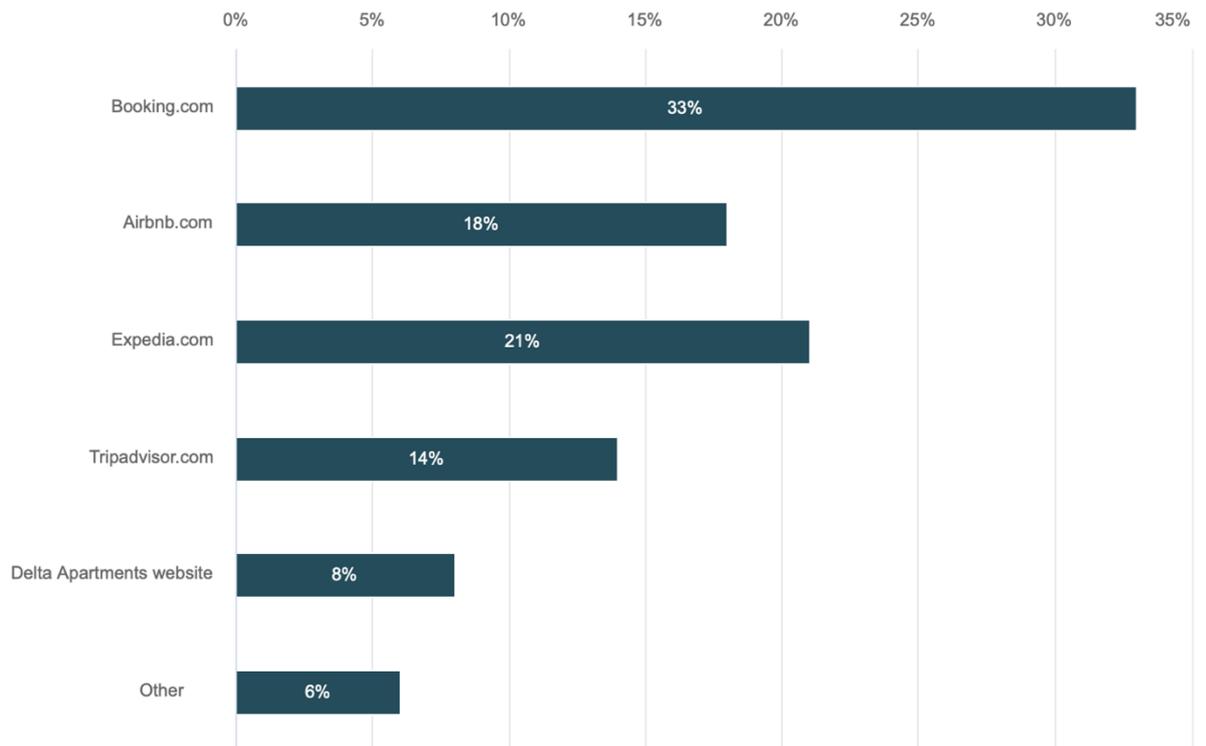


Figure 4. Booking Platforms for Finns

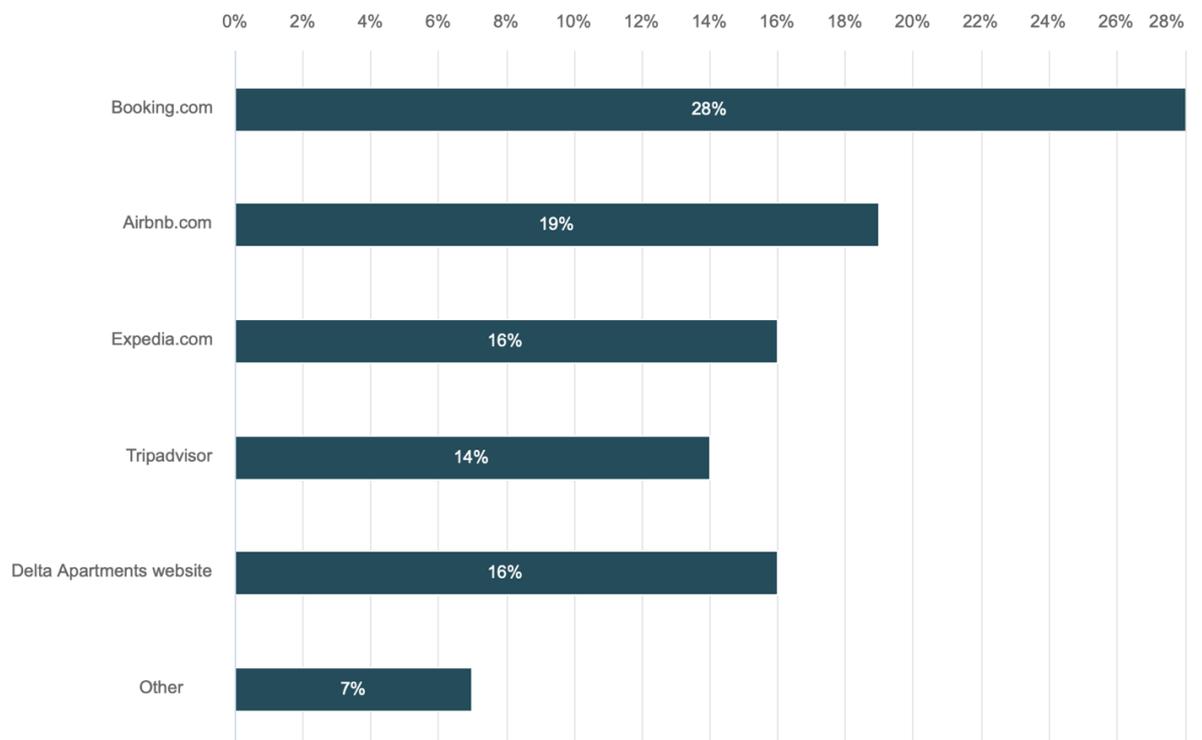


Figure 5. Booking Platforms for Estonians

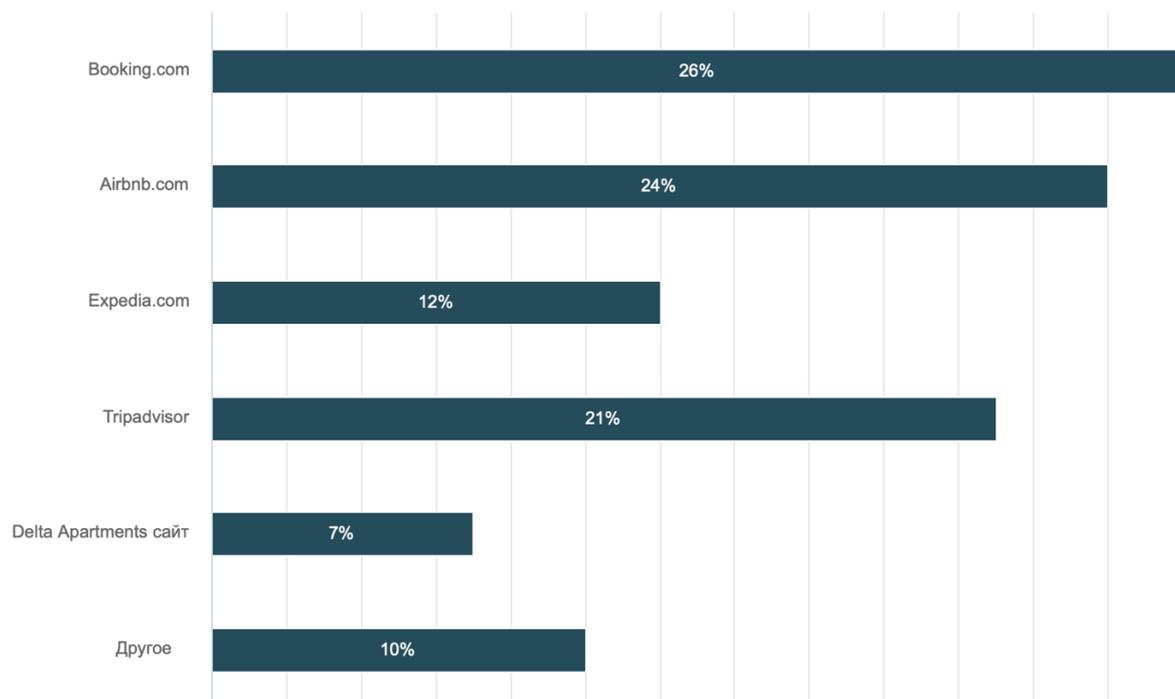


Figure 6. Booking Platforms for Russians

As it is seen from these figures, people use different platforms for booking accommodation. However, for tourists from all target groups Booking.com is the most popular website for booking apartments. The second most popular platform is Expedia for Finnish tourists and Airbnb for Estonian tourists and Russian tourists.

#### 4.4 Open questions

Two open questions were asked in the survey. The first open question for all target groups was “Where did you find Delta Apartments offer?” It was defined that most of the tourists from Finland and Estonia found Delta Apartments on Booking.com website or TripAdvisor. Most of Russian tourists answered that they found Delta Apartments on Airbnb.com, Booking.com or TripAdvisor webpages. Some of them heard about Delta Apartments from friends or colleagues.

The second open question was “Name any other criteria that in your opinion is important for accommodation.” For Finnish tourists, following factors were important: cleanliness of the apartment, easy access to the apartment and amenities such as laundry services. For Estonian tourists, quietness in the apartment and comfort were important. Some of them chose having a bathtub or an elevator as factors for choosing accommodation. For many Russians pictures of the apartment are important for their decision because they

want to see the details. Other important criteria are that apartment should have WiFi and high-speed internet.

#### **4.5 Validity and reliability**

The reliability of the study can be determined by assessing how much the requirements and the rules were followed. However, there is always the possibility of not fully complying with these requirements. Any researcher should strive to comply with all the rules most accurately and not make mistakes. (Middleton 3 July 2019.) The reliability of the study is determined by the possibility of conducting the same study twice with the similar results. If your research is reliable, it means that it can show the same results more than once.

In surveys, it is important to understand if the questions asked from the participants can help receive the information that was expected. It may be complicating to not only create a question but to have enough answer options for respondents. The survey creating process should be well thought out in order to have relevant information. Sometimes it is possible to evaluate validity of the research by comparing the end results with the expected results. However, it is worth mentioning that collecting data in paper format would be a better method for this research because tourists would give more information in face-to-face interviews.

The survey itself is not enough to collect the data, so the theory was also researched for this topic. Collecting data from different sources makes it possible to consider this data accurate.

## 5 Conclusions and recommendations

It was established that tourism and hospitality are very international and fast-growing industries. In these industries customers are from different countries and sometimes they have to be treated differently. Culture includes values, traditions, ethics and many other factors and influences consumer behaviour. Any company operating in hospitality or tourism business will benefit from considering values of different customer segments.

Culture has a very powerful effect in consumer behaviour. It was established during this research that three main consumer groups in the case company have significant difference in their behaviour. Of all three groups, Finns were willing to pay more for accommodation during their trips, while Russians were willing to pay less. The location factor appeared to be important for all groups and there were not discovered any significant differences.

It was also discovered that customers in all target groups use different platforms for booking accommodation. However, some platforms were more popular than others. For example, Booking.com is absolutely the most popular platform for all target groups while the popularity of other websites such as Airbnb, Expedia, TripAdvisor, and Delta Apartments website varies in all groups.

It was concluded that in many cases tourists from different cultures do not expect similar things from their accommodation. Of course, most tourists from all nationalities want to stay in a clean comfortable apartment to which they can easily find an access. However, some things, like high-speed internet, balcony, elevator, laundry services, quietness are more important to representatives of some nationalities. It was as well established that customers from all target groups are equally interested in online reviews and location of the apartment.

Online reviews factor appears to be equally important for tourists from all target groups. Nearly 90% of tourists from all countries read and pay attention on online reviews before booking accommodation.

Another fact that should be considered by the case company is that tourists from Finland and Estonia have a more in common, while tourists from Russia differ from them. This fact proves that cultural differences influence customers' preferences, as it is known that there are significant differences between Russian culture and Finnish and Estonian cultures.

## **5.1 Own professional development**

The process of writing a thesis is very useful for students. During this process I learned different interesting and useful things about global business environment, the mentality of people and how it affects tourism business. I have an experience in working in the case company and it was interesting for me to conduct this research about this work place as it was exciting to interview people who I worked with.

The most interesting part of this research was creating surveys for customers. As a customer of many different services and products myself, I often get the same kinds of surveys from different companies. When I find these surveys interesting and reasonable, I answer them. Writing this thesis, I was in the position of a person creating these surveys and I tried to make them interesting and always asked myself whether I would answer this kind of survey if I got one. After many corrections of these surveys, I finally brought them in a form that seems interesting for me.

Another useful practice was learning how to interview people in the company and how to not ask the same things more than once and how to create understandable questions that would help understand how the case company functions. I hope that this practice will help me in the work life later on and in my future studies.

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## 7 Attachments

### Attachment 1. Questionnaire

#### 1. Where did you find Delta Apartments' offer?

#### 2. What is the maximum price you would pay for accommodation?

- 70€ night
- 120€ night
- 250€ night
- 400€ night

#### 3. How important for you is the location of the apartment?

- not important
- important
- very important

**4. Which platform do you use for booking accommodation?**

- Booking.com
- Airbnb.com
- Expedia.com
- Tripadvisor.com
- Delta Apartments website
- Other

**5. Name any other criteria that in your opinion is important for accommodation.**

**6. Have you looked at online reviews before booking an apartment?**

- yes
- no