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OPPORTUNITIES FOR FINNISH WELLNESS TOURISM IN
PETROZAVODSK, RUSSIA (CASE: KARELIA & SPA AND ONEGO
PALACE)

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Currently, the popularization of healthier lifestyles in Western societies encourages people to combine travelling, health promotion and well-being. In such a circumstance, wellness tourism has become more popular and has provided market opportunities for companies working in the wellness industry to find niches in the market.

The purpose of the research is to find out if there is a potential consumer female market in Finland, particularly in Joensuu, for Russian (Petrozavodsk) companies working in the wellness industry. Collecting key information was performed by using traditional printed and internet sources, a survey and interviews of specialists working in the wellness industry in Joensuu, and a field study in Petrozavodsk. The research emphasized price, because it is the most important factor in the decision-making process of the target group.

The project proved that there is a substantial potential consumer market in Finland for Russian companies working in the wellness industry. Petrozavodsk's companies have a good opportunity to successfully operate in the market because of lower prices on services, strong quality and a variety of cosmetic services under certain circumstances (developing a system of spa packages and expansion of the ranges of spa procedures).

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1 INTRODUCTION

1.1 Background

A growth in the pursuit of health and wellness tourism in recent years is reflected in the proliferation of spas, wellness hotels and retreat centers (for meditation, yoga, stress management, life coaching, etc.). This is supported by changing definitions of health, and a shift from passive approaches to more active ones (people want to improve their lifestyles so that they can remain healthier into old age) (Smith, Macleod & Robertson 2010, 89). The popularization of healthier lifestyles in Western societies encourages people combining traveling, health promotion and wellbeing together.

Wellness and wellness tourism are popular in Finland. The favorite wellness destination for Finns is Estonia. According to Sanna Jaakkola (2014), a Finnish travel writer, “there are plenty of fine spas in Tallinn, and a relaxing holiday with spa, wellness and beauty treatments as well as the services of a hairdresser will benefit big time when done in Tallinn instead of Finland”.

As long as wellness tourism consists of a wide variety of different activities from yoga, sport, fitness to thermal baths, spa and medical treatments, the research focuses on two specific spheres: spa and cosmetology. The term “spa” comes from the name of the Belgian health resort located in the town Spa, famous for its healing waters. Nowadays, spa is used as a common noun and means a method of physiotherapy based on water, hydrotherapy and thalassotherapy. It also includes saunas, steam rooms, hydro pools, fitness, and massages (SPA Mood).

The second sphere, cosmetology, deals with esthetic problems of an organism and a human appearance. It includes a wide range of programs from cleaning, curing, anti-aging to esthetic corrections. In the research, beauty services are used as synonyms for cosmetic services.

For convenience, currency used in the study is the euro. The converted rate for the ruble was taken as 70.43 RUB for 1 EUR and the USD rate 0.9 for 1 EUR at the data 02.11.2016.

1.2 Goals and objectives

The main aim of the research is to find out if there is a potential consumer female market in Finland for the Russian companies working in the wellness industry. The objectives of the report are to find out:

- How popular are spa and beauty salons among women in Joensuu?
- Are they ready to mix traveling with wellness?
- Are Finns interested in Petrozavodsk as a wellness tourism destination?
- Do Karelian companies meet Finnish customers' demands and standards?

Based on the goals and objectives, this research reviews the wellness tourism industry in Finland and Russia, with the main focus on Finland, and also the wellness industry in Estonia. Estonia is the current wellness destination for Finnish tourists and thus the potential primary competitor for Russia in Finland. For a detailed analysis, the particular geographical areas were chosen: Joensuu in Finland, Petrozavodsk, the capital of Karelia, in Russia, and Pärnu in Estonia. Joensuu and Petrozavodsk are in relative proximity to each other, and as neighbors, they have fairly developed business and cultural ties. Pärnu is the favorite place to go among Joensuu residents if they want to get wellness services abroad and have two or three days for a trip.

1.3 Outline

The research consists of four chapters. The first part analyzes the wellness tourism industry, its trends, tendencies, and forecasts for the future. Theoretical aspects are not discussed in this part because wellness and wellness tourism are relatively new concepts, and there is no well-developed theoretical basis in professional literature. Nowadays, the discussion of wellness and wellness tourism concepts has continued. The second part of this chapter concentrates on the analysis of the Finnish, Estonian, Russian and Karelian wellness tourism markets.

Second chapter is a central part of the research. It analyses the Joensuu wellness consumer market and defines the potential target audience for the Petrozavodsk's case companies. Because of a lack of information in the traditional printed materials (articles from academic journals, thesis researches etc.) and internet resources, analysis was based

mostly on the information and data obtained from questionnaire for potential customers and interviews with experts working in the wellness market. The interviews with experts helped to generally determine an approximate size and the main characteristics of the market and its needs. The questionnaire was built to identify the target group for the case companies, and it is more concentrated on the specific characteristics of the female customers, the presented majority of the market, such as their age, favorite services, money spent, readiness to travel including. The questionnaire also allows finding out how the price factor influences consumer behavior in the Joensuu wellness tourism market, because low prices are the main competitive advantage of the case companies.

The third chapter concentrates on the comparative analysis of Petrozavodsk's case companies with their closest competitors that operate in the wellness tourism market in Estonia and Finland. Particularly, the author gives a benchmarking assessment of the Petrozavodsk's case companies, Tervis Medical Spa and Tervise Paradiis Spa Hotel & Water Park from Estonia, Pärnu, and Imatran Kylpyla and Spa Hotel Rauhalahdi from Finland. The comparative analysis of the case companies and their primary rivals allow indicating the companies' comparative advantages, their weaknesses and opportunities in the market. The comparative price analysis closes this chapter. The price factor is very important in the decision-making process of the target market and greatly influences consumer behavior.

The final part consists of conclusions, recommendations, references and appendices. The conclusion reviews the results based on collected information and gives recommendations for case companies. Appendices include Finnish and English questionnaires for potential customers, interview questions for specialists, graphics and a table with discounts for spa-trips.

1.4 Methodology

This work represents utilization of various methods for obtaining the necessary information. For the general description of wellness and wellness tourism industry and Finnish, Estonian and Russian wellness markets, traditional printed sources, such as monographs, articles from academic journals, thesis researches, which the author was able to find in libraries, and internet sources were used. All statistical data used in the

research except the second chapter was obtained from the official web sites of international organizations and companies working in the market, web sites of the governments of Finland, Estonia and Russia, and from other reliable Internet sources, which are in public access.

1.5 Case companies

The first case hotel is Karelia & SPA. It is the four-star hotel. It has been operating in Petrozavodsk since 1958. The hotel offers guests 138 rooms, a restaurant and a bar, a SPA medical center with massage and cosmetological cabinets and a swimming pool. Karelia & SPA offers traditional and up-to-day spa treatments and common facial and advanced services in cosmetology.

The second case hotel is Onego Palace. It is the four-star hotel. Onego Palace is the newest and the most upgraded hotel of international standard in Petrozavodsk. The hotel offers guests 103 rooms, 2 restaurants and a bar, a fitness center, saunas, massage rooms and beauty services. Onego Palace does not offer as wide a variety of spa and cosmetic procedures as Karelia & SPA but it has basic and traditional treatments.

2 WELLNESS TOURISM

2.1 Concepts of wellness and wellness tourism

Currently, the concept of wellness is relatively new, and there is no generally accepted definition. According to Koncul (2012, 530), wellness implies “a product of the awareness of sound health, well-being and happiness” and suggests to “create harmony in mental, physical, spiritual or biological health.” In some languages, wellness does not have a specific word. For example, in Finnish, wellness and well-being are translated as *hyvinvointi*, which causes difficulties in understanding them.

Wellness tourism means travelling with the purpose of integrating wellness, health-promotion and improving the quality of life. With this purpose, people stay in specialized hotels, which offer comprehensive service packages “comprising physical fitness/beauty care, healthy nutrition/diet, relaxation/meditation and mental activity/education” (Mueller & Kaufmann 2001, 3).

Some specialists describe wellness tourism as a part of a wider concept of health tourism. Wellness experts Smith and Puczkó (2009) explain that the term of wellness tourism is a subcategory of health tourism (Appendix 1) and can be easily mixed up with medical tourism, because both concepts offer health-related services. According to The Global SPA Summit (2011, 10), wellness tourism and medical tourism are different in motivations. A medical tourist is “generally ill or seeking cosmetic/dental surgical procedures or enhancements”, and a wellness tourist is “seeking integrated wellness and prevention approaches to improve his/her health/quality of life” (The Global SPA Summit 2011, 20). In terms of health, wellness tourism is a preventative method, whereas medical tourism represents curative.

2.2 Wellness tourism in the global prospective

“The worldwide wellness tourism industry has become a multi-billion euro sector growing faster than travel in general” (Dimon 2015). Wellness tourism represents about 6% (524.4 million) of all domestic and international trips. It accounts for 14% (€396.5 billion) of all domestic and international tourism expenditures (Global Wellness Institute 2013, 6). The global wellness industry grew 10.6% from 2013-2015: from €3 trillion to €3.4 trillion (Global Wellness Institute, 2016). In 2014, the global wellness industry was 3.4 times larger than the worldwide pharmaceutical industry (Global Wellness Institute 2014). Based on the data from SRI International (2013), wellness and spa tourism generates 11.7 million direct jobs, delivering €1.2 trillion of global economic impact (1.8% of global GDP in 2012).

According to Anne Dimon (2013), an international spa industry journalist, the main reasons for a growth of wellness tourism industry are:

- “aging baby boomers who are looking to extend their years of good health”;
- “more people who are realizing that the key to good health and longevity lies in their own hands”;

- “more wellness product available in all price categories”;
- “globalization that is opening the doors to wellness lifestyle philosophies”.

Currently, “there is not enough statistical data that is available at sectoral, national or WTO level and thus it is rather difficult to make any serious economic analysis of this emerging phenomenon” (Koncul 2012, 533). Wellness tourism is a new sector in many countries, consequently, “governments have not yet had the time to establish the necessary mechanisms and structures to collect such data in a regular and reliable fashion” (The Global Spa Summit 2011, 21). According to the Global Spa Summit (2011, 10), there are few reasons for the lack of reliable and available data for wellness tourism:

- “the sector is relatively new, and appropriate data collection mechanisms have not yet been established”;
- “it is difficult to “measure” sectors that are not yet well-defined”; and
- “it can be difficult or impossible to identify “true” medical tourists and wellness tourists versus incidental visitors to medical- and wellness-related facilities”.

In accordance with the Global Wellness Institute, the largest wellness sector in 2013 was the beauty and anti-aging, expected to grow at 7.8% between 2013 and 2019. The key sectors of the wellness industry in 2013 were:

- Beauty and Anti-Aging (€926.6 billion),
- Healthy eating/ Nutrition/ Weight Loss (€519.1 billion),
- Wellness tourism (€446.6 billion),
- Fitness and Mind/Body (€403.5 billion),
- Preventative/ personalized Health (€391.2 billion),
- Complementary/Alternative medicine (€168.7 billion),
- Wellness lifestyle Real Estate (€90.4 billion),
- SPA industry (€85 billion).

From Wellness Tourism Worldwide perspective (2011, 14) the most popular wellness tourism services in 2013 were beauty treatments, sport, fitness services, leisure and recreational spas, and wellness resorts. In the words of Smith & Puczkó (2009, 143), “the most popular treatments for women tends to be massage, facial and manicures, whereas men prefer steam, sauna, massage and experience machines”.

Wellness tourism is projected to grow by more than 9% per year through 2017, nearly 50% faster than overall global tourism (Global Wellness Institute 2013, 6). Wellness

tourism's market size is forecasted to reach approximately €614.7 billion by 2017 (Statista 2016).

Every year wellness tourism explores brave and new directions. In 2015, it was discovered that people searched for simplicity and nature. There was an increase interest in “forest bathing” (in other words “walk in the woods”) and “My Fitness. My Tribe. My Life” (combination of social fitness with basics needs for community in the age of loneliness). Moreover, there was a growth of “wellness traditions from Islamic worlds ascending, and food and beauty ingredients from regions like the Middle East and Africa” (The Spafinder Wellness 365 Team 2015, 2).

In 2016, Susie Ellis, the Chairmen and CEO of the Global Wellness Institute, said that during 13 years she has never seen wellness travel so powerfully dominate the forecast like it does in 2016. According to Ellis, the wellness tourism explored “new directions in healthy-minded travel” (Ellis 2016) such as surfing, extreme adrenaline-pumping adventure, wellness festivals, healthy cruising and Temazcal. Temazcal is “an elaborate ritual played out in an igloo-like structure, where a trained shaman uses heat, steam, aromatic herbs, and ancient prayers and chants to connect people with forces of the physical and spiritual world” (Ellis 2016).

2.3 Wellness tourism in Finland

Tourism industry in Finland has been growing annually. According to the Official Statistics of Finland (2016), number of leisure trips abroad made by Finns has still continued to increase. In 2015, the number of trips was 8.1 million (3% more than in 2014). “The number of trips with one to three nights spent in the destination country increased by ten per cent” (Official Statistics of Finland 2015).

According to a business-consulting firm Timetric, Finland is “the well-travelled country in the world, with the average Finn making 7.5 trips a year, including stays at home and abroad” (Traveller 2014). The reason is high enthusiasm to travel because of wealthier population. Cost of living in Finland is relatively expensive that means if Finns go abroad they will often get more value for money (Magrath 2014).

The most popular Finnish residents' tourism destination is Estonia (Figure 1), and it “maintained its insurmountable top position as a travel destination for Finns” (Official Statistics of Finland 2016). Based on the Figure 1, the conclusion can be made, that Estonia is a very strong competitor. The number of leisure trips to Estonia in 2014-2015 exceeded two times that of other popular countries (Spain and Sweden). Price is the main reason why Finns like traveling to Estonia (Kurjenoja 2015). “Finns are attracted by better prices, 75% lower than in Finland” (Estonian Public Broadcasting 2014). In 2015, “trips to Estonia that included overnight stay in the country of destination increased by 15%” (Official Statistics of Finland 2015). Among leisure trips to Estonia, “which included at least one overnight stay in the destination country, 41% were package tours” (Official Statistics of Finland 2015).

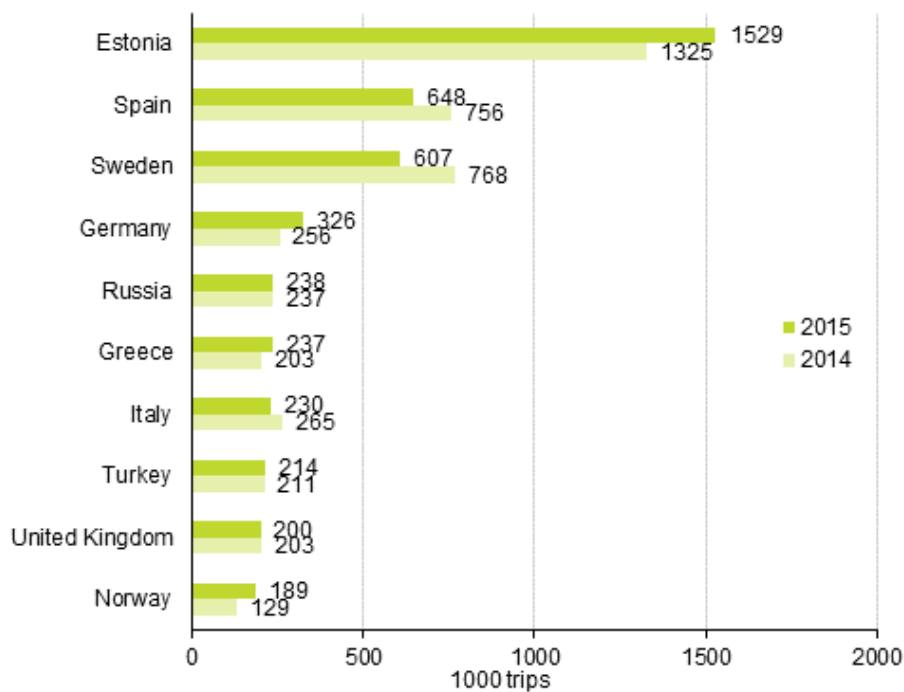


Figure 1. Finnish residents' most popular destinations for leisure trips with overnight stay in the destination country in 2015 and 2014 (Source: Official Statistics of Finland (2016))

According to the Official Statistics of Finland (2016), leisure trips to Russia during summer time in 2016 grew up after a decrease from 2014 to 2015. Trips that included overnight stay in Russia increased by 28%. Same-day trips rose “as much as 143 per cent from the corresponding period in 2015” (Official Statistics of Finland 2016).

Wellness industry in Finland is growing as well. Currently, approximately 45 spas, spa resorts and wellness centers are located in Finland. Spa hotels have been steadily growing

in popularity. Usually they include traditional Finnish treatments, e.g. sauna, and general procedures (Discovering Finland 2016).

It is necessary to mention that sauna is an integral part of Finnish life-style. In 2015, more than 2 million saunas were registered, while Finnish population was 5.5 million people (Official Statistics of Finland 2015). It says that sauna is an important part of the Finnish everyday life. Additionally, Finland forms a part of the most active countries in the world. Finns are interested in sport activities (e.g. Nordic walking, skiing) because of many reasons, e.g. health and wellbeing promotion (Sahala & Koskela 2011). According to the magazine "Yhteishyvä", 53 % men and 56 % women take part in exercises at least three times per week. Favorite activities for Finns are walking, cycling and going to the gym" (Pekkarinen 2015).

2.4 Wellness tourism in Russia

Tourism and hospitality industry in Russia has been actively developing during last 20 years: the numbers of hotels grows every year including those that offer spa and cosmetic services aside. The number of foreign tourists in Russia also grows annually (Appendix 2). According to the data from the Russian Federal State Statistics, number of foreign tourists was 26.9 million in 2015 and 11.3 million from January to June in 2016. The number of Finnish tourists increases as well: 1.5 million in 2015 and 700,000 from January to June in 2016 (Russian Federal State Statistics).

As for wellness tourism in Russia, it is a relatively new term. According to the author Nina Tsymbal, the official statistics of wellness tourism do not exist (Tsymbal 2014, 6), so it is very difficult to determine what is going on this market. At the same time, the author states that "incoming wellness tourism constitutes less than 1% of all foreign tourists visiting Russia (about 11,000 foreign tourists stayed in Russian Spas in 2012)" and "the number of health resorts reduced by 3% between 2010 and 2012 (Tsymbal 2014, 6).

Probably number of traditional Russian health resorts, combining spas, cosmetic and medical services has been decreasing slightly, but according to Sven Kyune (2015), CEO of Schletterer Wellness & Spa Design, total number of wellness facilities in Russia is increasing, even not so fast as facilities designed to serve leisure tourism. It can be stated,

the wellness industry and wellness tourism in Russia are on the earlier stage than in Europe, but it is evolving rapidly (Kyune 2015).

The business model of wellness industry in Russia is essentially different from the model adopted in Europe or North America. In Europe, wellness industry closely related to a hotel business (Kyune 2015). Almost every hotel has a spa-zone, including Finland and Estonia. There are no designated spa hotels in Russia, although a new generation of hotels offer a range of services that can be qualify as wellness services, but they do it as an aside business (Bogacheva 2016).

In Russia, spa centers usually exist autonomously. Many of them do not offer the full range of services that are common in European spa centers. While around 70-80% of provided services in European spa centers related to spa and water treatments, Russian centers are more focus on cosmetology due to the Russian customers demand. In Russia, cosmetology sphere is developed even better than in Finland, and it offers wider range of beauty services than in Estonia. In Russia, cosmetologists are highly skilled specialists with a mandatory higher medical education. They provide high quality services and a wide variety of procedures (Bogacheva 2016).

Spa and cosmetic packages in Russia are different from European packages as well. If Russian packages commonly mix only different treatments, European packages include also accommodation and meals.

Karelia is one of the well-known tourist regions in Russia. Over four-and-a-half thousand cultural-historical and natural monuments and places are located there (The Ministry of Culture of the Republic of Karelia 2016, 41). Karelia is famous by its “brands” such as Kizhi, Valaam, waterfall Kivach, petroglyphs and winter festivals and offers various types of tourism e.g. ecotourism, cultural tourism or winter tourism (The Ministry of Culture of the Republic of Karelia 2016, 27). In the future, the Karelian government is planning to build and reconstruct more than 200 places of tourism infrastructure, including hotels and around 50 places of interests (Information and Analytical Center 2015).

Tourism in Karelia shows steady development. The number of guests has grown annually (The Official Web Portal of the Republic of Karelia 2015). The capacity of tourists’ entry flow in Karelia increased by 10% in 2014 (655,000 people) (Association of Tour

Operators 2015) and by 11% in 2015 (720,000 people) (Donskaya 2016). According to estimates, the tourists' flow will grow up to 1 million in 2020 (Shlaxov 2015).

In 2016, around 252 spa and beauty salons are located in Petrozavodsk (Zoon 2016). Additionally, well-known health resorts Marcial Water, Kivach or Dvorzi are located in Karelia. According to Elena Bogacheva, an international spa expert, the health resort Kivach in Karelia region is one of the best examples in Russia where modern spa and wellness technologies work together. She says that nowadays Kivach is represent a modern spa hotel because it combined medical detox-programs that in European countries mean spa programs, qualified medical service and European accommodation standards. However, the orientation of the hotel is on domestic tourists but not on foreign (Bogacheva 2016). In 2015, Marcial Water, one of the oldest health resorts in Karelia, has become focused on providing more and more wellness services. They opened the center of esthetic medicine and cosmetology, which offers wide range of beauty services.

It is necessary to mention that none of facilities in Petrozavodsk operates strictly as a spa hotel. The case hotels offer both spa and cosmetic services, but they do not provide spa treatments in such capacity as Finnish or Estonian spa hotels do. Despite this fact, wellness services are still significant parts of case companies business. Moreover, both case hotels have a good basis for developing their spa services into fully functioning wellness centers. The first case hotel, Karelia & SPA, offers a bigger variety of spa and beauty services than the second case company, Onego Palace. It has better developed infrastructure necessary for providing various wellness services and, therefore, it has a bigger potential in turning into the full spa hotel. The second case hotel, Onego Palace, has traditional spa treatments, but more concentrates on developing beauty services. At the same time, they have a desire and a room for expanding their facilities. Additionally, there are many small companies in Petrozavodsk, which operate in wellness industry (e.g. Russian saunas, Finnish saunas, sanatoriums etc.) and offer high quality and wide varieties of cosmetic and spa services (e.g. fitobarrels, Ozone therapy, Mezothreds etc.).

2.5 Wellness tourism in Estonia

The awareness of Estonia and its reputation as a tourism destination is steadily increase. The foreign tourism arrivals grows up every year (Appendix 3). Approximately three

million foreign tourists who stay overnight and three million one-day visitors travel to Estonia annually (Ministry of Economic Affairs and Communications in Republic of Estonia). The majority of foreign tourists come from Finland and stay for a short period. In Estonia, they like shops and different services such as restaurants, cultural events, hair salons, spa and cosmetic procedures (Bogdanov 2014). “Tourists who come for a longer period of time travel around country or stay in Estonian health resorts and recreation establishments. Hotels and health resorts in resort areas (e.g. Pärnu) are usually full of foreign tourists” (Maris 2012).

Of the Baltic countries, Estonia has the most significant resources for health and wellness tourism. The healing facilities are traditionally oriented with using therapeutic mud. The most important health and wellness destination is Pärnu, where new spa resorts have also been opened (e.g. Tervise Paradiis Spa Hotel & Water Park) (Smith & Puczkó 2010, 114). According to Statistics Estonia, Western Estonia including Pärnu, Saare, Lääne and Hiiu are the most popular tourism regions in Estonia. Pärnu is the main destination in the region. In 2015, approximately 19% (23% in summer time) of all domestic and foreign tourists using the services of health resorts stayed in these counties. Around 305,000 tourists stayed in Pärnu’s health resorts; 55% of the customers were foreign tourists and the biggest part of them came from Finland (Statistics Estonia 2016, 112). “During the tourism season, it is difficult to find vacant accommodation in Pärnu: bed occupancy in accommodation establishments of the city was 80% in July 2015” (Statistics Estonia 2016, 112).

3 WELLNESS TOURISM BEHAVIOUR AMONG FEMALES IN JOENSUU

Because of the lack of reliable information about wellness tourism behavior among Joensuu’s women, it was decided to add two methods of obtaining necessary data: survey for potential customers and interviews with specialists working in the wellness market.

3.1 Methods

The first method is a survey for potential customers. The object of the survey was to find out if there is a potential market in Joensuu for Petrozavodsk's companies who operate in the wellness industry. The subject of the direct conversations with customers were women who live in Joensuu at the ages from 20 and older. Forty-seven people were chosen randomly. They were interviewed (Appendix 4, Appendix 5) in June 2016 in various places (supermarkets, shops, public offices, e.g. Magistrate and Chamber of Commerce, and companies' offices).

The second method is interviews with specialists from Joensuu's beauty centers and travel agencies (Appendix 6, Appendix 7). To gain opinions from experts who work in wellness and wellness tourism, the meetings with three representatives of beauty centers Ecobeauty, Kleopatra and Kauneushoitola MB and three representatives of travel agencies Matkavekka Oy, Matkakarjala Oy and Pohjolan Matka were organized. Interviews were arranged during May 2016.

3.2 Results for the survey

Women of different ages (Table 1) were taken into consideration with the purpose to reveal what age group makes up the core customers.

Table 1. Number of women who participated in the survey by age groups

Age group	Number of women	Number in percentage
20 -30	9	19%
31-40	14	30%
41-50	10	21%
51-60	12	26%
60 and up	2	4%

Use of SPA and beauty salons

Women who use spa and cosmetic services currently and women who would be like to visit beauty and spa centers were interviewed. The first group of women are the current market; the second group are potential customers.

The survey showed that 30 (64%) respondents visit spa and beauty centers regularly. The most active groups who visit spa and beauty centers are women from 20 to 30 (8 women or 89%) and 60 and up (2 women or 100%). The next age-categories are women from 41 to 50 (7 women or 70%) and from 51 to 60 (7 women or 58%) (Figure 2). Majority of current customers (20 women or 67%) visit spa and beauty centers once every three months.

It follows from the survey that 14 (30%) respondents do not visit spa and beauty center currently but would like to. The most active groups among potential customers are women from 31 to 40 (6 women or 43%) and from 51 to 60 (4 women or 30%) (Figure 2). They would prefer to use these services once a year (4 women or 29%), once every three months (3 women or 21.5%) or once every half a year (3 women or 21.5%).

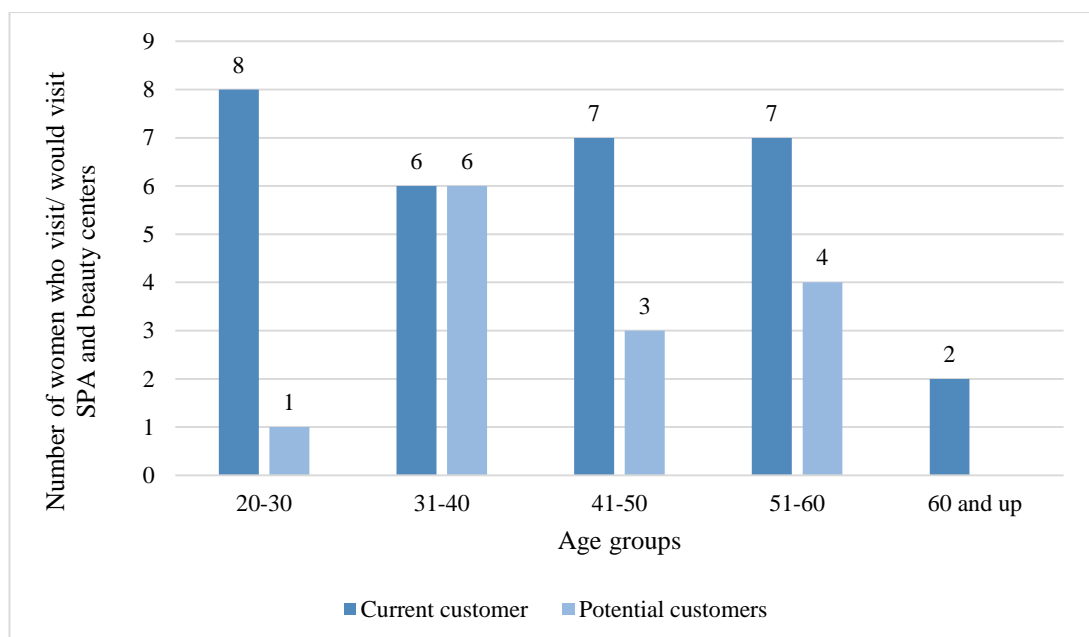


Figure 2. Number of women who visit/ would visit SPA and beauty centers by age groups

The most popular procedures among current customers are treatments for face (21 women or 70%), hairdressing, manicure and pedicure (20 women or 67%), general treatments for body (15 women or 50%), fitness, yoga, water aerobics (11 women or 37%) and

depilation or laser epilation (6 women or 20%) (Appendix 8). Approximately the same results are valid among potential customers.

Petrozavodsk as a wellness tourism destination

This part of the survey concerns questions if respondents have travelled to Estonia to get spa and cosmetic services, if they are ready to travel for wellness services to Petrozavodsk, and how much they spend/ would spend on spa and beauty salons.

Based on the survey, 10 (21%) of women have travelled to Estonia for spa and beauty services. Twenty-three (49%) women from 47 said that they would like to go to Petrozavodsk for spa and cosmetic procedures if prices would be cheaper than in Estonia and Finland. Among them, seventeen women (36%) have already been current customers of spa and beauty centers, of whom fifteen (32%) women spend on spa and cosmetic services more than €300 in a year. They represent the core target audience. (15 women or 32% from 47).

From the core target audience (15 women), the main age groups are 20-30 (4 women), 41-50 (4 women) and 51-60 (4 women). Six (40%) respondents are ready to spend more on spa and cosmetic procedure. Seven (47%) women have already travelled to Estonia for spa and cosmetic services with the main age groups 41-50 (3 women or 43%) and 51-60 (2 women or 29%).

It follows from the survey that the core target audience are women who visit spa and beauty centers, have an interest in traveling to Petrozavodsk and can afford the trip (Figure 3).

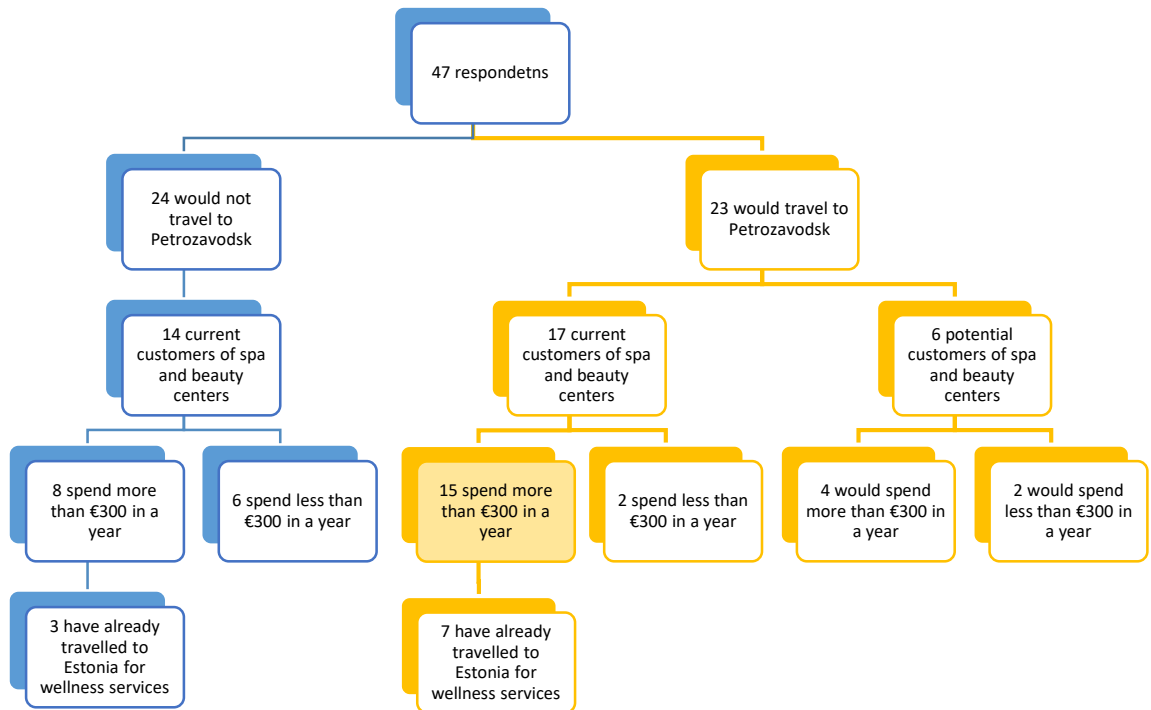


Figure 3. Identifying the core target market

From 23 (49%) women who would be interested to travel to Petrozavodsk for spa and wellness services, six (13%) are potential customers of spa and beauty centers with the most active age-category 51-60 (3 women or 50%). Four women would be ready to spend more than €300 in a year for spa and cosmetic services.

Among 23 women who would be interested to travel to Petrozavodsk, twelve (52%) respondents prefer to organize a trip independently, and eleven (48%) women would like to buy a tour. Among those respondents who prefer ready tour, eight (73%) women chose spa packages and three (27%) women would like to combine spa treatments with other types of tourism. The most popular durations of ready trips are 3 days, 2 night (6 women or 54.5%) and 2 days, 1 night (5 women or 45.5%).

Twenty-four (51%) respondents out of 47 are not interested in Petrozavodsk as a wellness tourism destination. Ten (42%) women do not trust quality of services. Nine (37%) women said that Russia is far away. Three women, who have travelled to Estonia for

wellness service but are not interested in Petrozavodsk's wellness services, answered that Russia is unsafe country.

Conclusion

The majority (64%) of respondents, women from 20 to 60, are current customers of spa and beauty centers in Joensuu and 30% of respondents are potential clients, who would be interested in starting using these services. Thus, the spa and cosmetology sectors are popular in Joensuu among residents of different ages, and they have an additional potential for growth.

It follows from the survey that the main age groups of respondents who regularly visit spa and beauty center are 20-30, 41-50, 51-60 and 61 and up. The majority of respondents who have travelled to Estonia for wellness services are in the age groups 41-50 and 51-60. Among the core target market, the main age groups are 20-30, 41-50 and 51-60. Thus, the most active age-categories of women who belongs to wellness and wellness tourism are 41-50 and 51-60 years old.

Among the potential customers, the most active age-categories are 31-40 and 51-60. The main age group who would be interested in wellness tourism in Petrozavodsk is 51-60. Thus, the main age of potential customers is 51-60.

According to the Official Statistics of Finland (2015), the population in Joensuu is 75,514, where 38,512 females (51%). Among them, approximately 24,648 (64%) women are current customers of spa and beauty centers and 8,088 (21%) have travelled to Estonia. The core target market (32%) represents 12,324 women. Thus, the market size for Petrozavodsk's companies is approximately 12,324 women with 5,006 of some potential (13 % those who would like to use).

As a result of the survey, the core target audience can be identified. Fifteen (32%) respondents from 47 represent are the core target market and can be described as:

- Women aged from 40 to 60,
- Women who use regularly spa and cosmetic services,

- Women who are sensitive to the price factor but at the same time can afford to spend more than €300 in a year on spa and beauty services,
- Women who are interested in combining travelling, incl. Russia, with spa and beauty services.

3.3 Results from specialists' interviews

Conversations with professionals from beauty centers revealed that spa and cosmetology sectors in Joensuu are popular. Local residents are interested in taking care of themselves. The age category varies from children to elderly people and more (70-80 years old). Locals who visit beauty centers try to do procedures on a regular basis, at least 3-4 times a year. The most popular treatments among Joensuu's residents are facial, in particular, anti-aging. Local women prefer facial cleaning and peeling most of all. The next most popular procedures are depilation with sugar, manicure/pedicure and massage. According to experts' opinion, serious procedures as Botox or mesa therapies have not yet developed in the North Karelia region, as how they have in Helsinki. However, it has already gained popularity and become more in-demand. Local women prefer to combine procedures, for example, relaxation treatments with moisturizing or anti-aging. Finally, according to the professionals' opinions, men have become more interested in cosmetic procedures than before.

The conversations with travel agencies' experts approved that tourism, including the wellness sector, is popular among locals in the Joensuu region. The majority of residents, who prefer wellness tourism, chose spa trips to Estonia, especially Pärnu. The main customer segments for spa trips are older people, couples and families. Duration of trips varies from three nights to one week. The popularity of seasons depends on the age category. Elderly people like travelling when the weather is cool (autumn or spring), whereas younger couples and families prefer summer time. Concerning Petrozavodsk as a wellness destination for local residents, the professionals reacted incredulously. In their opinions, the quality of service in Petrozavodsk is not good enough for local tourists. However, nobody of them traveled to Petrozavodsk and tried wellness services and treatments.

4 COMPETITION

Intensity of competition in the wellness industry, including wellness tourism, is high enough. According to the Global Wellness Summit (2014), between 2007 and 2013, the spa industry expanded by 58% and spa locations increased by 47% (from 71,726 to 105,591).

According to the experts' opinions, Finns prefer Estonia for wellness trips, and Pärnu is the most popular wellness destination among Joensuu's residents. Therefore, Pärnu is the nearest primary competitive market for Petrozavodsk's companies.

4.1 Petrozavodsk's case companies

Information about case hotels was obtained from electronic sources (e.g. official webpages of case hotels) and conversations with managers from hotels and a beauty center/Medical SPA-center. For obtaining necessary data, an additional method (the field research) was used.

Karelia & SPA

Karelia & SPA is a four-star, ten-storied hotel. The hotel was built in 1958 and was reconstructed in 2010. It is located in the center of Petrozavodsk, near Lake Onega at the embankment. The hotel offers to guests additional services such as:

- 138 rooms with balconies,
- 2 conference rooms,
- Business and service center,
- Restaurant and twenty-four-hour bar,
- Medical SPA-center, massage and cosmetic cabinets and solarium,
- Turkish, infrared and Finish saunas,
- Swimming pool,
- Allergy-free rooms,
- Rooms for guests with pets,
- Special diet menu,
- Tour desk,

- Languages spoken: Russian, Finnish, English,
- Free transfer from/to a railway station.

The hotel has a wide range of spa programs and cosmetic services. It offers thirty-four packages with spa and cosmetic treatments, but without accommodation and meals. Karelia & SPA provides traditional spa treatments (e.g. thalassotherapy, spa bath and sea baths) and more up-to-day procedures (e.g. body wraps and peelings). In cosmetology, they have common facial services (e.g. cleaning and Botox injections) and modern services (e.g. machine cosmetology and injectable anti-aging procedures with placental). All prices on services are cheaper than in Estonian and Finnish companies.

In the process of conversations with managers, the author learned that the hotel is interested in expanding and improving its services and creating a greater variety of treatments and packages. Moreover, the hotel has room for expanding their capacity. Based on the information gained from conversations with managers, the author's observations of facilities and the author's experience in the Medical SPA-center, it can be concluded that Karelia & SPA has better developed infrastructure and, therefore, a bigger potential of providing wellness services in full range.

Onego Palace

Onego Palace is a four-star hotel built in 2010. It has the modern architecture and takes the form of a ship. It is located in the central area of Petrozavodsk on the shores of Lake Onega. This hotel offers following additional services:

- 103 acoustic rooms,
- 3 conference rooms,
- 2 restaurants, twenty-four-hour lobby-bar and snack bar,
- Fitness center and gym,
- Saunas' complex with swimming pools,
- Massage rooms and beauty services,
- Facilities for disable people,
- Rooms for guests with pets,
- Soundproof rooms,
- Special diet menu,
- Tour desk,

- Languages spoken: Russian, English,
- Free transfer from/to the railway station.
- There is no opportunity to place people with allergies, because all guests' rooms have wall-to-wall carpeting

Onego Palace offers spa and beauty treatments, but not in such a wide range as Karelia & SPA. It offers ten packages with spa and cosmetic treatments, but without accommodation and meals. Onego Palace has traditional spa treatments (e.g. thalassotherapy) and more up-to-day procedures (body wraps and peelings). Currently, in cosmetology, Onego Palace offers traditional services (e.g. cleaning, peeling and masks). Beauty procedures do not include the machine cosmetology or injected procedures. All prices on services are cheaper than in Estonian and Finnish companies.

In the process of conversations with managers, the author revealed that the hotel has an interest in expanding the variety of spa and cosmetic services and creating the packages that would be made in accordance with Finnish preferences. Additionally, the hotel has a room for expanding its capacity. Based on the information from conversations with managers, observations of facilities and the author's own experience in the beauty center a conclusion can be made that, currently, Onego Palace concentrates more on developing beauty services but has room to serve new customers and the potential to expand the range of services and wellness facilities.

4.2 Field research

The main objects of the field research were to find out quality of case companies' services and current situation. Due to the fact that the author visits beauty salons in Joensuu, it was decided to try the same services in Petrozavodsk's companies. During August 2016, the writer tried the most popular facial treatments, visited saunas and had a dinner in restaurants in Karelia & SPA and Onego Palace. The booking of treatments was made via mobile phone in English. During the experiment, the author had the opportunity to observe and see companies' facilities.

The field research revealed that both case hotels offer an average-level of accommodation and meals. The quality and variety of spa and cosmetic services are good, and personnel

and cosmetologists are qualified people. The first case hotel, Karelia & SPA, offers a wider variety of spa and cosmetic services than the second case company, Onego Palace. Making appointments for procedures was easy. Both hotels have pleasant atmospheres and convenient and clean facilities. The personnel treats the customers politely in English and Russian languages.

4.3 Competitors in Estonia

The most popular spa hotels in Pärnu are: Estonia Medical & Hotel, Estonia Resort Hotel & Spa, Spa-hotel Viiking, Tervis Medical Spa, Tervise Paradiis Spa Hotel & Water Park, Health center & Hotel Wasa. These hotels are primary competitors to both case companies. They work as fully functioning spa hotels and specialize in spa procedures, including cosmetic services. Some of these hotels have unique competitive advantages:

- Estonia Resort Hotel & Spa uses SleepAngel™ pillows, the cleanest pillows ever, which block out germs, bacteria, allergens and viruses. The hotel has a sauna center from seven different saunas. They have four different rooms for yoga (Yoga Shala, Quiet Space, Energy room, Strength Studio).
- The SPA-hotel Viiking has unique service such as Health Passport. It includes different tests (endurance, muscle and flexibility) which help to overview customers' health.
- Tervis Medical Spa works in two spheres: medical and spa. It serves people who have chronic illnesses, supports motor- and cardiovascular systems and helps with chronic skin diseases and allergic disorders. Tervis Medical Spa is the only provider of mud in Pärnu. The mud is of local origin.

Two hotels, Tervise Paradiis Spa Hotel & Water Park and Tervis Medical Spa, were chosen for a detailed analysis. Tervis Medical Spa is the only 3-star hotel in Pärnu. It offers cheaper prices for accommodation and treatments. Tervise Paradiis Spa Hotel & Water Park was selected because of a wide variety of different spa and cosmetic procedures.

Tervise Paradiis Spa Hotel & Water Park

Tervise Paradiis Spa Hotel & Water Park is a member of the Estonian SPA and receives delegations from other states. Tervise Paradiis Spa Hotel & Water is located approximately 2.5 km from the center of Pärnu. The hotel offers guests additional services:

- 122 Rooms,
- Conference room,
- 2 restaurants, snack-bar and lobby- bar,
- SPA and wellness center, saunas and massage rooms,
- Gym and fitness center,
- Aqua park and swimming pool,
- Allergy-free rooms,
- Facilities for disable guests,
- Bowling and billiards,
- Special diet menu,
- Languages spoken: Russian, Finnish, Estonian, English,
- Transfer service for additional price.

Tervise Paradiis Spa Hotel & Water Park offers fourteen packages with spa and cosmetic treatments, meals and accommodation. Furthermore, the hotel offers a wide variety of both spa and cosmetic procedures. The hotel's main competitive advantage is the biggest water park in Estonia.

Tervis Medical Spa

Tervis Medical Spa contains seven buildings that have been connected by glass hallways. The hotel belongs to the Estonian SPA Association. Tervis Medical Spa is located around 1.2 km from the center. The hotel offers to guests additional services:

- 270 rooms,
- Conference room,
- Restaurant, snack-bar and bar,
- Spa and wellness center, massage rooms and sauna,
- Gym and Fitness center,
- Swimming pool,
- Allergy-free rooms,

- Facilities for disable guests,
- Table tennis,
- Special diet menu,
- Languages spoken: Swedish, Russian, Finnish, Estonian, English,
- Transfer service for additional price.

Tervis Medical Spa offers eleven packages with spa and cosmetic treatments, meals and accommodation. Its main competitive advantage consists of offering medical procedures in addition to spa and cosmetic services.

4.4 Competitors in Finland

From the great amount of Finnish SPA hotels, two: Finlandia Imatran Kylpyla and Spa Hotel Rauhalampi were analyzed in detail. The hotels were chosen because of close location to Joensuu and a sufficient range of spa and cosmetic procedures.

Finlandia Imatran Kylpyla

Finlandia Imatran Kylpyla has been on the market already for 30 years. It is located near the beach of the biggest lake in Finland, Saimaa. The hotel is located around 5 km from the railway station in Imatra. The hotel offers guests additional services:

- 159 rooms,
- Business center,
- Restaurant, snack-bar and bar,
- Spa and wellness center, massage rooms, sauna and hammam,
- Fitness center,
- Swimming pool,
- Allergy-free rooms,
- Rooms for guests with pets,
- Facilities for disable guests,
- Diving, bowling, cycling, hiking, canoeing,
- Darts, karaoke, table tennis, billiards,
- Special diet menu,
- Tour desk,

- Languages spoken: Finnish, English,
- Free transfer service from/to the airport.

The hotel offers only four packages with spa and cosmetic treatments, meals and accommodation. Its main competitive advantage is a wide range of activities for free time (e.g. water exercise classes and other fitness classes as well as evening entertainments) along with spa and cosmetic services.

Spa Hotel Rauhalahdi

Spa Hotel Rauhalahdi was built in 1981. The latest renovation of the hotel was in 2014. It is located approximately 5 km from Kuopio. The customers have to take a bus to get to the destination. Currently, it represents a modern hotel that offers guests additional services:

- 60 rooms,
- Conference room,
- Restaurants, snack-bar and bar,
- Spa and wellness center, massage rooms, sauna and hammam,
- Fitness center,
- Facilities for disable guests,
- Swimming pool,
- Mini golf, squash, bowling, cycling, hiking, canoeing,
- Darts, karaoke, billiards and night club,
- Skiing, fishing,
- Special diet menu,
- Tour desk,
- Languages spoken: Finnish, English, Swedish, German.

Spa Hotel Rauhalahdi has ten packages with spa and cosmetic treatments, meals and accommodation. Its main competitive advantage consists of environmental care. They focus on being environmentally friendly.

4.5 Price factor and consumer behavior

Price does matter. The annual Shopper Behavior Study (Parago 2014) showed nearly 3 out of 4 shoppers are more sensitive to price. According to Parago (2014), “price is the top purchase influencer”. Majority of customers think that price is the main factor that effect on purchase decision. It makes price is five times more influential on buying decision that any other (Parago 2014).

According to Ayaz Nanji (2014), “price was the most important purchase driver for every income level below €183 385 (Figure 4) and three times more influential on purchase decision than any other criteria overall.”



Figure 4. How price factor affect the purchase decision depending on income level (Source: Marketing Profs (2013))

One of the questions offered to Joensuu’s residents in the survey was “If the quality of spa and beauty treatments in Petrozavodsk (Russia) are on the same quality level as in Finland and Estonia but prices are lower, would you go to Petrozavodsk?” Twenty-three (49%) women from 47 said yes. They would like to go to Petrozavodsk for spa and cosmetic procedures if prices on services would be cheaper than in Estonia and Finland. Respondents’ answers in general have proved the statement “If consumers understand that benefits being offered by two competitors are the same, he/she will choose price as the tie breaker” (Gelb 2014).

In other words, the survey shows that one of the main characteristics of the potential target market for Russian companies is price sensitivity. They responsive to lower prices and the case companies are able to offer them lower prices.

4.6 Competitors Comparative Price Analysis

The price analysis is made with the purpose to show that prices on services of case companies are cheaper than prices of competitors in Estonia and Finland. The price analysis is given in two scenarios. The first scenario implies when a person organizes a spa trip independently including accommodation, half board and spa and cosmetic procedures. The second scenario demonstrates the prices if a person buys a spa trip with the help of a third party or a travel agency.

4.6.1 Wellness package organized by a traveler

The first scenario (Table 1) implies that a person organizes the transportation to the destination individually and buys accommodation, half-board and spa and cosmetic procedures in a hotel by him/herself. In the scenario, the author calculated prices for the following six spa hotels:

- Tervis Medical Spa and Tervise Paradiis Spa Hotel & Water Park from Estonia, Pärnu,
- Imatran Kylpylä and Spa Hotel Rauhalampi from Finland and
- Karelia & SPA and Onego Palace from Karelia, Petrozavodsk.

The ordinary spa trips include two nights in a standard twin room for two people in hotels, half-board and two spa and cosmetic procedures. Tourists, who travel to Russia, have additional expenses: they have to obtain a visa. In calculations, the one-time visa was used. For this scenario, a bus was chosen as a mode of transportation for both ways trips. The author used a fix price (€13 in one way) for a bus that goes every day from Joensuu to Petrozavodsk. Calculations may contain some discrepancies.

Table 2. Wellness package organized by a traveler

Country	Estonia		Finland		Russia	
	Spa Tervis	Tervise Paradiis	Imatran Kylpyla	Spa Hotel Rauhalahdi	Karelia & SPA	Onego Palace
Hotel's name						
Transportation						
-Bus	36.00 €	36.00 €	22.00 €	35.00 €	26.00 €	26.00 €
- Ferry	60.00 €	60.00 €	-	-	-	-
- Bus to the hotel	14.00 €	14.00 €	6.00 €	6.60 €	4.00 €	4.00 €
Visa	-	-	-	-	80.00 €	80.00 €
Accommodation (2 nights)	68.00 €	104.00 €	95.00 €	118.00 €	60.00 €	82.00 €
Food						
- Breakfast	18.00 €	18.00 €	-	-	10.00 €	-
- Dinner	19.20 €	19.20 €	30.00 €	32.00 €	10.00 €	10.00 €
Procedures						
- Massage	39.00 €	34.00 €	63.00 €	60.00 €		
- Bath	11.00 €	11.00 €	25.00 €	23.00 €	25.00 €	25.00 €
Total price for a SPA-package	155.20 €	186.20 €	213.00 €	233.00 €	105.00 €	117.00 €
Total :	265.20 €	296.20 €	241.00 €	274.60 €	215.00 €	227.00 €
Extra charge for single room (2 nights)	60.00 €	70.00 €	60.00 €	56.00 €	42.00 €	38.00 €

Based on the table 2, the conclusion can be made that despite additional expenses on a visa, prices on spa trips including transportation, accommodation, meals and services to Petrozavodsk are still cheaper than to Estonia and Finland.

4.6.2 Wellness package organized by a travel agency

The second scenario (Table 3) implies that a person buys a trip through a third party or a travel agency. The following Estonian and Russian spa hotels were taken:

- Tervis Medical Spa and Tervise Paradiis Spa Hotel & Water Park from Estonia, Pärnu and
- Karelia & SPA and Onego Palace from Karelia, Petrozavodsk.

Finish hotels do not participate in the second scenario because travel agencies in Joensuu do not sell spa and wellness trips within the country. Prices for spa trips to Estonia (Pärnu) were taken from the local travel agency Pohjolan Matka. Usual durations of the trips are 5 days. The ordinary Pärnu's spa trips from Pohjolan Matka include transportation to the destination (Joensuu-Helsinki-Pärnu in both ways), accommodation in spa hotels in a standard twin for two people for two nights, two nights at ferry, half-board and two spa and cosmetic procedures.

Due to the fact that travel agencies in Joensuu do not sell spa tours to Petrozavodsk with transportation, the author made optional versions of spa packages and spa tours. Spa packages to Petrozavodsk are similar to Estonian spa packages and consist of the same

elements (a standard twin room for two people, half-board system, transportation and two procedures). Because the travel time to Petrozavodsk is shorter: it takes approximately 6-7 hours, durations of Petrozavodsk's spa trips are 3 days.

A bus was chosen as a mode of transportation for both ways trips. A bus is the most convenient vehicle to get to Petrozavodsk. For this scenario, the author took the price for a bus from the transportation company "Avtoputeschestvie". The rent price of the medium size bus (15-18 people) in both ways is €284. Moreover, tourists have additional expenses: they have to obtain a visa.

In developing of Petrozavodsk's spa trips, the author used the information gained from conversations with managers of case hotels and representatives of the transportation company and a visa center for organized tours (Appendix 9). Prices for accommodation, transportation and services were calculated for the group of 10 people and more. The bigger group of people the bigger discount offered by hotels and a transportation company. In the given scenario discounts for the smallest group of 10 people were used. Calculations may contain some discrepancies.

Table 3. Wellness package organized by a travel agency

Country	Estonia		Russia	
	Tervis Medical Spa	Tervise Paradiis	Karelia & SPA	Onego Palace
Hotel's name				
Transportation	65.00 €	65.00 €	28.40 €	28.40 €
Visa	-	-	71.00 €	71.00 €
Accommodation (2 nights)			54.00 €	49.20 €
Food				
- Breakfast			9.00 €	-
- Dinner			9.00 €	10.00 €
Procedures				
- Facial care			32.14 €	25.50 €
- Classical massage			19.29 €	20.64 €
Total price for a SPA-package	227.00 €	235.00 €	123.43 €	105.34 €
Total:	292.00 €	300.00 €	222.83 €	204.74 €
Extra charge for single room (2 nights)	29.00 €	66.00 €	42.00 €	38.00 €

According to the table 3, can be concluded that even with additional expenses such as a visa, final prices for organized spa tours to Petrozavodsk are considerably cheaper than to Pärnu. The difference between prices on spa packages is approximately €100. Thus, the given price analysis reveals that Petrozavodsk's case companies have a comparative advantage. They offer lower prices on services that is important for the potential target audience.

5 CONCLUSION

The following conclusions can be made on the on the basis of the research. Firstly, wellness tourism is a global, multibillion, fast-growing market with still a big potential for further growth. According to the Global Wellness Institute, wellness tourism is projected to grow by more than 9% per year through 2017. It means that there is enough room for new entrants to the market.

Secondly, wellness and wellness tourism are popular in Finland in general and in the Joensuu region particularly. It means that the consumer market is large and continues to grow. Women form majority of the market. According to the analysis of the survey, 64% of Joensuu's women use wellness services and 21% travel to other countries. In other words, they make 21% of wellness tourism market. Applying this percentage to all female population in Joensuu of age between 20 and 60, it can be said that approximately 24,648 (64%) women are wellness market customers, and 8,088 (21%) of them are wellness tourism market customers as well. It is a substantial number of women in Joensuu who use spa and cosmetic services as at home so travel to Estonia to get those services. Respondents, who also would be interested to go to Russia, form 32% of the market or about 12,324. They represent a potential market for the Petrozavodsk companies with the main age groups 20-30 and 40 -60.

Thirdly, the case companies Onego Palace and Karelia & SPA have strong competitors as in Finland itself, so in Estonia. The strengths of rival companies that they have been working in wellness tourism market for relatively long time and have gained a positive reputation. In addition, they offer wider range of spa procedures than case companies do. Their main weaknesses are high prices on services and not so diverse and various cosmetic sector as in Petrozavodsk.

Fourthly, wellness market in Russia and Karelia are at their earlier stages but steadily growing. Karelia has a solid basis for turning into a wellness tourism destination for Finns. This basis consists of well-developed and known nationally health-resorts Kivach and Marcial Waters, modern hotels Onego Palace and Karelia & SPA with an array of spa and cosmetic services and capabilities to work as fully functioning wellness facilities, great number of small local beauty and spa centers. The comparative advantages of Petrozavodsk's companies are not only lower prices on accommodation, meal, and wellness services, but also high quality and a larger variety of cosmetic services. All

cosmetologists have a doctor degree, and all medical personnel is highly qualified as well. Currently, the main weaknesses of the case companies are the lack of variety of spa procedures and underdeveloped system of spa packages that are common in European countries. Regardless of these shortcomings, Petrozavodsk's companies have a lot to offer to Finnish customers and are able to compete with their rivals from Estonia and Finland.

To sum up, the main conclusion can be drawn: there is substantial potential consumer market in Finland for Russian companies working in the wellness industry. Despite of strong competition, Petrozavodsk's case companies have a good opportunity to successfully operate in the market if they manage to fully use their comparative advantage and strengthen their weaknesses.

RECOMMENDATIONS

The following recommendation can be made on the basis of the research. The case companies need to develop a marketing strategy for entering Finnish wellness market and to modernize their operational processes. The companies should focus on building strong brands that help to create a positive image among western tourists. The companies should decide how they would deliver information to potential customers. For example, they can use for their promotional campaigns different social media (Facebook, Twitter, Instagram, YouTube) that are popular among young people or traditional channels such as local newspapers or radio that older generations prefer.

The companies must adapt their services to what European clients get used to, particularly Finnish customers. This may include creating of spa packages, expansion of spa services and developing of evening entertaining programs. They also have to organize convenient transportation services for the customers as from Finland to Petrozavodsk, so for moving them among facilities. They need to decide if they use their own shuttles or cooperate with transportation companies.

The companies should think about upgrading their web sites. The web site should be redone with particular emphasis on possibilities to order majority of services online (e.g. booking transportation, hotel rooms, meals, choosing and booking procedures, selection of beauty products and specialists, payments, etc). Everything should be easy to use, clear, descriptive and accessible.

The companies have to improve their operation and accommodation facilities. Everything should be in accordance with European standards. It includes such important features like allergy-free rooms and rooms and facilities in recreational, spa and cosmetic areas for disable people.

The companies can combine efforts and work together with famous brands (Kivach and Marcial Waters) that have been already operating on the Karelian wellness market for many years. It would help to expand and diversify spa services and build fully functioning modern wellness facilities.

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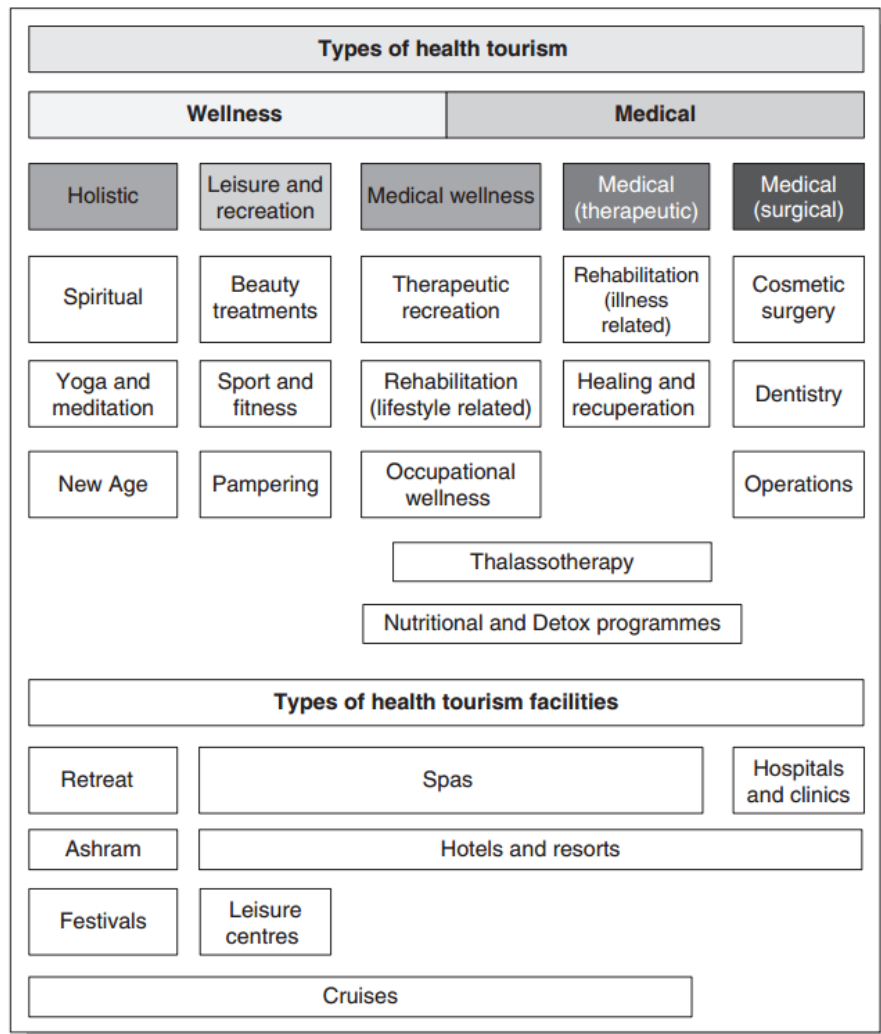
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Mikkonen, M. Manager. MatkaKarjala OY. Recorded interview on 05.04.2016

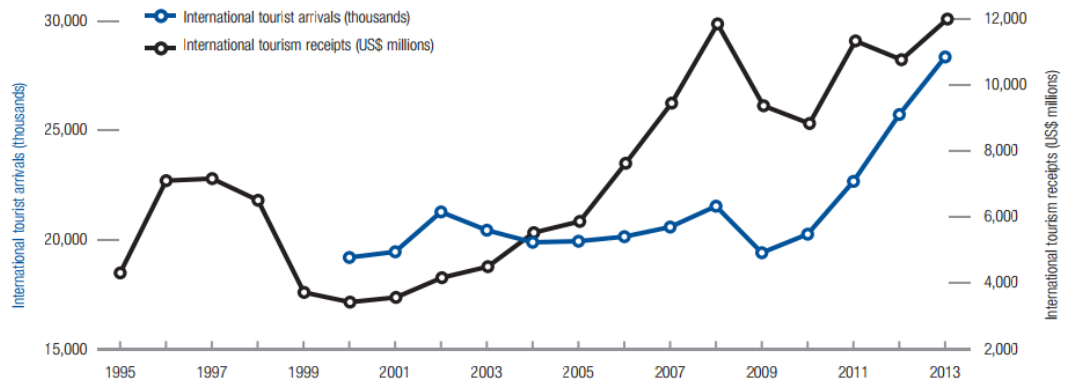
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Types of health tourism (Source: Smith and Puczko 2009, 7)



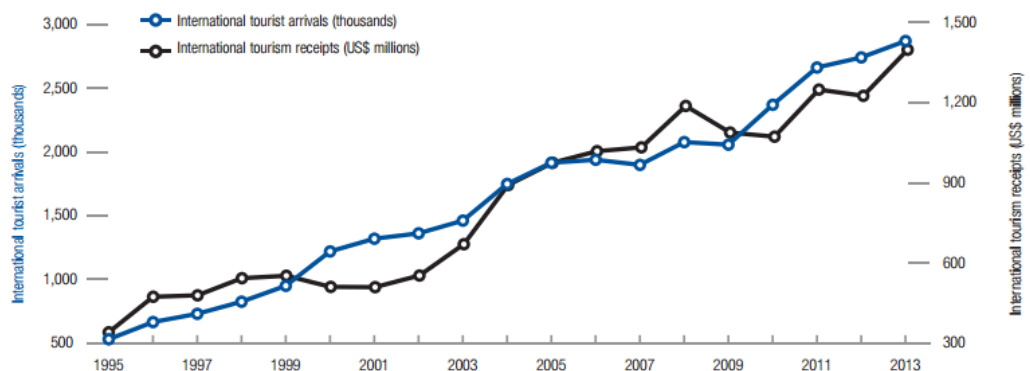
Appendix 2

Evolution of the Travel and Tourism Industry over time in Russia (Source: World Economic Forum 2015, 284)



Appendix 3

Evolution of the Travel and Tourism Industry over Time in Estonia (Source: World Economic Forum 2015, 141)



Questionnaire (Finnish)

1. Ikä
 - 20-30
 - 31-40
 - 41-50
 - 51-60
 - 61- enemmän

2. Käytkö spa, kauneushoitoloissa ja kosmetologilla?
 - Kyllä
 - Ei

3. Jos et käy, niin olisitko kiinnostunut kasvo- ja vartalohoitopalveluista, kauneushoitoloista ja kosmetologilla käymisestä?
 - Kyllä
 - Ei

4. Kuinka usein olet käynyt / kävisit spa kauneushoitoloissa ja kosmetologilla?
 - Kerran kuukaudessa
 - Kerran kolmessa kuukaudessa
 - Kerran puolessa vuodessa
 - Kerran vuodessa
 - Ei koskaan
 - Muu _____

5. Mitä palveluja olet käyttänyt /käyttäisit?
 - Vartalohoidot (Hieronta, ihon kuorinta, vartalonaamio).
 - Kasvohoidot (alkupuhdistus, pintapuhdistus, ihon kuorinta, naamio, kemialliset kuorinnat).
 - Hoidot/palvelut ihon uudistamiseen (Botox, mesolankahoito, mesoterapia, biorevitalisaation).
 - Painon alennus ja selluliittihieronta.
 - Fitness, sauna, jooga, vesivoimistelu, mineraalikylyt, vesihoidot jne.
 - Vaikeat kosmitologiset palvelut (pigmenttiläiskät, couperosa, pintaverisuonet)
 - Leikkaus, värjäykset,sävytykset, manikyyrit ja pedikyyrit
 - Karvanpoistot vahalla tai sokerilla, laseri karvanpoistot
 - Dermatologin palvelut
 - Muu _____

6. Paljonko rahaa sinä käytät/olet valmis käyttämään kasvo- ja vartalohoitoon keskimäärin kuukaudessa ja vuodessa?

	Kuukaudessa	Vuodessa
<input type="checkbox"/> 0-100 €	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 101-200 €	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 201-300 €	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 301€-enemmän	<input type="checkbox"/>	<input type="checkbox"/>

7. Oletko valmis käyttämään enemmän rahaa kasvo- ja vartalohoitoon?

- Kyllä, Paljonko? _____
 Ei

8. Oletko käynyt Virossa hakemassa kasvo- ja vartalohoidon palveluja?

- Kyllä
 Ei

9. Jos palvelujen laatu olisi samalla tasolla kuin Virossa ja Suomessa, mutta hinnat olisivat halvempia, olisitko valmis käymään Petroskoissa (Venäjällä)?

- Kyllä
 Ei

10. Jos olisit kiinnostunut käymään Petroskoissa kasvo- ja vartalohoitopalveluissa, miten haluaisit mennä mieluummin?

- Ostan lomaketin
 Itsenäisesti

11. Jos olisit kiinnostunut ostamaan lomaketin, mikä näistä vaihtoehtoista on mielestäsi paras?

- 2 pv, 1 yö
 3 pv, 2 yötä
 5 pv, 4 yötä
 6 pv, 5 yötä

12. Kumpaa lomaketin pitäisit parempana?

- Spa paketti
 Spa kuin lomaketin osa

13. Jos et olisi kiinnostunut käymään Petroskoissa kasvo- ja vartalohoitopalveluissa, miksi?

- Venäjä on kaukana
 Venäjällä ei ole turvallista
 En ole varma palvelujen laadusta
 Muu _____

Questionnaire (English)

1. Age

- 20-30
- 31-40
- 41-50
- 51-60
- 61 and more

2. Do you visit spa and beauty centers?

- Yes
- No

3. If no, would you be interested in going to spa and beauty centers?

- Yes
- No

4. How often do you visit/ would visit spa and beauty centers?

- Once a month,
- Once in 3 months,
- Once in 6 months,
- Once in a year,
- Never,
- Other _____

5. What type of treatments do you use/ would like to use?

- General body treatments (massage, body wrap, peeling etc.),
- Facial treatments (masks, exfoliating, face cleaning etc.),
- Anti-aging procedures (Botox, mesa therapy, thread lifting etc.),
- Weight- loss and anti-cellulite treatments,
- Fitness, sauna, yoga, water treatment, mineral bath, hydrotherapy etc.,
- Medical cosmetological treatment/procedures (pigmentation, removal of tumors etc.),
- Haircut, hair color, manicure, pedicure etc.,
- Waxing, epilation,
- Dermatology services,
- Other _____

6. Approximately how much do you spend/ would spend on spa and cosmetic procedures per month and per year?

- | | Per month | Per year |
|--|--------------------------|--------------------------|
| <input type="checkbox"/> 0-100 € | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> 101-200 € | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> 201-300 € | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> 301€ and more | <input type="checkbox"/> | <input type="checkbox"/> |

7. Do you ready to spend more on spa and cosmetic services?
- Yes, how much? _____
 - No
8. Do you visit Estonia in order to get spa, beauty, anti-aging treatments?
- Yes
 - No
9. If the quality of spa and beauty treatments in Petrozavodsk (Russia) are on the same quality level as in Finland and Estonia but prices are lower, would you go?
- Yes
 - No
10. If you are interested to travel Petrozavodsk for spa and beauty services, how would you prefer to go?
- To buy a tour
 - Independently
11. If you prefer to buy a tour, what duration you would choose?
- 2 days, 1 night
 - 3 days, 2 nights
 - 5 days, 4 nights
 - 6 days, 5 nights
12. What king of tour you would prefer more?
- Spa tour
 - Spa as a part of a tour
13. If you are not interested to go to Petrozavodsk for spa and beauty services, then why?
- Russia is to far
 - Russia is unsafe
 - I am not sure in the quality of services
 - Other _____

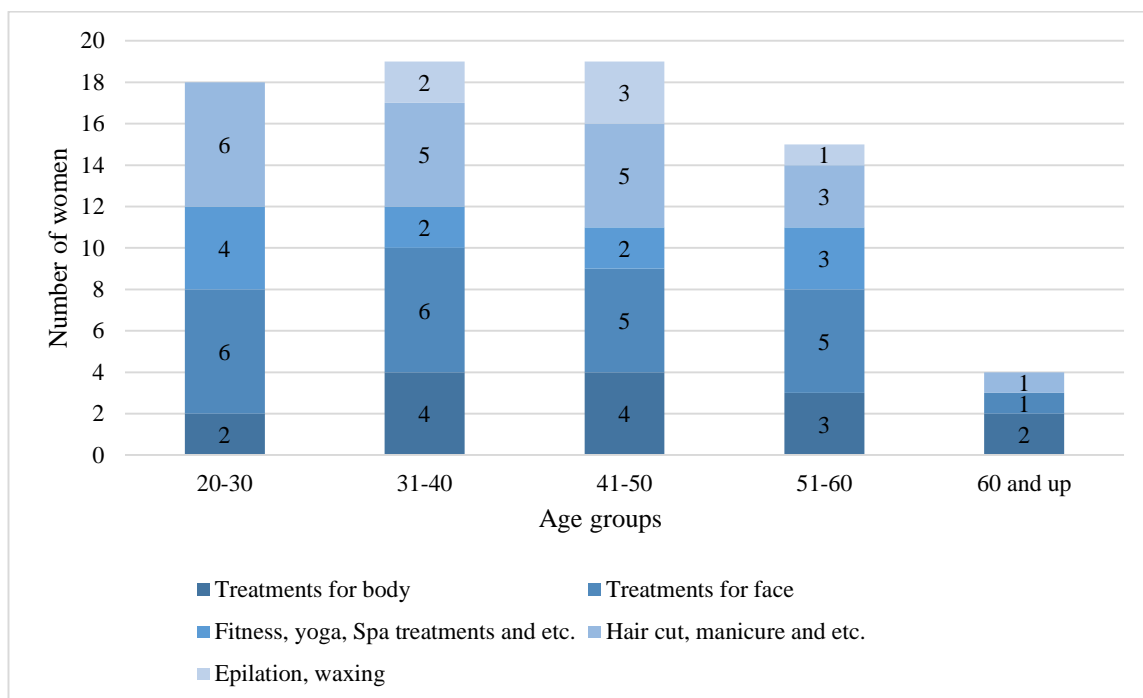
Interview questions for specialists from beauty salons

1. How can you describe your main customers?
2. What is the main age-category who visit you more often?
3. How many times per year your loyal customers try to visit the beauty center?
4. What are the most popular procedures?
5. What procedures young people prefer?
6. What procedures women over 40 prefer?
7. Are serious cosmetic procedures as Botox and Mesa therapy in demand among your customers?
8. Do you have men among you customers?

Interview questions for specialists from travel agencies

1. Who are you main customers?
2. What are the most popular destinations?
3. What is the most popular destination in Estonia?
4. What is the most popular season for traveling to Estonia?
5. Are wellness trips popular among Joensuu's residents?
6. Who likes spa trips to Estonia?
7. What duration of spa trips is most popular?
8. What is the most popular destination for spa trips?
9. Who travel to Russia?
10. What do you think about Petrozavodsk. Karelia as a wellness tourism destination for Finns?
11. Have you ever been in Russia for wellness services?

Popularity of spa and beauty treatments by age groups among current customers



Discounts for spa trips to Petrozavodsk

	For groups from 10 people	Additional discounts
Avtoputeshestvie	10% (ordering a bus in both ways)	
Karjalan viisumit	71 euros (A normal visa - 80 euros)	
Karelia & SPA	10% for rooms	
	10% on spa and cosmetic treatments	
Onego Palace	40% for rooms	At non-season time - 50% for rooms
	15% on spa and cosmetic treatments	