

# The future potential for developing luxury tourism and hospitality in Lapland

Andrew Hallott

Master's thesis  
DP in tourism, YMA  
November 2013



<b>Author or authors</b> Andrew Hallott	<b>Group or year of entry</b> 2011
<b>Title of report</b> The future potential for developing luxury tourism and hospitality in Lapland	<b>Number of report pages and attachment pages</b> 81 + 26
<b>Teacher(s) or supervisor(s)</b> Jarmo Ritalahti	
<p>The aim of this thesis was to investigate the possibilities, and the best ways, of developing Finland, specifically Lapland, as a luxury tourism and hospitality destination.</p> <p>The luxury tourism market is a developing one. With the rise of the affluent middle classes, wealthy tourists are now looking for unique tourism and hospitality products and services. With this in mind Lapland needs to ensure that it is equipped to meet the needs and wants of this market segment. The aim of this thesis is to analyse current provisions and identify gaps in the market in order to develop as a luxury destination.</p> <p>The theoretical framework studies the phenomenon of luxury consumerism and luxury travel, identifies the different categories of luxury travellers, and investigates current luxury tourism trends. Secondly it describes Lapland as a tourist destination looking at visitor trends and current products and services in tourism and hospitality.</p> <p>The empirical study used a qualitative approach and was realised by using online-surveys, interviews with tourism professionals and service providers, an observational visit to Lapland and a social media survey on the image of Lapland as a luxury destination.</p> <p>Based on the findings a new concept called “nFlux” (New Finnish Luxury) was developed to give recommendations and benchmarks to the Finnish tourism industry. These guidelines help ensure that the needs and wants of luxury tourists are met throughout Lapland and the rest of Finland.</p>	
<b>Keywords</b> Luxury, Tourism and Hospitality, Luxury tourism, Luxury consumerism, Affluent consumer, Sustainable tourism, Destination management, Service design, Benchmarking, Hybrid consumer, Customer service, Trading-up, Trading-down, Lapland, Finland, Consumer Behaviour.	

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# 1 Introduction

Mass market tourism is a growing industry worldwide which has seen major growth from less than 100 million worldwide arrivals in the 1950's to an expected excess of 1.6 billion arrivals by 2020, and estimated to be as high as 2.6 billion by 2050 (United Nations World Tourism Organization 2001). Tourism not only brings money into a destination but it creates economic growth, especially job creation; it is estimated that one in eleven of all jobs in the world being linked to tourism related activities (WTTC 2012).

Finland as a destination is still fairly undeveloped and is the least visited of all the Nordic countries, averaging 5 million foreign overnight stays in accommodation facilities in 2010, compared to 7 million in Norway, 9 million in Denmark and 11 million in Sweden (Statistical Offices in the Nordic Countries 2012).

Between 1997 and 2010 the number of foreign visitors in Finland has remained stable at around the 5 million mark. However, this is complimented by 14.2 million domestic accommodation nights from Finnish residents taking the annual total figure to 19.2 million nights in 2010 (Statistics Finland 2011).

The main host country for visitors to Finland is Russia with over 1 million overnight stays in 2010, the number of Russian visitors has doubled since 2000. Second is Sweden and Germany both of whom have approximately 500,000 overnight accommodation nights, this is then followed in order by the UK, France, USA, Norway, Netherlands, Italy and Japan (Statistics Finland 2011).

This thesis has been commissioned by Haaga Helia University on behalf of the Finnish Tourist Board which is also referred to as MEK (Matkailun edistämiskeskus) in Finland. Partners include Visit Rovaniemi and several tourism and hospitality providers in the Rovaniemi area of Lapland and Helsinki. It is part of a wider project investigation into luxury tourism trends in Finland.

## 1.1 Thesis problem

Finland is generally a self-titled modest country (Pantzar 2008). In my opinion the majority of tourism products and services of the country are aimed at the middle market and only one hotel is recognised as being international luxury standards according to the Luxury Hotel Guide Europe (Kunz 2012), the Hotel Kamp in Helsinki. Furthermore, there are only five restaurants awarded a Michelin star rating in Finland (Michelin 2013), again all these being located in the capital, Helsinki.

With the growth of the middle classes, experienced, and new market travellers, along with “old money” travellers all of whom now demand something more than “the norm” when travelling. Many of these travellers are willing to pay more to experience what is unique and different about a destination, including staying in accommodations above the norm that are relevant to the local culture of the destination. They are also looking to experience tailor-made excursions and activities that teach them about their destination whilst at the same time providing a comfortable and enjoyable experience (Forbes 2013).

Due to the size of Finland as a destination this thesis will be focusing on Lapland, Finland’s most northern part and in particular the Rovaniemi area. The reason I chose the Rovaniemi region was that it is very popular with overseas tourists including visitors from Russia, the rest of Europe, America and Asia. As an overseas resident in Finland this market is both closest to my background and provides possible business opportunities for me in the future.

This thesis will enable Rovaniemi, Lapland and Finland as a whole to develop their luxury tourism strategy to meet the needs of both domestic and international visitors, allowing the tourism boards and tourism suppliers to understand the market for luxury tourism, what the needs and wants are of luxury travellers in 2013 and beyond, as well as being able to develop strategies to meet the luxury travellers needs and wants in the future.

## 1.2 Overall aim and objectives

The aim of this research project is to look at how, and/or if, Lapland can be developed as a luxury destination.

It is important to understand what the needs are of foreign luxury tourists in relation to the products and services required when visiting Lapland (or indeed Finland or any other destination), their thoughts on Lapland as a luxury destination and how hospitality and tourism providers can develop and amend what they offer to meet these needs both now and in the future.

As it is impossible to look at the needs of all visiting nations, as their needs are influenced by their own culture and exposure to tourism this study will be based mainly on the needs of “Western” tourists from the UK, US, and Australasia though it will include thoughts from visitors from outside of these primary areas.

The following objectives have been formulated in line with the aims of the project:

- To identify and describe “what is luxury tourism in 2013?”
- To carry out research and analyse how visitors and the industry see Lapland as a luxury tourism destination.
- Develop a framework, or version of luxury, that is relevant to Finland as a unique destination, and one that can be standardised industry wide in Finland and Lapland.

The study is important as new markets, destinations, and resorts develop their hospitality and tourism products and services for tomorrows travellers, it is essential that Lapland (and Finland) offer products and services to meet the ever growing market of luxury, or consumers willing to spend above the norm. These are the visitors who can bring additional revenue into the tourism economy of Finland and help generate economic and social development.

### 1.3 Structure of the report

The report structure falls into seven chapters.

*Chapter 1* looks at what the topic is about and why, the motivations for this research, what the aims and objectives are and why they are important to the tourism industry in Lapland and Finland.

*Chapter 2* concentrates on the theoretical framework of the research. It covers three main topics related to the study: luxury consumerism as a concept including what is meant by “old” and “new” luxury/money, what is luxury tourism, the new affluent generation, how hybrid consumers are changing the retail and tourism industries and finally luxury tourism trends. All topics are closely intertwined throughout the chapter.

*Chapter 3* investigates Lapland as a destination including tourism trends and what hospitality and tourism products and services are currently available in the Rovaniemi area of Lapland.

*Chapter 4* describes selected research approach and methods, the framework for my research, what the limitations of the research may be and looks at validity and reliability issues.

*Chapter 5* presents the key findings of the empirical study, united by certain themes.

*Chapter 6* contains my model for Finnish luxury and the strengths and weaknesses of Lapland as a luxury destination.

*Chapter 7* provides conclusions and recommendations, as well as suggestions for future studies.



## 2 Luxury and luxury tourism

### 2.1 Luxury consumption

Luxury consumerism is a fairly wide concept so it is essential to understand what luxury can actually be defined as. The following definitions give us a brief understanding of what the term “luxury” means.

The Collins English Dictionary (2012) explains luxury as an “indulgence in rich and sumptuous living”, whereas the translated definition from French dictionary Larousse (2012) is “what is costly, refined and sumptuous. Expensive pleasure one can buy without true necessity.” And on Italy’s Wikipedia (2012) it is “habit to consume high-quality and expensive range. Rare, non-necessary products to ornate own body or home.” Further afield the Japanese dictionary Daijisen (2012) says luxury is “to use money or things for a certain purpose above the necessary level. Not to spare money or things.” Whilst on Russia’s Wiktionary, the definition is “external splendour, wealth, opulence. Extravagance in living comfort and pleasure, with a wasteful abundance,”

From the above dictionary definitions you can see that generally luxury is about consuming the best products available to a person, however only Russia sees that external splendour and wasteful abundance is part of luxury in 2013. In my opinion this is due to the relatively new wider market of luxury consumerism available in Russia compared to more developed consumer markets such as the UK.

Hoffmann (2013, 1) summarised the concept of luxury as quoted below;

It is hard to define the specific characteristics that contribute to the term luxury. This is because our perception of luxury is individual; it depends on our individual real-life experiences. We each value a different aspect of what we call luxury. It may be to do with rarity, class, quality or comfort. Luxury could be something tailor-made, something special to do, or to own, a privilege, or simply the time to do what we want with our money. Luxury is always evolving but in the past 20 years and in the future the luxury is changing at a faster and faster pace. Until the 1990s luxury was a closed and very elitist universe, but since the 90s luxury marketing revolution it has had to adapt itself to the market and of the wider society...

Luxury as a phenomenon developed in the 19<sup>th</sup> century when couturiers would design and sell wildly expensive dresses for the narrow market of wealthy women. Fashion houses then diversified into other markets such as perfumes with the legendary Chanel No 5 being created as a luxury brand in 1921 (Tungate 2009).

The global luxury market in 2011 was estimated to be worth €191 billion more than double the €77 billion it was worth in 1995 (Bain 2011). This is down to two main factors; the professionalization of the industry alongside the emergence of “new wealth” and “new money” (Auguste & Gutsatz 2013).

As well as the old traditional markets, new emerging luxury markets such as China and India will be significant consumers of luxury products. Silverstein (2012) identified the key statistics for these emerging markets where 1 billion Chinese and Indian families will be categorised as middle-classed, and by 2020 68% of Chinese and 57% of Indian households will be in the middle and upper-classes. If you compare future potential luxury consumers in China and India there will be 135 million graduates compared to just 30 million in the USA.

To clarify what products and services are actually classed as luxury you need to look at what the core values of luxury products actually are? Howarth HTL (2011, 6) a consultancy group present the following core values of what a luxury product or service is in their report “the future of luxury travel” as;

1) Uniqueness of product - Uniqueness is the result of a combination of the following luxury components:

- Creativity that assures a certain style
- Quality in fine material/fabrics
- Selectivity in the distribution network and strategy
- Prestigious location of sales outlets
- Limited production in terms of volume
- High price, justified by the actual quality of product, the brand image, and customer needs
- An established tradition of knowledge, skill, expertise

- 2) Brand imagery - The image reflected by the brand and the product is present in:
- Brand attributes that guarantee customer's access to the upper social circles (geographic origin, designer name, famous patrons, etc.)
  - Communication of the brand is exclusive and addresses aspirations of a particular group of consumers.

For a product or service to be classed as luxury both uniqueness and branding are essential to the desirability of a product or service. Money is not a good way of categorizing objects (Jean-Noel Kapferer 2009). Rohit Arora (2013) further explains pricing by saying that “pricing plays a quite a big role in the way consumers perceive luxury brands. Consciously or subconsciously, consumers tend to generate a mental luxury stature or image with the price range that the brand operates”.

By segmenting the market through price you can instantly create exclusivity for your product or service by ensuring only a certain percentage of the overall target market is allowed to purchase your products and services due to affordability, therefore creating exclusivity to what you are offering. (Thomas 2007, 2.)

Price segmentation is common and widely practiced. Variation in household incomes creates an opportunity for segmenting some markets along a price dimension. If personal incomes range from low to high, the reasoning goes that a company should offer some cheap products, some medium-priced ones, and some expensive ones. This type of price segmentation is well illustrated by the range of automotive brands marketed by General Motors historically. Chevrolet, Pontiac, Oldsmobile, Buick, and Cadillac varied in price (and status) along a clearly defined spectrum to appeal to successively higher income groups.

Many large companies use price to segment their brand e.g. Rezidor Hotel group have several brands for their hotels:

Table 1. Different brands offered by Carlson Rezidor group (Carlson Rezidor 2013)

<b>Rezidor Brand name</b>	<b>Target market</b>
Missoni	Luxury boutique style hotels
Radisson Blu	Larger luxury hotels 4/5 *
Park Inn hotels	affordable mid-range 3* hotels

Whilst price is an easy way to create exclusivity it cannot always be used as a benchmark for quality. Psychologically the more you pay the more you perceive the product to be of better quality, but this is not always the case and as consumers become more aware of the products they are consuming, the true value of the products and services they are using and what alternatives are available to them high price alone is not always a guarantee for quality. (Economist Magazine, 2008.)

Lastly for a product to be thought of as luxury the service received whilst purchasing and/or using the luxury product must be of a high standard. Michel Guten (President, Institut Supérieur de Marketing du Luxe) said “Luxury means paying tribute to customers seeking perfection from creations while being waited on by exceptional salespersons. Selling and service are at the forefront of every luxury brand. Selling is a professional art, and only excellence is acceptable from luxury sales staff...” (Lent & Tour 2009, 1.)

The concept of luxury can be summed up in this alleged quote where Coco Chanel describes luxury as “... a necessity that begins where necessity ends”

## 2.2 Consumers of luxury products

In today’s luxury world there are three main types of luxury consumer according to Derzhaev (2009), which are the über wealthy, Mass Elite, and Medium Luxury (affluent/middle class)

Table 2. Types of luxury consumers (Derzhaev 2009, 22)

<b>Über wealthy</b>	<b>Mass Elite</b>	<b>Medium Luxury (affluent/middle-class)</b>
<ul style="list-style-type: none"> <li>• Financial world elite</li> <li>• USD 1 million annual income</li> </ul>	<ul style="list-style-type: none"> <li>• Major businessmen, officials, heirs of capital</li> <li>• Wealth based on stocks and shares and property</li> </ul>	<ul style="list-style-type: none"> <li>• High salary workers, middle class</li> <li>• Buy products on credit basis</li> </ul>

As you can see from table 2 above the potential spending power of the three different groups all shopping for luxury products varies significantly in general luxury consumer purchasing behaviour.

The market size of these luxury consumers was broken down further by Boston Consulting Group (BCG) in 2010, as figure 1 below shows the market size and potential spend of new money including the middle and aspirational markets is much larger than traditional “old money” consumers, all of these consumers make purchasing decisions when buying hospitality and tourism related products and services.

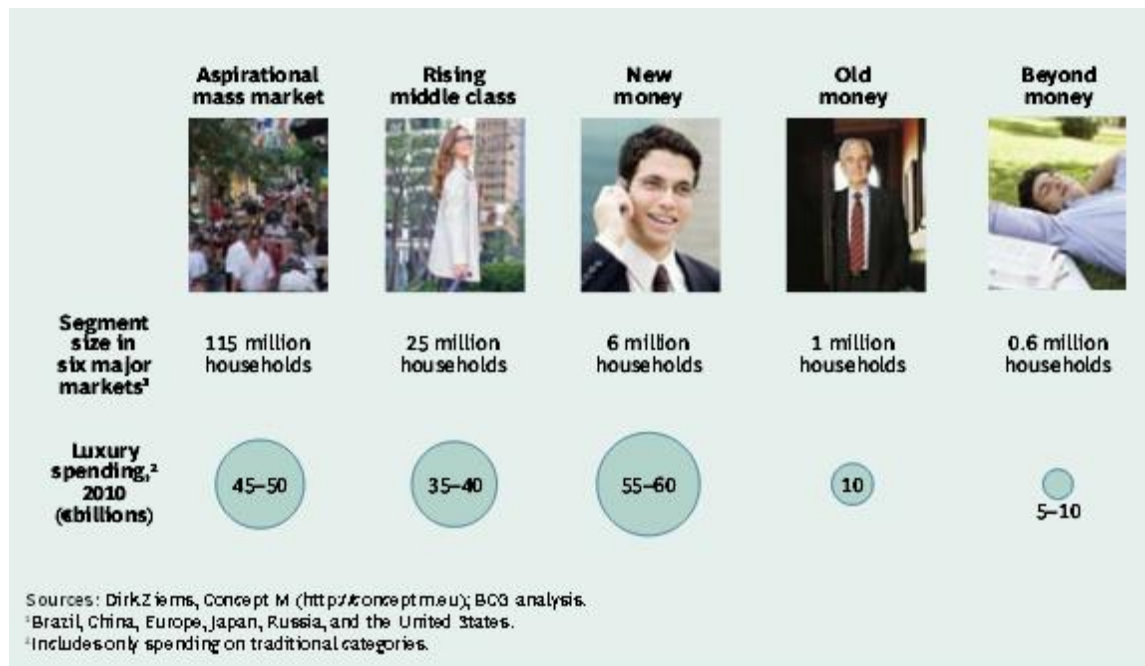


Figure 1. Market segments of luxury consumer types (BCG 2010, 5)

### 2.3 New Luxury and Old Luxury

Luxury can be divided into two groups, “old luxury” and “new luxury” (Danziger 2007).

Old Luxury usually refers to consumers with “old” money. This is money obtained often through inherited wealth of families or through personal long term success. This form of luxury was often only available to older generations and their families so products were often designed for this market. It was about products having their own history. (Aldrich 1989.)

Cheng (2010) quotes (Miller 1991) saying “One of the biggest trends you will see in the coming decade is the indiscreet love affair between people with the means pursuing the objects and services with the ways of old money about them. It’s the aura of aristocracy, the beautiful romance between money and social position that will leave many consumers breathless with desire to acquire”. (Cheng 2010, 4.)

If we think of old luxury brands such as Rolls Royce, Claridges Hotel (London), Prada, these are all brands with history, reputations and classic appeal. Old luxury brands are timeless and appeal to the older generation of consumers. Old luxury still has an important place in the marketplace however new luxury with new found wealth and beliefs of its consumers is a totally different market segment. It is no longer about the history and heritage of products and services luxury consumers are purchasing but how it directly has a positive effect on their experience and lifestyle. (BBC 2012.)

So what is “new” luxury? Franco Fontana, Dean of Luiss Business School, defines new luxury as follows

“New Luxury means taking care of yourself, loving yourself, in order to improve the quality of life, your personal satisfaction. It is more a personal experience than a social one, more and more available for a huge amount of people.” (Derzhaev 2009, 3.)

Whereas Michael J. Silverstein & Neil Fiske of Boston Consulting Group described it as

“New Luxury - products and services that possess higher levels of quality, taste and aspiration than other goods in the category but are not so expensive as to be out of reach”. (Derzhaev 2009, 3.)

Derzhaev (2009) goes on to argue that today’s luxury is tomorrow’s standard. This can be seen easily in the tourism industry. Products and services which at first are only offered to premium or luxury consumers soon filter down to become the norm. Not so many years ago private bathrooms, Wi-Fi access and minibars were only available in luxury accommodations, however now these are the norm (Gisolf 2013). I feel that New Luxury is about taking the standard and increasing the quality and experiences consumers feel by using these services.

Although luxury consumers may have a great spending power it is important as a business to ensure that you still are providing your customers with value for money, as like all consumers they still want to feel like they are getting a fair deal on their purchases as Howarth HTL (2009) point out;

Price and value each play a key role in luxury travel. While a high price point may signify exclusivity, a desirable factor in a luxury trip, the importance of value for money now cuts across all strata of travellers. Luxury consumers may spend lavishly, but they also like to know they're spending wisely and securing top quality that justifies the price.

Atelier a division of Leo Burnett, one of America's largest advertising agencies categorised what luxury now means in 2013. They used 9000 respondents' thoughts to develop their vision of what today's luxury consumer desires in their document "an introduction to the Luxury profiler".

Table 3. Desires of luxury consumers in 2013. (Ateltier 2013)

- Status – keeping up with the Joneses
- Extravagance – showing off your designer luggage
- Connoisseurship – great taste
- Seduction – route to romance
- Über premium – ultimate of its kind
- Creative – expressing yourself
- Cutting-edge –ahead of trends
- Ethical – paying for peace of mind e.g. fair-trade coffee
- Pampering – well-being e.g. spa treatments
- Altruism – giving something back
- Escapism – taking a break, getting away from it all
- Actualisation – finding the inner you e.g. personal trainer, yoga
- Achievement – increasing your power/learning
- Adventure – an experience, e.g. skydiving

So how does old luxury differ from new luxury consumerism? Below I will look at the new classification of luxury tourists who may consume luxury products but do so in a different and less conservative manner.

## **2.4 The Hybrid Luxury Consumer**

Leppanen & Gronroos (2009) described their vision of the “Hybrid Luxury Consumer”. They stated that customers are often put into groups by marketers when classifying the likelihood of spending each consumer may fit in to. In the past it was thought that you have customers who always for example buy high-end or luxury products such as designer brands, first class airfares and shop in up-market establishments. Whilst at the other end of the scale, budget or low-cost consumers who will always seek for bargains, buy own brand fashion and travel economy class when travelling and shop in discount retailers. Then there were the people that were somewhere in the middle who had a decent amount of disposable income purchasing most of their products from the high street, at well know retailers and staying in 3\* or 4\* hotels.

However, these lines are now becoming blurred slightly with consumers also trading up and buying more expensive and luxurious options when buying products which hold a high emotional value to them, as well as these same consumers trading down when they feel that the quality of product is not diminished by doing so. Silverstein & Fiske (2008) referred to this as “trading up vs. trading down” and explained that middle priced consumers are trying to avoid the “boring middle”.

Leppanen & Gronroos (2009) devised the term, the “hybrid consumer”. These customers are willing to trade up and purchase luxury products if these products are perceived to offer something extra, have emotional ties to the consumer or if they want to show status amongst their peers. This is interesting for tourism and hospitality organisations who need to understand that the marketplace should no longer just be targeted at the usual wealthy and luxury consumers but that consumers from the middle range, or even lower middle markets, are potential consumers if they feel that the products being offered to them will actually add value to their experience, even if it’s a once in a lifetime opportunity to use consume these products and services.



This concept does not necessarily fit with traditional and stable luxury consumers who wish to buy exclusivity from the “norm”, but is one that tourism and hospitality providers need to recognise. Whilst the average low-cost consumer may typically be unable to purchase luxury tourism and hospitality products and services, there are these customers who may save or loan money to experience luxury for a special life occasion such as a wedding, honeymoon, retirement celebration or other significant life events.

Silverstein & Fiske (2008) defines new luxury consumers as those willing to pay 20% - 200% above the normal middle-market brands. In the tourism and hospitality industry this opens up many more potential consumers to both “affordable luxury” products and traditional luxury products and services that may wish to promote their products and services to hybrid consumers who wish to spend a little bit more for this special occasion/purchase.

In hotel terms for Helsinki this could for example be as researched in table 4 below (*all prices correct on 3/6/2013 from each hotels own website arriving 3/8/13 for 1 night for 2 pax*)

Table 4. Different hotels available in Helsinki

Mid ranged choice	Add 20% (approx.)	Add 100% (approx.)	Add 200% (approx.)	Top price available
Omena Hotel, Helsinki  Room €80	Scandic Simonkenttä Hotel, Helsinki  Double €100	Kamp Hotel, Helsinki  Deluxe €178	Haven Hotel, Helsinki  Luxe suite €219	Kamp hotel, Helsinki  Suite €621

As you can see in table 4 above, midrange or even lower end consumers would be able to upgrade their travel experience within the boundaries Silverstein & Fiske (2008) identified.

This however is not only limited to the hybrid consumer visiting Helsinki but could be an example of when booking a flight where consumers may decide to spend more for a more luxury experience.

A good example of an airline which does this is Virgin Atlantic. A customer wishing to travel from London to New York would have the following options (*source prices correct on 3/6/2013 travelling 1-8/9/13.*)

Table 5. Different cabin classes available with Virgin Atlantic (Virgin Atlantic 2013)

Standard ticket	Add 100% (approx.)
£557 Economy seat	£1053 Premium economy seat

Table 5 above shows that if Silverstein (quote) is correct then Virgin has costed their next level of class at approximately the correct increase to encourage flyers to upgrade and experience their more luxury service in “Premium economy”. Upper class would cost £4735 which would be perhaps out of the reach of most mid-level consumer and by doing so retain the exclusivity of this class for the true high spending luxury consumer.

Airlines are an interesting product though according to the new “hybrid consumer” as many consumers are willing to “trade down” when it comes to flying, especially in relation to short haul flights. With the emergence of low cost carriers where all customers are seated in one class Silverstein (quote) feels that consumers are willing to sacrifice luxury on this component of their travel plans as flying is seen as a necessity and if major savings can be made from flying low-cost instead of scheduled business class.

Table 6. Comparison of flight prices between Helsinki and London (Norwegian, Finnair and BA 2013)

Budget choice, Economy class	Scheduled Economy #1	Scheduled Economy #2	Business Class #1	Business Class #2
Norwegian £124	Finnair £195	BA £310	Finnair £1505	BA £422

As can be seen in table 6 above, there is a big price differential between both the different airlines as well as the different cabin classes (prices correct on 3/6/2013 from Norwegian, Finnair and BA websites travelling 1-8/9/13). For a flight of approximately 2.5 hours many consumers will feel money can be saved as there is not so much difference between the service levels on all flights apart from extra legroom which can be paid for when checking in. Many airlines, such as BA and Finnair have removed the

elite first class option due to the price versus necessity being too expensive on many short haul routes (British Airways & Finnair 2013)

## 2.5 What influences customers buying behaviours when deciding to trade up or down?

The main driver in the decision making process is often an emotional driven decision. Miller (2008) devised the chart below to represent how mid-priced goods are often seen as irrelevant for the hybrid consumer, and how emotional importance of the product or service one is buying impacts on their buying behaviour. As figure 2 shows hybrid consumers have a greater “personal wealth” if they purchase product or service with high emotional importance to them. This could be for example a vacation, buying food and drink for a special occasion (e.g. Christmas), or buying a product or service which meets their ethical lifestyles, for example fair trade coffee. On the other hand the hybrid consumer will be willing to purchase and consume “value” products and services of which they don’t see as being important or show their wealth to their peers, for example flying on a budget airline, using own brand dishwasher tablets, or eating lunch in a fast food establishment.

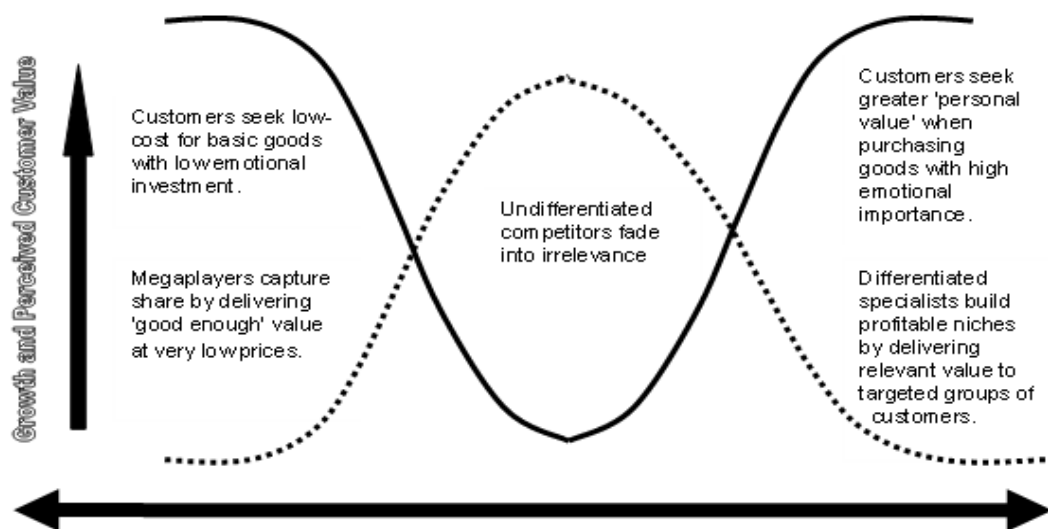


Figure 2. Motivation to purchase for the hybrid consumer. (Miller 2008)

This can be further explored with the diagram below by Leppänen & Grönroos (2009) which further shows how emotional attachment to different products and services affect whether or not a consumer trades up or down.

As can be seen products which impact on one's health, well-being and appearance often result in the consumer trading up, this is because intrinsically they want to feel good about themselves and show their friends that they are doing well in life.

Furthermore products and services which are unseen by others such as basic food and household supplies are often seen as areas where you can cut back as these are invisible to others, don't have a direct impact on your own life and/or can be tolerated for short times in order to save money to spend on things you feel are more important, for example low-cost airline tickets. (Leppänen & Grönroos 2009.)

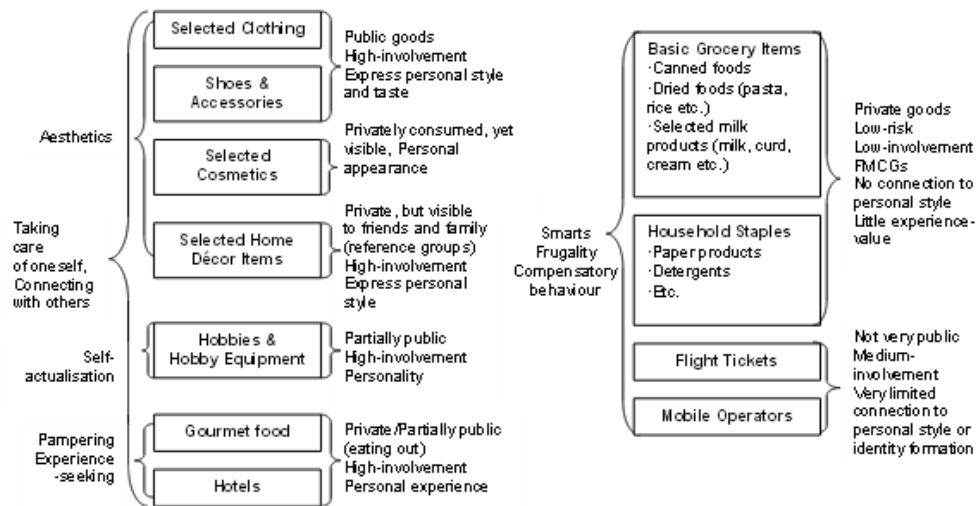


Figure 3. Purchasing decisions of hybrid consumers. (Leppänen & Grönroos 2009)

Overall the hybrid consumer is one that wishes to spend more on products and services that make them feel better both intrinsically, as well as raising the perceived images of themselves in their own social circles. These consumers are willing to pay that little bit more to experiences things that are emotionally important to them, such as an annual vacation or celebratory occasion, however they do not have the financial means to purchase luxury products on a daily basis, they are something that they will save or borrow for. (Leppänen & Grönroos 2009.)

## 2.6 Luxury tourism

So how does luxury tourism compare and or differ from other forms of luxury consumerism? There are many similarities between all forms of luxury purchasing including the desire for high quality products with a trend away from “bling” and more towards hi-tech and meaningful to everyday life (Howarth HTL 2011).

Page (2012) defined luxury tourism as

“the consumption of an expensive and high-quality experience was the norm among the travelling elite of the eighteenth, nineteenth and early twentieth century... Luxury experiences may involve travel to exclusive resorts, tailor-made packages, including private jets, and an emphasis on comfort, service, relaxation, sumptuous quality, attention to detail and exacting standards... the exclusivity of the experience and above all the uniqueness for the consumer”

Page (2012) then quotes Bakker (2005) who added that

“luxury tourism experiences are not necessarily associated with expensive brands of those deemed fashionable. Whilst some benchmarks exist (the Orient Express) as quality tourism experiences, these are experience rather than trend-led brands that exist in other areas of consumer purchases. In the luxury market, a tailored experience with a high degree of customization is about turning a dream into a reality”.

So what makes up luxury tourism? Howarth HTL (2011) broke down the components of luxury travel into the three main segments; accommodation, transportation and activities.

### 2.6.1 Luxury Accommodation

What do we mean by luxury accommodation? Howarth HTL (2011) segmented luxury accommodation into the following sub-products (Howarth HTL 2011, 9.)

- City hotels: classic luxury hotels (The Pierre in NYC, The Ritz in Paris); boutique or designer hotels (The Bulgari in Milan); destination hotels with exceptional surroundings (Monasterio in Cuzco)
- Resorts and spas: beach hotels; golf hotels; mountain hotels; lodges and retreats
- Vacation-ownership properties and self-catering villas

In 2011 the International Luxury Travel Market (ILTM) estimates that globally there are approximately 200,000 luxury rooms in 200 destinations out of a total of between 18-20 million rooms which equates to approximately 1% of the market. This figure is further complicated by the fact that some destinations, for example Dubai, have a larger percentage rate of luxury rooms compared with other destinations such as your traditional summer sun beach resorts. (Howarth HTL 2011.)

## 2.6.2 Luxury Transportation

So what can be classed as luxury transportation? Howarth HTL segmented transportation as follows: (Howarth HTL 2011, 10.)

- Air, including private charter flights and helicopter chartering. Most airlines offer at least Business class products as well as longer flights offering a first class service.
- Rail, both for travelling between destinations with most providers offering first class carriages, or as part of the holiday itself e.g. Orient Express.
- Water, with luxury cruises a growing luxury segment, especially river cruises.
- Road, transportation in the home and destination ranging from limousine services, valet parking to executive car rentals.

Transportation is easy to aim at the luxury consumer as most providers are able to offer a mixed service to satisfy their customers. An example of this is Virgin Atlantic who use price to differentiate between the different products that they offer. During the flight they offer three different priced seats, these being, economy, premium economy and upper class each of which offers additional products and services unique to that product, e.g. Clubhouse lounges are only available for their upper class passengers (Virgin Atlantic 2013).

Table 7. Cost of flight ticket from London to New York (Virgin Atlantic 2013)

Flexible Economy	Flexible Premium Economy	Upper class
£812.75	£1,303.75	£3,494.25

Whilst all classes offer a high level of service there is a clear difference in services offered to each price band, the more you pay the more comfortable and luxurious your experience will be.

According to Howarth HTL (2011), 60% of luxury buyers cite business class as their customers' preference for short-haul vacations and 75% for long-haul vacations. However, it is important to realize that many luxury travellers are now trading down to economy class as they perceive the value versus product quality to be much narrower on some airlines, though this trend is fuelled by businesses that are now cutting back on first and business class travel for their employees post-recession. An example of this trend is that Singapore Airlines have seen a 7.3% fall in premium seat passengers since 2008 (Business Week 2012). This is further complicated in Europe where many passengers, including the British Royal Family on several occasions, are now trading down even further to use low cost airlines where suitable (Daily Mail 2012).

In some cases the transportation is actually the luxury experience that the holiday is based around. The growth in the luxury cruise market is a current trend in this segment carrying 19 million passengers in 2011 with a total market profit of \$29.4m. To be classed as a luxury cruise spending must be over \$350 per person, per day. People often view cruises as a sign of wealth and this can easily be seen by cruise passengers friends and families. (Hwang 2013.)

It is not only cruises that are transport based luxury products but rail is a popular segment for luxury travellers wishing to explore a destination overland. Luxury rail travel is often viewed as a time machine back into old luxury standards where both the décor and service levels offered by such products are of a time gone by. One of Europe's most famous luxury rail journeys is aboard the Venice Simplon-Orient-Express which takes passengers between London and Venice where the levels of service and experience is firmly in the days of "old/classic" luxury. (Sherwood 1996.)

Luxury transportation could start from the moment one leaves their homes to when they get back. This could range from chauffeur services, valet parking at transport hubs, executive car rental services in destinations. Many luxury tourism and hospitality

products and services offer inclusive executive transportation options as part of their inclusive service. For example Delta Airlines offer a free chauffeur service (Delta Airlines 2013) for all first class passengers in New York and London, or alternatively many private chauffeur companies can arrange this for luxury consumers as an additional add-on product. It is important to recognize the current trend for “greener” car hire choices with demand for greener cars a growth area for car rental companies, including the luxury segment where hybrid cars are seen as environmentally desirable to consumers (ITG 2007).

## **Experience**

Whilst the choice of accommodation and transportation methods are important considerations for any traveller, and not exclusive to luxury travellers, the experience that a traveller wants is what differentiates one destination to another and is often the key factor in the decision making process.

Swarbrooke & Horner (2011) feels that the motivating factors in tourism can be split into two groups:

- those which motivate a person to take a holiday
- those which motivate a person to take a particular holiday to a specific destination at a particular time

Swarbrooke & Horner (2011) formulated the following (table 8) which shows that though status is an important factor there are several other factors which influence a customer’s decision making process when purchasing tourism and hospitality related products and service.



Table 8. Motivations of purchasing a holiday (Swarbrooke & Horner 2011, 54)

Status	<ul style="list-style-type: none"> <li>• exclusivity</li> <li>• fashionability</li> <li>• obtaining a good deal</li> <li>• ostentatious spending opportunities</li> </ul>
Cultural	<ul style="list-style-type: none"> <li>• Sightseeing</li> <li>• experiencing new cultures</li> </ul>
Physical	<ul style="list-style-type: none"> <li>• relaxation</li> <li>• suntan</li> <li>• exercise &amp; health</li> <li>• sex</li> </ul>
Emotional	<ul style="list-style-type: none"> <li>• nostalgia</li> <li>• romance</li> <li>• adventure</li> <li>• escapism</li> <li>• fantasy</li> <li>• spiritual fulfilment</li> </ul>
Personal	<ul style="list-style-type: none"> <li>• visiting friends and relatives</li> <li>• make new friends</li> <li>• need to satisfy others</li> </ul>
Personal Development	<ul style="list-style-type: none"> <li>• increasing knowledge</li> <li>• learning a new skill</li> </ul>

In relation to the luxury consumer Howarth HTL has broken a luxury consumer's choice of destination into the following three components; (Howarth HTL 2011, 10)

- Tours: art, history and shopping are key themes that drive the organisation of travel.
- Outdoors: sailing, skiing, adventure and wildlife are special-interest outdoor activities that are becoming increasingly popular in luxury travel.
- Food and wine: many wineries are now developing on-site restaurants, hotels and spas to meet increasing demand from tourists. Tasting schools and cooking schools are developing and opening up to tourism, not only in wine regions but also in key cities. The Ritz in Paris led the way in the 1980s with the launch of its Ritz Escoffier.

From this you can see that luxury tourist have the same needs and wants as a general tourist. However, they will be looking for opportunities of exclusivity, uniqueness and quality. This could be individual excursions and tours, meals in unique and interesting locations as well as an opportunity to purchase local products as souvenirs. Although luxury consumers may have large amounts of disposable income it is essential to understand that experiencing the local culture is often an important part of their travelling experience and not every aspect of their holiday must be exclusive.

## 2.7 Trends in luxury tourism

As with all tourism trends visitor numbers are influenced by numerous factors including the destinations image perception, ease of access, events and recommendations from friends and relatives (Visit Britain 2010).

### 2.7.1 Trends from a regional perspective

According to Howarth HTL (2011) the main destinations for luxury travel are:

Table 9. Main luxury destinations. (Adapted from Howarth HTL 2011.)

Europe	<p>The main luxury outbound markets in Europe are the UK, Germany, France, Italy and Holland. These are all mature markets with many luxury consumers having already experienced luxury hospitality and tourism products as not only luxury consumers but perhaps as mass market travellers if their wealth is new.</p> <p>Russia is the largest growth market of luxury tourism in “Europe” however they are not the largest segment. Due to Russian history and culture Russian luxury travellers have a preference for opulent and exclusive venues, often showing a preference towards leading international brands.</p>
Middle East	<p>UNWTO has identified the Middle East as the fastest growing tourist region especially for inbound tourism in destination such as Dubai which is designed as a luxury destination, even self-declaring hotels as 7* which is outside of the usual maximum 5* international standards.</p>

<p>North and South America</p>	<p>Domestic luxury travel in the USA remains a popular market. Due to the size of the USA as well as the large number of domestic business travellers who make use of luxury products and for inbound tourists from the rest of the world.</p> <p>Outbound luxury tourism is high from the USA. Whilst Canada, Mexico and the Caribbean are popular luxury destinations American luxury travellers are significant luxury travellers to destinations all over the world.</p> <p>Emerging South American countries such as Brazil will be large potential markets</p>
<p>Asian Pacific</p>	<p>Japan and Australia are the largest average outbound luxury tourism spenders especially on mid-haul destinations such as Bali and French Polynesia but like Americans these tourists will often travel the world as luxury consumers though these could be once in a lifetime journeys.</p> <p>Emerging Asian Pacific markets include China and India who have large volumes of both luxury and traditional tourists due to the relevant newness of available travel from these countries.</p>

Table 9 above identifies that new up and coming destinations are becoming more popular and new markets especially from Russia and Asia are pushing growth.

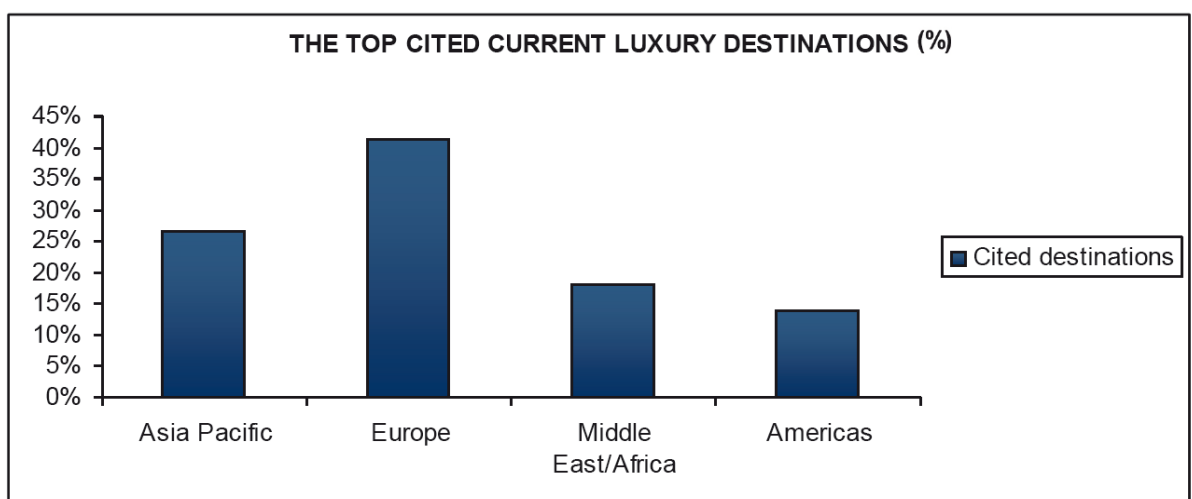


Figure 4. Top Luxury destinations (by region). (Howarth HTL 2011, 16)

Traditional regions of the world, such as Europe and the Asia Pacific regions are still popular luxury destinations for travellers though as can be seen in figure 4 above.

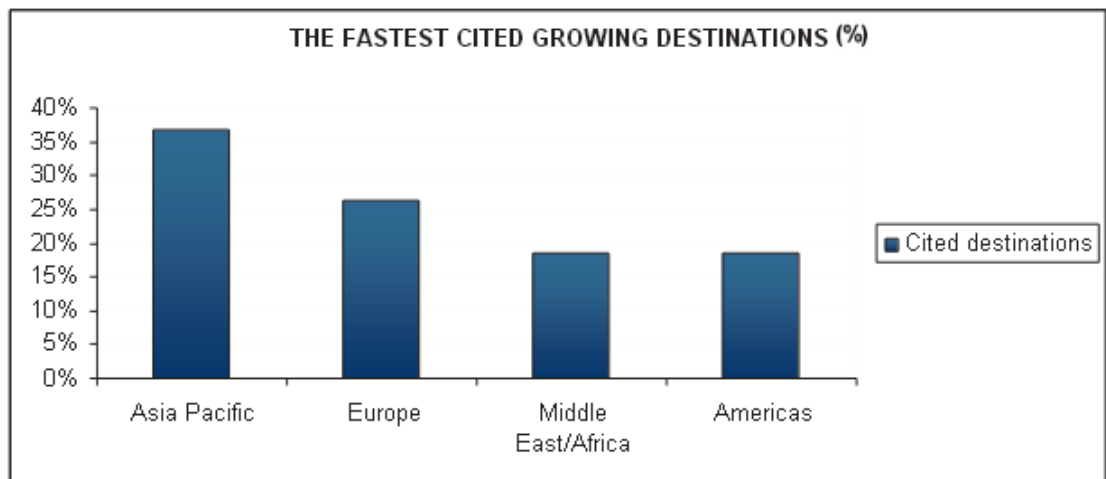


Figure 5. Fastest growing Luxury destinations (Howarth HTL 2011, 17).

In the future these destinations will continue to be popular as can be seen above in figure 5 however the Asian Pacific region will overtake Europe as the most popular destination.

The following specific destinations have been identified by Howarth HTL (2011) as destinations with high potential to further develop as luxury destinations (Howarth HTL 2011, 18).

- Eastern Europe, with Moscow, St Petersburg, Prague and Budapest
- The Middle East, with Abu Dhabi, Beirut and Marrakesh
- Latin America, with São Paulo, Rio de Janeiro and Buenos Aires
- Asia, with Macau, Kuala Lumpur, Bangkok, Taipei and Seoul

When it comes to actual destinations the following research was carried out by the Travel Leaders Group comprising US luxury tour organisers for their US customers and looked at the top international destinations for luxury travellers in the USA in 2013: (Travel Agent Central 2012.)

- 1 CRUISE – Europe River – (the Danube, Main, Rhine, Moselle, Rhône, Saône, Seine, Po, and Douro) 35.9%
- 2 CRUISE – Europe Mediterranean + UK ( Naples, Rome, Monte Carlo, Barcelona, Cannes, Athens, Istanbul, Mykonos and Palma) 33.1%
- 3 Italy – Rome, Venice, Tuscany, Med resorts 31.2%
- 4 Australia – Sydney, East/West coast, Uluru 18.5%
- 5 France Paris, French Riviera, countryside 11.8%
- 6 Costa Rica 9.5%
- 7 CRUISE – Europe – Baltic (Bergen, Stockholm, Helsinki, St Petersburg) 8.1%
- 8 Bora Bora 7.0%
- 9 St. Lucia 6.5%
- 10 England – London, Cotswolds, Cambridge, Oxford 6.3%

As you can see from the above survey (of 1,045 tour leaders in the USA of their luxury clients carried out by the Travel Leaders Group) there is a clear correlation between the views of industry experts and the survey results.

The results show that European cruises including rivers, the Mediterranean and the Baltic Sea are very popular luxury destinations. In the ‘money’s no object’ destinations you can see that many luxury travellers wish to, as described previously, visit new and/or once in a life time destinations such as Australia, New Zealand and the Pacific Islands.

According to Annie Fitzsimmons (Forbes 2013) the main luxury tourism trends are as follows:

- **River cruising**

Especially in Europe and Asia River cruising holidays are the fastest sector of the travel industry. Many companies are now investing in the latest technologies for their guests such as fast in cabin WIFI and other technologies. Focus is also being made on including more luxury suits for the more discerning traveller which has all the comforts and services one would expect in luxury land based hotels. For example cruise suites may have full window vistas from the bed, separate dining rooms, and all the high tech gadgets the modern traveller would desire (Aqua Expeditions 2013).

- **Undiscovered, unfamiliar Locales:**

New destinations targeting the luxury traveller include Bhutan, Colombia, Russia, Vietnam, Cambodia, and for the next ten years South America will continue to shine with Peru, Ecuador, and Argentina growing even more in popularity. These ties in with the trend of younger luxury travellers becoming more a more dominant segment of the marketplace. This is also an opinion Steve Allen, Managing Director of WEXAS Tailor-made Travel has. In an interview with a travel blog website called “a luxury travel blog”, he highlights that people are looking at getting away from the big hotels and experience new smaller boutique hotels in new destinations including smaller cruise ships as discussed above. Luxury tourists want to feel special and not just another customer. (Luxury travel blog 2013)

- **Space travel**

According to Reuters, space tourism should generate between \$600 million and \$1.6 billion in revenue within their first decade of operations with Virgin Galactic already receiving over \$70 million in deposits. Space tourists can either book on a private vessel for approximately €90,000 with XCOR Aerospace or be a passenger on one of Virgin Galactic flights which are due to commence in 2014 for around \$200,000 (Reuters 2012).

- **More All-Inclusive options**

Although most luxury tourism consumers have a 'money's no object' philosophy to travel arrangements many still expect good value for money however much they spend, and a clear upfront costing's according to James Shillinglaw, Editor-in-Chief of Agent@Home, Vacation Agent, and Travel Pulse. Luxury tourists like to know what is included and all inclusive travel can ensure that they know exactly what they are spending upfront and what is included in these costs be it service costs or additional facilities usage costs such as spas when in resort. Jennie Verleg, Director of Sales, The Country Castle Company has seen an increase in guests wanting all inclusive but memorable stays where all catering arrangements are confirmed and paid for in advance along with valid local leisure activities relevant to the destination such as clay pigeon shooting in a country castle or archery in the gardens of a quaint country cottage. (Fitzsimmons 2013).

- **New value from luxury operators**

Luxury tour operators have responded to the current economic climate by selling better value for money holidays. Abercrombie and Kent have launched their new Connections concept which reduces the cost of their packages by as much as 30% (Abercrombie & Kent). Whilst the luxury market is fairly resistant to external financial influences it is important to offer products to all existing customers who may now be looking for better value for money or new customers who at present couldn't afford to book the premium products but may be customers of the future. This trend is also highlighted by Andrew Carr, Managing Director, Kennedy & Carr Ireland Travel in an article on which he says he has seen a trend more towards 'value based luxury' where travellers are now looking towards the smaller, boutique accommodations which not only can reduce costs by 20-25% but also offer a more personalised service at the same time. (Fitzsimmons 2013).

- **New younger clients**

Perhaps the main influence on luxury tourism in Finland will be the increase in younger clients now entering the market for luxury tourism products. The main growth ages are between 40-55 and families with young children who do not wish to give up their comforts but wish to give their children an enjoyable holiday. (Fitzsimmons 2013)

As well as the above trends identified by Fitzsimmons (2013), The Telegraph Newspaper UK reporter Lola Pedro (2012) suggests the following luxury tourism trends will occur in 2013

- **Effortless bespoke**

Luxury tourists expect both a personalised service which meets their expectations of the said destinations or service providers. British Airways in 2012 launched their “Know Me” program which aims to allow staff to recognise all their VIP guests by using online photos of each passenger so that they can be easily recognised in advance allowing a tailored service for each passenger be that greeting the passenger in a certain way or understanding the needs of each individual passenger throughout their journey, from arriving at check in to onward transportation options. (Business Traveller 2012). (Pedro 2012.)

- **Maximized moments**

Money can't buy you time so more and more travellers are looking to maximise their experiences when in a destination. Destinations and resorts need to maximise the enjoyment for their customers whilst at the same time maximising income potential for their own businesses. The Telegraph (2013) highlights a pop-up restaurant in Lohja, Finland where guests not only get the chance to visit a unique underground limestone mine but enjoy a luxurious locally sourced meal by one of Finland's top chefs Timo Linnamäki at his Muru Pops Down concept restaurant. (Pedro 2012.)

- **Travel investment 2.0**

Travel investment 2.0 is the phrase given to the new type of investment being made by tourists. Rather than signing up for timeshare agreements or buying



one's own property tourists are encouraged to "invest" in local community projects which not only benefit the local community but are the places for people to visit on vacation. As society become more socially aware of the tourism's impacts on local communities these schemes allow tourist the chance to make a difference. Schemes such as Tribewanted allow investors to spend only a few euros a month to buy a stake in their development projects, or you can visit the projects in person and help first hand with the project (Tribewanted 2013). (Pedro 2012.)

From the above trends identified I have devised the following (figure 6) which shows what the main trends are according to various sources that have been adapted by myself into this each to understand model.

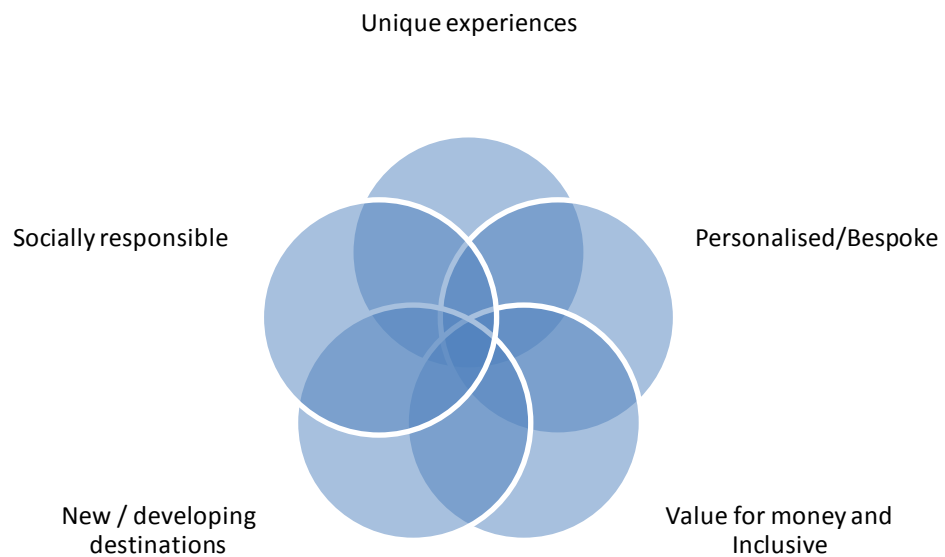


Figure 6. Buzzwords for worldwide luxury tourism in 2013 and beyond

## 2.7.2 The “New Luxury” trend

Derzhaev (2009) explains that “New Luxury” is a trend towards spending more on experiences and lifestyle enhancers rather than goods. Hospitality and tourism products and services meet these needs through desirable experiences such as entertainment (theatre, concerts and shows, casinos), social (and networking) events, wining and dining, travel, and wellness (spa, beauty treatments, massages etc.).

In order to create a model of what “new” luxury is in 2013 I have devised the following model from an article by Dr Herman which identifies the main criteria’s luxury products should incorporate when designing a product for the luxury market.



Figure 7. Key values needed when marketing “new” luxury (adapted from Herman 2011)

### 2.7.3 Market for luxury tourism

Experts believe that luxury tourism will continue to grow at a fast rate with some of this growth being the younger luxury traveller (Howarth HTL 2011).

Value for money is important to luxury travellers. Although money may be no object to these customers still want to feel they are getting good value for what they are paying for. Many luxury travellers now are looking for all inclusive itineraries that they know in advance what they are buying and what services, products and experiences they are getting for their money. It is important that although the luxury traveller may not be driven by costs like all of us many are driven by value. (Fitzsimmons 2012.)

To summarise, luxury tourists are looking for new experiences, something out of the norm. Whilst for some this may be visiting new and developing destinations this could also be new ways of experiencing previous destinations. Smaller cruise ships are a new growth area; guests get both the individual and personalised services of staying in a hotel along with the convenience of waking up in a new place each day. These new cruises are designed to offer the ultimate in luxury and create an environment which is unique and away from the mass market feeling that many traditional cruises now have.

Luxury travellers are also looking for unique accommodation experiences in destinations. Rather than staying in a 5\* luxury branded hotel, travellers are now looking for something different. This could be smaller luxury boutique hotels, unique accommodation possibilities such as staying in an old castle or stately home or perhaps a fully serviced country cottage or city centre penthouse apartment.

## 2.8 The affluent tourism consumer

The Oxford English dictionary (2013) defines affluent as “(especially of a group or area) having a great deal of money; wealthy: *the affluent societies of the western world*”

According to Michman (2006),

the composition of the affluent market has shifted. Previously marketing efforts were aimed at well-educated, predominantly middle aged or older white male Caucasians who often inherited their wealth. The segment is now more difficult to define. It includes entrepreneurs, commissioned salespeople, business owners, entertainers, self-employed professionals, highly paid corporate executives, professional athletes, inheritors, members of ethnic groups, retirees, dual-income families, and widows. (Michman, 2006, 1),

Today’s affluent customers are looking for experiences rather than status according to Miller (2012). Miller (2012) explains this by talking about how affluent consumers are purchasing flights with Virgin Galactic as they want to be the first to experience new available experiences (Forbes 2012).

It is not only the experience that they are after but also many more are now looking at how they consume their experience and whether they are being sustainable when doing so. An article in the Telegraph (2013) said “even the most cynical of luxury travellers are aware of the need to go green. And for many, a personal lack of action only increases their desire for premium travel to be environmentally considerate – because while travellers might not feel they can go green themselves, they most certainly expect big airlines and hotel conglomerates to lead the way.” (Telegraph 2013.)

I believe that luxury consumers even though they may spend a large amount financially on their travel arrangement generally still like to feel that they are making a difference to the world. Luxury products and services can easily adapt what they offer to meet the consciousness of these consumers. Be it an organisation reducing their carbon footprint though using renewable energy, restaurants using local organic food producers or transport providers using vehicles which impact less on the environment.

Today's luxury consumers are more value conscious and better informed than those of past generations. Marketers are doing more research. The key questions they must consider include the following. How do you define the affluent market? Should the market be divided into segments? Are there the distinctions between affluent and upscale consumers? (Michman 2006, 2.)

Although there are still many super rich consumers, from a practical point of view the market size of the average affluent consumer (family income over €100,000) is much larger and this is the market group that most "luxury" brands and companies are targeting as cumulatively they have much more money to spend rather than focusing on the top 1% über wealthy clients. These consumers "trade-up" to buy luxurious products on a need to basis motivated by many factors such as current fashions, special events, unexpected financial windfalls, or just to treat themselves. Increasingly these consumers are being categorised as modern "hybrid consumers" (Micham 2006).

From a social class point of view the affluent consumer would be classed as "social class A" which globally contains 51.5 million people with continued growth forecast in the Asian markets (WTM Euromonitor Report 2011).

### **2.8.1 Who is an affluent customer in 2013?**

In 2012 the Mendelsohn Group defined that the qualifying definition of affluence was that or a combined household income of approximately \$100,000. The survey looks at their general expenditure and lifestyle including travel (Ipsos 2012).

Several key outcomes of this survey included that design is the key most important area of interest with new affluent consumers, that they don't seek external approval, they choose that brands that define them, that social media is increasingly important in their lives, and that they enjoy learning. (Ipsos 2012.)

The results of this survey also discovered that 97% of respondents were planning to

travel in 2012 and that 74% of respondents see the environment as an important aspect of their life's with 63% taking an active interest on food sourcing. (Ipsos 2012.)

Virgin Atlantic was also identified as being their number one example of “good design”. This companies markets themself on being a modern and sexy company aimed at fashionable and dynamic consumers. This compared to perhaps more traditional airlines such as British Airways. (Ipsos 2012.)

In relation to food brands Whole Foods were identified as the number one food provider. This follows the high interest in where food is sourced and offers a significant opportunity for hospitality organisations to easily meet this need. (Ipsos 2012.)

In terms of functional design Apple as expected was number one example of good design in consumer electronics as well as store design however interestingly Ikea was identified for furnishing and home goods. This shows that although affluent consumers are still concerned about value for money and that products should be functional, modern and well designed. This could also be seen in their choice of “apparel, shoes and accessories” where the brand Patagonia was chosen as their first choice. This brand is aimed at active, outdoor loving people rather than traditional luxury brands such as Louis Vuitton and Burberry. (Ipsos 2012.)

To summarise the modern affluent consumer sees modern, simplistic, functional and value for money products and services as desirable. On the other hand, traditional luxury consumer desire classic and perhaps old fashioned items. This fits in with the notion of the more mature consumer's view that luxury should be “old luxury” while the younger generation sees “new luxury” as being more desirable and matches their lifestyles better. (Ipsos 2012.)

## 2.8.2 Lifestyle marketing to the affluent customer

To today's affluent consumer, lifestyle choices are perhaps the main driver when considering purchasing products and services. It is important to understand the needs of these consumers if you are to relate to the affluent consumer, especially where price is not a major barrier to consumption.

As identified in section 2.8.1, good design is important to the affluent consumer, and with a large percentage of these consumers being under 50 years old, fashion and trends, current or future, play an important influence in their buying behaviour as these consumers want to be seen as trend setters amongst their peers (Forbes 2012).

Today's affluent users are very tech-savvy, consumers expect to be able to find information about prospective products and services online and once found demand clean and easy to use interfaces in at least English if using non-native countries products and services. As most of today new affluent consumers are also working easy access to such services as fast Wi-Fi is a must so they can check their emails on the go or check into the social network to show their "friends" that they are having an amazing experience (Forbes 2012).

Today's current fashion of clean and modern designed goods such as Apple and Ikea offer great opportunities for modern tourism organisations to design products and services that match these desires.

Wellness is also an important current trend. The use of personal trainers in the USA is up 44% in the last decade (2001-2011) as is gym membership for the same period (The International Health, Racquet and Sports club Association 2012). Luxury wellness products can be designed to meet both exclusive premium luxury consumers, the hybrid consumer or to the mass market.

Finally, as touched on before today's luxury consumer sees green issues as of great importance when considering which products or services to acquire even during the current recession. The survey of 1,087 adults by Cone Consumer Environmental in 2009

discovered that even during the recession 34% of consumers still would look at environmentally friendly products (Wall Street Journal 2009).

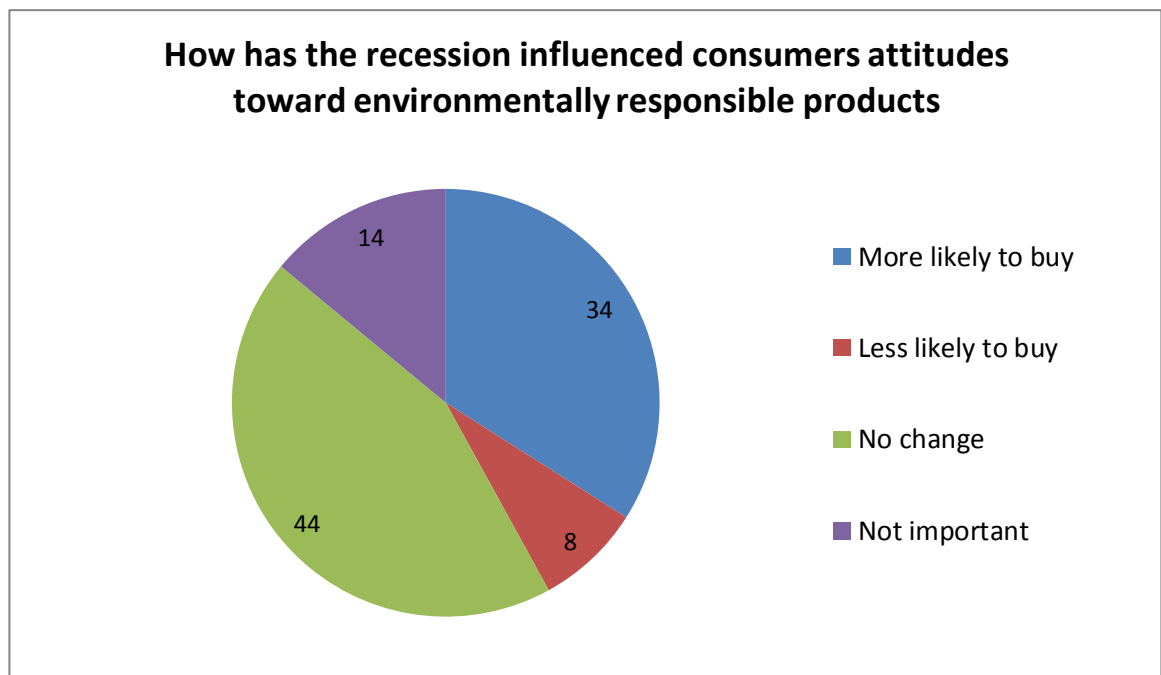


Figure 8. How the recession has influenced consumer attitudes (WSJ 2009)

With this in mind, it is essential that luxury products and services consider how they can become greener as an organisation and in their operations. Whilst it is claimed that many luxury fashion and electronics brands struggle to become more socially responsible, in the hospitality and tourism industry this can easily be incorporated into strategies immediately and into the future (The Guardian 2011). Such organisations as the Ethical Consumer allow consumers to easily see how ethical companies are when providing products and services as they grade each provider on Environment, Animal welfare, People welfare, Politics, and Product sustainability (Ethical Consumer 2013).



### 3 Tourism in Lapland

Lapland is 99,000 km<sup>2</sup> and it is the most northern county in Finland. It has a population of 182,856 inhabitants (as of 31.10.2012) and its administrative capital is Rovaniemi (Barents Euro-Arctic Council 2013).

Lapland is one of Finland's main tourist areas for both domestic and foreign visitors. According to the Regional Council of Lapland in 2011 there was a total of 2,286,888 overnight stays with 40% of these from foreign resulting in a direct tourism income of €600 million (Regional Council of Lapland 2011).

Lapland consists of 21 municipalities which are split then into 6 main regions as can be seen in figure 9 below (Regional Council of Lapland 2013).

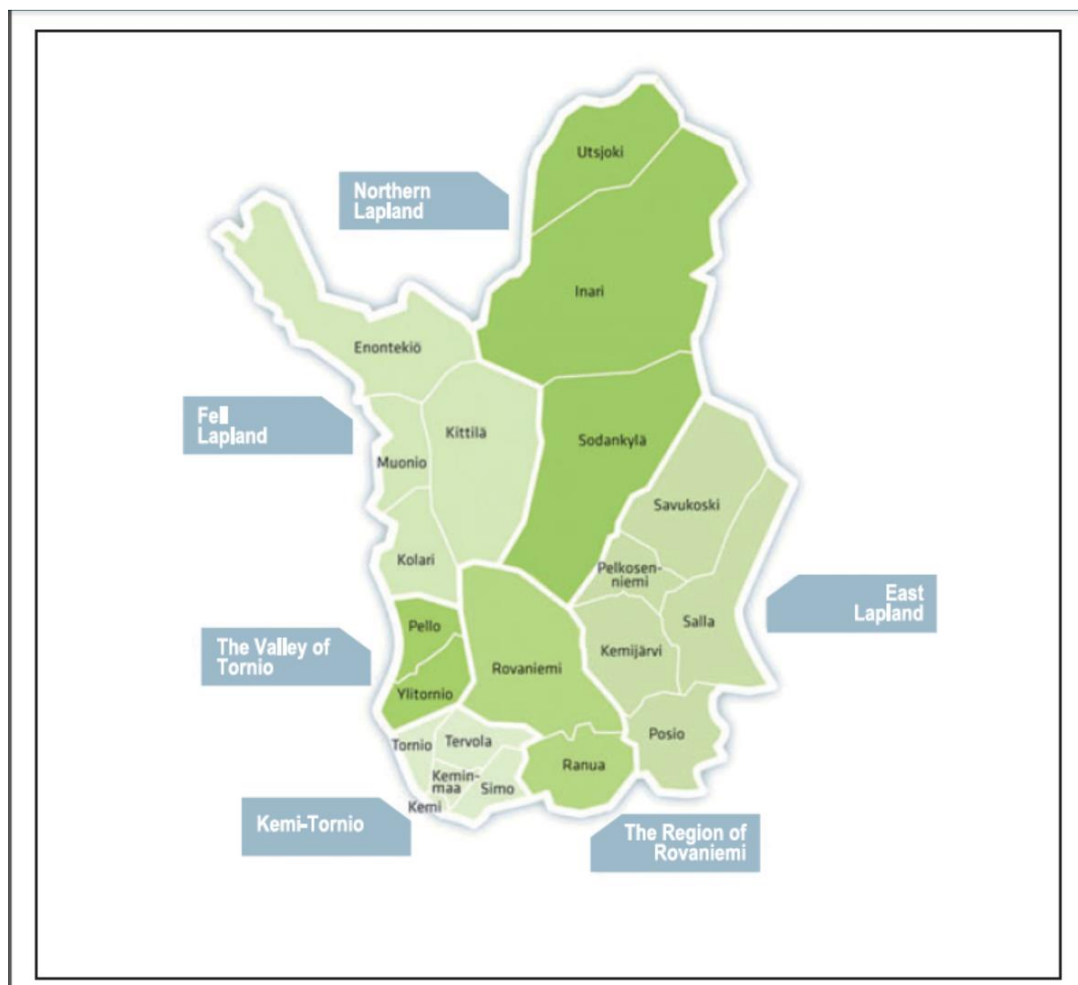


Figure 9. Map showing regions of Lapland. (Regional Council of Lapland 2013)

In terms of the most popular regions of Lapland, figure 10 below shows the number of overnight stays per area. Whilst Sotkamo is the most popular resort this is mainly due to large amounts of domestic Finns visiting the area. In relation to foreign visitors Rovaniemi is the largest tourist receiving area.

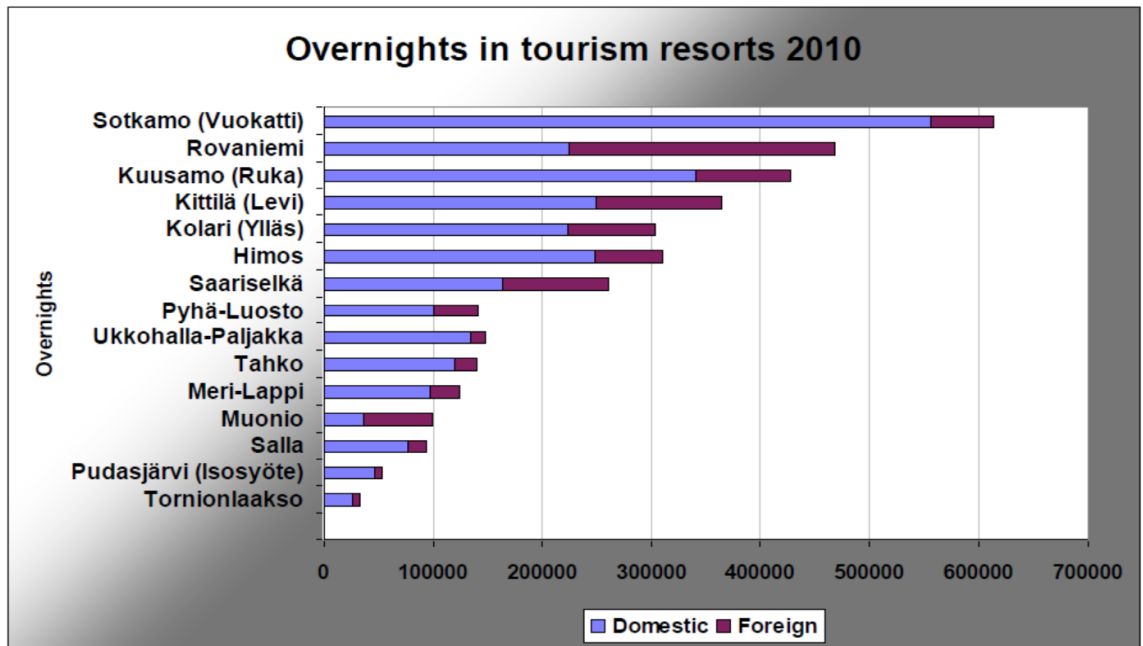


Figure 10. Overnight stays in Lapland by resort (Statistics Finland 2011)

From figure 11 below you can see that the Rovaniemi region of Lapland is the major revenue area of Lapland. Even though Sotkamo is the most popular region of Lapland this is mainly domestic tourists. Rovaniemi is the second most popular region however it is the most popular region amongst foreigners.

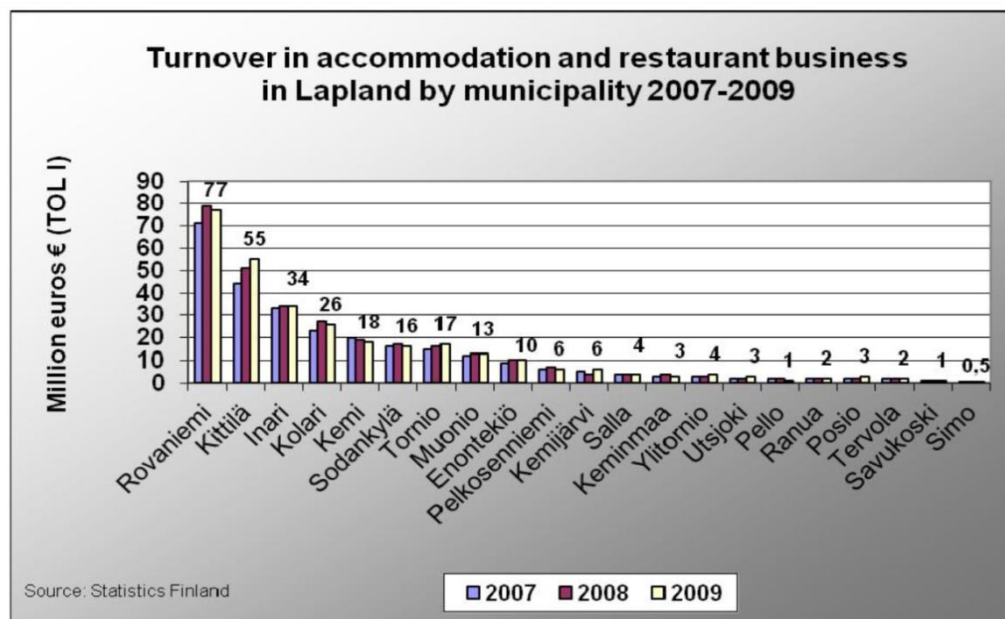


Figure 11. Turnover (hospitality) in Lapland by resort (Statistics Finland 2011)

Rovaniemi visitor numbers as a destination are also stable, though there was a brief dip during 2009 due to the worldwide recession, however visitor numbers have recovered to almost pre-recession levels in 2010 as can be seen below in figure 12.

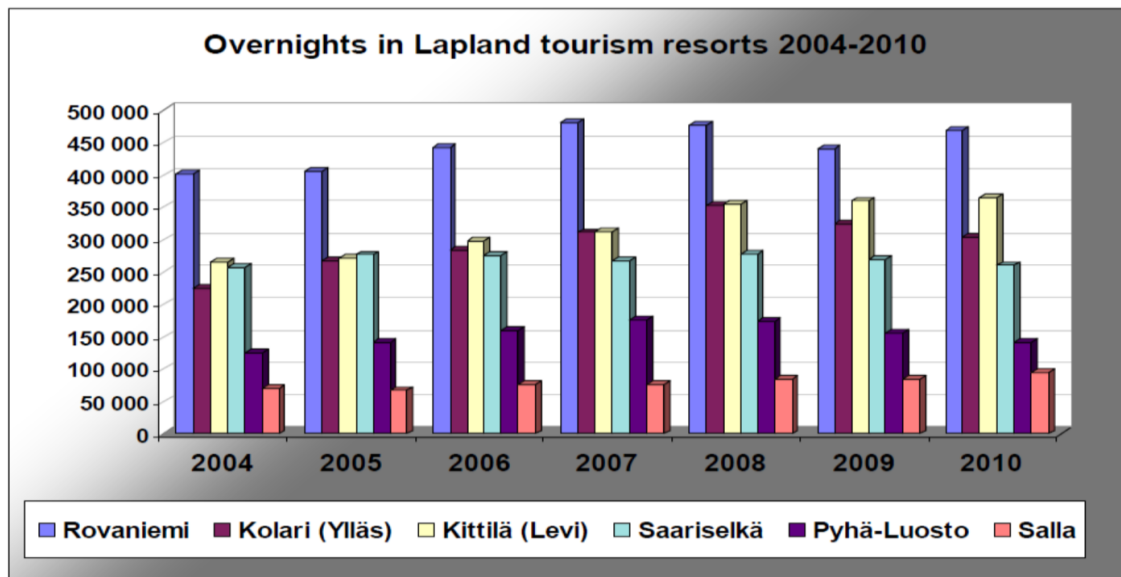


Figure 12. Historical visitor numbers in Lapland by resort (Statistics Finland 2011)

As new markets open up to Finland, for example from Asia and the Americas, you would expect to see more of these visitors also visiting Lapland. As you can see from figure 13 below many countries are now visiting Lapland as a destination. In addition to this Chinese visitors rose by 8.6%, South Korea by 6.7% and Taiwan by 1% (Statistics Finland 2013). This is aligned with Finnair's strategy for the Asian market (Finnair, 2013).

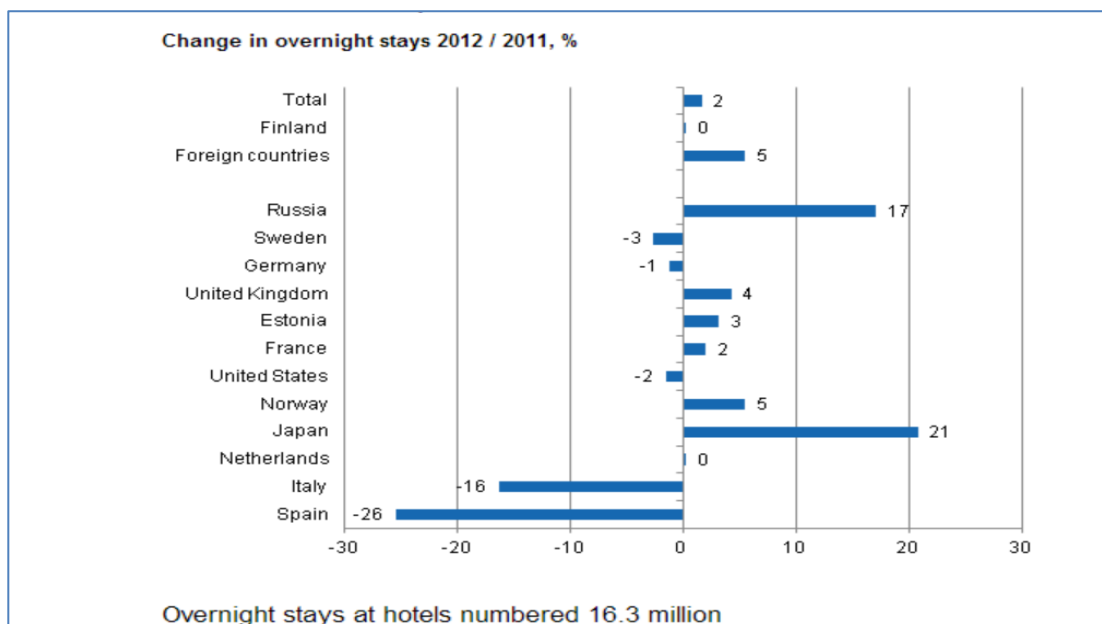


Figure 13. Overnight stays in Lapland by resort (Statistics Finland 2013)

Due to the size of Lapland in this thesis I will be mainly focusing on Rovaniemi, however Lapland as a whole will be incorporated into the findings where suitable.

### 3.1 Rovaniemi as a tourist destination

The Rovaniemi area of Lapland has two main tourism seasons, winter and summer; the shoulder months are much less popular. In figure 14, below, you can see that the summer is more popular with domestic tourist whilst foreign tourists are much greater in the winter with almost three times the number of foreign tourists compared to domestic between November and April (Statistics Finland 2011).

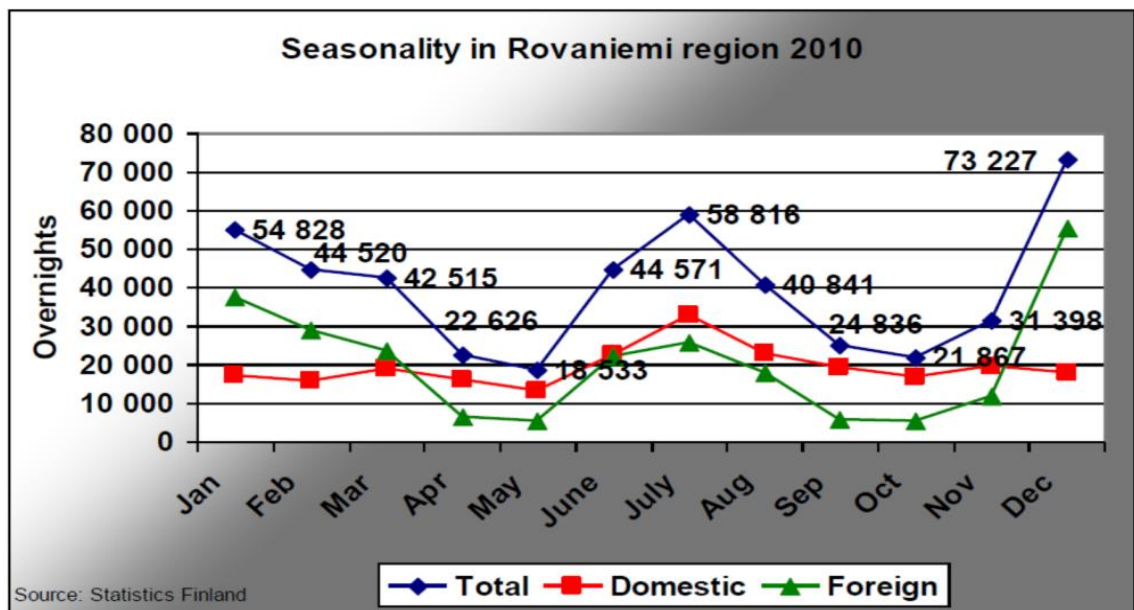


Figure 14. Visitor numbers in Rovaniemi by month (Statistics Finland 2011)

From figure 15, below, you can see that the two main international overnight stays generating countries are Russia and Germany. France, the UK, Italy, Netherlands, Norway and Spain are all also important overnight generating countries (Statistics Finland 2011).

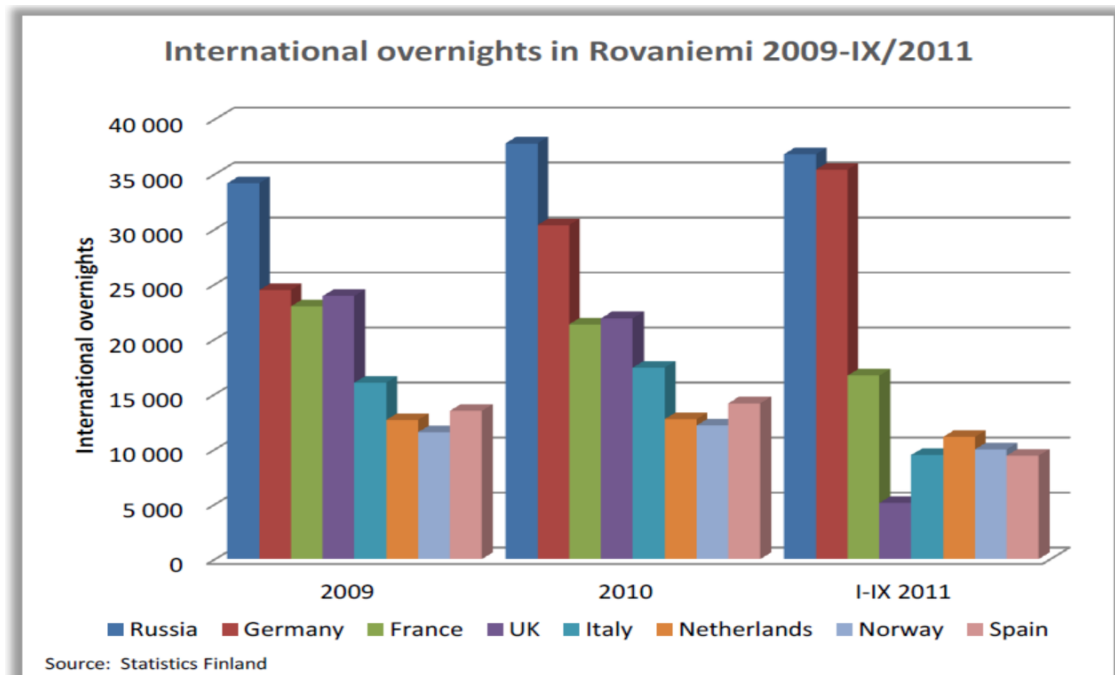


Figure 15. Historical visitor numbers in Rovaniemi by country (Statistics Finland 2011)

### 3.2 Transportation

Aviation links to Rovaniemi are excellent with its' own airport serving many domestic and short haul arrivals. Finland's national airline, Finnair, most days has three flights between Helsinki and Rovaniemi with connections all over the world including Asia, North America and the rest of Europe. During the winter season there are many charter flights from all over Europe especially the UK, and from Russia. There is also the possibility of private jets and helicopters using the facilities at Rovaniemi airport. (Finnavia 2013.)

The airport terminal itself is basic but suitable for most travellers; however there are no VIP or executive lounges available for guests. As it's a small airport the primary function is to process passengers quickly. There is a small tax free shop, a souvenir shop and café bar. (Finnavia 2013.)

Transportation from the airport can be arranged via taxi, bus or there are car rental facilities. In Finland most taxis are mid premium cars such as Volkswagen and Audis. There are no specific luxury transfer services available to the general public. (Finnavia 2013).

Rovaniemi also has its' own railway station. This serves the most of Finland and Lapland. Although rail travel is quite slow in Finland due to the large distances between different destinations this is still a popular method of transport for those who wish to take things at a slower pace whilst enjoying the scenery. These trains are run by the Finnish national railway company VR. (VR 2013.)

Buses and long distance coaches also serve the whole of Finland and call at Rovaniemi centre and surrounding areas (Visit Rovaniemi 2013).

### **3.3 Accommodation**

Accommodation options in Lapland are wide ranging from independently owned hotels, chain hotels to private villas, boats and lodges (Visit Rovaniemi 2013).

According to the Rovaniemi Tourist Information there are twelve hotels available in Rovaniemi. These ranges from city centre to resort style hotels, and are classified as a maximum of the equivalent of a 4 star hotel (Tripadvisor 2013). Most of these hotels are Finnish or Scandinavian branded hotel chains, there are no international luxury brand hotels. (Visit Rovaniemi 2013.)

Outside of the hotel sector there are several other options available around Rovaniemi, these include snow accommodation (igloo hotels), cottages and lodges, hostels, guest houses, and campsites along with apartments and cottages/lodges to rent (Visit Rovaniemi 2013).

### 3.4 Activities

Rovaniemi offers activities all year around. In the table below you can see all of the activities as promoted by the Rovaniemi Tourist Information (2013)

Table 10. Tourist activities in the Rovaniemi region (Visit Rovaniemi 2013)

Winter	Summer	All year
Ice fishing	Boat and river cruises	Tenpin bowling
Snowmobile safaris	Hiking	Spa at Santasport
Northern Lights	Fishing	Sauna
Visit Santa Claus	Arctic animal zoos	Artistic and decorative
Reindeer and husky rides	Rafting and canoeing	workshops
Downhill skiing	Mountain biking	Cookery lessons
Ice skating	Nordic walking	Nightclubs and bars
Cross country skiing	Golf	
Winter golf	Summer bobsleigh ride	
Winter driving schools	Bike rental	
	Sightseeing	

As you can see from table 10 above, there are many activities available in Rovaniemi both during the winter and summer time. All of these activities are centred about the outdoors though there are some indoor activities but these are very few. The spa mentioned by the Rovaniemi Tourist Information is at a public sports centre and though very nice cannot be classed as luxury as it is a public gym/sports complex rather than a high class spa complex or resort.

With Rovaniemi being “the home of Santa Claus” the visit Rovaniemi website and many tourist promotional materials are very much centred around this perhaps giving a first impression that Rovaniemi is more of a family destination for those with young children. As you can see from figure 16 below, the home page of Visitrovaniemi.fi Santa is much the focus.

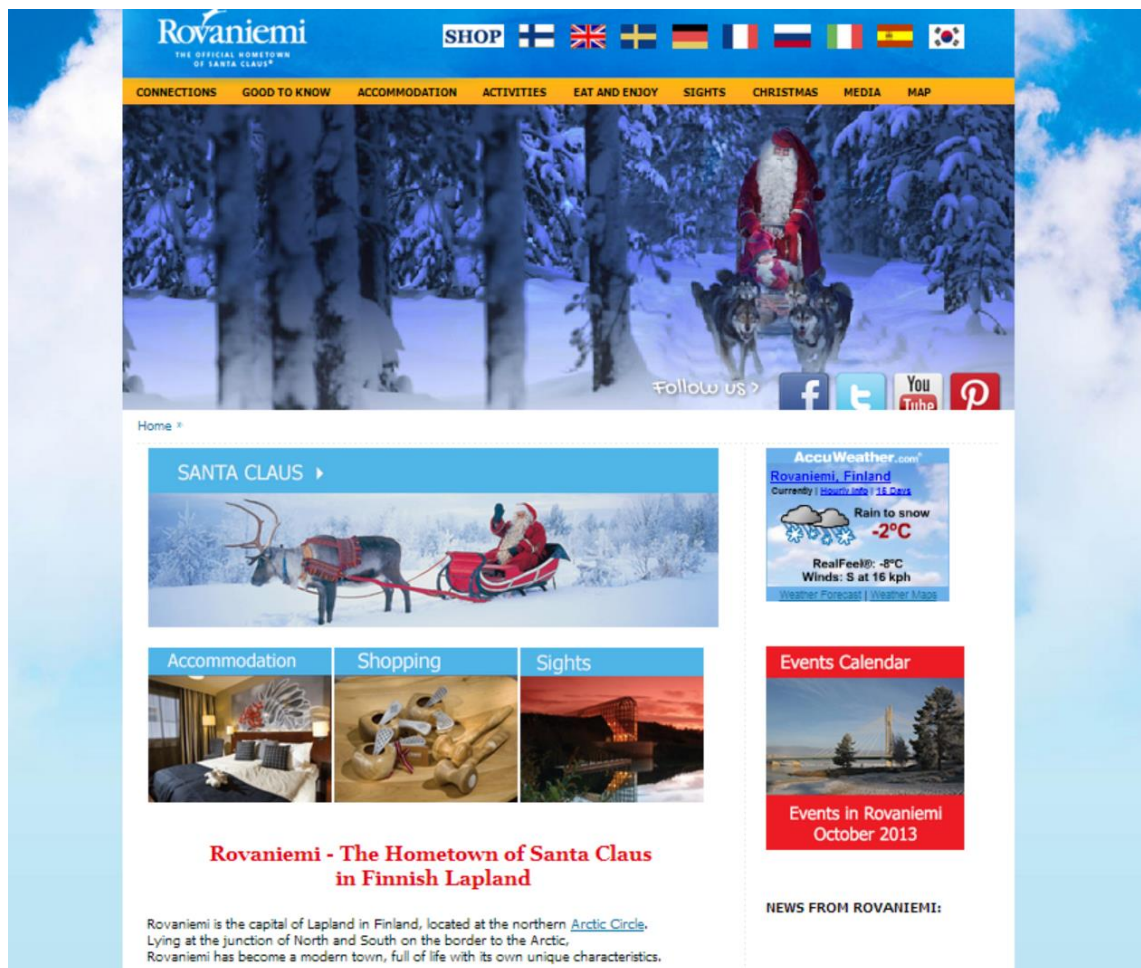


Figure 16. Visit Rovaniemi website homepage (Visit Rovaniemi 2013)

### 3.5 Food, drink and shopping

Although there are many restaurants in the Rovaniemi area none have been awarded Michelin stars, the worldwide standard for the best restaurants worldwide. In fact in Finland there are only 5 Michelin starred restaurants all of which are in Helsinki, the capital of Finland. Michelin also recommends restaurants which are of good value as well; again none of these are located outside of Helsinki (Michelin 2013). Most of the restaurants do however try to use local suppliers (Visit Rovaniemi 2013).

In relation to retail there are many high street and souvenir shops in Rovaniemi centre and the surrounding areas. These shops are mainly Finnish chain stores, smaller specialist shops selling local handicrafts and art, souvenir shops and sports and home ware products. No luxury brands have dedicated retail stores in the area. (Visit Rovaniemi 2013.)



## 4 Research Methods

In this chapter I will explain the methodology I used to research this topic.

### 4.1 Research Methodology

The objective of this paper is to develop a Luxury tourism strategy that can be used by Finnish hospitality and tourism providers to meet the needs of “New” luxury travellers visiting Finland. The aim was to produce a framework for this new sector I have named “nFlux”, which is a brand name I have created from the term “New Finnish Luxury”.

To be able to determine where the industry is now, and what expectations luxury tourists have when visiting a destination, I used various methods of research to allow me to develop my “nFlux” framework.

My main method of research was that of qualitative research methods, though some quantitative research methods were used for example questionnaires.

There are many methods of qualitative research, the main one is comprising: theory practice, narratology, storytelling, classical ethnography, shadowing, action research, or actor network theory. The data can be collected from interviews, group discussions, observations, texts and pictures (Savin-Baden 2012).

As this is a professional trade related working framework, it was essential that I used literature from international and domestic journals/ trade articles, gathered feedback and thoughts from luxury consumers and travel agencies, as well as have face to face interaction with the tourism and hospitality providers who will be using my nFlux framework to meet the needs of this niche market.

## 4.2 Research strategy

Qualitative research is all about describing *real life* and with this in mind of the subject matter research will be collected through the following methods:

### 4.2.1 Literature review

Although there is not a great deal of academic writing in relation to luxury tourism due to luxury tourism as a concept being a new academic study field, there has been over the past couple of years various trade articles and blogs which discuss luxury tourism. Although not academic papers, these articles and blogs give up to date information from consumers who utilise luxury tourism services, and travel professionals who sell and/or market luxury products and services. In such a fast moving industry as tourism and hospitality these sources of information are extremely valuable due to the fact that published articles in academic journals or books can often take over a year to publish by which time the industry has moved on again.

Luxury tourism blogs and articles, complimented with further reading of “luxury consumerism” in a wider sense, gave an understanding of what luxury consumers and service providers consider when purchasing and selling high end goods and services.

As this thesis will also make recommendations for Finnish hospitality and tourism providers it was essential to understand, in depth these subjects in order to enable me to devise my own framework and guidelines for the Finnish tourism and hospitality industry.

### 4.2.2 Observations

Observations are in simple terms about looking and watching what is happening. The main methods of observations I chose were naturalistic observations which are unstructured observations where the researcher describes and tries to understand the phenomenon and participant observation where the researcher is a participant in the field of study (Veal 2006, 173).

In order to make suggestions to organisations on how to improve services currently provided it is essential that I see and experience what Finland classes as “luxury tourism”. To do this I visited identified organisations who I felt offered such products to meet luxury tourists. Field visits were arranged to both Lapland and Helsinki which are the areas I used to devise my framework being the most popular visitor locations in Finland for both domestic and international guests.

As this thesis looks at international luxury visitors to Finland it was important to see what other nations offer as “luxury”. As the budget was small for this project I made make use of desk and web based research methods to investigate overseas service providers.

### **4.2.3 Surveys**

It was essential to get qualitative information directly from luxury service providers and users. Surveys allowed me to gather the thoughts of a sample of the population to which my research project is applicable (Veal 2006, 231)

There are many different types of surveys; personal interviews, telephone interviews, postal questionnaires, email attachments, online surveys such as Webropol or group questionnaires (Bowling 2005, 281).

For this project I used personal (one on one) interviews, group questionnaires as part of focus groups and online surveys produced using Webropol.

One on one interviews were essential to get in depth knowledge from the interviewee. I used both predetermined questions and open questions so that I could expand on their thoughts and probe deeper (whilst at the same time not affecting bias) to find out their thoughts on luxury tourism.

Finally I used Webropol to send questionnaires to luxury service and product providers. By using online software such as Webropol I was able to target specific interviewees that I had identified as being relevant and it allowed me to then use Webpols

online analysis tools to evaluate the results I received. Webropol was also free to use which gives massive cost savings over using postal surveys, is greener due to not needing to print questionnaires and transport them to the recipients and allowed me to obtain faster results due to the instant delivery of each survey.

### 4.3 Data Collection

Data was collected over the spring and summer of 2013. The following timetable was drawn up to allow me to meet the deadline set by the commissioner and my own personal schedule.

Table 11. Thesis production schedule

Month (2013)	Research to be collected	Method
March	Literature and web based research on Luxury tourism as phenomenon	Literature review
April	Contact travel agents to research their thoughts on Luxury tourism and luxury tourism in Finland	Webropol
May	Field trip to Lapland in relation to current provision and potential as NFlux destinations	Observations 1 to 1 interviews
June	Interview Luxury consumers if possible in Russia and UK	1 to 1 interviews
July	Visit Helsinki region providers in relation to current provision and potential as NFlux destinations	Observations 1 to 1 interviews Focus groups
August	2nd round of interviews (if necessary)	those applicable
September – December	Analyse findings and write the report.	

#### 4.4 Research trip to Rovaniemi, Lapland

As part of my thesis I visited Rovaniemi in May 2013 to carry out research relevant to my thesis.

Organisations that I met were, Rovaniemi Tourism and Marketing Ltd, Säikkärä luxury accommodations, Lapland Safaris, Santamus dining experience. Each meeting with the luxury providers was carried out in a manner which enabled free flowing conversation between me and their representatives.

The following four questions were used to keep the discussion on track though I allowed conversation to flow in order to get their real thoughts

- Describe what you think Finnish luxury tourism is
- Describe how you feel your products and services meet the needs of luxury consumers
- Describe how you can improve your products and services to meet the needs of luxury consumers
- Describe how you think Lapland can improve itself as a Luxury destination

It was important to keep the questions limited to the above as the average interview time was approximately 30 minutes so we needed to keep the interviews focused.

#### 4.5 Framework for data analysis

As the research was mostly qualitative research I ended up with lots of opinions from many different parties. It was essential to be methodical when analysing the data to be able to extract the relevant information. To do this I coded the research findings into the following section as can be seen in table 12 below.

Table 12. Data analysis method

Suppliers	Current trends Future trends
Experts	Current trends Future trends
Consumers	Current trends Future trends

This allowed me to instantly see which are current and which are perceived future trends by all parties. By colour coding each category of interviewee I was also quickly able to see who said what and see if the supplier's opinions correspond with the thoughts of consumers and industry experts.

All face to face interviews were recorded and transcribed as well as initial notes made during the actual interview. Online surveys were collated using Webropol analysis tools.

#### **4.6 Validity and reliability**

It was essential that I accessed and interviewed suitable service providers and their staff. I am fairly experienced in travelling throughout the world, though I have no direct experience of consistent luxury tourism and hospitality. This however coupled with my educational knowledge and life experience, along with additional reading and interviewing of luxury experts, allowed me to have a good to excellent understanding of the luxury market and enabled me to draw up the nFlux framework that can be easily adapted throughout Finland and beyond for destinations which are looking to adopt a modern new luxury tourism strategy.

It was important that I sought the opinions of experts who truly understood what luxury tourism is on a global level and not what many in Finland classes as luxury as there is often a wide gap between what Finnish providers feel is luxury compared to the international market place.

## 5 Findings

In this section I will be explaining and analysing the results of my research.

### 5.1 Results from the survey

In order to carry out this research I sent out a questionnaire to 150 of my contacts and received a response from 40 people, an approximate 25% response rate. Respondents were of many nationalities and lived in several different countries including the UK, Germany, Portugal, Russia, Greece, Spain and Finland.

The questionnaire was designed to allow the respondents to answer openly about their thoughts on luxury tourism as a phenomenon, luxury tourism in Lapland and Finland, and the future of luxury tourism as a concept. All questions required respondents to have to think about their experiences and thoughts on each question and all answers required open text responses rather than closed (and limited) questions. Some respondents said this was difficult, however in order to investigate thoughts on this matter and encourage the respondents to think about the future I felt this was necessary.

I will briefly summarise the key findings from each question below.

#### **Define what you think is luxury tourism?**

From the research findings I could see that most people classify luxury tourism as the following 2 components

- Service
- Unique, exclusive, experience

Other notable words included: *High quality, Special, Expensive, Tailormade / own pace to do things*

All of the above fits in with my initial research findings from meeting with suppliers and from academic and trade papers and journals.

All in all, luxury tourism is about the finer things in life, but unless it is of a high standard with exceptional service, which is unique and exclusive, you won't necessarily have the experience you desire, even if the surroundings are luxurious the service you receive needs to be as high to be truly considered a luxury tourism and hospitality product or service.

### **Define what you think is Finnish (Lapland) luxury?**

The main key words / phrases that were identified when describing Finnish luxury is were;

*Nature (inc. quiet/silence and untouched), Quality, Food, Experiences, Reindeer, Lakes, Scandinavia, Organic, Snow, Northern lights, Sauna and Santa*

When people described what they felt Finnish and Lapland luxury is their thoughts and focus is towards the nature and uniqueness that Finland and especially Lapland offers to tourists. It's about people experiencing the nature Lapland offers, the quietness, silence and untouched landscape and surroundings mixed in with experiencing organic and local food and experiences such as lake swimming, the northern lights, saunas, never ending summer sun, reindeer rides and meeting Santa. People feel it's all about relaxation and getting back to nature and simplicity but at the same time they still expect high levels of service when needed.

There were also negative thoughts mentioned about the concept of Finnish luxury. Some comments included that "Finland does not have an image of luxury... wouldn't be in my top 100 list of luxury destinations", "not a decedent as other European and American destinations", "nature is not enough", "Finland is too modest". These comments are a big barrier to entry for the implementation of new Finnish luxury to Lapland and matches the thoughts of many Finnish citizens that the nature is enough to class Finland, and especially Lapland, as a luxury place to visit but from an international perspective the levels of service and lack of decadence is an obstacle to Finland from developing as a destination that will be seen as luxurious in a premium sense.



## **Describe how you feel your products and services, or in general hospitality and tourism providers meet the needs of Lapland's luxury consumers**

In order to make this question easier to analyse I decided to break it down into two sections, positive feedback and negative feedback.

### **Positive feedback**

*“exotic” activities, “once in a lifetime”, good language skills of workers, good standard compared to UK hotels, take part in traditions such as skidoos, reindeer rides, chopping down a Christmas Tree for your bedroom, sing carols at a local church, enjoyed skiing there as much quieter than the other European ski resorts and floodlit slopes, availability of saunas even in some basic hotel rooms, “magical family experience”, remote villas offering tranquillity.*

Again you can see that people value Lapland as a unique destination where its surroundings, culture and calmness are the main unique selling points not only to luxury consumers but all tourists. It's about enabling visitors to experience a “once in a lifetime experience” that you cannot get more or less anywhere else in the world, this is especially the case with the Santa Claus market which although primarily for children still appeals to adults of all ages.

### **Negative feedback**

*Poor transportation options, many destinations are a long journey from the airports, lack of real luxury hotels, Russian and Asian guests can't find hotels to meet their expectations and needs, not a “must see place before I die destination”, poor language skills by older workers, not enough flexibility for unusual demands, lack of quality restaurants, lack of luxury brand shopping opportunities, not enough for repeat visitors and overall service, service, service needs to be improved not only for luxury tourists but for the general expectations of overseas visitors.*

When it comes to areas for improvement it can be broken down into two different areas. Firstly there is a perceived lack of real luxury and quality service providers especially for those guests travelling from Russia and Asia who are used to receiving the

highest possible quality of service and surroundings including international luxury accommodation brands, fine dining and luxury retail opportunities. Secondly, service is seen as not being overall of a high enough standard from employees in Lapland. Whilst it is recognised by some respondents that the general linguistic competence of front line employees is good, particularly when dealing with Finnish, Swedish and English speaking guests, other languages need to be catered for especially with the Russian and Asian markets.

Finally, there is an image perception that Lapland really isn't on the "must do before I die" bucket list for many visitors. Whilst this might not necessarily be the case for those respondents with children who see a visit to Santa as being desirable, when it comes to choosing a destination to visit Lapland isn't a priority and those who do visit don't feel it is somewhere where they would need to return to more than once. This makes the image marketing and service design of luxury products and services even more important so that a constant supply of new visitors are attracted each year and that these guests would then feel comfortable with recommending a visit to Lapland to friends and relatives.

### **How do you think Lapland meet the needs of luxury consumers?**

Again I felt this question could be broken down it positives and negatives

#### **Positive feedback**

The general positive thought towards Lapland as a luxury destination is based around the uniqueness of the destination including space, scenery, tranquillity, wildlife and overall natural beauty. It's about being able to do activities and experiences that are not the norm in most destinations such as taking a lakeside sauna, reindeer, husky and ski-doo rides and giving people a sense of freedom and calm. Respondents also feel that the high current price point already makes Lapland a luxury/high end destination, especially from visitors from destinations outside of the Nordic and Russian areas such as the UK and Southern Europe which are completely different to Lapland.

## **Negative feedback**

There are a few negative suggestions towards Lapland meeting the luxury market needs. Several people responded that Lapland is about the complete opposite of luxury, it's about getting back to nature and can this be done in a luxurious way? Another respondent thought that nature is not enough and the overall infrastructure of luxury products needs developing e.g. accommodation, food and activities. Finally again customer service was identified as not being of a high enough standard, one respondent had negative experiences with one of the owners of one of Lapland's leading "luxury" accommodations, and also stated that too many attractions are owned by large organisations who do not offer the individual personal experience that luxury tourists expect/desire.

## **Suggestions for how hospitality and tourism providers can meet the needs of luxury consumers**

The research clearly identifies that the service and experiences consumers receive is firstly what enables one to have a luxury experience but also is mentioned as the weak point as the perceived level of customer service skills is seen as not high enough for the luxury market at present in Lapland.

Several respondents have identified that they feel that Finnish providers feel they are automatically offering "luxury" and high end products by merely pricing them at a high price point when in fact this can have the opposite reaction from guests who feel that they are not getting value for money and exclusivity without quality is not acceptable. A luxury infrastructure should also be developed so from arrival to departure agents throughout the chain offer consistently high levels of service to guests.

A common theme also discovered was that of "luxury packages" and/or flexibility of products being offered. Products need to be unique and personal to the guests rather than an "off the shelf option". Flexibility was also seen as something that is essential to

the luxury consumer, it is felt that luxury consumers are more likely to make spur of the moment booking decisions and this is something that needs to be catered for.

Finally Finnish and international high quality design both from the service provider's e.g. Finnish designer interior decorations, and also retail should be offered to guests who want to experience something relevant and unique to the area. International luxury retail outlets was also identified as an area of growth for luxury consumers. Although Finland does not have many international luxury brands, Finnish design is desirable and being at a cost point above that of mass market retail brand opportunities are there to produce unique and relevant products. For example Marimekko and Converse jointly designed range of footwear, although these aren't officially a luxury brand it is an example of an interesting partnership between one of the world's best known footwear companies and a well-loved and known Finnish design company.

### **What do you think are Lapland's possibilities to improve itself as a Luxury travel destination**

There were two key themes that came out of this question;

Firstly there was the issue of branding and marketing. Outside of Finland, Lapland is mainly thought of as somewhere that families go to see Santa and not a year-round activity destination with a wide range of activities to suit all tastes and somewhere with beautiful and unique scenery. It was also mentioned that by several respondents that they don't see Finland as a luxury destination, this was a response from both Finnish residents and international respondents. Service and facilities including infrastructure were identified as not being of a high enough quality to satisfy the luxury consumer.

Lapland (and Finland) was also identified not "cool". This is interesting as compared Iceland, this is certainly the case and from speaking to others many would prefer to visit Iceland than Lapland to see the northern lights or to experience the long summers and cold winters. This could be as Iceland is seen as a more of a fashionable destination due to the unique landscapes such as the "Blue Lagoon", spas its and eclectic

nightlife. This was something I decided needed to be investigated further, see section 5.3 (Lapland vs. Iceland social media survey).

### **What are your thoughts on Luxury tourism in the future**

The research findings show that most respondents feel that luxury tourism is here to stay but will develop and move away from being about tactile luxury experiences, as can be found in old luxury destinations, and move towards its being about the nature and uniqueness of the destination, perhaps in an exclusive environment away from the “ordinary” tourists.

Wellness and nature are identified as areas that the respondents feel will develop further in the luxury market as well as “normal” people saving up to experience these luxury products now that the traditional package holiday has been regularly experienced by most. This could be in areas such as space tourism and Spa hotels.

Technology has also been identified as being important in the luxury tourism segment both from a promotional and service experience point of view but also at the destination itself. Luxury travellers, and consumers who spend that little bit more to experience luxury, expect as a minimum their accommodation and leisure facilities to have free fast Wi-Fi and other hi-tech facilities.

### **What are your opinions on the challenges of developing luxury tourism in Finland and Lapland**

When it comes to Finland and Lapland as a destination there appears to be a real problem with image. Foreign respondents don’t know what these destinations have to offer them compared to other European and destinations further afield whilst Finns feel that either luxury does not exist in Finland or that simply the nature itself is the “luxury”.

Again it is highlighted that good service is important in luxury tourism and again many respondents highlight that they feel this is an area of weakness in Finland.

Several respondents also feel that if Finland and Lapland don't quickly identify their luxury tourism strategy and products then international investors, especially the Russians, will move into the market place and develop their own ideas of what Finnish luxury is which could spoil the uniqueness and local culture of what Finland actually has to offer luxury consumers. For example international hotel chains opening in Lapland which bring their own culture rather than incorporating Lappish culture and values.

### **5.1.1 Summary of findings from the survey**

From the research it is evidently clear that the respondents identified the following if luxury tourism in Lapland and Finland is to be successful

- Higher levels of customer service for employees working in the tourism and hospitality industry as currently it is not seen as being as good as that in other luxury destinations. Where possible a range of staff should be able to speak the languages of all luxury guests, especially new markets such as Russia and Asia.
- Improved infrastructure and products and services for the luxury traveller. This includes more boutique style hotels offering high levels of comfort and service, smaller individual private lodges where guests can get complete privacy but at the same time have all their needs seen to. Improvements in transportation have also been suggested including better access for private jets/helicopters (e.g. helipads in the hotel or resort centre); high quality ground transportation options such as premium cars and limousines, as well as improved facilities to rail options.
- To create an improved image and knowledge of Lapland as a destination. The research findings highlighted that few people consider Lapland to be a luxurious destination. There were also many respondents who didn't know what else the region had to offer apart from Santa, this was particularly the case with UK guests who only identified Lapland with seeing Santa, not for other reasons e.g. the Northern Lights or summer sun. The image of Lapland compared to other similar destinations is also low. Destinations such as Iceland are seen as much

more “hip” places to visit, especially for adults as it has a popular nightlife scene, well known spas and natural attractions. Iceland is also much more recognised by Western tourists as where you go to see the Northern Lights, instead of Lapland (an additional survey I carried out amongst UK residents in relation to whether they would visit Lapland or Iceland for a winter “experience”, see section 5.3).

## 5.2 Social media survey- Lapland vs. Iceland

After the comments I received regarding Iceland being more appealing destination than Lapland I decided to carry out a quick social media survey. The aim of this survey was to try to get an idea of people’s opinions on where they would wish to visit if they had the choice of two similar “European” destinations: Lapland or Iceland, and to see their main motivations for visiting either destination. All respondents were non-Finnish residents so that I got a truly independent viewpoint.

Table 13. Peoples image of Lapland vs. Iceland

LAPLAND	ICELAND
Lapland, because it makes me think of Father Christmas.... plus for some reason I have it in my head that Iceland likes to deceive people into thinking it has snow when it doesn't. Though my geography isn't great, so I'm probably wrong...	as much as I would like to meet father Christmas I think Iceland, jet2 were flying there for special trips and it looked cool what you could do as an adult
Lapland ... just feels like it could be more luxurious ... but I would have to be convinced that I wouldn't be in the same place as spoilt kids going there to see a certain character!	Iceland
Lapland to see Santa and feel Christmassy	Iceland
Lapland cause I'm a big kid	Iceland purely because I associate Lapland with kids...
Lapland	Iceland seems like might be more to do!
Lapland to see Santa obviously!!!	Iceland- Northern lights

Lapland....northern lights!!!!	Iceland, definitely.
	Iceland
	Iceland for the mad scenery. Don't know much about Lapland except for Santa
	Iceland
	Iceland

The findings in table 13 shows that there is a clear correlation that Lapland is perceived as a destination for children or young at heart adults who would like to visit Santa. This can be interpreted to be seen as either a motivation to visit the area, or in fact avoid the area, depending on the respondents attitude to Santa tourism. Although one person did identify the northern lights in Lapland, the same number did so for Iceland along with comments including that there may be more to do, especially for adults and also the scenery.

This short survey confirms my original opinion that Lapland may have an image problem in the UK and that many people just think of it as a family destination to see Santa, rather than a destination for adults and one where you could experience luxury tourism. This image is further backed up by carrying out a simple Google Image search of each destination.

As you can see from figure 17, Lapland is very Santa orientated though there is a couple of northern lights and nature pictures.

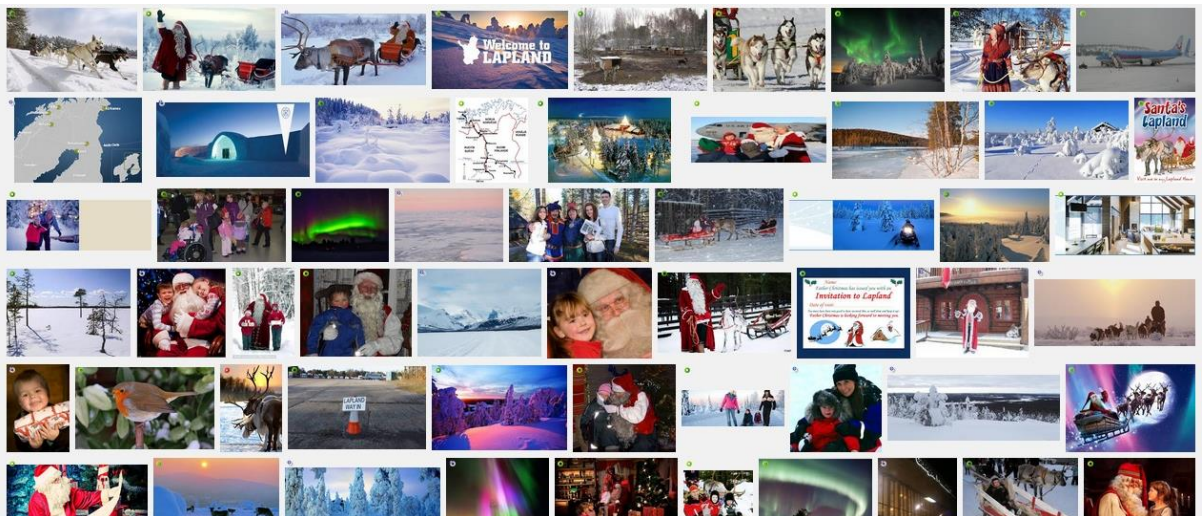


Figure 17. Google image results for “visit Lapland” (Google 2013).



Compare this with Iceland below, image 18 which focuses on the nature, wellbeing including the famous Blue Lagoon and general adult orientated activities

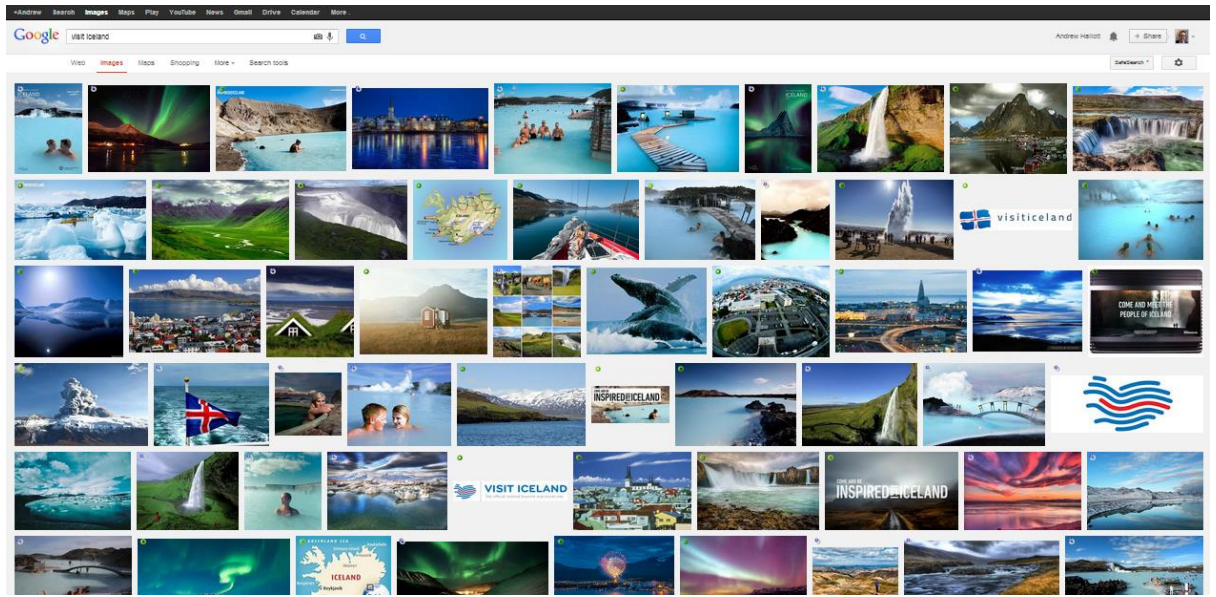


Figure 18. Google images search for “visit Iceland” (Google 2013).

This in my opinion leaves Lapland with an area that needs to be developed regarding the image of the destination to non-domestic tourists and those who have not visited the area before. This is essential for luxury guests who want to experience the uniqueness and tranquillity of a destination and unless they are travelling with children may not wish to “experience” Santa.

### 5.3 Findings from the interviews in Rovaniemi, Lapland.

During my visit to Lapland I interviewed several key agents in the luxury tourism sector. From these interviews I have gathered the following information:

#### **Describe what you think Finnish luxury tourism is?**

Key words

- Unique
- Silence
- Nature
- Presence
- The moment

- The outdoors – never indoors
- Retreats
- Nature & wilderness
- Experience

From the interviews it is clear that the Lapland tourism providers feel that Lapland luxury is about their environment. All parties used the word NATURE. Other linked words and phrases also included wilderness and silence. The parties felt that it was about the uniqueness and experience of Lapland that enabled it to be a luxury place to visit and was about enjoying the moment.

Uniqueness was also often mentioned. Luxury travellers are looking for unique experiences and Lapland has much to offer in this area. One personal concern with this thought is that though Lapland is a unique destination there is in fact other similar destinations including Iceland, some areas of North America and the future development of new resorts in Russia which would offer similar activities, although of course Lappish culture is unique to Lapland, but is this enough?

One other comment that concerned me was that of “luxury is outdoors.... never indoors”. This comment was particularly interesting. From my research of Lapland as a destination it does appear to be lacking the indoors luxury that many luxury seeking tourists would expect and/or desire. Although the nature of Lapland is luxurious in its own right presently there are little luxury accommodation, retail, food and drink, and entertainment options available to luxury tourists who demand the best of all components of a vacation.

### **Describe how you think Lapland can improve itself as a Luxury destination?**

Most service providers were resistant to answer this question though I did get some comments.

The quality of service within the hospitality and tourism industry was identified as being of a good standard for the average customer but it was thought that perhaps it did

not always meet the extra high standards that luxury consumers, especially those from the USA, Russia and Asia might expect and will have experienced in other destinations. It was described as “very Finnish... informal and clinical”. This is an area that I have also experienced personally and other tourists have mentioned throughout Finland. Staff need to be encouraged to give a bit of their own personality and use their intuition when dealing with different types of customers. One example given was that a business traveller will receive exactly the same service as a family with children. Differentiation of service must be encouraged so that every customer feels special.

It was also identified that there is a lack of luxury standard accommodation, food and drink and retail opportunities in Lapland. For example guests partaking in the Porsche driving challenge, a high cost driving experience, are housed in a chain hotel in the centre of Rovaniemi. Whilst this is a very nice hotel it would be the equivalent of a good 3\* or 4\* hotel using the normal European star rating system as shown in figure 19 below, and perhaps not what these consumers would expect or are used to.



Figure 19. UK star rating criteria (Enjoy England 2013)

Customers already spending many of thousands of euros on this particular trip or other similarly priced vacations to Lapland may expect or be willing to pay extra to stay in a 5\* or equivalent hotel or resort which provides many of the additional facilities that mainstream hotels are unable to offer.

In winter hotels are also used by families on Santa tourism vacations and again this is not ideal for luxury tourists looking for adult orientated unique luxury vacations.

## 6 A model for NFlux?

### 6.1 New Finish Luxury Concept

Although the model in figure 20 doesn't break down luxury between "old" and "new" many of the concepts can be used when developing New Finnish Luxury (nFlux)

When designing nFlux it is essential to combine the timeless and expected components of "Old Luxury" with "New Luxury".



Figure 20. Luxury principles related to Finland when creating a Finnish luxury model

nFlux customers will expect to receive a service or product that shows it is quality and that the organisation is well run with high levels of exceptional service. Each organisation should be unique to their surroundings and cultures, whilst at the same time being

expensive enough to make the product difficult for the mass market to reach on a regular basis (but not totally out of reach to the hybrid or trading up consumer), however it should still remain good value.

nFlux is a concept which looks at combining the components of normal “old” and “new” luxury to create a luxury model for developing luxury tourism in Lapland. To do this we need to look at the strengths of Finland as a potential luxury destination.



Figure 21. Strengths of Lapland as a luxury destination

As can be seen from the model (figure 21) Lapland does have many of the components that would be needed to develop NFlux.

As has been identified previously luxury travellers demand the following

- High levels of service
- Uniqueness and culture relevant to their destination
- Full utilisation of free time
- Products that exceed the customers' expectations
- Exclusivity

All of the above can be delivered in Lapland to meet these customer's needs.

## **6.2 Strengths of Lapland as nFlux destination.**

### **High levels of service**

In many countries the level of training employees of the hospitality and tourism industry receive is often limited to that of completing level 3 courses at vocational college then developed "on the job". Many workers in hospitality and tourism see their role as being that of temporary. In Finland many Universities of Applied Science offer full time tourism and hospitality courses at degree (and masters) level. This gives Finland a competitive advantage of being able to develop and train students to a high level of service knowledge and develop the practical skills to meet the demanding nature of tourism and hospitality consumers.

To truly deliver exceptional service to guests you need both a well-qualified, experienced and stable workforce. Many of the top luxury product providers in the world have long term experienced staff who know the products they provide in-depth, and understand the additional needs that luxury consumers have. Perhaps Finnish companies can be a bit homogeneous but with increasing levels of immigrants moving to Finland, and if Finnish companies embrace the additional value of skills, knowledge, and personal qualities these workers bring to a work place then they can further understand the needs of tourists and raise the levels of service offered to their customers.

## **Uniqueness and culture relevant to their destination**

The topography of Finland is its uniqueness for many potential visitors. Visitors from western, central and southern Europe, most of the continent of America, Africa, Asia, Middle East and Oceania do not have similar landscape to Finland, especially Lapland. Whilst areas of other Nordic countries may have similar landscapes, they don't have the unique selling point of Lapland which is the "Santa Claus" legend. In relation to Russian visitors there are no domestic tourist destinations at present which offer the variety and culture of Finland for visitors.

Finnish and especially Lappish culture is unique to Finland. Be it from traditional Lappish dress and food, through to modern Finnish design and culinary delights. There is a place in the market for both of these cultures for nFlux consumers. During their time in Lapland visitors may wish to experience a traditional Lappish feast. Currently there are many restaurant providers who provide services that offer this experience and with some enhancements would satisfy the needs of luxury travellers. Also in Lapland the "ice hotel/bar" is a popular experience. It is important to remember that modern Finnish design is highly thought of, even if most of it cannot in the traditional sense be considered to be that of a luxury product. The clean and simple designs inspired by Finnish nature differentiate this from most destinations and if marketed correctly appeals to visitors of all budgets.

Finally and most importantly for many overseas winter visitors is Santa Claus. Nowhere in the world has the same appeal for this Christmas experience. Whilst mass market tour packages are offered by some of Europe's largest tour operators there is massive potential to develop nFlux packages for luxury guests. Santa is 100% relevant to the culture of Lapland and its unique selling point for many families and couples alike. What is important is that nFlux tourists receive a higher level of product as they desire and are offered products and services individually, and not part of mass tourism packages. It is important in my opinion to keep families with children whose primary reason to visit Lapland is to experience Santa separate from other groups, especially adults who have come to Lapland to relax and experience wellness tourism or those who are here to have activity based vacations.

For non-families or those with older children the great outdoors of Lapland is their playground, be it winter or summer. The Finnish culture of being outdoors and active enables visitors to experience the Finnish way of life, be this reindeer and husky safaris, bear watching, fishing or more leisurely pursuits such as sailing or being a passenger on the ice breaker cruises.

It is also important not to forget sports and musical/theatre when marketing Lapland's culture. Ice hockey and heavy metal music is engrained in Finnish culture and can be used as a major attraction to sports and music fans. nFlux is not just about outdoor activities but also hobbies and spectator events which are relevant to the visitors and Lapland's culture. Such events need to cater for the needs of nFlux visitors by offering VIP hospitality services or meet and greet options with the stars of the event.

### **Full utilisation of free time**

Lapland has excellent transportation links both internally and for external visitors. Visitors are able to arrive by air at many Finnish destinations, including those in Lapland, either direct from their local airports or by connecting at Helsinki Vantaa airport, the hub for Finnair, Finland's national airline. Due to its geographical location Lapland can be reached by most European cities within 3 hours and Asia within approximately 8 hours. This makes Lapland a viable short or long period break.

For those visitors with more wealth all of Lapland's airports offer landing facilities for private aircrafts and helicopters. For those travelling internally private jets and helicopters are available for charter. It's not only getting by air transport visitors to Finland may arrive. Private yachts are welcome at all sea facing ports including Helsinki and Kemi.

Once in a destination all destinations are small and compact allowing visitors to maximise the time they have in the manner they wish too. Private road transport can be arranged in each destination and should the nFlux traveller wish to experience public transport within Finland this is of good quality and regular.



### **6.3 Weaknesses of Lapland as nFlux destination.**

As with any destination, overcoming your weaknesses is perhaps the biggest challenge for a destination. It is essential to recognise your weaknesses and overcome these in order to develop your destination and its products and services. From the research I have identified the following areas of development.

#### **Products that exceed the customers' expectations**

The products and services currently offered in Finnish hospitality are often of good quality. However they can be perceived as being overpriced by many overseas tourists and these high prices may not always match the price versus quality ratio that travellers may be used to in other destination.

The gap between current Finnish luxury provision and that expected from nFlux consumers is still wide.

Without an accommodation star rating system in Finland visitors do not easily have to hand information regarding the basic quality of the available accommodation to them. This is particularly frustrating from guests who come from destinations which have adopted a 1 star to 5 star (and sometimes beyond) rating system used to differentiate and quantify the differences different accommodation providers offer guests. A traveller to London can quite easily search online for a 5 star luxury hotel with instant results through booking agents or website or by just carrying out a basic internet search. In Finland due to their being no national hotel quality benchmarks visitors need to rely on independent ratings of each hotel, often decided by booking agents.

As you can see from this basic internet search for “5 star hotels in Finland” (figure 22) many of the results are of a good quality however chain hotels, which would be rated 4/3 star in most other tourist destinations are found and recommended. Whilst the one hotel, the Hotel Kamp which is recognised as Helsinki’s only true luxury hotel in accordance to the Luxury Hotel Guide (2013), is not even shown. Not that these are bad hotels, they are all very nice but would not meet the international benchmark standards of similar 5\* hotels in other European, American or Asian destinations.

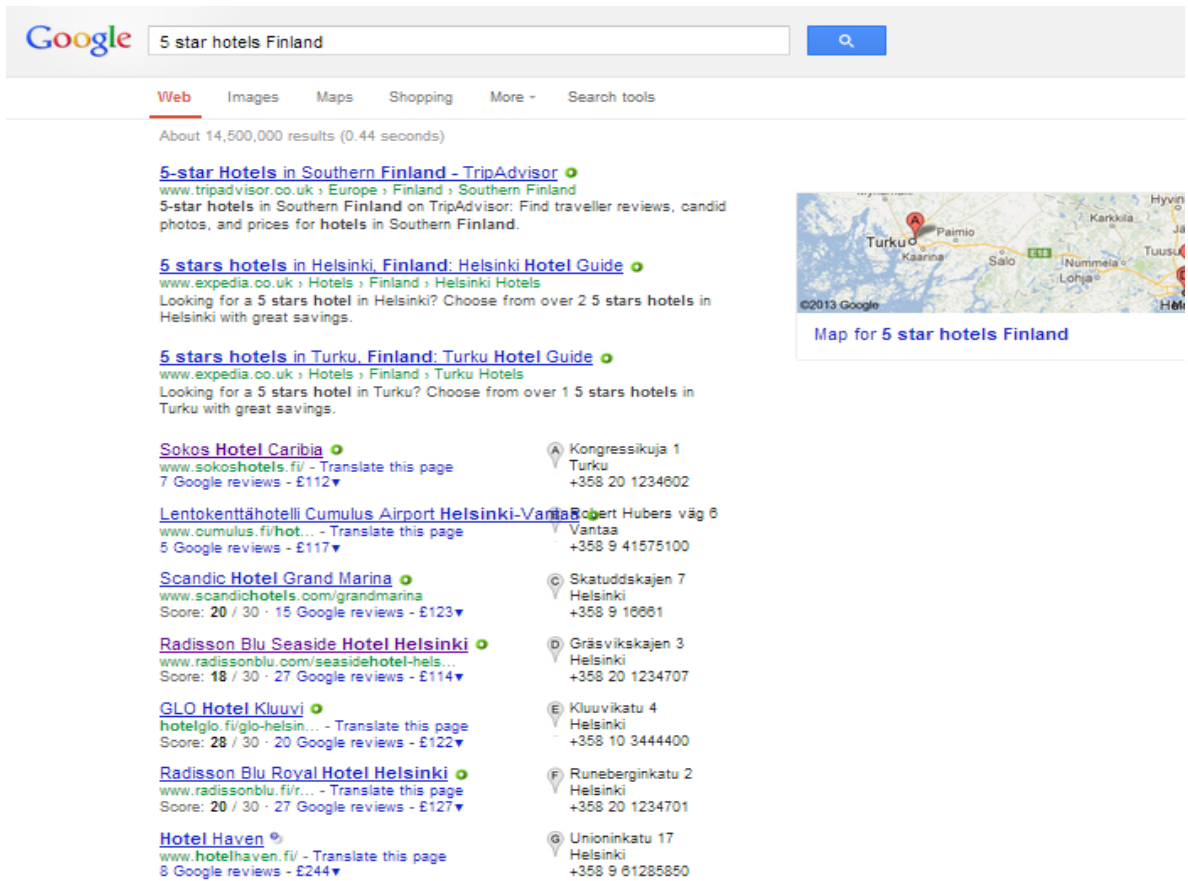


Figure 22. Internet search “5 star hotels Finland” (Google 2013).

### 6.3.1 Exclusivity

Exclusivity is the area that Lapland and Finland will struggle with in my opinion. Whilst there are several exclusive use lodges and cottages available to hire there is not the current demand, or indeed potential future demand, to develop large luxury hotels that would be financially sustainable all year round. Most new developments in Finland need to be mixed purpose and cater for a range of different customers rather than for example opening a hotel just aimed at 5\* luxury consumers. Due to the high overheads of hotel operations in Finland the estimated minimum room size of hotel is approximately 100 rooms and to fill this at an occupancy year round purely on luxury guests is unsustainable financially (Rautanen 2013).

On the flip side, attractions, activities and catering facilities can be exclusively offered to customers where money is no object, however there is a thin line between somewhere been exclusive and real, or exclusive and fake (Heikkinen, 2013) which compromises the reality and uniqueness of nFlux.

## 6.4 Hybrid consumers and New Finnish Luxury

The new hybrid consumer is exactly the type of consumer nFlux companies should be marketing their products and services towards. Finland, especially Lapland, allows visitors to meet many of the trading up criteria Leppänen & Grönroos (2009) identified.

Lapland is a natural experience where nature is its main luxury. Consumers are willing to trade up to take care of themselves, including pampering and experience seeking activities, which are key drivers in the decision making process when a consumer decides whether to trade up from the middle to high end products and services.

It is not only pampering and experience seeking activities these consumers desire but also to achieve self-actualisation through wellness tourism and retail products. Lapland uses its nature to produce some fine manufactured high end products in this area including cosmetics manufactured using ingredients almost exclusive to Lapland such as cloudberry.

Other retail opportunities include home décor and fashion which Finland though not seen as somewhere that products high end premium luxury products creates products which are unique to the region and are desirable and fashionable.

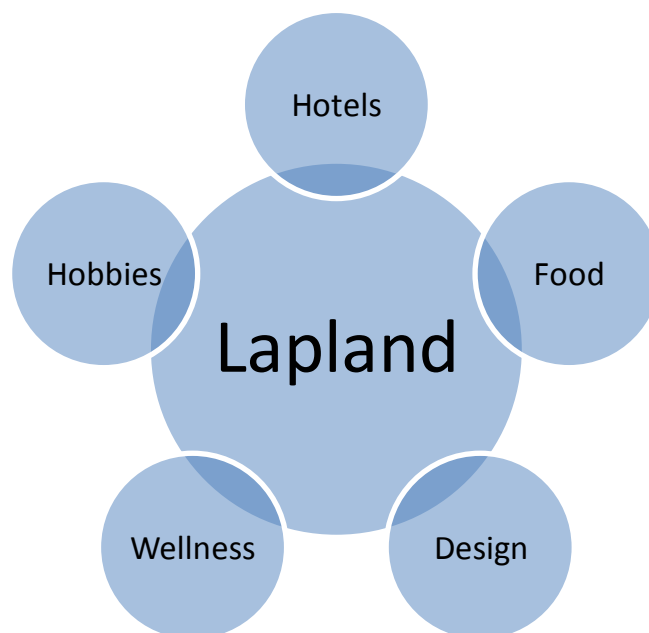


Figure 23. Products hybrid consumers are willing to trade up to in Lapland

As you can see from figure 23 above there are many opportunities to offer nFlux products and services to hospitality and tourism consumers willing to spend that little bit extra for products they are emotionally attached to or see as ethical.

## 6.5 Standardisation of nFlux and branding

It is desirable for Lapland luxury hospitality and tourism providers to agree upon set benchmarks when promoting the new nFlux strategy. As there is no official accommodation benchmark standards such as the AA star system for hotels in the UK agreed standards should be set so consumers know exactly what they are to expect when booking nFlux products and services. Agreed standards should be set and in my opinion should be certified and inspected by independent assessors to confirm standards are met and consistency is present.

With this in mind I have devised the following logos (fig. 24) which could be used by tourism and hospitality organisations to promote that the nFlux brand and standards are met.



Figure 24. nFlux branding logos designed by myself.

## 7 Conclusions

### Overview

Overall Lapland and Finland is in a unique position of being located within the area commonly known as “Scandinavia”. With its image of clean and healthy living this can be formulated into a new form of luxury which combines both “old/classic luxury” and “new luxury” to result in the nFlux model as described in chapter 6.

Whilst Lapland will never be able to compete, in my opinion, with traditional luxury tourist destinations which are built on history (or old luxury) for example the UK, retail luxury for example New York, or new premium modern luxury destinations such as Dubai, it can use the natural resources of this region of the world to create something new, unique and exciting.

nFlux allows the country to build a form of luxury which is unique to the region. It can use the unique landscape of Lapland along with the nature and wilderness of the region to develop something fresh, unique and recognisable.

Luxury tourism is a growth industry, especially with the middle class / affluent consumers, and by creating a form of luxury which is obtainable to these markets, even if it's not available to these markets every day, will complement existing luxury consumers who may also want to experience the unique nature of Lapland (and Finland).

Luxury tourism is about creating something unique and tailor made to the consumer. Although Lapland does not have as many luxury products and services as other destinations, it is possible for Lapland to either create new products and services or improve current provision to the required standards set out in the nFlux model discussed in chapter 6. This is possible because Lapland is not a mass tourist destination, but a destination that has manageable and stable annual visitor numbers which allows tourism and hospitality providers to be able to be flexible with their products and services and the markets they appeal to and become more proactive rather than reactive.

## 7.1 New Luxury possibilities in Lapland

Below I will summarise how nFlux can be integrated into Lapland's tourism strategy

### Accommodation

Lapland's major weakness is a lack of luxury standard hotels, especially in the Rovaniemi region. As discussed previously the current provision of hotel accommodation would be classed as being of the equivalent of 4\* standard maximum if compared with other similar destinations.

Currently the market is dominated by Scandinavian, including Finnish hotel chains. This can either be seen as an advantage or weakness.

For most developed luxury tourist generating countries visitors are looking to stay at hotels which align themselves with their destination. The problem at the moment is that the hotels are very corporate and do not have much personality in relation to representing the destination that they are located in. This can easily be remedied with renovation of the current provision of hotels available in the region to make them more aligned with the nature and environment they are situated amongst.

Being that visitors from Russia and Asia are very brand loyal to large worldwide hotel chains, none of which at presently represented in the area, this could also be seen as a weakness (the current provision of hotels being Scandinavian or Finnish brands). This perceived weakness can be overcome in my opinion by carefully re-designing the current provision to match the nature of Lapland and by ensuring that such hotels offer additional services that the luxury tourist from this part of the world, or indeed any luxury traveller, would see as essential such as in house quality spas, fine dining restaurants, fast Wi-Fi access etc. just to name a few.

The other way Lapland can meet the needs of luxury tourists is through privately rented cabins and lodges. There are several of these available at the moment and these forms of accommodation are best suited to the traditional über wealthy luxury traveller where money is no object and solitude is required. An opportunity for these accommo-

dation providers could also be shared spaces where it is not necessary for one group to rent the whole accommodation but it could be rented on a per room or per floor basis opening up this market to the more affluent customer not just the über wealthy. The hosts are the key to this concept as their personality and understanding of the customer is key to ensuring customer satisfaction. Their own personality adds value to the customer's experience as individual needs can easily be catered for and the visitor at the same time learns first-hand about the local surroundings and cultures.

## **Transportation**

Rovaniemi airport is sufficient and efficient for the current demand of the nFlux consumer. There are areas that could be improved including more modern and comfortable rest facilities such as upgraded bars and restaurant provision however due to the size of the airport this is often a place where people spend little time. I would suggest that a small airport lounge is developed specifically for luxury consumers either using scheduled flights or those who have chartered their own flights.

Most flights connect through Helsinki airport which is regularly voted one of the best airports in the world and has a variety of facilities available to the luxury traveller including lounges and shopping facilities.

## **Experiences**

Whilst many current suppliers say that the “outdoors” is the main attraction, which is certainly one of the main influencers for attracting visitors to the region, the infrastructure and staffing of these experience providers is essential. All of the outdoor activities offered are of a good standard, however these still could be improved with perhaps more luxurious rest and changing areas, the opportunity for luxury travellers to prepare for their activities in the comfort of their own accommodation rather than in shared changing rooms, along with exploiting the retail opportunity of allowing luxury consumers the chance to pre purchase customised clothing, merchandise and even buy new equipment such as snow mobiles should they wish beforehand.

Spa and wellness tourism are areas closely linked with luxury tourism. It is essential to develop high quality spas and wellness centres which can be compared to similar facilities at least of those in other European spa destinations, especially in other similar destinations such as Iceland. These should be designed around Finnish nature, use local produce as a basis of the treatments, and should be aimed firmly at adults not the family which is common in many Finnish spas currently.

## **Retail**

Luxury retailing is a major weakness in the whole of Finland both in terms of locally designed Finnish luxury products and the opportunity to buy other luxury brands in the country. Although there are not so many true luxury Finnish brands, opportunities are available to sell what is unique to the area. Finnish design is well thought of throughout the world and although not premium luxury, products from Finnish designers such as Marimekko, Iittala as well as local specialist designers can be sold to the nFlux consumer who is looking for something related to the area. A suitable way for this in my opinion would be through an iPad application where customers can order from their accommodation to have the products brought to them directly. This would especially be useful in Lapland where winter temperatures are very cold and not suitable for long walks around retail environments and when time may be limited.

## **Food and Drink**

Lapland has unique food products to the region and this is what should be focused on when developing seasonal menus using locally sourced produce. Currently there are no Michelin rated restaurants outside of Helsinki, a benchmark that the modern luxury traveller looks for. By creating restaurants of this standard, perhaps in co-operation with existing Michelin starred restaurants in Helsinki (and overseas, especially in other Nordic countries), this should be an easy to achieve standard. As previously mentioned hotels and bars could also develop menus based around Finnish nature and serve locally produced beverages.



## **Service**

Staffing within the luxury service providers is also of key importance. It was discovered in the research that many people, including industry experts, see the level of customer service offered by hotels, restaurants and other products and service as not being to the level of other luxury destinations. This can easily be rectified by ensuring customers are trained on how to offer a more warm and individual service and through recruiting new staff who have experience of working in this marketplace. It is also essential that you have a range of staff that is able to speak the language of the main consumers or use agency staff when or if needed.

## **Destination image**

Lapland especially the Rovaniemi region is essentially recognised as a place to see Santa Claus by many non-Finnish tourists to the region. Whilst this market is very important to the area, especially with families, it is essential for Lapland to differentiate itself from just being a place to see Santa and where there are lots of families, as this has had a negative effect on the image of the area especially for those without children. It needs to create an image that although there is the opportunity to visit Santa that there are also many activities for non-families to enjoy including the “northern lights”, skiing, outdoor pursuits and nature. This needs to be marketed in a way that for example Florida has successfully managed to do so where for example Disney and the Everglades can sit hand in hand but are not mutually symbolic of the destination, but appeal to different consumers.

As found in my research Lapland is not seen as attractive as many of its competitors, this was highlighted in the social media survey of the image of Lapland vs. Iceland, and from general media channels in relation to “must see” destinations. Media interest needs to be encouraged to write about the products and services Lapland can offer, not only to the luxury consumer but to visitors as a whole, remember many tourists still show hybrid consumer tendencies whilst travelling and may look to upgrade to a special experience whilst visiting Lapland as a “normal” tourist.

Encouraging the use of social media with nFlux customers should be easy due to the trend of new luxury travellers embracing technology. Little steps such as providing free Wi-Fi in resorts should encourage these people to share their experiences on social media sites such as Twitter and Facebook, update their travel blogs and discuss their experiences on for example Trip Advisor whilst in resort. This both creates awareness of the destination to their social media followers and creates intrigue for friends to investigate visiting the region themselves.

## **Summary**

At the moment Lapland is seen as an expensive destination by many inbound tourists which is not the same as being seen as a premium destination. Price should no longer be used as a method of creating “luxury” in Finland. The modern traveller has expectations through travelling experiences of what is value and what is not. The modern luxury traveller demands value for money, however much they have paid for an experience.

Lapland (and Finland) has many possibilities to develop itself as a destination which is seen as a premium destination if products and services embrace the nature of the destination and has belief in the products and services it produces.

To be recognised as a premium destination the levels of service provided by companies and their employees needs to improve to those received in similar Scandinavian countries which are currently seen as being more of a luxury destination, for example Stockholm or other Nordic destinations. Service should not be aligned to that of “old luxury” but towards “new luxury” concepts where each individual is served as an individual in a friendly and welcoming manner embracing the local cultures.

Finnish luxury should adopt my nFlux guidelines to create products and services that not only meet the needs and wants of modern travellers, but they should embrace the culture and uniqueness of the destination, whilst at the same time adhering to standardised benchmarks allowing consumers to have confidence that they are booking something that is comparable with standards in other destinations.

Local products made from the nature and wilderness of Lapland (and Finland) should be marketed in a way that appeals to the modern nFlux consumer. As time is often short when visiting Lapland technology should be used to market and promote the availability of such products ranging from cosmetics, home wares and food and beverages.

Whilst there will always be a small market for the über luxury consumer, Lapland should market themselves towards the hybrid consumer who wishes to “trade up” for memorable experiences. The landscape of Lapland is unique and appealing and as a visit to Lapland for inbound tourists may be a once in a lifetime visit there is much potential to appeal to these customers. However services such as accommodation and hospitality providers need to ensure that they are on trend, have a sense of exclusivity, and are unique to the area. Chain brands which are available outside of Lapland need to ensure that they re-brand themselves to be in-line with their local surroundings and not exact replicas to one of their other locations in a completely different destination.

Finally technology and branding is of much importance to the modern luxury consumer. Products and services should make use of the available technologies, especially as Finland is seen as a tech savvy country, and products and services need to be designed to complement the visitors surroundings in order for the visitor to appreciate the uniqueness of their surroundings and the warmth of the Finnish service.

## **7.2 Limitations and potential problems**

The main three limitations I had were

- access to luxury tourists
- small budget
- time as both authors will be working full time over the summer

### **Access to Luxury tourists**

This was very challenging as luxury tourists have the financial resources to pay the extra costs to make sure that their experiences are hassle free. Suppliers and agents were unwilling to allow me access to such guests as they didn't want to lose the professional relationships that they have with these guests. As access to luxury guests was not possible I used information and blogs written by luxury travellers, contacts, friends and relatives, along with information provided by suppliers and agents.

### **Small budget**

A small budget was provided to fund one trip to Lapland and some meetings with suppliers in the Helsinki region. The field trip to Lapland was only for one night so it was impossible to investigate the market personally in any kind of depth. The visit was however supplemented by email conversations, meetings with suppliers at the travel show in Helsinki and through promotional materials.

### **Time**

As I was working full time for most of the writing period of this thesis it was difficult to find time to work and research. I overcame this by using the schedule I created (see table 10, p53) and monitoring progress on a regular basis.

Another issue I had was that June-July is the main summer break time in Finland and many businesses run on skeleton staff as it is the norm to take month long breaks for

staff. It was essential that I contacted all key industry personnel before their vacations began, which I did.

### **7.3 Summary**

Lapland (and Finland as a whole) in my opinion is a blank canvas for tourism strategy, in relation to not being too stereotyped as a destination. It is a new destination to many potential visitors, tourism strategies can be designed without the baggage that established destinations such as New York, London or Paris have for example where people already know the destination prior to arrival through the media etc. Lapland (and Finland as a whole) can develop as a new luxury destination by offering modern and unique Finnish designed products and services which are unique to the region. This must be complimented by offering high standards of friendly service, tailored to the individual visitor, and by using the wilderness and authenticity of the nature of Finland and Lapland to create products and services that are both unique but at the same time by providing the standard minimum levels of comfort that both the traditional and new luxury consumer expects.

### **7.4 Potential for further studies**

This is such a wide part of the tourism industry and each component of the provision to offer luxury products and services could both be investigated further for example, accommodation, transportation, experiences, spa & wellness, retail and food & drink. Working partnerships could be set up to help with the product and service design of these when looking at Lapland (and Finland) as a potential luxury destination.

Due to the size of Lapland (and Finland) this study was limited to the region surrounding Rovaniemi, Lapland. Further studies could be carried out all over Finland or in-fact any destination using the nFlux model and benchmarks that I have created.

Finally, on the other end of the scale budget travel is an area often neglected in Finland compared to other parts of Europe. A model and benchmarks could be created for this also valuable and growing market segment as the future middle market continues to get squeezed by either ends of the tourism industry.

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# Appendices

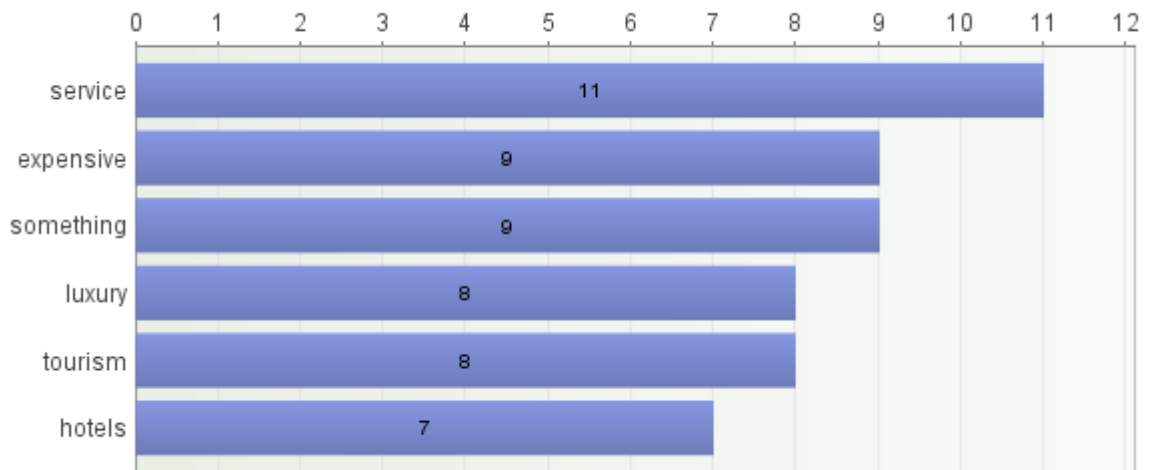
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Describe what you think luxury tourism is

Word cloud



Words



All

- luxury is above and beyond 5 stars in accommodation, transport, activities and services etc.
- unique travelling experience that might cost a bit more than ordinary package holiday but is more unique, tailor-made and rewarding.
- Somewhere where you can relax, and feel like you have got value for what you have paid for. Going to exclusive locations (far away, unique places) and staying in a high end hotel where you are treated well
- Tourism for people with a high disposable income who expect an extravagant experience
- it is something special and amazing. I would expect very high level of service and really nice activities. luxury implies to something that I wouldn't be able to do on my own, but that the travel agent or the hotel provides this special experience to me.
- Expensive. Luxury accommodation with expensive furniture and something extra in the

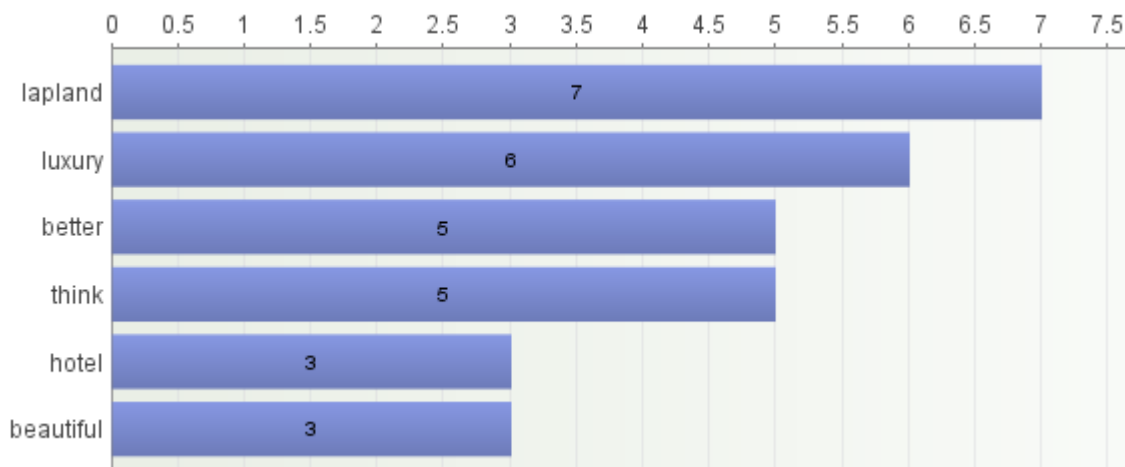
- house like a hot tub. Free meals included made with the best and very expensive ingredients. Extravagant excursions like hot air ballooning. Free champagne.
- Tourism that exceed standards that you would usually expect from travel and hotels.
  - Expensive 5 star hotels, expensive dinners in Michelin restaurants - basically everything's expensive.
  - Fantastic accommodation, **faultless service**  
Basically whatever you could think off has already been thought of to make your holiday simply **unforgettable**.
  - Tourism which is something a bit special or has the **'wow' factor** - could be for a number of reasons e.g. an amazing 5\* hotel in a city, or camping in a beautifully kitted out tent in the middle of a desert with meals served under the stars.
  - Well planned, efficiently executed, easy and fast travel, **good service**, accommodation & food
  - I think it is the ultimate **experience** that though influenced by money, is not about money but about having your **expectations exceeded** after you have paid for something, that something could be travel or accommodation, food or hospitality.
  - Comfortable **exclusive** expensive
  - Something special and expensive. You get special products and services and are ready to pay for it.
  - To me luxury tourism is **tailored to my needs**. Not necessarily something very expensive, just something the way i want it. Although money-wise when i think of luxury tourism i think as expensive.
  - 5 star accommodation, **exemplary service** and excellent food, coupled with luxurious accommodation.
  - A premium-priced product that **caters for a customers every need** when visiting a certain destination/place/attraction.
  - Tourism that make You Feeling special, that Boves you the Feeling to experience something Special, in combination with high Standard Hotels, **Service**, exclusive Treatments
  - posh hotel with a nice pool, posh room, good food etc
  - Comfort
  - Very nice hotels, **good service**, brilliant locations.
  - Expensive, **rare**, elaborated, customized, **highly skilled personnel, high quality of service**, designed with high end products.
  - **quality service** that adds **something additional compared to other options**.
  - Luxury is about **feeling special**. Not necessarily expensive things, but experiences where you fell everything has been **"made for you"**.
  - Something expensive. Something completely different from your ordinary life.
  - high rolling tourism
  - Good quality accommodation
  - 5 star hotels, private resorts, the best facilities (= bathrooms, pools etc)
  - **First rate service**, wide range of services and amenities, hotels to be 5 star and surroundings/furnishings of very high standard. No waiting, queues, ease of booking, transfers and checking in. Relaxing, quiet and peaceful surroundings (no kids!!)
  - High quality hotels, restaurants and shopping
  - **Exclusive** or exceptionally high quality services. Away from the crowds and **unique feature, which can be history, nature, place, etc.**
  - **A level of services clearly above the average standard**. A lot of choices in what to see/to do/to eat and drink. Safe and clean surroundings. Easy to reach or at least reachable with a very comfortable journey. Luxus depends to some extent on the level of the indigenous standard of living, luxury tourism exceeds that. Freedom of deciding timetables at **one´s own pace**.
  - Luxury for me is quality time with whomever I'm with. It can be silence, it can be the buzz of a city. Always in settings and with **service that leave nothing to complain about**. Doesn't have to be a 5\* place.
  - **exclusive, unique travel experience**
  - Custom made itineraries including high end accommodation etc. Also traveling to exotic destinations.
  - High quality furnishings, excellent food and entertainment
  - Expensive, **exclusive experiences**,
  - **Excellent service** with friendly stuff, great design, good food



- more down-to-earth things, such as clean nature, hotel rooms made of organic products etc.
- Finnish luxury is not perhaps as opulent or decadent as that of other European or American destination due to the socialist nature of the country but like most Scandinavian countries the standard of living is high, so if it is luxurious by Finnish standards it will be a very high standard.
- I have never been to Finland, but I have images of Lapland I think about cosy accommodation, log fires, saunas, spas out in the snow and riding round on sledges wrapped up in furs!
- Extreme experiences, nice hotels, nice restaurants
- I think Finnish luxury is being alone far from everyone, and yet paying a high price for that experience.
- Lying in bed and watching the Northern Lights through the roof of your hotel bedroom
- It involves many times nature; some luxury "cottage" or villa on a specifically beautiful place and some tailor-made services included (5 course meals and quality wines cooked and served by someone else on open fire, etc.). Getting special experiences in a nature without much effort.
- I truly believe it does not exist. Finland does not have an image of luxury place, and if i want luxury travel, Finland will not be on my top 100 list.
- I have never been to Finland, but being a regular traveller to Iceland, I can imagine it is much of the same as described in Q1, married with the local customs and cultures.
- Added hospitality & an amazing outdoors experience at a premium price.
- Hotels with exclusive SPA Areas, Sauna Areas in a Country surrounding. Special Treatments with typical Finish products.
- Typical Finish Food in High quality and excursions like Husky Racing
- hmmmduvets replaced by reindeer fur, reindeer rugs on the floor and antler chandeliers.
- Something that is a norm in Finland but luxury elsewhere for example in Great Britain
- Very nice log cabin by a quiet lake. Good food. Sauna :)
- Staff with special skills, food selection with larger variety, lots of green, spacious
- Quality services with top-class products integrated to Finnish wilderness.
- High quality but not fancy.
- When I think of Finland I think of modesty so the term "Finnish luxury" seems a bit of a paradox.
- no idea
- Not sure how this would be different to anywhere else although I imagine lower quality than western Europe/USA/Australia
- Finns are not that used to showing wealth so difference between how the rich and not that rich spend their holidays isn't big. Usually its small things, something most can afford the Finns think as luxury: jumping in the lake after sauna, dinner from local ingredients and such.
- Solitude + same as above
- high standard of service, high quality hotels, scenery, culture, interesting and variety of places to visit - diversity
- Lapland winter holidays
- The purity of natural sites, silence, organic food, tranquillity coupled with high quality service. Regarding that Finland is the country of self service, I think the presence of that "service" could be identified by the client, ex: if he/she wants servants or 24/7 concierge there should be qualified staff for that. But the idea of being 'away from everyone' somewhere in Lapland could be sold as well.
- Spacy and comfortable and styled accommodation within an easy reach from some of the most central sights. Specific services, e.g. reindeer slides available at any wished time, helicopter transportations, rafting experiences, food specialities. Organized so that the possible harsh weather conditions do not hinder experiences, there's always something on offer.
- Nature. In all its ways. Forest, lakes/sea, nightless nights, arctic lights. Clichés maybe, but unique to my country :)
- minimal, cold, impersonal
- It's untouched nature in the North and versatile coastline in the South. Offers many possibilities for high end tourism as in many ways unique.
- Scandinavian pine, white linen, saunas and spas
- Fine dining, nice hotel, well organized programs,
- Scandinavian style, very simple, not many details

## Describe how you think Lapland can improve itself as a Luxury destination

### Words



### All

- By investing in true luxury products. Otherwise the Russians and Asians will come and do it themselves.
- Personally I think Lapland could be all-year-round destination not only a winter destination. For example autumn is beautiful in Lapland. Surely it would attract international travellers if it would be marketed better and airlines would fly to Lapland during whole year.
- the nature is raw and rural, and it should stay this way. if you build too many hotels and start to "industrialize" Lapland it will all be destroyed. The beautiful nature and the tranquillity of it all is the luxury that many tourists come to see and experience.
- Just in general offer more opportunities for people to do stuff that they wouldn't do in their everyday lives.
- I think it needs to sell itself of more of a resort not associated with Santa. It needs to sell itself to people based on the fantastic landscapes or perhaps as a spa type of holiday. For me the fact that it was always dark meant it was always wine o'clock and although I'm not certain how that's a marketing point, the cosiness and the fact that its pure wilderness I think is not appreciated who think it may be santastastic. I may be wrong as they may already have this but I think a major ice hotel would also help, we looked when we went but it was 10 years ago but there was nothing on a major scale. as it expensive already in Finland I think they need to go even further to make you feel as if your money is well spent as the holiday is probably costing more than those taken in mainland Europe.
- Any country can always improve in making their country more accessible. Higher end accommodation and access for private planes near the airport.
- It can clearly distinguish that it is Uber cool and a place to pay for.
- Improve hotel infrastructure
- Helping the small companies with production of services and networking
- I just do not think Lapland has a chance to become luxury destination, sorry.
- Improved transport links/infrastructure which could lead to more investment & better amenities & accommodation options.
- More advertisement about the Country itself
- a bit of warm sunshine, beautiful sandy beaches get rid of Santa.
- More PR
- no idea
- More flexibility...
  - Better price-value balance
  - more customized products...
  - Better understanding in hospitality...
  - More friendly staff...



- With better marketing, customer intelligence and more thought out service portfolios.
- Maybe there could be some high quality lodging, but not much. It will ruin Lapland to have a huge hotel in the middle of nowhere.
- 
- no idea
- Advertising, I imagine most people would not think of it as a luxury trip.
- They should make individual and small resorts rather than big hotels. With all the possibilities for private tours to see bears/ski on the hills/pick berries/hike/relax in the palju etc.
- Q.4,5 developing new resorts (small and private & big resorts - more obvious luxury) + train the personnel or outsource + ad campaign aimed at target segments, plus WOM using opinion leaders
- Making use of extremes and making them a convenient experience.  
Offering also accessible possibilities to elderly and other groups.  
Quick and efficient transportation.
- I have a very positive picture of Lapland, can't come up with anything...
- Lapland needs a stronger brand... i have no idea what Lapland is selling itself today, luxury or not
- Don't know
- Facelift! Service quality is good, but needs to be better!! I think good service and tailor made packages are key to success.
- More entertainment except skiing - clubs, restaurants, other touristic activities

## Describe how you feel your products and services, or in general hospitality and tourism providers meet the needs of Laplands luxury consumers

### Word cloud



### Words



### All

- As stated above, there is not much luxury in Finland. Only a couple of hotels and our transport options are far from luxury. The trains are very basic and have a bad reputation especially during the winter. Many destinations in Lapland cannot be reached by train and also air connections are rather limited. Can it be luxury if you have to sit in a car for hours to reach your destination...? There are no luxury hotels in Lapland (only a few exotic igloo opitons etc) so the luxury clients (such as those from Asia and Russia) do not find accommodation to suit their needs and demands. Perhaps the only thing that can save Finland is that some of the activities on offer are exotic, but that is not enough to please luxury hungry clients.
- i have no first hand experience about Lapland luxury tourism but the impression i have is that some of the products meet luxury terms but there is need for more luxury tourism ser-

- vices. more work need to be done to meet luxury terms.
- Lapland is seen as a very **exclusive treat**, it's not a place many people I know have been and it comes across as a **once in a lifetime experience**
  - **service provided in many languages, i know that usually you can be served at least in swedish and english besides in finnish, I think this shows good customer service.** in lapland the **service providers need to offer packages** in a way that i can easily experience all the wonderful things that lapland has to offer me. also the **packages should be custom made to different customer needs, e.g. to families, friend groups or couples.**
  - I wouldn't have the slightest idea really. I've been to Lapland three times but never as a luxury tourist. I'm sure though Lapland is full of luxury for those who can afford it.
  - **The hotels were way above the standard that you would experience in the UK.** The style of finnish accommodation suited my tastes very much so this helped. I felt the fact that you were **given the chance to go out and take part in traditions e.g.: we went out skidoos and all chose a christmas tree for our rooms which was chopped down and brought back, that was fantastic.** We were all given the chance to go to a local church on christmas eve and sing **carols in various languages.** **Skiing in Lapland** was so different to anywhere else and the availability of fires in the slopes was great (and necessary) but **some of the least crowded slopes I have ever skied, this feels luxurious when compared to crowded French slopes.** The availability of a sauna even in the most basic of accommodation and the standard of them in the most luxurious was again unexpected when you are used to travelling the UK. **Floodlit skiing was also great and was something different to what we would have done in the UK.**
  - I've never been there - I'd assume well, as Lapland seems to be targeted for foreign tourists who are not short of money.
  - Not applicable
  - I think they are doing fine because they have **developed the products based on the niche-ness of the environment;** it is a bit like **take it or leave it, not really like i have to go there before i die.**
  - Flight access, quality hotels, high profile entertainers, great food
  - I think there are some companies that serve this kind of things; however the **problem might be the size of the companies and their limited resources of offering what "luxury customers" want and expect.** As these experiences in the nature are so "normal" for us Finns we don't always see that what we have here can be luxury and unique experience for someone else **when produced in correct way.**
  - Cannot comment because I am **not aware who are Lapland luxury customers,** even though i've been to Rovaniemi and Santa village twice.
  - By creating a **magical experience for families.**
  - By providing excellent service in a luxurious setting.
  - **Not a problem in Finland as our products are of high quality and services are excellent naturally without having to make an effort**  
**Older generation in the work place may need some language and social skills training**
  - I have no knowledge of Laplands tourism providers/services
  - **Very limited number of hotels are satisfactory**  
Far too expensive for moderate products and services  
**Not enough flexibility for rather unusual demands**
  - The **service factor could be communicated better.** If there are services that fill-in the category requirements then at least I have not heard of them.
  - Product needs are probably met, but **service could be better.** At least Finnish customers don't get very good service, but probably because they don't expect it that much.
  - **Offers a unique experience. Tailor made holidays to meet the needs of the consumer**
  - I think for example **high quality restaurants lack totally.** Probably **husky and reindeer safaris etc are the best luxury in Lapland.**
  - I think the market demand is bigger than supply and it should be developed. I see two segments: **hidden gems like villas in the forests for rich people searching tranquility** and big **new luxury hotels near by sky resorts with spas and luxury brands shopping for more "mass" customers seeking high service level in Finland ( like Russians )**
  - **Quite well. Although I doubt that there is not enough offer for a visitor that comes more than once.**

## Describe how you feel Luxury tourism as a worldwide concept will evolve in the future

Word cloud



All

- Luxury is always the best of everything, and it can have nice local touches, such as local and organic food and interior design influenced by local or indigenous cultures. Luxury tourism will have its general global level enhanced with local touches to make it a special experience.
- Personally I think luxury tourism will become more popular: rich are getting richer and in general tourism industry is in transition. The more people use internet on regular base, the less popular package holidays will be. Also, holidays are more important ways to relax now. So people are willing to save up money to get a really unique holiday, even if that means they can only travel once a year rather than do several little holiday trips.
- It will become harder for this high end luxury will be sustained, far away destinations are becoming more affordable now, and cruises that were once seen as for the upper class are now more affordable for the average family for all destinations. It comes across now that for Europeans especially it is now more expensive to have a holiday in the EU than out of it.
- It will follow the boom and bust of global economy
- luxury used to be seen as getting something more and something new - something that nobody else had experienced. it was very high-tech almost. but now i think that people are more environmentally aware and see luxury related to nature preservation and eco-tourism. at least for me it is. i want to feel the luxury of things and services and still know that it is environmentally friendly and that i can enjoy beautiful scenery. that is luxury for me.
- Become even more exclusive!
- All markets are segmenting more with the introduction of technology and our ability to choose more personalised products. I am sure this will continue with tourism, there will always be the ultra-rich who demand the highest standards irrespective of the state of the world economy and people willing to spend large amounts for special occasions.
- Probably in a negative way: rich people will get even more ridiculous services and products, to the point that the "unluxurious tourism" will become frowned upon.
- I see it as a growth market as the gap between rich and poor gets wider in most countries.
- There will always be people who can afford luxury tourism, so I think that there will always be a demand for it. Probably it will evolve by people coming up with new concepts of 'luxury'.

I have recently seen a ridiculously expensive world trip by private jet trip advertised, but travel like this would appeal to (and be afforded by!) a very niche market.

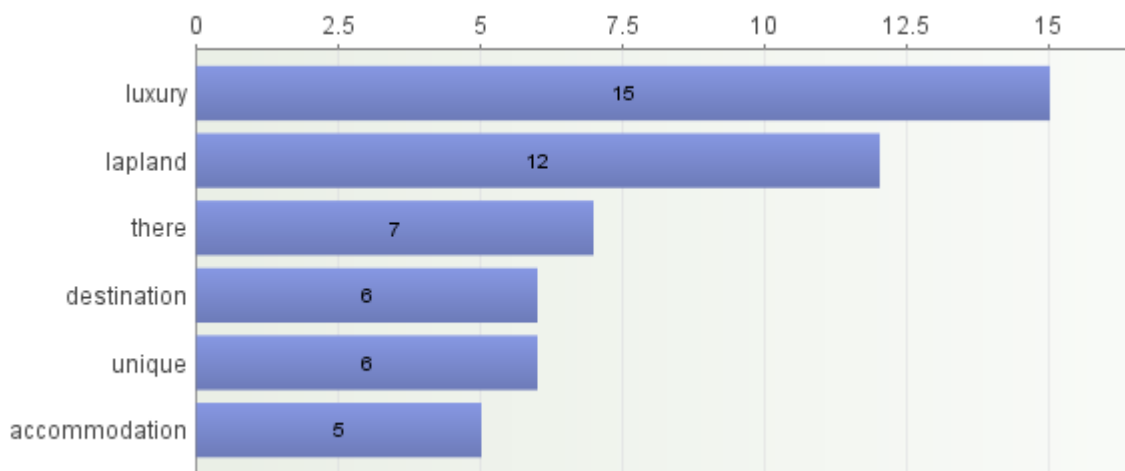
- Probably get more common
- It will be created along themes, e.g. music concerts and tourism or space travel or saving some rare species etc.
- Fantastic facilities in unusual places
- There are more and more people that have money to travel (and have travelled and experienced a lot). They are ready to spend money to experience something new and special and to treat themselves.
- I think that luxury tourism in traditional, moneymoneymoney-way, will still exist in the future, but will become more oriented towards middle class, as it has happened with cruises already. However, a person with money and time (which is also important component of travel!) will probably long for experiences rather than fancy hotel rooms. So, unique authentic experiences might be what people will be willing to pay in the future. See space travel e.g.
- Yes, as we look for more sustainable tourism methods, I feel that luxury tourism will be more in line with local traditions and blend into the surroundings.
- As is at the moment, hotels, attractions etc. will adapt to individuals more specific needs/wants & tailor individual experiences i.e. iPads at hotels on which customers can place orders, seek assistance etc.
- Luxus gest more important, Even if you can Sent a Fes saß in an exclusive surrounding, People are Willing to Pay a Bit more to get High Standard. Wellness is getting more important aswell. lapland with its nature will also Good for Alternative SPA Reagens, Bio Hotels..
- Market it as one of the few unpolluted and beautiful places of natural beauty
- Luxury is not only about how much tourist pay it is also about how easily you can access the service. It will evolve to remote areas, nature but still with an easy access to technology. I believe potential tourist will become more value conscious.
- fewer potential customers but target segments have higher capacity to consume.
- More extreme travel will probably be more commonplace like space travel.
- I imagine this is an expanding industry particularly given the growth of Chinese/Indian middle class.
- Since people will become more demanding and wealthy and travel more there is probably market for this. Which, I must say, is not a good thing considering the nature and cultural diversity.
- My wild guess is that it will be easier to individualize it and it will be more private and personal.
- More emphasis on experience/emotions rather than the tactile things
- There will be more of it. Rich people coming for example from Russia and Asia will demand it even more. But in the end I think luxury tourism is only a little part of tourism.
- I think it will become more segmented, as the developing nations like china and India will enter the market. But in general, I think it will stay the same "obvious luxury" will represent the bigger segment, while 'tranquillity, nature and freedom' will stay a niche market for sophisticated customers
- perhaps something to do with rarities of nature. Seeing rare species, volcanic areas, enjoying absolutely clean and safe surroundings. Participating in some traditional events without a mass of "ordinary" tourists.
- I think it will become a thing for even less people when thinking about 5\* locations, prices go up. But for "regular" people experiences in exotic places will still be accessible and popular. Luxury can be low-cost and still something amazing.
- one of a kind, unique, exclusive
- Quality total package, including travel, furnishings, and quality all inclusive foods

Describe how you feel Lapland as a destination meets the needs of luxury consumers

Word cloud



Words



All

- It does not meet the needs of luxury consumers at all. It lacks all ingredients: no luxury transport options, no luxury accommodation, not enough luxury activities. Is the friendliness of the locals enough? However, there are many well educated tourism professionals living in Lapland, so the services should be professionally delivered at least.
- Lapland is ideal destination for luxury tourists: Lapland is mysterious, different and unique place.
- It's an exclusive location, where not everybody can afford to go
- because you cannot find a similar place anywhere else! it's such a unique location with unique scenery - that makes it luxury.
- Probably very well. Massive wooden houses with fancy design fire places and hot tubs. Reindeer sled rides etc.
- Well - please see above.

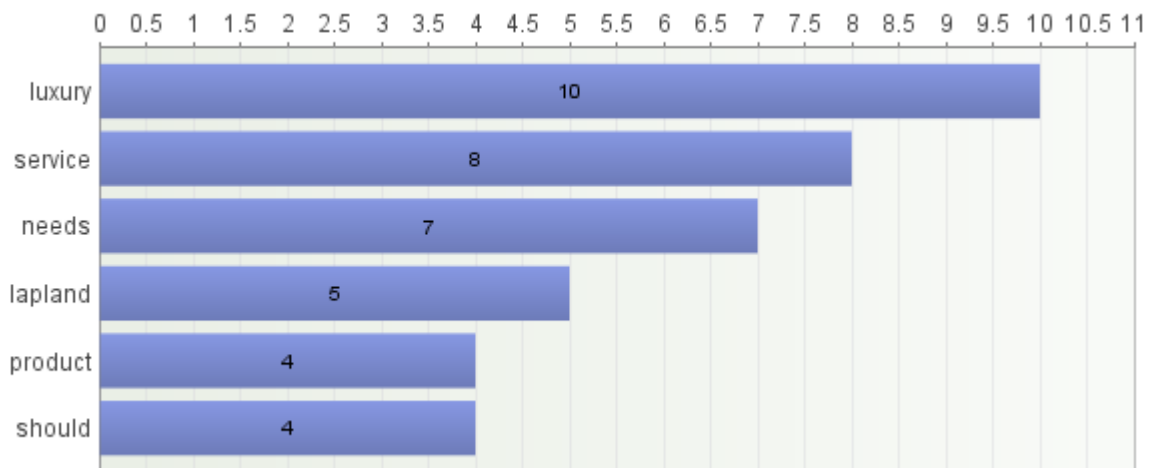
- I feel Lapland meets the needs of luxury customers well
- Extreme experiences, good food
- From 1 to 10, I presume 7.
- Providing convenient and safe access to the wilderness
- When I think of etc. Ski centres in Lapland luxury isn't the first thing that comes to mind. Luxury in Lapland is the beauty of the nature. Someone just has to find and offer the best bits for the customer so in this case the quality of the accommodation and skilled personnel (nature guide etc.) have essential role; also good food and drinks.
- To me Lapland is not associated with luxury. There is probably a potential in ski resorts to position themselves as luxury - with exclusive villas, husky rides etc. - but I have a feeling that this niche has already been taken. If luxury means something unique, then Lapland should offer something where mass market has not yet come. So, no Santa, no winter sports, no nature holidays. Is there something left, I do not know.
- With bespoke accommodation, food and entertainment.
- A high price-point indicates 'luxury' which is provided in various ways such as the accommodation, surroundings, food, activities, overall experience.
- Wide Country that Gives a Feeling of individualism.
- I see it as a place to take the kids to see Santa. In that case, certainly wouldn't need/be able to afford luxury. If I was going on a luxury holiday without the kids, I'd expect to stay in an ice hotel (????)
- It is a unique destination especially nowadays when the planet is so overcrowded and polluted
- I would think that the scenery and culture with special food would provide a unique and luxurious experience
- When I think of Lapland as a destination I think of an exotic winter destination. Luxury I would only call it at the cost-value context. Service wise I would call it rather rigid. One example is the worldwide known igloo village is a good example of monopoly / though it is a private company. Most unfriendly owner I ever met.
- As a destination Lapland meets luxury travel genre well
- Very well. Lapland has many destinations and attractions that especially foreigners find exotic and special.
- Lapland does not stand for luxury for me but I can think it is exotic and in a way luxurious for people from other countries.
- I believe most places in Lapland meet the needs. Of course there are few "problems" which mean Lapland can't attract all: 1) weather and location, 2) you need to be pretty active to get the best out of it (skiing, hiking, husky safaris,...) and everyone is not up for it.
- There's a lot of empty space which some people might find luxurious
- Provides variety of accommodation at high standards, fabulous scenery/views. Unique experience
- There could be more luxury for tourists. But if it gets too luxurious it wouldn't be Lapland anymore.
- It has the natural beauty, but no well-known luxury services so far. I think nature only is not enough, as there are many beautiful places in the world, but it takes more to become a luxury destination
- Quite well. Lapland is something that only Norway shares with Finland. And I'm quite sure it still is different.
- I believe it is quiet, secluded and expensive
- It has potential to be luxury destination.
- Haven't met any luxury tourist spots in Lapland

Describe how you can improve your products and services, or in general hospitality and tourism providers can to meet the needs of luxury consumers

Word cloud



Words



All

- There needs to be more luxury accommodation options, the train connections should be improved and also the activities should be designed to meet the needs of luxury consumers, not just your standard lot or the humble Finnish tastes.
- The overall of service needs to shape up. Customer service is a key in luxury tourism and Finns always have some brushing up to do in that department. Also, tailor-made and personal services need to be provided more. Luxury tourists don't mind paying bit more if she/he gets personal service. Also, product variety needs to be broadening: reindeer safaris and skiing is not enough.
- everything has to be custom-made to the customers needs; if i am travelling with little kids I want the tourism providers to think of activities that my children will enjoy, were they 5 or 15-years-old. If i am travelling with my spouse i want the program and activities to be different, more romantic perhaps. I want something special, i want not to be worrying about bookings or schedules - this should all be done by the service providers in order to make my vacation a luxury vacation.



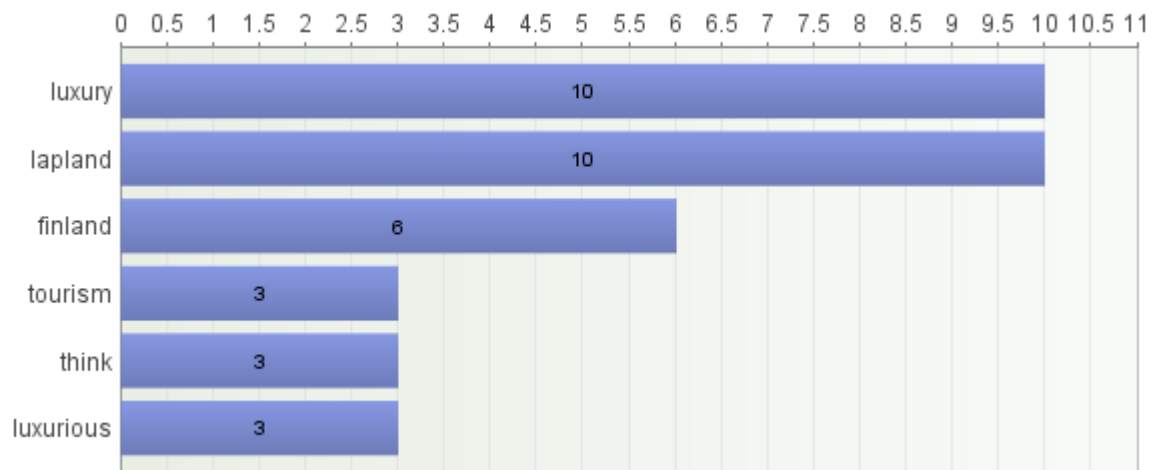
- Maybe add a few more extravagant things to do like I don't know swimming under ice or something. Maybe that's not as much luxurious as crazy though.
- I felt the cuisine was a little limited and reindeer and cloudberries featured in every meal in some guises which although understandable became a little bland after two weeks. Perhaps more international cuisine, I seem to remember I was desperate for a sandwich by the time I came home and I don't even really like sandwiches!!! we actively hunted down variety and found some lamb in another hotel restaurant so went to dine there. Perhaps more internal flights to allow people to do more than one location we had to do half a day in a taxi to get from one resort to another which although it allowed us to see more of Lapland would have been more convenient to fly.
- The more about the needs of the customer.
- Privacy and Better service mentality, better quality hotels, spas, etc.
- By identifying what luxury is, for some tourist having breakfast can be luxury.
- Wider range of goods not just Lapland-centric
- They have to understand what "luxus" is what this segment wants and needs. Finns (and Lapland) can be proud of what they have (also food; Finnish berries, reindeer, fish, etc.), to make it luxury the product has to be thought thru carefully with all the details (not to serve champagne from plastic cups or have fake flowers for decoration).
- Open Loui Vuitton shop? :) I cannot think of anything in particular.
- I feel that luxury accommodation and hospitality capitalises on local customs and traditions-coupled with the highest of standards in accommodation and food.
- By catering to more individual's needs.
- Offer Individual Tours, small Personal Hotels with High Standard, typical Food in High quality individual excursions to Hidden .places. Husky Tours, overnights in Igloos...
- Maybe by getting some feedback from customers when they visit as visitors are from different countries and cultures so they may have special needs
- Make more informative websites
- many safari companies in Lapland do not function well. It is far from what they charge for. Customizing services and products is almost impossible due to attitudes we receive from providers. I know I should book in advanced (3-5 months) which in our market almost impossible. People who can afford luxury tend to book last minute which is totally do not match with the desired method in Lapland (surely all over Scandinavia). I believe many luxury product seekers from Turkish market cannot reach the right product. The biggest problem I face is that activities / safaris' are not always guided / introduced well enough and tourist face difficulties in understanding what danger / comfortless they are about to experience.
- The service experience life-span should be prolonged on before and after the actual physical service experience.
- Smile more
- I think the problem with tourism and for instance the restaurant sector as a whole in Finland is that many places would like to be "luxurious" but all they do is that they have high prices but the quality of the food/service/... is still not that good. If you want to run a luxurious restaurant/hotel/... you have to go all the way. The prices may get so high that it scares off "regular people" but you still make those customers that can afford to come back happy and content.
- They could take better advantage out of the emptiness. They could for example make a HUGE yet super stylish cabin with all the best facilities and a private massager on some lakeshore.
- For example in Lapland there could be some kind of luxus packages which include luxus hotels, restaurants and nature experiences (huskies, reindeer, and mountains). There isn't any luxus around Santa Claus theme.
- See Q.4 and following ad campaign aimed at target segments, plus WOM using opinion leaders
- Providing exclusive packages with stable level of excellent service. Making the visits as easy as possible, offering clothing, equipment, flexible timetables, enough guiding. Offering enough colourful information. Paying attention to different cultural customer groups.
- By promoting Finnish design and handicrafts in the accommodation. Having a very unique and personalized way of organizing experiences for tourists.
- offer an experience, not a product or a service, that is both unique and personal
- High quality surroundings, luxury travel and excellent customer service
- We need money and more consumers that we can provide luxury services.
- Build luxury hotels and infrastructure

**Any other thoughts either as Finland/Lapland as a luxury destination or in relation to luxury tourism as a whole please write below**

Word cloud

about anything areas around assumptions beauty being branding clients continue copenhagen could crucial definitely destination education especially establishments exotic experience experiences facilities finland foreign generally great hotels implementation important investing issues lapland laying luxurious luxurious luxury market media might naming natural nature offering often operators opportunity other overboard people place placed problem punctuality quality rarity rather relaxation sauna service sites spoil staff studied summer tangible terminals terrace their there thing think tourism understanding undisturbed visit walking which whole winter would

Words



All

- It is high time that Lapland tourism service providers start investing in true luxury as soon the foreign companies (hotels and tour operators) will come along and start offering the services to their own clients. Finns will lose their market unless they act now.
- Finland generally has a conservative attitude towards 'luxury' and expression of wealth. Finland does not carry the image of being a luxurious destination and this may take decades to change
- Helsinki as such is not a luxury city for me. There is not much to see after a day of walking around and there isn't a cosmopolitan vibe to the city. If I want a city vacation with luxury I would rather head to Copenhagen and not to Helsinki. But for the unique nature and scenery I definitely would advise people to visit Lapland.
- Lapland as a place of relaxation is not hard to sell. Undisturbed nature. But maybe in terms of luxury destination that is the problem, nothing to do really but to ski (if it's not too cold) or go to the sauna (if you don't have a problem with nu-

dity).

- More advertisement on sites or media where people who are likely to book luxury holidays
- I think luxury is not tangible it is what you perceive, however price can be placed on assumptions and the value of that assumptions has to exceed the expectations- then that is luxury.
- Make more of the train access to Lapland. Lots of room for improvement both in access and quality of on-board facilities and facilities at terminals.
- These days punctuality and smooth running of events and establishments is a rarity something which in Finland is commonplace
- Lapland of natural beauty and place to relax totally
- Finland / Lapland as a luxury destination is missing the understanding in the absolute necessity in service quality. Opening hours, promptness in service, overall flexibility and implementation in cultural issues (needs, desires, and values) should be studied more closely.
- I don't imagine many people visit Finland other than Lapland trips from the UK very often - it might be benefit from more TV advertising.
- I hope it won't be too luxurious in Lapland since it feels like it's not a real thing but rather a thing for rich Russians and it might even spoil the whole "Lapland spirit"
- If I had the opportunity, and could afford it, I would definitely visit Finland/Lapland for the beauty, culture and diversity.
- I think our archipelago around Turku could also be a great place for luxury tourism. It could be partly luxurious and partly "real nature".
- Clear packaging. Defining the phenomena. Naming the experiences interestingly. Branding areas. Good education for staff crucial. Staff who can speak many languages. Indigenous traits of the area well presented.
- Finland and especially Lapland will continue to sell itself by being exotic to so many nationalities. I think it is very important not to go overboard with the luxury as a word. Luxurious is very individualistic, it can be just as luxurious to hang out at a camp fire in the winter as laying in a Jacuzzi on the terrace in the summer. Luxury is experiences more than anything else.