

City Marketing

Case: Moscow

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ABSTRACT

Nowadays cities compete with each other for attracting investments and people, which make them implement new city marketing and city branding strategies. There are many factors that can influence city image and its perception in customers' minds. The purpose of this thesis is to realize how a well-selected city marketing strategy benefits the city and gain a deeper understanding of city marketing possibilities. The final goal is to offer suggestions for the city of Moscow, which can help to increase the inflow of tourists and international companies.

The deductive approach was chosen for the research. Both qualitative and quantitative methods are used in order to answer the research question correctly. Primary data is collected from the survey conducted among Lahti University of Applied Sciences and Neu Ulm University of Applied Sciences students and interviews of Tourism Department and IKEA representatives. Primary data is supported with secondary data that was gained from literature, articles and Internet sources.

The theory of 4P's and PESTEL-analysis were implemented for a better understanding of marketing concept. Customer decision making theory was used for a deeper comprehension of how customers react to brands. As the final goal of the research is the creation of development plan, the SWOT-analysis is used.

Research findings show that the main factor influencing customers' decisions is social media marketing as many people use it as a searching tool and feedback. At the same time, tourists rely on recommendations of friends and relatives, while international companies tend to analyze reliable sources and city's development.

Key words: city marketing, customer decision making, development plan, social media, swot-analysis

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1 INTRODUCTION

This chapter aims at the introducing of the reader to the thesis background of the thesis topic followed by the explanation of the methods that were used. The objective of the research is clearly stated, research questions are explained, limitations are presented.

1.1 Research Background

City Marketing itself is working on the creation of the certain value for city in customers' minds. City branding is facing a new era of acknowledgment. It is widely known that people tend to choose specific brands and trademarks instead of other assets (Moilanen & Rainisto 2008, 11). Moreover, city branding can be considered as a long-term investment, which is beneficial for residents.

It is worth mentioning that city marketing plays an important role in the business sphere as well as in the tourism field. The city with a positive reputation is more likely to attract new companies and investors, which in the long run brings benefits to the economy. The research shows how well-done city marketing can manipulate the perception of the city for tourists and how a strong brand attracts people (Rainisto 2009, 181).

The concept of branding is widely used in the business world. The same branding strategies that are used for companies can be applied in a city marketing field as they all aim at brand awareness, brand loyalty, brand associations and property rights, perceived quality and brand image. (Moilanen & Rainisto 2008, 12.)

There are relatively many factors that can influence the perception of the city. The political situation, the level of country's development, climate, safety, the country's image in the media can be called the external factors, which influence the way foreigners form their idea of the city. However, there are also country's internal method to create a good

image of the city. It can be movies, social projects, literature, advertisements, etc., that are spread worldwide. Nowadays, social media is considered to be the most popular way to communicate with potential customers. It also helps to reach them immediately and get the feedback. There were over 2 billion people of Internet users in 2011 and the number is still growing. (Hudson 2012, 5.)

After gaining a deeper understanding of the city marketing concept, the main goal of the research is to create a development plan for the case city. The chosen organization for tourism analysis is represented by the Tourism Department of Russia, which carries most of the campaigns aimed at the creation of a stronger Moscow city brand. The business sphere will be presented by IKEA representative in Moscow. Tourism Department as well as chosen company rely mostly on social media marketing, international projects and the organization of international events. The main purpose of the thesis is to determine methods that can help to increase people's awareness of the cultural and economic image of Moscow and try to improve social media marketing of the city in order to reach more potential customers. Most of the campaigns carried in Moscow are aimed at Asian cultures, but they would like to increase tourists inflow from Western countries as well and create a better business environment in the city. In that case, the key issue of the study is to understand how to reach these target groups.

1.2 Thesis Objectives, Research Questions and Limitations

The main objective of the research is to provide a deeper understanding of the city marketing concept, its possibilities and benefits for the city area and its surroundings, but also for country' economy, especially from the case city point of view. The final goal of the thesis is to create a clear development plan that can help the case city improve their operations. The purpose of the research is to provide suggestions for the tourism and business spheres on how to use factors influencing customer decision making with a benefit.

The next important step is to determine the research question for the research. The purpose of the research question is to provide a clear understanding of the research field and to which questions the thesis is supposed to answer (Cohen 2013, 112). The research question should be formulated distinctly and should be easy to answer. In this thesis research question is:

- How the city marketing of Moscow should be improved in order to attract international companies and a bigger amount of younger tourists from Western countries?

It is not easy to answer the research question from the first time, therefore in that case the researcher may determine sub-questions, which will make the answering the main question simpler. In this research the sub-questions are:

- What is City Marketing?
- Which factors influence the perception of the city for tourists and international companies?
- What affects customer decision making, when selecting business and traveling destinations?

It is important to remember that every research has its limitations and issues that should be taken into consideration. This research is concentrated on the marketing campaigns that will be effective for Moscow, therefore it cannot be useful for other cultures and nationalities or even for other Russian cities. The target group of the case company are Western companies and tourists, in that case the development plan cannot be used for other countries. Furthermore, the thesis is focused on the Tourism Department of Russia only, so it refers mostly to the tourism and economy features, therefore it might not be suitable for other

spheres. The business decisions are analyzed only with the help of interview with IKEA representative, therefore its experience cannot be generalized for other companies. However, the information provided in the research is valid and reliable and can help the case city increase their productivity and create a strong city brand.

1.3 Theoretical Framework

The main idea of the thesis is to help the case company improve the city marketing strategy in order to reach both customer groups. There are marketing theories such as 4P's of marketing is implemented in the research to make sure the thesis is backed up from the theoretical point of view.

In order to understand strong sides of the country and cities, which is discussed in the chapter 2, the PESTEL analysis will be used.

Another important part of the research is to understand what influence customers decision making and how they make final decision, therefore the decision making tunnel will be provided in details in the chapter 3.

The research is finished with the development plan, which is created with the help of SWOT-analysis, in which all the necessary information is gathered all together.

1.4 Research Methodology and Data Collection

Before the start of the research, it is crucial to determine which research approaches to use. The researcher can choose between two options: deductive method and inductive method. Deductive method represents the movement from the general knowledge to particular, while inductive reasoning acts the other way around supposing that the research starts from concrete and leads to abstract. (Sidhu 2006, 71, 73.)

As the idea stated clear, the next thing to do is to determine a data collection method and methodology. The researcher should choose a methodology that provides a help in meeting the objective of the thesis and answering the research questions. There are several methodologies that can be used in the research process, however the researcher chose to concentrate on two of them only as they are considered to be the most common.

Quantitative method uses numbers and statistical methods. It usually based on the numerical measurements of aspects. (Thomas 2003, 2.) In the research, quantitative data can be collected with the usage of survey. In that case, data is analyzed with a statistical point of view. Quantitative data does not leave the room for changes as numbers provide precise meaning, which simplifies the organization of gathered information for the researcher. (Eriksson & Kovalainen 2015, 32.)

Qualitative method is a multi method that involves naturalistic approach to the subject matter. It usually includes empirical materials such as case studies, personal experience, interview, etc. (Thomas 2003, 1-2.) This method is normally used for a better understanding of the topic. In the research qualitative data can be collected with interview or observations. Unlike quantitative method, qualitative research leaves for the researcher some space for changing in the data collection process. (Eriksson & Kovalainen 2015, 30.)

As the objective of this research is to improve the city marketing in order to attract more international companies and to reach a bigger tourists' inflow from Western countries, the qualitative research suits better. Nevertheless, to answer thesis question and sub-questions, the quantitative method can be used as well. Thus, both qualitative and quantitative methods will be used in the research.

The moment suitable data research methods were chosen, the researcher needs to determine, how information should be collected. The

researcher always looks for the data, which helps to answer research question and achieve the research goal. (Pawar 2004, 3.)

The data for this thesis is collected from primary and secondary sources. Primary data is a data that was never collected before and collected in order to address specific problem (Wiid & Diggins 2010, 84). The primary data in this research is collected with a survey, which was spread among students of Lahti University of Applied Sciences, including exchange students and international students in Neu-Ulm University in Germany. The aim of this survey was to understand which factors influence decisions making process of young people before they select their traveling destination. Another source of primary data were interviews of a Tourism Department of Russia and IKEA representatives that were completed via email and included questions with open answers.

Besides the primary data, the research is also based on the secondary data. Secondary data is the information that already exists and was previously gathered for other purpose (Wiid & Diggins 2010, 71). In this research the secondary data is collected from literature, articles and Internet sources. In the FIGURE 1 illustrates the data collection method.

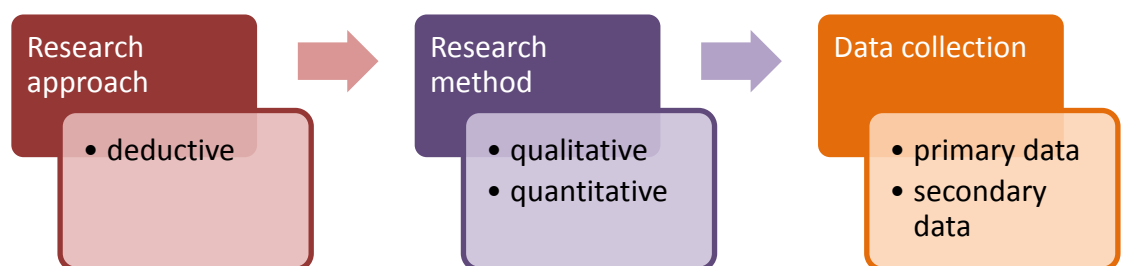


FIGURE 1. Research methods

The research will be conducted using the deductive approach. Both qualitative and quantitative research methods will be used. The data will

be collected from primary and secondary sources as there are survey and interview presented in the research.

1.5 Thesis Structure

The structure of the thesis is presented below.

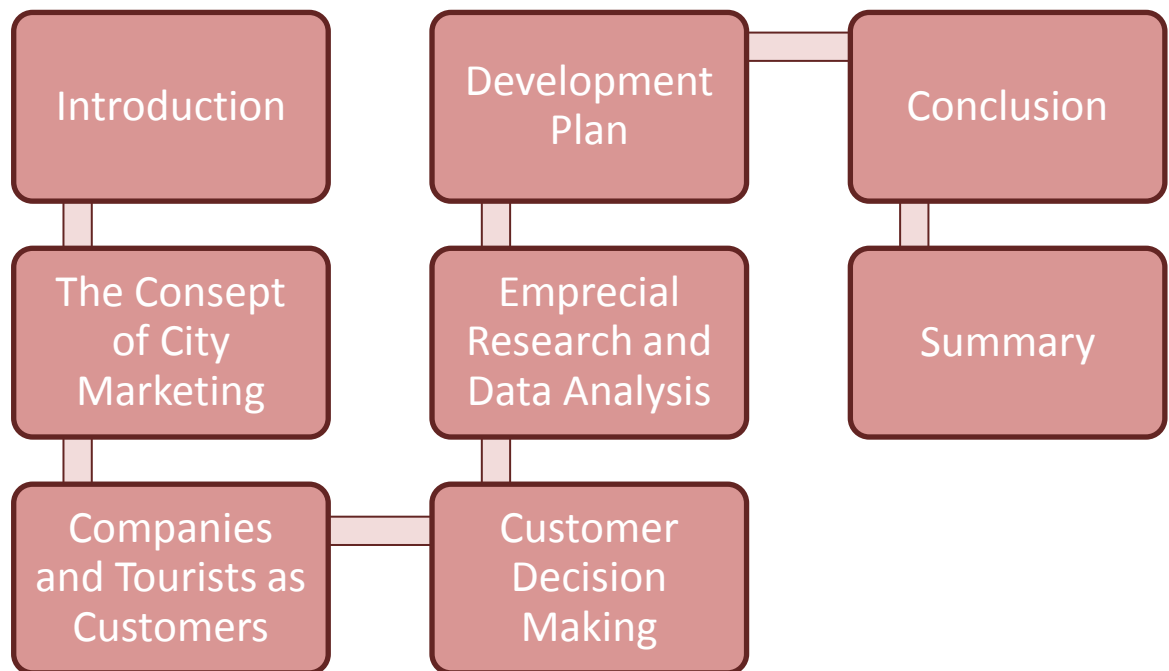


FIGURE 2. Thesis Structure

The thesis consists of two main parts – theoretical and empirical. Theoretical part includes the concept of city marketing and customer decision making, while the empirical part is represented by the development plan, in which all the information gathered used.

The thesis starts with the introduction part, which explains why this topic is chosen and introduces thesis objectives, research questions, research methods and gives an idea of the thesis structure. It is followed by the chapter 2 that provides information regarding the concept of the city marketing and acquaint the reader with the theory of 4P's in marketing and with both PESTEL and SWOT analysis.

Chapter 3 is concentrated on customer decision making and factors that might influence their choice. Most popular factors are presented, while the attention is mostly concentrated on social media marketing and how social media channels influence tourists decisions and the city image. Then in a chapter 4 tourists and companies are seen as customers of big cities. It gives a deeper understanding how tourists select their traveling destinations and how companies decide whether to invest in the city or not.

The fifth chapter is the empirical part and data analysis. It starts with the description of data collection process. The design of the survey and its questions are presented in the research as well as the interview questions. All collected data is analyzed and applied in order to answer the research question.

Chapter 6 presents the Tourism Department of Russia and IKEA, their duties, explanations of the campaigns they carry to attract tourists and businesses and estimation of the most successful action. It is followed by the development plan for the case city, which provides a detailed recommendation for business and tourism spheres development, what should and can be improved, which campaigns people prefer and how activity on the social media can be beneficial for tourism and for the business spheres. The development plan is based on both theoretical research and empirical knowledge that were gained from primary and secondary sources.

The seventh chapter is the conclusion of the research, in which answers to the research questions as well as for sub-questions are provided. The reliability and validity of the thesis are discussed. Suggestions for the further research are given. The thesis ends with a chapter 9, in which the summary of the research presented.

2 THE CONCEPT OF CITY MARKETING AND CITY BRANDING

The aim of this chapter is to give the reader a clear idea of the concept of city marketing and city branding as it is gaining a popularity in both the tourism and business spheres. It includes a definition of the city marketing concept and marketing theories, analysis of city image and key city actors, examples of successfully implemented city branding strategies and social media influence on the city perception.

2.1 Definition of City Marketing

City marketing is the promotion of a city, or a district within it, with the aim of encouraging certain activities to take place there. City marketing itself is aimed at turning city into a brand in customers' mind, which will encourage tourists' inflow, positive migration and business relocation. Moreover, as was already mentioned before, people tend to pay extra attention to trademarks and brands, therefore willing to spend more on them. (Bayraktar & Uslay 2016, 187.)

Marketing mix can be called one of the key theories in marketing. It is implemented in the majority of business fields. Marketing mix includes all marketing decisions and actions that are needed to make sure that a product or a brand will be successful. There are four levels of marketing mix: Product, Price, Place and Promotion, which are shown on the FIGURE 3 below. (Kubicki 2015, 2-3.)

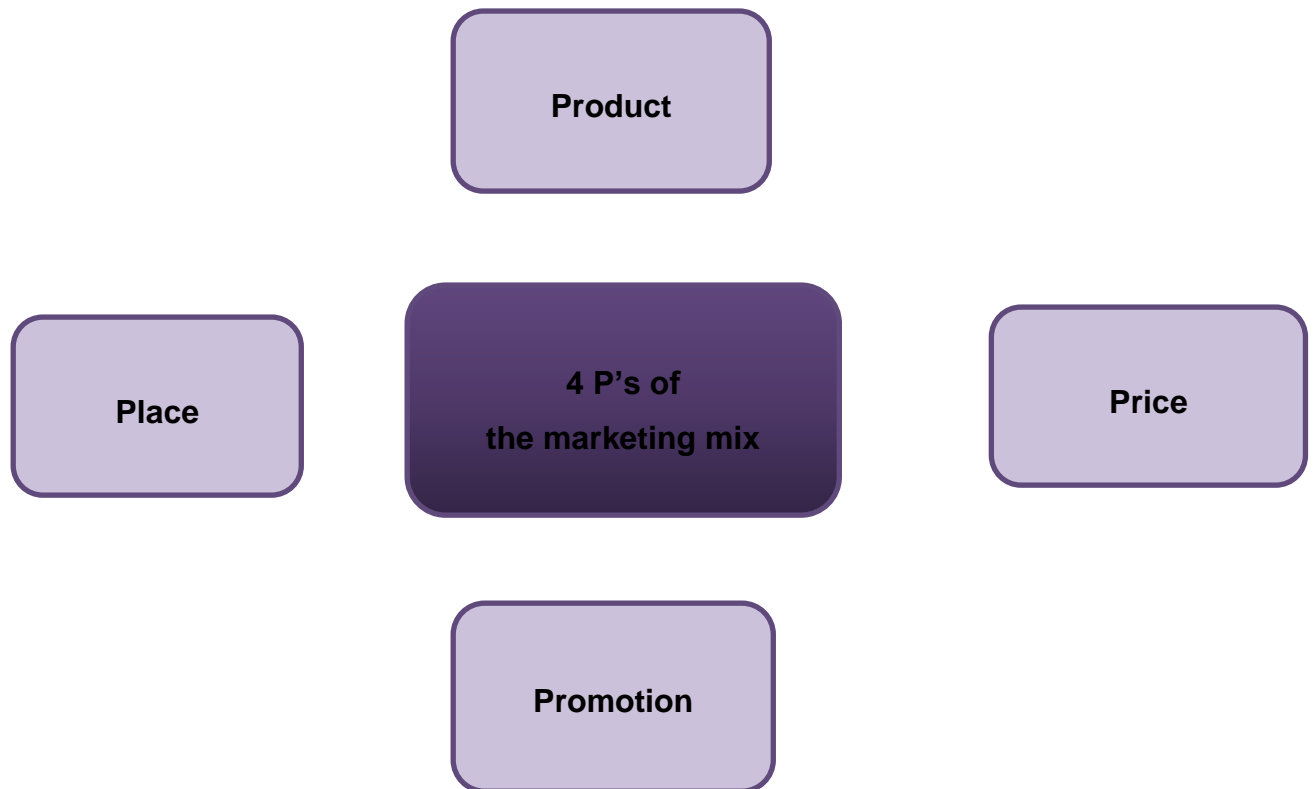


FIGURE 3. The 4P's of the Marketing Mix (Kubicki 2015, 3)

As the topic of the thesis is city marketing and promotion of the city brand, there will be two main fields of marketing mix, on which the research is concentrated – Place and Promotion. Place represents the distribution system (Lamb & Hair 2008, 46). In the case of city marketing, it can mean the availability of the city, i.e how the transportation system is developed. It is crucial for customers to know how to reach the city, to be able to select different means of transport and do it cost-effectively. Another important field of marketing mix is promotion, which includes advertising, public relations, sales promotion and personal selling (Lamb & Hair 2008, 47). The significant growth of Internet users has lead to the popularity of social media and its channels. Therefore, there are more and more people who look for advice on the social media. It means that promotion via social media network displaces traditional ways of advertising. Moreover, social media helps companies to communicate with their customers directly and receive a feedback on its service in a very short period of time. (Eldon 2013, 180.)

Another concept of marketing that will be useful for the research is PESTEL-analysis. PESTEL-analysis is an acronym formed by the initials of six categories – Political, Economic, Socio-cultural, Technological, Legal and Environmental (Marmol 2015, 6). These are the most important factors, at which both companies and tourists look at before selecting a destination. The following figure represents six variables of the PESTEL-analysis.

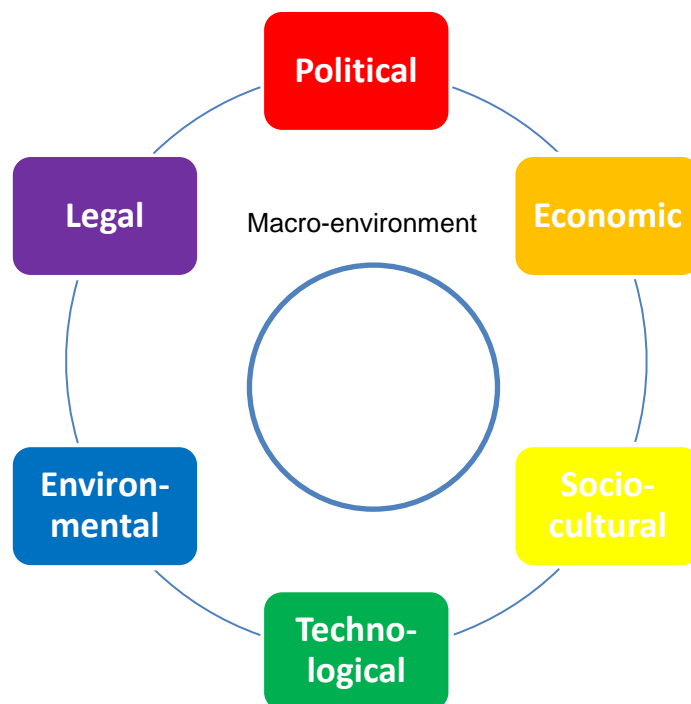


FIGURE 4. The six variables of the PESTEL-analysis. (Marmol 2015, 9)

Changes of these variables influence the whole economy, not only some specific market. Variables of PESTEL analysis are not static and can vary within some period of time. The detailed explanation of PESTEL-analysis aspects is presented below (Bowhill 2008, 332):

Political aspect: includes governmental policies towards industry, tax system, regulations of the foreign trade, labor and environmental laws. Government has also a high influence on national health, education and infrastructure.

Economic aspect: includes interest rates changes, level of inflation, cost of energy, general level of economy inside the country, unemployment, disposable income, supply of money, exchange rates, home economy situation and trends, specific industry factors and distribution tendencies.

Socio-cultural aspect: includes population changes, level of education, income distribution, leisure time spending tendencies, attitude to work, general life quality of nation, health consciousness, lifestyle trends, media views, consumer buying behavior patterns and ethical issues.

Technological aspect: speed of technological development, new discoveries, research funding, maturity of technology, information and communications, intellectual property issues, country's infrastructure development.

Environmental aspect: includes energy consumption, level of pollution and its regulations, environmental protection. Furthermore, environmental factor also connected with weather, climate and climate changes that can affect industries and tourism.

Legal aspect: health and safety control, unemployment law, monopoly and merger legislation, product safety, market entry legislation and consumer law.

Different changes of environment inside a specific country can be crucial for business operations and tourism development. For example, unstable political situation and high level of corruption might negatively influence company's operations, therefore this firm will be more likely to choose an alternative destination for business expansion. Likewise, socio-cultural aspect has a great impact on tourist inflow as this variable can give the traveler an idea about the cultural development level of some country or city. In other words, the higher socio-cultural aspect development in the city, the more tourists will select it as their traveling destination.

The final analysis that will be used in the research is SWOT analysis. SWOT analysis is a tool, which widely used in the business sphere for strategic analysis. It helps to identify internal and external factors of organization. Moreover, it allows the organization to put priorities right based on their expected impact – negative or positive. (Seth 2015, 6.) The analysis is considered to be a significant tool for the situation analysis to collect all required information of decision making. The aim of the SWOT analysis is to estimate and align strengths and weaknesses of organization with its opportunities and threats for finding alternatives. (Pahl & Richter 2009, 5.) The difference between external and internal factors are presented and described in the illustration below.

External and Internal SWOT Analysis

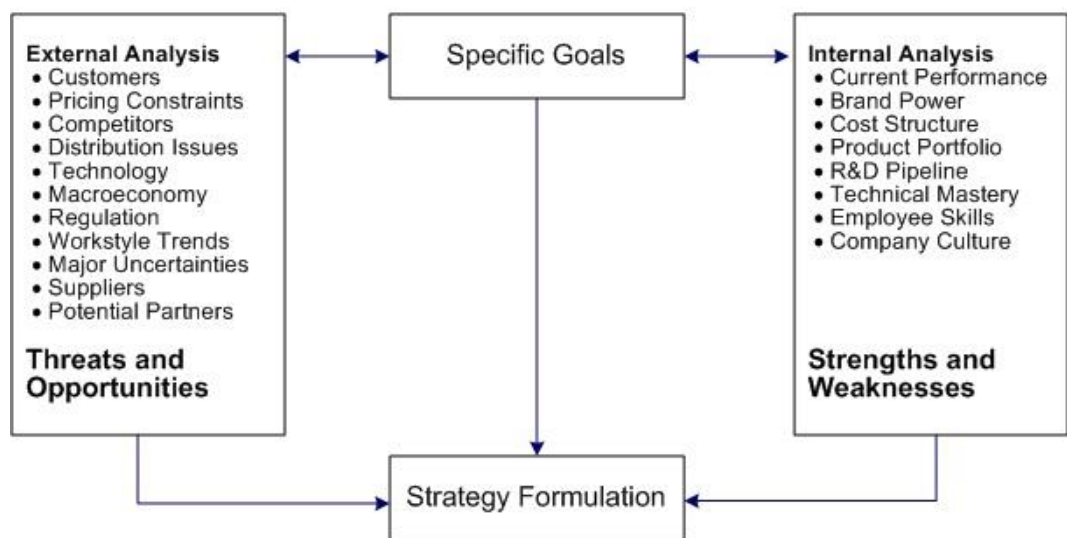


FIGURE 5. External and internal analysis (Harvard Business School, 2005).

Internal factors can be easily influenced, controlled or changed by the organization such as workforce or management plan while external factors do not depend on the organization and cannot be linked to the environment where it evolves (Seth 2015, 5). It is extremely important for the organization to be aware of both external and internal factors and be

ready to adapt to them.

SWOT analysis considers both external and internal factors and includes four different divisions: strengths, weaknesses, opportunities and threats. Strengths and weaknesses are seen as internal factors, and external factors consist of opportunities and threats. (Harvard Business School 2005, 4-5.) The detailed description of all four elements is presented in the table below.

Element	Explanation
Strengths	Capabilities that stimulate the organization to perform well, capabilities that have to be controlled from inside of the organization
Weaknesses	Characteristics that interrupt organization's performance and need to be changed or minimized
Opportunities	New trends or ideas that can be utilized by the organization with an advantage for its operations
Threats	Possible events or forces outside of organization's control, which have to be planned or decided how to be reduced

TABLE 1. SWOT analysis. (Harvard Business School 2005, 4-5)

SWOT analysis provides a framework for analyzing all four elements – strengths, weaknesses, opportunities and threats, helping to focus on strengths, minimize weaknesses and take the greatest advantage of possible opportunities (Pahl & Richter 2009, 4).

2.2 City Marketing and Business Sphere

City marketing is closely connected with a business environment. The stronger city branding, the more investors it attracts. Cities usually look for new businesses and industries to provide jobs for and bring revenues to the national budget. Nowadays the most attractive industries for cities are banking and subscription services. Cities also tend to support existing businesses as it is easier to maintain existing connection rather than building a new one. (Kotler 2002.)

In order to be successful at a brand building, the city should understand how companies make placement decisions. Businesses tend to concentrate on characteristics such as business climate and legal environment, the amount of labor force, the presence of infrastructure, the quality of education and the quality of life in general. (Kotler 2002.)

Looking at Moscow from that point of view, it can be concluded that the education level in the capital is the highest among other cities in Russia and can compete with European cities. The amount of official residents of Moscow is almost 13 000 of people, which is more than in most of well-developed cities (Statdata 2016). As was mentioned above, the corruption level is relatively high, which influence business locations decisions negatively. However, positive experience of other companies make other businesses rethink their ideas.

2.3 The Image of the City

The first idea of seeing a city image as a concept was suggested by Kevin

Lynch in his book called "The Image of the City" published in 1960. The image itself is extremely important for raising customers' attention. The image of the city is strongly connected with the concept of perception, which includes five main incentives such as smell, sight, sound, taste and texture (Solomon 2009, 81).

Regarding the city marketing, it is possible to focus not just on sight, but also on the sound, smell and taste stimuli. However, in case of these senses people usually concentrate on their associations. For example, New York sound can be presented by the noise of cars and a large amount of people, as well as Seychelles islands can be associated with the sound of the ocean. According to the Proust phenomenon, our memories and perception of subjects are connected with the smell. (Brynie 2009, 60) City marketing can use this theory in order to build a strong brand as well. For example, it works for Paris as the smell of the city is normally associated with either perfume smell or the smell of fresh baking. Talking about the taste of the city, the first thing that appears in mind is national cuisine. Thus, pasta has become the symbol of Rome, pees the symbol of Riga and paella the symbol of Barcelona.

Sight stands apart from other stimuli as it plays the leading role in the city perception. Here the importance of landmarks and monuments come to the force as they stay in people's mind when they try to memorize the city. Therefore, it is crucial for a city to promote a specific territory or a monument that will be associated with a specific place. For instance, the Eiffel Tower reminds us of Paris, the Empire State Building reminds us of New Your, the Big Ben reminds us of London, the Red Square reminds us of Moscow, etc.

The image of the city can be used in many ways in order to increase the city's popularity. If the city marketing strategy is chosen correctly and achieves success in creating a positive perception, then people form their attitudes regarding the specific place. Thereby, the main task is to connect stimuli such as smell, sight, taste and sound with a city in the unique way.

2.4 Key actors in the city

After describing the importance of the city image, it is necessary to mention for whom it needs to be created. Therefore, key actors in the city should be analyzed.

If we look at the city as at the product that the Tourism Department is trying to sell, it is important to understand who are the customers. It is widely known in the marketing world that the product or service must meet the expectations of its customers (Slack & Chambers & Johnston 2007, 240). Thus, the success of every brand building strategy lies at the determination of potential customers of the city. Ignoring customers' desires can lead a company or in this case a city to failure. If the city is not aware of the customers' preferences, the choice of the marketing strategy can be incorrect. In 1960's an American economist Theodore Levitt released an article, in which he described this phenomenon called "marketing myopia". It means that the city cannot simply promote any strategy they choose, they need to promote a strategy that fits customers' wants.

Based on the Van den Berg and Braun classification (1999, 987), key actors in the city can be divided into four groups: city residents, companies, visitors or tourists and investors.

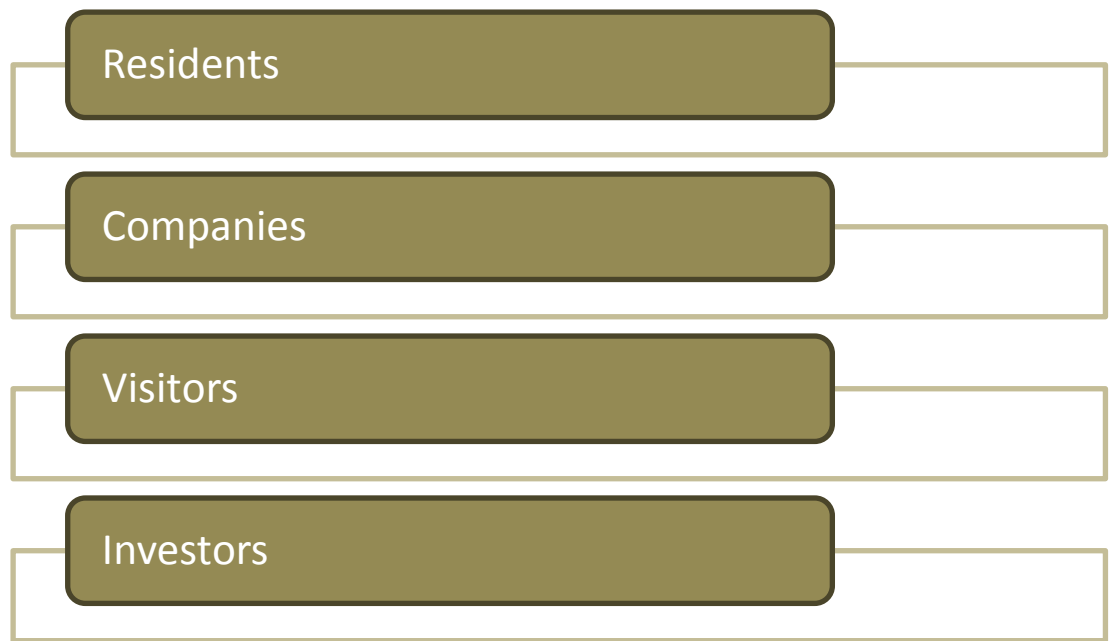


FIGURE 6. Key actors in the city

Residents in this classification are represented by people who can come to the city and decide to stay there for a long period of time. Companies are represented by international companies who might want to open a factory, a branch or a plant distribution in the city based on the labor force and taxation system. Visitors here are basically tourists who come to the city for a short period for sightseeing, different events or festivals. The last group is investors, who can be companies or specific people who invest money in the city and do not necessarily live in there.

As was already mentioned above, without the knowledge of key actors, it is impossible to create a successful marketing strategy. Therefore, it is crucial to know the preferences of each of these four groups. Every group has its own interests and needs, which should be met. In this research, the main concentration is on two key actors' groups - companies and visitors.

2.5 Examples of Implementation of Marketing Theories

To demonstrate how city marketing strategies work, it is important to

analyze two examples of right implemented theories in Barcelona and Dublin. The aim of this chapter is to provide common factors that lead these cities to success.

The first case is devoted to Barcelona. Even though the city had become a manufacturing center of Spain in 19th century, its tourism success came many years after. The Catalanian capital drew attention in 1986, when the city was chosen as the host city of Olympic games 1992. This event marked the starting point of Barcelona tourism sector development (Heeley 2011, 44). Due to Olympics, big investments were made in the transportation system and in venues, the harbor and Las Ramblas areas were improved. The song for the event was performed by famous Montserrat Caballe and Freddie Mercury. Over the years, Barcelona tourism has grown significantly. After that, the main point of Barcelona Strategic Plan released in 1993 was to develop eight market segments: business, culture, shopping, cruises, sport, gastronomy, health and entertainment (Heeley 2011, 46). Needless to say, Barcelona succeeded in all of them. Moreover, the city annually arranges events to increase its popularity. In the business spheres, there are different congresses held almost every month with participants from various countries. For tourists' attractions, the city council devotes every year to something, for which Barcelona is famous for. As an example, the year 2002 was dedicated to famous Antonio Gaudi drawing attention to his works as well, while the year 2006 was about Picasso and his works, which are presented in Picasso's museum in popular Gothic quarter (Heeley 2011, 46).

Football is another popular attraction in the city. The Camp Nou museum with the history of Barcelona football club opened its doors in 1984 and still remains to be one of the biggest must-see in the city. Football players such as Lionel Messi, Neymar, Gerard Pique truly became not just club, but the whole city icons. Movie industry also influences tourists' decision making. Thus, Woody Allen movie "Vicky Cristina Barcelona" released in 2008 showing city's main sights increased the inflow of tourists to the Catalanian capital (Olsberg SPI 2015, 37). In 2016 Barcelona ranked 11th

in the top 25 destinations of the world by TripAdvisor.

The second case is the city of Dublin, which in recent years became an economic center and quite a popular tourists' destination choice. Dublin was able to attract a big proportion of FDI's from many leading world companies. It is the top location for pharmaceutical business and one of the most attractive locations for investments (Maitland & Ritchie 2009, 176). Moreover, the taxation rate in the country is one of the lowest among the world making Dublin even more appealing for international companies and investors. Regarding the tourism, the city council relies on country's nature landscape and strong sense of culture among people. The cultural heritage increases city competitiveness comparing to other destinations. Irish company Ryanair makes it possible for Europeans to fly to Dublin at the lowest cost, which increase tourists' inflow. Moreover, the city tries to host different kind of events such as International Film Festival (from 2003 and onwards), Special Olympics (2003), Ryder Cup (2006), etc. Guinness Foundation is considered to be one of the main Dublin's attractions as well. (Heeley 2011, 56.)

2.6 The Role of Social Media in the City Marketing

Before the social media, there were few methods to find out information about specific places, therefore visitors had to rely on material such as brochures and advertisements. The most common way to get some material about destination was to contact someone who has already travelled to the city or turn to the travel agencies. However, in that case no one could guarantee the reliability of this information. (Kolb 2016, 7.)

Social media has completely changed customer decision making and the way people plan their trips. It is the best way to search for advantages and disadvantages of the destinations, the best accommodation, the best places to visit, etc. Social media is a companion for both trip planning and travel itself. People tend to share their experience via social media, sharing on Facebook their trip plan or posting pictures of architectural

monuments on Instagram.

Regarding the business sphere, it is worth to mention that organizations begun experiments with social media as soon as it became popular. Even small local companies nowadays have their own websites and Facebook pages, while large corporations create social media marketing departments to control all social networks and activities. Moreover, lot of companies try to establish partnership with TripAdvisor, Google, Instagram and other media. (Heeley 2011.)

2.6.1 Social Media Channels

As a certain marketing strategy, the social media marketing should also concentrate on a certain group of people, so-called target group. As key actors in the city were determined above, it is important to choose effective social media channels to reach them.

As the main target group for international companies is residents, it is better to search for a social media channel popularity among people living in Russia, in Moscow in particular. The leading position belongs to Russian social network Vkontakte with 90 million users (Про CMM 2016). To gain a better understanding of potential customers, international companies tend to create their webpages on this social network as it allows to reach the biggest amount of Russian customers.

Other target group is represented visitors. Taking into account the fact that people from this category can be from different locations, it would be better to use for them statistics, which is based on world's most popular social media channels, not concentrating on Russia only. Among these three groups the most popular networks are Facebook, Instagram and YouTube (DreamGrow 2017). The whole graph with 15 most popular social media channels is presented below.

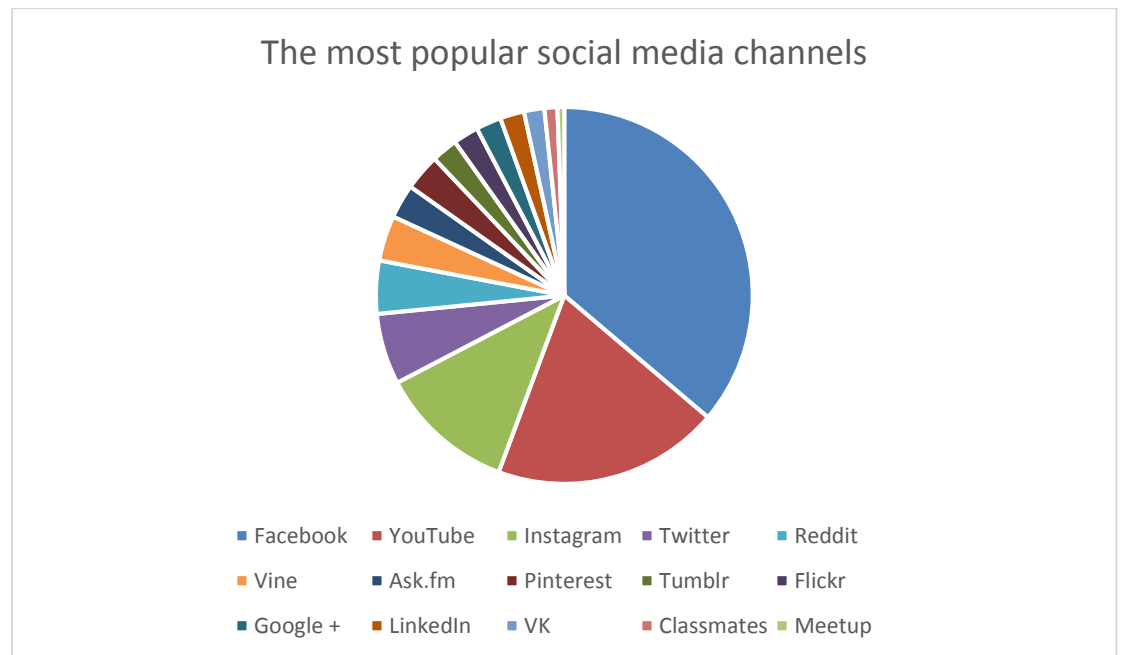


FIGURE 7. The most popular social media channels. (Inspired by Dreamgrow 2017)

Looking at the chart above, it is clearly seen that the most popular social media channels are presented by Facebook, YouTube and Instagram with 1,860,000,000, 1,000,000,000 and 600,000,000 users respectively.

2.6.1.1 Vkontakte

Vkontakte is the most well-known social media in Russia and in Russian-speaking countries with 90 million of monthly users and with 380 million of registered users in total. 65 % of people who use Vkontakte live in Russian federation (Vkontakte Statistics, 2017). Vkontakte is the biggest social network in Europe with a headquarter in Saint-Petersburg that was created by Pavel Durov in 2006 as an analogue of Facebook. Vkontakte is a social network that helps people to communicate with each other being in different parts of the world (Vkontakte Official Website 2017). The website allows people to send messages, share photos, watch videos and movies, listen to music, make status updates and see information about users. According to SimilarWeb in 2017 Vkontakte is 5th most visited website in the world.

Being launched in 2006, Vkontakte has grown significantly. In less than a year after there were over 1 000 000 users, which made Vkontakte the most popular website in the Russian Internet (Durov 2007). As was already mentioned above, nowadays the audience of users reached the amount of 90 million, creating a great opportunity for the marketing world as well.

2.6.1.2 Facebook

Facebook is the most popular social media in the world with almost 2 billion of users worldwide. 85 % of them leaves outside of United States and Canada, which shows its popularity among other nations. Facebook sees its mission as staying connected with people. Facebook is used to stay connected with friends and relatives as well as to share and express things that matters to them (Facebook Newsroom 2017). Using Facebook people can share their personal information, photos, traveling destinations, statuses and other thoughts. Facebook makes it possible not just to create a personal profile, but it allows to make a company webpage, host events, advertise products and services and communicate with potential customers, broadening opportunities for companies in the business sphere. (Holzner 2008.)

Facebook was launched in 2004 by Mark Zuckerberg and has grown noticeably since that time. As well as Vkontakte, Facebook has reached 1 000 000 users in a less than a year (Facebook Newsroom 2017). Facebook advertisements have become the easiest and the most popular way to promote something for an extremely large audience. For marketing issues the website provides a huge number of tools, which can work based on people's gender, interests, location, education, workplace, etc. (Carter & Levy 2012, 95-96). Needless to say that Facebook provides a large space for a marketer advertising fantasies.

2.6.1.3 Instagram

Instagram was founded in 2010 by Kevin Systrome with an aim to create a worldwide community who can share photos and videos with each other (Instagram 2017). It allows users to upload, filter and share photos and videos via the network as well as via other social media channels. In order to connect with someone, the user has to follow a person or a company's profile to see updates. Within years, Instagram has become popular not just among individuals, but it made possible to be beneficial for businesses as well. Instagram is quite easy to use and allows companies to communicate with their potential customers. (Scholl 2015, 1.)

As was shown in the chart above, Instagram has 600 million of users that share more than 95 million of pictures with the world daily. This makes possible to reach a large amount of people free of charge, as the use of Instagram is completely free. Moreover, Instagram provides a feeling of connection with a customer, which can be created by posting backstage photos and videos or capturing the working process. Thus, at some point customer feels involved in a company's working process. (Scholl 2015, 3.)

Due to different features on Instagram, the network allows sharing information about the events with customers, company can offer a promo code for its followers that can guarantee a discount or create a lottery, which let the user win something from company's product range. NYX cosmetics, as an example, carry this kind of lottery every month for Russian audience via their official Instagram account. Tools such hashtag make the photo or a video visible to a greater audience, while tags and comments let followers mention their friends on or under a picture increasing company's popularity. Marketers can also suggest posting their picture in a user's profile to raise awareness among other people. (Scholl 2015, 10-11.)

Nowadays it is also possible for companies or small business to cooperate with lifestyle bloggers, whose audience varies from 20 000 to 500 000 of

users, and celebrities. In that case the advertisements will cost money, the amount depends on account's popularity, but this type of marketing is considered to be more trustworthy. New implementations, such as "Direct", Instagram stories and live translations allow companies to establish a better connection with their customers, answering at their questions, providing more information about company, showing daily working routine to followers, etc.

2.6.1.4 Youtube

Being launched in 2005 YouTube nowadays has an audience of more than a billion people, which is more than 30% of all Internet users. In 2015 over 10 000 videos gained more than one billion view meaning that users spend more than 70 hours to watch them. (YouTube, 2017.)

YouTube allows people to discover, share and watch different types of videos, express their opinion in comments and show appreciation with likes or dislikes. People can create their own accounts to share own videos or to subscribe to different channels and watch videos without any search engines. (YouTube, 2017.)

Taking into account the amount of YouTube users, it is pretty obvious that this social media channel attracts marketers' interest. YouTube also allows watching videos from computers, laptops, tablets and mobile phones being more available to users and reaching a bigger amount of potential customers. YouTube is absolutely free of charge, moreover, it can actually help users to earn money as a particular amount of views is paid. (Miller 2013.)

To gain customers from YouTube, companies can create their own videos introducing their business and products. Basically it is a commercial that is shown not on a TV, but spread via YouTube. Another way of promotion is asking YouTube bloggers or other popular channel owners to add an advertisement to their videos. However, doing the second option is not

free of charge as the company will have to pay a commission to the account owners.

There are many ways, in which companies can use YouTube. Some companies use it to generate brand awareness, some to promote a particular product or service, some use it to recruit employees. (Miller 2013.)

3 COMPANIES AND TOURISTS AS CUSTOMERS

This chapter concentrates on a deeper analysis of the city customers' and their wants. Firstly the importance of customers' understanding is described, followed by explanation of the factors that influence both traveling and business decisions. At the end of the chapter, the focus is on social media influence.

3.1 Understanding of the City Customers

Firstly, it is essential to provide a definition of "customers". They are people who use services and are ready to pay for them (Rice 2010, 6). As key customers were determined above, it is important to concentrate on their needs and wants. As long as a city succeeds in building a brand and meets customers' expectations, it can bring loyal customers and increase the number of tourists, which in the long perspective will lead to economic growth. (Schoja 2016, 15.)

There are different aims that customers can pursue in the city. For example, residents can look for a house to buy, companies for an office to rent, visitors for a hotel to live in during the period of time they spend in the city and investors can search for a project to put money in (Braun 2008, 52). It shows that a city must have facilities to accommodate its customers, otherwise their location decision might change. Taking into account that competition between cities is very intense, it is necessary to react fast to consumers' needs. This leads to the idea that a city should be able to satisfy all of its potential customers. Thus, city marketing needs to promote the location from these four categories of customers' point of view, showing that it can offer something for all of them.

All in all, to achieve a customer's satisfaction, the city should have a well-developed infrastructure. Infrastructure is a term for the system and spaces of flow that provides city services such as water, transportation, energy, communication, public spaces, education and recreation

(Weinstock 2013, 21). It is obvious that good infrastructure increase chances for a qualitative brand building. Analyzing what can be done, it can be concluded that the city can improve the infrastructure by the means of building new roads, new airports, new harbors, etc. (Levy & Panchyk 2000, 117). Moreover, the city council should pay attention to the renovation of historical places as it is the main attraction for tourists, the object of pride for residents and a great way to attract investors to put money into the restoration of influential monuments. Taking Roma for instance, it is a common practice in there for big Italian fashion brands such as Valentino, Bulgari, Gucci and many others to pay for restoration works of famous historical places. In 2014, Bulgari paid 1.5 million euros to renovate the Spanish Steps, which is considered to be one of the main city's attractions, which became even more popular after a movie "Roman Holidays" with Audrey Hepburn. Earlier the Trevi fountain was restored by Fendi (The Guardian 2016). The example of Roma shows that attraction of investors into monuments renovations can bring benefits for both sides – the city itself and investors, as it provides the increase of these fashion brands' popularity among people.

As it was stated by Van den Berg (1973), people tend to maximize their welfare, which means they want to be in a comfortable environment. The main task of the city is to create this environment for its customers. However, it is not that simple, as all key city actors determine their own borders of comfort. Therefore, the definition of pleasant environment can vary in the eyes of investor and in the eyes of city visitor. A great inflow of tourists and international companies to the city might bother its residents. For example, in the beginning of 2014 there was a huge protest against a growing tourists' inflow, which tend to happen every year ever since. In the last 20 years, the amount of visitors coming to the city for a vacation has tripled making the living of inhabitants difficult. People say that it became difficult for them to go outside as the number of tourists is growing annually. There are over three million of people visiting Sagrada Familia during the year making it is impossible for the locals to walk in that area. The city population is only 1.6 million of people, while the amount of tourist

equals to 7 million of people coming to the city all year long. To please the locals, Barcelona mayor promised to balance between residents' and visitors' desires. Thus, the visiting of famous market La Boqueria became impossible for big tourist groups. (Daily Mail 2015.)

3.2 Factors Influencing Traveling Decisions

Tourists is a group of people who are coming to the city without an idea to stay in it. The city becomes a destination for a visitor for a short period of time, which can vary from a couple of days to a few months. This is a group of people who do not look for an economic development, but rely mostly on city's comfortable environment, the accessibility of historical monuments, entertaining attractions and can pursue different goals depending on visitors' motivation. (Braun 2008, 56.)

Regarding the motivation, it is worth relying on Stanley Plog's (1974) classification, which divides tourists in two groups: allocentrics and psychocentrics. Allocentric visitors tend to choose exotic destinations, which can be risky at some point. Psychocentric, on the other hand, prefer package tours in familiar places with a big tourist flow (Chon, Pizam & Mansfeld 2012, 10). However, there were quite a big number of people who did not suit to any of these categories. This type of visitors is called mid-centrics, who are not considered to be risk-seekers, but can be open to some adventures (Personal, Social and Humanities Education Section Education Bureau 2016, 36). The comparison of allocentric and psychocentric tourists is presented below.

Allocentrics	Psychocentrics
<ul style="list-style-type: none"> • Prefer “non-tourist” destinations • Prefer to discover new places • Prefer high activity level • Enjoy meeting people from different countries • Choose simple services • Prefer tour arrangements that include basics 	<ul style="list-style-type: none"> • Prefer familiar travel destinations • Prefer relaxing places • Prefer low activity level • Prefer staying at the familiar hotels/hostels with a familiar food • Prefer tour packages • Prefer familiar atmosphere rather than a foreign one

TABLE 2. Psychocentric and Allocentric Characteristics (Adopted from Stanley Plog’s classification and Personal, Social and Humanities Education Section Education Bureau findings)

There are four phases of holidaytaking. Depending on the phase, traveling destinations might vary (Chon, Pizam & Mansfeld 2012, 11). For example, Phase 1 traveler might select more familiar place, which is not far away from a home country, while Phase 4 traveler is ready for more exotic destinations and meeting different cultures. The table below illustrates the difference between four phases.

Phase 1 – The Bubble Travelers	Travelers with a low travel experience. They are mostly motivated by their curiosity about other cultures. These type of travelers prefer package tours and have an opportunity to observe a culture without getting deep in it.
Phase 2 – Idealized-Experience Seeker	Tourists with some overseas experience, who are ready for new adventures, more exotic destinations and with a desire to discover new cultures.
Phase 3 – Wide-Horizon Travelers	Travelers in this phase have a big travelling experience, who gained some travelling confidence. They are ready to travel to different destinations and find out other cultures, which are not necessarily similar to their own.
Phase 4 – Total Immerses	This phase includes the most experienced visitors, whose motivation is built on the desire of country's (city's) native cultural experience reproduction.

TABLE 3. Four Phases of Holidaytaking (Adopted from Chon, Pizam & Mansfeld 2012)

Choosing an accommodation, tourists should consider what kind of accommodations are available in the city and their price. It can be hotels, hostels, apartments to rent, etc. Regarding the accommodation, tourists tend to consider the architectural design of a place, good location, proximity of means of transportations, availability of supermarkets, the

neighborhood, the presence of restaurants and other facilities tourists might want during their travelling. (Braun 2008, 57.)

In order to select a right city marketing strategy, it is important to know travellers' motivation. Some might travel to get familiar with an ancient history. In that case Rome or Athens will be a good destinations. Some visitors pursue an aim of cultural self-development desiring to see famous paintings or famous sculptures. New York and Paris with their art galleries and variety of museums may be the right choice. Some people want to relax and select destinations with the availability of beaches, sea or ocean. Regarding this characteristics visitors probably select places like Goa, Bali or Rio, which are considered quite exotic, or they can choose something more common and go on vacation to Santorini, Barcelona or Dubrovnik.

3.3 Factors Influencing Business Decisions

To determine, which factors create a positive environment for international companies and investors to come to the city, it is necessary to understand what they expect from the business environment in the particular city. For them it is not just a location, but a mixture of many essential factors such as market accessibility, labor force, quality of life, access to resources, etc. (Braun 2008, 55.)

Before entering a new city, company should estimate both qualitative and quantitative factors. One of the main qualitative factors is a workforce, because it is usually difficult to find workers with specific skills required for companies, experience and language knowledge. For example, quite a big amount of companies tend to open branches in Amsterdam as workers in Netherlands are considered to be linguistically gifted among other nations, which broadens company's opportunities for cooperation with other countries. Another qualitative factor is company's strategy. For instance, if the company follows a low-cost strategy, they are more likely to enter countries with a lower taxation rate or with a cheaper workforce such as

China or India. On the other hand, companies that offer high-priced products will need a country with a good-quality of life and high salaries to be successful on the market, therefore they can expand to Sweden or Finland. (Williams 2013, 214.)

Political aspect is playing one of the leading roles in the location determination process. It is clear that a major change in the government might disrupt company's operations. Although it is always difficult to predict a political situation, there are some instructions that company tend to follow. What they take into consideration are governmental stability, low level of corruption, governmental support of the business sphere, market economy, low bureaucracy level, etc. (GenPact 2010, 3.) The city should be able to provide political stability for coming companies, therefore most of the criteria mentioned above need to be met.

There are many other factors that company pay attention to. It can be technological development, legal issues, environmental development and geographical location. Some businesses require technologies of a new generation in their assembling process, so the city should be technologically developed. At the same time, companies want to defend themselves, so they need to make sure that selected destination legal system is able to protect their intellectual property (GenPact 2010, 3). Environmental development might be important for companies who position themselves as eco-friendly. For example, an English cosmetics company The Body Shop position itself as an ethical company that uses natural ingredient, pay attention to recycle and prohibits animal testing (The Body Shop Official Website, 2017). It means the company will never select a location that can hurt its reputation, therefore it is not sold in China, where animal testing is still in practice. Geographical location can broaden company's operations as well, meaning that opening branches in different time zones can increase company's products and services accessibility 24/7 around the globe (GenPact 2010, 2).

Another important aspect is a site and building, which can represented by

an office space or production plant. Usually companies consider further things: space, facilities, costs and storage. Moreover, for some companies the quality of a building and its design play an important role as it is part of the company's image. At the same time companies tend to value central locations as it covers a large amount of potential customers including both city residents and visitors. (Braun 2008, 55-56.)

3.4 Social Media Influence

Nowadays social media has a great impact on consumers' decision making process, and marketers tend to use social media channel for promotion of their products and services. Moreover, people prefer to buy products that were recommended or tested by other social media users. It is a special form of influence on people's decision making called social proof. Social proof works by encouraging people buy products or use services exactly the same as people on their social media do. (Tuten 2008, 44.) In other words, if a customer sees a specific brand promoted by his or her friends and relatives or fashion bloggers and celebrities, he/she will be more likely to buy products from the same brand. Moreover, social media helps to build a brand attitude. If a specific brand has a good image, then consumers are more likely to buy its products. (Sema 2013.)

Another important factor is a customer's experience after using the product. If it was not positive, the next purchase of that brand's product will be put under question. At the same time, unsatisfied customer might give bad reviews to the products via social media. It can be post on Facebook, Instagram or any other social media that covers a big number of people. (Lee 2016, 15.) These actions can influence brand image, in the case of this research city image, in a negative way. Therefore, positive experience of people visiting the city can be spread via social media attracting new potential visitors. Furthermore, city councils should try to minimize possibilities of negative reviews. This can be done with a help of direct communication between costumers and Tourism Department. They can establish a service, which visitors can reach and express their opinions.

The way cities handle problems and how they react to negative review can also affect a city brand image. Thus, when a visitor wants to make decision on their traveling destination, every single detail could be an influence to their decision-making process. (Sema 2013.)

In the business world social media also has a great influence. Selecting a proper social media marketing strategy can increase brand's awareness in a specific country or a city, maintain customer loyalty, increase market penetration, etc. (Czinkota & Ronkainen 2013, 548). Moreover, social media channels can help to conduct surveys and make market analysis on the basis of residents' opinion, whether they want to have a physical presence of some specific brand in the city or not. Based on company's popularity on social media in some territory, the organization might make a decision on expansion to a new city, where potential customers can be reached.

4 CUSTOMER DECISION MAKING

This chapter concentrates on customer decision making process. Firstly, tourists search behavior is covered, followed by company's search behavior tendencies. Also, information regarding the decision making processes concept is provided as well as the description decision making models. At the end of the chapter detailed information regarding the way decision are made is given.

4.1 Tourists' and Companies' Search Behavior

Understanding how tourists and companies search for information is an essential part of marketing research and city marketing strategy. Moreover, understanding of travelers data search is a useful input for an effective market positioning (Chiang, King & Nguyen 2011).

Tourist search behavior is considered to be one of the most studied areas in tourism consumer research. Information on visitors travel destinations forms the basis for travelling plans, including accommodation, transportation, attractions and other aspects, in which traveler might be interested in. (Kozak & Decrop 2009, 50.) Business search behavior is also an important area for marketers' analysis, which helps to improve city branding strategy and develop spheres that are considered to be the most attractive for companies when they make a final decision. Information search can occur internally, externally or in both ways. Internal information search suggests that person recalls information from the memory. This can be, for example, childhood memories, friends' recommendations, experiences of other companies influencing the search process. External information search on the contrary searches for the information in the outside environment. External information search can be divided into two categories: nonmarketing-controlled information search and marketing controlled information search. The first one is connected with a personal experience and is not influenced by the advertisement, while the second one is affected by the promotion of specific product or travel destination.

(Lamb, Hair & McDaniel 2008, 142.)

There are two types of information. First one is static, which doesn't change very rapidly. The second one is dynamic, which is, on the other hand, changes quickly. Examples of static information are product description, transportation routes, maps, location information, etc. A large volume of information is dynamic, and requires constant updates. It can be, for instance, weather information or availability of schedules. (Benckendorf, Sheldon & Fesenmaier 2014, 8.)

Regarding the tourist information search, there are a few types of travelers' information sources, which are illustrated in the figure below.



FIGURE 8. Travelers' Information Sources (Kozak & Decrop 2009, 52)

However, no complete model was invented to estimate tourists' choices regarding their sources of travel destinations, as it varies within a period of time.

Talking about companies, there are some specific aspects to which organization pay extra attention to, such as costs, geographical location, technology infrastructure, political situation, labor force, etc. (GenPact 2010). Before making a decision whether to enter a country or not, a company should conduct a market analysis, searching for some information via open sources. It can be an unemployment statistics in the city, experts information regarding the political environment, analysis of climate influence of the working atmosphere and buying behavior, examination of tax system and cost of workforce, etc. Information about these factors can be found from open sources. In 1976, Lorna M. Daniells released the list of basic business information sources that are still used nowadays by many companies. The main sources are presented in FIGURE 8 below.



FIGURE 9. Business Information Sources (Adapted from Daniells)

Unlike tourists, companies come to the city to stay for a long period of time or even forever (Braun 2008, 56). It means that their information search process has to be more carefully thought. It also takes more time, which is quite obvious as the company's expansion is an expensive and energy-consuming process that requires risks minimization.

4.2 How Decisions are Made

The main aim of marketers is to influence these two aspects to create a positive brand image. Understanding of consumer's decision making process consists of two steps. Firstly, the marketing problem of concern has to be framed as a specific decision made by consumer. Second, marketers need to understand how consumers go about making that decision (Reynolds & Olson 2001, 4). This process was explained with a usage of traditional funnel model, however, within some period of time it required some changes, therefore it has been changed to the circular model.

The consumer decision journey starts with an advertisement that makes a consumer to estimate offered services or products. The classical journey starts with a consideration phase, followed by evaluation of possible alternatives, which can be finished with either buying a specific products and services or not. The consumer decision journey model is presented below. (Lamb, Hair & McDaniel 2008, 104.)



FIGURE 10. The Consumer Decision Journey (Inspired by Lamb, Hair & McDaniel 2008, 105)

Modern companies with progressive technologies are doing their best to get an impact on consumer's decision journey. Normally firms try to minimize or even eliminate the consideration phase as well as the evaluation phase in order to forward customer directly to the buying phase without analyzing of potential alternatives. (Lamb, Hair & McDaniel 2008, 104.)

4.2.1 Funnel Model

The funnel model is used to understand the overall marketing strategy and provides a clear structure for evaluating some specific strategical elements. Traditional funnel model suggests the idea that consumer start the decision making process with a certain set of brands and then try to reduce the amount of alternatives to make a purchase (Court, Elzinga, Mulder & Vetnik 2009). Steps of the funnel model are illustrated in the figure below.

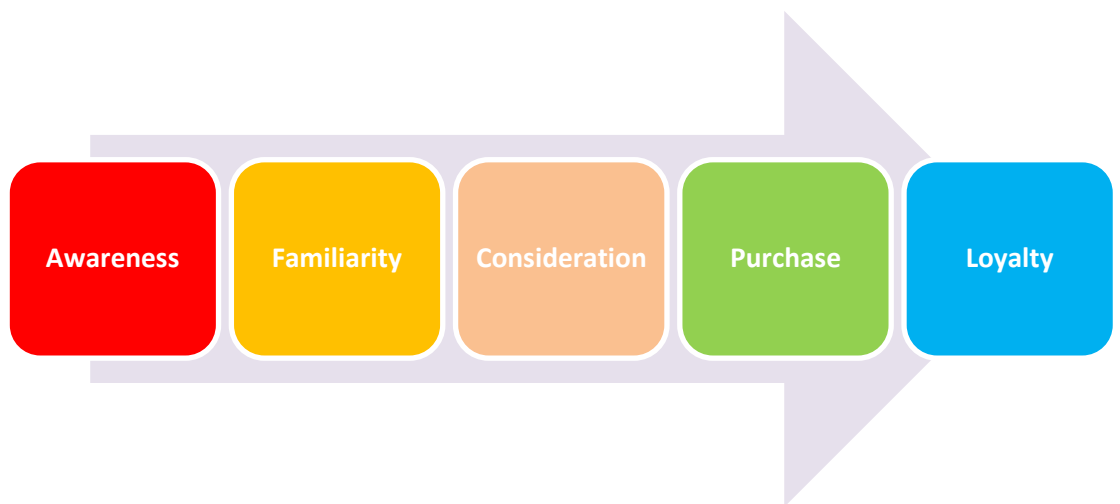


FIGURE 11. The Funnel Model (Inspired by Court, Elzinga, Mulder & Vetnik 2009)

As was mentioned above, at the beginning consumer has a couple of brand options, about which he or she is aware of. Then he/she is getting familiar

with these brands, slowly entering the consideration part, where consumer can determine whether the product meets the expectations or not. If after the purchase, the consumer is satisfied with the product, it is quite common that he or she starts buying more products from the same brand becoming a loyal customer. (Court, Elzinga, Mulder & Vetnik 2009.)

Nowadays, the funnel model is considered to be old-fashioned as it does not capture all the touch points and buying factors. Due to digitization, the modern consumer has a wider product choice and a greater awareness of the market situation. (Court, Elzinga, Mulder & Vetnik 2009.) Moreover, the consumer has an opportunity to get in touch with companies before the actual purchase and after it. At the same time, consumers can share their opinions about the specific products via social media, making the feedback visible for a large amount of people.

4.2.2 Circle Model

In order to cope with customers' decision making process in a digital era, marketers came up with a more sophisticated model, which is less linear and more complicated than the funnel suggests. Today the decision making process is represented by the circle model with four phases: initial consideration, active evaluation, closure, and postpurchase. (Court, Elzinga, Mulder & Vetnik 2009.) The following figure shows the consumer decision journey with circle model usage.

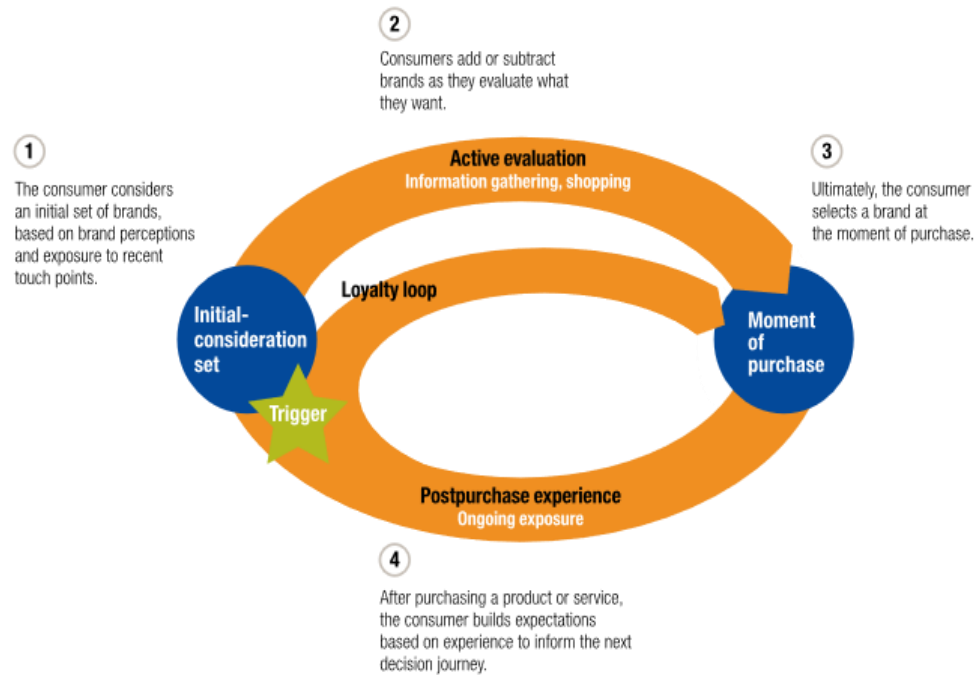


FIGURE 12. The Circle Model (Court, Elzinga, Mulder & Vetnik 2009)

The first step in the circle model is consideration, where consumers are familiarize with existing brands based on recommendations, previous experience or brand's popularity. This stage can be interrupted by the appearance of new brands, therefore the decision-making process is disrupted. The second step is active evaluation. Here the buyer tries to compare all possible alternatives with each other. On that stage, recommendations from friends and relatives influence the decision-making journey the most. After the decision is made and the act of purchase happened, actual marketing begins. The final stage, postpurchase experience, plays the most important role as it forms customers' ideas about each decision in the category, therefore the decision-making process becomes a never-ending circle. (Court, Elzinga, Mulder & Vetvik 2009.)

4.3 Decision Making Process

Decision-making is an activity which is influenced by psychological effects and subjects to cognitive limitations of consumer's mind. The process is driven mostly by emotions and reasoning. (Bouyssou, Dubois & Prade

2013.) The decision making process is normally based on perceived information about a city and advertisement that they received from the Tourism department and other opened sources. Nowadays consumers have to make more choices than ever before.

The decision making process is strongly connected with needs and wants. Consumers tend to search for the rational decision that offers the most desirable result for the decision maker. From the marketers point of view, there are two main motivations for both companies and tourists to follow, which can help to understand what drives their decision making processes. (Lantos 2015, 60.)

Two main motivations for business and traveling decisions according to Lantos (2015), are:

1. Individual companies' decisions that are aimed at profit maximization and costs reduction.
2. Individual tourists' choices that are aimed at the consumer satisfaction.

As can be seen, the main aim in companies' decision making process is an increase in firm's earnings, while consumer buying decisions are aimed at their needs satisfaction. Therefore, the city strategy that is aimed at the attraction of tourists and business inflow needs to consider both consumer groups' motives, when they decide to enter a new market or choose a new destination.

For marketers, there are plenty of opportunities that can beneficially influence decision making process of potential customers. There are few methods (inspired by Lantos 2015, 67):

- Development of the city strategy that helps to satisfy customer's needs better than any competitors
- Usage of problem-solution advertising, which shows how selection of this

city can solve potential problems of companies and travelers

- Increase consumer's dissatisfaction of other destinations that are considered to be more popular by showing their disadvantageous
- Try to show customers hidden problems that they might not consider during their decision making process and explain how the city can solve it.

5 EMPIRICAL RESEARCH AND DATA ANALYSIS

The chapter is aimed at the reader's understanding of the empirical research that has been done for the thesis and the analysis of gained results. At the beginning, research methods are used and then the design of the survey is presented. After that, results of the survey are shown and analyzed.

The empirical part consists of the Tourism Departments of Russia representative interview as well as of the company's manager interview, who represents an organization that operates in the Russian market. These interviews are used in order to provide information regarding both tourism and the business sphere. Another major segment of the empirical part is the survey conducted among Lahti University of Applied Sciences and Neu-Ulm University of Applied Sciences students. Questions and answers for the interview can be found in the appendix as well as the design of the survey with questions and answer options.

5.1 Formulation of the Empirical Research

Empirical research is based on direct experience or observations. The essential idea in empirical research is to use observable data for answering research questions and developing new ideas. (Punch 2016, 2-3.)

As was mentioned in the beginning, there are two possible research methods that can be used in the research: qualitative method and quantitative method. Quantitative method uses numbers and statistical methods. It usually based on the numerical measurements of aspects. Qualitative method is a multimethod that involves naturalistic approach to the subject matter. (Thomas 2003, 1-2.) For this thesis both of these methods are used, as the researcher interviewed Tourism Department and IKEA representative as well as conducted the survey among Lahti University of Applied Sciences and Neu-Ulm University of Applied

Sciences to gain information about both target groups and make thorough analysis.

First part of the empirical research was done with the help of interview. To analyze the touristic sphere in Moscow, the researcher chose to contact Tourism Department of Russia and ask questions directly from the organization's representative. The interview was done via email and included questions regarding city marketing campaigns, target audience and social media channels that are used by the Department. The aim of this interview was to understand organization's main duties, what kind of campaigns the Department is carrying right now and find out marketing potential for Moscow. Also, the interview helped to find out which social media channels the Department uses.

Another interview was held with IKEA's company representative in order to analyze business field in Moscow. The researcher chose this company, because it has a big experience on Russian market, as IKEA opened their first store in Moscow in 2001. The interview was done via email and included questions regarding the location choice and used business sources. The main aim of the interview was to understand how international companies make their expansion choices, what factors influence their decision making process, and what sources they use to analyze the market situation.

The second part of the research was done with a help of survey and was the main source of primary data. The aim of the survey was to find out how people select their traveling destinations and what influence the way they from image of the city. The purpose was to understand target customers better and create a development plan for Moscow based on these results. As the target customers are young travelers from Western countries, the survey was spread among students of Lahti University of Applied Sciences and Neu-Ulm University of Applied Sciences. The survey was done via social media channels and email and included multiple-choice questions. The language of the survey was English. The survey included 10 multiple

choice questions, some of them could be answered with extra comments. Both interviews and the survey can be found in the appendices.

5.2 Data Collection

This chapter presents detailed information about the data collection phase during the thesis writing process. The following figure presents different steps of data collection.

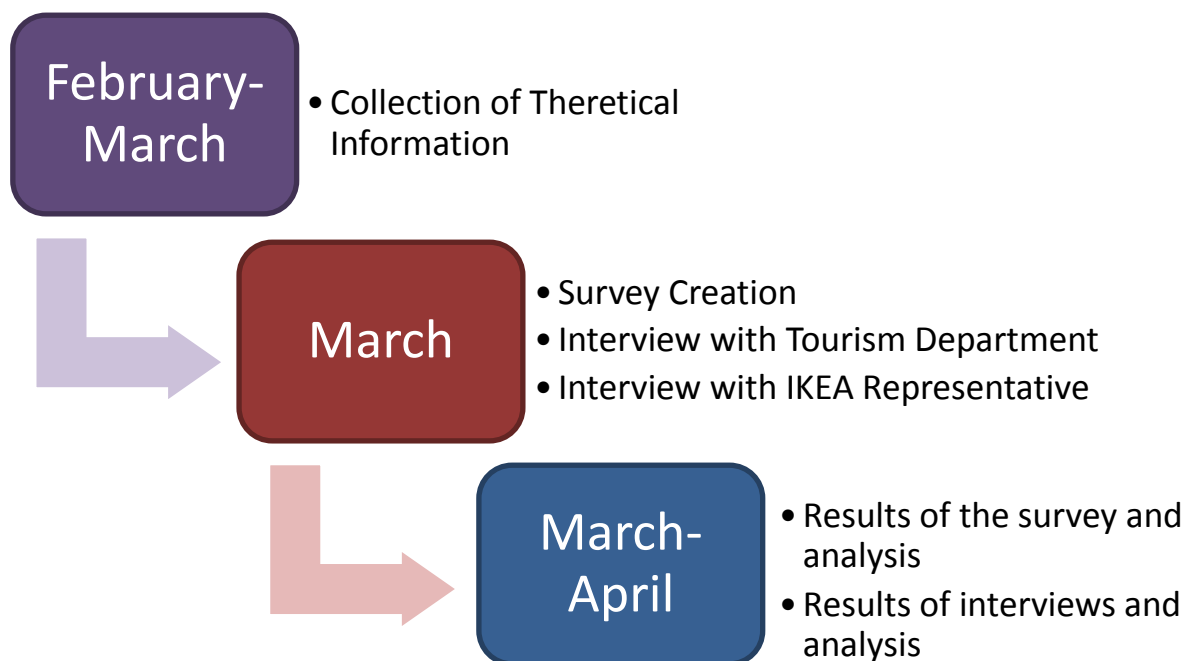


FIGURE 13. Data Collection Steps

The writing process started during the winter 2017. The purpose of the first step was to collect existing information about the city marketing concept, social media marketing and brand building strategies. After the theoretical information was collected, it was important to create two interviews for the Tourism Department of Russia and for the Swedish company IKEA. Both organizations were contacted via email, therefore reaching their representatives was relatively easy. Questions for both interviews were sent in the end of March 2017. Answers of interviews are used as one of the information sources in the research.

Later, the questions for the survey were prepared. The survey was launched and was opened for a few weeks, as it was essential to reach as many potential customers as possible. The survey was created via Survey Monkey and the link to these survey was sent to Lahti University of Applied Sciences students via email and spread among Neu-Ulm University of Applied Sciences via social media channels. Thus, 100 responses were received, which was enough for the further analysis

5.3 Data Analysis

In this chapter the researcher analyses the data that was received from the empirical research. Firstly, the analysis of the Tourism Department representative interview is presented. The main city promotion campaigns are introduced as well as social media marketing tools are described. Secondly, the interview of IKEA representative is analyzed. The main factors influencing international companies decision making and information search process before the business expansion are described. Finally, the results of the survey are presented and then analyzed.

5.3.1 Data Analysis of the Tourism Department Interview

The purpose of the interview was to understand how the Tourism Department works in regard to Moscow, get a deeper understanding of international projects that organization is carrying right now and find out what social networks are used. Interview included seven questions, which were asked in Russian language via email and answered within a week.

Talking about current events, the Tourism Department representative explained that the organization right now tries to increase tourist inflow to many Russian cities not just Moscow, however there are three leading destinations that people from Western countries prefer: Moscow, Saint Petersburg and Sochi. The popularity of the last one increased significantly after the Winter Olympic Games 2014. Therefore, it is quite

obvious that international events provide the highest level of promotion for the cities. The next upcoming event is the World Cup 2018, which is taking place in 11 cities. The main goal is to promote strongly all of them before the competition starts. At the same time he highlighted that Moscow plays the leading role in most of international marketing campaigns, as it has already formed specific image in people's minds.

The next question was devoted to international campaigns that are carried between several cultures. For example, in September 2010 the Tourism Department of Russia participated in the exhibition that took place in France that was aimed at promotion of Moscow and other Russian cities. Usually Russian representatives take part in 5-7 international exhibitions on average every year. Moreover, the Department also tries to make agreements with countries which simplify traveling. There are 70 countries, whose residents are allowed to enter Russia without visa and these number keeps on growing, as tourism influences Russian economy beneficially. Another important project on which Tourism Department works right now is called "The Development of Tourism and Culture 2013-2020". The project is aimed at cultural development not just among big cities in Russia, but also on creation cultural objects and events in the whole country increasing the inflow of tourists to many different destinations.

Another important part of the interview was devoted to target groups, at which most of the campaigns are aimed at. Of course, the Tourism Department tries to create projects that will concentrate on people from different countries and with different age, however nowadays the amount of tourists from Asian countries is quite high already, therefore Russia is getting more and more interested in attracting travelers from the Western countries. Moreover, the Department is trying to appeal to a younger generation in their campaigns, trying to draw their interest to Russian culture. It is very important to create a strong brand and a specific image for Moscow, as there are still many stereotypes exist. Thus, the Department of Tourism sees maintaining positive image of the country on the

international level as one of its main duties in order to exclude the opportunity of the wrong perception in young travelers' minds.

Last part of the conversation was concentrated on social media channels that the organization currently uses on their operations. The Tourism Department representative named four social media networks - Facebook, Twitter, Vkontakte and Odnoklassniki. The choice of these channels can be explained quite easily; first two are aimed at the attraction of international tourists and the other two are Russian networks that promote tourism in Russia among Russian population. Thereby, Moscow is advertised on both levels.

5.3.2 Data Analysis of the IKEA Representative Interview

In order to analyze Moscow as an attractive city for business expansion, it was decided to contact the representative of IKEA branch in Russia. The main purpose of the interview was to understand the process of selecting an international destination for the company, which factors influenced the IKEA decision to enter Russian market, which sources were used to get required information about the market and how social media marketing is developing in the company right now. The interview was in Russian language and included five questions.

The IKEA representative named the desire of company's owner Ingvar Kamrad as one of the most crucial factors that influenced their decision. The first steps were taken already in 1988, however in 1991 the USSR collapsed and the company had to postpone this idea. It is quite common that political instability influences expansion decisions. Only after political stabilization, the first IKEA shop was opened in Moscow in 2002. Ingvar Kamrad believed in success on Russian market, that is why IKEA decided to stay in Moscow in a quite difficult economy time while other companies chose to leave. Another important factors were of course large population, which opened new opportunities, and the decrease of competition level as many companies stopped their operations.

The next question was devoted to strategy selected for the Russian market. The IKEA representative said that before opening first store in Moscow, company took into account their previous mistakes that it made entering China and Poland – high prices. Thus, Moscow branch offered low prices right from the start of company's operations. Moreover, Moscow store should have become the first united complex of production, purchasing, supply, distribution and the creation of physical stores. It was a unique experience for IKEA.

Before expansion, it is extremely important to analyze the potential market carefully. The information was gained from Governmental publications that are opened for public; also previous experience on other markets and previous mistakes were taken into consideration to exclude extra problems. In the working process of the company right now social media plays an important role for the analysis of its performance. IKEA always asks customers to estimate their services and the company is always opened for their suggestions. Also, the company's representative mentioned that IKEA used other sources before they decided to open a store in Moscow, however he could not name them as it considered to be corporate secret, therefore my findings regarding that question are a little bit limited.

Being an international brand IKEA has accounts in various social media networks including Facebook, Twitter, YouTube, Instagram, etc. However, talking about Russian market, it was essential to create an account in Russian social media channel – Vkontakte, where Russian customers can be easily reached. Company's representative also mentioned that social media marketing plays an important role on IKEA's operations and helps them to be competitive.

At the same time, he mentioned some drawbacks regarding international operations on the Russian market. For example, the high level of bureaucracy made it quite difficult to open a store in Moscow. Also in 2000

Russia was not the member of WTO, which made customs and tariffs very high and influenced IKEA's operations badly. This also influenced company's income level; IKEA started to earn more money than it spent on Russian market only in 2005, but the situation is changing for the better and now IKEA is considered to be the most successful foreign company in Russia.

5.3.3 Data Analysis of the Survey

First question was devoted to understanding countries of origins of those who participated in the survey. There were 27 countries presented: Albania, Austria, Australia, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Italy, Latvia, Lithuania, Netherlands, New Zealand, Russia, Serbia, Spain, Sweden, Switzerland, Turkey and United States.

The second question asked the gender of respondents. 59 respondents were females and 41 were males. The city marketing of Moscow does not concentrate on the specific gender, therefore travelers of both genders are seen as potential customers. As people of both genders participated in the survey, the results are valid for the final development plan and will be taken into account. The results are presented below.

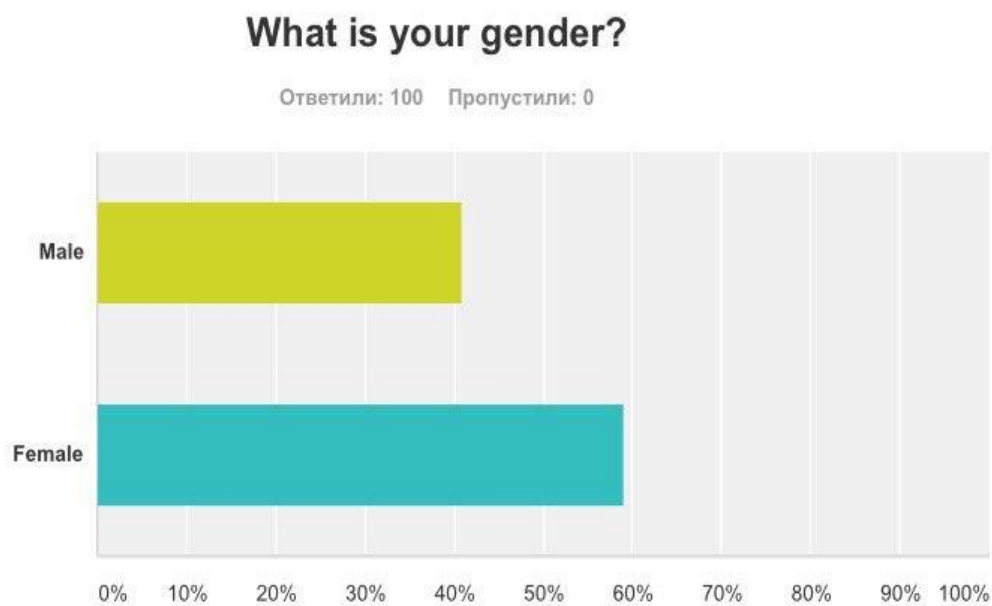


FIGURE 14. Distribution of genders.

The next question was about the age distribution. Most of the people represented the age group from 18 to 25 years old. The second biggest groups was aged from 26 to 30. 8 of the respondents were older than 30 years. Only 3 people were younger than 18 and presented the smallest group respectively. The results of the question can be seen below.

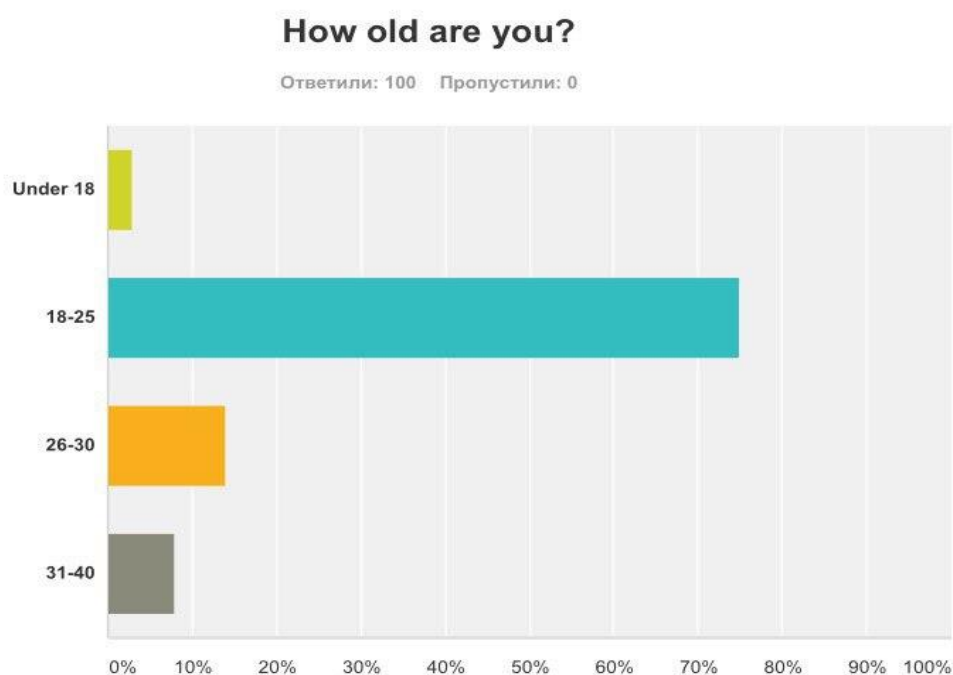


FIGURE 15. The age distribution.

After the basic questions regarding demographic issues of the respondents, the questions concerning traveling habits and traveling decisions making were asked. Firstly, the respondents were asked how often they travel every year. They were given four possible options for selection. According to the results, people usually travel from 2 to 5 times per year, however 12 people said they tend to travel 5-10 times annually. The second biggest group consisted of 35 people and told that they travel once a year only. 6 people answered that they go on vacation more than 10 times every year. The survey showed that all 100 respondents travel at least one time annually, therefore it is important for Moscow to develop its city marketing strategy in order to attract more travelers from Western countries.

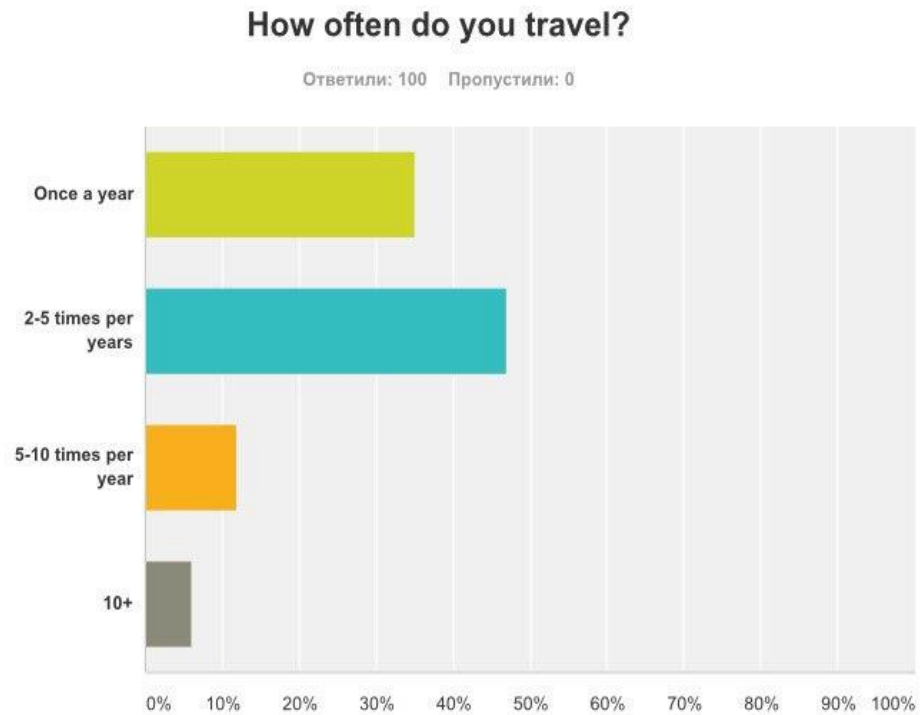


FIGURE 16. Annual traveling frequency.

Then it was important to ask, which factors influence traveling decision making of participants. There were four answering options and the possibility to give an own answer. Most of the respondents told that friends and relatives have the biggest impact on their decisions. The second most popular answer was social media promotion. 20 people responded that they are interested in international events and only 9 people out of 100 tend to rely on travel agencies recommendations. Based on comments that were written by participants, it is quite clear that most of the travelers also tend to select their traveling destinations based on their own preferences.

What has an influence on your traveling decision-making?

Ответили: 87 Пропустили: 13

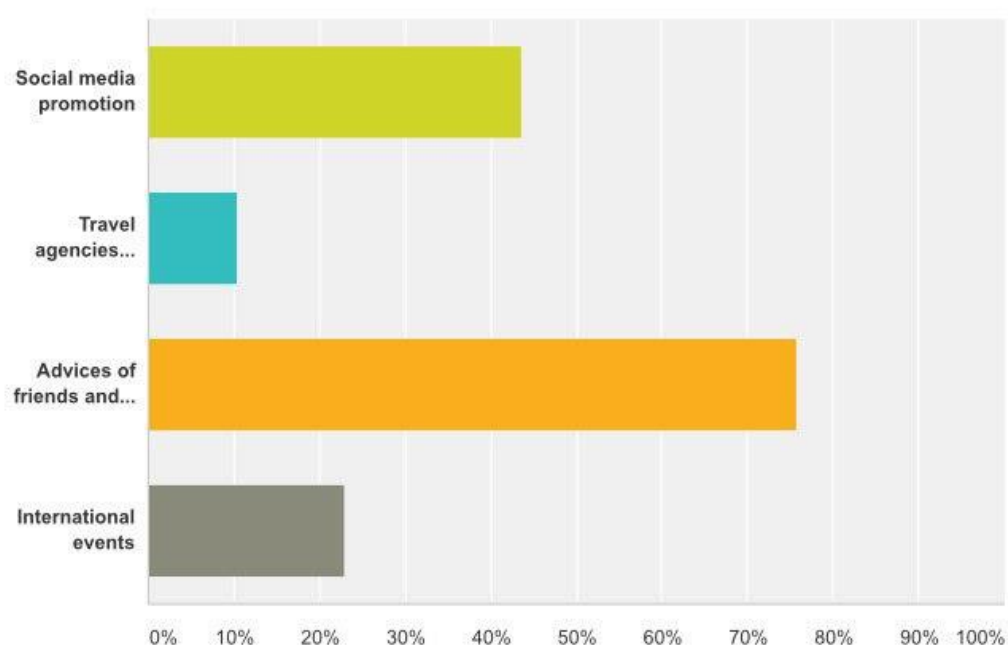


FIGURE 17. Factors influencing the decision making process.

Next question was aimed at understanding how important specific factors for travelers. Respondents were asked to rate factors from choices: very important, important, important to some extent, not important and cannot decide. The average number was calculated and showed that the most important factors for travelers are safety, positive experience of friends and relatives and cultural diversity. The least important factors were country's development and its international image. It is worth mentioning that many people wrote in comments that the pricing of flights to the destination, the cost of accommodation and living also play an important role for them. The results are illustrated in the table below.

	Can't decide	Not important	Important to some extent	Important	Very important	Всего	Средневзвешенное значение
Political stability	6,00% 6	10,00% 10	38,00% 38	33,00% 33	13,00% 13	100	3,37
Safety	1,00% 1	2,00% 2	21,00% 21	44,00% 44	32,00% 32	100	4,04
Country's development	3,03% 3	39,39% 39	41,41% 41	11,11% 11	5,05% 5	99	2,76
Positive international image	2,00% 2	36,00% 36	32,00% 32	23,00% 23	7,00% 7	100	2,97
Cultural and social diversity	4,04% 4	16,16% 16	27,27% 27	38,38% 38	14,14% 14	99	3,42
Positive traveling experience of influential people, e.g. friends, relatives, bloggers, celebrities...	6,00% 6	12,00% 12	25,00% 25	40,00% 40	17,00% 17	100	3,50

FIGURE 18. Factors influencing destination choice.

As social media has started to play an extremely important role in the marketing sphere, it was important to ask participants how influential social media feedbacks, comments and recommendations are for them. 67% of people told that social media affects their decision making process to some extent, 10% mentioned that social media affects their choices a lot. However, at the same time 23% of respondents answered that social media does not influence their decisions at all. It can be concluded that the city marketing strategy should be built on social media as the majority of young people pay attention to reviews, but it is also important to concentrate on other marketing activities as well.

When planning your holiday, does review on social media affect your final decision?

Ответили: 100 Пропустили: 0

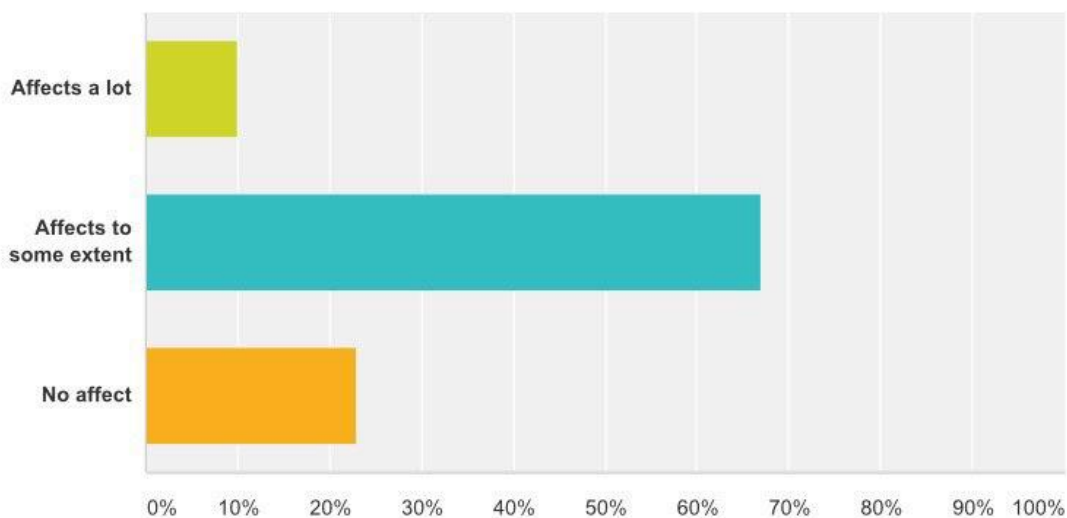


FIGURE 19. The influence of social media.

After finding out that social media networks has a great impact on travelers' decision making process, it is time to determine, what social media channels exactly are the most influential in the traveling sphere. The participants had an opportunity to choose among social media networks such as Facebook, Twitter, Instagram, TripAdvisor, Vkontakte, Blogs and YouTube. They also had an option "I do not use social media" as well as a chance to offer something extra in the comment field. Moreover, it was possible to select several answers at the same time. Based on the results, the most important medias are Instagram, TripAdvisor and Facebook with 53, 45 and 39 answers respectively. Also in the comments, several people mentioned that they use Google quite often before they make final decision.

Which social media channels you use, when deciding on your traveling destination?

Ответили: 92 Пропустили: 8

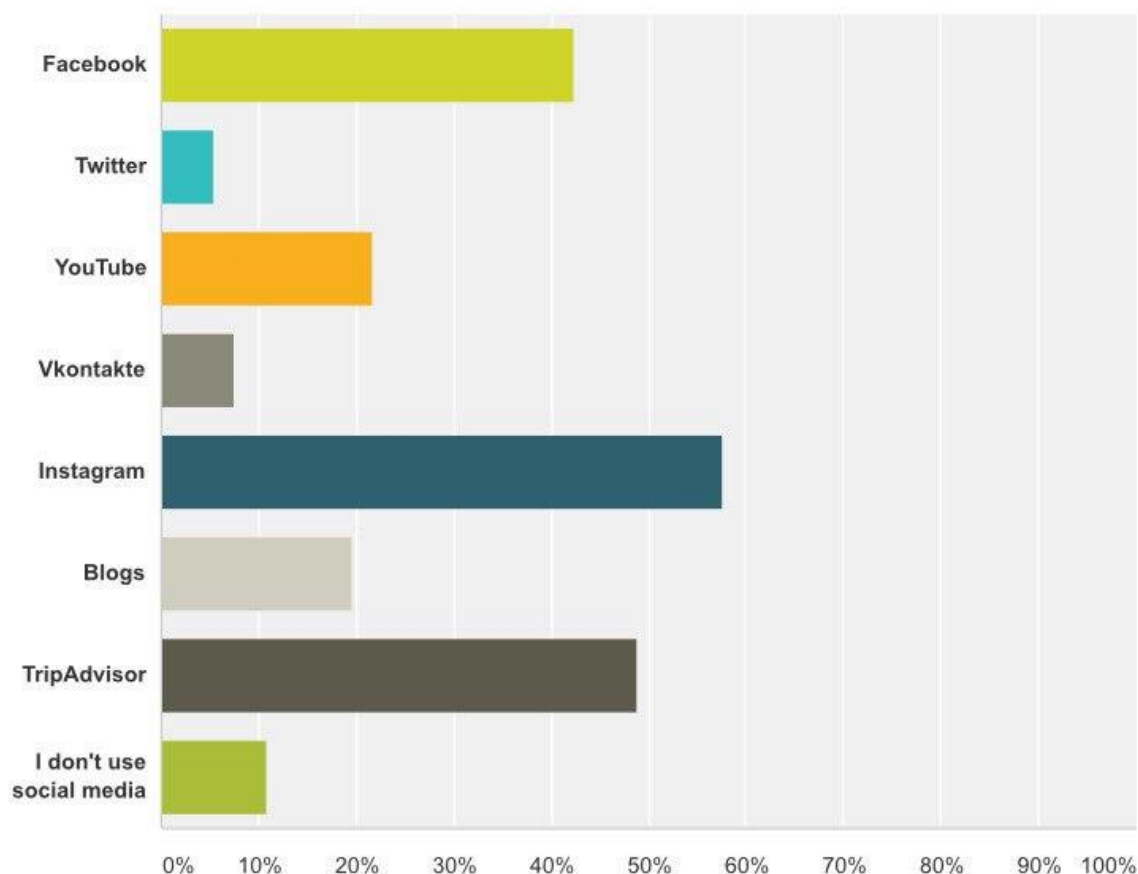


FIGURE 20. Importance of each social media.

Last two questions were devoted directly to Moscow and its city marketing strategy. Most of the people could not determine if Moscow city marketing strategy is developed enough. The second most popular answer showed that people do not think that city marketing of Moscow is diverse enough. 17% of respondents thought that it is already developed enough and 7 people could not answer the question.

The last question asked people to estimate Moscow as desirable traveling destination on a scale from one to ten. The average number showed that

people gave Moscow 6,74 points, which can be considered a relatively good result. However, there is always a space for the growth. The city marketing strategy can be should be developed better, so the final result can be closer to the highest rating.

6 DEVELOPMENT PLAN

After the concept of city marketing, social media marketing and decision making process was studied as well as factors that influence travelers and businesses destination choices were considered, it is time to form a development plan for the case city. The part devoted to development plan conduction goes after the empirical research and data analysis chapter and consists of different subchapters. The first one is aimed at analyzing strengths, weaknesses, threats and opportunities of Moscow as a city case. The information received from the SWOT analysis will play an important role in conducting final development plan for Moscow. The next subchapter contain suggestions for Moscow regarding their existing marketing strategy for a higher tourists' inflow and attraction of international companies. The last part is focused on reaching customers during information search and decision making processes.

6.1 SWOT Analysis

The SWOT analysis provided by the researcher tries to analyze Moscow as a desirable destination for international businesses and travelers. The analysis is based on different factors including information from open sources, governmental statistics and information gained from both interviews and from a conducted survey, which were presented and analyzed in the empirical part. Moreover, the theory of 4 P's as well as PESTE analysis influenced the final SWOT significantly.

As was mentioned above, the SWOT analysis was conducted also with a help of PESTEL analysis, the concept of which was discussed in the theoretical part. This analysis helps to analyze six different spheres at the same time and allows to create a valid SWOT. Detailed PESTEL analysis for Russia and Moscow in particular is presented below and explains some of the aspects mentioned in the SWOT analysis.

Political aspect: the government of Russia is stable and represents prudential republic. Current president is Vladimir Putin. Country maintains foreign relations with 191 countries and 144 embassies. Despite this fact, the corruption index is quite high, which does not influence tourists a lot, but definitely cause problems for international companies. (Lucintel 2013.)

Economic aspect: Russia is gaining economic strength, even though the drop of oil prices affected the national budget. The dependency after 2014 crisis on oil and gas decreasing, which influences the economy positively. It is at the 10th position in terms of GDP and tries to attract international companies to enter the market and investors. From the tourism point of view, Russia tries to develop resorts near Black sea to increase the visitors' inflow. (Lucintel 2013.)

Socio-cultural aspect: after 90's the middle class started to grow in Russia as it changed political system from communism to capitalism. The newly formed class tends to spend lots of money on expensive cars, property and clothes. At the same they spend a lot on cultural events, attend theaters and galleries. The cultural aspect is important for Russian people as it has a large amount of famous writers, poets and artists. Most of cultural places are located in Moscow and in Saint Petersburg. (UK Essays 2015.)

Technological aspect: Russia is a leading country in space science and technology. It pays extra attention to new technologies and created a special city center called Skolkovo, where modern technological inventions are made. The military sphere is strongly supported by the government and innovations in there are implemented regularly. (Rafath Begum 2015.)

Environmental aspect: the government has developed an effective system to reduce an air pollution, and tries to control carbon emissions. However, at the same time the problem of rubbish is actual right now; the recycling is not developed very well and garbage sorting could be implemented at least in big cities. The air in Moscow is considered dirty as there are too

many cars in the city, however the government tries to impose special regulations to decrease emissions. (Datamonitor 2009.)

Legal aspect: the judicial system is strong and people can confidently contact the court. At the same time corruption rate remains quite high, therefore it can affect the judge decisions. The government is doing its best to solve this problem. International companies should pay attention to paperwork as it is not easy to enter the market. (Datamonitor 2009.)

The other theory that had an impact on final SWOT analysis results is the theory of 4 P's, which was also explained in details in the theoretical part. Regarding the case of Moscow, there will be two main fields of marketing mix analyzed more thoroughly – Place and Promotion. Place represents the distribution system. In the case of city marketing it can mean the availability of the city, i.e how the transportation system is developed. (Lamb & Hair 2008, 47.)

Discussing the availability of Moscow for travelers and international companies, it can be concluded that depending on a country it can be reached from any part of the world with different means of transport such as planes, ships, cars, trains and buses. However, the transportation network inside the city is quite complicated. For its transportation system and urban conditions, Moscow can be contributed to the Asian city type, which is connected with population density and large amount of buildings. It causes traffic jams in rush hour on the roads. Moreover, 50% of Moscow population uses the subway railroads every day, which accounts to around 9 million of people. (Blinkin & Koncheva 2016, 101 – 105.) For Western countries tourists it can be quite stressful to use public transport in Moscow due to large amount of people and lack of English signs with directions. However, starting from 2017 all subway stations' names were translated in English to simplify traveling process for international tourists (The Village 2017). At the same time, all popular touristic places can be easily accessed with a usage of public transport. Moreover, there are special buses in Moscow for that can drive tourists to famous destinations.

Talking about the business operations, most of international companies tend to open offices in the city center making them available for a larger amount of potential customers. Companies that build production sites in Moscow usually do it on the suburb area or outside of city. In that case, new bus routes are implemented that can deliver customers or workers to the place.

Another important field of marketing mix is promotion, which includes advertising, public relations, sales promotion and personal selling (Lamb & Hair 2008, 47). The responsible organization for Moscow promotion as a desirable destination is the Tourism Department. Based on the interview with the Department representative, it can be seen that the inflow of tourists from Western countries has increased significantly after the Olympic Games 2014 and it keeps on growing. Thus, international events can be called the best promotional engine. What is more important is to be able to communicate with potential customers, which is done using different social media channels and Russian Embassies representatives in Western countries, who try to present Moscow from the best side. (Personnel Interview 2017.) The promotion of the business sphere is one of the main tasks that the Government of Moscow has. The most effective ways to promote it is to be active on the international arena: participation in international exhibitions and road shows, advertising Moscow as a desirable investment destinations through reliable business media such as Bloomberg and WSJ. Also, it is important to receive the feedback of present investors and companies that have already entered the market and correct existing mistakes. (Global Business and Investment Centre 2015.)

The final SWOT for Moscow as a city case for the thesis is presented below followed by the more detailed explanation.

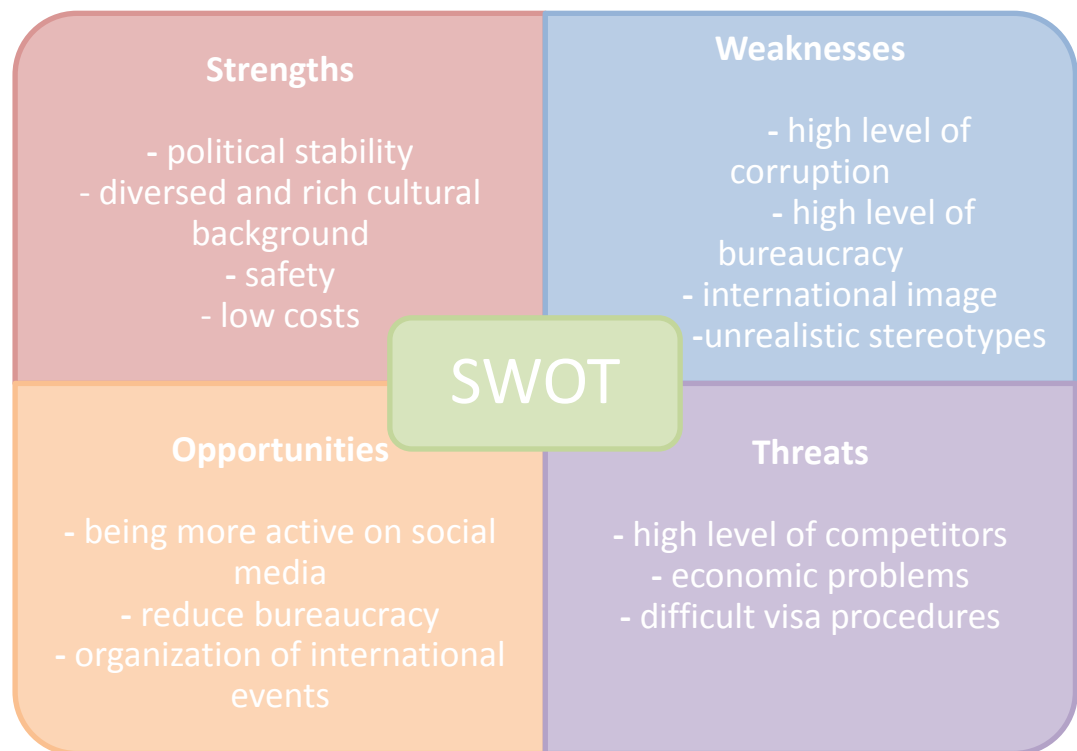


FIGURE 22. SWOT analysis of Moscow.

Even though Moscow is a big city, it is considered to be relatively safe, which is one of the city strengths. Lately, there have been improvement in safety measures, the policemen are located in all public places and control everything. However, it is quite possible to be pickpocketed in a rash hour in the subway or in any other public transport. (TripAdvisor, 2017.) It is also worth mentioning that it is important to have an ID card or passport with you as policemen can check it any time.

Another important strength is cost of living in the city. It influences both tourism sphere, as many respondents in the survey mentioned that their destination choice depends on pricing strategy, and business sphere. (Survey 2017). Moscow can be called relatively cheap country for tourists; the accommodation pricing as well as transportation costs are low. Regarding the business sphere, the renting prices are quite high, but to intensify the inflow of international companies Russian government

provides subsidiaries for them, in case the company has a lack of resources. (LawyerRussia, 2015.)

Talking about Moscow weaknesses, it is quite clear that there are some noticeable problems such as high level of corruption and bureaucracy, which were discussed in the PESTEL analysis above, and have a negative impact on business environment. Also, based on the interview with the representative of Tourism Department, it is quite clear that people have a lot of negative stereotypes about Russia and Moscow in particular. He connects the problem with the lack of tourism development during the Soviet Union period, which has also formed inadequate image of Moscow. (Personnel Interview 2017.)

Another weakness is a negative international image of Russia in the political world. The experts say that the image of the city was ruined by historical and present developments. The political actions have a great influence on the perception of Moscow as a city for both tourists and companies. However, experts agree that the image can be changed within some time, if appropriate actions will be taken such as changes in the policy of the country and its dealing with the rest of the world. (BBC 2010.)

One of the biggest opportunities for Moscow is increasing the popularity of the city on social media. For example, the Tourism Department representative mentioned on the interview that the organization is active only in four social media networks. (Personnel Interview 2017). Thus, it is quite obvious that the creation of a bigger amount of social media accounts will help to provide a better understanding of the city and allow to reach a greater amount of potential customers.

Another important point is the reduction of bureaucracy level. The IKEA representative said in the interview that the situation already changed for the better comparing to the year 2002, when company only entered the market. (Personnel Interview 2017). Government experts admit that

bureaucracy influences the economy badly and make the process of branch opening in Moscow difficult. It is widely discussed right now that the level of bureaucracy should and will be reduced in the nearest future, which will simplify operations of existing international companies and attract new ones in a long perspective. (Rowney & Huskey 2009, 231.)

Moscow has recently started to participate in the majority of international events and plan to carry even more of them in the nearest future. The next upcoming major events are the Confederation Cup 2017 and the World Cup 2018, which will attract a large amount of people. It is important to position the city from the best point of view for both international companies, which going to sponsor the evetns, and tourists, which can come to the country again and give a positive feedback on social media. (Personnel Interview 2017.) As was already mentioned above, international events has a positive influence on city's international image, therefore they bring a lot of benefits.

The biggest threat of Moscow is a great number of competitors. The tourism becomes more and more affordable for people. At the same time a lot of cities try to attract international companies and their investments in the economy. (Dorozynsky & Kuna-Marszalek 2017, 175). It is difficult to stay competitive, therefore Moscow city marketing strategy should be adapted to potential problems very fast offering better conditions. Moreover, the economy of Russia experiencing a crisis, which has started in 2014, which makes Moscow less attractive destination for international companies and investors, therefore economic stabilization methods should be applied in the nearest future. (Oxenstierna 2015, 96.) Another important threat is visa procedures, which create difficulties for potential tourists, especially for the target group – Western countries. These problems make people overlying their destination choices, so travelers are more likely to choose cities that do not require visa for the entrance. (Personnel Interview 2017.)

6.2 Action Plan for the Case City

The goal of the research was to create an action plan for Moscow as case city, which is aimed at developing existing city marketing strategy in order to increase tourists inflow from Western countries and attract more international companies. After the theoretical part is presented as well as empirical research is carried, it is time to suggest possible changes that can improve Moscow city marketing strategy. All suggestions are based on the previous research, with the usage of SWOT and PESTEL analyses as well as 4 P's theory. The following subchapters explain different suggestions for both tourism and business spheres.

6.2.1 Suggestions for the Tourism Sphere Development

The following table illustrates actions that are suggested by the researcher aimed at improving of tourism sphere marketing. The suggestions are based on the theoretical data collected for the research and on the empirical data that was gained from the interview with a Tourism Department representative and from the survey conducted among the students of Lahti University of Applied Sciences and Neu Ulm University of Applied Sciences.

Suggestion	Action
Activity on social media	Regular updates on existing social media channels
Creation of more accounts on social media	Create accounts on YouTube and Instagram
Cooperation with bloggers and celebrities	Asking travel bloggers (Anastasia Nikonova) for writing positive reviews, offering celebrities (Maria Sharapova) to participate in the advertising campaigns
Participation in international events	Participate in all prestigious international exhibitions and projects such as CPHI congress.
Simplify visa procedures	Implement new system of visa procedures, for example 72 hours allowance to be in the city without visa
Organization of events by Russian Embassies	Russian Embassies in Western countries can organize cultural events fore foreigners
Travel agencies activity	Travel agencies can offer tourists special offers with discounts

TABLE 4. Suggestions for the Tourism Sphere Development

The Tourism Department has to improve its activity on social media. First of all, they need to create more accounts on social media. For example, Instagram and YouTube accounts can increase the awareness of potential tourists as it allows posting new pictures and photos regularly. Secondly, the updates should be done a few times per day to support people's interest. For instance, it can be pictures of interesting places in Moscow. Another important idea is cooperation with famous bloggers such as Anastasia Nikonova who has 110 000 subscribers and celebrities, for

example Maria Sharapova, that can present Moscow to a wide number of people. The popularity of bloggers has risen significantly, therefore it would be smart to ask them to write a positive review on social media. Famous celebrities could participate in the advertising campaigns held by the Tourism Department and promote tourism in Moscow on the international level.

The Tourism Department and Russian Embassies are responsible for international exhibitions and campaigns that can be carried in Moscow and in other Western cities. Thus, they have to participate in all possible projects promoting Moscow as culturally and historically interesting place. Moreover, Russian Embassies together with the Government of Moscow could simplify visa procedures for tourists from Western countries allowing them to stay for some period of time in the city without visa. Also, social media updates should be done regarding visa procedures and upcoming international events to make people aware of possible changes.

The Tourism Department also can influence travel agencies activities. Even though the survey showed that people use travel agencies' services less often nowadays, it still makes sense for them to create international campaigns and cooperate with different airlines on order to receive possible discounts and have an opportunity to offer special tours for potential customers. For example, it can be tour for 7 days with hotel and flight included in the price. Also, travel agencies could create more excursions for international tourists offering tours around Moscow's most famous places and hiring more guides speaking different European languages.

6.2.2 Suggestions for the Business Sphere Development

The following table illustrates actions that are suggested by the researcher aimed at improving of business sphere marketing. The suggestions are based on the theoretical data collected for the research and on the empirical data that was gained from the interview with IKEA

representative.

Suggestion	Action
Reduction of corruption level	Action aimed at the corruption level control
Reduction of bureaucracy level	Action aimed at the bureaucracy level control
Participation in international events and tradeshows	Increase participation in prestigious international projects and events
Advertise Moscow as a desirable business destination	Advertising business sphere in Moscow in reliable business sources
Ask international companies for feedbacks	Receive feedback from existing international companies
Providing subsidiaries for international companies	Implement special offers for international companies who want to enter market
Improve international image	Take actions that are aimed at the improvement of city's international image

TABLE 5. Suggestions for the Business Sphere Development

The Government of Moscow is highly concerned about the high level of corruption and bureaucracy that influence international companies' operations badly and make them overthink the decision of entering Russian market. One of the best ways to fight corruption is to track the income level of civil servants and compare it with their spending. In case of discrepancy, the civil servant will be put on trial while all his/her property will be confiscated. Regarding the bureaucracy problem, the government implemented new laws that simplify formalities for international companies.

According to the interview with IKEA representative, it can be concluded that the level of bureaucracy has decreased noticeably since they entered the market for the first time. Also, the government should take appropriate actions such as changes in the policy of the country and its dealing with the rest of the world to improve international image of Russia and Moscow in particular.

Participation in international projects and events can benefit not only touristic sphere, but the business sphere as well. For example, in Autumn 2016 there were two big business congresses held in Barcelona, where Moscow was presented by different companies looking for cooperation with others and promoting Moscow business environment at the same time. Advertising campaigns can be also done via reliable and prestigious business media such as WSJ, Bloomberg, The Economists, etc. that are considered to be valid sources for international companies and influence their decision making process.

Another way to improve business environment is to correct present mistakes, the information of which can be received from international companies that has being operating on Russian market for some period of time. Moreover, the government can offer more subsidiaries for companies that are just plan to enter the market and have financial difficulties to support their interest in Moscow as in a desirable business destination.

7 CONCLUSION

This chapter basically collects all the information and findings gained during the research process. The answers to the main research questions are presented in this chapter, the validity and reliability of the the thesis are discussed, and the suggestions for the final research are provided.

7.1 Answers for Research Questions

The research is concentrated on the city marketing of Moscow with a regard of both tourism and business spheres. The main goal was to improve city marketing strategy of the city in order to reach a higher tourists' inflow from Western countries and to attract international companies. That is why the main research questions is: **How the city marketing of Moscow should be improved in order to attract international companies and a bigger amount of younger tourists from Western countries?** The answer to this question is given in this chapter later on, but firstly, it is important to answer to sub-questions, which are presented below with answers.

What is City Marketing?

City marketing is the promotion of a city, or a district within it, with the aim of encouraging certain activities to take place there. City marketing also has a positive influence on country's economy, bringing tourists, international companies and investors to different destinations. City marketing itself is aimed at turning city into a brand in customers' mind, which will encourage tourists inflow, positive migration and business relocation.

Which factors influence the perception of the city?

There are different aims that city customer can pursue selecting a travel or

a business destination. Concerning factors that influence traveling decision making, it can be concluded that destination choice mostly depends on the type of traveler – allocentrics or psychocentrics. The first group tend to choose risky cities for traveling while the second group prefer places they are already familiar with. Talking about factors influencing business destination choice, it can be seen that criteria such as labor force, economic stability, technological development and level of corruption. At the same time, there are factors that important for both tourism and business spheres. Based on the survey results and interviews' answers, the researcher came to the conclusion that political stability, cost of living, international image, safety and cultural background also play a noticeable role in people's destination choice.

What affects customer decision making, when selecting business and traveling destinations?

Decision-making is an activity, which is influenced by psychological effects and subjects to cognitive limitations of consumer's mind. The process is driven mostly by emotions and reasoning. The decision making process is normally based on perceived information about a city and advertisement.

Modern consumers have to make more choices than ever before as the amount of alternatives has increased significantly. There are two main motivations that drive the process of decision making: profit maximization and costs reduction for the business sphere and personal satisfaction for tourists respectively. There are plenty of opportunities that can be used for influencing decision making process: development of the city strategy, usage of problem-solution advertising, increase consumer's dissatisfaction of other and trying to show customers hidden problems and explain how the city can solve it.

Moreover, the creation of strong city brand and a positive image for the destination can also positively affect the decision making process. It is widely known that people tend to choose specific brands and trademarks

instead of other assets. Likewise, the city with a positive reputation and international image is more likely to attract foreign companies, investors and tourists, which in a long run brings benefits to the country's economy.

How the city marketing of Moscow should be improved in order to attract international companies and a bigger amount of younger tourists from Western countries?

The interview with the Tourism Department representative revealed that the organization aims at increasing tourists' inflow from Western countries and try to do it by arranging international events and participating in different exhibitions. The Department has social media accounts that they try to develop on Vkontakte, Odnoklassniki, Facebook and Twitter. However, the researcher noticed that the social media marketing is used not with its full potential. Moreover, more social media accounts should be created in other social media channels such as Instagram and YouTube. The popularity of Moscow as a desirable traveling destination also depends of well-dome promotion methods that can be reached by cooperation with travel bloggers or celebrities.

The interview with IKEA representative showed that Moscow is quite an interesting business destination for international companies as it is developed enough and has a high market potential. However, there are factors such as high level of bureaucracy that make the process of entering the city difficult. Thus, the government should try to reduce it by managing the laws concerning international companies operations. Moreover, presentation of Moscow on international events and in reliable business media like WSJ or Bloomberg.

The survey was conducted among 100 students from Western countries that demonstrated the growing influence of social media on their traveling destination choices, therefore it proves the idea that social media marketing of Moscow should be done at its fuel potential, which can be reached by creating more social media accounts and regular updates.

7.2 Validity and Reliability

The main purpose of the thesis was to answer research questions that were stated by the researcher. Therefore, the main research objectives were reached, and the answers to the research questions were provided. The information for the thesis was collected from both primary and secondary sources. Secondary information was gathered from the literature such as official published materials, books and articles. The primary data was collected from the survey carried among Lahti University of Applied Sciences and Neu Ump University of Applied Sciences students and from two interviews. The first interview was with the Tourism Department representative that was aimed at tourism sphere analysis. The second one was with the Russian branch representative of IKEA Company with the purpose of understanding how international company's destination choice are made. The survey was answered by 100 people, which was enough to draw a conclusion. Based on these factors, the research can be considered valid and reliable.

7.3 Suggestions on Further Research

As was mentioned previously, the research is aimed at attraction of young tourists from Western countries. Therefore, further research can concentrate on more nationalities and different age groups. The business decision making process was analyzed based on IKEA experience, which might not be the case of other international companies, therefore more companies and their experience can be analyzed for deeper research. The deeper research and new outcomes will be beneficial for Moscow city marketing strategy.

8 SUMMARY

The main goal of the thesis was to provide a deeper understanding of the city marketing concept, its possibilities and benefits for the city area and its surroundings. The final aim was to create a development plan for business and tourism development and answer the research question of how the city marketing of Moscow should be improved in order to attract international companies and a bigger amount of younger tourists from Western countries.

Firstly, basic concept of city marketing was introduced as well as key actors of the city were presented. As the final goal was to attract more international companies and increase tourists inflow to the city of Moscow, the decision making processes were analyzed of both target groups.

The idea was to find out which factors influence business and tourists decision making. For that reason the survey among potential travelers was implemented and two interviews with the Tourism Department and IKEA representatives were arranged. The primary data analysis showed that tourists tend to rely on social media feedbacks and recommendations of friends and relatives, while international companies tend to analyze market information provided by reliable sources and estimate city's development.

The final goal of the thesis was to create a development plan for case city and suggest possible changes in tourism and business spheres in order to attract tourists from Western countries and international companies and their investments. The plan was conducted with the help of primary and secondary sources such as books, articles, survey and interviews.

The findings of the study stated, that in order to be competitive Moscow should be active at all levels that influence international interactions including social media activity and participation in prestigious projects and exhibitions.

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APPENDICES

APPENDIX 1. Survey

Travelers decision-making

1. Country of origin?

2. What is your gender?

Male

Female

3. How old are you?

Under 18

18-25

26-30

31-40

4. How often do you travel?

Once a year

2-5 times per year

5-10 times per year

10+

5. What has an influence on your traveling decision-making?

Social media promotion

Travel agencies recommendations

Advices of friends and relatives

International events

Other, please specify

6. Which factors influence your destination choice?

	Can't decide	Not important	Important to some extent	Important	Very important
Political stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country's development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Positive international image	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cultural and social diversity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Positive traveling experience of influential people, e.g. friends, relatives, bloggers, celebrities...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other, please specify

7. When planning your holiday, does review on social media affect your final decision?

- Affects a lot
- Affects to some extent
- No affect

8. Which social media channels you use, when deciding on your traveling destination?

- Facebook
- Twitter
- YouTube
- Vkontakte
- Instagram
- Blogs
- TripAdvisor
- I don't use social media

Other, please specify

9. Do you think Moscow city marketing strategy is developed enough?

- Yes
- No
- Don't know
- Can't decide

10. From the scale from 0-10, how would you rate Moscow as a desirable traveling destination?



Готово

APPENDIX 2. Interview with the personnel of the Tourism Department

1. Представьте пожалуйста свою организацию и коротко расскажите о ее основных обязанностях.

2. Какие мероприятия/кампании Департамент Туризма обычно проводит с целью популяризации туризма в России для иностранных граждан, в особенности туристов из Европы? Если возможно, приведите небольшой пример: что было сделано и каков итог.

3. Отличается ли маркетинг и продвижение города Москвы от других Российских городов, и если да, то как?

4. Использует ли компания социальные сети с целью популяризации туризма? Если да, то каким социальным сетям отдается предпочтение?

5. На какую аудиторию рассчитана популяризация туризма? Есть ли какие-то определённые группы людей, на которых делается упор?

6. О чем обычно Департамент Туризма старается упомянуть в своих кампаниях, описывая образ Москвы?

7. Существуют ли какие-либо международные проекты, которые помогают сформировать положительный имидж России для иностранных туристов?

APPENDIX 3. Interview with the personnel of IKEA

1. Как давно компания работает на Российском рынке? В каком городе был открыт первый магазин?
2. Какие факторы влияют на выбор нового рынка для расширения операций компании?
3. Почему компания решила выйти на Российский рынок? Что именно привлекло?
4. Какие источники компания использовала, чтобы проанализировать Российский рынок? (например, Бизнес отчеты, Государственные публикации)
5. Использует ли компания социальные сети для анализа потребителей и маркетинга компании? Если да, то каким социальным сетям отдается предпочтение?

