

POTENCIAL FOR RUSSIAN INCENTIVE TOURISM TO FINLAND

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Abstract. *This research article is analyzing incentive travelling as a topic. Also it analyzes the current trends in intensive tourist flows from Russia to Finland. The purpose of the research was to find out the form of Russian outbound MICE tourism and the needs of Russian companies in Finnish incentive services. The report is based on various sources and numerous discussions with different parties over the last years. The study investigates if there is any demand from the Russian market for Finnish supply of MICE services. As a tool, 2 individual interviews with the representatives of Russian and Finnish MICE service providers and purchasers were used. The results show what kind of needs Russian companies have in Finnish supply of MICE services. The work also gives recommendations on how to work with Russian incentive travelling market using a holiday resort Järvisydän, which is situated on Lake Saimaa South Savo region of Finland as a case. Moreover, the research revealed important aspects in MICE tourism development in Russia such as the influence of the economic crisis and a comparatively young age of MICE tourism in Russia.*

Keywords: *incentive tourists, MICE tourism, preferences, Finland, Russia, inbound tourism.*

Tourism is very important for Finnish national economy. According to the latest statistics (Visit Finland, 2015) tourism and travel industry provides 5,1% to the whole GDP in Finland and the influence of this sector is expecting to grow till 2024 up to 7,7%.

In 2013, the value added generated by tourism amounted to €4.3 bn, i.e. 2.5% of Finland's GDP. This was larger than the food industry and almost twice as high as agriculture. In 2013, a total of €14.4 billion was spent on tourism in Finland. This includes the consumption expenditure of Finnish and foreign tourists. Foreign travellers accounted for 31% (EUR4.4bn) of total tourism consumption.

According to Visit Finland Visitor Survey (2015), Finland received 7.6 million foreign visitors in 2014 which brought €2.5 billion. Russians topped the list of foreign tourists visiting Finland with 1,3 million people. But after the collapse of the Russian rouble and the Ukraine crisis the number of Russian tourists visiting Finland has significantly dropped. According to Asikainen (Asikainen, 2015) the overall fall in the number of Russian tourists was as high as 50%, several popular border towns reported a 70% drop in Russian tourists over the Christmas and New Year holidays compared to previous years. A ski resort near the border with Russia reported an 80% drop in Russian visitors.

No doubt that leisure tourism is forming quite a big number of Russian trips to Finland. But business MICE (Meetings, Incentives, Conventions and Exhibitions) tourism could bring much bigger financial benefits to the accepting country (The business travel, 2011). Finland can have a fair share of growing touristic Russian potential and of MICE tourism as well. Regarding the destination for international meetings Finland was ranked as 22 out of 104 in 2013 (ICCA, 2014.).

The commissioner of this research is Järvisydän – a hotel and SPA resort on the Saimaa Lake in South Savo region of Finland. This holiday center is well known in Finland since it was founded in 1658 and is a member of the Saimaa holiday club. In summer 2015, they opened a new hotel right next to the main building and later in 2015 the SPA center will host its guests (Järvisydän, 2015). This research was made in winter 2014-2015 before those renovations. This holiday center wanted to diversify into a new market of incentive tourism. Therefore, the purpose of this research article is to analyze what Russian incentive tourists would prefer when choosing Finland as a MICE destination.

The industry of MICE tourism is a complex and diverse one. This sector is associated with planning, travel and participation in different kinds of programmes and events. The incentive travel is a kind of agreement between a company and its employees and/or customers. The wording of the agreement may be the following: "You do this for us, and we will reward you in a way you will never forget". The sector of MICE also includes a leisure tourism part, which is added to the main business programme. And this contributes highly to the development of the destination and brings benefits to it. (Buhalis, 2009). MICE tourism usually consists of a well-planned agenda centered on a particular

theme, such as a hobby, a profession, or an educational topic. The majority of traditional incentive trips imply a group of people for whom an activity and entertainment programme is tailored.

Most components of MICE are well understood, perhaps with the exception of Incentives. Incentive tourism is usually undertaken as a type of employee reward by a company or institution for targets met or exceeded, or a job well done. Unlike the other types of MICE tourism, Incentive tourism is usually conducted purely for entertainment, rather than professional or educational purposes.

As far as 2014 has been a good year for incentive travel, the outlook for future is very positive, due to increasing popularity of business travel and recovering of the global economy (Eurostat, 2014.). According to Kevin M. Hinton (2014) who is the president of SITE (society for incentive travel excellence) after the global economic downturn companies started to renew their interest towards incentive programmes. Moreover, several researches show that incentive travel is a good tool for companies which are willing to reach the highest targets and revenues, motivating their employees. Incentive travel is a business-related travel tailor-made for members of the company in order to motivate and inspire them and help to become more successful in business (Kelly D, 2014).

Different categories of MICE tourism can merge into one another. Thus, for instance a meeting can be added to an exhibition and an incentive programme can be joined to a conference. And by doing this MICE tourism generates much higher volumes of visitors and finance occupied than in any form of leisure tourism.

Incentive travel is that discipline of sales and marketing and management, which uses promise, fulfillment and memory of an exceptional travel related experience to motivate participating individuals to attain exceptional levels of achievement in their place of work or education (Fischer 2005, 138).

One more advantage of the incentive travel for the rewarded is better understanding from their partners and family of extra time and effort they had to invest in order to be rewarded. When they take their family members on a holiday with them, the family will tolerate extra working hours more.

In every person, there are 4 types of the motivation to travel (according to McIntosh, 1984), and the incentive travel can cover all of them:

- Physical motivation (rest, health, sport, etc.)
- Cultural motivation (desire to get to know and experience other cultures)
- Interpersonal motivation (meeting and connecting with other people)
- Status and prestige motivation

Incentive travel is “a global management tool that uses an exceptional travel experience to motivate and /or recognize participants for increased levels of performance in support of organizational goals” (Davidson & Cope, 2003, 158). As far as incentive tourism is considered to be a part of an employee motivation, we could suspect that non-cash rewards are more valuable than just an average cash reward (Watson 2012). The incentive travel impacts those employees who have not been among the rewarded as well. When rewarded colleagues return from their trips excited and with fascinating descriptions of events and the complete experience, other colleagues will be stimulated to work harder in order to be rewarded next time.

Everybody has the need to be respected and to belong. People feel calm, safe and satisfied when they feel wanted and important. To be rewarded a trip for your effort invested and results achieved, creates certain pride and the feeling of victory and success in the rewarded. Social status is improved, not only because he/she is recognized as a top salesperson, but because he/she is one of a few to be able to experience this special reward.

There has been a relatively small amount of research about Incentive Travel in Finland. Since the foundation of the Finnish Tourist Board in 1973, it was the aim to collect tourism related data to develop the inbound travel, however the majority of stored data was of the summer season, mainly defined as recreational- and fitness-, as well as congress- and incentive- travel.

The national marketing strategy for the foreign market till 2020 includes the reference of incoming agencies and congress travel. This market area was seen as a growing part of incoming business travel, which meant an operational incoming activity and know-how in marketing and selling of travel services.

Recently most foreign groups came from Germany and Spain. Most of the individual visitors came from France, Germany and Russia. 59 % of the incentive travel task came through foreign agencies. Almost 80% of incentive groups consisted of less than 50 persons and only 3 % of groups had more than 200 persons. The most popular destinations in Finland were the regions of Lapland, followed by Pirkanmaa, Eastern Finland and South Karelia. (Finnish Tourist Board, 2014).

Most international corporate events still came from Germany, Russia and Spain. In terms of numbers of participants, the main countries of origin were Spain, France and Germany. The majority of events, 71 percent, involved less than 50 people, and their main destinations in Finland were Eastern Finland – 48 % and Lapland - 33 %. The most popular season for events was January-March. The total value of the economic impact of international corporate events was thus 125.1 million euros, of which incentive groups accounted for 32.7 million. Among the incentive groups 36 % included a meeting or training event. The average duration of all corporate events was 3.2 nights and of just incentive programmes 2.8 nights. The average price of programme packages per person and per day, excluding incentive groups, was 198 euros. The corresponding average price for incentive programme packages was 332 euros (Finnish Tourist Board, 2014).

Russia is the country where tourism is actively developing now. MICE and business tourism are quite new forms of tourism in Russia. Vadim Zelenski from Business Travel Agencies Association (BTAA) in his interview to “Russian Business-Newspaper” (2010) has told that MICE tourism in Russia is very young comparing to Western European countries where such form of tourism has already existed for 40-50 years.

Incentive tourism is quite unpopular in Russia now. Russian companies prefer to travel for MICE purposes abroad rather than using domestic market services. Financial crisis also affects already a small amount of incentive trips. If few years ago companies could afford a big celebration abroad, now this is one of the first issues where they cut the expenses down. Due to financial circumstances such trips have been reduced by 60%. (BTAA, 2009).

There are numerous destinations with rich cultural and historical heritage, intact landscapes, top selection of food and drink and friendly people. However, each destination in the world is unique in its history, people and happenings.

Regarding Finland as a destination for incentive tourists there is a tiny obstacle. The price average in Finland is rather high in comparison with other European countries. According to Eurostat statistics report (2014) Finland ranked as the fifth most expensive county in EU, regarding services and consumer goods. In addition, Finland is a not very well-known country amongst others, due to lack of appropriate marketing. Nevertheless, Finland has remarkable nature and unique atmosphere combining with customer-oriented high services, constant innovations and modifications of offered services, thus we could suggest that using good marketing it could become a popular European destination for Russian incentive travelers.

Most of the Russian tourists, willing to enjoy Finnish nature and lake Saimaa, are driving through the South Savo, which increases the chance for more visitors in the region. This passive impact of growing incoming tourism might be another method of promotion for the region. The awareness level of the region grows and increases possibilities to be recognized as an incentive travel destination on the Russian market.

South Savo is an easily accessible and linked region, which offers and develops its high quality tourism products and events, all year long. Their products and services are adequate for individual-, group-, and corporate travellers. Incoming tourism has grown to one of the most important industries in the region. The variety of cultural attractions and tourism related services in the archipelago are the cornerstones of the region’s tourism, which are also permanently developed. The focus of the regions business strategy is to support the development of tourism related business operations and strengthen the independence, competence, investment skills, as well as the responsibility for further actions in the development of the region’s private and public sector.

Järvisydän, a hotel and SPA resort on the Saimaa lake is situated in the South Savo region of Finland. It is situated in a distance of only half an hour by car way from the town of Savonlinna, one of the most popular destinations for holiday in Finland. (Savonlinna Ltd, 2015.) The region suggests its guests a huge variety of outdoor activities, starting from a beach holiday to the world famous Opera Festival and high - class concerts and performances. It is an interesting fact that these opera festivals take place on the ground of the medieval Olavinlinna Castle, (Savonlinna Ltd, 2015.)

The holiday resort suggests a variety of accommodation types from an ordinary room to exceptional villa with a suite. They have 8 hillside villas with a wonderful view over the lake for 10 guests in double rooms. Additionally, there are three log cottages, which have a beautiful view over a birch grove and the lake. Moreover, there are also 2 lakeside villas, which are situated on the same shore next to each other, with a distance between each other of about 50 meters. The distance to the

other cottages and other services of the Holiday Resort is about 300 metres. Lakeside Villas have their own beach, small pier, Jacuzzi and 2 saunas, one is an electric inside sauna and another is an outdoor lakeshore wood stove sauna, which opens only for summer time. In addition the resort is ready to offer its guest 3 private cottages nearby the Saimaa Lake which are only 1km from Järvisydän. The two of them are ready to host up to six guests while the third one provides a fine holiday for ten customers. (Järvisydän, 2015)

There are two different restaurants. First one is the medieval restaurant Piikättyttö at the holiday resort Järvisydän, which offers unique issues for dining and different in the medieval atmosphere. There is a room for 150 guests to come and be served by hospitable people of Järvisydän – the main hall seats 120 persons and the smaller room 30 persons. In this restaurant guests can enjoy healthy breakfasts, appealing lunches and delicious dinners. Certainly, the ambience here play very important role and makes this place attractive and unique for many people. Moreover, this restaurant, also offers its guests buffet choices with a rich choice of various meals. The second restaurant, Tepee, is situated in the midst spruce forest, not far away from the cottages of the holiday resort. The restaurant is well suited for groups of 50 people. Restaurant works only by arrangement and it offers open fire dishes made by a chief in front of them. (Järvisydän, 2015)

There is one more remarkable place where guests of the holiday resort can try something special, is The Wine Hall with the biggest wine cellar in the area. It is situated in connection with the medieval restaurant Piikättyttö. It was built right in the natural rock and offers new premises for festive occasions and dining. It can host about 200 persons, (Järvisydän, 2015)

And additionally, the national parks and protected nature reserves of Lake Saimaa make tranquil, wild and watery destinations for experienced and novice paddlers alike. They also are home to one of the world's most endangered sea mammals, the Saimaa Ringed Seal. Travelling along the fjords of Kolovesi National Park either in a kayak or canoe will lead a guest to the Linnansaari National Park with excellent opportunities for kayaking and camping on small islands. A lot of activities - fishing safaris, canoeing trips, lake safaris, Saimaa ringed seal watching trips to the Linnansaari National Park, cycling, hiking, rowing boats, different winter activities could be suggested to an incentive tourist.

We must start with a few words we would like to say about Russians as incentive tourists. Some information might be outdated and certain assumptions can be made, about the expected way how Russian customers might act and behave. We did those conclusions using Geert Hofstede's theory on cultural dimensions. (Dimensions of national culture, 2012.)

The Russian business society is not highly democratic; workers and management do not share a canteen, car parks and washrooms. Russia is ranking 93 points from 100 in power distance dimension. This point is showing a very huge distance in between management and ordinary workers. So, representatives from both level groups must be divided.

Regarding uncertainly avoidance and indulgence scales, Russian respondents show 95 points and 20 points of 100. It means that Russians prefer risk-taking and adventure types of vacation rather than a peaceful type of vacation. For many Russians it is very important to have any exotic happenings during the vacation because they could tell about them to their friends and colleagues. So, if suggesting Finland it is needed to have any specialties included.

The working day is rather long and even business meetings may continue in sauna or during the dinner together with people with whom they started early in the day. Regarding incentive tourism, it can be said, that Russians are a high demanding customer group when participating in incentive elements like meetings, conferences or team-building activities. Russians will not doubt the effectiveness of a conference, in case of unusual and exceptional locations with any extraordinary activities which match the usual standards. The best choice for after-work activities for Russians might be an overnight stay in a group tent or any other activity, where they might feel comfortable with their friends and colleagues. Comfort is very important for Russian incentive customers. They would prefer hotels and resorts 4* - 5*, they should impress the consumers in the best way.

Generally, the largest buyers of incentive programmes come from the automotive industry, financial services, pharmaceutical industry, office equipment industry, electronics, telecommunications, food processing and tobacco industry, etc.

We performed interviews with the representative of Järvisydän holiday resort and the Russian company Aeroclub which is considered to be a Russian leader in corporate travelling. Aeroclub is the

representative of the global travel management company BCD in Russia. (Aeroclub, 2015). In Finland we had met the person who is in charge of Russian sales. In Russia the interview was conducted with the head of the department of Russian corporate events and incentive programmes. We discussed with them possible group and the trip (size of the group, duration and intention of the trip, expectations, amount of money used, etc.)

Annually Järvisydän accepts about 20% of Russian customers. Mostly they are coming with leisure purposes from Moscow and Saint-Petersburg. Those cities are in preference because of easy accessibility. There are train and plain connection existing, also attractive since the motorway E-5 leads directly to the Russian metropolis Saint Petersburg. Scheduled busses of local and private bus-companies, as well as Finland's most known bus-company Savonlinja, go daily from Saint-Petersburg to Savonlinna.

An interesting fact both companies never heard about each other. Even though, both are working on the Finnish Russian travel market for many years. Before the meeting photos and web link were sent to the interviewees. Both companies expressed their readiness for co-operation.

Talking about preferable destinations among Russian customers, Aeroclub pointed out that Hong Kong, Singapore, Shanghai, Dubai and Seoul were the top countries for Russian MICE travelers in 2014. Many corporate travel companies choose India, Thailand and Vietnam because of low prices and high quality of service. All these choice of destinations could prove that Russians prefer exotic countries. On the other hand, many of tourists mentioned a very long flight – about 7 hours or longer. Here Finland could win the game – the trip could take only about 4-5 hours by car. One more way of transportation is traveling from St. Petersburg to Järvisydän by a water route. Furthermore, cruise is a very nice way to start a trip because such way of transportation has a few romantic points which always well for tourists who need to change the atmosphere of their lives.

As for the duration of incentive trips, mainly they last four days and three nights. Commonly the trip begins on Thursdays with the average number of tourists from 30 to 50 persons. It is possible to take a family member for the trip if the person is paying himself for services. All seasons are suitable for incentive trips except summer.

Regarding the type of incentive programmes, the majority of Russian clients are likely to purchase all-inclusive options, so their employees shall not spend any additional money either for entertainment activities or for food and accommodation. The average money spent by a company per person is 200-400 EUR per day.

The second interview was devoted to analyze what the holiday resort could suggest for an incentive group. We described accommodation and restaurant facilities of the holiday resort and could suspect that a group of 30-50 persons could be easily served in Järvisydän. Easy access to the destination is already described. The only point that we wanted to discuss is what kind of activities are suggested in the area. They organize different kinds of competitions, such as fishing, hunting, shooting and so on. In addition, regarding group activities, they offer the biggest variety of entertainment in the whole region, started from hiking to safaris and paddling. Also natural and cultural attractions that are situated in near distance could be used for incentive programs as well. If the amount of outdoor activities is growing in the region, the demand for those services might grow as well and thereby, the need for other services like food and accommodation will also experience a growth.

We believe that incentive kind of quality tourism has the highest potential in Finland, compared to mass tourism products. We recognized that Finnish hospitality companies understand the difference between regular products and incentive products, and are ready to offer the Russian customers certain upgrades, which they regularly suggest to their ordinary target group, which is formed by Finnish business travellers, as well as cruise guests arriving from Helsinki.

We found out that Järvisydän, a holiday resort in South Savo, would be interested in an example incentive programme that they might be able to use for their Russian customers. According to that research, most of the customer groups are under 50 people and they are mostly staying three nights and four days. The travelling time is from September to May, but most groups come in September, January or May. Furthermore, it must be an activity-based incentive trip focusing on teamwork as well as individual skills and well-being.

We also could assume that the Russian customer group coming to Finland will consist of employees of a Russian company operating abroad, and therefore, a meeting with colleagues could be included in the programme. The main reason for this is that international employers will get the chance to talk to their employees about work related things.

The potential place for incentive group should be unique and impressive, as well as, has an acceptable price. The Russian company is ready to spend about 200-400 EUR per person per day. Considering services provided by a suitable destination, they should include various outdoors activities, such kayaking, hiking, fishing and so on. The main demand of corporate clients is exceptionality of an activity, which brings a lot of joy and satisfaction to the consumers.

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