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**E-Marketing in the Tourism Industry  
-Case TravelApp**

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<p>The purpose of writing this thesis is to explain how modern marketing and marketing solutions can help to develop the Kainuu region visibility in the European tourism environment. This thesis was commissioned by the IdeaVoima OY for the purpose of collecting more information about the tourism market and finding the solutions which were designed for promoting tourism related services.</p> <p>This thesis is based on the Internet research about the marketing, analysis of the marketing theory textbooks and summarizing the marketing theory from the classes and cases from the studies in the KAMK. Theoretical research has also covered already existing marketing solutions of the tourism related companies</p> <p>The second part of the research method is based on the interview with the COB of IdeaVoima Jari Bergholm who have answered the question about the threats and barriers which are preventing to make the final version of the application and launch it to the market. .</p> <p>The last research method is based on the experience of building the TravelApp. TravelApp is the application for the mobile phones and tablet PC's. The main aim of this application is to promote the tourism related services for both domestic and foreign tourists in the Kainuu region.</p> <p>The thesis was competed in February 2014 and it has resulted in :</p> <ul style="list-style-type: none"> <li>-the research of the modern tourism related marketing solutions</li> <li>-explanation what the benefit of running TravelApp in the marketing purposes of Kainuu region is .</li> <li>-successfully developed the demonstration version of the TravelApp</li> <li>-the process of operating the application and the marketing distribution chain for the application have been developed</li> </ul>	
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## PREFACE

I would like to thank my mother for supporting me all those years, I guess that without your support I would not be able to do even a small thing.

Special thanks to the teachers of KUAS who were putting so much energy and effort in order to teach me something new and useful.

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## CONTENT

1 INTRODUCTION.....	3
2 WHAT IS MARKETING AND E-MARKETING? .....	4
2.1 What is marketing?	4
2.2 What is E-Marketing?	8
2.3 What is the role of Apps in the E-Marketing?	10
2.4 How to attract users of the Internet and Apps to the new product?	11
2.4.1 How to attract users in the e-environment? .....	11
2.4.2 How to attract users with the classical marketing? .....	13
2.5 What is the difference between marketing and e-marketing?	15
2.5.1 Customization of e-marketing .....	16
2.6 What is the role of marketing and e-marketing in tourism?	19
2.6.1 Travel Industry distribution system and marketing.....	19
2.6.2 E-marketing, E-Tourism and marketing advertisements in the modern tourism .....	20
2.6.3 TripAdvisor. The example e-travelling.....	25
2.6.4 KAYAK. The example of e-travelling.....	27
2.6.5 The reasons for the change in the marketing police of the Tourism companies.....	27
2.6.6 Different groups of tourists expectations. ....	28
3 WHAT IS TRAVELAPP .....	32
3.1 How does the TravelApp works?	32
3.2 The visual appearance of the TravelApp	35
3.3 Who is the target auditory for the TravelApp	38
3.3.1 What is a benefit for the Travellers? .....	39
3.3.2 What is a benefit for the companies?.....	41
3.3.3 How TravelApp will find its target customers?.....	42
3.3.4 What are the possible substitutes available on the market?.....	42
3.3.4.1 Imatran City-Opas.....	43
3.3.4.2 Plink.....	46
3.3.4.3 Discovering Finland.....	49
3.3.5 General conclusion about the competitors.....	50

4 WHAT ARE THE PROBLEMS OF STARTING UP MARKETING CAMPAIGN AND RUNNING AN APPLICATION? .....	52
4.1 What kind of problems might appear? .....	52
5 CONCLUSION.....	58
SOURCES.....	59

## 1 INTRODUCTION

Marketing is a very important part of any business. It does not matter if the company is producing or selling goods. It also does not matter if the company is providing B2B or B2C services. All of the companies need marketing programs.

Tourism sector also needs marketing and nowadays it needs even more promotion than before. This is due to the competition on the tourism market and due to fast growing new tourism destinations which can offer pretty high quality services for the lower price.

In this respect companies, destinations and countries are in need of finding new ways of marketing. They need to find a way to create a competitive advantage either in the product and services side or they can create a recognizable marketing campaign.

Unfortunately marketing has also changed and it is not enough to put an advertisement to the newspaper. That is the reason why more and more companies are turning to E-Marketing.

E-marketing is a relatively new tool which includes many elements such as marketing in the social media, running forums, internet advertisements and mobile phone and tablet PCs applications.

The case of this thesis is the TravelApp- mobile phone and Tablet PCs application which was created and designed by Lukin Kirill for the Kainuu region tourism marketing purposes.

This thesis will show how the classic marketing and e-marketing are helping the tourism destinations and tourism related companies to promote their goods and services to the customers. This thesis will also highlight the barriers which were faced on the stage of creating and implementing the TravelApp concept to the real life.

## 2 WHAT IS MARKETING AND E-MARKETING?

This chapter will provide information about marketing in the modern world, the implementation of marketing solutions in the tourism industry and will explain the very basic concepts of the e-marketing.

This chapter will also provide examples of the marketing solution in the tourism industry and would focus on the applications and their role in the modern tourism.

The aim of this chapter is to explain why it is important for the tourism companies to follow the trend and to pay more attention to the e-marketing.

### 2.1 What is marketing?

In the modern world there are many ways of defining marketing. Kotler, for example, defines marketing as «satisfying needs and wants through an exchange process» (Kotler 1995). Modern definitions of marketing have moved a bit forward and started to include many complex elements which are making marketing more complicated process which is still aiming satisfaction of the customer's needs. The American Marketing Association (2014) is giving the following definition. "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large".

Although the definition of marketing is clear there is one important part which is also needed to be described and this part is 4P's or Marketing mix. Due to Londre Marketing Mix is the combination of four elements, called the 4P's (Product, Price, Promotion and Place) (Londre, 2009) , that every company has the option of adding, subtracting, or modifying in order to create a desired marketing strategy.(Table 1 )



*Table 1 Marketing mix (Armstrong ,Kotler, 2013, 77)*

As we can notice this definition is defining not only marketing, but also a process of creating 4P's. The definition of the 4P's are slightly different.

4P's are standing for the Product, Price, Promotion and Place (McCarthy, 1960) In other words it is a way to manage all these important stages of creating a value of a product.

Product is a product or a service which is available for the customers. Any company is providing a good for the general public – but these days the product itself is not always as interesting as the experience which is following the product. Many companies are creating an image of their product in order to create a segment, differentiate their product from the products which are available on the market or in order to reach their potential customers. (McCarthy, 1960)

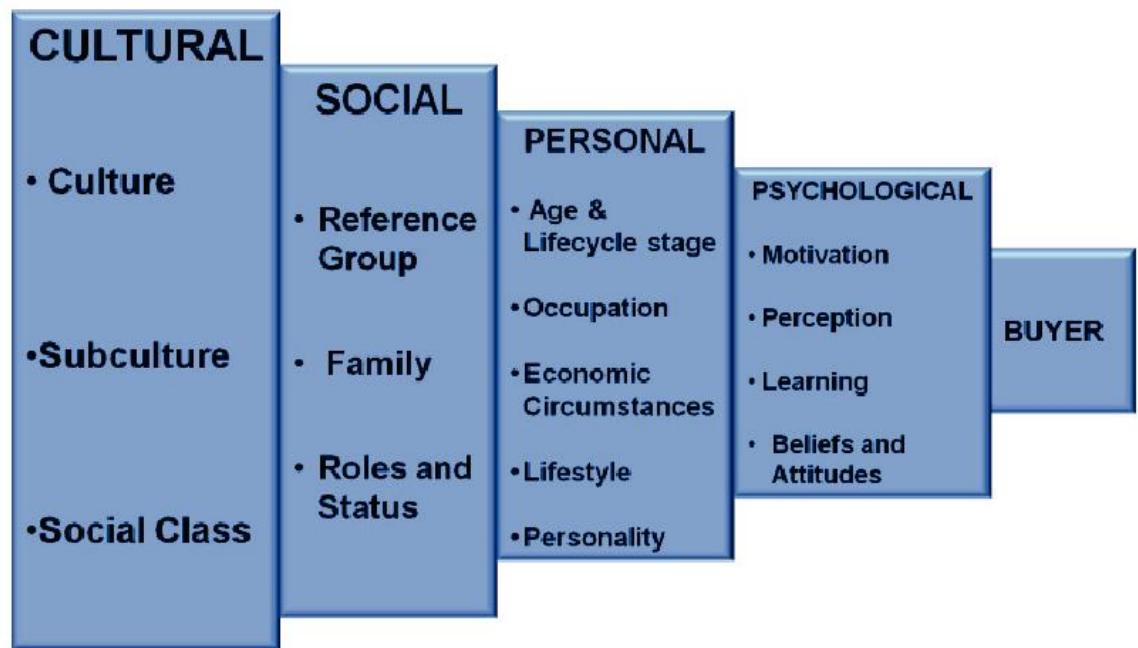


Price is an important part of any good. Nowadays price is formed by many factors –price of producing a good or a service and delivery costs, as well as promotion costs and much more. (McCarthy, 1960)

As it was said beforehand product itself is not always interesting for the general audience – they are also buying an experience, lifestyle, social status and an image. This is a part of promotion as well as the straight promotion which is done in the social media, newspapers and on TV. (McCarthy, 1960)

This part of any good and some services might be also an additional value, because it is creating an image of a product the customers are buying. That is the reason why many manufacturers or service providers are building their own retail chains and provide their goods and services through their own shops (Ghauri, Cateora, 2010).Although this is a basic concept of modern marketing there is another important part which is influenced by marketing and it is a buyer's behavior.

It is obvious that all of the companies who are producing goods or services are willing their customers to purchase more products or services from them. That is the reason why the concept of 4P's has appeared. For the long time it was a common believe that it is almost impossible to change the buyers behavior in a sense of purchasing goods, but nowadays we are totally sure that the process of decision making can and is always influenced by the marketing departments of the companies. (McCarthy, 1960)



*Table 2 Decision making process (Kotler, 1997, 173)*

On the table 2 the concept of decision making process is segmented to the most important parts of the concept. All of that big groups (Cultural, Social, Personal and Physiological) are influenced by the marketing.

Decision making process is the process which is better understood on the example.

It is not a rare case that people from Asian culture are buying the property in the European countries. In this respect the very important issue is how are they are making a choice of buying property or not buying a property. Here is where the Decision making process concept is helping to understand the motivations of the buyers.

1. Cultural issues. This issues are seen as the most important once. In the case of Asian people who are buying the property overseas the decision can be influenced by the cultural background. For example if the property will have Asian-styled design solutions, it might be more likely that the buyers would be influenced by that fact in their decision making process. (Ashford, Drummond, Ensor, 2008)
2. Social issues are playing a big role as well in this example. If there would be an Asian cultural center or a community nearby the property it is also possible that this fact would influence the final decision. (Ashford, Drummond, Ensor, 2008)

3. Personal issues. These issues are unique and might take any shape. For example if the buyers of property would have a child, their personal issue might be a school which will be located not far away from the property or the big back yard.. (Ashford, Drummond, Ensor, 2008)

This example is showing that there might be the needs of different levels and all of those needs can be highlighted in the process of marketing and selling a good to the final customer.

## 2.2 What is E-Marketing?

E-Marketing is a marketing which is done in the Internet social media such as Social Networks, Emails, and Applications for the mobile devices and computer games. (Jason, Miletsky, 2010)

This way of marketing has appeared in the early 2000s. The appearance of Facebook in 2004 has only made this process faster and after the appearance of social Medias in different countries the boom of e-marketing started. (Jones, Ryan, 2009)

From the marketing point of view marketing in the E-environment is much easier than marketing in real life. Due to (Cherednichenko ,2011) and (Jason, Miletsky, 2010) there are a number of reasons why it is much easier

1. The users of the social media web-pages are giving basic information about themselves on their pages (gender, age, education, place of residence) so it is easy to search for the target group.
2. Users are following the groups of their interests. It is becoming easy to promote goods related to the topic of the group. For example there is a social group in Facebook which is related to active tourism and a skiing company from Finland can easily put their advertisements, flyers, coupons to that group.
3. Social media users are linking their social media accounts to the other applications or services, so it is becoming easy to see what these people are doing, where they are going, what do they buy and when do they do that. For example there are such services as Instagram (people are uploading pictures there, and it is possible to put the location, tags and

comments there) or FourSquare (This service is letting the users to register at the place due to your GPS location). In this respect marketing can not only be done through the social media but also on the places where certain groups of customers are going.

4. Any company can start their own group in social media and find solutions to the complaints or problems of the users in E-environment and provide all news to all the followers straight away.

All these issues are bringing us to the point that people are ready to show really personal information to the public and with the help of these information it is much easier to advertise them a product which might be interesting for them.

On the other hand the companies can show different sides of the product to the different groups of consumers and that is another advantage of e-marketing.

Definitely any product was advertised for different groups in a different way, but E-marketing is making the process of finding a target customer much easier. Another important issue is that the costs of advertising are going down and there is no need to put TV advertisements or newspaper advertisements in the general case.

In this respect the concept of 4P's is also changing in a way.

Products are staying the same, but Price, Promotion and Place are changing.

1. Price might go down, due to the cutting costs of marketing and advertising.
2. Promotion is changing dramatically, due to the change of environment. If previously the format of advertising was shaped by the format of the newspapers policy or TV channel policy, now the company can be creative in the promotion campaign and can be vulgar, shocking or provocative. Technically the campaign in the social media should not break any laws.
3. The Place is also changing. If previously the companies could build their own distribution channels or delegates the sells to the re-sellers, now they can sell the products and services in the E-environment (online shops, internet purchasing, etc.)

### 2.3 What is the role of Apps in the E-Marketing?

In the past years the App boom has been detected by users and developers of the software. This boom is related to the development of the smartphones and the Tab Pc's. In fact today almost everyone have at least one of those devices and the amount of purchases is always growing.

In the past, when people were using PC's for almost every use, people used to call the modern apps programs or applications. This programs were made to do single process (e.g. – Photoshop was fixing the pictures, Classic Media Player was playing music and videos, etc.). The other important thing was the Internet browser. All the services were available through the Internet and the mobile devices were not powerful enough to operate and download the web pages due to the slow Internet and due to the differences in software available for the pocket devices and table PC's. (James, 2012)

The situation has changed with the introduction of the small and fast processes as well as improvement in the Mobile Internet. That 2 things opened a door to the possibilities for the mobile devices to become the sources of the information “on the go”. It all has resulted that the Internet traffic has doubled in the year 2011 and is still going every year.

All this is happening because of the heavy usage of the mobile data and apps.

The applications are going through the same history as the programs on the PC's and now they are booming. (Anderson, Lee .2012)

The modern apps are giving a possibility to the users to use all the services they are using on the PC, but in more easy way. This is a unique advantage of an App format in compere cent with the programs on the PC.

Due to the fact that people are using apps pretty often and are checking the email, Facebook, play games on the pocket devices it is also giving a possibility to use the apps as a marketing channel to promote goods and services.

Every user of the smartphone, tablet PC or just a PC have seen many advertisements while playing the game on their device. In a way that advertisements are the same advertisements as people used to get to their email box in the beginning of the century. (James, 2012)

From this point of view it is possible to conclude that the apps are having few important functions

- Providing information (email apps, social media apps, etc.)
- Fun function (all kind of games, social media)
- Working function(text editors , picture editors, professional apps)
- Educational function (books, online encyclopedias )
- Promotion and support function

## 2.4 How to attract users of the Internet and Apps to the new product?

### 2.4.1 How to attract users in the e-environment?

Previously all marketing was done in the classical media (TV, newspapers, banners, etc.) but with the appearance of the Internet and web-pages the mechanism has changed in many ways.

The first paid advertisements in the Internet environment was announced in the 1994 and since then the advertisements are the part of the e-environment. (Sterne, 1997)

In the late 90s and early 2000s the most common suggestions for the sustainable growth and development of the web page were the following

- Choose the right URL, or web site, address.
- Make you web site visible for the searching engines
- Place banner advertisements that link to the company's web page through other web pages.
- Promote the web page to the existing customers. (Parker, 2000)

All these actions must lead to the higher visibility of the web page in the e-environment.

It is possible to create a task-stages of creating a proper web-page.

- Choosing the right URL or address means that the company should have the web-address as close to their name as possible. (Parker, 2000)
- In order to increase the amount of views the company must make the page visible for such searching engines as Google, Yahoo!, Bing , etc. ( Parker, 2000)
- Promoting the web page and putting the banners are close and related activities which are also related to the searching engines. This is happening due to the fact that searching engines are providing more viewers and might place the banners as well. On the other hand a cooperation with any company who is having a web page might be useful as well because the partner company might have a banner to your web page. (Parker, 2000)
- These general guidelines are also true for the apps. If to consider any travel application as a product, it is getting obvious that the strategies for advertising the web pages and the apps are the same.

Those general guidelines are also working to the apps:

- Make you app visible for the searching engines
- Place banner advertisements that link to the company's web page through other web pages or apps.
- Promote the app to the existing customers.

Those statements are having the same description as the case with the web pages, because the marketing in the e-environment is the same for all of the products so far.

On the other hand there are a number of other ways of promoting the app. The most common and popular is to have a Facebook , Twitter or any other social media web page , which will promote, guide and reply to the common questions of the followers.

Another popular technique is to get a cooperation with a bigger company who is already well known for some products or projects and to make them advertise your product through their web page, apps (if they have any) and social media.

#### 2.4.2 How to attract users with the classical marketing?

As it was mentioned beforehand the e-environment is giving a huge amount of possibilities for the promotion of the web pages, products and applications, but how does the classical marketing tools are helping to promote the e-products?

At the modern tourism there are not a huge amount of really well-known campaigns, but there are few, which combined the best aspects of e-marketing and classical marketing.

The, most interesting marketing campaign was done by the Central Park of New York .The name of this campaign was the “World Park”. The aim of this campaign was to educate the park visitors and make them interested in what the park is and was (The world Park, 2010).

The actualization of the campaign was easy- the QR code were placed in the memorable or famous places , so that when the visitor was scanning the code he was going to the web-page or Facebook page automatically in order to see why this place is famous or memorable.

Another interesting campaign was done by TripAdvisor. This advertisement was placed on the streets of the cities in the USA, and was pretty successful (see table3). This advertisement is not giving any links to the web page, it does not include QR code, but the brand name and the pointer, which is common to all users of the computers is pointing the fact that it is a link to the service in the internet (TripAdvisor, 2013).

All these examples are showing how the classical marketing is helping to promote the web pages, apps or social media groups.





 **tripadvisor**<sup>®</sup>

Find a beach like this, an amazing hotel,  
and more - reviewed by real travelers like you.

Like TripAdvisor

*Table 3 TripAdvisor advertisement*

## 2.5 What is the difference between marketing and e-marketing?

Marketing and e-marketing are really close and related parts of modern marketing, although they have a big difference which is influencing the way these marketing solutions work.

This difference is called environment.

Previously marketing was done in the newspapers, TV-advertisements and billboards. From the modern marketing point of view it is clear that these marketing solutions were expensive and not always effective. It was happening due to many reasons

- It was not always clear how to target the companies target audience
- TV channels ,newspapers could not let the advertisements to the newspaper or to the channel if they were thinking that the advertisement is not suitable for the channel or newspaper
- The price of advertisement depends on the time (on TV) and size and place (in the newspaper )
- It is hard to collect the feedback from the viewers of the advertisement
- It is hard to measure the success of an advertisement

But e-marketing can fix some of these problems, because of the different environment. The E-environment is providing the communication channels to both sides – advertiser and the consumer. That is why social platforms such as Twitter, Facebook, Instagram and VK are so commonly used in a marketing purposes.

Another great difference between marketing and e-marketing is the costs and evaluation of success. The costs depends on the platform promotion is done in and the price could be different. The price aspect is not so interesting, but the possibility to measure the amount of viewers of an advertisement, amount of clicks on the banner, amount of users who are sharing the advertisement, the amount of likes, amount of people who started following the promotion page is a unique advantage and strength.

Another advantage is a straight feedback which could not be received in the classical marketing. Feedback is an important part of e-marketing because it can be changed into the communication channel and a way to solve the customer's problems, or to share opinions and solutions to some "case" situations. (Parker, 2000)

### 2.5.1 Customization of e-marketing

As it was mentioned above e-marketing includes almost all promotions and activities of the companies which are taking place in the E-environment. As long as the promotions are happening in the e-environment is making possible to customize the advertisement content for the different target groups. This is a unique advantage of the e-environment, although it is not that commonly used by the companies.



*Table 4 Buyers process (Kotler,Armstrong,1999,153)*

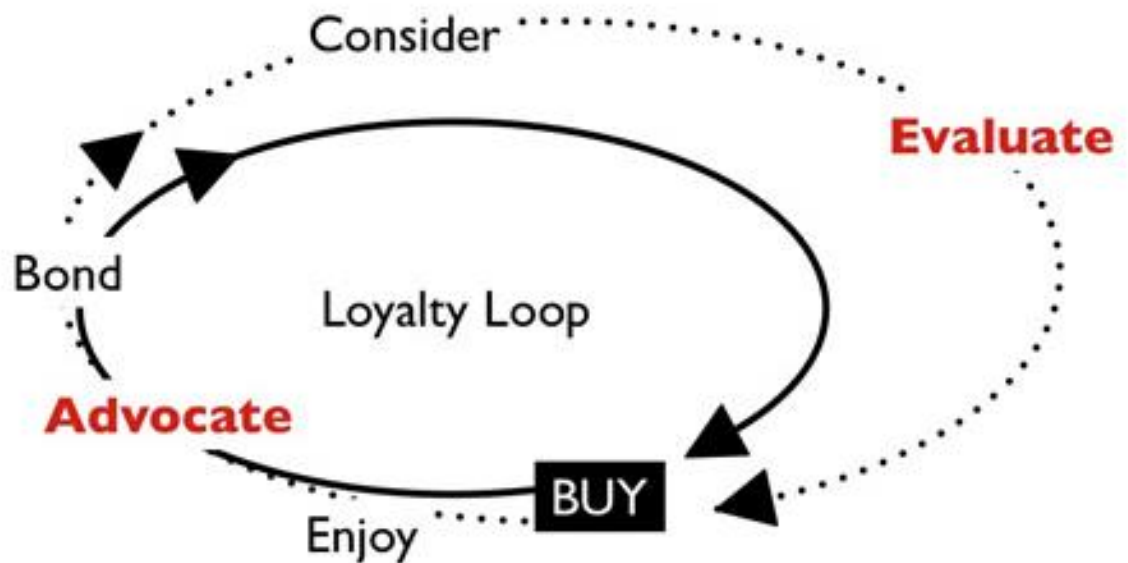
The process of customizing the e-marketing is tightly related to the buyer's decision process (see Table 4). (Kotler,Armstrong, 1999)

This process is describing how a customer is making a decision of purchasing goods from the seller.

1. The first step is always a step of realizing that a consumer needs some goods or services. (Kotler,Armstrong,1999)
2. Second step for the most consumers would be searching for the information. This is the step where e-marketing is normally catching the consumer. It is happening because most people are using Internet as sources of information – they are going to the web-pages, forums, the retailer shops web pages and more. (Kotler, Armstrong ,1999)
3. Although some people are using old marketing channels and go to buy special newspapers related to the topic of the service or a good the people are searching for. Sometimes consumers might even go to the special exhibitions and conferences related to the products they are willing to buy.  
Some people are not using any marketing sources and are collecting information from the people – they start calling friends and asking for advice or collect information from relatives, etc. (Kotler, Armstrong, 1999)
4. After consuming the information many customers are starting to compare the functionality of the devices, or they are comparing the prices, or they can be comparing several tourism destinations. . (Kotler, Armstrong,1999,154)
5. After the evaluation process people are buying and consuming the good or a service (Kotler, Armstrong,1999)
6. The very last step is post purchase evaluation of a product or a service. For most customers it is the most important part of a buying process because that is experience they were looking for. In fact almost every customer would tell you there post purchase evaluation experience if anyone is going to ask them about the experience with the product or a service they have purchased.( Kotler,Armstrong,1999)

On the other hand the purpose of any marketing is to create a loyal groups of customers, and it is a very challenging work.

## The Customer Decision Journey



Harvard Business Review Dec 2010

*Table 5 The customer decision Journey (McKinsey ,2014)*

On the picture Table 5 the very schematic view of creating loyalty among the customers. The process of creating a loyal auditory is also related to the decision making process of the consumers of the goods.

For this reason Picture number 2 is having a lighter version of the decision making process explanation, but is also including the loyalty loop which is showing the difference between loyal and not loyal customers.

The customer who is not loyal to the brand will consider another brand or a product after the consumption of the good or service he have bought. The decision making process for the not-loyal consumer is a big circle which will include all the stages of decision making process.

Loyal customer will not go through the decision making process over and over again, due to the loyalty to the brand (Jobber, 1998).

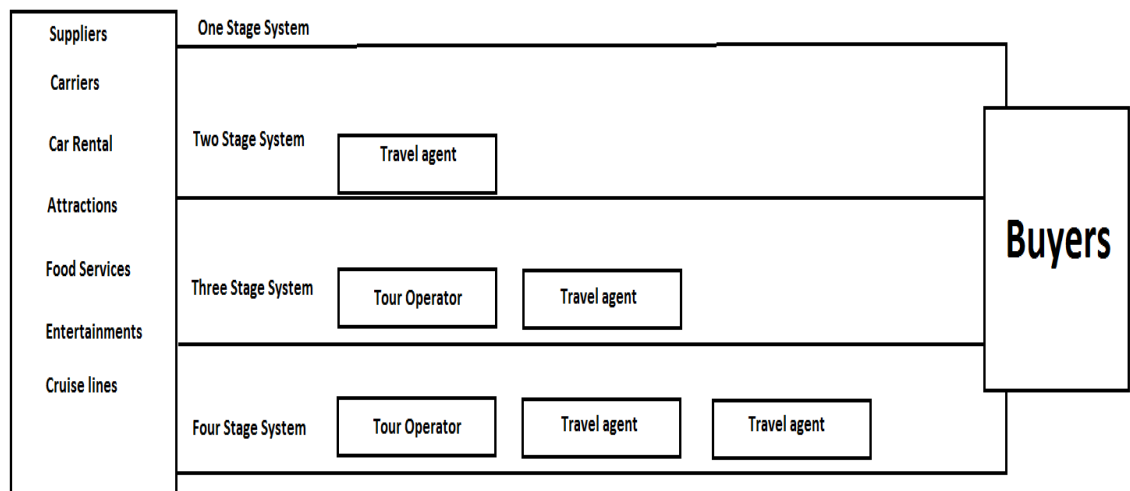
Although the Loyalty is mostly related to marketing it is not always so , due to the product or service must have some advantages over competitors and must have some features which are comfortable/interesting/customized for the final user.

## 2.6 What is the role of marketing and e-marketing in tourism?

### 2.6.1 Travel Industry distribution system and marketing

E-marketing is opening the new horizons for the promotion in the social media environment. Companies can reach the customers much faster and can solve their problems straight away. This is not only beneficial for the budgets of the companies' budget, but is also improving the company's image and is making the company more "opened" and more communicative.

The modern distribution system of the tourism services and goods can be seen on the Table 6. This system is representing the ways tourists are getting the tourism services or products in the modern environment (Gee, Makens, Choy, 1997).



*Table 6 Travel Industry distribution system. (Gee, Makens, Dexter, Choy, 1997, 187)*

From the point of the marketing it is not that important where the catchment area is going to be, because all these systems are highly attractive for different kind of marketing processes.

The one-stage system is getting more and more important in the modern tourism environment as long as the amount of people who are travelling by themselves is growing. The best option for marketing people is to use e-marketing for these audience. This is happening due to the

people who are using this kind of option for finding a tourism product. Mostly the customers of the one-stage system are the young and middle-aged people who are using Internet every day and are used to searching for all needed information in the Internet.

This people are the target audience for the Social media advertisements and the ideal target audience for the app marketing.

On the other hand the analysis of the two-step systems, three-step systems and four-step systems is pointing out that the marketing and e-marketing must be separated and used equally or even one source of marketing must get more important (classical marketing is more important for the four-step system)

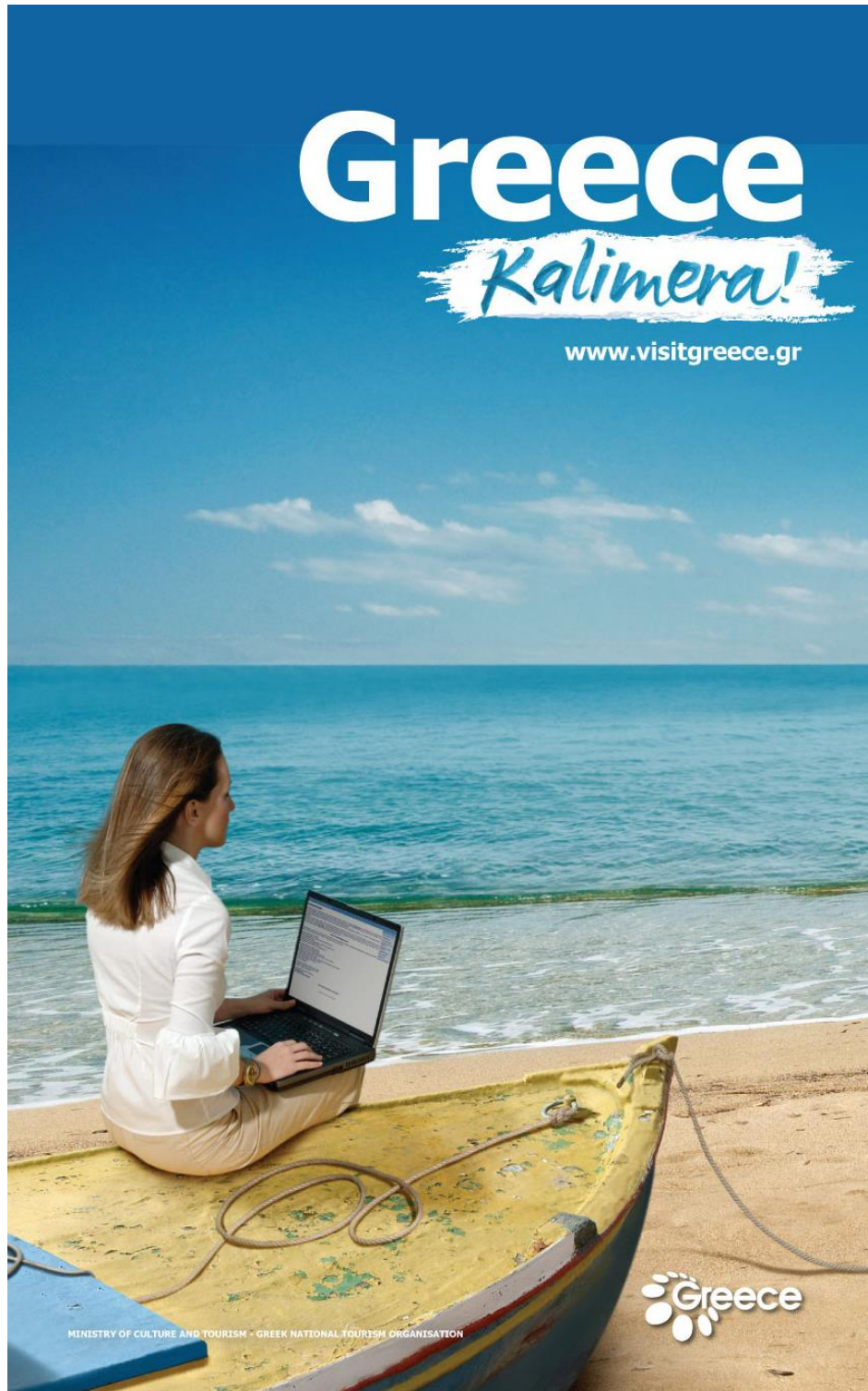
#### 2.6.2 E-marketing, E-Tourism and marketing advertisements in the modern tourism.

The marketing strategy must be selected due to the target audience. It is obvious that there are no promotion campaign that will guarantee the tourism company or a country a one hundred percent success.

This chapter will provide a basic information about the most recent marketing campaigns that are happening at the year 2013 and which are relatively successful.

The most common type of marketing campaign is the street advertisements. On the Table 7 there is a typical marketing advertisement of Greece as a destination. This kind of the advertisements are mostly targeting those people who are going to purchase the tourism service from the tourism companies (mostly working for the three-step system and four-step system).

At this point this is a marketing strategy which effectiveness is hard to measure, but on the other hand it is a marketing strategy which is having high visibility for all the people who are passing by the street.



*Table 7 Visit Greece advertisement*

Although classical marketing is pretty common, e-marketing can provide more attractive solutions for making people loyal or interested in the services the company is providing.



As it was mentioned beforehand e-marketing is working in another environment and as a result have other tools.

It is commonly known that American Airlines is always monitoring the Twitter posts for the hash-tags such as #AmericaAirlines or #AS in order to get a feedback from the customers. This company is well known for being most “social” in respect of answering the users tweets (see table 8). (Twitter14.02.13)



Table 8 The example of the American airlines PR

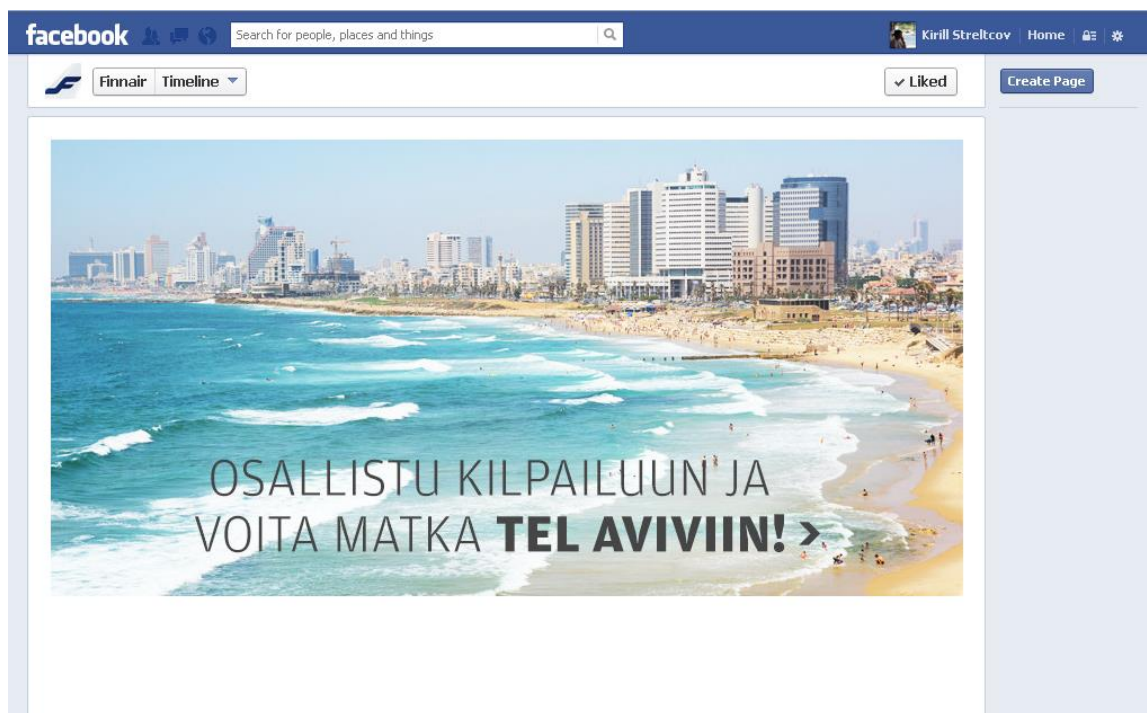
On the other hand promotion in the social media is also a big part of modern E-marketing.

The advertisements in the Facebook environment are taking more and more important role in the marketing strategy of tourism companies these days.

Finnair for example is running a Facebook web page which is informing the followers about the late news and offers of the companies. Although these pages are providing important information it is very important that followers like and share the news with their friends, because than the followers of the groups are playing the role of mediators.

A good example of Finnair promotion is a blog about Tel-Aviv new flight (see Table 9). From the users point of view it is much better to see the blog or any “easy” text about the latest

events and news, than a press-release, for example. For these reason many companies are making the separated texts for the business partners, partner organizations, general public and social media. (available at [https://www.facebook.com/finnairsuomi?brand\\_redir=1](https://www.facebook.com/finnairsuomi?brand_redir=1), 4.08.13)



*Table 9 The example of the Finnair promotion in the Facebook environment.*

On the other hand it is always good to remember that applications are the trend of modern marketing. Finnair, for example, is not only active in the social media environment, but it is also running an application.

In fact Finnair is running two different applications for iPhones and iPads. The difference between this apps is not huge, but it is important to notice that iPad application is targeting only Finnair customers, and iPhone app is targeting all those people who are loyal to the OneWorld Alliance (which also include Finnair).

Finnair One World app for iPhones is helping the customers of Finnair and One World alliance to find the flight they are in need of (Table 10). That application is not only having a full functional of booking office, but is also a quick way to find out about OneWorld alliance and to get to the partners web-pages.

Finnair application for the iPads is a totally customized Finnair application which is providing even more functionality like buying a ticket online ,checking-inn for the flight with customers own device, finding out more about loyalty program and more.



*Table 10 The interface of the Finnair OneWorld Application.*

### 2.6.3 TripAdvisor. The example e-travelling.

TripAdvisor is a web-page which is providing the information about tourism destinations.

Trip advisor is one of the most common examples of the e-travelling of the modern Internet-environment. E-travelling is a term which is describing the advantages of electronic front and back office services (Lomine ,Edmunds,2007)

TripAdvisor is one of the biggest tourism related web-pages and is a trusted reference in the content of tourism. The web page provides the following services

- Rating of the hotels (Worldwide)
- Hotels booking
- Possibility to rate the hotel
- Airplane tickets booking
- Restaurant rating
- Forum for the users of the service
- Applications for the Pones and Tablet PC's
- Facebook/Twitter support

This service is available in all countries and provides the ranking of the hotels/restaurants/tourism destinations. The ranking card of a destinations can be seen on the table 11.



THIS IS TO CERTIFY THAT

**Briar Cottages**

HAS ACHIEVED A TRIPADVISOR RATING OF



BY ITS GUESTS AND THEREFORE HAS BEEN AWARDED A

**CERTIFICATE OF EXCELLENCE  
FOR THE YEAR OF 2012**

Christine Petersen  
President, TripAdvisor for Business

*Table 11 Example of TripAdvisor certificate*

This certificate insures that the Organization/Individual is providing a service of the certain level (from 1 to 5 points) this rating is done based on the user's feedbacks and comments.

The services main aim can be seen as

- Making the independent rating of the tourism destinations
- Giving the possibility to the users of the Internet to rate and write their opinion about the destination/hotel/restaurant.

From the application point of view TripAdvisor is providing the mobile platform which allows having the full web-page functionality in the App environment. At this point it is totally clear that the most popular tourism related service of the web is focusing on the two main aims of the service and the application is only another tool for reaching the aims.

#### 2.6.4 KAYAK. The example of e-travelling.

Kayak is online service which can be seen as a competitor of the TripAdvisor , due to it is providing the similar functionality, but it is more focused on the booking services.

The main difference between KAYAK and TripAdvisor is that KAYAK is positioning its services as a tool for comfortable and easy travelling, because with one application the user can check the flights, books the tickets, hotels and rent cars.

The application of the KAYAK service is also providing the same functionality as a web based service

Although the web based service is believed to be really useful (the average grade in Google play is 4,5) there are many comments like this.

Although, due to the fact that the applicatio is produced in USA and made for the US market , and the European markets and other markets are not considered as important , the service is not always accurate in prices and information might not be always trusted.

From this perspective KAYAK application is also providing the same services as the web page , but in nice app format.

#### 2.6.5 The reasons for the change in the marketing police of the Tourism companies.

Almost all tourism companies are doing certain marketing research and try to target their target audience. This was a complicated task in the days, when there were no E-tools, which

would help the companies to search for the potential customers in the searching engines of the browsers, for example. (Pike, 2008)

Previously the Tourism companies were marketing the brand by itself, because the brand was more recognizable and important for the customers. At this point the customers were aware of the brand, but not about the services which are provided by the company. (Pike, 2008)

In addition to that, the companies were not providing any special services, and the customization of services was very low. That was the reason of branding the companies brand, but not the services.

#### 2.6.6 Different groups of tourists expectations.

Modern tourists are divided into different groups. Let's see what the most common expectations of modern tourists are.

1. Business travelers- this group of people are not interested in the tourism from the leisure point of view, they have a different purpose of travelling. Business travelers are mostly interested in
  - a. quick transportation from point A to point B with maximum comfort
  - b. comfortable accommodation in the destination
  - c. Possibility to extend the time they are going to spent in the hotel and possibility to change the time/date of the departure. (Lomine,Edmunds,2007)
2. Leisure tourists- this group is interested in travelling, because that is the core feature and the purpose. Although this group of travelers are interested in comfort as well as the business travelers , there are some core differences
  - a. Leisure travelers are mostly planning the trip at least few months before the exact trip
  - b. Leisure travelers are influenced by seasonality and existing trends (popular destinations might be more desired by the leisure travelers)
  - c. Leisure travelers are more price oriented (Lomine,Edmunds,2007)

This groups are the most common travelers, although this big groups have many sub-groups which have some special needs, requests and wishes.

The interest of these groups in customizing the “packages” adding additional services and special need made the tourism companies to change the way the company is working. It all resulted in the change of the marketing programs and the way tourism companies operate. (Lomine ,Edmunds, 2007)

As a result of the change related to the changing environment of the traveler’s interests the tourism companies started to operate in the e-environment and used all advantages of the social media in order to promote the services, they are offering.

As people started to use the social media in their everyday life as a tool which is helping them to find goods and services, tour companies have also started providing services in this environment.

A perfect example of that kind can be found in the Russian social media web-page VK.com. On the table 12 there is an example of the service which is provided in the Russian social media. The community name is “Финляндия на выходные” («Finland for the weekend»). This is a social media group which is promoting Finland as a tourism destination and promotes the services which the group is providing like bus transfers, visa services, hotel booking, etc.



The screenshot shows a VK social media group page for 'Финляндия на выходные'. The page features a navigation menu on the left, a group header with the title 'Финляндия на выходные', and a description in Russian. A poll asks 'я делаю визу сам или через фирму?' (do I do the visa myself or through a company?). The poll results show 5272 votes (59.94%) for 'сам(а)' and 3523 votes (40.06%) for 'через фирму'. There is also a 'Discussion board' section with 1839 discussions and a 'Join community' button.

*Table 12 Travel services which are provided in the e-environment.*

On the other hand tourism related companies have also a possibility to promote their services and shape the advertisement into a nice package.

Finnair is one of the best examples of proper social media marketing strategy, because they are not only promoting the service and advertise the new jet plane or the rebranding of the craft layout, but share the values and perform them as a competitive advantage over the competitors.

The good example of the way Finnair is using the values and culture of Finland can be seen on the link bellow [https://www.youtube.com/watch?v=Y\\_qBWi-x9mQ&feature=c4-over-view-v1&list=PLxCenwGBVdeh8DFb32FLC4AxmEIEgxXcx](https://www.youtube.com/watch?v=Y_qBWi-x9mQ&feature=c4-over-view-v1&list=PLxCenwGBVdeh8DFb32FLC4AxmEIEgxXcx)

This small video is related to the 90 anniversary of FInnair , but the main theme of this video is the food which is offered in-flight. As it was mentioned beforehand this is a promotional video, but this advertisement is not an example of straight promotion, it is more like a “know how video”.

These two examples are showing the way, how the internet have changed the way companies are marketing the product they are offering to the market.

### 3 WHAT IS TRAVELAPP

Chapter number 2 explained why e-marketing is an effective tool and how it can be used by the tourism companies.

Chapter number 3 will provide information of what is TravelApp and how it is working, who are the main customers and how it will help the tourists.

This chapter will also provide a general overview of the travel applications which are available on the market and will describe advantages and disadvantages of this applications.

#### 3.1 How does the TravelApp works?

TravelApp is an application which is designed to be in-between the Travelling companies web-page and the customer. This application is providing all needed information for the travelers about the region, destinations, places to visit and events to see. In other words TravelApp is a traveler's guide which is always with them.

- For the users of an application TravelApp is a service which is providing information about tourism destinations (Hotels, Restaurants, Shops, Activity companies, National parks, etc.) to the travelers in their own language.

Although TravelApp is seen as a tourism service it is also a Marketing platform, because the tourism related companies, who are listed as a destinations are paying for the space in the application.

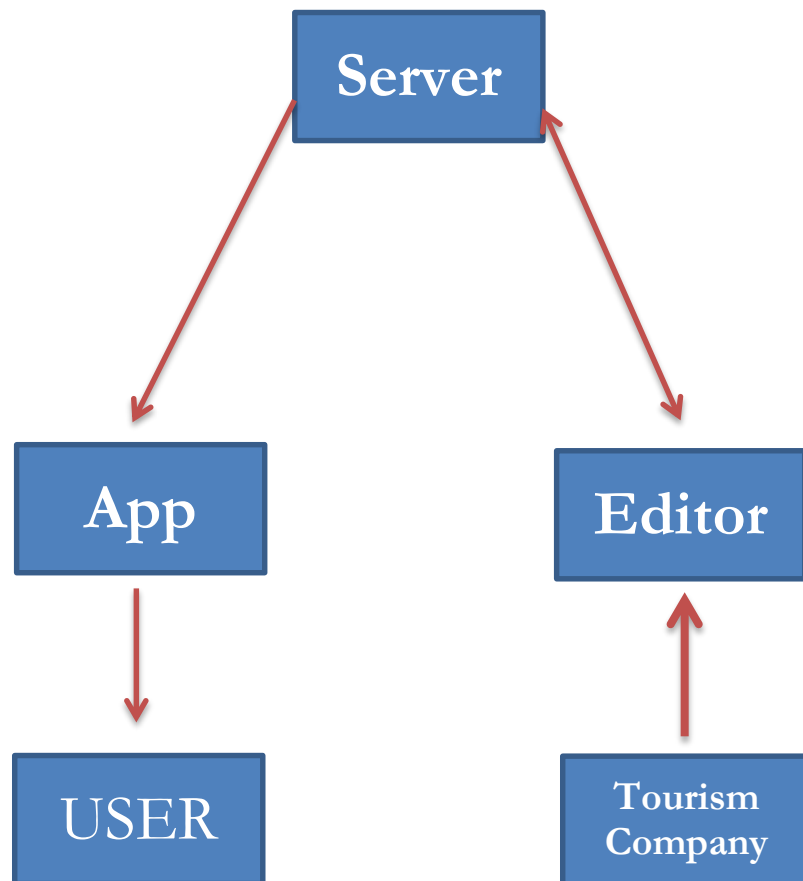
- For the tourism related business it is a way to target the customers in the new environment. Tourism related companies are not only showing that they exists, but they are able to form the impression of who they are and are they doing.

Still there is a question – who will use TravelApp?

- For the users of an application TravelApp is a product which is targeting people who are making a decision where to go for a holiday themselves. The target group for TravelApp are people in the age between 25-50 years old of both genders who are using their smartphones not only as a phones, but also as a source of information.

- For the tourism related business TravelApp can be seen as an addition to their web page. The companies can use the app as another place of promotion, they can start based on the app promotions.  
On the other hand TravelApp can be the only marketing channel which is going to be used by the companies in order to promote their products to the customers.

Travel App is a combination of 3 parts



In order to satisfy both users and the companies TravelApp is divided into the following segments:

Server

Server is needed to collect all the information from all of the partner tourism company who is willing to promote their services in the App, and to share that information with the users of TravelApp

### Editor

Is needed in order to update, create, and edit the information of our partners.

In the editor Tourism companies can write their promotional texts, put pictures, links to the social media, links to the web pages, edit contact information and mark themselves on the map , so that it will be easy to find them .

Although the editor is created in a way that all partners can edit all information by themselves, it is also possible that the TravelApp crew will make all the changes by themselves.

The most important reason for having an editor is related to the actual and trusted information about the company's which are operating in the Kainuu region.

Although companies information don't change that often – TravelApp is giving a possibility to add additional information which can be related to special offers , discounts, coupons, seasonal offers , etc.

For this reason TravelApp might have settled dates for the information updates. This updates will include the information updates of the TravelApp partners.

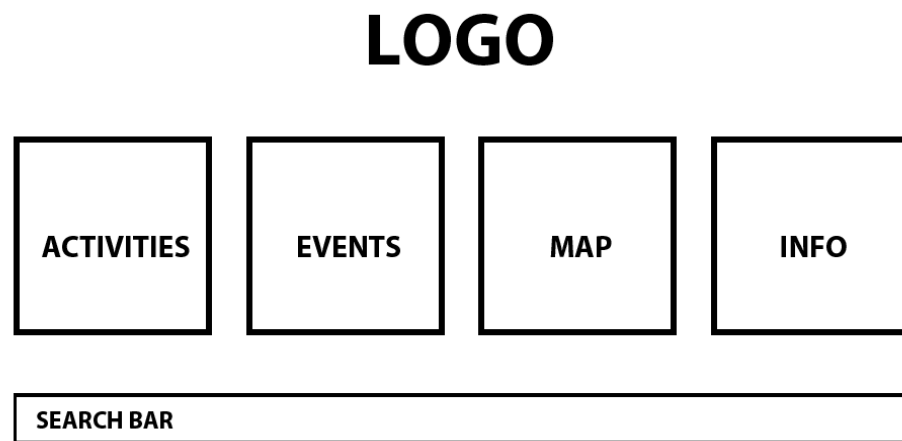
### Application

The role of the application is to visualize all the information of the destinations (pictures, social media links, contact information, geolocation, etc.) on the device of the end-user. Application itself is a small program which is working on all kind of operating systems such as Android, IOS, and Windows phone.

### 3.2 The visual appearance of the TravelApp

Another important part of TravelApp is the way it looks. This application has the main menu with 6 buttons (Activities, Events, Map, Region, search panel and question mark which is telling more about the creators, version of the application and some more related information (see table 13 )

ALL RED IS INSTRUCTIONS AND NOT PART OF THE DESIGN



*Table 13 The main Menu of the TravelApp*

1. Activities is the core feature which is divided into the “folders” like accommodation, nature, Activities, Sports, Shopping. In this folders there are business cards of all the partner organizations with the detailed information of what is the company doing (see table 14 and table 15 ).

ALL RED IS INSTRUCTIONS AND NOT PART OF THE DESIGN

## ACTIVITIES

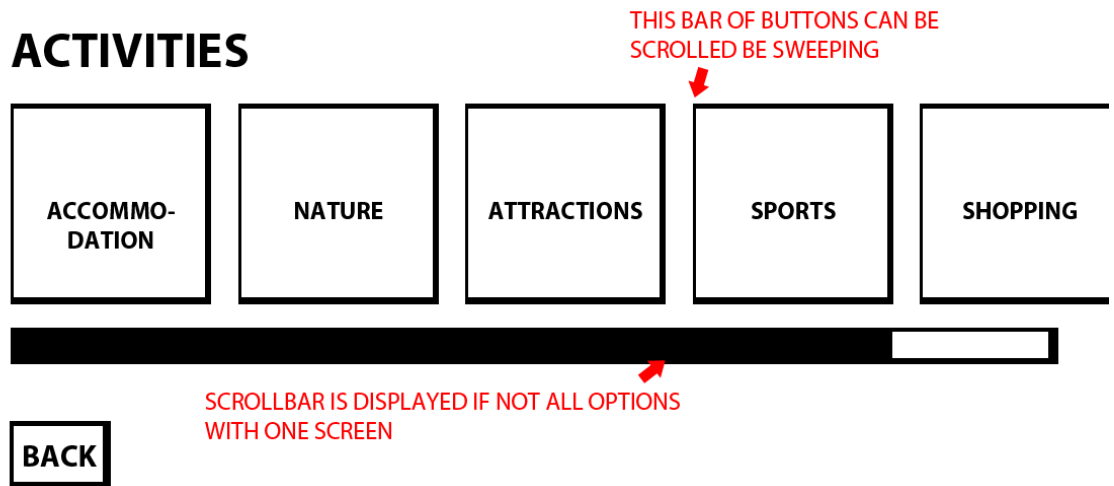


Table 14 Activity manu of the TravelApp

ALL RED IS INSTRUCTIONS AND NOT PART OF THE DESIGN

## ACCOMMODATION

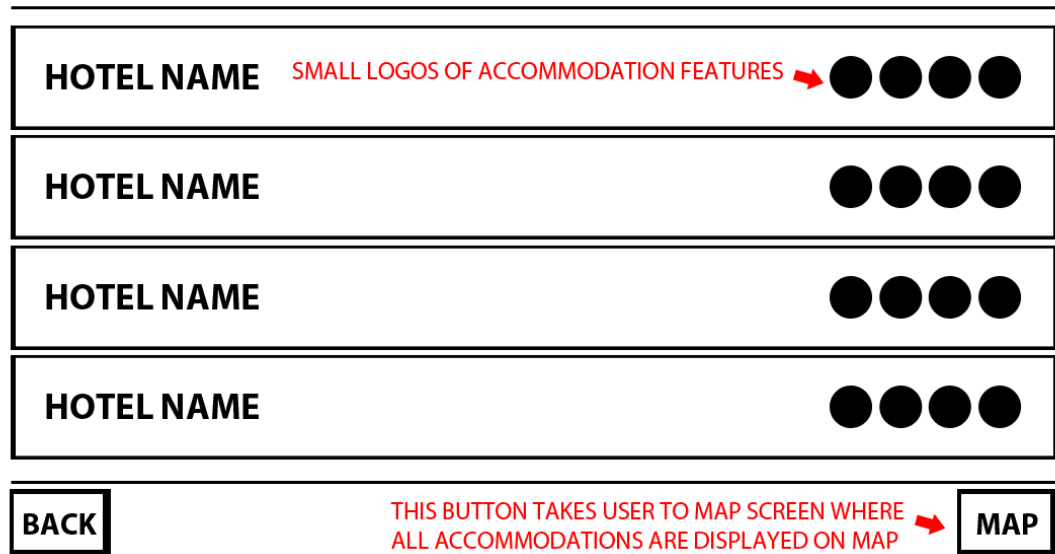


Table 15 Hotel Menu of the TravelApp

2. Events this is a calendar with the possibility to save the events to your devices calendar. in order not to forget about some upcoming event in the area where you want to go (see table 16)

ALL RED IS INSTRUCTIONS AND NOT PART OF THE DESIGN

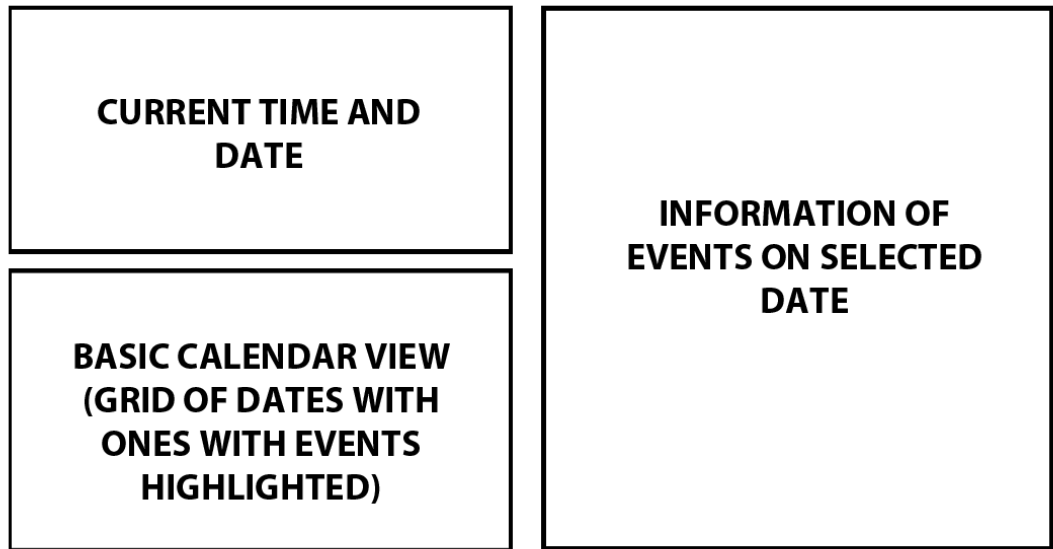


Table 16 The Business card menu of the TravelApp

3. Map this feature is helping to plan the user's trip, especially if they are coming to the destination by car (table 17)
4. Region and the information about the region

ALL RED IS INSTRUCTIONS AND NOT PART OF THE DESIGN

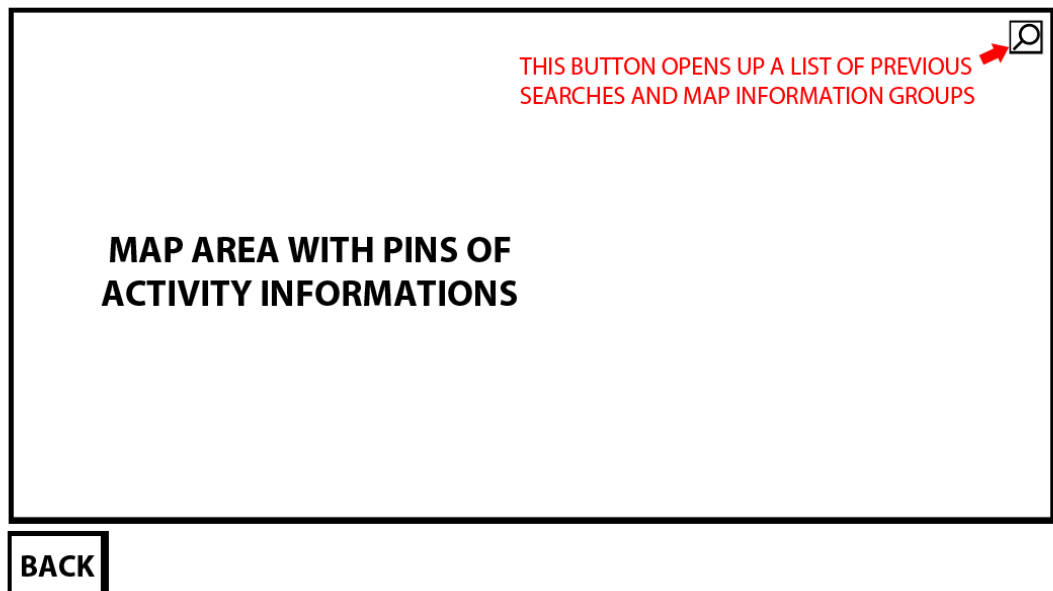





Table 17 Map menu of the TravelApp

5. Search button to search for the special type of destination within the region or whole Finland.(see table 18)



ALL RED IS INSTRUCTIONS AND NOT PART OF THE DESIGN

## RESULTS

<b>SEARCH RESULT #1</b>	IF RESULT IS VISIBLE ON MAP, THIS BUTTON	
<b>SEARCH RESULT #2</b>	WILL SHOW IT ON MAP SCREEN. BUTTON IS ONLY VISIBLE IF RESULT IS MAPPED.	
<b>SEARCH RESULT #3</b>		
<b>SEARCH RESULT #4</b>		
<b>SEARCH RESULT #5</b>		

---

<b>BACK</b>
-------------

*Table 18 Results search menu of the TravelApp*

### 3.3 Who is the target auditory for the TravelApp

The concept of TravelApp has been created as a tool for searching the information about the “Things to do nearby”.

As long as the lack of information is a big problem in the Kainuu region TravelApp can be seen as a powerful tool of providing the information about the local attractions, popular places and events.

On the other hand the platform of TravelApp can be used to provide information about any business area of the region, city or country.

In this respect TravelApp is designed for everyone who is seeking information, from travelers to B2B oriented organizations.

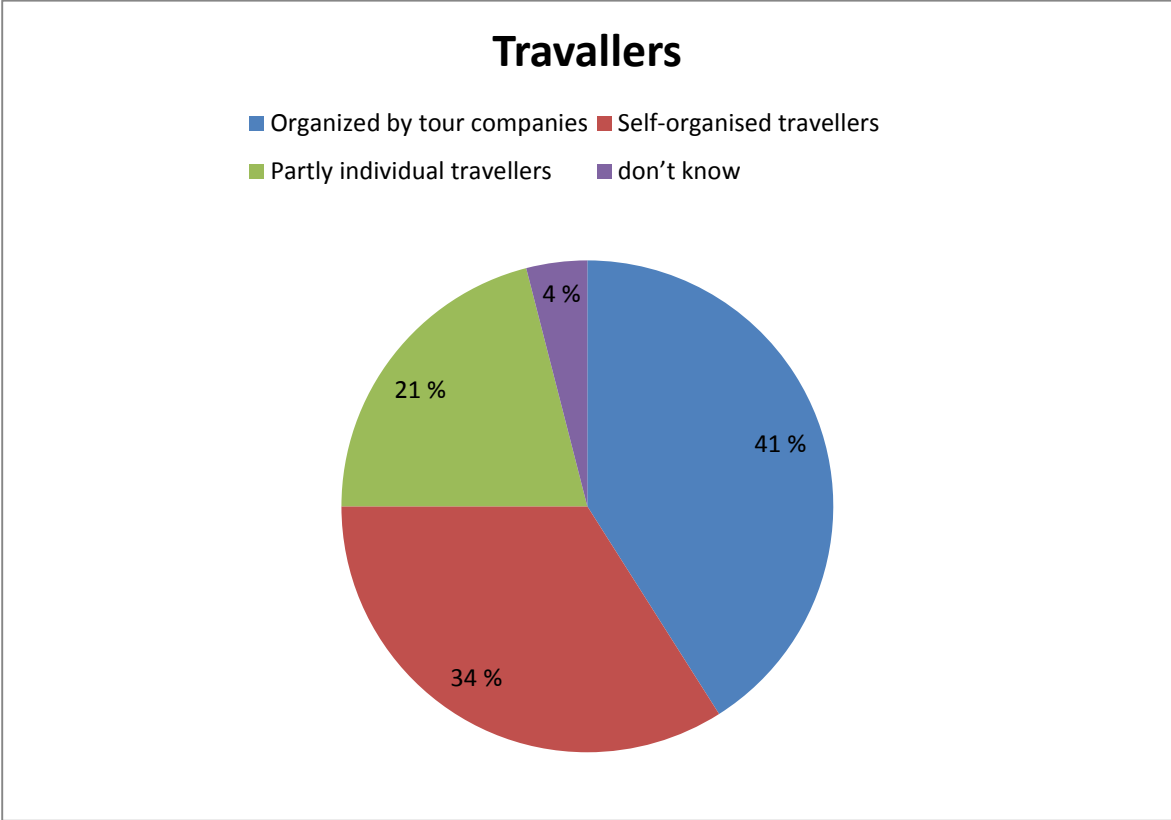
Although the market for this application is not seen as a booming market it is possible to reach 3000 downloads per month. This amount of downloads is proven by the google in the similar kind of applications which are related to Finnish tourism (Google Play, 2013).

### 3.3.1 What is a benefit for the Travellers?

Generally all travelers have one problem when going somewhere – they need to know where to go. Previously this problem was solved by

- Travel guide books
- Information desks at the cities
- Information packages made by the tour operators
- Tourism packages which are planned and organized so that the travelers don't need to search for activities
- Recommendations of the friends who have already been to the place

Due to Horosheva (2013) the tourism market in Russia has spread in 3 segments related to the way people travel.



*Table 19. This table is illustrating the way Russian tourists refer to travel. (Horosheva.2013)*

Table 19 is introducing the structure of the market. Although 41 percent of the tourists are booking tourism packages from the tourism companies there are 34 percent of the travelers who are booking and planning the holiday by themselves. In addition to that 34 percent of the travelers who are booking everything themselves there is 21 percent of tourists who are partly planning and booking the holidays themselves and partly purchasing readymade products from the tour companies.

In this respect it is important to admit that in the year 2013 Finland has received and accommodate 5118780 Russian tourists due to the Russian alliance of Tour companies (Russian alliance of Tour companies, 2013).

If it would consider that 55 percent of the travelers are not having any information about “where to go” the tourism related companies would see a total market of 2815329 tourists who can be easily influenced in their decision making process.

It is also pretty obvious that this people are ready to spent money and are interested in having fun.

### 3.3.2 What is a benefit for the companies?

As it was mentioned above there were 5118780 Russian travelers and 7,6 million tourists came to Finland from all around the world due to Statistics Finland.

This entire people are seeking information and a TravelApp can be seen as an easy way to collect this entire people at one place and provide all needed information to all these people.

From the business point of view the TravelApp is a marketing channel which is shaped as advice and for this reason can't be so easily recognized as marketing solution.

This is a products advantage and many consumers would love to see the travel guide book available in their smartphone or tab pc all the time.

The benefit of the companies is pretty obvious – they have a target group, who are downloading a source of information and are actively using it in order to find information. Technically the users are demanding for the marketing process inside the application and are interested in purchasing more and more information inside the e-environment.

From the money point of view the partner companies are investing in the «complex» promotion which is not only including the promotion in the application environment, but also the promotion in the social media environment.

This is resulting in the bigger awareness of the potential customers through different marketing channels.

The last but not least important reason to invest in the TravelApp is the possibility to measure the effectiveness of the promotion. This goal is reached due to the fact that the companies

can receive the information about the amount of views in the app and social media environment.

### 3.3.3 How TravelApp will find its target customers?

First of all it is important to mention that TravelApp is not only a tourism related product, but a service, which is promoting the tourism services.

At this point it is important to understand that this support service is needed to be promoted through many channels. Few of them are listed below

- Social media promotion. This channel can be used as FAQ and support side of the TravelApp
- Links and QR-codes of the app on the tourism service provider's flyers and other promotional banners. Web-pages, books, etc.
- TravelApp web-page.

This channels will increase the awareness of the people about the TravelApp services.

### 3.3.4 What are the possible substitutes available on the market?

There are many travelling applications in the e-environment, but they are not always playing a role of TravelApp.

Most of the apps which are available in the markets are guidebooks which are having some guidelines of where to go and what to see. This apps are having a fixed amount of pages and are not easy to customize.

### 3.3.4.1 Imatran City-Opas

A good example of such an application is an Imatraan City-Opas (see table 20 and 21)

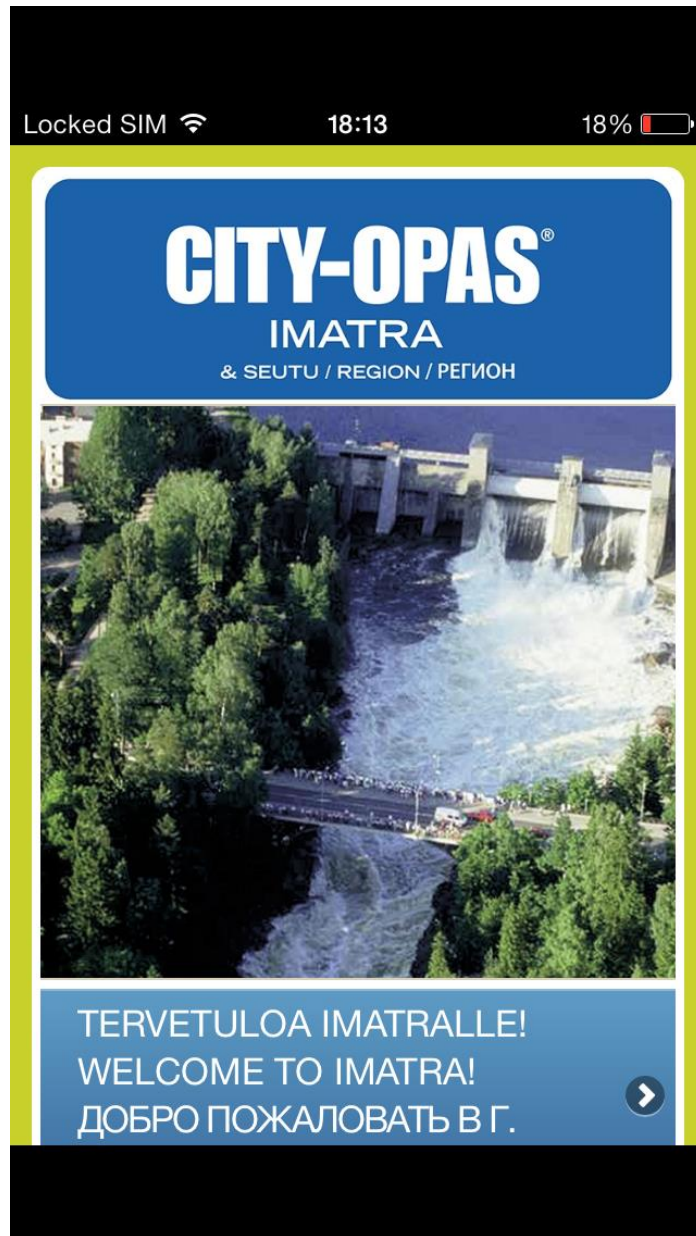
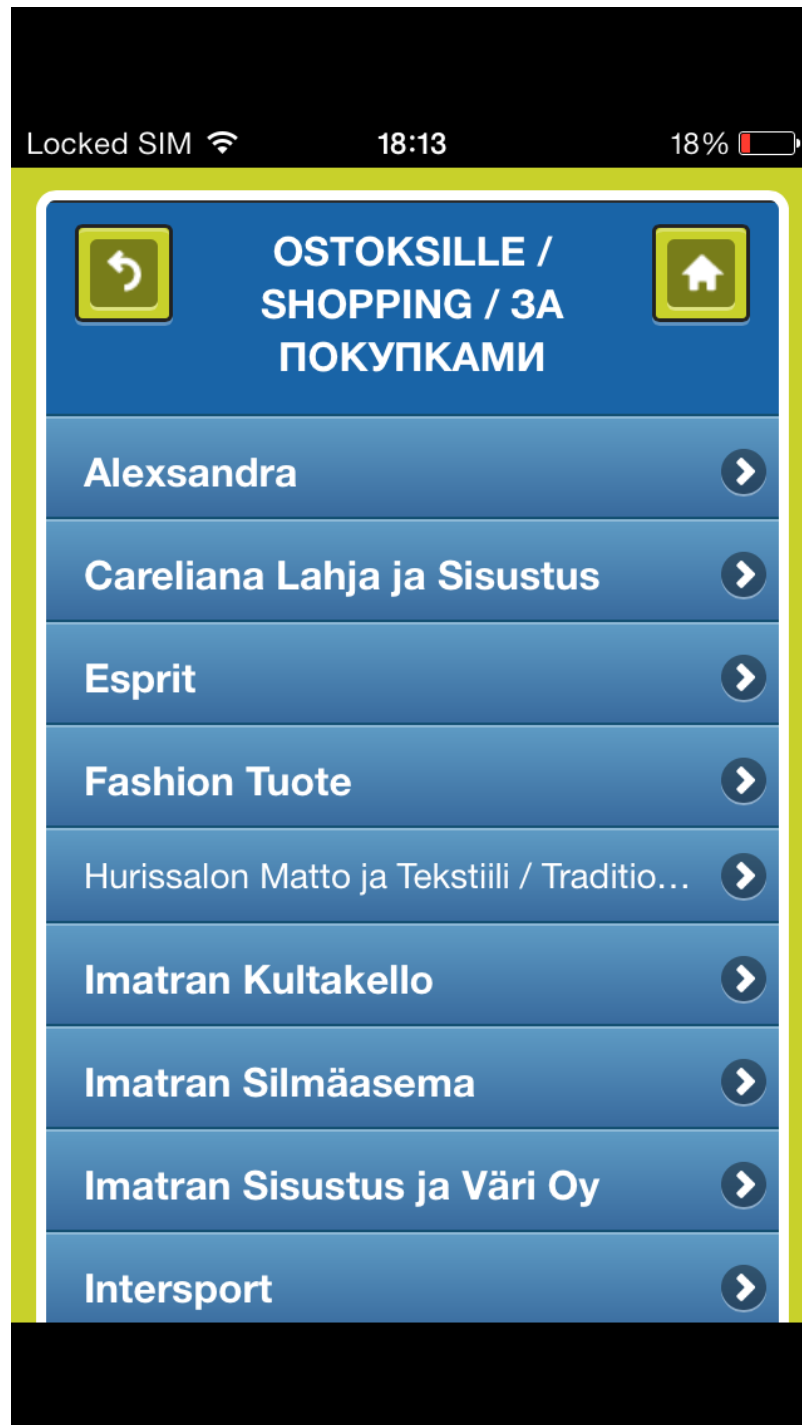


Table 20 Imatra-city opas main menu



*Table 21 Imatra-city opas interface*

This application was created for the city of Imatra and is promoting only the city and the close-by area. I would like to mention some advantages and disadvantages of using the application:

Advantages	Disadvantages	How it would be done in TravelApp
Simple and easy Interface	Although the Interface is simple , it is hard to use due to the fact that there are no buttons in this app such as “home” , “back” ,etc. (see picture 12)	The TravelApp interface is user friendly and intuitive. The interface was tested on the focus group, and there were no problems with understanding the applications interface.
Allot of information	Although there is a lot of information it is not organized in an easy and simple way	The information in TravelApp is collected in the «segments», so that they are related to the same bigger topic.
Free software	Problems with the language use. Although the interface is in 3 languages (Finnish, English, Russian) the same time , the core information is available only in Finnish	TravelApp is also a free application with the free to use content. The language problem would be solved by the possibility to download different language applications from the different national markets.



### 3.3.4.2 Plink

Another example of an application is the application called PLINK.

This is an application from Oulu and it is working only in Oulu , but it has its own special task – this is a coupon application which is distributing the coupons for the different companies . (see Table 22)

This application is also having its own advantages and disadvantages .

Advantages	Disadvantages	How it would be done in TravelApp
Simple and easy Interface	Although the Interface is simple, it is not always to understand the functionality due to the fact that interface was simplified as much as possible.	The TravelApp interface is user friendly and intuitive. The interface was tested on the focus group, and there were no problems with understanding the applications interface.
Easy to find the location, cause Plinks interface is a map itself, with all the functionality of a map.	The language of the application is generally English, but the coupons are in both languages. This is making the app to be hardly used by the once who are not speaking Finnish or English	The map services in the TravelApp are based on google maps and as an edition the application would also provide the GPS location , so that the users could use their own navigators or other systems. The language problem would be solved by

		the possibility to download different language applications from the different national markets
Free software		TravelApp is a also a free application with the free to use content..



*Table 22 Imatra-city opas interface*

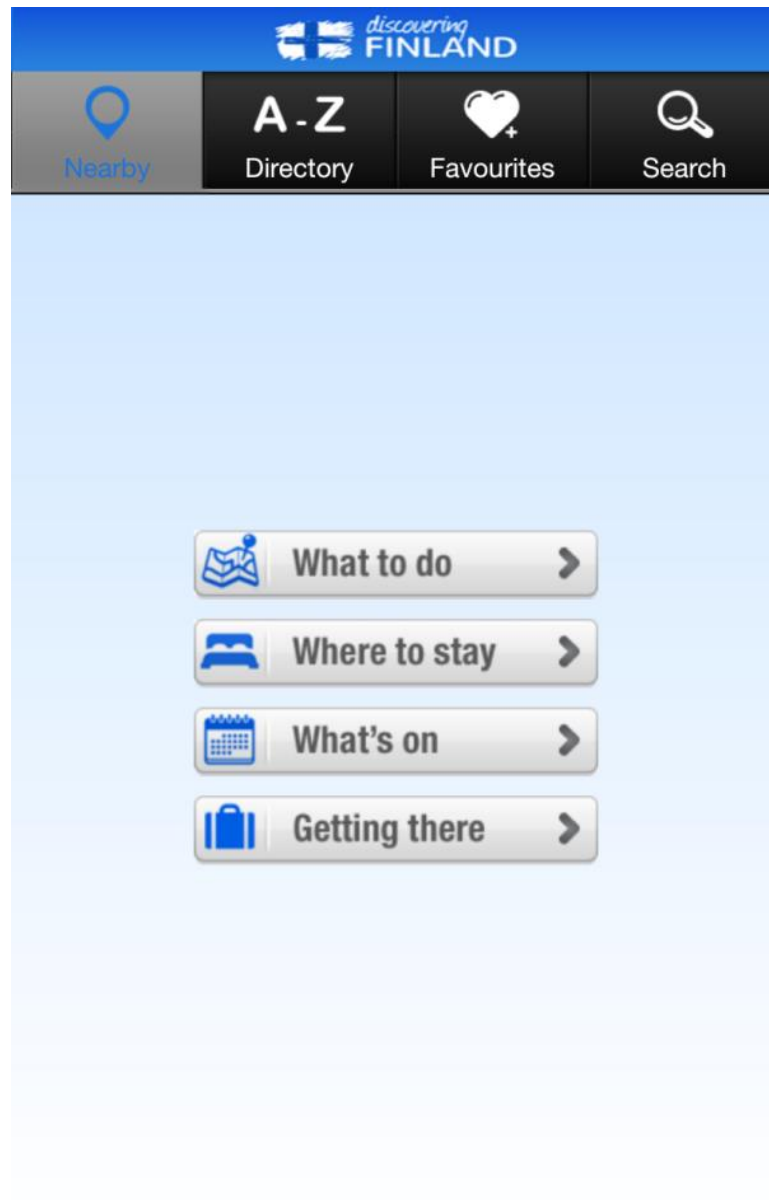
### 3.3.4.3 Discovering Finland

Discovering Finland is another example of a tourism application related to Finland.

It is an application which should help the traveler to find the place of interest, hotel or some places they are interested in. The basic Interface could be seen on the Table 23.

Unlike the previous applications this is an application which should be a pocket guide to every place in Finland, but unfortunately it is not so.

Advantages	Disadvantages	How it would be done in TravelApp
Simple Interface	Although the Interface is simple, it is not comfortable to use.	
Free software	The application is not always stable and sometimes it is closing by itself , what is causing the smartphone to restart	The applications stability is ne of the most important questions from the point of view of the brand image. At this respect the stability would be achieved by the well-based program code, which would be tested on different devices with the different OS.
The application is supporting different languages	The user need full-time Internet access in order to use the application	Users of the TravelApp would not need full time Internet access. The full-time Internet access was excluded on the stage of planning the app.



*Table 23 Discovering Finland main menu*

### 3.3.5 General conclusion about the competitors

Although the market has some tourism related products it is not always obvious which app is better, all of them are having advantages and disadvantages.

The most general disadvantage of every application is poor design and problems with content (not enough information, not detailed information, etc.).

On the other hand all the applications listed above are aiming different goals and for that reason they have different structure. Still the general problems stays the same.

For this reason TravelApp is having the features and functionality which is listed in this chapter.

It was done so in order to have competitive advantages over the apps which are present on the market and in order to be seen as more attractive solutions for the investors.

## 4 WHAT ARE THE PROBLEMS OF STARTING UP MARKETING CAMPAIGN AND RUNNING AN APPLICATION?

Previous chapters were explaining what is marketing and e-marketing, what it consists of and what kind of marketing solutions are used by different tourism related business companies.

This chapter will explain what problems would be faced by the company who is willing to run such a marketing solution in the Kainuu region.

### 4.1 What kind of problems might appear?

In the modern business environment there are many reasons for failure of the projects of all kind, there are many barriers to enter the market and there are many uncertainties.

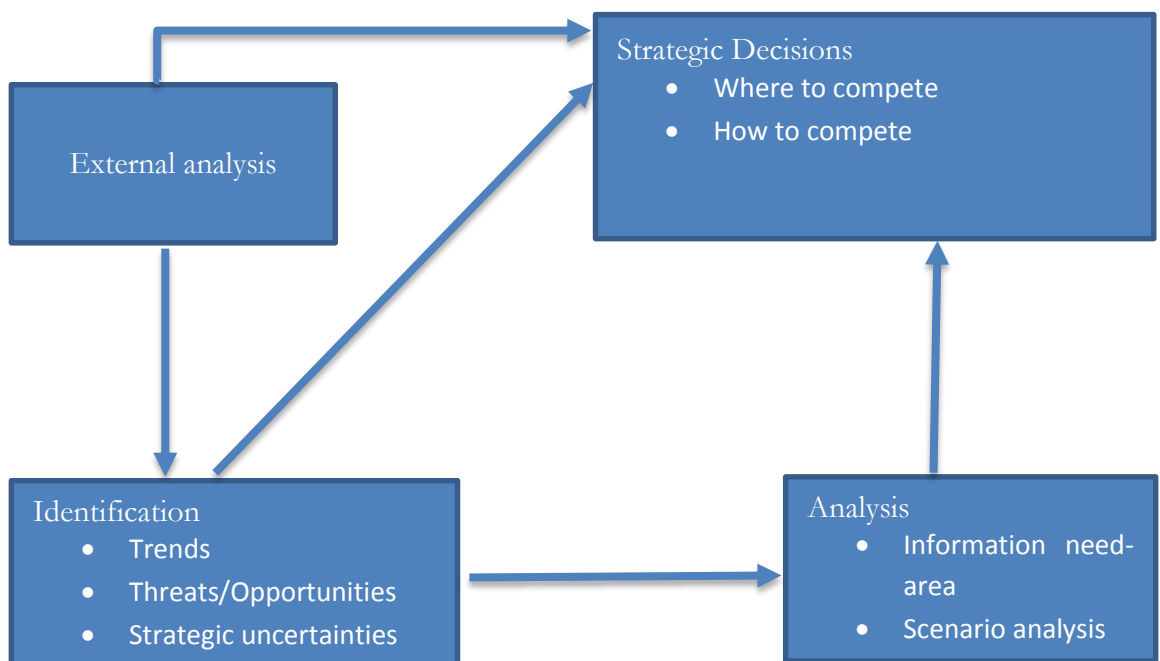


Table 24. The process of external analysis (Aaker, McLoughlin, 2007. 38)

Table 24 is showing the process of external analysis. This analysis is really important one in the process of running innovation marketing companies. (Aaker, McLoughlin,2007)

As it was mentioned beforehand there are some problems which might appear while running a new marketing solutions.

The most important problems are related to the Trends and Information need area.

The trends are problematic due to the nature of a trend – it has appeared but companies are not always sure how to make advantage out of them. In this respect the Innovation provider must provide the information about the improvements which a change will bring to the company.

In the normal business environment this process is related to the information, so that when the innovation is introduced the service provider is referring to the existing data or figures of the companies who had introduced the same kind of solutions, but as long as it is the innovative market the figures might be secret or not available to the general public.

Another problem is related to the segmentation of the modern tourism market. There are five broad consumer segments for each of the main sectors of the tourism market (Middleton, 2001)

1. Hotels

- a. Corporate/Business clients
- b. Visitors on group package tours
- c. Independent vacationers
- d. Visitors taking weekend/midweek package breaks
- e. Conference delegates

2. Tour operators

- a. Young people, singles and couples, eighteen to thirty-years-olds
- b. Families with children
- c. Retired/ senior citizens/ empty nesters
- d. Activity/sports participants
- e. Culture seekers

3. Transport operators

- a. First-class passengers
- b. Club-class passengers



- c. Standard-class passengers
- d. Charter groups
- e. APEX purchase

4. Destination attractions

- a. Local residents in the area
- b. Day visitors from outside local area
- c. Domestic tourists
- d. Foreign tourists
- e. School parties

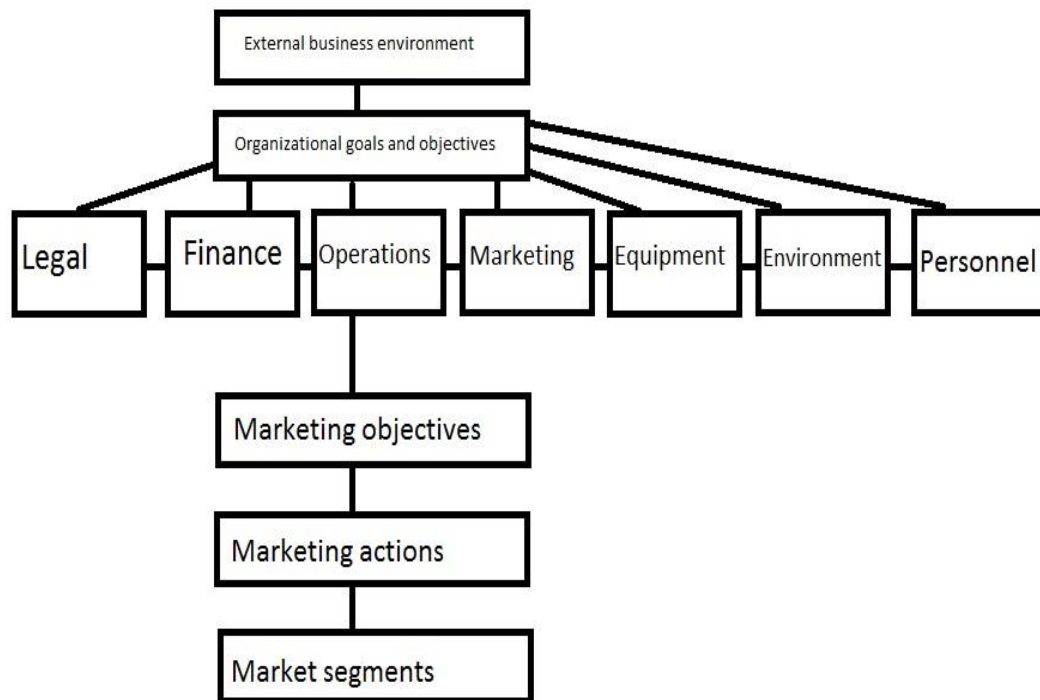
These segments are interacting and are creating a complicated systems. From the marketing point of view it is necessary to identify the target groups and to create a catchment area for them.

From the marketing and e-marketing point of view the process of creating a catchment area is the key question. The table of consumer segments is making it obvious that all the segments are having different customers who might not have a meeting point from the marketing point of view. This is guiding the marketing divisions for created different marketing strategies for reaching that customers.

From the application point of view this process is getting a bit more complicated. Due to the fact that TravelApp is an application which is combining the information about the different destinations and attractions it is important that all users would find the information of their interest and the process of finding information would be easy and enjoyable.

Another important problem is the corporate business strategy and the way the innovative solution is helping the company to reach it goals.

In the modern business environment there are many tactics of how the company is going to work and how it is going to create a demand for the customers. Here is one of the classical mechanisms of creating a demand (see picture 16).



*Table 25 The Typical structure of a company. ( Middleton,Clarke , 2001, 191 )*

From the organization point of view the most important question is where to use the new marketing solution and how to implement it to the existing marketing solutions and how the new solution will be interacting with the existing tactics and marketing solutions of the organization. (Table 25)

All these points are bringing the innovation company to the following problems

- How to explain the need of this solution for the organization?
- How to make the companies buy this solution?
- How to attract more partners for this marketing solution?
- How to promote the product with all the partners as a single product?
- How to keep the general public interested in the app?

This questions were discussed with Jari Bergholm the Owner and COB of the IdeaVoima OY.

In the negotiations with Jari Bergholm we have covered all that questions and with his approval I'm including his answers to this thesis.

The first and very important question is - **How to explain the need of the innovative solution to the tourism organization?**

Jari Bergholm -It is a very complicated and important question. In many cases the company is not realizing the potential which can be brought by the change in the marketing strategy.

In many cases the only way to prove that the innovation is a good choice is to provide the statistics or refer to the existing success of the company who did the same kind of project in the past.

On the stage of creating the project it is important to understand **How to make the companies buy this solution?**

Jari Bergholm –This question is similar to the question of How to explain the need of the innovative solution to the tourism organization .At this point it is obvious that any innovation must be explained and presented in a proper way. It is extremely important to highlight the most attractive advantages of using the new marketing strategy/application/promotional tool.

Another important part of successful sales strategy is luck. Sometimes it is the only power that might influence the decision of signing the contract.

Even though selling the product/service is a complicated and important process it is always important for any company to think beforehand of **how to attract more partners to the program.**

Jari Bergholm – Yes, it is true. Even though the product or service has no customers, it is a key question to develop the strategy of attracting more partners and customers.

If we are thinking of the partners the best way to expand you market is to provide reference or statistics of how effective this solution is.

If we are thinking of the customers, those users who are going to use the TravelApp, for example – it is extremely important to think about the way the application is going to find this users, about the supporting services and the reasons why this people have to stay with this product.

In other words any company have to think about the **promotion of the product with the partners** ,so that the product is looking like a solid service , but not as a support service or

promotional service , because that is reducing the brand image and is making the customer to feel that the service might be not that useful and trusted.

Still there is one more issue that has to be planed – **the way the innovation company is keeping the interest to the** service they are providing. In a way this question is including the issues that we have already covered. I would like to say that from Ideavoima point of view the most important questions are

1. The way the service would be updated
2. The way how the people are going to find the service
3. The way how the product would be supported

If the innovative company can answer this questions, it means that the product is well-structured and might be implemented to the real life.

## 5 CONCLUSION

The need of changing the marketing strategy in the modern tourism is obvious. There are a number of reasons which are making tourism related companies to use the modern marketing tools. The biggest reasons is related to the consumers. Consumers started to use Internet as a source of information and as a result the companies have to change the way they negotiate with consumers and the way they are promoting services.

Another reason is related to the development of the smartphones and tablet PCs which are having full time Internet connection. The usage of these devices by the people is always growing. The amount of Internet traffic which is annually produced by these devices is growing faster than amount of traffic produced by the PCs and laptops.

Development of social media is also providing a new challenge, because general consumers trust social media as a source of information and what is even more important use them to share their point of views, places they have been to and desires.

All these changes in the consumers behavior is bringing modern tourism related company to an obvious conclusion that it is becoming more and important to negotiate with the customers in the same environment.

The development of the modern technology is giving a possibility to the companies to introduce such services as TravelApp to their customers.

Such a tool with the support of the social media can not only become a source of information , which is always available in the users device , but also a helper which will consider where to go and what to explore.

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