

KARELIA UNIVERSITY OF APPLIED SCIENCES  
International Business

Vitaliia Kamenkova 1601501

Kseniia Senkova 1601493

MARKETING STRATEGY FOR ATTRACTING RUSSIAN CUSTOM-  
ERS. CASE: LIETSU HOTEL.

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Tikkarinne 9  
80200 JOENSUU  
FINLAND  
+ 358 13 260 600

Author (s)  
Kseniia Senkova, Vitaliia Kamenkova

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**Abstract**

Lietsu – is a brand-new boutique hotel, that is located in the city of Joensuu. Russian tourists form one of the biggest shares of visitors of Joensuu. The city is located near the Russian border, which makes it easy to travel.

The thesis aims at forming a marketing strategy to attract Russian customers, build brand awareness and loyalty on a foreign market. In fact, it is a long-term strategy that will help business to attract target audience and reach new results. The thesis provides recommendations to the business in delivering and spreading the company's information using internet and social media marketing.

The development plan for Lietsu covers such aspects as online and offline distribution marketing channels, content production process and analyzing an existing situation. The marketing strategy for Russian market focuses on social media marketing. The primary data was collected from interviews conducted with target audience to examine the expectations from the place to stay and with the company representatives. The secondary data encompassed of literature review, trends and statistics gathered from articles, books and industry reports.

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# **1 INTRODUCTION**

## **1.1 The purpose of thesis**

The purpose of thesis is to develop a marketing strategy in order to attract Russian tourists to Lietsu Hotel. The main objective is to examine current ways that Lietsu use in the internet marketing and to figure out what the company should implement. As a result, the study will provide a clear marketing strategy for Russian customers attraction.

## **1.2 Methodology**

The study is conducted using both quantitative and quantitative methods. The research was done with the use of questionnaires and surveys of Russian tourists as potential customers. The semi-structured interview was made for a target audience from Petrozavodsk and Saint-Petersburg. The interview was made by using the Google Forms tool.

Primary data is collected from the interviews, industry reports and statistics information. Secondary data for literature review is collected mainly from books on marketing, content marketing, industry trends and reports and online articles. Research done by other researchers in this area will be studied as well.

## **1.3 Outline**

The marketing strategy for Lietsu Hotel starts with introducing information about the Joensuu Region and Lietsu Hotel, which focuses on its main Unique Selling Points (USP) and competitive advantages. The following section presents studies on the target group. These were conducted based on a survey among Russian tourists. The third chapter describes new and old luxury tourism, destination branding and digital marketing trends in Russia.

The final chapter deals with classifying the main steps in marketing strategy for Russian customers – the practical part for case Lietsu. The practical part includes Lietsu's reflections on content marketing results in a social media environment. This part includes an

analysis of the company's strengths, weaknesses, opportunities and threats, competitors' analysis, offline and online distribution channels. The final chapter provides guidance for content development and its promotion.

## **2 BACKGROUND INFORMATION**

According to the Business Finland article “Tourism in Finland Stays on Record Level”, Finland and Northern Europe are rising destinations for visitors, which accounts for 6-8% of travelers annually. In 2016 Finland was recognized as a trending destination for the following reasons: high quality food, safety, clean environment, high quality of service and hospitality.

Based on Business Finland, international visitors increased in all of Finland’s four main tourism regions: Lapland, Helsinki, Lakeland and the Archipelago. Visitors are typically interested in both Finnish cities and culture as well as nature and activities.

Based on the Statistics Finland findings “Nights Spent by Foreign Visitors in All Accommodation Establishments in Finland from January to September 2018, by Country of Residence”, Russian tourists spent 637,766 nights in Finland from January to September in 2018. Russian tourists took first place in the rank of top five nationalities visiting Finland. Thus, there is a potential for developing tourism services for Russian tourists. Russian tourists tend to travel to Finland often because Finland is a neighboring country.

There are 40 national parks in Finland. Many tourists from abroad are attracted to visit Finland especially for its unique and pure nature. Moreover, the northern culture and northern nature phenomena like northern lights attract a lot of tourists.

### **2.1 Joensuu**

Joensuu is the capital of the region of North Karelia. The city was founded in 1848 by Czar Nicholas I of Russia. The population of the city is 75,000. Joensuu and its region have a lot of unique and authentic activities to offer to tourists throughout the year.

### **2.1.1 Culture in Joensuu**

In the main square of Joensuu tourists can find Joensuu City Hall (1914), designed by Eliel Saarinen. Joensuu City Theater and Theatre Restaurant are located in this building. Joensuu City Hall creates a unique cityscape. Another destination would be the Joensuu Art Museum ONNI, which offers various permanent and temporary exhibitions. In ONNI, concerts of classical music are held and organized by the Joensuu Orchestra.

In the market square tourists can find the North Karelian Museum – Carelicum. This museum includes exhibitions about the Karelian Region, its nature, history, culture, traditions and religion. Various music events and temporary exhibitions are held in Carelicum. Near the main square tourists can visit Taitokortteli. The area contains plenty of cafeterias, restaurants and craft shops offering traditional foods, pastries, beverages, goods, arts and crafts.

The main square is the heart of the city. Here cultural and sports events are held. Tourists can visit markets with local food and beverages, music events, international markets, celebrations of holidays and other cultural events. Food markets are held along the riverside. (visitkarelia.fi 2019.)

### **2.1.2 Shopping in Joensuu**

There are several places in Joensuu to go shopping. Tourists that are interested in shopping will find various opportunities for this activity. Joensuu offers various places where tourists can go shopping: shopping centers (Isomyy, Metropol), shops on Kauppakatu street, and various flea markets. Grocery shopping is available in S-market, Prisma, Lidl, Tokmanni and Ecoteekki.

Moreover, tourists can find various antique and flea markets in Joensuu. Based on the article by Reihart (2019), flea markets have become more popular among consumer conscious buyers all over the world by 64%. People that are trying to consume less and save the environment choose second hand shops.



### **2.1.3 SPA in Joensuu**

Joensuu offers spa activities during the whole year. Tourists can enjoy swimming, sauna and gym facilities in Vesikko, a waterpark, and Vetrea center. Visitors can experience authentic saunas and ice water swimming in the Jääkarhut Sauna Club, which is located by the lake Phyäselkä. Tourists that desire to be closer to nature can rent a private sauna with grills near the lake in Kuhasalo. It is also possible to rent a boat sauna and experience a unique way of enjoying sauna, swimming and boating at the same time.

### **2.1.4 Sport activities in Joensuu**

Basically, at any time of the year, tourists can do various sports activities. During summer, autumn and spring time, such active outdoor sport activities as biking, swimming in the lake, fishing, SUP surfing, Kitesurfing, outdoor gyms, grilling, and hiking are available. During winter, people can experience such activities as cross-country skiing, alpine skiing, kitesurfing, skating, hockey, and ice-fishing. All activities are available in Joensuu City or in the North Karelia Region.

All in all, during the whole year customers can do various activities. The city offers activities in different spheres – sports activities, cultural activities, recreational activities, shopping activities and educational activities. Joensuu City and its region are continuously developing tourism services.

### **2.1.5 Tourist destinations in the Joensuu Region**

The Joensuu Region has various prospects for development in tourism. The region attracts many adventurous travelers who love hiking. This includes Koli National Park. The region has a lot of lakes, rivers and forests, which makes the region fascinating for water activities: fishing and kayaking in the summer and ice-fishing, ice-skating or skiing in the winter.

## **2.2 Koli**

Koli National Park is one of the most popular national parks in Finland. It is located 62 kilometers from Joensuu, and the drive takes less than 1 hour by car or public transport. This national park is an amazing place for hiking in summer and alpine skiing during the winter. All the necessary equipment can be rented from the park. Grills are available at Koli. The highest point of Koli National Park is 342 meters above sea level. The Sokos Hotel offers authentic spas with views, accommodation and restaurant services. Also, in front of Sokos Hotel there is an alpine skiing resort with skiing equipment for rent. During the summer, visitors of Koli can go hiking in the beautiful landscapes of Koli, fishing in the lake and grilling in special grill stations. Koli Spa is also available during the summer.

During the winter UKKO Koli provides winter activities such as alpine skiing, cross-country skiing and snowshoeing. Customers can rent high quality equipment and service. Guides and instructors are available for every activity. Customers can experience more active activities such as guided tours, husky safaris, skating on the longest in European ice road, riding, wildlife observing, snowmobiling, cave adventure, tour skating, winter fishing, ice hole swimming.

Koli's nature center, UKKO Koli, is located in the national park. There visitors can learn more about Koli's heritage, geological features, the natural environment and culture, agricultural traditions, the history of tourism in Koli, and the area's geological features. (VisitKarelia 2019.)

## **2.3 Ilomantsi**

Another destination worth visiting is Ilomantsi, which is located 73 km from Joensuu. Ilomantsi offers its visitors authentic Karelian experiences. People that are interested in culture can enjoy traditional Karelian cuisine in a local restaurant Parppeinpirtti, listen to

the sounds of kantele (traditional Karelian musical instrument) at the Parppeinvaara Baltic Village, learn about the nation's war history at the Taistelijan Talo and see historic art of ironworks.

The Parppeinvaara Baltic Village has an old historical building collection including Bards House, where visitors can listen to traditional music and visit exhibitions, the Border Generals, an Orthodox chapel, wartime operational headquarters and Mesikkä Animal Museum. Tourists can also try local wines of Hermannin Viinitila that are produced from local berries. (Ravintola Parppeinvaara 2019.)

## **2.4 Valamo**

Another tourist destination in North Karelia is Valaam Monastery, which is located 64 km from Joensuu. Valaam Monastery and orthodox church keeps a spiritual, sociable life, which is based on the tradition of the Orthodox Church. Nowadays, the main business of Valaam is tourism: more than 100,000 guests come to the monastery every year, and all proceeds from tourism are used directly for the maintenance and development of the monastery. Arriving for one day or staying overnight is possible all year round.

Valaam offers various impressions and activities in the surrounding area to its guests. Tourists can experience a calm atmosphere and participate in the daily monastery life. Tourists can relax while walking in nature, spending time among their family and friends or learning new skills at Valaam Folk School courses. The monastery is also a popular venue for celebrations, conventions and seminars.

Koli, Ilomantsi and Valaam offer unique and authentic experiences of Karelian culture. These tourist destinations offer unforgettable memories that will motivate people to come back. (Valamo 2020.)

## 2.5 Nature

Finland is located in Northern Europe; Finland is the eighth largest country in Europe in total area - 338,144 km<sup>2</sup>. The population of Finland is 5.5 million people. In the past, people lived throughout the whole country in villages and small towns. Nowadays, most people prefer to live in urban areas. For example, the Helsinki metropolis area's population accounts for 1.5 million people. (Facts about Finland 2019.)

Finland has a great natural heritage, which is highly valued by Finns and tourists. The land of Finland consists of 10% water and 69% forests. Finland has 188,000 lakes and 98,050 islands. Owing to these facts, Finland is called the "Land of a thousand lakes". (Facts about Finland 2019.) Lakes play a significant role in recreation and tourism.

## 2.6 Cuisine and beverages (high class hotel and restaurants market)

North Karelia has its unique cuisine, which is one the images of the culture of Karelia. It provides special dishes such as Karelian Pasties, Karelia Stew, Tsupukka, pyörö, piirakka, kukkonen and vatruska. Joensuu and its region offers authentic restaurants with local cuisine (Visit Karelia 2019).

Joensuu region is located near the Russian border, that is why there are a lot of cross-border projects between the regions. For example, in January 2020 experts from a cross-border project "Kalitka" have created a gastronomic map of the Karelia region, which includes 21 restaurants in Republic of Karelia and 6 restaurants from North Karelia. That creates extra possibilities for developing tourism in North Karelia, as tourists can travel from gastronomic tours on Russia to North Karelia. (Petrozavodsk govorit 2020.)

One of the most authentic places to eat in the city of Joensuu is Kielo, a place that provides a menu of three or five courses, including dessert and wines. Kielo is an expensive restaurant that offers a mix of French and Finnish cuisine with traditional local flavors. The dishes are made from fresh and local products with a variety to choose from. The restaurant is situated in the city center of Joensuu in a quiet place. During the summer the terrace

is opened and live-music is provided. All the mentioned facilities and services make the place attractive to visitors. (Visit Karelia 2019.)

The next place is Parppeinpirtti Restaurant, which has the attributes of a new luxury concept. The restaurant is situated near Ilomantsi. Parppeinpirtti offers authentic Karelian cuisine including such dishes as Karelian pies, mushroom salad, smoked salmon and vinegar vegetables and Karelian meat stew served with root vegetables. For dessert Parppeinpirtti serves a traditional berry dessert. The restaurant is open to all visitors during the whole year.

Another place that is available for tourists is Hermannin's Winebar, which is located on the top of a 33-meter-tall tower with an amazing view of Karelian nature. During visiting this place customers can try the unique Hermannin winery products that are produced from organic Finnish berries in Finland. Hot beverages, pies and pastries are served in the restaurant. Customers can visit Hermannin Winery, which is located downstairs and learn more about the Finnish alcohol beverage brand and its production. (Visit Karelia 2019.)

All the places that are mentioned above can be defined as new-luxury concept restaurants. The places have unique selling points and competitive advantages, providing unforgettable customer experiences.

## **2.7 Transportation**

The distance between Joensuu and Saint Petersburg is 417 km, which takes 5 hours by car. The distance between Joensuu and Petrozavodsk is 364 km, which takes 4 ½ hours to drive. A visitor is able to get to the city by road, rail or air. However, based on our survey, most of the Russian tourists travel to Finland by car.

Also, there is a bus connection between Joensuu and Saint-Petersburg. The ride lasts about seven hours and departs three times per week. Train transportation is also available, however, traveling takes about seven hours with three changes.

There is a bus connection between Joensuu and Petrozavodsk, which is available every day; it takes about seven hours. Another option is Blabla car service. This service (app) works in Russia and Europe. The main idea is that drivers can reduce the expenses by offering a ride to people that are travelling to the same destination. This is a useful service because travelers can travel in comfort and reduce the cost of travelling. (BlaBlaCar platform 2019.)

### **3 LITERATURE REVIEW: MARKETING AND TOURISM**

#### **3.1 Luxury tourism**

It is important to define the meaning of the word "luxury" to proceed with. According to Collins' dictionary "luxury" is something pleasant and satisfying. According to the World Tourism Forum website luxury tourism is considered a niche market as it provides unique and authentic service to the customers. In the luxury concept tourism consumers do not need to worry about the service or the lack of it. (Collins' dictionary 2019.)

Luxury tourism can be defined in two concepts: "old luxury" and "new luxury". The old luxury concept can be found in old but sustainable luxury brands such as Rolls-Royce or Hilton Hotels. Old luxury brands are timeless. Old luxury is all about the history and heritage of the products and services. In old luxury concept materialistic things were appreciated more. (Yeoman 2008.)

In the past, luxury could be defined because the products were made of something super exclusive or rare. Luxury was accessible only to rich people. However, the concept is changing, and what was appreciated and referred to status, wealth and accomplishment, now is seen as snobbery, arrogance or mainstream. The values of old luxury could be defined as: expensive, tangible products, high quality, showy richness, prestigious and arrogant, uniqueness, heritage, passivity. (JungvMatt 2017.)

In past years the luxury tourism has been transforming into the concept of new luxury tourism. Due to rough competition, new consumer behavior and developing technologies the concept of luxury tourism has become widespread. According to Jcdecaux website the "new luxury" concept means that authentic experience is key. That means that people do not care a lot about how much money they spend; they care more about the experience that they will gain. Luxury always meant to people high costs, high quality and the best service. However, nowadays people are seeking for the exclusive, unique and authentic product or service with a history. People want to get the experience full of emotions. Luxury is becoming more democratic as nowadays even middle-class people can get it.

Based on the thoughts of Boston Consulting group's website, the main differences between the "old" and "new" luxury is accessibility: old luxury is expensive, and only the rich high-class segment can afford it, while new luxury is available in different forms. New-luxury brands provide unique experiences to consumers. Some examples of new-luxury brands are: The May Fair Hotel, Tempur, and Native Trails.

The research made by Dykins shows that the main trend of the future travelling is experiential vs material goods: luxury is not the same thing for everyone. People are more likely to spend their money on experiences rather than on actual material products. Brands should provide unique and unforgettable experiences. The new luxury concept in tourism will be about having access to the experiences that money can buy. (Dykins 2019.)

Horwath HTL group states in the industry report "Rethinking Luxury in Hospitality" (2018) that the global luxury market continues to grow. From 2010 to 2016 the market has grown by 52%. The competition in this niche has become higher, and certain trends and challenges appear. There are two main factors that influenced the niche: the changes of consumers' lifestyles and habits and digitalization. The first factor can be described in the following:

- More and more people are starting to care about their health, that is why the new trend as "health is the new luxury" appears
- One of the keys to keep guests is how they felt during the stay with an emphasis on emotions. The emotions are the target in order to gain the client, they should be unique and related to a customer journey. It is essential to understand what clients think and how you can affect them.
- Consumers are becoming more demanding. It is becoming harder to surprise them, and the standards of luxury are increasing.

The second factor – the digitalization in new luxury concept in hospitality business is defined as:

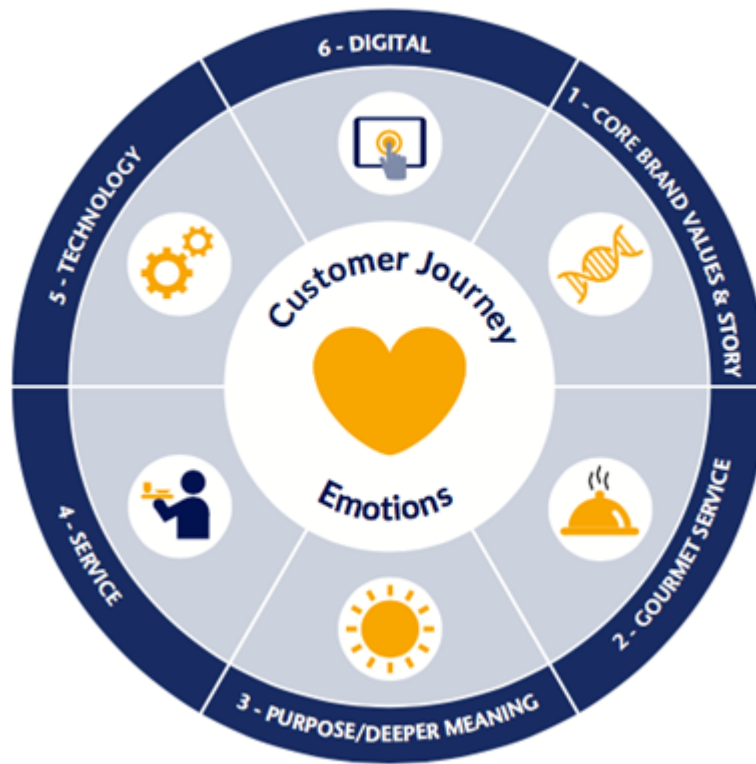
- The tech-obsessed concept which is around us involves providing new digital solutions to clients. However, on the other hand more and more users want to disconnect from the digital world.



What exactly does "new luxury" mean in the hospitality niche? The Horwath HTL in its report accentuate five perspectives:

1. Purpose – clients are seeking for better, more-fulfilled lifestyles, they do not want to spend money on empty, superficial experiences.
2. Personalization – the brand should understand its client and make his experience unique and special. The brand should take into consideration the client's lifestyle and habits in order to create personalized service.
3. Experimental – it pushes to rethink the customer's experience and go to the next level. The focus should be on emotions. While traveling, travelers usually seek solutions to their problems or finding a new character for themselves. The concept concentrates on experiences that meet the emotional, physical, mental and spiritual needs.
4. Balanced disconnection – the core principle in this perspective is to balance between digitally intensive and digitally aversive experiences. Companies should find out what relationship customers have with technologies. Nowadays, we are living in a tech environment; the concept of digital detox is becoming more popular, and people more frequently travel to places where they can find disconnection.
5. Seamless journeys – service was always a key for customer's satisfaction. Nowadays, there are a lot of different kinds of technologies that can make the experience of the stay smoother and more exciting. The companies should incorporate different technologies in their processes.

Horwath HTL (2018) states that it is crucial to understand the delivery process of new luxury concepts to the consumers. Customer journey and emotions are the key factors in this concept. Horwath HTL has developed a framework that describes the delivery process of new luxury.



Picture 1. New Luxury Framework. (Horwarth HTL 360 New Luxury, 2018)

1. Core brand values & story – as mentioned above the consumers appreciate when they know and understand the brand values and its history. Long-term success is guaranteed when the core brand values are transparent to the consumer.
2. Gourmet service – high-level service standards were always a key in luxury tourism. Gourmet services should not only provide tasty food and good service but also an experience. It is important to follow the global food trends as well (healthy lifestyle, green food, etc).
3. Purpose/deeper meaning – in order to define expectations, it is important to clarify customer segments. Desired goals should match the provided offerings and be defined, for example, the services or programs for defined segments.
4. Service – as mentioned above service is a core factor that drives the customer's experience and feedback in luxury tourism. However, in a new luxury concept there are new expectations and demands. It starts with small details and gestures

to the client that are important for him. The new luxury service should be more personalized. The client should feel the experience during the whole journey or stay. The experience could become a driving factor to come back. Delivering a perfect experience could even start with small company gestures (welcoming drinks, cards). Modern customers appreciate a personalized attitude, as they start to feel special. All the staff members need to follow and support the customers' experiences during their stay through proactive recommendations.

5. Technology – we cannot survive without technology, and it does not matter where one operates. It is important to integrate the new technologies to the business and platforms that are available, considering those that the client use in his private life, in order to provide transition from home/workplace to the stay. Customers will feel they stay with the things that they also have at home and they will not feel they lack them. Technologies can also help businesses as a support for experience building, as they are able to collect data about the customers.
6. Digital – nowadays, the customer experience often starts with online reservations of a hotel or service, so that is why it is important to make a good impression for the customer via this channel. As many consumers cannot imagine their life/stay without their devices, it is important to provide a friendly environment for the usage. The digital content should be on a high level, as it is often the first thing that people are looking for, the social networks of the company should also be well-developed and they should create feelings and emotions, providing customers the atmosphere of a business. (Horwarth HTL group: Tutek, Roth & Šimatic 2018.)

### **3.2 Trends in luxury tourism**

Luxury tourism is changing over time. New trends and technologies appear in this niche. In order to provide up-to-date services or products, the following trends should be taken into consideration. The Luxury Travel Magazine has described the luxury travel trends of 2020:

1. Going green – sustainability and ecology will be appreciated by customers. The companies that minimize the use of materials and rubbish or practice recycling will take place on tourism market.
2. Purpose led travel – travelers want to make the emissions count and consume less. The companies that take into account ecological actions will be appreciated by the travelers. For example, Fairmont Maldives Sirru Fen Fushi has created a project "Coralarium", which teaches guests and encourages them to participate in regenerating a coral reef while underwater swimming.
3. Off-season surprise – tourism businesses create new opportunities and attractions for customers during the low-seasons.
4. Personalization – hoteliers should create a personalized way for customers. Guests should feel that they are special and unique.
5. Taste travelers – luxury travelers also seek culinary destinations. It is very trendy to provide fresh local products for customers as well as to work in collaboration with fine restaurants.
6. The unsung heroes – the trend of exploring "second cities" or unknown places is increasing. Travelers are ready to switch from the ordinary destination to a new less famous alternative.
7. Learning from locals – it is no longer attractive just to travel or relax; travelers are seeking experiences and new things to learn from the locals. They want to have a deeper understanding of the place.
8. Solo travel – in 2020 there will be even more solo trips than ever. People seek adventures and freedom. (Luxury Travel magazine 2019.)

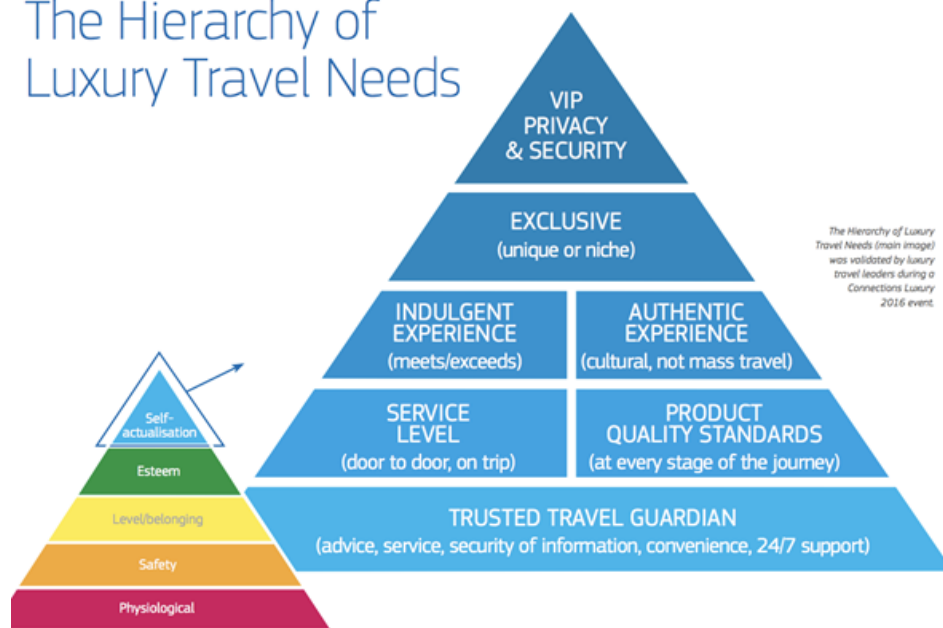
### **3.3 Luxury travel needs**

“One key trend driving the future of luxury travel is the shift in values from the material to the experiential – rather than saving up to buy luxurious possessions, people are choosing to spend their money on experiences.” (Dykins 2019).

According to Dykins, it is highly important to take into consideration self-actualization in Maslow’s hierarchy while building luxury tourism destinations. Self-actualization includes five important stages that contemporary luxury tourism businesses should provide to its customers. Contemporary customers have high expectations about choosing travel destinations.

1. Trusted travel guardians that will provide high service levels, security of information, and offer around the clock support.
2. A high level of service that is designed in a personalized way.
3. The quality standards of a product have to be the same at every stage of a customer journey.
5. Authentic experience. Travelers tend to make their buying decisions based on the level and variety of authentic cultural experiences provided by a tourist destination.
6. Indulgent experience. In order to succeed, a travel destination should not only meet customers' expectations, but also exceed them.
7. Being exclusive means that the service provided by a travel destination should be unique on the market.
8. Customers are expecting to get VIP privacy and security during the trip.

## The Hierarchy of Luxury Travel Needs



Picture 2. The Hierarchy of Luxury Travel. (Dykins, 2019)

### 3.4 Destination branding

Piggot (2001, 52) claims in his book *Strategic Marketing in Tourism* that the competitiveness of a destination significantly depends on its branding. First and foremost, destination branding is the creation of a positive image with certain associations of a destination in customer and stakeholder minds. The main aim is to determine a destination's unique identity and promote it to targeted customers. Consequently, customers make the decision of choosing the destination based on strong brand awareness and brand image.

Branding is considered to be one of the key elements in destination marketing. Customers are not seeking tangible elements in a destination as they are more or less similar everywhere. Almost every resort or five-star hotel offers its customers high quality, great service, beautiful landscapes and modern facilities. These hygiene factors are the foundation of any hotel or resort, but it is not the main differentiation in customers' minds anymore. It is important to provide new solutions and create unique identities that meet customers' needs. This will create a better differentiation on the market. (Piggott 2001, 52-57.)

The aim of a brand is to create memorable and unique experiences for customers. This can be reached by strengthening intangible elements such as social, emotional and value identity for a customer. Customers are more likely to make a decision towards a product that has an emotional relationship for a customer. Thus, emotional aspects become more important than price. Creating a desired picture with strong emotional connection towards a brand in the customer's mind has become a necessary requirement for success.

According to Kotler and Gerther (2002), a brand name should be chosen in the most suitable way, as it has a strong impact on perceptions and attitudes of customers towards the product. Thus, the pronunciation and spelling should be simple and have the same or at least a positive meaning in translation from other languages, especially if the country operates internationally. The name of a brand could stimulate direct sensory experience while the customer is using the product.

Another aspect that is affecting customer perceptions are knowledge structures about the place or a country. Even if a person has never been in a place, he or she may have certain expectations and opinions based on knowledge that can be obtained from such sources of information as books, television, friends, family etc. Based on "Destination Branding", the cognitive processes of a person work differently in situations where the customer is not actively involved. Thus, customers tend to choose and accept information that align with their expectations. (Kotler & Gerther, 2002, 40-57.)

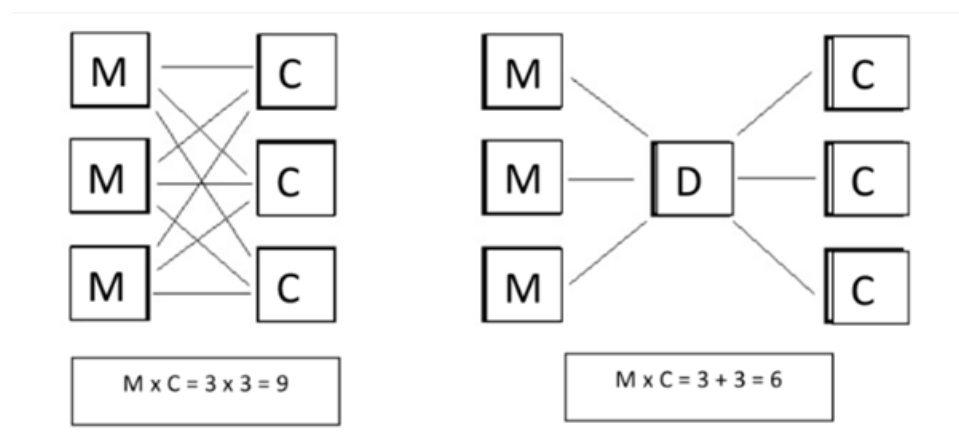
### **3.5 Distribution of tourism services**

A distribution channel is a chain of businesses, activities for intermediaries through which a service or product goes in order to reach the final user (customer). Distribution channels play an important role in service marketing. There are direct and indirect distribution channels. Direct channels mean that the customer buys directly from the manufacturer. In indirect channels, the intermediaries advertise products, and the customer buys from them. In tourism the intermediaries include travel agencies and tour operators. (Kenton 2019.)

Travel agencies are a part of traditional marketing channels. In order to survive, they provide services with extra-added value and new advantages, competing with new direct channels and online distribution channels.

Distribution channel networks in the hospitality industry consist of contractual agreements and well-organized alliances between independent organizations. The distributor helps manufacturers to reduce the amount of work. This means that customers contact the distributor, not the service providers. In this way a manufacturer can reach many potential clients through one distributor. (Kotler, Bowen & Makens 2010, 328.)

Figure 3 shows the efficiency that can be reached using the distribution channel system. While choosing the distribution channel, the organization should think about which choice will add customer and organization value at the same time.



Picture 3. Efficiency of distribution channels. (Kotler, Bowen & Makens 2010)

### 3.6 Market segmentation

According to Dolnicar (2007) Market segmentation is “*the process of defining and subdividing a large market into clearly identifiable segments having similar needs, wants, or demand characteristics*”. The market segmentation strategy refers to four points:

1. Behavioral
2. Demographic



3. Psychographic
4. Geographical differences.

Tourists are different. All of them have different pictures of ideal vacations. The market segmentation is a strategic tool in this case which will help to define them into smaller groups with similarities. Market segmentation can be applied to any unit in the tourism industry: hotels, travel agencies, restaurants or tourist attractions. The main benefit of this tool is that it could define the main need of every group in order to fulfill them. Understanding and knowing the needs of the target segment will help to make a more unique and special message for a particular group of customers.

The aim of segmentation is to put customers into groups in order to gain more value for the organization. While segmenting, certain criteria should be taken into consideration:

1. The members of each segment should be as similar as possible and as different as possible from the other segments.
2. The segment should be identifiable
3. The segment should be reachable in order to build a communication channel between the organization and end-consumer
4. It should match the strengths of tourism destination
5. The size of the segment is also important as the company should also think about profitability. It is not always good to choose the biggest segment in tourism, when a smaller niche is more profitable and easier to reach.

(Dolnicar 2007.)

### **3.7 Digital marketing**

According to Adam Barone, digital marketing is the use of the internet, social media, search engines, devices and other digital channels in order to reach a potential customer. It is a new and modern way of marketing. Customers in the online world behave differently than they do in the offline world. The aim of digital marketing is to target a specific segment or a group of customers. Marketers can use digital marketing tools in order to get customers from any part of the world. At the same time, it is convenient to track the

resources that were spent. Digital marketing channels include website or internet marketing, Pay-Per-Click Advertising and SEO, content marketing, email marketing, social media marketing, affiliate marketing, video marketing, SMS messaging. All of these channels are described below:

1. Website marketing is a powerful marketing channel. It usually presents a company's brand, product or service. It is a picture that customers get about the brand. The website should be memorable, clear and attractive in order to sell. Also, it should be fast and mobile friendly, as more and more people use smartphones to check the pages.
2. Pay-Per-Click advertising (PPC): this channel helps companies to reach potential clients on internet pages through paid ads. It is possible to create a PPC campaign on Google, Bing, LinkedIn, Pinterest, Facebook or other platforms. That way helps to get the users that were searching for product or service in the specific niche by keywords. This way of advertising can also segment the users based on demographic or geographical characteristics.
3. Content marketing is an effective marketing tool. The goal of this channel is to reach customers via the use of content. The tools of content marketing are blogs, photos, infographics, webinars, podcasts.
4. Email marketing helps to reach and make a link with customers. Can reach both people that are interested in your brand and previous customers. Email marketing is one of the ways of converting leads to real customers.
5. Social media marketing is done on different social media platforms: Facebook, Instagram, LinkedIn, Twitter, Youtube. The main goal of SOME marketing is to build brand awareness and a direct channel between a company and its customers. In social media, people can see what is going on in the company, ask questions directly, react, get the relevant information or leave feedback. Customer trust and loyalty can be built through SMM. At the same time, the followers could be converted into real customers.
6. Affiliate marketing has got a new life in the age of the internet. The most popular company that uses affiliate marketing channels is Amazon. Affiliate marketing programs of Amazon pay out money to the websites that market their products.
7. Video marketing: YouTube has become one of the most popular platforms that people use to search for a product. Many users look for videos on YouTube before

purchasing; it is an important platform in the buying decision process. Videos are interactive, memorable and it is a new way to show ads.

8. SMS messaging: many shops send messages to their client base to inform them about promotions or discounts. (Barone, 2019.)

### **3.7.1 Digital marketing in Russia**

According to one of the biggest marketing companies in Russia – Ingate, digital marketing is developing in Russia. Nowadays, it is considered as the cheapest way of marketing, as the marketer can see what was the reaction, what is the ROI and how money was spent. Usually the company has four core aims to promote: to promote a brand, to promote a product, to sell or to keep customers' loyalty. It is often more convenient and cheaper to have a marketer in a company than to hire a marketing agency. The reason is that the person that works in a company is more effective and has a deeper understanding of what is important for the company and who are the customers.

According to the Federal statistics system of Russian Federation, the number of users of the internet has increased by 3 million people, which is 62% of the population. Sixty-one percent of users use mobile devices to go online, and 51% use computers. The digital sphere is developing in Russia. Video content is considered as the most popular and effective way to advertise, and more and more companies choose digital platforms to promote. (Association of electronic communications of Russia, 2018).

According to the vc.ru website, email marketing in Russia is taking a new place in messengers. People open push-notifications three to four times more frequently than emails. However, that does not mean that the core principle of email-marketing will change. Mails will be the same, but the platforms are different. It is better to use email-marketing tools in messengers and social media pages: WhatsApp, Telegram, V Kontakte, Viber. Marketers are starting to create sales funnels via mobile applications and platforms. A sales channel is a marketing model that illustrates the customer journey from the product acquaintance to the purchase.

The second trend in Russian digital marketing is the use of omni-channel rather than multi-channel interaction. Multi-channel interaction means that the company develops all of the digital channels that are developing independently. Everything should be structured and clear, and an omni-channel is connecting every channel. In omni-channels, a customer journey and experience is continual. For example, a user is looking for the product on the website and then will continue his journey by completing a wish-list in the application. When the user enters the social media pages, remarketing will remind him about the purchase or his favorite things. Technologies help to connect the company's website, offline marketplace and application.

The third trend is point marketing, which means that the company is focusing on customers' actual needs. In order to implement this method, a marketer should ask 10-20 customers of the company and find out why customers are choosing the product, what are the final expectations and results, on what aspects the customer is focusing while choosing, and which channels affect the choice.

The next trend is the system of end-to-end analytics. The main aim is to understand how the sales funnel is functioning. This method will help to understand how to distribute marketing budgets and from which channels customers are coming. (Bazhenov, 2018.)

### **3.8 Social media marketing trends in Russia 2020**

In order to start producing content in social media it is important to be aware of contemporary trends in digital marketing. At this stage we should understand what kind of content customers expect. This understanding would help to create better engagement and customer loyalty, and as a consequence will motivate customers to buy a service or product.

Nowadays, the traditional way of marketing does not work as effectively as in previous years. Customers have too much information. Based on the Russian digital marketer

Dmitry Trepolsky's opinion, one of the most effective marketing tools is content marketing. Content marketing is an approach which is focused on creation and sharing of valuable information. This would attract and keep target groups, which would stimulate them to make buying decisions. Educational content increases customer loyalty and trust in a brand, which is the main aim in content marketing.

Based on the statistics of the Association of Russian Communication Agencies (2019) and evaluation made by the marketing experts of Spark, Vladimir Kochenov and VC, Dmitriy Trepolsky, five content marketing trends in the year 2020 are:

### **3.9 Customer education**

One of the biggest fears of the 21<sup>st</sup> century is wasting time. Due to this, customers are eager to consume content that is practical, gives valuable information and educates people. This kind of content should be done in a way that information is shared organically and not with a direct aim to sell. The more value customers get from advertisements, the more loyalty it creates.

Effective educational content is valuable, and interesting content shows customers how to use a product or how to solve some problems with it. For example, it could be a video or photo tutorial, instruction where one visually shows how to use a product in an original and unexpected way. This would help not only educate customers but also to engage them.

For example, the brand Oreo publishes videos with recipes on its Instagram page. Owing to this, customers can learn how to eat Oreos in an alternative way, creating a unique experience. Many companies are using this tool very often. This kind of approach creates viral marketing. For example, if a customer found this recipe, he or she could share it with his followers and relatives by reposting this post.

### 3.10 Use of technologies

In order to create effective and quality content, modern technologies should be used in every step of marketing. Technologies make business and customer life easier. With the use of technologies, it is possible to understand customers' expectations and preferences towards a brand. Thus, with the use of this information it will be easier to reach target customers and satisfy them.

Technologies could help to:

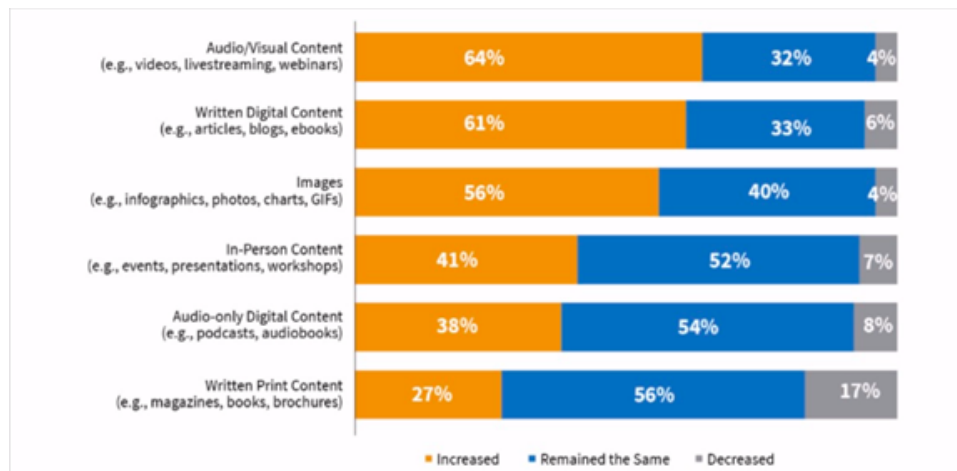
- Understand customer interests, preferences, needs, problems and wishes;
- Evaluate customer satisfaction, analysis of customers' moods and feelings, etc;
- Produce the right target content (ideas generation, fast content generation, 3D effects, AR);
- Make an evaluation of customer reactions;
- Perform deeper analyses.

### 3.11 Types of content

Content production includes different types of content: video, photo, audio, text, images, etc. Based on the article "Content Marketing Trends", made by Yuri Musienko (2019), the use of types of content has changed during 2019. The article was based on the research "B2B Content Marketing Research: It Pays to Put Audience First" (2019). Researchers found six types of consumed content and made statistics about each type of content and its popularity during 2019. Image 4 shows the three most popular types:

- Audio-visual content is the most frequently used content and it increased 64% during 2019. Audio-visual content includes videos, live streaming, stories, webinars, IGTV videos)
- Written digital content has grown by 61%. It includes articles, blogs and ebooks.

- Images content has increased by 54%. Images content includes infographics, photos, charts, GIFs)



Picture 4. The use of content types (Murton 2018)

Companies should choose what kind of content to produce in order to reach customers faster and effectively. The company can experiment by producing different types of content and then observe customer reaction. This would help companies to understand which content they should produce in order to get better engagement and communication with customers. Produced content should be tested and analyzed continuously in order to find out which content is more effective and produce more of the same kind of content in the future. (Musienko 2019.)

Types of desirable content is described below in a more detailed way:

### 3.11.1 Audio/video content

Based on the article “Trends in content marketing”, made by Musienko (2019), 54% of 3000 respondents (3000 people) have answered that they expect video content from brands and companies instead of direct emails, pictures, and posts. Audio and video content is most effective in digital content marketing due to several reasons:

- More visualisation opportunities;
- Easy and fast to explain and show the idea;

- Allows to introduce product within a short period of time;
- High interaction;
- Customers do not need to make an effort to consume information. The customer is resting while watching.

This type of content is one of the most effective in content marketing because it has broader visual opportunities. In the area of audiovisual content there is high competition, and it is not easy to capture customer attention. Social media are full of information noise; that is why there are certain rules to produce this type of content. In order to produce effective audiovisual content, it should have high quality, good sound, interesting ideas, graphics and music. The basic rule is that video should be interesting to watch.

Based on statistics in 2018 made by the Association of Russian electronic communications, 52.2% of all internet traffic was made from smartphones. This trend is increasing every year. That is why the vertical format of video has become much more popular, as it is easier to watch from the phone.

Based on statistics from the Association of Russian electronic communications, people spend two hours per day on social media in general. Reading consumes more effort in comparison to watching a video. Due to this people spent their time reading interesting and valuable texts.

The Russian media internet portal, vc.ru performed research on digital marketing trends in 2020. The research was made by Trepolsky (2019). The trends are described below:

Trends in video content:

- Practical videos “How to”;
- Subtitles (this increases number of views, people watch video without sound are more likely to watch it);
- Ecology and environment topics;
- Humorist content;
- Storytelling, life experiences;
- Live content (stories format);



- IGTV (instagram) and vertical videos (stories format);
- Text information.

Text should be:

- Targeted;
- High quality;
- Interesting;
- Well written grammatically;
- Informative from the headline until the end.

Types of texts that customers expect to see:

- Useful lists: good films, places to visit, products to try, etc;
- Advice based on personal experience;
- Feelings and experiences of people;
- Information about discounts and offers;
- Instructions, «How to», reviews;
- Funny stories, stories from life.

### **3.11.2 AR**

Augmented reality is developing almost in every sphere of our lives. Social media is experiencing it as well. With the use of AR a company could show and express important information for its customers. Also, AR could help companies show customers a product or service in a deeper way, so customers could even experience it and as a result make decisions faster. This technology is going to develop at a rapid pace in the foreseeable future; thus, it should be taken into consideration.

### 3.11.3 Interaction and engagement

Nowadays, the quality of followers could be determined by their activity and engagement on the page. It is important to make people engaged; engagement can be seen by the number of likes, comments, reposts and saved posts. Engagement is important because when people are actively participating on the page they become much more loyal towards your brand, even if they are not going to buy something at the moment.

Interaction with followers can be created with the help of engagement content:

- Contests;
- Games;
- Questionnaires;
- Open questions;
- Motion design;
- Videos;
- Funny content.

One of the benefits is the engagement of one's own followers, but if engagement level is high, it increases the chances that other people will see it as well. Thus, this type of content could be organically promoted by social media without any financial investment.

All in all, digital marketing trends are crucial for content production, as this would increase content quality. As a result, it would be easier to attract and keep target audiences that would be loyal towards the brand and potentially will use the services or products of a company.

## 4 TARGET GROUP

### 4.1 Russian tourists

In the past decade Russian tourists used to travel more often around the world. To attract Russians to Finland, Finland should provide services on a high level as tourist destinations do in Europe. Travelers from Saint Petersburg and Moscow are ready to pay for services because they appreciate high levels of service and uniqueness. Russians choose Finland as a quiet place to relax and escape from the big city life. That is why Russians appreciate holidays in Finnish cottages near nature so much.

At the same time Russians like to spend their time actively. People prefer to combine quiet and active activities during a holiday. Russians like to change destinations; usually they do not travel to the same place more than once. In order to attract Russians to a place, the services and attractions should be high-quality, unique and different. Many Russians do not speak foreign languages. The translation of services, signs in Russian and Russian-speaking personnel will be appreciated by Russian tourists. (Russian tourists in Finland, All about Finland portal 2019.)

During the period 2014-2016 there was a decline in the number of tourists coming from Russia due to the economic crisis in the country. However, in the past few years there has been an increase in visitors from Russia. According to the article made by Inosmi magazine, Russians choose Finland not just because it is located near the border but also because it reminds them of their motherland. Finland seems attractive, as it is unusual at the same time. It is very simple to organize free-time activities in Finland. Russians appreciate the level of service and the quality of life. (Inosmi magazine 2018.)

Based on VisitFinland the highest number of Russian tourists was in 2013 (1,620,413 nights), while in 2014-2016 there was a significant decline. In 2017 the tourists from

Russia came back: the number of nights spent was 1,667,490 in 2018. According to VisitFinland Russians tourists spent 42,971 nights in the Joensuu Region in 2018.

Russians still form the largest group of tourists of Finland. According to the latest data from the border service, from January 1 to August 31, 2019, 6,330,000 people crossed the border. Of these, 70% were Russians, which is 8% higher than the corresponding period last year.

## **4.2 Types of Russian tourists in Finland**

There are several reasons why Russian tourists are coming to Finland. According to the semi-structured interview that was made between correspondents, the main reason is shopping, Russians like to travel to Finland in order to buy products with of better quality. The second reason is to open the visa in order to travel in other European countries. Another reason for respondents is feeling the difference. People are coming to experience the lives of Europeans, walk on clean streets and relax.

## **4.3 Survey results**

The interview questions can be found in Appendix 1.

The interview was made with 25 respondents. According to the survey, most people travel to Finland once every six months or once a year for their holidays. The main aims of the trip are spending time with the family (80%) and shopping (64%). Russians prefer to stay at a hotel (36%) or at a cottage (32%). Based on the questionnaire, the location, cleanliness and kitchen availability are the most important factors while choosing a place to stay.

For respondents of the survey, the cultural aspects that are offered by the hotel are not so important, but if the price is competitive, the tourists would like to visit and spend their vacations in such a place. Sixty-eight percent of respondents said that they are ready to

spend 100-150 euro per night for a family (3-4 members); 20% are ready to spend 200-300 euro per night. If people are coming for more than one night, they would love to spend time outdoors actively (cross-country skiing, skating, hiking), walking and shopping. For 64% it will be useful if the place helps to organize free time activities and gives suggestions.

Booking.com is the most popular platform for searching for places to stay (60%), and 87.5% use aggregator websites for booking. Twenty-four percent of respondents ask for advice from their friends. The social media pages of the place will also be very useful for people. They want to follow them if the content is valuable. It is interesting to find information about the hotel, location, city, events or things to do.

#### **4.4 User Persona (Target audience)**

A well-defined user persona contains four key pieces of information:

The ideal user persona of the case is a Russian that lives in the Karelia Republic, Saint-Petersburg or Moscow. The characteristics of an ideal user persona for the project can be defined, and the thoughts are based on the analytics from the RBC (Russian Business Consulting):

- The salary level in Russia that belong to high-middle class starts from 100-120,000 rubles monthly;
- Demand on high-class products with better quality
- They stimulate the development of technologies and SME (small and medium enterprises) in the country
- They organize workplaces for the population
- Their salaries allow them to buy real estate and cars
- They travel abroad
- They have high education
- Do not have problems with paying bills

- They are good bank clients that have savings
- Have passive earnings from real estate and bank savings or other assets.

Based on the factors mentioned above the ideal user persona for the project is a middle-class family man, such as Igor Petrov, who is 45 years old. He is a top manager in a building company. He has assets that provide him with extra, passive earnings. In total his income is 2000 to 5000 euros per month. He has a family: wife and one child who is 10 years old. They travel a lot together. His hobbies include: active sports, outdoor activities, fishing or sailing. They love to spend time together and do shopping in Finland. In order to come back, they should get positive experiences.

The second user persona can be defined as a woman. Her name is Maria Ivanova, and she is 38 years old. She is married. Maria lives in Saint-Petersburg, she has 2 young kids, a 11-year-old girl and a 5-year-old boy. In her free-time Maria attends dancing classes and meets with her best friends in a cafe. Maria has her own florist business; her income per month is 2000-3000 euros.

## **5 DEVELOPMENT PLAN - CREATING COMPETITIVE ADVANTAGE**

### **5.1 Analysis of existing situation (Lietsu hotel) – SWOT**

A SWOT analysis is a marketing tool that defines the overall situation of an organization's strategic position based on analysis of strengths, weaknesses, opportunities and threats. In using a SWOT analysis, a company is able to define internal and external factors that are positively or negatively affecting its business.

By using SWOT, a company is able to determine its key issues and transfer weaknesses to strengths and threats to opportunities. A SWOT analysis is a fundamental marketing tool that gives the company a holistic view of the factors that influence the future success of the business. (Baines, Fill & Page 2013.)

#### **5.1.1 Strengths**

Lietsu Boutique Apart Hotel was founded in 2019 and started its operations on December 1<sup>st</sup>. The hotel has a meaningful business concept focused on local culture and high-quality service. The hotel is located in North Karelia in the city of Joensuu. The city is situated 75 km from the Russian border, a distance which is convenient and practical for Russian customers.

Lietsu Boutique Apart Hotel is a new and unique hotel which is located on the bank of the Pielisjoki River in Joensuu. The hotel offers 30 authentic Karelian-style apartments with a view of the river and city center. Each room is designed in a way that tells the story of the North Karelia Region. During the stay in Lietsu Hotel customers, are engaged to

learn more about the North Karelian culture, music, culinary, literature and history. The unique design and concept of the hotel brings additional value to customers and stands out in the market. It is the first hotel in Joensuu that creates a cultural experience for its customers.

Each room is equipped with a freezer, kitchen, washing machine, dish washer, air-conditioner, TV and free WiFi. Rooms for two adults have availability for two additional kids beds for 15 euros. The availability of the small kitchen, washing machine and extra beds makes Lietsu Hotel more attractive to families, especially those with small kids. The hotel has a sauna which is available for its guests. Each family can choose a special time to have a sauna.

One more strength is the unified design of the marketing advertisement materials: the website, social media, brochures, business cards, etc. The design is made in one style with the use of a set of corporate colors in an eye-catching way. This creates customer trust and loyalty and helps customers to make buying decisions faster.

### **5.1.2 Weaknesses**

Although Hotel Lietsu has many positive aspects, there are still some drawbacks. These weaknesses should be improved upon in order to create a better customer experience.

One of the key weaknesses are website translations. The website has three languages, which is convenient for different target audiences. However, Russian translations have the wrong meaning and are not accurate in many places on the website. This creates a wrong picture and shows an unprofessional attitude to its customers. Since it is a new hotel, customers should be able to find correct and clear information on the website and social media pages. This is one of the key issues that should be solved before a targeted advertisement campaign.



Based on the Google and Yandex search engine, the keyword “Lietsu Hotel” in Latin letters gives Lietsu’s official website as a first result. The translation of English version of “Lietsu Hotel” to Russian language has this particular spelling: “Отель ЛиЕтсу”. However, searching in Cyrillic letters for “Отель ЛиЕтсу” gives variants of hotels in Turkey. Another option is “Отель ЛиЭтсу”, which gives the right links to the official website page and booking.com page, but it is not the first option that potential customer would search in google. In most of the cases, a person would give up after one failed try. This should be changed and adapted to Russian language Cyrillic letters.

Lietsu social media that are created for Russian customers could be developed in a better way because it is an effective communication channel with customers. Also, well developed social media creates customer trust and loyalty. This is one of the key issues that should be carefully done especially in the beginning of Lietsu hotel operations since it does not have strong brand awareness on the market. Based on the questionnaire, customers are willing to see more day to day content and engage with the hotel.

### **5.1.3 Opportunities**

Considering opportunities, there is a positive trend of Russian tourists coming to Finland during 2016-2019. Based on the statistics, the number of tourists significantly increased in 2019. Consequently, there is high potential for Lietsu Hotel to attract Russian customers, especially from the nearby Värtsilä border region. (Visit Finland 2019.)

Another opportunity is the organization of additional leisure activities for the customers. Nowadays, in the era of experience economy, customers are expecting to get memorable experiences that are unique and unforgettable. Memorable experiences are those that impact human minds, engaging with five senses such as sight, smell, hearing, taste and touch. Such organization would create competitive advantage and bring more opportunities.

An opportunity of development of long-term partnerships with local companies that are operating in the North Karelia Region could significantly develop the hotel's service quality and bring a more personal touch. For example, partnering with organizations that offer various outdoor activities and tour packages that are held by a Russian guide would increase customer loyalty and bring additional value. Based on the questionnaire, 62% of respondents would prefer to get help from the hotel in order to organize free time activities.

#### 5.1.4 Threats

One of the main threats is the unstable economic and political situation in Russia. The economic situation significantly affects the number of Russian travelers to Finland.

Based on Figure 1, from Statista.fi, the economical situation had dramatic changes during 2007 to 2016, and these directly impacted the number of Russian travelers in Finland during this period.

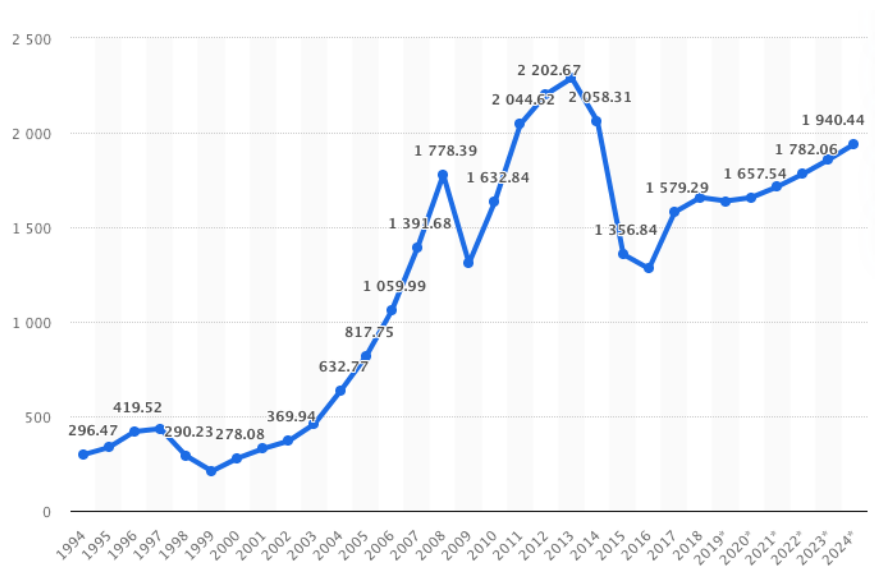


Figure 1 GDP per capita in Russia from 1994 to 2004 (Statista)

There are not many direct competitors in Joensuu City, because the business concept of Lietsu Hotel is unique. However, other hotels on the market do create a threat. Some of the competitors have bigger shares on the market, lower prices and more privilege conditions for their customers. This threat should be taken into account.

## 5.2 Competitors

The competitors operating in Finland are described below.

1. Wilderness Hotel Muotka – This is a hotel located in Lapland, Sodankylä. This hotel offers a unique experience of northern culture. The uniqueness of this hotel is made with the help of its design. The design of the hotel can be found in Appendix 3. It offers two types of rooms, two types of panoramic chalets. The design of the hotel is mainly made with use of wood and glass. Every element of design tells the story of this region and creates an unforgettable atmosphere of the north. For example, the chalets are made with panoramic windows and ceiling, which gives an opportunity to see the northern lights. The chalets are located at a distance from each other, which allows customers to enjoy the silence and wild nature.

The hotel provides additional services: free sauna, free parking, hiking, children's activities, internet, free breakfast, ski school, ski rentals, special diet menus, airport transportation, etc. The hotel provides a cozy and relaxing atmosphere for its visitors.

2. Koti Helsinki Boutique Apartments – aparthotel in the heart of Helsinki. The apartments are located in a historical house. It offers four types of well-furnished apartments: Scandi, classic, classic plus, Helsinki lux. Every apartment is a real home where customers can cook food, invite friends, watch films and relax. Apartments are made in a Scandinavian style. Each apartment includes lux beds, stylish furniture, cozy and modern decor, and high-quality electronics.

Koti Helsinki Apartments are located in the city center, five minutes walking distance to the main city attractions. On the first floor, visitors can find a restaurant that serves Italian cuisine and a bar that serves international standard cocktails. The restaurant has a fancy and stylish atmosphere.

The hotel provides free sauna service. Renting a sauna includes a sauna for six people, a bathroom and a relaxation room with a table and refrigerator. Each customer can rent a sauna for the desired time. Drinks and towels are provided.

Moreover, the hotel provides concierge services that satisfy the everyday needs of customers. Visitors have the opportunity to order laundry services, household work, which includes home cleaning, ironing etc. Another service is a handy man, if there is a need to fix or install something. An airport shuttle service, mail service and sauna service are available.

Hotel check in and check out system is simple to use, customers can do it within a minute. The hotel provides personal PIN codes, and customers can easily access accommodation. The designs of the hotel can be found in Appendix 4.

### 3. GLO Hotel Art

The hotel is located in the city center of Helsinki. The hotel has a unique and authentic location because the hotel itself was built in a 1900s Art Nouveau castle. The hotel offers stylish rooms with modern design. The Art GLO Restaurant is located in a castle cellar and it serves a menu with Nordic dishes in European style.

Rooms are fitted with comfortable and modern furniture, a TV, high quality smart beds, a bath where customers can use a bathrobe, bath liquids and a hairdryer.

The hotel is set in a uniquely designed building built in 1902. Customers can truly feel the atmosphere of old times. Moreover, the hotel is located in the design district, which is appreciated by fashion lovers and one of the favorite districts for tourists, based on surveys.

### 4. Lapland Hotels Chain

Lapland Hotels is a hotel chain that owns 17 hotels in different parts of Finland. Lapland Hotels owns hotels in north of Lapland, cityscapes in Helsinki, Oulu, Tampere and Kuo-

pio and at five ski resorts: Rovaniemi, Ylläs, Pallas, Olos, and Luosto. These hotels provide high quality accommodation with unique designs and memorable experiences. The accommodation variety starts from hiking cottages to luxury suits and holiday apartments.

The chain offers a la carte restaurants with Lappish cuisine. Dishes are made from fresh ingredients from local farmers and those from around Lapland. The restaurants have cozy and atmospheric designs and high levels of service.

Each hotel of this chain provides outdoor and indoor experiences. For example, the hotel in Helsinki offers winter, summer, and year-round experiences. During the winter season the hotels offer winter fatbikes, winter walks and campfires during the day, as well as snowshoeing for beginners. In the summer, customers can experience Helsinki by Kayak, Nuuksio Canoe and Hike Adventure, Berry Picking and Wildlife, Midnight Sun in the archipelago and Mushroom hunting. All year around experiences include Helsinki essentials private tour, a private Nordic walking tour in Helsinki, a Finnish smoke sauna, and a private jogging tour in Helsinki.

In order to provide high quality experiences, the chain has partnerships with tour organizations. For example, Lapland Hotels has a partnership with Lapland Safaris, a tour operator which organizes different outdoor activities in Lapland. Moreover, Lapland Safaris owns snowmobiles, restaurants and private venues.

The hotel offers services for groups, companies and conferences. The hotel has space for conferences and other events. Moreover, hotel organizes a couple of tours for its customers. There is also an opportunity for customers to see Norway and Lapland during one trip, the tour includes: Rovaniemi – Levi – Kilpisjärvi – Tromssa – Ylläs. Lapland hotel has a Lapin käsi app, where customers can learn more about the trip. During the tour customers are led by experts in this region.

##### 5. Linnunlahti hotel (Joensuu)

Holiday Linnunlahti camping is located on a lawn near Lake Pyhäselkä in Joensuu. The hotel provides two types of accommodation: cottages and campsites. The campsite has

hundreds of tents, several toilets, saunas, showers, a kitchen and a barbecue area. Electricity is available upon request. There is also a laundry room on site. Holiday Linnunlahti can host up to 90 mobile homes. Fifty parking spaces are equipped with electricity.

The Holiday Linnunlahti offers 18 spacious houses. In addition to the bedroom, kitchen and attic, each apartment has its own sauna. The accommodation is rented with bed linens, necessary kitchen equipment, a flat-screen TV, a CD player / radio and free internet access via wi-fi.

Moreover, the hotel provides various outdoor experiences for its customers throughout the whole year. For instance, visitors of the hotel could loan skates, snowshoeing, sleds, electric grill, books and skiing equipment for free. Bicycles and jet skis are also available for rent.

## 6. Sokos Kimmel Hotel

Original Sokos Hotel Kimmel is the largest hotel complex in Eastern Finland, offering business and special events services, it owns 230 modern furnished rooms and 3 conference halls. In Kimmel Hotel any scale of business events, a variety of exhibition events and family celebrations can be organized as well. The hotel offers tasty dishes in the Fransmanni Restaurant, a luxurious hotel breakfast, as well as evening performances by pop stars and dancing on the dance floor. The hotel offers a full range of services: food, drinks, modern furnished rooms, sauna and evening entertainment.

This hotel provides premises of various sizes for the organization of business and special occasions. The rooms can be used for organizing meetings, dinners or weddings. Sokos Hotel Kimmel provides four types of spaces: Sirkkala Atmosphere (Hall above the Pielisjoki River) - for approximately 180 guests, Stylish Joensuu office - for approximately 100 guests, Riverside Ceremonial Hall - for approximately 250 guests, for theme parties, and Kimmel Nightclub is perfect - for about 500 guests.

The hotel is located in the Sirkkalapuisto Park, on the banks of the Pielisjoki River. During spring time the rock festival Osuuskaupparocki is held in Sirkkalapuisto Park.

## 7. Vetrea Accommodation

Vetrea Accommodation offers accommodation in Joensuu, approximately 1.7 km walking distance from the city center. The 50 soundproofed rooms are equipped with modern amenities. Hotel provides free spa services for its guests: sauna, swimming pool, whirlpool and gym. For additional price other facilities are offered at the property include luggage storage, a beauty salon and a hairdresser.

The rooms are equipped with free Wi-Fi, a sideboard and a DVD player. Bathrooms are fitted with a shower, hairdryer and bath sheets. Rooms for conferences are provided in the hotel for its customers as well. A traditional Finnish buffet breakfast is served every morning. Coffee and tea are served in the corridor during the day. The hotel also has a restaurant.

To sum up, the North Karelia region and Finland in general has gained a big impact from Russian tourists. In the last two decades, the impact of Russian tourist inflow on the economy and development has been constantly growing. According to statistics Finland, the main tourism group of international tourists are Russians. The region is mostly visited by Russians, as the location for them is perfect.

The highest season to stay during the period 2017-2020 is January, the amount of nights spent reaches 1500. During other months the average numbers of nights spent is 1000-1200. (VisitFinland.)

### 5.3 Value proposition

Value proposition is a statement that a company offers and promises to deliver to customers. It summarizes the reasons why customers should choose and buy a particular good or

service from the company. Value proposition is not the description of the company's activities. With the help of value proposition the company focuses activities to serve customers profitably. Value proposition approach states that the company must be profitable to stay in business. By building value proposition a company can provide more superior value for customers and gain more profitability. (Barnes, Blake & Pinder, 2009, 21-25.)

#### **5.4 Competitive advantage of Lietsu hotel**

Competitive advantage is an advantage that allows a particular company to have a better performance in comparison to other companies on the market. In order to successfully compete on the market, a business should have a well-developed competitive advantage.

Lietsu Hotel offers a unique cultural experience to its customers that is delivered with Karelian design, authentic local food and a welcoming atmosphere. During a stay in Lietsu Hotel, customers have the chance to learn about local history, cuisine and culture.

For example, every room has its own design with a Karelian spirit. Moreover, customers can learn about the Kalevala, Koli National park, history of Karelia region, Finnish Rock music, evergreen forests and the traditions of North Karelian people. Hotel rooms are made in a way to engage with customers by telling stories from the past and present. This creates personalized experiences that would stimulate customers to come back again.

The hotel location is great: it is located in the heart of the Joensuu city on the bank of the Pielisjoki river. Each room has its own small kitchen with all the cooking equipment which is useful especially for families. Based on the survey, most Russian customers prefer to cook themselves in order to save money. For Russian tourists it is expensive to go to restaurants with the whole family.

Every morning customers can experience a Karelian style breakfast. Karelian breakfast is made from fresh eco-products produced by local farmers.

A competitive advantage of Lietsu Hotel is the authentic experience that it delivers to its customers through high quality services and unique design. This makes Lietsu Hotel competitive on the market. There are no hotels in Joensuu with the same business concept.



## 5.5 Defining the aims of marketing strategy

The aims of Hotel Lietsu's marketing strategy are to develop brand awareness, increase customer loyalty and attract new customers. Moreover, with the help of social media, communication with customers could be created.

Now the hotel's guests are mainly tourists and business visitors from Finland. However, based on the research, Russians could be found as a big potential market share. In order to attract Russian visitors to spend nights or holidays in the hotel certain marketing strategies should be developed.

## 5.6 Offline Distribution channels

It is important to integrate offline marketing ways in the hotel business. Living in a digital world, many marketers forget about traditional marketing ways, which still play a significant role.

Promoting the hotel offline for a Russian market could include:

- Print advertisements: all the printed advertisements should be designed based on unified branding and be translated into Russian language as well.
- Relationships: building mutual relationships with potential partners that could attract more visitors. These could include: travel agencies, tourist destinations of the region or travel agents.
- Coupons and promo codes: develop a system for loyal customers. It could be a promo code to guests' friends or a coupon to a partner company. It is possible to develop a partnership program and be friends with local companies. The customers of the hotel could get extra value.
- Helping customers: customers will really appreciate it if the hotel helps them to organize their free time activities and gives recommendations of places to visit or eat.

## 5.7 Online Distribution channels

Online marketing is a form of marketing which uses the internet and digital tools to deliver marketing messages to customers. These include: websites, social media, search engine optimization, email, display advertising, Google Ads, etc. (Optimizely 2019). Lately, online marketing has become more and more popular in the world. According to Internet World Statistics 87.7% of Europe's population is online and uses the internet actively. Businesses can deliver their messages to customers through personalized and cost-effective communication.

Edkent Media has released an article of advantages to use online marketing beyond traditional offline marketing:

- **Convenience and quick service**

The easy accessibility helps to reach potential clients anywhere in the world. The purchasing process can be made from anywhere. Internet marketing gives customers a better shopping experience. For example, customers can book a hotel via travel aggregator websites.

- **Low operating costs**

The biggest advantage for businesses to use online marketing is the low costs of operations. Internet and social media target advertising is cheaper than traditional marketing advertising like newspapers, TV and radio. With target advertisements one can reach the specific group or segment that is needed.

- **It is easy to measure and track results**

Analytics systems help us to track the results of marketing activities or advertisements and see how much money was spent, how the money was spent and what was the most effective one.

- **Multitasking and 24/7 online**

There is an ability in online marketing to handle millions of customers at the same time. When a website is well operating, many of the customers can check the information and leave contacts. At the same time, the marketing campaigns can be run for 24 hours in order to reach as many customers as possible.

- **Time-effective marketing**

It is easy to start and quick to implement. You can choose a convenient time to start the campaign. (EdkentMedia, 2018.)

Social media marketing (SMM) is a way of marketing activities, which are made via social media channels. This is a powerful tool for businesses of any size. The social media pages help the brand to build a direct channel between the brand and its customers. SMM is a set of marketing activities made in social media in order to achieve marketing and branding goals. It helps to achieve marketing prospects, build or increase brand awareness and gain more customers. There are 8 most popular forms of SMM: blogs, microblogs (Twitter), social networks (Instagram, Facebook), media-sharing sites (YouTube), social bookmarking and voting sites (Digg), review sites (Yelp), forums and virtual worlds (Second Life). (Zarella, 2010, 1-3.)

In order to start social media marketing on the Russian market, several and specific platforms should be used. According to Popsters.ru, the most popular social media platform in Russia is Vkontakte; 38.2 million people from the Russian Federation use this platform monthly and 23 million daily. Over half of the users are female, and the leading age segment is 35-64. The second most popular platform is Instagram: 30.7 mil people from Russia use it monthly, and 14.3 million people visit it daily. These two social media channels are suggested on the Russian market.

Vkontakte is a Russian social media which is available in 90 languages, although it is mostly popular among Russians. In Vkontakte people are able to send messages to each other, make their own pages and communities, and share pictures, videos and audio. 79 million people actively use this social media every month. Based on Vkontakte's statistics, during 24 hours Vkontakte gets 6.5 billion messages, 1 billion likes, 9 billion views,

550 million video views. Vkontakte serves 77% of users of the entire runet in Russia. It is considered to be the most popular website in Russia.

Most of the people using this social media are located in big cities: Moscow, Saint Petersburg, Ekaterinburg, Novosibirsk, Nizhnii Novgorod and others. Target cities that Lietsu Hotel can potentially focused on are Moscow (11.7 million users), Saint Petersburg (6 million), and Petrozavodsk (230 thousand). Based on statistics, every user spent 40 minutes per day on average in Vkontakte. During that time people actively read news, produce content and send messages. In terms of Vkontakte gender diversification, 49% are men and 51% are women. (Vkontakte 2019.)

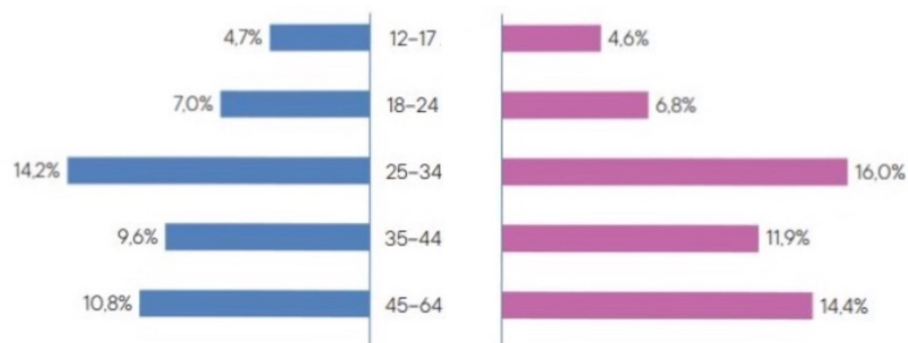


Figure 2 Age groups divided by age and gender (men and women) in Vkontakte. (Vkontakte statistics, 2019)

Instagram is the most popular world wide social media where people share photos, videos and texts. This social media is used by 500 million people. Based on statistics, in 2019 there were 43.67 million users from Russia.

According to Statista, the number of Instagram users is continuously growing, and this trend is going to continue. Businesses are using this as a marketing channel. Based on statistics, 80% of all users are following different business accounts. (Statista 2019)

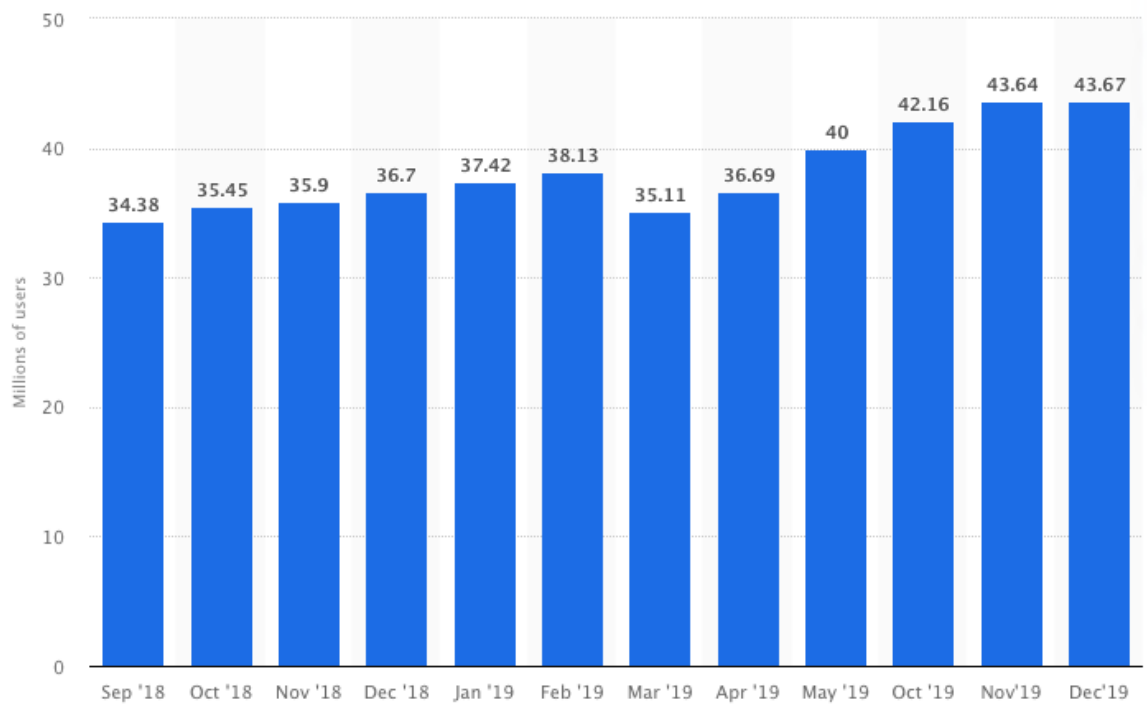


Figure 3. The number of Instagram users in Russia. (Statista, 2019)

Based on statista.com, the majority of Russian users on Instagram are between 25 and 34 years old. However, this trend is continuously changing: based on statistics the number of young users is decreasing, and the numbers from older generations is increasing. This audience is considered to be solvent.

## 5.8 The implementation process of social media channels

1. Create a strategic marketing plan for each social media platform, content creation and positioning;
2. Determine the main aims of SMM;
3. Determine target audience behavior and wants in social media;
4. Begin the content creation process;
5. Create a corporate design for social media platforms;
6. Create a content plan;
7. Start posting;

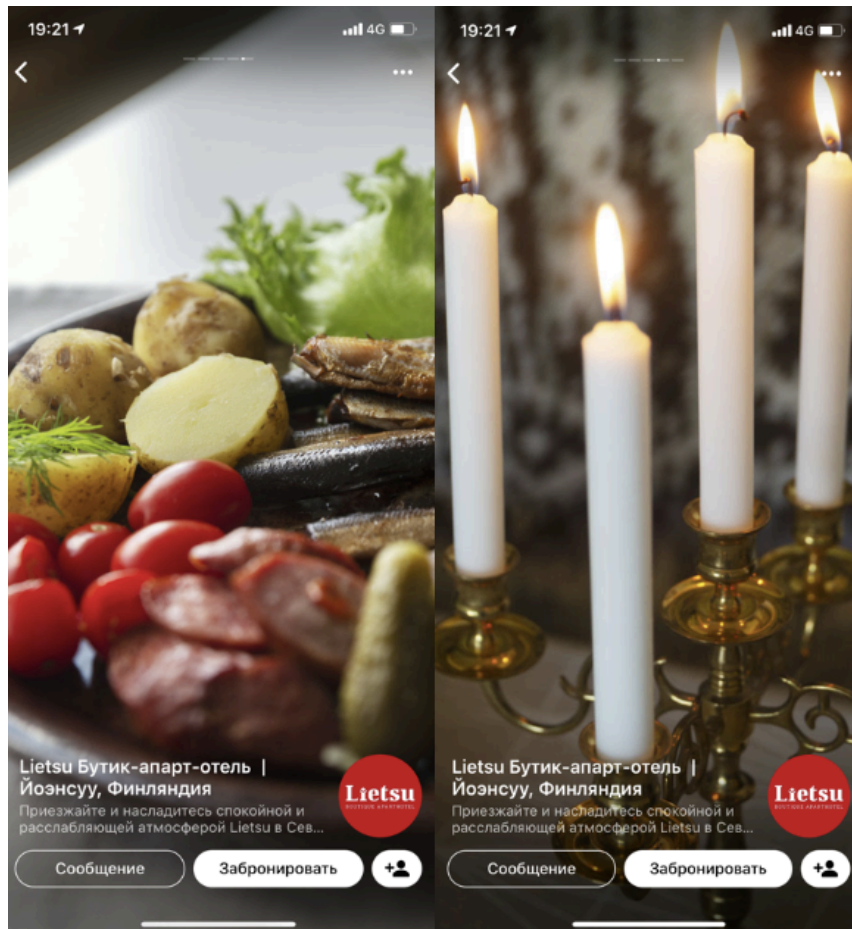
8. Make an advertising plan, set goals and target;
9. Produce an engagement rate strategy and make the audience active;
10. Analyze the activities and results;
11. Modify the marketing in order to reach more customers and foster brand awareness.

Nowadays, Social Media Marketing is very important to every business. It helps to close disputes and problems of the customer, create direct communication channels with customers and build brand awareness with customer loyalty. As mentioned above, SMM is one of the cheapest ways to attract new customers to the business and generate leads.

### **5.8.1 Analysis of existing social media pages for Russian market**

Now Lietsu has a profile in Vkontakte. However, several changes could be made:

- Social media cover in a mobile version could be changed, and some photos could be replaced, as they do not seem attractive and fit the available size. The pictures are not attractive and do not sell. What is on a picture is not recognizable, and the pictures do not express the atmosphere of Lietsu. The pictures could be replaced with more attractive and clearer ones.



Picture 4. The mobile version of VK.

- The descriptions of Lietsu hotel should also be changed: the offers are not attractive or catchy. The descriptions and offers are too long. Nowadays, users are very lazy in social media. They do not tend to read the text if it is too long or does not catch the attention from the first seconds.
- V Kontakte's widgets: VK has a lot of opportunities and possibilities to promote and automate part of the functions of the community. Some of them are unique. For instance, one can set a mailing system to send unique and special offers to followers. Another necessary widget is an automated questionnaire that helps to gather the feedback from customers. Examples can be found from Appendix 6.
- Content-marketing: Russian users are very active in social-media pages. They like to respond and share valuable information with fellows. At the same time, it is important for Russian users to constantly be updated with the latest news and in-

formation from the company. The content in social media pages should be different: informative, engaging, selling and entertaining. Using the content in this combination will lead to the best possible results of using content marketing. In addition, one of the trends appreciated in Russia is video content, especially real time video content: backstage, interviews, live videos of day-to-day operations. Now, the content of Lietsu that the company has in VK group is weak; there are only selling posts and the posts orientated on brand awareness. However, the texts are long, which is not attractive to users.

- Longread articles: another trend in VK is longread article. That is a convenient tool to create long informative posts in one signal article. Many companies in the tourism business are using this tool to show their most important traits. For example, Sokos Hotel creates longreads to show their recipes. An example of using this tool can be found in Appendix 7.

The Instagram profile of Lietsu Hotel is made in Finnish and English. In order to promote Instagram for a Russian customers, a separate account should be made. The posts there should be also adapted for the Russian market.

## **5.8.2 Implementation plan for Social Media Pages for Russian customers**

### **5.8.3 Content production**

Based on recent digital trends in Russia, people are expecting to get interesting content that brings them value and relevant information. Content marketing is a powerful tool to use. As mentioned before, it helps to create the company's image and message and to spread the message. The foundation should be content itself. Content production should be carefully based on a target audience's preferences. Content should consist of different



types of content: informational, engaging, selling and storytelling. Below are ideas about each type of content. These ideas are based on survey results and target group needs.

### 1. Informational content.

This type of content should answer all the questions customers have. When Russian people are travelling to another country they would love to know as much as possible since they go to a new place and would love to know all the information in advance. This would help to create more trust and loyalty.

- Where is the hotel located?
- What are the facilities the hotel provides?
- What are the cooking facilities?
- What does breakfast include?
- How does the sauna look? How to book it? What is the price?
- What to do during free time?
- Are there any cultural events in Joensuu?
- Is it possible to rent skis, skates, bicycles, etc.?
- Where should one spend free time?
- Where are the shops located?
- What kind of shops are in Joensuu?

### 2. Engagement content.

The purpose of this content is to engage followers. This helps to create more loyalty and develop statistics. News feeds that people get are based on their interests. Usually their interests are based on their engagement levels, which can be seen from likes, comments, savings and reposts. That is why it is crucial to produce content that would motivate people to interact with the community:

- Questionnaire;
- Quiz;
- Competitions;

- Games.

### 3. Storytelling content.

Nowadays, it is not enough to produce only informational and selling content; users are eager to know who stands behind a business, who created it, how difficult it was, and how the idea was created. The purpose of that kind of content is to become closer to customers, to show that this business is created by people, and to show that these people have feelings, thoughts and difficulties. It is highly important to focus on this kind of content.

- Who is the owner?
- Who are the workers?
- How was the idea created?
- How was the hotel built?
- What was in that building before?

### 4. Selling content.

Basically, the purpose of this content is to sell a product or service. However, it should not be said straight away, but rather used to motivate customers to buy products by using action verbs, discounts and offers. This kind of content could stimulate customers to make buying decisions faster.

#### **5.8.4 Website**

The website of the company is another key element in internet marketing campaigns. If we search for "Lietsu" in Google or Yandex, the website comes as a first link. A website can generate leads, promote good or service of a company, attract more customers and deliver the marketing message of a company.

While being on the company's website the potential customer should make a smooth customer journey. All the questions, objections and problems should be solved, and contact information should be collected. Now there is one subscription button at the end of the page, which is difficult to see. In order to make people subscribe, the button should be attractive and visible. It is good to offer something for the subscription. The customer, especially a Russian customer, wants to get a small gift for his contacts. This is called a lead-magnet, basically an offer that the business can give to the potential customers in order to get their contacts. The examples are: discounts, samples, trials and checklists.

All the translations to Russian language on the website should be understandable and clear. As described in the SWOT analysis, the translations are very crucial in order to promote to the Russian market.

The website should also have all the connected links to the company's pages. If the company will have partners, it will also be good to make cross-promotion with the partners. This means that Lietsu will show its partners on the website and the partners will do the same activity, which will create extra traffic on the website.

It is also marked on the pages that each room has a unique design. However, there is only one picture of the room. That does not show the whole picture. The recommendation is to add some more pictures of the rooms to the website. That will show the variety and diversity of the hotel.

### **5.8.5 Travel aggregator websites**

Travel aggregator websites are another online distribution channel for a tourism business. Aggregator model is an ecommerce business model where a business collects information about services, products or goods from several competing sources as its websites. The business aim is to create an environment that helps customers easily compare the prices, offers or specifications. As a result, the user does not need to check several websites of regional companies to find the best option. (Wilcox, 1996, p.27)

According to the Hotelier.pro website, the most popular hotel aggregator websites in Russia are:

1. Booking.com;
2. Ostrovok.ru;
3. Airbnb.ru;
4. 101hotels.ru;
5. Trivago.ru.

Now, Lietsu is based in Booking.com. Booking is the most popular hotel travel aggregator website worldwide and also in Russia. With the use of the tools that Booking.com provides, it is possible to boost the hotel in different ways. The company needs to know and understand all the details of who are the customers, what are their preferences, why should they stay in the hotel. The feedback of the previous customers are important on the website, as Russians tend to check the feedback before the booking process. For them it is important in the decision-making process.

Booking.com offers partner programs as well. It is possible to join the Genius Program or the Preferred Partner Program. In the Genius Program the hotel will get the option that the users with a "Genius" status will get a special price for the hotel. In the Preferred Partner Program, members are getting an average of 65% more page views and around 35% more bookings. Users of the aggregator see that the property is verified and has high quality.

## 5.9 Budgeting

An estimated budget for one month is shown below.

### Stages:

1. Preparation step – 5 hours/ month:
  - Design adaptation (banners, infographics, widgets);
  - Implementation;
  - Setting of platforms;
  - Modernization.
  
2. Content creation – 20 hours/ month:
  - Content plan creating;
  - Copywriting;
  - Visual content production;
  - Posting.
  
3. Accounts moderation – 15 hours/ month:
  - Answering questions;
  - Monitoring of mentions, tags, feedbacks in social media channels and internet pages;
  - Responding to comments, reactions.
  
4. Advertising in social media and websites – 20 hours/ month:
  - Analyzing;
  - Creating;
  - Setting;
  - Moderating and following the campaign.
  
5. Analyzing – 5 hours/ month:
  - Analyzing the indicators;
  - Plan developing;

- Moderating;
- Setting next goals and strategy;
- Reporting.

**Total: 65 hours per month**

#### COSTS

- Marketing agency (80 euro per hour) = 5200 euro per month;
- Junior marketing manager (RUS) - fixed salary from 1500 euro;
- Freelancer (RUS) - from 15 euro per hour.

## 6 CONCLUSION

An era of traditional marketing has changed to a digital marketing. Digital marketing is effective tool to attract new customers, build customer loyalty and increase brand awareness. For Lietsu it could become the easiest way to attract Russian customers.

The recommended pathway for Lietsu is to start developing digital, social media and content marketing on a Russian market in order to achieve goals. Lietsu should focus on cultural differences, content absorption and perception. Sharing content and focusing only on content marketing is not enough for a long-term strategy, thus the content marketing should be combined with target advertising. The company should measure and monitor the results, adapt and manage the strategy for a fast-changing digital market. The adaptation of a website for Russian customers should be also taken into consideration. Before starting all media activities Lietsu should find an ideal target audience.

The key recommendation related to Lietsu marketing activities for a Russian market is to start adapting the produced content into new content types, following the trends, experimenting with the content delivery and being present with high-quality and unique content. The company should create content with consideration of target audience and its needs. Lietsu has a good story behind, which should become a key factor in content marketing strategy.

Furthermore, it is recommended to consider to hire a part-time employee or a freelancer that speaks Russian, knows about the specificities of the market in order to gain more value. Outsourcing content marketing activities is also fine, however, the company should specialize on a Russian market as well. This is needed, as the desired market has specificities, trends, language and cultural differences. A part-time marketer is a better option for the company, as a worker will work inside the company, concentrate on company's values and focus on a strategy.

In conclusion, the thesis provides Lietsu with recommendations, trends and options, which would help company to develop the business, impact on better engagement rates, build brand awareness and loyalty in a long-term on a Russian market.



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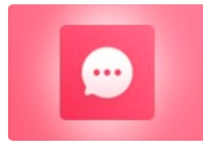
## **The interview questions**

- How often do you travel to Finland?
- What is the aim of traveling to Finland?
- Where are you from?
- Where do you usually stay in Finland?
- What is important for you to stay?
- Is it important for you that the hotel will show the cultural aspects of the country?
- Do you want to stay in the unique and authentic hotel if the price will be competitive?
- If you are coming to Finland with family (3-4 members), how much money are you willing to spend?
- If you are coming to Finland for more than 1 night, what would you like to do?
- Where do you prefer to eat and how much are you willing to spend during the trip?
- Would you like that hotel will help to organize free time activities?
- Where do you usually get the information about the place of stay?
- What do you mostly use for booking?
- Do you want to follow the SOME pages and get valuable information about the hotel, city, interesting facts or events?

## Advertizing communities tools in Vkontakte



Пройти опрос



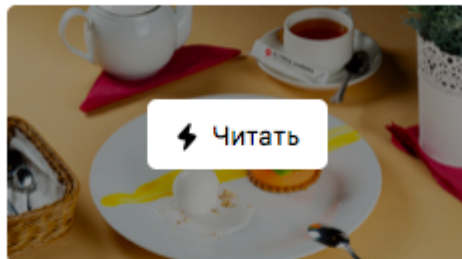
Подписаться

Виталия, хочешь стать профи?

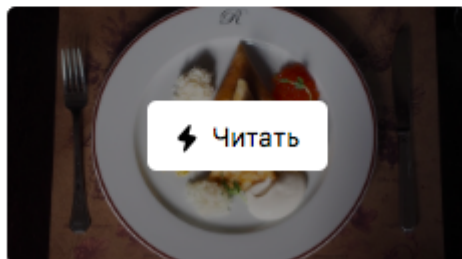
только для администраторов



### Статьи 6



[Рустам Гнедин «География наших блюд»](#)



[Гречневые блины с красной и щуцъей икрой](#)