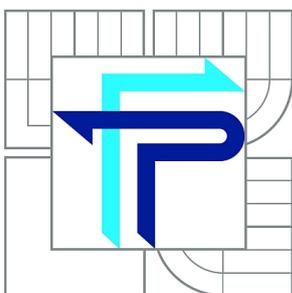


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ÚSTAV EKONOMIKY

FACULTY OF BUSINESS AND MANAGEMENT
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PROPOSAL OF COMMUNICATION STRATEGY FOR A NEW BRANCH OF REAL ESTATE COMPANY

NÁVRH KOMUNIKAČNÍ STRATEGIE NOVÉ POBOČKY REALITNÍ KANCELÁŘE

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AUTOR PRÁCE

AUTHOR

Bc. MIROSLAV WAGNER

VEDOUCÍ PRÁCE

SUPERVISOR

doc. Ing. ROBERT ZICH, Ph.D.

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MASTER'S THESIS ASSIGNMENT

Wagner Miroslav, Bc.

European Business and Finance (6208T150)

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L.S.

doc. Ing. Tomáš Meluzín, Ph.D.
Director of the Institute

doc. Ing. et Ing. Stanislav Škapa, Ph.D.
Dean of the Faculty

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ABSTRAKT

Diplomová práca rieši návrh vhodnej komunikačnej stratégie pre novú pobočku už existujúcej realitnej kancelárie. Poznatky z odbornej literatúry, ktorými sa zaoberá teoretická časť práce predstavujú nevyhnutný základ pre výber vhodných metód analýz vypracovaných v analytickej časti. Na základe výsledkov z týchto analýz je posledná časť práce venovaná návrhom konkrétnych riešení, vedúcim k dosiahnutiu stanovených cieľov.

ABSTRACT

Diploma thesis deals with a proposal of suitable communication strategy for a new branch of already existing real estate company. Findings from special literature, which are dealt with in theoretical part of the thesis represent indispensable base for selection of appropriate methods of analyses conducted in analytical part. Based on the results from these analyses, last part of the thesis is dedicated to proposal of particular solutions leading to the achievement of the objectives set.

KLÚČOVÉ SLOVÁ

komunikácia, konkurencia, stratégia, klienti, nehnuteľnosti

KEY WORDS

communication, competition, strategy, clients, properties

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DECLARATION

I declare that submitted master's thesis is authentic, original and has been written absolutely independently. I also declare that references and bibliography are complete and copyrights are not violated pursuant to Act. No. 121/2000 Coll., on Copyright Law and Rights Related to Copyright Act and on the Amendment of Certain Legislative Acts.

Brno, 27 August 2015

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Signature

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INTRODUCTION

Majesty reality, s. r. o. is a company established in 2007 operating within the real estate industry providing brokerage, financial and counselling services for its clients within the region of Poprad, eastern part of Slovakia. Owner of the company decided it is the right time for the company to expand its business to a new market. The new market on which the new branch of the company will operate is represented by the region of Košice. This region is also known as the centre of Eastern Slovakia. There are several ways how to expand a business, company decided for an expansion by offering same services on the new market in this case within the new region.

Once the owner of the company determines it is the right time for expansion of the company's business, growth may be an exciting challenge from many perspectives. Growth can bring many advantages such as brand recognition, larger geographical market, creating economies of scale, higher profit and others. However, before benefiting from the advantages of expansion there are many challenges needed to be handled properly at the first place. And one of the crucial aspects of successful expansion is definitely communication strategy for the expansion itself as well as for the company as a whole.

Therefore, this master's thesis suggests proposals for communication strategy in order to help in ensuring successful expansion. There are several issues related to the communication strategy that need to be address. Since the company offers its services almost exclusively on the regional market there is no surprise that the company's brand recognition beyond the regional boundaries is relatively poor. This fact places the need for building and extending the brand recognition. Furthermore, there is no business for the company if there are no properties on offer through the company. Therefore, it is crucial for the new branch of the company to acquire as many properties on offer as possible and as soon as possible. Another issue is related to the perception of real estate companies by the general public. Many people consider such companies as useless and even as parasites. In many cases it may be true because of number of unreliable or even fraudulent companies. To address that issue, it is necessary first of all to educate general public, to show people what to look for and what to avoid when it comes to selling,

buying or renting a property. Subsequently it is important that potential clients should convince themselves there are reasons why real estate company should be involved in the trade as a mediator and what benefits it can bring. To achieve that it is necessary to offer meaningful arguments and communicate them towards target audience properly, using suitable while affordable communication channels.

Proposals suggested at the end of the thesis are based on the analyses elaborated in the analytical part. From the long-term perspective, the objective of these proposals is to help the company during its expansion into the new market, establish base for future possible expansions and to build unified communication strategy across the entire company.

OBJECTIVES, METHODS AND PROCEDURES

Majesty reality, s. r. o. operates on the regional market for eight years. During this period, company has acquired significant number of satisfied clients along with the business entities which the company is cooperating with, such as banks, financial and insurance institutions. Since the size of the regional market within which the company operates is limited and its limitations have been met, management decided to expand its business activities to another region, bigger in size, however, close to current region.

The main objective of this master's thesis is to suggest suitable communication strategy for the new branch of the company which is crucial in order to successfully enter the new market.

Partial objectives, necessary for meeting the main objective are represented by the definition of strategic goals related to the new market entry, evaluation of company's current situation along with the evaluation of competitors and customers on the new market.

It is important to assess company's current situation and the situation on the target market. In order to prepare suitable communication strategy for a new branch office, it is important to understand what the needs of potential clients on the target market are and to analyse competition on this market. Moreover, it is essential to evaluate company's internal factors, financial situation and value chain in order to use the results in the future communication towards potential clients.

Suggested actions within the communication strategy are needed to be evaluated at the end of the thesis. To ensure success, suggested communication strategy must be based on the results of strategic analyses and to be linked with the strategic goals. Since the suggested communication strategy should be applicable in reality it has to be financially affordable for the company. This fact stresses the need for financial analysis in the analytical part of the thesis as well as for the financial evaluation of the suggested actions at the end.

Methods employed in the thesis

Analytical part begins with the **introduction of Majesty reality, s. r. o.** from the perspective of business activities and the range of services.

Introduction of the company is followed by the **evaluation of economic and financial situation** of Majesty reality, s. r. o..

Characterisation of the market is used to provide an insight on the target market in generally. This characterisation deals with the market's type, development and changes.

Basic strategic analyses such as **SLEPT analysis, industry environment analysis and Porter's five forces model** are used to analyse external environment.

SLEPT analysis examines factors with an impact on the company from external environment. It includes social, legislative, economic, political and technological factors. **Industry environment analysis** describes competition, customers and suppliers of the company. **Porter's five forces model** analyse five basic forces with an impact on the company. It involves evaluation of rivalry among competitors on the target market, threat of new entrants, bargaining power of customers and suppliers and the threat of substitute services.

The McKinsey 7S framework is used to analyse internal environment of the company. This framework provides an insight on company's hard elements such as strategy, structure and system and soft elements encompassing shared values, skills, staff and style. Management of the company should pay attention to each and every of seven elements mentioned in order to be competitive. However, for the purpose of communication strategy McKinsey 7S framework may reveal specific positive aspects which may be used in the communication towards customers.

The McKinsey 7S framework is followed by **an analysis of importance vs. satisfaction** using **matrix** approach. Comparison of clients' importance vs. satisfaction with particular services and tasks is important in order to find out what is considered important by clients and what their actual satisfaction with it is. Regarding the communication strategy for the new branch this analysis may point out possible strengths suitable to promote.

Within the analysis of customers the **loyalty of current clients is evaluated through** relatively modern method called **Net Promoter Score**. Furthermore **perception of the company by clients is measured by semantic differential**. These analyses provide the company with valuable information not only relevant for communication strategy proposal but also as a benchmark for the future. Data necessary for elaboration of such analyses were gathered through the questionnaire (see appendix 1).

The results of previous analyses are reflected in the **SWOT analysis**. This analysis identifies strengths and weaknesses of the company and presents opportunities and threats. From the perspective of communication strategy it is crucial to identify strengths which are possible to be presented in a proper way towards potential customers.

Furthermore, **current communication strategy of the company is also examined** in order to identify successful communication tools and channels that may be useful in the proposal of communication strategy for the new branch office on the target market.

Analyses mentioned above and their results represent the base for the proposal part of the thesis.

1 THEORETICAL BACKGROUND

1.1 Services

In the literature there are many definitions of service, for example, according to Kotler service is: "Any activity or benefit that one party may offer to another and is intangible and does not represent an ownership (Kotler et al., 2007, p. 710)." Service is greatly different compare to tangible product in several fundamental characteristics explained below.

1.1.1 Characteristics of services

Intangibility

It is the most typical characteristic of services which represent the base for other characteristics. Intangibility causes difficulties for customers from the perspective of correct evaluation of each competing services. Risk in purchasing services is based on the fact that it is not possible to take a preview of particular service and in most cases not even try it. Therefore, the customer is forced to put emphasis on personal sources of information and price is used as a basis for evaluating of the quality of services. Management should respond by the effort to limit the complexity of the services through emphasizing the tangible stimuli and focusing on the quality of particular service (Janečková and Vašítková, 2001).

Inseparability

The service is produced in the presence of the customer and thus the customer is directly involved in providing of the service making him or her integral part of the production of service. Often the customers themselves participate in creating services with other customers and they are sometimes forced to travel to where the service is produced. Management seeks to separate production and consumption, customer relationship management and producer and improvement of the service delivery system (Janečková and Vašítková, 2001).

Heterogeneity

Variability in providing a service is related mainly to the standard of quality of particular service. Every time customer may not get the same quality of service. Therefore, it makes it difficult for customer to decide between competing products and often must comply with rules on the supply of services in order to maintain consistency of its quality. Management in relation to the heterogeneity of services is again trying to decide on quality standards of employees' behaviour, their education and motivation (Janečková and Vašítková, 2001).

Perishability

Intangibility of services results in the services cannot be stored, re-sell or returned. The customer can therefore meet with excess or unfulfilled capacities and services can hardly be reclaimed. Management should respond by setting rules for handling complaints and plan the demand and capacity utilization (Janečková and Vašítková, 2001).

Lack of ownership

This characteristic is linked to the two previous characteristics of service to its intangibility and perishability. The customer buys only the right to receive service and service provides him with short, direct distribution channels. Management on the other hand tries to accurately select intermediaries and to highlight the benefits of non-possession and the possibility of substitution of services for goods (Janečková and Vašítková, 2001).

1.1.2 Primary vs. complementary service

The main pillar of service offerings, as well as product mix is the basic product which serves to meet the perceived needs. The basic product is very often expanded to include complementary product. Complementary product is used to increase the value that product brings comprehensive customer when squaring his satisfaction." It is also important to highlight the benefits of including complementary services. Complementary services as its title suggests are being a supplement of something else, in most cases, they are not the primary reason for purchase. However, they always

contribute to the increase in the value of the product itself, since it facilitates the use of products for customers. In the case of the customer's choice whether to buy a product with or without complementary services, in most cases decision to buy a product that includes complementary services wins. Complementary services not only have a positive effect on increasing satisfaction of customers with the product itself, but also on increasing the satisfaction of sellers, since the product with complementary services is preferred by customers over other competing products without such services. In addition, customers are often willing to pay for complementary services more than the total cost incurred for the implementation of complementary services. Thus the margins of sellers are increased (Kaňovská, 2009).

Since a complementary service offered itself does not have a great value for the buyer, as well as the value of the core services without this complementary service is reduced, it is possible to talk about the so-called synergistic effect, which is "*the effect of mutual action of number of elements, which is usually greater or qualitatively better than the simple sum of the effects of the independent action of the individual elements* (Havit, 2013)."

1.2 Marketing mix

Marketing mix is a set of tactical marketing tools which companies use with an objective to increase demand for their products and services. Marketing mix includes everything what company can do to influence the demand for its products and services (Kotler et al., 2007).

1.2.1 Marketing mix 7P

Traditional marketing mix is basically set of tools helping managers to create characteristics of service offered to customers. The traditional marketing mix 4P, consisting of Product, Price, Place and Promotion has proven in service organizations as insufficient precisely because of the specific characteristics of services. The traditional marketing mix has therefore been enriched by adding additional 3Ps namely Physical evidence, People and Processes (Janečková and Vašítková, 2001).

Table 1: Marketing mix 7P

(Source: Janečková and Vašítková, 2001)

Marketing mix 7P	
Product	Range, quality, level of the brand, series of production, warranties, selling services
Price	Level, sales, payment conditions, perception of the value of customer services, quality vs. price, differentiation
Place	Location, accessibility, distribution channels, market coverage by distribution
Promotion	Advertisement, personal sale, promotion, publicity, PR
Physical Evidence	Environment, equipment, colours, layout, level of noise, tangible incentives
People	Staff: education, benefits, motivation, appearance, attitude Customers: behaviour, contacts
Processes	Politics, procedures, mechanization, freedom in decision making for subordinates, cooperation with customers, guidance of customers

Product

The product can be considered as foundation of any business. The aim of the company is to improve or differentiate a product or service from others so that the target market is forced to prefer the products of the company and willing to pay even higher price (Kotler, 2002).

The product represents everything the company offers to customers in order to meet their tangible and intangible needs. In relation to the services, the term product is a process that results in satisfying consumer needs, and often without the need of the tangible results, while element defining the service is represented by the quality (Janečková and Vašítková, 2001).

The service is a complex product that Pride and Ferrell (1991, p. 92) defined as: "a set of tangible and intangible elements containing functional, social and psychological benefits or advantages. The product can be idea, service or supply or a combination of all three outcomes (Vašítková, 2008)."

Price

Price represents a sum paid by customer for a product or service. Put in other words it is a sum required for a product or service; or a sum of values which customers are willing to exchange for the benefits of ownership or usage of product or service (Kotler et al., 2007).

Companies are trying to push up prices as much as differentiation of their product or service allows them to do so. During pricing a company must realize that the sales volume is dependent on the price and thus seek to achieve revenues which after deducting the costs posing the greatest profits (Kotler, 2002).

For customers, the price is also very important, because for them it represents an amount of money they need to spend in order to get the product or service (Kaňovská, 2009).

In pricing process it is important to consider costs, relative price level, the level of purchasing power of demand, the role of price in sale's support and the role of price in the harmonization of real demand with the production capacity in place and time (Janečková and Vašítková, 2001).

In the context of services, the price due to intangible nature of the services becomes an indicator of quality. The fact that the service cannot be separated from its provider means more specifics in the pricing of services. When calculating the price companies must pay attention to the supply factors, such as costs, because public services in most cases have no price or the price is subsidized (Janečková and Vašítková, 2001).

Place

Place in the meaning marketing tools stands for all the activities which make the product or service accessible to a consumer (Kotler et al., 2007).

It is up to each company to choose a way of getting its products or services to the target market. Companies can choose from two options, first choice is direct sales and the second one is represented by sales through other intermediaries (Kotler, 2002).

Distribution from the perspective of services relates to facilitation of customer access to the service. Moreover, distribution relates to the placing or choice of intermediary services. Services are also associated with the movement of tangible elements which form part of services (Janečková and Vašítková, 2001).

Promotion

Promotion involves all activities, which communicate features of products or services and their advantages towards targeted customers with the objective to persuade potential customers to purchase such a product or service (Kotler et al., 2007).

Marketing communications mix represents the set of five basic tools of promotion between which a company redistributes the budget for promotion (Kotler and Keller, 2007).

Communication in generally is understood by experts as a two-way transmission of information with an objective to reduce uncertainty on both sides participating in communication (Zamazalová et al., 2010).

Physical Evidence

Due to the immovable nature of the services it is clear that customer is unable to relevantly assess the quality of service before it is consumed. The environment has important information value of the characteristics of service and can have many forms - from own buildings and offices to for example a brochure explaining in detail the characteristics of the service offered. Clothing of employees also plays often an important role in assessing the quality of services (Janečková and Vašítková, 2001).

People

People directly influence the quality of services because during the provision of services often occurs a contact between the employees - the service provider and the customer. Since the customers themselves are part of the process of providing services, they have

large impact on the quality of service as well. Companies should therefore try to find a balance between how employees are selected, motivated and educated and between the setting of certain rules of behaviour for the consumers, which should contribute to creating a positive relationship between customers and employees (Janečková and Vašítková, 2001).

Processes

The interaction between the customer and the provider during the process of providing services is the reason for a more detailed focus on what way the service is provided (Janečková and Vašítková, 2001).

1.2.2 Marketing mix 4C

From the perspective of customer, every marketing tool should bring an advantage. Therefore, marketing mix from the customer point of view “4C” has been introduced (Kotler et al., 2007). The 4 C’s focus more on customer oriented marketing philosophy. They suggest that in decision making process about where to offer a service a company should focus entirely on the customer (Kussmaul, 2012).

Consumer

The idea behind the 4C marketing mix is to focus primarily on customer. This is contrary to traditional marketing mix where the priority is given to products (Marketing 91, 2015).

In the modern age the trend of products being developed and pushed to the customer is declining rapidly. Current situation when market is over saturated with good-quality products and services requires studying consumer behaviour from the phase of product development. Specific attributes of products and services should be almost tailored in order to satisfy consumer needs and wants (Business-Fundas, 2011).

Cost

Cost is equivalent to price from tradition marketing mix but from the perspective on consumer. There should be great attention paid to cost since it is very important variable during customer decision making process (Marketing 91, 2015).

During the pricing it is necessary to look on the value of the product from the perspective of consumer (Business-Fundas, 2011).

Communication

The marketing communication of a company using the 4C of marketing is considerably different comparing to the marketing communication of a company using traditional marketing mix. The 4C usually requires different segmentation, targeting and positioning (Marketing 91, 2015).

For a sustainable pull strategy it is crucial to create brand awareness and brand cognition. Using integrated communication and proper communication channels is significantly important for any successful marketing campaign (Business-Fundas, 2011).

Convenience

An equivalent to place of the traditional marketing mix is convenience. It is critical to make acquiring of products and services convenient for the customers. Consumers simply do not pay for products or services if they are not convenient for them (Marketing 91, 2015).

A product or service purchase location is often considered to be factor responsible for the difference between successful companies and the rest (Business-Fundas, 2011).

Overall, traditional marketing mix may serve more efficiently in definition of a company's strategy. On the other hand 4C approach to marketing mix can be very helpful in case of customer oriented companies and services providers (Marketing 91, 2015).

1.3 Marketing research

Marketing research can be characterized as a purposeful process aimed at obtaining specific information which cannot be obtained any other way.

Marketing research is mainly characterized by its uniqueness high informative value and up to date information obtained. Financial cost, the need for skilled staff, time requirements and use of particular methods are often associated to ensure marketing research.

Any analysis cannot be considered as marketing research. Utilization of the application of statistical, psychological, sociological and ethnographic methods is typical for marketing research. Use of systematic methods requires a systematic approach to research.

Systematic approach of marketing research lies in determining organizational arrangements for research such as where the research will be used and what decisions may be affected. Based on the type and methods of research and estimation of costs incurred for the research it is necessary to specify its scope (Kozel et al., 2011).

1.3.1 Significance of marketing research

Customers and other market entities are influenced by social changes which also affect the decisions of managers. Information is necessary for right decision making. The information must be obtained in optimum quantity, quality and adequate time.

Marketing research simplifies decision making at all levels of decision-making in the market:

- **Strategic:** What needs to be done?
- **Tactical:** How do the things properly?
- **Control:** Did we achieve the desired effect?

Due to demographic changes, globalization, hyper competition, Internet development and corporate social responsibility managers in case they want to be successful are forced to take an interest in the needs of their customers and create a long-term,

mutually beneficial relationship with them (CRM, Customer Relationship Management, relationship marketing) (Kozel et al., 2011).

1.3.2 Strategic audit

Strategy in a wider sense must take into consideration environment in which it will be implemented along with the sources available for implementation of particular strategy (Zich, 2012). The same applies to communication strategy proposal.

Strategic audit deals with the gathering of vital information that helps to set detailed objectives by analysing the environment as well as available sources. It consists of two parts: external audit and internal audit (Kotler et al., 2007).

External audit

Detailed evaluation of markets, competition and business and economic environment in which a company operates (Kotler et al., 2007). Example of an analysis used for external audit is SLEPTE analysis which analyse macro-environment of the company.

Internal audit

Review of whole value chain of a company. It deals with primary activities which determine the flow of products and services of a company, input logistics, production, operation, output logistics, sale, marketing and complementary services. Furthermore, it deals with support activities on which primary activities depend: supply, technology development, human resource management and infrastructure of a company (Kotler et al., 2007). Internal audit may employ analyses such as financial analysis, marketing mix analyses, McKinsey's 7S framework analysis and many more.

SWOT Analysis

SWOT analysis processes the data from strategic audit analyses and emphasizes key elements resulting from external and internal analyses. In regard to findings from strategic audit analyses it is possible to highlight key strengths and weaknesses along with possible opportunities and threats (Kotler et al., 2007).

1.4 Marketing environment

Marketing environment is divided in terms of the factors affecting the company into macro-environment (external factors) and microenvironment (internal factors). Based on that it is clear that there are many different influential factors with an impact on the company in an environment in which the company is operating and it necessary for the company to cope with and adapt to such factors.

1.4.1 Marketing macro-environment

According to Kotler (2007) marketing macro environment can be broken down as follows:

- Demographic environment
- Economic environment
- Natural environment
- Technological environment
- Political and legislative environment
- Cultural environment

Demographic environment

Demographic environment is very important for marketers since it is closely connected to people and people create markets (Kotler et al., 2007).

In relation with the demographic environment it is important for the company from a marketing point of view to note the size and growth rate of the population in various cities, regions and countries. Age and ethnic structure of the population, their attitudes and behaviour as well as expected trends and development are also important to take into consideration (Kotler, 2001).

Economic Environment

Economic environment includes factors with an impact on the purchasing power and habits of consumers in particular area (Kotler et al., 2007).

For companies, the key is to observe a current income of the population, prices, savings, debt, credit availability, trends in incomes of the population and changes in the structure of people's expenditures (Kotler, 2001).

Natural environment

The natural environment involves the natural resources which are used as inputs or are affected by marketing activities. In the last thirty years there is growing concern for the environment. Marketing specialists should be aware mainly about four trends that occur in the natural environment:

- Shortage of material
- Rising energy prices
- The growth of pollution
- Government intervention in the management of natural resources

(Kotler et al., 2007)

Technological environment

Organizations should carefully monitor new trends in technology such as accelerating pace of technological changes, unlimited opportunities for innovation, changes in expenditure on research and development and increasing regulation technological changes (Kotler, 2001).

Political and legislative environment

The development of political and legislative environment strongly influences marketing decisions of the company. Organizations and individuals are influenced through laws, governmental organizations and lobby groups (Kotler, 2001).

Cultural environment

A society in which people live and grow up forms their basic perceptions and values. People subconsciously absorb the views around them which define their relationship to each other, themselves, organizations, society, nature and the universe (Kotler, 2001).

Cultural characteristics may influence marketing decisions (Kotler et al., 2007).

1.4.2 Marketing micro-environment

Meeting customers' needs and creating and maintaining relationships with customers is dependent on cells that form the micro-environment, namely:

- Company itself
- Suppliers
- Marketing intermediaries
- Customers
- Competitors
- Public

(Kotler et al., 2007)

Company

During the process of marketing plan preparation all parts of a company such as top management, finance department, research and development, production department, purchasing and accounting should be involved. This mutual reinforcement of components of the company forms indoor environment (Kotler et al., 2007).

Suppliers

Suppliers play important role in overall system of value provision. They provide sources, which are necessary for the company in order to produce products or provide services (Kotler et al., 2007).

Timeliness, quality and quantity of resources required for businesses operate is dependent on suppliers. That is what predetermines them to be very important in the context of companies' microenvironment (Zamazalová et al., 2010).

Marketing intermediaries

Marketing intermediaries are companies helping to promote, sell and distribute products or services to final consumers (Kotler et al., 2007).

Marketing intermediaries also represent an integral part in the creation of satisfying relationships with customers. In order to satisfy the needs of customers a company has

to do more than simply optimize its own performance. A company has to find the right suppliers and marketing intermediaries to optimize the performance of whole system (Kotler et al., 2007).

Customers

The company must carefully monitor the markets on which its customers are active. There are six types of target markets:

- **Consumer market** - it consists of individuals and households who buy goods or services for own consumption.
- **Industry market** - Customers in this market are buying goods and services in order of further processing or for use in their own production process.
- **Market trading intermediaries** - in this market goods and services are being bought with the objective of reselling them with a profit.
- **Institutional market** - is made up of institutions that buy goods or services for the purpose of providing them to the people entrusted to their care. These include hospitals, prisons, hospices and other institutions.
- **The market of government procurement** - the purchase of goods and services by government organizations in order to produce public service or transfer of goods and services to the people in need.
- **International market** - involves consumers, industrial manufacturers, intermediaries and governments in other countries.

(Kotler et al., 2007)

Competitors

If a company wants to be successful in a competitive market it must offer higher value and satisfaction for the customer than the competition offers. Due to the fact that there is no one ideal competitive marketing strategy, company should realize its size and position in the industry and compare it with the size and position of competitors (Kotler et al., 2007).

Public

The public in marketing terms is formed by all groups that have an influence on the company or they want to use this company to achieve their objectives. There are these seven types of public:

- Financial institutions
- Media
- Government
- Citizens' initiatives
- Local communities and citizens
- Wider public
- Employees (Kotler et al., 2007)

1.5 Communication strategy

Modern marketing requires more than simple preparation of good product, attractive pricing and making product accessible for customers. Companies must communicate with their current as well as with future customers and the subject of communication has to be well premeditated (Kotler et al., 2007).

Modern marketing communication is affected by two major factors. First factor lies in fact that fragmentation of mass markets forces marketers to divert from mass marketing. Such a trend results in more focused marketing programmes designed to build closer relationships with customers on narrowly defined micro markets. Second factor is that transition to segmented marketing is accelerated through significant development in area of information technology. This allows marketers to carefully monitor customers' needs because they obtain more information about customers on the level of individuals and households than they were able to gather in past. Moreover, new technologies offer new ways of communication (Kotler et al., 2007).

1.5.1 Integrated marketing communication (IMK)

It is important to understand, that customers don't distinguish between particular sources of communication as marketers do. In the minds of consumers, information from various media such as television, magazines or online sources result in one

perception of a company, product or service. That is the reason why it is important to maintain coherent information in each and every source otherwise it may result in confused perception of a company or brand position (Kotler et al., 2007).

Facts mentioned in the paragraph above represent the need for integrated marketing communication. Integrated marketing communication is characterised as a concept in which company carefully integrates and coordinates amount of its communication channels in order to provide consistent and convincing information about a company itself and its products or services (Kotler et al., 2007).

IMK requires identifying of all possible contact points where customer may encounter a company, its product or services or brands. Every contact with the brand means transfer of message either it is good, bad or neutral (Kotler et al., 2007).

1.5.2 Steps in development of effective communication

Marketing managers have to **identify the target audience, set the communication objectives, prepare information, choose the media** through which the information will be transferred and **obtain a feedback** in order to measure an effect of communication (Kotler et al., 2007).

- **Identifying of the target audience**

Target audience may be represented by potential customers or current customers – those who are in the purchasing decision making process or those who influence them. Audience may have form of individuals, groups, special target groups or society in generally. Target audience has also significant impact on the decision of marketers about **what** will be said, **how** it will be said, **when** it will be said, **where** it will be said and **by whom** it will be said (Kotler et al., 2007).

- **Setting the communication objectives**

In generally, every strategy should be connected to achieving specific objectives (Zich, 2012). Therefore first of all overall objectives of communication strategy for the new branch of the company are set.

After identifying of the target audience marketers have to decide what reaction they want to achieve. Target audience may be in any of six stages of the consumer buying process – product awareness, knowledge, liking, preferences, conviction and purchase. The objective of marketing is to lead a customer through these stages to desired result – purchase of a product or service (Kotler et al., 2007).

Product awareness

There is a possibility that target market is not even aware about the existence of particular product or service. In case majority of target audience does not know anything about product, marketer should create certain awareness, starting with simple recognition of product's name. Such a process may begin with simple repeating the name of a company or particular product (Kotler et al., 2007).

Knowledge

People creating target audience may know about the existence of a company or its product or service but they may not have enough information. Therefore, company should determine how many people within the target audience have small, medium and large or even extensive knowledge about the offer (Kotler et al., 2007).

Liking

In case people within the target audience know the product or service it is important what is their perception of it. If people percept the brand or product negatively, it is important to find out the reason and solve the problems before communication campaign (Kotler et al., 2007).

Preferences

Target audience may like particular product or service but it does not have to be preferred over the other products or services. In such a case, marketer should try to gain preferences of consumers by promotion of quality, value and other beneficial features of the product (Kotler et al., 2007).

Conviction

People may prefer the product or service over other products and services but at the same time they may not be convinced about the purchase. The task for the communicator in this case is to arouse conviction among potential customers that particular offer is the best for them (Kotler et al., 2007).

Purchase

And finally, some of the members of target audience may be convinced about the product or service but they do not get to purchase. Potential customers may decide to wait for further information or for better economic situation. In such a case communicators have to lead customers to final step, through offering special prices, rebates or bonuses (Kotler et al., 2007).

- **Designing a message**

In ideal case the message should get **attention**, hold **interest**, arouse **desire** and obtain **action** (Kotler et al., 2007).

Message content

Communicator should find an appeal or motivation with the help of which it is possible to achieve desirable response. There are three types of appeals:

Rational appeals

Message that speaks to private interests of audience and shows that product brings useful benefits and advantages. An example can be message emphasizing the quality, efficiency, value or performance of a product or service (Kotler et al., 2007).

Emotional appeals

Message that is trying to create positive or negative emotions that should motivate potential consumers to buy a product or service. As an example may be fear, guilt, shame, love, humour, pride and joy (Kotler et al., 2007).

Moral appeals

Message aimed to the sense of the audience about of what is good and bad (Kotler et al., 2007).

- **Message structure**

To create successful structure of the message, communicator has to take into consideration three questions (Kotler et al., 2007).

The first is whether to draw a conclusion or leave it to the audience. Recent researches show that in many cases where it is probable that target audience will be interested about the product communicators have better position if they ask questions to stimulate participation and motivate customers to think and to make a conclusion by themselves (Kotler et al., 2007).

The second question is whether to present a one-sided argument, mentioning only the product's strengths or a two-sided argument, touting the product's strengths while also admitting its shortcomings. One sided argument is more effective in sale presentations unless the audience is well educated or communicator has to overcome negative associations (Kotler et al., 2007).

The third question is whether to present the strongest arguments first or last. Presenting them first gets strong attention, but may lead to an anti-climactic ending (Kotler et al., 2007).

- **Message format**

In printed advertisement, communicator has to decide about the title, text, illustration and colours. In case of radio advertisement, communicator has to choose right words, sounds and voice. If the message is in the format of television advertisement it is crucial to plan all the previous aspects along with the non-verbal communication such as facial expression, gesticulation, clothes, attitude or even hairstyle. If the message is on the product itself or its package, communicator should consider the structure, smell, colours, size and shape (Kotler et al., 2007).

- Message must have practical value for target audience because individuals are on the market because of product.
- Message must get an attention of target audience.
- Message must bring new information about product, service or brand.
- Message must strengthen and help to justify recent purchase decision.
- Message must be presented in such a way that results in desirable impact.

(Kotler et al., 2007)

- **Choosing media**

There are two basic types of communication channels – **personal** and **non-personal** (Kotler et al., 2007).

Personal communication channels

Channels for direct communication between two or more people – face to face communication, speeches in front of audience, phone calls or post contact (Kotler et al., 2007).

Word of mouth

Personal communication consisting of information exchange between target customers and neighbours, friends, family or colleagues. Personal influence has great meaning among expensive or risky products (Kotler et al., 2007).

Buzz marketing

Support of opinion leaders and conviction them to spread information about product or service to others in their community (Kotler et al., 2007).

Non-personal communication channels

Channels that spread the message without personal contact or feedback – media, atmosphere or events (Kotler et al., 2007).

Media

Non-personal communication channels such as print media, magazines, direct mail; broadcast media such as radio or television; and visual media such as billboards, tables or posters (Kotler et al., 2007).

Atmosphere

Artificially created environment which create or support customers' intention to buy a product or service (Kotler et al., 2007).

Events

Events prepared in such way that allows speaking to audience – press conferences or opening gala evenings (Kotler et al., 2007).

- **Choosing the message source**

It is also very important how the audience percept the communicator. Therefore, it is crucial to think about trustworthiness and attractiveness of the message source – company, brand and spokesman of the brand or actor promoting a product or service in advertisement (Kotler et al., 2007).

- **Obtaining the feedback**

After message is spread it is important to examine its effect on target audience. To find out communicator has to interview members of target audience if they remember the message, how many times they saw it, what they remember specifically, what they feel about it, what is their attitude towards the company and its products or services. It is also essential to measure behaviour as a result of message – how many people actually bought the product, how many people visited the shop and how many of them were talking about product or service with others (Kotler et al., 2007).

1.5.3 Setting the total budget for communication

One of the most critical marketing decisions company has to face is to issue of how much to spend on communication. To set total budget for communication there are four common methods (Kotler et al., 2007).

- **Affordable method**

Many companies use this method as usual empiric rule – they set such budget for communication that in their opinion company can afford. They start with total revenues minus operating costs and capital expenditures and certain part of resources left they use for communication (Kotler et al., 2007).

- **Percentage-of-Sales method**

Using this method marketer set the budget for communication as certain percentage of current or forecasted sales. Or it may represent percentage of unit selling price (Kotler et al., 2007).

- **Competitive-Parity method**

Some companies use this method to set the budget on communication in such a way to respond with the competitors' expenditures on communication. Companies monitor activities of competition or they obtain an estimation of communication expenses in the industry and then set their budget based on the industry average (Kotler et al., 2007).

- **Objective-and-Task method**

Most logical method of setting the communication budget is objective-and-task method. Company set its budget based on what is the objective of communication. This method includes definition of specific objectives of communication, specifying the tasks necessary for reaching these objectives and estimation of costs on realisation these tasks. Sum of these costs represents suggested communication budget (Kotler et al., 2007).

1.5.4 Setting the communication mix

Concept of integrated marketing communication suggests that it is important to carefully combine communication tools in order to create coordinated communication mix. Choice of communication tools is affected by many factors; therefore it is necessary to understand each tool of communication mix (Kotler et al., 2007).

One of the 7Ps of marketing mix explained above stands for promotion. Promotion represents set of tools which company employs with the objective to sell certain idea or information to targeted audience (Kotler, 2002).

Communication tools belong to five categories:

- Advertising
- Sales promotions
- Public relations
- Personal selling
- Direct marketing

Table 2: Examples of various tools of promotion

(Source: Kotler, 2002)

Examples of various tools of promotion	
Advertising	<ul style="list-style-type: none"> • Newspaper advertisements and commercials in the audiovisual media • Packaging - outer appearance • Information inserted into individual packages • Movies • Brochures and Guides • Posters and leaflets • Repeated advertisements • Billboards • Advertising information at the point of purchase (stands, cabinets) • Audio-visual materials • Symbols and Logos
Sales promotions	<ul style="list-style-type: none"> • Contests, games, bets and lotteries • Rewards and gifts • Samples • Fairs and trade shows • Exhibits • Presentations • Coupons • Rebates • Loans at low interest • Programs of permanent purchases
Public relations	<ul style="list-style-type: none"> • Press communications • Speeches • Seminars • Annual reports • Contributions to charity

	<ul style="list-style-type: none"> • Donations • Publications • Social relations • Business magazines • Public events
Personal selling	<ul style="list-style-type: none"> • Sales presentations • Sales meetings • Offering programs • Samples • Fairs and trade shows
Direct marketing	<ul style="list-style-type: none"> • Catalogues • Direct mail by letter post • Telemarketing • e shopping • Television shopping • e-mail • Voicemail

- **Advertising**

Advertising is the most effective tool for building awareness about the company, products and services. When measuring the costs incurred by the thousand people addressed, advertising does not have virtually competition among the instruments of communication mix (Kotler, 2002).

According to Janečková and Vašítková (2001) advertising is impersonal form of mass communication carried out through the press, radio, television, advertising blackboard, posters, shop windows and the like.

Advertising is mainly characterized by the following:

Shrillness - advertising allows the seller to repeat the information many times. It also allows buyers to obtain and compare information of various competitors. Advertising on a large scale tells something positive about the size, strength and success of the seller (Kotler and Keller, 2007).

Multiplied impressiveness - this feature of advertising allows it to portray offered products or services, or even companies themselves through artistic use of print, audio, and colour (Kotler and Keller, 2007).

Non-personal character - the advertising does not create an obligation for buyers to pay an attention and react to it. Advertising is only a monologue and not the dialogue between representatives of firms and buyers, and therefore cannot be as convincing as a sales representative (Kotler and Keller, 2007).

- **Sales promotions**

Sales promotions can influence the behaviour of customers, because it acts primarily on immediate behaviour. The customer is aware of some advantages of purchasing such as sales, two pieces for the price of one, the possibility to win something and it forces him to act (Kotler, 2002).

Despite the mutual differences between individual tools of sales promotions, there are three common benefits:

- **Communications** - Provides information for customers, which can bring them to the product and gets their attention.
- **Stimuli** - are certain advantages and benefits of representing certain consumer benefits for customers.
- **Challenges** – evoke an incentive in the mind of customers to make a purchase of products or services right now. (Kotler and Keller, 2007)

Certain combination of advertising and price actions creates sales support that is focused on individual articles of distribution channels or on the final consumer for whom the purchase of the product gains on attractiveness through coupons, premiums, contests, offering free demonstration of services, gambling lotteries, promotional and gift items (Janečková and Vašítková, 2001).

- **Public relations (PR)**

This tool of communication mix can be very effective assuming its well thought coordination with other elements of the marketing mix. Despite this fact, a number of companies neglect this tool (Kotler and Keller, 2007).

Impact of PR is based on three distinctive characteristics:

- **High credibility** - stories and programs are for potential customers much more realistic and believable than advertising.
- **Ability to reach the buyer in an unexpected moment** - this element means that through public relations, the company is able to reach even those customers who avoid advertising and resellers.
- **Emphasising the importance** - the ability to emphasize the importance of a company or product (Kotler and Keller, 2007).

The objective of public relations is to stimulate positive perception of the company and build the credibility of the company. Public relations may not be focused only on customers but also can reach the target audience such as employees, suppliers, shareholders, authorities, investors and residents. The main tasks of PR include:

- **Creation of corporate identity** - philosophy, history, principles of leadership, mission, objectives of the company etc.
- **Targeted campaigns and crisis communication** - especially plays a role in crisis situations (accidents, calamities, scandals).
- **Lobbying** - representing organizations at collecting or selling information.
- **Sponsorship** - relates mainly to sponsorship of culture, sport or humanitarian actions.
- **Event marketing** – organisation of social, cultural or sports events.

(Janečková and Vašítková, 2001)

According to Kotler (2002) marketing oriented PR may find application in cases where advertisement has to some extent lost momentum and sales support exceeded optimal size. A set of instruments forming marketing PR can be defined by acronym **PENCILS**:

P – Publications

E - Events

N - News

C - Community involvement activities

I - Identity media

L - Lobbying activity

S - Social responsibility activities

- **Personal selling**

Kotler (2007) defines personal selling as a personal presentation of products or services exhibited by the sale representatives with the objective to sell and build relationship with customers.

Personal selling is a form of personal communication with one or more potential customers. Its objective is to achieve sales. The content and form of communication can be tailored to specific customer and situations. It is indeed an expensive but highly effective way of communication. This is in fact the only ongoing communication in both directions (Janečková and Vašítková, 2001).

According to Kotler (2001) personal selling comparing to advertising has these three advantages:

- **Personal contact** - thanks to mutual contact between two or more parties, each party is able to respond immediately to the other side's activities.
- **Cultivation of relationships** - Successful sales representatives are able to create even friendly relations with customers through personal sales.
- **Response** - for sales representatives, personal sales offers an opportunity to listen to the buyer and vice versa for the buyer it makes a certain obligation to hear the idea of seller.

From the fact that the average dealer spends 70% of available time by studying products and sales methods, completion of the statements, participation in sales meetings, travel, and similar operations it is clear that the management of this resource should be as effective as possible (Kotler, 2002).

- **Direct marketing**

The principle of direct marketing lies in direct connection to several carefully chosen targeted consumers. Such a connection should create immediate response and develop long lasting relationships with customers (Kotler et al., 2007).

Janečková and Vašítková (2001) agree with Kotler by stating that direct marketing is a direct addressable communication between the customer and the seller. It focuses on the sale of goods and services and is based on making advertising through the mail, telephone, internet, television or radio broadcasts, newspapers and magazines.

No matter the tool used within direct marketing communication they all share three significant characteristics:

- **Customization** – sharing may be prepared in a way to reach specific individuals.
- **Topicality** – sharing may be prepared in very short time.
- **Interactivity** – sharing may be adjusted in process based on reaction of individuals (Kotler et al., 2007).

1.5.5 Communication mix strategy

Marketers have two basic communication mix strategies to choose from – pull and push strategy (Kotler et al., 2007).

Push strategy – requires utilisation of sellers and promotion towards the dealers in order to push the product through distribution channels. Producer promote product to wholesaler, wholesaler promote product to retailers and retailers promote it to consumers (Kotler et al., 2007).

Pull strategy – communication strategy requiring significant expenses on advertisement and promotion to consumers with an objective to create consumers demand. If this method is successful, consumers ask retailers for the product or service, retailers ask it from wholesalers and wholesaler then from producer (Kotler et al., 2007).

Push strategies have and will have great importance especially in the area of packaged goods, however companies which find balance between push and pull strategy has greatest chance to win the fight for loyal and satisfied customers (Kotler et al., 2007).

1.5.6 Integrating the promotion mix

After the setting of communication budget and communication mix, company has to make steps towards smooth integration of individual elements of communication mix. Activities necessary for marketing communication integration are explained below (Kotler et al., 2007).

- **Trend analysis – internal and external – with possible impact on the company’s ability to perform its activities.** Find areas, where communication may help the most. Set strengths and weaknesses of individual communication functions. Prepare combination of communication tactics based on these strengths and weaknesses (Kotler et al., 2007).
- **Audit of communication expenditures within the company.** Break down communication budget into items and tasks and consolidate it to single budget process. Evaluate all communication expenditures based on products, communication tools and proved effect (Kotler et al., 2007).
- **Identification of all contact points of company and its brands.** To make sure, communication is in line with overall communication strategy at all contacts points and that communication is conducted where, when and in way customers want (Kotler et al., 2007).
- **Team up in communication planning.** Include customers, suppliers and other stakeholders to all phases of communication planning (Kotler et al., 2007).
- **Creation of compatible themes, tones and quality across all communication media.** To make sure, all elements bear unique primary message of the company. Such a consistency brings greater impact and prevents worthless duplicity of operating tasks within various functions (Kotler et al., 2007).
- **Create performance measures that are shared by all communications elements.** Develop systems to evaluate the combined impact of all communications activities (Kotler et al., 2007).

- **Appoint manager responsible for persuasive communication effort of a company.** Such a step encourages effectivity thanks to centralisation of planning and creation of shared performance indicators (Kotler et al., 2007).

1.6 Summary of the theoretical part

Since the concerned company is services provider, theoretical part of the thesis provides first of all insight to what the services actually are, what their characteristics are and what is the difference between primary and complementary service. It is important to understand the nature of services because it has significant importance in developing further steps. For instance traditional marketing mix 4P should be in case of services enriched by additional 3 Ps in order to focus on services providers. Also 4C model of marketing mix is closely connected and in recent age increasingly used by services providing companies which usually focus on a pull strategy of communication with an objective to build and maintain long term relationships with customers. However, to propose any strategy reasonably, the knowledge of aspects with possible impact on a company and its future is must have and communication strategy is not an exception. To acquire such knowledge required for communication strategy proposal it is necessary to conduct marketing research from both external as well as internal perspective. Results of external analyses gathered through specific analytical tools provide companies with information about situation around the company and aspects with possible impact on the company existing outside but relevant for the company. On the other hand internal analyses employing different set of analytical methods serve to provide a valuable insight into what is going on within the company itself. Of course to analyse environment of the company properly it is necessary to understand what macro and micro environment of the company is. However, understanding of business and analyses' results is not enough in order to properly suggest communication strategy which is basically the objective of this thesis. To achieve that it is crucial to develop effective communication strategy reasonably step by step from setting the objectives for communication through selection of communication mix and setting the budget to its implementation in practice.

One of the sources within the literature is a book written by Beña (2005). This book provides an insight into legislation behind the real estate operations. The author

provides a complex system of information regarding the variety of property ownership rights and kinds of contracts used in the real estate business and the cadastral proceedings. All situations described in the book are complemented by sample contracts with explanations. Even though the text is not directly cited in this thesis, it represents a valuable source of information.

2 ANALYTICAL PART

2.1 Introduction of the company

Name of the company: Majesty reality, s. r. o.

Company headquarter: Bajkalská 2334/1
058 01 Poprad
Slovakia

Legal status: Limited Liability Company (s. r. o.)

Date of registration in the commercial register: 28. 04. 2007
(ORSR, 2015)

2.1.1 Primary services

Primary activity of the company Majesty reality, s. r. o. is brokering in the field of sale and rental of properties all over Slovakia, with focus on the region of High Tatras and city of Poprad.

Specific examples of primary services offered by the company:

- Viewing of property by broker and its subsequent integration into the company's offers
- Advertising (internet, real estate magazines, offers to clients in the company's database of demand)
- Drawing up the sales contract or tenancy agreements
- Preparation of expert's report on the value of a property
- Drafting the proposal for the cadastral office
- Complete legal service and consultancy
- Operations associated with the change of the property owner at cadastral office
(Majesty reality, s. r. o., 2010)

2.1.2 Complementary services

As complementary services the company provides legal consultancy in cooperation with renowned law firms. Furthermore company advises clients on mortgages and property financing issues. Company also offer financial services by arranging mortgages and

loans in cooperation with banks or nonbank entities along with insurance services by arranging insurance of particular property in cooperation with insurance institutions.

Specific examples of complementary services offered by the company:

- Consultancy when concluding contracts
- Dealing with ownership certificates issues
- Images of the cadastral map
- Geometric plans
- Speed up the issue of ownership certificates at cadastral office
- Property valuation by an expert
- Legal advice when buying, selling and renting property
- Transfer of the legal rights and obligations within housing associations
- Closing mortgage loans
- Purchase indebted properties in cooperation with business partners
- Insurance of the properties
- Design services (Majesty reality, s. r. o., 2010)

2.2 Macro-environment analysis

2.2.1 Demographical factors

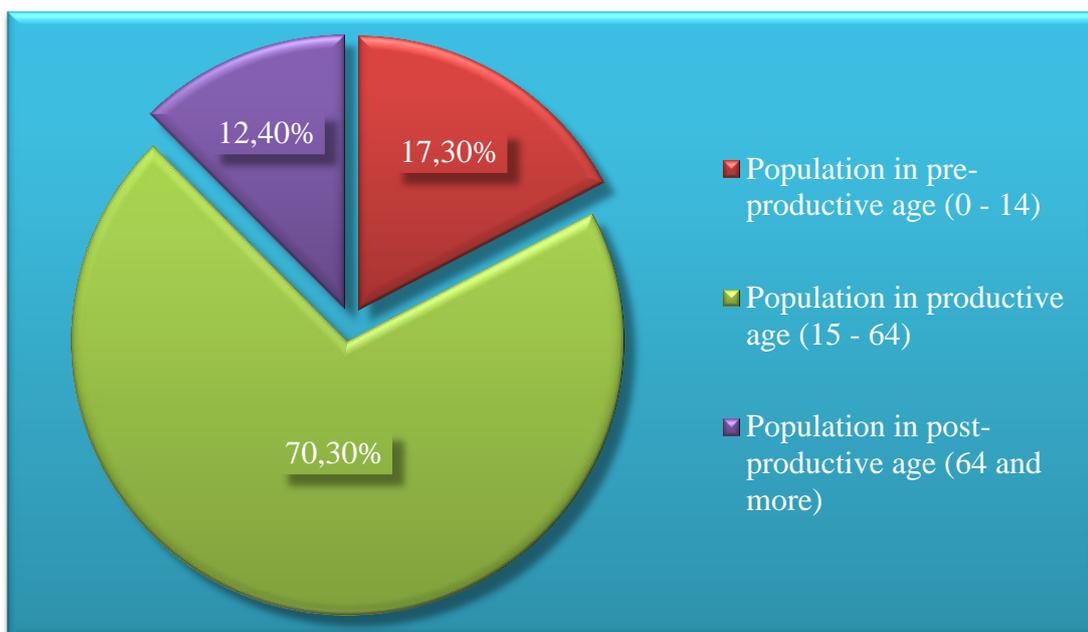
Population in the region of Košice was 794 756 at the end of the year 2013.

Table 3: Age structure of the population as of 31 December 2013

(Source: Statistical Products and Services Provision Section, 2014)

Age structure of the population as of 31 December 2013	
Population in pre-productive age (0 - 14)	17,3 %
Population in productive age (15 - 64)	70,3 %
Population in post-productive age (64 and more)	12,4 %

From the numbers above and the graph below it is clear that the majority of population in targeted region is represented by people in productive age.



Graph 1: Age structure of the population in the region as of 31 December 2013

(Source: Statistical Products and Services Provision Section, 2014)

2.2.2 Economic factors

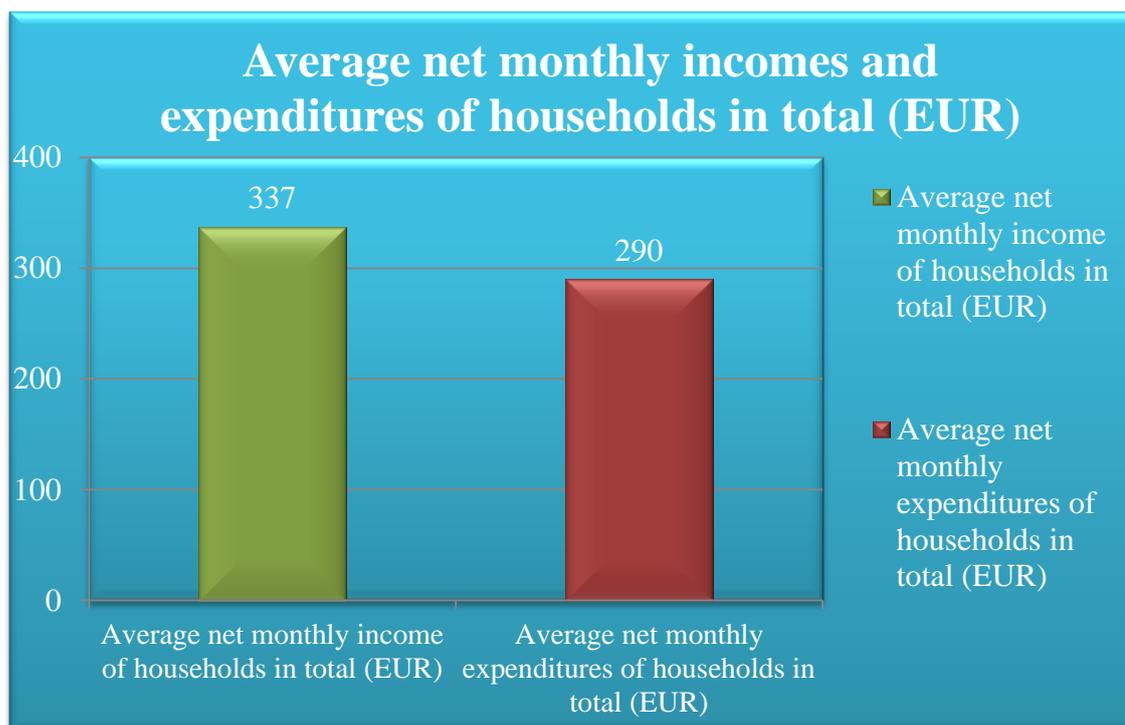
From the perspective of any company entering certain market with an objective to successfully sell its products or services it is important to evaluate economic factors with an impact on purchasing power of population in that region. The table below shows numbers of economically active and inactive people in the region and average net monthly income and expenditures per capita of private household in 2014.

Table 4: Economically active and inactive population and its net monthly incomes and expenditures

(Source: Statistical Products and Services Provision Section, 2014)

Economically active population aged 15 +	375 100 persons
Economically inactive population aged 15+	280 400 persons
Average net monthly income per capita of private household	337 EUR
Average net monthly expenditures per capita of private household	290 EUR

The graph below shows the difference between average net monthly incomes per capita of private household in total and average net monthly expenditures per capita of private household. It is clear that there is not significant gap between incomes and expenditures which means that even though people in the region still have free funds it is not much. However, important is that housing expenditures are already accounted in these expenditures.



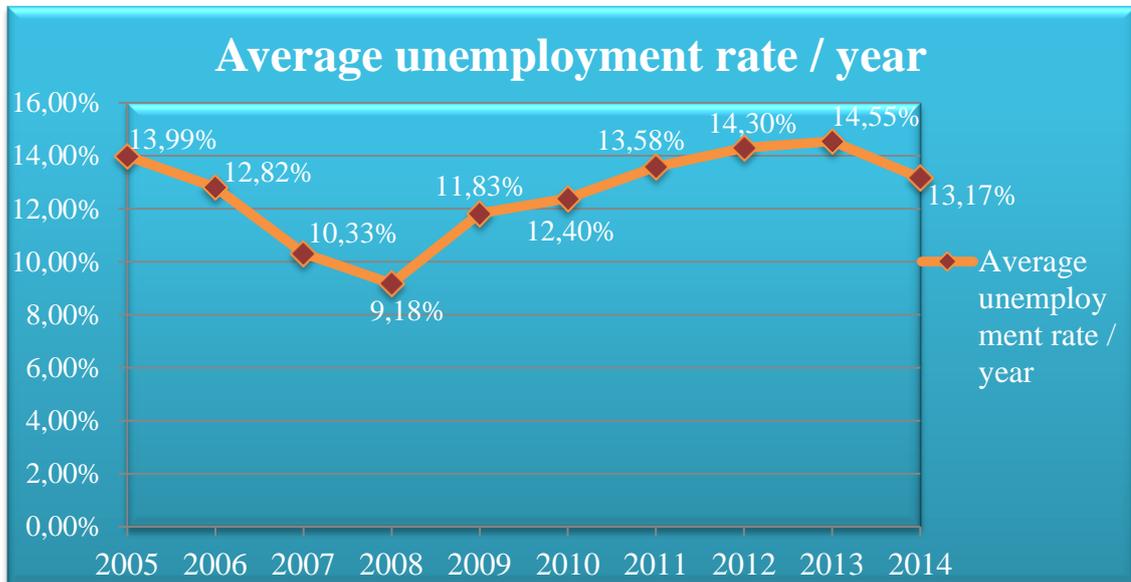
Graph 2: Average net monthly incomes and expenditures of households in total (EUR)

(Source: Statistical Products and Services Provision Section, 2014)

An unemployment rate has significant impact on purchasing power of population in particular region. Higher the level of unemployment rate, lower the purchasing power of citizens in that region.

The graph below shows the development of average unemployment rate per year in the targeted region of Košice for previous 10 years. It is clear that the development of unemployment rate in this region tended to decrease from year 2005 to 2008 when financial crisis hit Europe. Since then unemployment rate had increasing character until 2013. Year 2014 is therefore first after five years showing decreasing character of

unemployment rate in the region of Košice which may or may not mean decreasing trend in unemployment rate for the future.



Graph 3: Development of average unemployment rate

(Source: Office of Labour, Social Affairs and Family Košice, 2015)

2.2.3 Technological factors

Technological environment for the needs of real estate agencies generally is not as important factor as for example for manufacturing companies. However, the availability of various technologies in Slovakia is comparable with other developed countries of the world. Real estate agencies use for their business activities primarily technology which is commercially available such as computer hardware and software. An important technical element is the IT technology and the Internet, especially in the intermediation of an offer to the clients through various real estate portals.

The internet connection is widely available in Slovakia and it is also comparable with other developed countries with the number of 77,9 internet users per 100 capita (The World Bank, 2015).

2.2.4 Environmental factors

The metropolis of the region and the whole eastern Slovakia is the city of Košice - the centre of commerce, trades, culture, and education of the whole region. Košice is the second biggest town of Slovakia and as such it contains numerous cultural and historic monuments (Slovakia, 2013).

The National Park of Slovenský kras lies in the southern and south-eastern part of Gemer. Its caves and abysses are included in the UNESCO monument list. Among the cultural and historic monuments the castles (Krásna Hôrka) and ruins, several manors (Betliar) and many churches scattered along the Gemer branch of the Gothic Route, dominate (Slovakia, 2013).

The historic region of the Lower Zemplín in the eastern part of administrative region Košice is known for the excellent Tokai wine. The most visited parts of Lower Zemplín include the environs of water reservoir Zemplínska šírava (Slovakia, 2013).

The natural jewel of Spiš includes the National Park of Slovenský raj. The Castle of Spiš with its environs (the biggest castle compound in central Europe, Spišské Podhradie, the ecclesiastical town Spišská Kapitula, the Gothic church in Žehra) was included into the UNESCO monuments (Slovakia, 2013).

Because all of mentioned above this region represents interesting and lucrative place to live and conduct business.

2.2.5 Political and legal factors

Latest elections to the National Council held on 10 March 2012 and were attended by about 59% of eligible voters. With more than 44% of votes won the election party SMER-SD and it was enough to form a government and occupy 83 seats in parliament. In addition to the winning party in the parliament got another 5 political parties. However stable the political situation in Slovakia is, in 2016 new elections will be held which may result in new government and thus new laws and regulations with a possible impact for real estate business.

The Company conducts its business activities in the Slovak Republic which implies that in its activities must be governed by the laws, decrees and regulations in force in the

territory of the Slovak Republic. 1. 1. 2013 came into effect changes in the Labour Code, which affected the functioning of estate agency essentially in terms of labour relations. The change consists in the tightening of the definition of dependent work, which aims to prevent substitute employment contracts or agreements on work performed outside employment other forms of contractual relations such as "work for trade". This change led to a sharp rise in unemployment. Real estate, for example, on the basis of this change cannot enter into a business relationship with tradesmen, but this person must conclude an employment contract. Of course, the main motive for not conclude employment contracts is to avoid the costs associated with the employment contract and are mainly contributions to social and health insurance. Also, the employer is limited by the Labour Code in the event of termination of employment. While the business relationship on the basis of pre-agreed and clear conditions is often faster and less costly redundancy may be contrary much lengthier because the statutory period of notice and expensive by any severance.

2.3 Micro-environment analysis

2.3.1 McKinsey's 7S Framework

This part of the thesis takes closer look at current internal situation of the company by using McKinsey's 7S framework.

Strategy

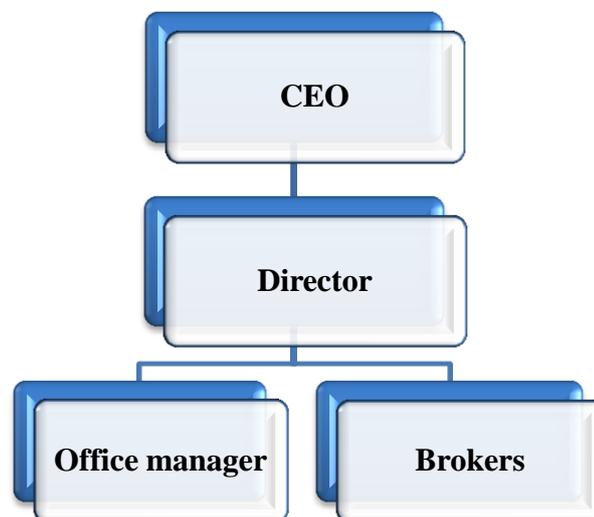
Strategy of Majesty reality, s. r. o. is based on **three main pillars:**

- **First pillar** of the strategy of the company lies in individual approach to each and every client and trade. This pillar is oriented directly on filling the needs of every client on individual bases through offering professionalism and high-quality services.
- **Second pillar** is oriented on continuous improvement of company's services. Company collects opinions, criticism and ideas from clients as well as monitor the procedures of competition with an objective to process this information in such a way that leads the company to offering better services in future.
- **Third and recently added pillar** of company's strategy is focused on potential investments into expansion of the company into new markets. Company realizes

the fact, that the market in which it operates currently is limited and in order to increase sales and profits it is necessary to expand its business operations to new areas.

Structure

Company's organizational structure is shown on the diagram below. Office manager cooperates closely with brokers within acquiring properties into portfolio, communication with clients and managing the viewing and meetings. Office manager along with brokers report to the director of the company, who is informed about the company activities on the daily bases. Director reports directly to the owner and CEO of the company in one person.



Picture 1: Organisational strucutre of Majesty reality, s r. o.

Source: (Majesty reality, s. r. o. Vnútorné směrnice, 2015)

Systems

From IT perspective, company uses information system called RealSoft. It allows the company to upload particular offer of the property to this system and subsequently it is the system itself taking care of integration of this offer into various advertising portals which is significantly more comfortable and less time consuming that individual upload of each property to each advertising portal.

During the first years of existence company adopted the system from the perspective of business process used as a base for every trade (see appendix 2).

Shared values

Professionalism, individual approach and satisfied client represent core values of Majesty reality, s. r. o. shared throughout the company and among individuals involved. Every broker is well trained and certified which predetermines them to offer professional services to clients. Moreover, brokers understand the need for individual approach and since every client is different adaptation in behaviour during the communication with client is the need. And only by professional and individual approach company can gain satisfied clients and build long term relationships with them.

Also team work and very friendly corporate culture represent shared values of the company. There great emphasis placed on team work and communication within the company among brokers, office manager, director and CEO. Friendly atmosphere within the hectic business help to share information, thoughts and ideas across the company.

And furthermore, enthusiasm for real estate industry in general is something everyone within the company has in common. It helps in perception of the job as a hobby making money rather than the necessity in order to make money.

Style

Day to day atmosphere within the company between company members can be definitely characterized as non-formal which may be the result of small number of people involved within the company. On the other hand, during the communication and meetings with clients usually very formal style is employed.

Non-formal leadership encourages brokers and office manager to present their ideas and thoughts which makes this type of leadership successful when these thoughts are received and processed in proper way.

It is possible to say, that whole company works as one team. Brokers are definitely more team mates than competitors since they understand the need for cooperation and sharing information.

Staff

Current staff of the company is well trained and experienced, as it was said before in this text. However, opening new branch of the company in different region places significant emphasis at choosing right people for the job within the new branch and training them.

The most important competence for brokers as well as for office manager is their behavioural predispositions, attitude towards their duties and enthusiasm for real estates, everything else can be learned in the process.

Skills

Skills present within the company are outlined above in the section discussing staff – behavioural predispositions, attitude towards duties and enthusiasm for real estate industry.

Current employees possess such skills, however it was not an easy task to find such people and same is expecting for the new branch of the company.

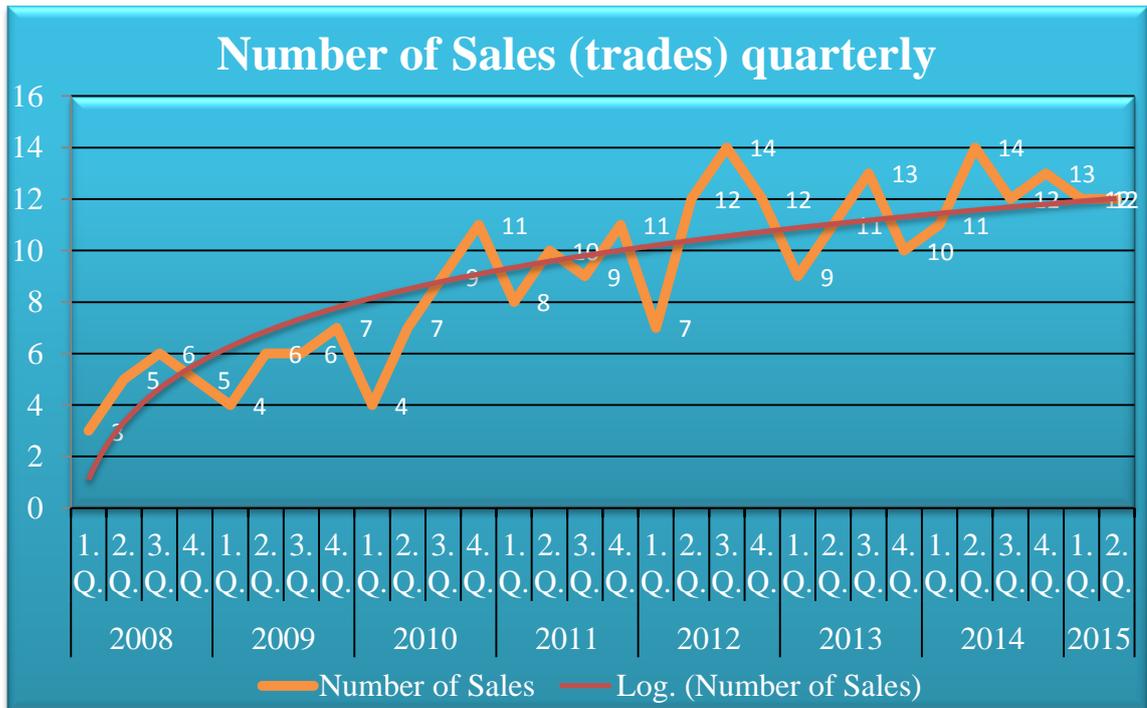
Skills are monitored on the daily bases by director and by co-workers themselves.

2.3.2 Analysis of the company itself

Since the company Majesty reality, s. r. o. is a relatively small company as evidenced by the small number of people involved. The company has currently three well trained and experienced brokers and one office manager, whose main task is to manage the offers of properties and communication with clients. Company management consists of its owner and director both actively involved in the daily running of the company. Thanks so small number of participants, it is easier to maintain an overview of the activities of the company which contributes to teamwork and thus to better outcomes.

Sales volume

The sales volume in relation to real estate agencies represents the number of realized / mediated trades over certain duration. Sales volume of Majesty reality, s. r. o. since 2008 has been developing as follows (quarterly):



Graph 4: Sales Development of Majesty reality, s. r. o.

(Source: Majesty reality, s. r. o. Výročná správa, 2015)

The development of sales volume was increasing significantly especially since 2008 till the end of 2011. Logarithmic trend line shows that since the beginning of 2012 the trend of the sales volume development is still increasing, however it is considerably narrower. Such a trend is probably a result of the market getting filled and that asks for the choice of expansion to new markets in order to maintain increase in the sales volume for the company.

Sales vs. Costs comparison

Graph below shows the comparison of annual revenues to annual costs for a period of previous seven years. According to the graph the company succeeds in increasing the difference between revenues and costs every year, which is certainly positive trend for the company.

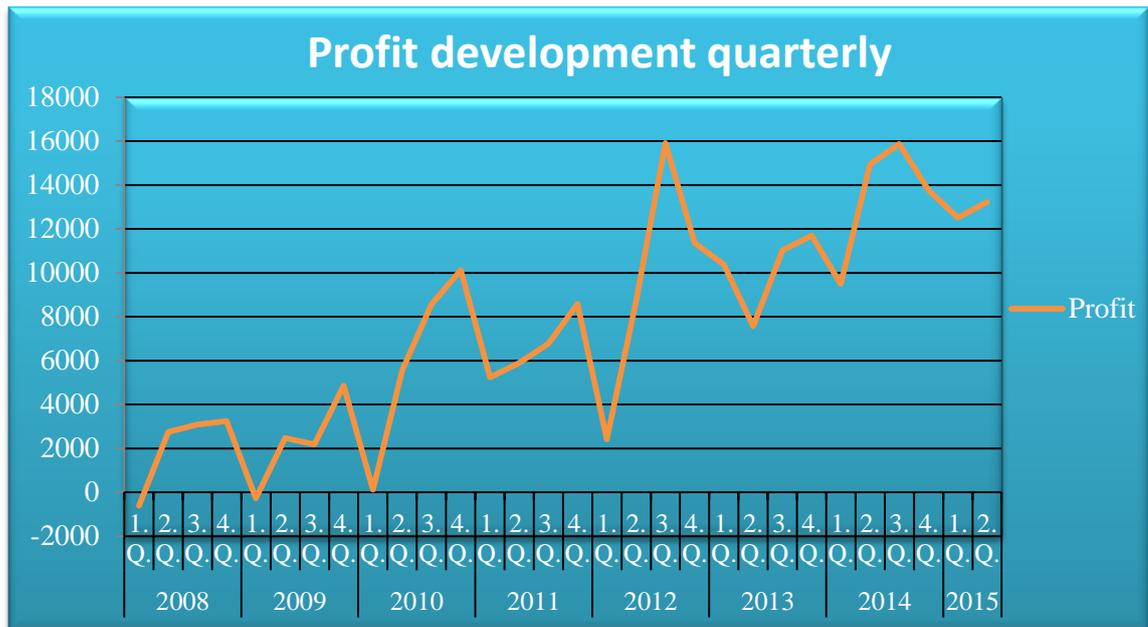


Graph 5: Comparison of sales and costs

(Source: Majesty reality, s. r. o. Výročná správa, 2015)

Development of the company's profit

Development of the company's profit quarterly since 2008 is reflected in the graph below. The worst period for the company both in terms of sales volume and profit is usually the first quarter of the year. Conversely, the summer season is the most profitable for the company and it represents the busiest period. Overall, the profit for previous seven years tends to increase, which is also favourable for the company.



Graph 6: Profit development quarterly

(Source: Majesty reality, s. r. o. Výročná správa, 2015)

2.3.3 Marketing mix 7P analysis

In this section marketing mix of the company is analysed on the bases of 7P (Product, Price, Place, Promotion, People, Physical evidence, Processes) which is extension of classic 4P model and is focused on meeting specific characteristics of services providing companies.

Product

In case of real estate agency **the product is represented by services provided to clients during the mediation of the real estate trade.** The range of these services is largely dependent on the type of transaction, i.e. whether it is the negotiation of purchase and sale or tenancy of real estate. Also difficulty of individual transactions to some extent affects the scope of services provided to clients. For example, arranging mortgage loans is not necessary within the case of purchase the property when cash is involved; therefore such a trade may be relatively less demanding to some extent compare to trades where financial services are required.

Price

Price is the level of real estate agency commission for the trade mediation. Level of this commission depends on the sales price of particular property. System determining the level of the commission is shown in the table below.

Table 5: Commission rates of Majesty reality, s. r. o.

(Source: Majesty reality, s. r. o., 2015)

Sales Price	Level of commission (%)	Level of commission (€)
Less than 149.000 €	3 %	min. 1000 €
150.000 € – 299.000 €	2,5 %	3,750 € – 7.475 €
300.000 € – 499.000 €	2 %	6.000 € – 9.980 €
More than 500.000 €	Negotiable commission	Negotiable commission
Level of commission for mediation of tenancy is represented by one month rent excluding bills.		

The company in most cases sells and rents flats with selling price ranging from 40 000 to 60 000 EUR and monthly rental price from 200 EUR to 500 EUR excluding bills. Level of the commission is determined in a way that each of the commission is able to cover direct costs incurred in connection with the mediation of particular trade. Such direct costs are for example fees to lawyers for the contracts, charges to cadastral offices, fees for the verification of signatures and the commission to brokers.

Commissions of competing real estate companies have also been taken into consideration during the process of commission system determination. These commissions range in most cases at the same level.

Place

Regarding distribution can be said the company uses a direct distribution channels. Real estate agency does not use for its mediation services any other mediators. Company itself acts as a mediator between buyer and seller or landlord and tenant. Clients of the

company, whether on the side of sellers or buyers deal directly with the company, namely with its representatives - brokers, office manager and the director.

The vast majority of personal meetings take place in the office of the company based in the city centre.

Promotion

- **Advertising**

Advertising is the most widely used tool within the company's communication mix.

For advertising of properties currently on offer, company uses mainly specialized real estate advertising internet portals in cooperation with the RealSoft system which costs the company **1.320 EUR per year**.

Administration of the company's website costs the company **150 EUR per year**.

Press advertising costs the company **680 EUR per year**.

Company also uses advertising showcases (tables) located in the single shopping centre in town where relatively large number of people passes every day; such advertising represents the costs of **720 EUR per year** in form of rent of place for the showcase.

In front of the building where the office is based company placed an advertising stand with the logo and the name of the company and also selection of the best offers. Within mail communication company uses letterheads with logo and the name of the company and also uses hard paper envelopes with the same logo and the name.

All together advertising itself costs the company **2.870 EUR per year**.

- **Sales promotion**
 - **Coupons for a discount**

Within sales promotion company hands out coupons for a discount of EUR 300 from the commission on the purchase of property. These coupons are handed out randomly to people at various Events & Festivals. **Last year** this promotional tool **costed the company 1.800 EUR**.

- **Coupons for a discount on the vacation**

Moreover, company provides coupons for existing clients for a discount of EUR 100 on the price of vacation purchased through partnered travel agency. **Last year** discounts on the vacation for clients represented the **costs of 400 EUR** for the company.

- **Home staging**

Furthermore, company uses so called “Home staging” still relatively new method especially among real estate companies in Slovakia. This method basically is a simple method of interior modifications of marketed properties, which is not time-consuming and costly, and help to improve the attractiveness of offered property without the need for structural modifications. The interior design is based on interior cleaning, adding or replacing some of interior accessories such as flowers, bed linen, tablecloths, vases and the like. The interior adjustment always takes place before taking pictures of the property and before property visits with potential buyers and always with the approval of the property owner.

Company estimates average **yearly costs** on home-staging at **1.500 EUR**.

- **Cooperation with clients**

Since satisfied clients themselves are the best advertising, provided sufficient motivation they can stand for even stronger instrument for the promotion of the company. This means that the company offers to any of their current, past and future clients the possibility of cooperation in the form of referral clients. In practice it means that for each new client recommended by the client cooperating with real estate office this cooperated client is financially rewarded in the form of small commission (usually 100 EUR), but only if the trade is successfully completed. For the company it does not represent a dramatic cost, for a cooperating client on the other hand, it is a decent bonus for their loyalty.

Costs related to the cooperation with clients strongly depend on the number of trades. Last year cooperation with clients costed the company **900 EUR**.

- **PR**

Company publishes its own estate magazine, which in addition to company's current offer also includes articles about the real estate market, interviews with lawyers with objective to warn people what they should pay attention about in the real estate business and interviews with clients. Magazines are freely available in racks located at stops of urban public traffic, at the entrance to certain restaurant facilities in the Poprad city centre, in front of building in which the company's office is based and in shopping centre.

Magazine contains also advertisements of different uncompetitive companies from various industries in the region. These companies pay for the space in the magazine which cut the costs for issuing the magazine by 47 % last year from 20.400 EUR (whole price for the magazine per year) to **10.812 EUR** (price for the magazine paid by Majesty reality, s. r. o. itself). Representing 20 % of acquired clients it makes the magazine very effective creating about 24.000 EUR in revenue per year.

- **Personal selling**

One of the tasks of brokers are viewings of offered properties with the potential buyers. In such a case, during the presentation of the property brokers act as sellers.

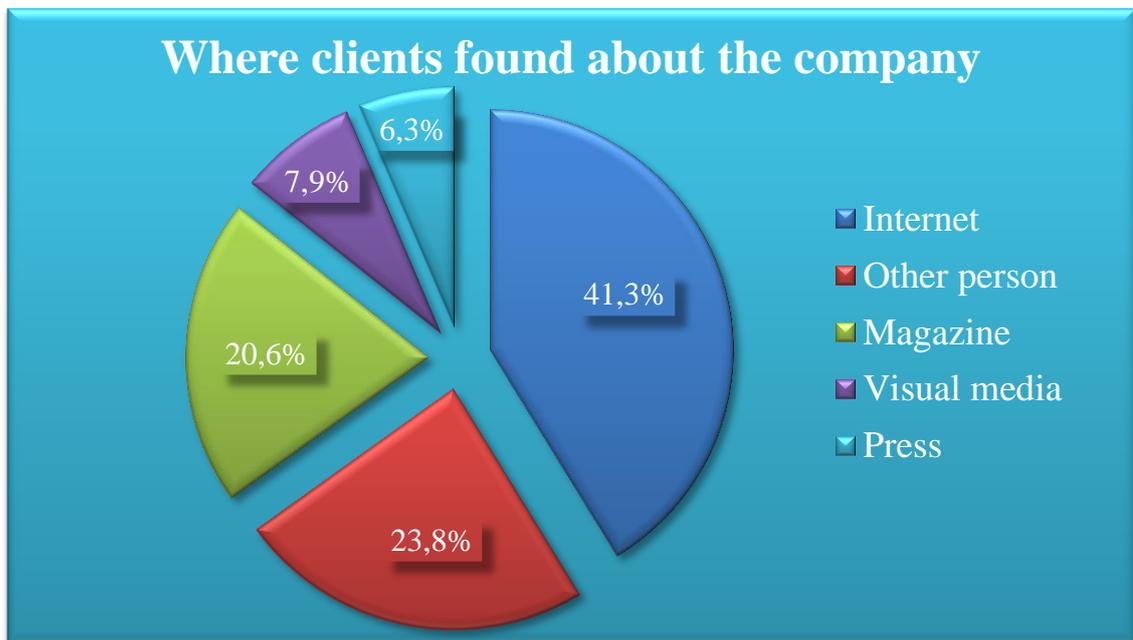
- **Direct marketing**

Office manager is tasked to keep a register of clients interested in a specific type of property, which is currently not offered by the company or is offered does not meet all the specific requirements of potential buyers. These clients are then, after obtaining property to offer (which has the potential of their interest) contacted via e-mail containing the description of the property and photographs. Clients are also contacted by phone, because eventually it was found that many of them do not check their inbox often enough or e-mail has been put to spam. Therefore, they are notified by phone about particular property which speeds up negotiations.

All costs related to individual communication tools analysed above are estimated based on interview with the owner of the company.

Proportion of individual sources of information about the company on the number of acquired clients

Based on the results from questionnaire (see appendix 1) it has been determined that majority of company's clients have found about the company through the internet, second significant source of information about the company were previous clients of the company followed closely by the company's magazine and press advertisings (see graph below).



Graph 7: Source of information about the company

(Source: Own work based on the results of questionnaire)

People

In providing services in general, there is frequent contact between representatives of the company and its clients. Mediation trade in real estate is no exception, quite contrary. Within the real estate trade, not only company representatives meet with clients, but even addition people enter into trade, people such as lawyers, bank workers, workers of cadastre or experts evaluating the property.

- **Staff**

For the above reasons, for the real estate agency it is necessary to have employees able to cope with pressure from different sides and keep a cool head along with the best possible demeanour at all circumstances. When selecting employees, company puts great demands primarily on character traits of the candidate, the manners and subsequently to education.

A good real estate broker able to solve various problems and requirements associated with this profession independently is great contribution for the real estate company. All three brokers, who are currently working for the company, have completed a course of real estate brokers led by Slovak Real Estate Academy. They have also received training in the company itself in order to be able to adapt to running business as quickly as possible.

The company ensures the continuous motivation of brokers and not only in financial terms. Every Monday a meeting is held, attended by all the representatives of the company in order to discuss ongoing trades, next procedures in these trades and also address the overall situation. Sales volume for a certain period is also evaluated along with performance of each and every broker.

- **Customers**

Satisfied customers do not represent only good work of the company, but also advertising. Management believes that satisfied customer is the best advertising. Considering the maximum individual approach to each trade and to each client, the company acquire more and more satisfied customers and a growing number of new clients who have learned about the company from their friends who have been or still are clients of Majesty reality, s. r. o..

Physical evidence

As mentioned above, the vast majority of meetings with clients take place in the office. The company recognizes the importance of environmental impact on humans and therefore ensures the modern and stylish furnishings and cleanliness. The advantage is that the office is located in a very prestigious building in the centre of town. However,

despite the position in the centre the noise level is minimal providing good environment for different meetings or consultations. In the immediate vicinity of the building there is parking place which contributes to clients' comfort.

Processes

Procedures are given based on company's past experience and regulatory standards. However, brokers have large space for self-determination and the adaptation to the situation. High degree of autonomy and proficiency in addressing various issues is literally required from brokers. Of course, the broker should consult with the other brokers and management in the event of any problems which cannot deal with alone, or is not sure about the best solution.

2.3.4 Marketing mix 4C analysis

Consumer

In case of Majesty reality, s. r. o. client is always in the centre of attention. Basically every trade within the real estate industry is different, which implies significant need to tailor services from client to client and from trade to trade in order to acquire satisfy client's needs. Therefore, company must be flexible and prepared to offer customized services to each and every client. First of all company has to find out what client needs and wants and what particularities are present in his or her case and subsequently customize the service in order to make client satisfied.

Cost

From the perspective of clients, price represents the costs they have to incur in order to pay for the services. In the case of real estate companies the price is the commission collected by the company from clients. Nowadays, clients are very well informed which places the need for the company to offer products or services for reasonable prices comparable with competition offering same type and quality of product or services. The commission of Majesty reality, s. r. o. is pretty much the same as it is in case of companies on the target market which is demonstrated in the analysis of competitors below in this paper.

Communication

Communication with clients is analysed above within marketing mix 7P analysis. Company tries to identify what people within the target audience need and also what they think and what their perception of real estate companies is in generally. Such an approach complies with 4c model of marketing mix since the company tries to identify consumer needs, preferences and thoughts and to adapt the communication and its channels based on these findings.

Convenience

To satisfy the needs of real estate company's clients it is necessary to offer complex services. Such set of services that allows particular client to deal with everything related to real estate trade under one roof. Therefore, the company tries to offer along with primary services also complementary services in order to save clients' time and effort resulting in the increase of convenience of the service offered.

2.3.5 Analysis of importance vs. satisfaction

Results from this analysis represent important feedback for the company. Moreover, based on these results it is possible to determine what is important for clients and thus for potential clients of the company and use it as a valuable information in the process of designing communication strategy for the company. Furthermore, such information is useful for the purposes of SWOT analysis.

Primary activity of the company Majesty reality, s. r. o. is not manufacturing of products neither building constructions nor buying and selling properties. Primary service of the company is the brokering of sales and rental of properties. And complementary services support primary service.

Therefore, author decided to identify specific services along with other aspects with possible impact on clients' satisfaction and thus on the value of service as a whole. Subsequently, identified services along with aspects with possible impact on clients' satisfaction are evaluated by real clients of the company through questionnaire (see appendix 1) from two perspectives:

- **Importance for a client** – every polled client assigns points from 1 (very important) to 5 (not important) to every service and aspect.
- **Actual satisfaction** – similarly as in the perspective of importance, in case of satisfaction clients assign points from 1 (great satisfaction) to 5 (dissatisfaction) to every service and aspect.

Since 63 respondents and actual clients of the company evaluated each and every service and aspect the number of points is within the range from 63 to 315 (63 respondents x 5 points).

In each colour coded cell of the matrix below this text there are numbers that represent specific service or aspect (see the table next to the matrix). If a particular service or aspect is located in the green cell, it means for the company that customers are completely satisfied with it. Services and aspects present in the blue cells require attention and the company should ensure their improvement in a proper way in order to satisfy customers. In other words the importance of these services or aspects in blue cells cannot exceed customer satisfaction extremely. If certain services or aspects are present in the red cell, it would be critical for the company and it would require immediate attention and proper action.

Table 6: Importance vs. Satisfaction Matrix

(Source: Own work based on the results of questionnaire)

Aspect with potential impact		Importance					
		232-315	148-231	63-147			
1	Office location	MAXIMUM	232-315	148-231	63-147		
2	Opening hours						
3	Interior equipment						
4	Staff attitude and approach						
5	Quality of services						
6	Range of services						
7	Commission levels						
Specific services		Satisfaction	232 - 315	148- 231	63-147		
8	Advertising					1, 4, 5, 6, 7, 9	2, 10, 11
9	Property viewings					13	3, 8, 12, 14
10	Legal service						
11	Mortgages arrangements						
12	Expert's reports						
13	Cadastral office issues						
14	Handover of properties						

2.3.6 Suppliers analysis

In the case of real estate agency, people interested in selling or renting their property are in the position of suppliers. The company's portfolio consists of properties for sale or for rent. These properties are obtained either by contacting real estate agency by the seller or addressing the sellers by the real estate agency in order to obtain their property and include it into company's portfolio.

2.3.7 Marketing intermediaries analysis

Company Majesty reality, s. r. o. does not engage any marketing intermediaries. The company itself from its nature is considered to be intermediary between property buyers and sellers.

2.3.8 Customers analysis

Customers' analysis

First of all it is necessary to identify potential clients of the Majesty reality, s. r. o. that can be divided into four basic groups:

- **Sellers** – people or companies trying to sell any kind of property in their possession.
- **Buyers** – people or companies looking for any type of property - flat, house, land, commercial buildings etc. to buy.
- **Landlords** – people or companies trying to rent their property - usually flat, house or commercial premises.
- **Tenants** – people or companies looking for particular property to lease.

Any of potential clients should be interested in properties within the region where company operates. For the new branch of the company such a region is represented by the city of Košice and its close agglomeration.

Furthermore, it is possible to distinguish between three basic segments of customers:

- **Segment of young individuals**

Segment of young individuals consists usually of young professionals or students looking in most cases for buying or tenancy of particular property which in most cases is flat in order to solve their housing situation. This segment of customers can be considered as less loyal since their priority is usually the ratio of price to performance, quality of the services as well as the quality of housing itself. Preferences of potential clients within this segment vary depending on their actual situation. For instance students usually tend to leave their housing issues to the last minute which creates the need for flexibility of the company and variety of the company's portfolio. In case of rentals which are typical for this segment the commission for the company is one month rent. Therefore, rental price plays key role in decision making process of clients within this segment since it represents the amount of money they will have to pay for the property per month and at the same time it represents the price they pay for the company's services.

- **Segment of families and individuals**

This segment represents the biggest and most profitable segment for the company. According to the management of the company it covers about 70% of clients. Within this segment company acquires the highest percentage of loyal customers significantly

responsible for such positive NPS (see picture 2, page 72). Clients within this segment are usually looking for buying, selling or renting properties. Quality and range of services are most important criteria for them following by the level of commission.

From the statistics mentioned above in macro-environment analysis and demographical factors it is apparent that the majority of population in the region is in productive age (see graph 1, page 49). People in the productive age represent target group for real estate business for various reasons. First of all, people in productive age need to solve their situation related to housing. Moreover, it is easier for people in this age to get mortgage for purchasing house or flat. It is apparent, that more people in productive age exist in the targeted market better it is.

Financial perspective can be estimated based on comparison of average net monthly income per capita of private household vs average net monthly expenditures per capita of private household (see graph 2, page 50). Housing costs are also counted within the average net monthly expenditures, it means people can afford to pay for housing and still have available funds.

Considering traditions related to housing issues in Slovakia people here still rather prefer to buy their own properties using mortgages than to pay a rent for house or flat (HN Online, 2015). For real estate company it may on the one hand represent higher commission for selling properties (average commission for sales is 2.000 EUR compare to commission for renting a property which usually represents one month rent which in case of 3 bedroom flat is about 500 EUR) but on the other hand less clients changing housing more often.

- **Segment of companies**

This segment is divided into two sub segments:

- **Property developing companies** – such companies use services of Majesty reality, s. r. o. with an objective to enhance selling or renting of their properties. During the years Majesty reality, s. r. o. acquired several usually smaller companies of this kind and most of them tend to repeatedly use the services of the company. Such companies may very well enrich portfolio of properties especially within the segment of new buildings. Quality of services and portfolio of potential buyers are

crucial for this kind of companies. On the other hand, such companies may largely affect the level of commission for the company.

- **Other companies** – any other companies or entrepreneurs selling, buying, renting or leasing usually commercial properties. Companies within this segment tend to focus especially on the ratio of price to quality of services.

Modern tool for evaluation of clients' loyalty called NPS (Net Promoter Score) has been used to assess loyalty of company's clients. From the percentage point of view, result of NPS is 58.4 % which is considered as highly positive result. Company evaluated clients' loyalty through NPS before in 2013 with the result of 57.8 % so there are no major differences but slight increase which is also considered positive. These results provide company with specific kind of feedback from clients and prove to the company and even to other entities or public that the company is able to attract loyal clients and keep them satisfied in time which can be also used within communication strategy. NPS was determined based on the results of questionnaire (see appendix 1).

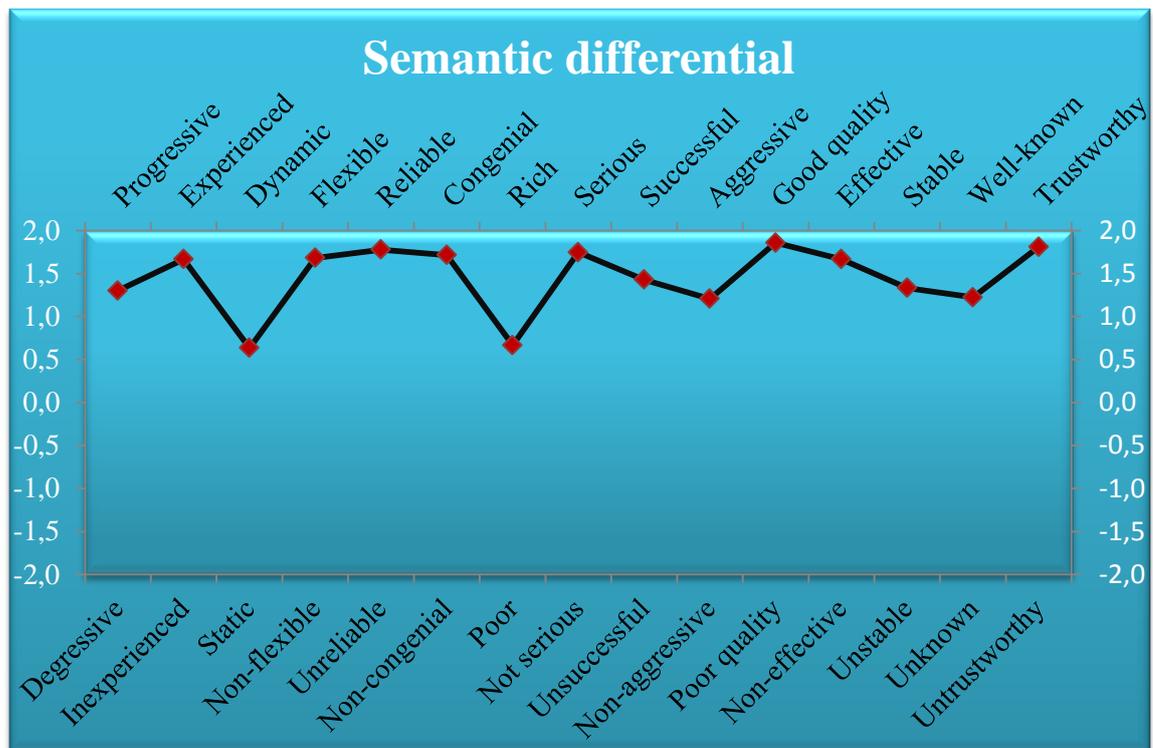
Group	Critics						Passive		Supporter		
Scale	0	1	2	3	4	5	6	7	8	9	10
Number of responses	1	0	1	2	1	1	2	5	7	20	23
$\text{NPS} = \text{Supporters (\%)} - \text{Critics (\%)} = 71,7 \% - 13,3 \% = 58,4 \%$											

Picture 2: NPS - Net Promoter Score

(Source: Own work based on the results of questionnaire)

Furthermore, it is important to evaluate how customers perceive the company and what is the image of the company. Image of Majesty reality, s. r. o. in the eyes of its clients was determined via method called semantic deferential. Within the questionnaire (see appendix 1) respondents had to allocate score on the 5 – point scale to each pair of mutually conflicting attributes that reflected perception of specific characteristics of the company. The best score, which the particular characteristic could obtain, is 2.0 and the worst one is – 2.0. In the graph below it is clear, that none from characteristics got to

negative score, which is highly positive. Most of characteristics actually are above the score 1.0 which means, that with this characteristics company may be satisfied and use them into its own advantage. Within the communication strategy, company should emphasize important characteristics in which it gained highest score (see the graph) such as experience, reliability, seriousness, good quality of services and trustworthiness.



Graph 8: Semantic differential

(Source: Own work based on the results of questionnaire)

2.3.9 Competitors analysis

Competitors' analysis

There are about 146 real estate companies within the region of Košice which represents significant number for such a region and thus more players on the market (Zoznam.sk, 2015).

However, it is impossible to evaluate strength of competition based entirely on the estimation of the number of companies on the market.

Since many of 146 companies are not active, it is more important for the company as a new entrant to the market to take into consideration especially active players in the region. On the other hand, the power of competitors is considerably limited. The vast

majority of buyers search properties through search engines and advertising portals, which any company may have an access to. In addition sellers usually do not contact any real estate company directly; they use to advertise their property through civil advertising portals. And subsequently it is particular real estate company that has to reach sellers with the proposition for a mediation of the sale of their property. From all the mentioned it is apparent, that there are very similar condition for acquiring properties for sale and for reaching potential buyers for all the companies no matter the length of their existence on the market. Contrary to that the psychological factor plays into the hands of the well-established companies with a good reputation. It is easier to convince sellers to sign exclusive contract as well as buyers for buying particular property through such a company.

Four of the biggest players on the market (based on the number of properties on offer) within the target region has been chosen in order to analyse competition more closely.

CASSOVIA REALITAS Košice, s. r. o. – company established in 2007 is one of the leaders in the industry within the whole country with respectable portfolio of more the one thousand properties on offer. Company is active member of European Association of Real Estate Professions.

From the perspective of services offered to clients this company is comparable with Majesty reality, s. r. o.. In addition to Majesty, Cassovia offers the guarantee fund covered by the National Association of Real Estate Companies Slovakia (Cassovia realitas, O nás, 2015).

Commission system is also very similar. Minimum commission rate is set on 1.000 EUR in both cases (Cassovia realitas, Provízny system, 2015). It is important to say, that neither the commissions of Cassovia reality Košice s. r. o. nor Majesty reality, s. r. o. are fixed. In this industry it is always left on actual negotiations with clients.

Cassovia realitas Košice, s. r. o. has very sophisticated and successful communication. Its brokers are often to be seen in quite popular Slovakian TV show about real estates. Portals for advertising are the same as all active real estate agencies use; however their own website is designed very well. For example, Majesty reality, s. r. o. as well as Cassovia realitas Košice, s. r. o. offer commission to anyone who provides an

information leading to the successful execution of trade. Cassovia realitas Košice, s. r. o. has this feature well pointed on its home page (see appendix 3) while Majesty reality, s. r. o. has it on its website but not visible at all. It is similar with possibilities of properties redemption by the companies which Majesty reality, s. r. o. offers but does not advertise on its website.

Overall, comparing the company to Cassovia realitas Košice, s. r. o. it is possible to deduce that Cassovia has better internal systems, more certificates and most importantly better communication strategy along with great offer of properties while offering basically same type of services for very similar commission.

ATOMIA, s. r. o.

This company was established in 2002, during 13 years of its activities company acquired great base of loyal clients.

Services offered by this company are comparable to every other active company within the industry in order to be competitive; it means that its services are basically the same as in the case of Majesty reality, s. r. o. (Atomia realitná kancelária, Naše služby, 2015).

Atomia, s. r. o. claims having lowest commission rates on the market. According to company's website their commission rates are basically the same as in the case of competition or Majesty reality, s. r. o. with minimum commission rate of 1.000 EUR. (Atomia realitná kancelária, Cenník-provázia, 2015).

From the communication point of view Atomia, s. r. o. uses traditional advertising portals same as Majesty reality, s. r. o. and the rest of active real estate companies on the market. Website of Atomia, s. r. o. in comparison with the website of Majesty reality, s. r. o. provides a section with references from clients.

DIAMOND REALITY, s. r. o.

Diamond reality, s. r. o. is one of major players on the real estate market within the region of Košice with wide portfolio of properties on offer.

This company claims it offers the most complex services on the real estate market which in reality means same range of services as competition in form of active competitive companies (Diamond reality, O spoločnosti, 2015).

Commission rates are again very similar or even same comparing to other companies in this analysis or to Majesty reality, s. r. o. with minimum commission rate of 1.000 EUR (Diamond reality, Cenník provízie, 2015).

As well as Atomia reality, s. r. o. this company uses similar traditional approach within the communication towards clients.

Table 7: Summary of communication tools used by the biggest competitors on the target market and Majesty reality, s. r. o.

(Source: Own work)

	Communication tools used	Cassovia	Atomia	Diamond	Majesty
Advertising	TV advertisement	•	X	X	X
	Print media/Press	•	•	•	•
	Real Estate web portals ads	•	•	•	•
Sales Promotions	Coupons for discounts and benefits	X	X	X	•
	Home staging	X	X	X	•
	Cooperation with clients	•	X	X	•
PR	Specialized magazine	X	X	X	•
Personal Selling	Viewings of properties	•	•	•	•
Direct Marketing	Direct communication	•	•	•	•

In summary it can be said that range of the services among compared companies is quite the same which is understandable, since on this market there is not enough space for differentiation on services offered. The same applies to commission rates for companies' services; none of the company can afford any significant deviations from the generally accepted rates on the market. The only possible way is differentiation within the communication. Most of the companies use traditional proven ways of communication. On the other hand Cassovia realitas Košice, s. r. o. is an example of very sophisticated communication using different ways while addressing the general public. Website of Cassovia realitas Košice, s. r. o. is also very well designed and complex.

2.3.10 Public analysis

Potential “weakness” connected with a new and unknown branch on the market places great importance on the proper communication towards potential customers. It is crucial to let public know there is a new branch of real estate company on the market but to emphasise this branch is part of the company with great reputation, years of experiences and solid base of customers within the industry. Perception of the company by public is crucial, since each and every member of society is potential customer, whether on the side of buyer or seller. On the other hand, general perception of real estate agencies by the public is worth to take a look at. Based on the personal experience of brokers and management of the company can be said that people with no previous experience in selling, buying or renting property tend to consider real estate agencies as parasites and thieves. On the other hand people with previous experience tend to consider real estate agencies as useful but not always necessary. On these bases, it can be said that people unexperienced in the trades of properties lack the knowledge about all the procedures taking place in such a trade and consider it as easy as selling an old phone. Therefore, the company started to issue its own real estate magazine in 2013 where people may learn about many obstacles that can be present in the trade of property with an objective to emphasize the need and usefulness of real estate agencies as intermediaries in the trade of properties.

2.4 Porter's 5 Forces Model

The analysis of 5 forces model has been applied in order to determine the situation on the real estate market with an objective to help propose correct communication strategy for the company.

- **Threat of new entrants – Medium**

More companies within the region or market represent higher competition and lower sales and thus profits.

From legislative point of view, new entrants are limited by the requirement of prior experience of at least 5 years within the industry before opening own company.

Since economic downturn, real estate industry is considerably shaken and uncertain which may deter new possible entrants.

Multinational corporations and other big companies within the industry tend to expand in Slovakia for years and it is hard to compete with such companies.

On the other hand costs for opening new real estate company are not significant and on the regional market even one man company may be successful.

- **Bargaining power of buyers - Medium**

Buyers significantly influence real estate industry. Powerful customers are able to push prices down which can be reflected in lowering the commission for real estate company.

Many buyers are not pressured by the time and they are willing to wait and negotiate till the seller lowers the price or till they find different property for better price.

However, current situation on the market suggests there are more potential buyers than required properties for sale which significantly limits bargaining power of buyers.

Moreover, most of buyers use mortgages to finance the purchase of a property, but banks are much more conservative these years than they were before which is another factor limiting bargaining power of buyers.

- **Bargaining power of suppliers (sellers) – Medium**

Given the fact there are more buyers currently on the market than required properties for sale, sellers have good position to negotiate and set prices higher.

In case of new constructed flat buildings by big companies prices are set firmly and such companies usually do not give a space for negotiation.

On the other hand in some cases taxes from selling properties applies and higher the difference between buying and selling price higher the tax paid by seller.

Since buyers tend to use mortgages to finance the purchase of a property and banks are more conservative than before it makes more difficult for sellers to set prices higher which limits their bargaining power.

- **Threat of substitute products and services – Low**

The real estate company offers services for buyers as well as for sellers and act as an intermediary.

Services of real estate agencies may be substituted by services of law firms, however only to some extent since lawyers do not go for viewing of properties and they are not looking for properties.

Potential clients either use the services of a real estate company or they do not but there is very slight possibility of substituting such services.

- **Rivalry among existing competitors – High**

Rivalry among existing competitors is very string due to the large number of real estate companies (see part of competitors' analysis, page 73) operating within the targeted region.

Differentiation of services offered by real estate agencies is almost impossible due to given necessary procedures, laws and regulations.

2.5 SWOT ANALYSIS

Strengths

- **Office location** – the plan is to rent an office right in the centre of Košice city to increase possibility of attracting random visitors passing by the office building. Same strategy has been successfully used in case of the office in Poprad for years.
- **Dedicated management and staff** - thanks to the leadership, which seeks to motivate brokers to perfect approach to clients and brokers who access their duties precisely and responsibly, new branch will acquire satisfied and loyal clients' base.
- **Years of experience within the industry** – company has 8 years of experience within the real estate industry in the Slovakia.
- **Customers' overall satisfaction with company's services** – analyses proved clients are satisfied with the services of the company and especially with the services that represent the greatest importance for clients.
- **Loyal base of customers** – company scores great within NPS which means it has very good base of loyal customers. That could be used as promotional message and also it creates good possibility of acquiring clients on the new market based on personal recommendations.
- **Internal communication** - great internal communication within the company and between employees and clients adopted in the company during its active existence is necessity while building long lasting relationships with employees as well as with clients.
- **Individual approach** - the company puts emphasis on individual approach to every trade and each and every client in order to ensure the highest possible level of customers' satisfaction.
- **Good relations in the business sector** - management of the company has very good relations and contacts in the business environment in the target region. This is important for the company, not only in terms of better access to different contacts, such as property developers but it also represents the possibility of

cooperation with various business entities within the promotion, financial, and insurance services.

Weaknesses

- **New player on the market** – new branch will be newly created real estate office on the market of many already well established real estate offices with a long tradition in this region.
- **High requirements for marketing and communication mix** - given the fact that the company is a new player in the real estate market in the region it is necessary to precisely select the right mix of communication tools in order to get into the minds of potential customers.
- **Financial health of the company** - the company has a limited budget to start its new branch in the new region, and therefore there is a real risk of insolvency and liquidity problems.
- **Employees** – on the labour market on which the company operates it is very difficult to find a stable and dedicated workforce, willing to sacrifice their efforts to a company which cannot offer a stable income at the expected rate, since the income of agents depends on the number of realized trades.

Opportunities

- **Bad name of existing competition** - it's one of the opportunities that the company can grasp and try to develop great reputation since very beginning. Company may use the bad name of existing companies in its advantage through building good relationships between the company and the clients as well as with stakeholders such as banking entities, cadastral office, law firms, which may advise their clients to use the services of this company. Such relationships should be build and maintain through individual approach to each and every client, great communication and professional services.
- **Entering new markets** – the company can expand its business and thus increase its revenues through expansion to the new markets.
- **Infrastructure in the area** – new branch will be located in the second largest city in Slovakia, which can be considered as an opportunity. In the region there

are many internationally operating companies and in fact the region is the centre of trade within the eastern Slovakia. Real estates in this area can therefore be interesting not only for local residents, but also for people from across Slovakia or even abroad.

- **Regional development in the area** – investments flowing from the foreign capital or from local investment groups into the development of infrastructure in the area can bring new opportunities. Real estates in the area will become more attractive and at a well set-price easier to sell, moreover, real estates in this area will become interesting for investors.

Threats

- **The economic situation** – nowadays economic situation globally is in the spirit of economic and financial uncertainty. It results in the number of people who are interested in buying properties, but they are waiting because they do not know what the situation will be like in a few months and still hope they will buy more favourable later. This uncertainty has resulted in a certain percentage responsible for the stagnation in the real estate market.
- **Strong competition** - in such a small region on which the new branch will operate is significant competition which the company has to fight constantly.
- **Bad name of Real Estate Agencies** - on the one hand, healthy competition can be considered beneficial, on the other hand, there are a large number of fraudulent and unfair real estate agencies, which build on the short life and high profits. These companies will not only get some portion of potential clients, but ultimately it sheds a bad light on all real estate agencies, including those trying to work seriously, which of course negatively affects the perception of real estate agencies by potential clients in generally.
- **Poor customer awareness** – as it was mentioned several times in the analytical part of the thesis, potential clients of the company have limited information and knowledge about the real estate trades in generally and about services real estate companies offer as well.
- **Weak law enforcement** - in conflict situations, which are common within the mediation of any trade, such as becoming eligible for payment of commissions,

penalties, etc. are unfortunately very poorly enforceable by law. This fact often causes that real estate agency simply does not get any commission for its services; what is more it creates an undesirable costs.

SWOT analysis provides the insight on the position of the company from the perspective of its relationships of strengths and weaknesses to opportunities and threats. More detailed analysis of individual factors as well as relationships between them (see appendix 4) shows the company lies in the S-O position (Strengths-Opportunities). In such position the company should go for offensive business approach by employing its strengths on maximum in order to seize opportunities and gain the advantage. Such approach is already in line with the company's decision of expansion to other regions.

2.6 Summary of the analytical part

Results of analytical part of the thesis are valuable source of information necessary in order to propose communication strategy for the new branch of the company. Results of macro-environment analysis show that majority of population within the target market is in productive age which is target group for the company. Economically the situation in the region is not the best from the regions in Slovakia, on the other hand people there still have funds available for housing and the region is centre of business in the eastern Slovakia. From the technological perspective people have very good access to the internet which is crucial within the real estate industry nowadays. Porter's 5 forces model revealed certain facts. From the perspective of communication strategy proposal it is important that threat of substitute services is very low which means that communication has to promote especially the company and brand along with the quality of services. It also means that the company does not have to be focused on convincing people that its services are better than different services. High number of competitors means higher rivalry among them. Since the services offered are similar and there are basically no substitute services it again places the need for the company and brand promotion. Brief financial analysis shows the development of sales of the company, company expenditures and also the profit. Especially profit is important in order to estimate available funds for communication for the new branch. Marketing mix analysis provides an insight to current marketing and communication mix since it is the base for developing communication for the new branch and it is also important from the perspective of maintaining unification of the company's communication. Significantly important is the result from the questionnaire (see appendix 1) about the sources of information about the company which is also captured within marketing mix analysis. One of the usages of McKinsey's 7S framework is to determine how best to implement certain strategy. From the perspective of communication strategy proposal, this framework provides valuable information about the company as a whole and outlines points worthy to focus on in developing the message for target audience, for example professionalism and individual approach. Results of the questionnaire (see appendix 1) also provide the data for analysis of importance vs satisfaction. Results of this analysis firstly provide additional facts that can be considered while creating the message and secondly it provides a benchmark for the new branch of the company. Furthermore,

results of customers and competitors analyses provide valuable information as well. First of all customers were identified and then divided into segments. Moreover, based on the results of questionnaire (see appendix 1) customers' loyalty has been evaluated through NPS method and perception of the company by clients has been measured using semantic differential. All these results may be valuable in designing the message as well as providing benchmark for the new branch of the company. Subsequently, three of the biggest companies from within the target market has been chosen for analysis from the perspective of range of services, commission rates and communication and comparison with Majesty reality, s. r. o.. It was found that all of them offer same or very similar range of services for the same prices as Majesty reality, s. r. o.. There are only slight differences in communication and that is a space for differentiation. At the end of the analytical part of the thesis SWOT analysis summarize the findings into strengths, weaknesses, opportunities and threats. More detailed SWOT analysis reveals that the company is in the S-O position where it should use its strengths to get advantage out of the opportunities. Entering new markets is the most important opportunity company should pay an attention to and employ its strengths to use this opportunity to the maximum. For expansion of the company to be successful the communication strategy is considerably important. Therefore, proposals in the next part of the thesis are aimed to suggest the communication strategy as well as individual tools of the strategy in order to achieve objectives set at the beginning of the proposal part.

3 PROPOSAL PART

As the analytical part of the thesis reveals, the company is in the S-O position which implies offensive business approach. Decision of the company about its expansion is in line with such a business approach. Success of an expansion of any company is conditional on many factors. One of such factors is proper communication strategy that plays a significant role in any business organisation. Opening new branch of a business on a new market comes with the need of letting public and potential customers know there is a new player on the market and highlighting its strengths in order to get an attention and acquire customers. To achieve that, proper communication strategy and its integration is crucial. Strategy in generally includes objectives, therefore, the company's objectives as well as qualitative objectives of the communication strategy itself are set at the beginning of this part in order to know what the company wants to achieve. Following steps and proposals are subordinated to these objectives.

3.1 Steps in the development of effective communication

Proposals for individual steps on the way to create effective communication are elaborated below in this text.

3.1.1 Setting the objectives

The main objectives of the company

- The main objective of the company as a whole is to double its revenue in 3 years (till the end of 2018).
- Objective of the company is to create a new branch in the region of Košice which will generate at least the same revenue after 3 years (the end of 2018) as the branch in Poprad.

Partial objectives of the company

- Maintain the position of current branch on the market
- Build the portfolio of at least:
 - 50 properties on offer within the new market during the first 6 months
 - 100 properties on offer within the new market during the first 18 months
 - 300 properties on offer within the new market after first 3 years.

- Reach the same or higher NPS for the new branch in Košice after three years of its existence as the branch in Poprad currently has and to increase overall NPS for the company by 5 % till the end of 2018.

Qualitative objectives of communication strategy for the new branch

Qualitative and more general communication objectives are set for each of six stages of the consumer buying process with a focus on what reaction the company wants to achieve within each of these stages.

Awareness

Target market is definitely aware about the existence of services offered by real estate companies. Such companies exist on the market for more than 10 years and their presence is very well noticeable. However, target audience is not aware about new company entering the market and what is its background.

That is why the **objective is to create certain awareness** of the company's name even **before company enters the market** especially among potential customers from **within the target audience**.

Knowledge

Potential clients within the target audience have small to medium knowledge about the services offered by majority of real estate agencies. This fact is closely related about the lack of knowledge about trade within real estate market in generally. However, general public is often frightened by media about the potential threat of being a victim of frauds during the trade of properties.

Therefore the **objective is to create higher level of knowledge** about the real estate business and its pitfalls **among the general public and target audience** and subsequently **emphasise the advantages of using** real estate company services, especially **services of Majesty reality, s. r. o.**

Liking

Perception of the services offered by real estate companies by target audience is relatively mixed. While many people consider such services useful and commission for particular company as adequate other simply consider real estate companies as useless and their commissions as ridiculously overrated. There are at least two main reasons why people perceive real estate services negatively. First lies in bad experiences especially with fraudulent companies charging really overrated commissions for doing in better cases basically nothing. And the lack of knowledge about all the requirements and requisites within the real estate trade is considered to be second reason for negative perception of real estate companies.

The **objective here is to strengthen positive perception of real estate service while improve perception in the eyes of critics** by raising the knowledge and admitting existence of fraudulent companies on the market and pointing the ways how to uncover and avoid such companies.

Preferences

In case target audience is aware about the advantages of real estate services in general it is important to promote quality of services offered by Majesty reality, s. r. o., value of its service and company's satisfied customers.

The **objective is to gain preferences of target audience over the competition** by emphasising company's strengths.

Conviction

In the phase of conviction potential clients probably already prefer services of the company over other companies' offer. In the case of real estate company it means potential clients are already in contact with the company and in case of Majesty reality, s. r. o. it is most likely in hands of office manager and brokers to convince potential clients that while there are other options this is the best for them.

Based on that, the **objective is to convince customers that choosing the Majesty reality, s. r. o. over other real estate company is the best step on the way to conduct successful and safe trade** of their property.

Purchase

In this stage potential customers are most likely convinced about the services of Majesty reality, s. r. o.. However, in this stage for example hesitation connected with unstable economic situation may occur and clients may not be sure about conducting the trade now or wait for better situation on the market.

In this stage, the **objective is to lead potential customers to final step** through offering bonuses, discounts or special prices.

3.1.2 Identifying of the target audience

In the case of the company's new branch in Košice **target audience is represented by potential customers** rather than current customers. Analysis of company's customers determined **segment of families and individuals as the most significant** from the perspective of number of clients as well as from the perspective of profitability. Majority of these potential customers is in productive age and **their main objective is to deal with their own housing situation**. From the financing point of view, nine of ten trades are conducted by using mortgages.

Based on that, **the target audience is formed by people** in productive age, which is group of people **from 15 – 64 years of age**. In the region of Košice this group is represented by approximately **550.000 people** which is about **70 % of population in the region**. Gender or marital status has no influence (Štatistický úrad Slovenskej republiky, 2014).

3.1.3 Message structure

The first question in structuring the message according to Kotler (2007) is whether to draw a conclusion or leave it to the audience. Since the company needs and wants to educate target audience a bit (see the part “3.1.2 setting the communication objectives – knowledge” above) **it is helpful to stimulate participation and motivate potential customers to think and to make a conclusion by themselves**.

The second question in creating a message structure according to Kotler (2007) is whether to present a one-sided argument, mentioning only the product's strengths or a two-sided argument. Kotler (2007) further says one sided argument is more effective in sale presentations unless the audience is well educated. Since above in this paper the lack of knowledge of potential customers and thus target audience has been mentioned several times, it means **one-sided argument is better choice in this case.**

The answer to the third question suggested by Kotler (2007) whether to present the strongest arguments first or last lies somewhere in the middle. It is obviously connected to the design of the message discussed above. **The strongest arguments** in favour of Majesty reality, s. r. o. **will be present in part of the message where solution for target audience is proposed and** subsequently **in the part of emphasizing the quality, importance and performance** of the company's services.

3.1.4 Message format

Basically all the advertisements will be in the form of printed advertisement, whether it is in the magazine, press, banners, the internet or advertising stands. That places the need for unified and consistent selection of text style, text colours, logo and illustrations throughout all the advertisements.

For message to have practical value for target audience it has to contain among other things also contacts on the company.

In order to get an attention of target audience, message must be appealing, visible, interesting and clear.

At the same time message should provide target audience with information about the services offered by the company (for example note about the range of services) and about the company itself (for example years of experience within the industry).

Moreover, correct message should also contain a feature which helps to justify purchase decision of existing clients. Such feature could be for instance number of satisfied clients what should raise a feeling of being a part of the group of satisfied people.

3.1.5 Designing a message

Design of the message is divided into four steps/parts of the message:

First step – emotional appeal will be raised by creating sort of negative emotions in the form of **fear of the possibility of being cheated** during the real estate trade. Such an appeal should get an **attention**.

First part of the message – *“Have you heard all that stories about fraudulent individuals or even companies within real estate industry? No wonder wise person is reasonably afraid of being cheated during real estate trade.”*

Second step – Subsequently, right after instilling of “fear” within target audience a **solution should be proposed which should hold an interest and affect rational appeal** by showing that services offered by the company are significantly useful and beneficial in avoiding possible threat.

Second part of the message – *“Employing renowned and certified real estate company with many years of experience, wide range of services and significant number of satisfied and loyal customers is the way how to prevent many of possible complications.”*

Third step – the quality, importance and performance of the company’s services should be emphasized in order to arouse desire.

Third part of the message – *“Majesty reality, s. r. o. offers the best-quality services combined with individual approach and outstanding reputation among its clients. We treat our clients differently and we offer perks and possibilities you will love.”*

Fourth step – ways of contacting the company should be presented along with offering **perks, benefits or special prices** in order to obtain **action**.

Fourth part of the message – *“We treat our clients differently and we offer perks and possibilities you will love. Join the family of happy clients and contact our office manager personally at (address of the office), by phone (phone number) or via e-mail (e-mail address).”*

Proposed message itself

“Have you heard all that stories about fraudulent individuals or even companies within real estate industry? No wonder wise person is reasonably afraid of being cheated during real estate trade. Employing renowned and certified real estate company with many years of experience, wide range of services and significant number of satisfied and loyal customers is the way how to prevent many of possible complications. Majesty reality, s. r. o. offers the best-quality services combined with individual approach and outstanding reputation among its clients. We treat our clients differently and we offer perks and possibilities you will love. Join the family of happy clients and contact our office manager personally at (address of the office), by phone (phone number) or the e-mail (e-mail address).”

3.1.6 Choosing media

Company should use following ways for communication with target audience combining personal and non-personal communication.

Personal communication – Word of mouth

On the market of real estate business loyal customers may be the best possible advertisement for the company. In the case of Majesty reality, s. r. o. and its office in Poprad almost quarter of clients heard about the company from their friends, family members, neighbours or colleagues who recommended them to use services of the company. Such advertisement represents for target audience the most trustworthy and objective source of information.

Therefore, company should not only focus on building the base of satisfied and loyal clients but also to promote the possibility for existing clients to cooperate with the company and actually not just help their friends, family etc. but also to help themselves by earning the part of a commission.

Non-personal communication – Media

- **Print media** – company should use regional print media that offer possibility to advertise properties. Company should not use such media excessively and should not advertise whole portfolio of properties. Since most likely older

people tend to use classic channels such as print media to search for properties, company should wisely choose specific properties that would be interesting for this group of people. Moreover print media should be used during the campaign for announcing that the company is coming on the market and providing articles for readers related to real estate trades following the message design.

- **Company's own magazine** – company should issue its own monthly magazine in the region of Košice, same as it issues one successfully in Poprad which creates 20% of interested clients. Actually, the content of the magazine such as interviews with lawyers, personal experience and other articles should remain the same as in Poprad, it would be more cost efficient than to create completely different content for both branches. However, obviously advertising of properties should related to particular region, so in the case of magazine in Košice, people could find among other things also advertising of properties on offer from within the region.
- **The internet** – it is the most important and the most successful media responsible for acquiring about 40 % of company's clients. Classic example of person searching for property on sale on the internet is, that person will use search engine to find a property based on its specifics and the region. Most likely the result of such action is the number of real estate advertising portals containing the offers of private citizens along with the offers of real estate companies. Therefore, it is crucial for the company and its offers to be present and up to date on each and every important real estate advertising portal.
Moreover, company should work on its presence among the results on the search engines such as google since the company is present after typing most probable words, however far on the second and sometimes on the third page based on the actual words typed into the search engine.
- **Visual media** – the company should use visual media such as billboards and advertising stands on the strategic points.

Company is currently looking for an office space in the city centre of Košice with a direct entry from the street and possibility of windows advertising. After signing the contract on particular office space, company should place a big

advertisement announcing that the new branch of the real estate company will be based there.

Advertising stands or tables containing actual properties on offer should be placed for example in the shopping centres in Košice. Actual properties on offer should be also visible from the street in the windows belonging to the company's office after actual opening of the branch.

- **Atmosphere** – to support customers' intention to buy the services, the company should create an environment within the office which helps to achieve that. Such environment should be created from the material perspective by choosing right design and furniture in the interior. From the human perspective, such environment is created by actual approach, attitude and behaviour of the company's brokers and office manager, who should be professional, patient and well behaving no matter the circumstances and actual mood of the clients or potential clients.

Within the communication, the company should pay great attention to use same message format. All media used in the communication strategy of the company should use unified and consistent selection of text style, text colours, logo and illustrations throughout all the advertisements.

3.1.7 Choosing the message source

In this particular case source of the message is the company itself. There is no third party acting as the source of message neither there is spokesman or actor promoting the company or its services.

However, company should take into consideration how target audience percept regional advertising print media which the company plans to use for advertising. In case particular print media would be considered unreliable or even not serious, the company should definitely avoid cooperation with such media.

3.1.8 Obtaining the feedback

To evaluate the effectiveness of actual communication strategy and the effect of the message on target audience, the company should interview members of target audience after the message is spread. The company can do so through personal interviews,

questionnaires or surveys. No matter what tool the company decides to use it should be focused on gaining information on:

- **If and how the message is remembered** – whether people even remember the message or not. If they remember, what exactly they remember, is it just pure nature of the message or the message as a whole or particular part of four parts of the message?
- **Whether the message is/was visible enough** – where people noticed the message – windows of the office, stands, tables, magazine etc.? What attracted their attention – colours, shapes, place or font?
- **What people feel about the message** – for example – is it too offensive? Is it too self-confident? Is it catchy? Does it make them think? Is it too long or too short or accurate?
- **What people feel about the way the message is delivered** – is it personal enough? Is it too personal? Is it understandable? Does it provide enough information?
- **What is actual attitude towards the company and its services** – it is possible to use exact questions and tools such as semantic differential or importance vs. satisfaction from the questionnaire used for the purpose of this thesis. In this way it will be possible to compare perception of the company before this communication strategy and before the new branch and after.

Furthermore, the company should try to get an estimation of how many people have used the services of the company, what was their motivation and what the source of information about the company was. Moreover, it is important to **analyse the position of the company on the market from the perspective of communication strategy**; for example whether competitors increased their investments into the communication.

The **action plan proposal for obtaining the feedback** is to conduct survey after **first six months** of the communication strategy proposed **and then every year**. It will provide necessary data and information for the company as a whole as well as for individual branches. Such data and information will help the company to better adapt the communication towards potential clients' needs in future.

3.2 Communication mix strategy

From two basic communication mix strategies Push and Pull, based on proposals above, the pull strategy is the one suitable more for the company also because of nature of the business itself. This strategy is usually more expensive for a company; on the other hand this strategy is focused on encouragement of referral advertising, customer relationship building or loyalty programmes, sales promotion through discount or sale offers which should contribute not only to building good client base but also to increase in overall competitiveness of the company.

3.3 Proposal of the communication mix, specific tools and suggestions

Specific tools of communication mix are proposed with a focus on two months before the company enters the target market onward.

3.3.1 Advertising

- **Website redesign and enhancement**

During the analysis of competitors several websites of real estate companies has been visited. For example the website of Cassovia realitas Košice, s. r. o. is perfectly designed providing all information potential clients could seek directly on the home page of their website (see appendix 3). On the other hand, many of them were poorly designed, however that is irrelevant. Since the purpose is to improve the website of Majesty reality, s. r. o. it is important to concentrate on the best websites of most successful real estate companies. In the following texts there are proposals for website redesign.

- **Removal of the sound after the website is opened** – this feature most people find quite annoying especially if they want to back to homepage of the website and the sound goes again. It is also impractical. For instance many people may search for properties in the evenings after they put their kids to beds and all is quiet and sound like that, when speakers on definitely won't make them happy. Such feature may not be necessarily harmful but is in case of real estate website pointless.
- **Import of commission rates (prices) into the website** – prices for services are definitely important for people. Often potential customers

may just want to compare prices of several real estate companies and when it is missing on the website they may think company tries to hide something. Since the company has basically the same commission rates as competitors it is no harm to make them possible to find on the website. It is important to include also description of what services and fees are included in the commission.

- **Insert “Want to make money?” banner visible on homepage** – the company offers an opportunity for clients as well as for general public to cooperate within the real estate business. If any person provides the company with information leading to conducting particular trade this person is entitled to the portion from the commission, usually it is 100 EUR. Such opportunity may exist but is irrelevant for people if they do not know about it. Therefore, the proposal is to make a banner, visible on homepage that redirects particular person to the description of cooperation, form possible to fill in and submit and to contact information on the company.
- **Insert “We are purchasing indebted properties” banner also visible on homepage** – the company also offers possibility of purchasing indebted properties in cooperation with business partners. Some people may know about this service on the company’s home market because of its presence on this market for many years. However, no one on the target market knows about such possibility. Therefore, the proposal is to make a banner, visible on homepage as in the case of previous banner. This banner should redirect the person to the description for whom such possibility is suitable and practical and what are the specific terms and conditions. Of course contact information should not be missing there as well.
- **References banner** – company acquired many satisfied clients during the years. Such clients represent definitely one of the post promotional channels. Why do not spread good word about the company further not only among friends and families of satisfied clients. The last proposal concerning website redesign suggests exactly that. Company should

insert the banner with references on the homepage between banners such as “About us”, “Our Service” etc. This banner should redirect the person to the form possible to fill and submit. After submission this reference would be waiting for confirmation from the side of the company. Such procedure is not suggested because of fear of negative references from clients but in order to prevent competition from adding false references. Possibility of references has double purpose for the company. First one lies in spreading the good word among wider audience. If unsatisfied client adds negative reference it is great feedback for the company, forcing to evaluate its procedures and take a closer look why client was not happy with the company in order to prevent such situation in future, this represent the second purpose of this proposal.

- **“New branch in Košice” banner** – on the homepage of the company’s website there should be a banner announcing the opening of new branch in Košice with the date of opening, later accompanied by the address of new office and contact information.

Time for execution of this task – at least one month prior the official opening of the new branch.

- **Advertising real estate portals**

Advertising real estate portals belongs to the Internet source of information about the company which is definitely the company’s most important way of communication with masses comprising about 40 % of acquired clients. Therefore great attention should be placed on these specialized real estate advertising portals. Company already knows what portals to focus on. Information technology allows the company to advertise its properties on all relevant advertising portals. On the other hand company should not fully rely on information technology but to check other real estate portals from time to time in order to make sure competition does not use any other portals than the company. Furthermore, it is important to update offer on these portals regularly, since the great number of competitors using same portals it may happen that properties advertise in the morning are on the fifth page or even further. Therefore, office manager should make

sure that company's properties are always on the first pages and check the status several times a day.

Time for execution of this task – regular every day updates while the company is active.

- **Large-sized poster on windows of new office**

This advertising proposal is outlined within the “Choosing media” part above in this text.

Large-sized advertising poster should be placed into the windows of new office as soon as possible after signing the contract and in advance to actual opening of the office while the interior will be furnishing. It should contain big logo of the company in the company's eye-catching colours visible from reasonable distance. Furthermore, it should contain snappy slogan delivering the message which design is proposed in the part “3.1.3 Designing a message” above in this paper. It should also contain facts such as years of presence of the company on the market and number of satisfied clients. Contact information and also an enumeration of the most important services offered by the company along with possible bonuses and perks should be definitely included as well.

Time for execution of this task – prior the official opening of the new branch, depending on the dates of tenancy agreement, ideally one month prior the opening as a tool of campaign.

- **Regional print media**

This proposal lies in using target market regional press media for announcing the company is coming on the market. Similarly as in the case of company's magazine also here the message should be focused on placing the emphasis on possible threats within the real estate trade, promoting the use of real estate services and introducing Majesty reality, s. r. o. as well-established, experienced, strong, in other words as the solution and way to go in order to conduct serious and fair trade of properties. Furthermore, articles in the print media should include special prices and bonuses offered by the company along with contact information. Regional press is interesting especially for

audience in their 50's and more. This group of people is used to print media for many years and they still believe what is in the press is truth. However, with its 6 % of company's clients (see graph 7, page 64), press represents the source of information which is least significant for the company. On the other hand costs related to this advertisement channel are significant comparing with others.

Time for execution of this task – considering both importance as well as costs it should be enough for the company to start its campaign in press two weeks prior the opening of the office taking half of the page within the weekly regional magazine and then continue with advertising of properties during the years in advertising section which is financially less demanding.

- **Advertising stands and tables**

This type of advertisement belongs to visual media which contributes with its 8 % to actual composition of acquired clients. Advertising stands and tables should be placed on visible places with high number of people passing by in three biggest shopping centres in Košice – Optima, Galeria and Aupark. Showcases should include actual properties on offer and contact information along with logo and slogan. Actual properties on offer should be also placed into windows of the office after office officially opened. More the colours, logo and the slogan of the company are visible more people it attracts and more people attracted better it is for the company itself. Prior the opening, showcases should serve for delivering the message and announcing the opening of the branch in this region.

Time for execution of this task – considering the costs, showcases as a tool of campaign should be placed in the shopping centres two months prior the opening. Then they should serve to advertise properties on offer regularly updated on the weekly bases.

3.3.2 Sales promotion

- **Special prices for first clients**

It is crucial for the company to establish portfolio of properties on offer as soon as possible. Company with its new branch on the target market should therefore offer special prices for first 50 properties. Special prices would be offered in form of 20 % discount on the commission.

Time for execution of this task – beginning of the actual new branch until desired number of properties is acquired.

- **Coupons for a discount on the vacation**

Moreover, company should provide coupons for clients for a discount of EUR 100 on the price of vacation purchased through partnered travel agency same as it is already in the case of office in Poprad.

Time for execution of this task – beginning of the actual new branch and then during the whole three years of the strategy proposal.

- **Coupons for a discount on the commission**

Within sales promotion company should hand out coupons for a discount of EUR 300 from the commission on the purchase of property as it is doing as well in Poprad. These coupons should be handed out randomly to people at various Events & Festivals. While special prices for first clients with properties on offer are focused on gaining properties, these coupons would be focused on supporting the sale of these properties.

Time for execution of this task – beginning of the actual new branch and then during the whole three years of the strategy proposal.

- **Home staging**

Home staging proved to be relatively low-cost method and had been used quite successfully by the company for two years. Proposal is to continue with this method also on the new market, obviously this is relevant after acquiring properties on offered needed.

Time for execution of this task – beginning of the actual new branch and then during the whole three years of the strategy proposal.

- **Cooperation with clients and general public**

Analyses proved that about 24 % of acquired clients heard about Majesty reality, s. r. o. from other person. And other person is usually represented by satisfied client. The internet may be the most used source of information of company's clients but satisfied client is definitely more trustworthy. Therefore, company should place more emphasis and encourage its clients to promote the company and to help their friends and families while helping themselves as well. Content on company's website, within company's magazine and print media (especially during the campaign) should among other things also promote the opportunity for clients and general public to earn money just for filing information to the company.

Time for execution of this task – beginning of the actual new branch and then during the whole three years of the strategy proposal.

3.3.3 Public Relations - PR

- **Magazine to support campaign**

The company's own magazine mentioned also within the "Choosing media" part of this paper **should be issued in Košice one month prior to official start** of actual office and service. Doing so **magazine would represent a tool for campaign** allowing the company to spread the knowledge about a new branch of the company coming into the region and promote the company and its services even before actual presence of the company on the market. Therefore, actual content should be wisely chosen in order to address target audience properly. **The proposal is to announce** within the magazine **expansion of the company to the new region**. For readers on current market it would mean the company is strong and is expanding which is good. On the other hand, for readers on the target market it is clear, that the branch on their market is new, but the company itself has its history, is well established and operating within the market many years. Suggestion for the content is to make an interview with the company's lawyer about the possible pitfalls and threats accompanying real estate trades and why using services of well-established company is wise and useful. Company needs to acquire as

much properties to its portfolio on the target market and as quickly as possible. Therefore, another suggestion for the content itself is to promote possibility of cooperation with the company for general public resulting in earning money. Also promoting special prices for clients and bonuses should get desired attention of target audience and motivate potential customer to use services of the company. Regarding the number of magazines, since the region of Košice is bigger than the region of Poprad, the suggestion is to issue at least 3000 copies per month in Košice compare to 2000 copies in Poprad.

Time for execution of this task – one month prior the opening of the new branch in Košice and then monthly during the period on which the strategy is proposed.

3.3.4 Time frame for execution of individual tasks proposed

Table 8: Suggested time frames for execution of individual tasks proposed

(Source: Own work)

Tasks	Time
Website redesign	1 month prior the opening
Large-sized poster on windows of new office	1 month prior the opening
Advertising showcases (tables) - campaign	2 months prior the opening
Advertising showcases (tables) – advertising properties on offer	After the opening updates on weekly bases
Regional print media – campaign	2 weeks prior the opening
Regional print media – advertising properties	After the opening updates on weekly bases
Home staging	After the opening always when possible
Own magazine - campaign	One month prior the opening
Own magazine	After the opening - monthly
Special prices for first clients	After the opening till necessary
Coupons for a discount on the vacation	After the opening – 3 years
Coupons for a discount on the commission	After the opening – 3 years
Cooperation with clients and general public	After the opening – 3 years

3.4 Setting the total budget for communication strategy

Budget for communication should be set based on the objectives of communication. Such a method for setting a budget is called Objective-and-Task Method and is defined by Kotler (2007) as the most logical method of setting the communication budget. However, company has its financial limits and they had to be considered as well during the selection and proposing the tasks and specific tools for reaching communication objectives.

Objectives of the company and communication strategy along with the specific tasks and tools necessary for reaching these objectives **are already specified above in the proposal part of the thesis. Time horizon for achieving objectives set is 3 years.** Therefore, also estimation of the total budget on the communication strategy below is elaborated on the period of three years plus the period of campaign for the new branch.

However, **first of all expenditures on individual tools of communication strategy are determined. Afterwards, these expenditures are summarized and recalculated on the horizon of three years plus expenditures on the campaign and subsequently consolidated into single total budget for the communication strategy proposed.**

3.4.1 Estimation of expenditures on individual tasks

- Website redesign costs

Table 9: Estimation of website redesign costs

(Source: Chrien, 2015)

Action	Price (EUR)
Removal of the sound after the website is opened	0 EUR
Update and completion of texts (Commission rates)	25 EUR
Adding banners (2 banners)	20 EUR
Adding forms after click on "Want to earn money?" banner	30 EUR
Adding the text on the website after click on "We are purchasing indebted properties banner" banner	30 EUR
Site with references, possibility of adding references by clients on the site	170 EUR
New branch in Košice banner	15 EUR
TOTAL	290 EUR

- **Costs of large-sized poster on windows of new office**

Prices of large-sized posters vary depending on material and actual size. An estimation of price is made in the table below.

Table 10: Estimation of poster costs

(Source: Own work based on LemonCreative, 2015)

Poster	Price (EUR)
1 m ² of photo paper poster	30,27 EUR
8 m ² – 10 m ² (estimated size) of photo paper poster	242 EUR – 303 EUR

- **Regional print media costs**

Prices for advertisement are estimated in the table below.

Table 11: Estimation of print media costs

(Source: Own work based on Regionpress, 2015)

Print media (Press)	Price (EUR)
½ of the page within the weekly regional magazine for two weeks (campaign)	418 EUR
Advertising properties in the regional print media	1000 EUR/year

- **Costs of advertising showcases (stands and tables)**

Table 12: Estimation of advertising stands and tables costs

(Source: Own work based on Manutan, 2015)

Advertising stands and tables	Price (EUR)
Purchase of 1 advertising stand	193 EUR
Purchase of 3 advertising tables (169 EUR x 3)	507 EUR
Total	700 EUR

Also the rent for the places where advertising tables will be placed represents the costs for the company. Based on the experience with rent for such a rent in the shopping centre in Poprad it is estimated that the rent for one table in one shopping centre should not exceed 100 EUR per month. Which in the case of three cases, one in every of the three biggest shopping centres in Košice, **represents the annual cost of 3.600 EUR** (100 EUR x 3 tables x 12 months).

- **Home staging costs**

Costs related to this method are connected especially with purchasing items needed to improve visual appearance of the interior of a property. Costs are estimated based on previous experience of the company with this method.

Yearly expenditures on home staging are about **1 500 EUR** in case of branch in Poprad.

- **Company's own magazine costs**

Company should use the same print company for the magazine for the new region as it uses for its magazine in Poprad. Region of Košice is considerably bigger than the current region of the company; therefore recommendation is to increase number of magazines in Košice comparing to Poprad. While in Poprad it is 2.000 magazines per month in Košice it should be about 3.000 per month, at least for the campaign period. The recommendation regarding the costs is to stay with the formula lying in spreading the costs between more parties through advertisement possibilities which are also advertised in the magazine. Cost for own magazine of the company are estimated in the table below.

Table 13: Estimation of magazine costs

(Source: Own work)

Magazine	Price (EUR)
3.000 magazines/month before the official opening (campaign)	1.350 EUR
36.000 magazines/year	16.200 EUR
Total for first year and campaign	17.550 EUR

$10.812 \text{ EUR} / 24.000 \text{ pcs} = 0,45 \times 3.000 \text{ pcs (month)} = 1.350 \text{ EUR}.$

Costs of communication tools above can be relatively easily estimated. Different situation is with the rest of the tools recommended within the communication mix. All of them are basically variable and thus depending on the number of trades. To estimate the costs related to these tools of communication it is first necessary to estimate sales for the first year of the new branch on the new market. **The realistic estimation is minimum of 30 trades for average commission of 2.557 EUR representing revenue of 76.710 EUR per year.**

Average commission (2014) = Sales (EUR) / Sales (Number of trades) = 120.160 / 47 ≈ 2557 EUR.

- **Special prices for first clients - costs**

Special prices (20 % discount) for the first 50 clients offering property for sale are aimed to acquire portfolio of properties as soon as possible. However, to estimate costs of this part of communication mix is extremely inaccurate even with estimated sales and average commission. Many of properties acquired within these first 50 ones can be on offer for many years or can be sold by different real estate company or even sellers themselves. Very rough estimation is that 20 % (10 trades) of these properties will be sold by the new branch of the company within the first year. Since the average commission is 2.557 it would stand for costs of **5.114 EUR** (10 x 2.557 = 25.570 x 20 %).

- **Coupons for a discount on the vacation - costs**

An experience with coupons for a discount on the vacation is quite interesting. Clients always welcome these coupons very enthusiastically. However, from all the clients this year, so far only 4 of them really used the coupons for 100 EUR discount on a vacation. Since the estimation of 30 trades for first year of the new branch is considerably lower than actual sales in current only branch of the company it is possible to estimate there will not be more than 5 clients using these coupons in the new branch in Košice. Therefore, an estimation of **500 EUR** spend by the company on this sale support tool should be realistic. Considering the enthusiasm in clients caused by these coupons and subsequent positive responses about the company it is definitely worth it.

- **Coupons for a discount on the commission - costs**

An experience with these coupons is very similar to previous coupons. It is more about letting people know about the company and its existence than actual discount on the commission. However, there were 11 clients during about two years using coupons for a discount. Important is that much more people have seen the logo and colours of the company. Considering the estimation of sales for the first year, realistically 5 clients using these coupons should be the maximum. It would represent the cost for the company of $5 \times 300 \text{ EUR} = \mathbf{1.500 \text{ EUR per year}}$.

- **Cooperation with clients and general public - costs**

Almost 24 % of clients found out about the company from other person. Of course not every person providing information about the company requested reward for promoting the company. To estimate costs related to cooperation with clients and reward for them safely it should be assumed that all of those people promoting the company would get in touch with the company. Based on estimation of 30 trades per year it would 25 % would stand for about 8 trades. For each such trade the company will pay 100 EUR to the promoter, which represents the estimation of costs of **800 EUR per first year** for this tool of communication mix. To estimate future costs safer it is possible to expect an increase in the costs for this tool of communication by 2 trades per year creating 200 EUR on the top of previous year's costs.

3.4.2 Total budget for the strategy

The **table below shows overall estimation of costs related to communication mix** proposed for the company **for one year or in the form of one-time costs**. Costs in this table represent initial costs related to communication strategy which will incur prior the official opening of the new branch of the company (see campaign note in the table) and/or during the first year of the communication strategy proposed. On the bases of these estimations an overall budget on the whole strategy is prepared further in this part of the thesis.

Table 14: Summary estimated costs of individual tasks for campaign and first year

(Source: Own work)

Communication mix tool	Price (EUR)
Website redesign	290
Large-sized poster on windows of new office	303
Advertising stands and tables	700
Rent for advertising tables placement	3.600 / year
Rent for advertising tables placement – 2 months campaign	600
Regional print media – campaign	418
Regional print media – advertising properties	1.000 / year
Home staging	1.500 / year
Own magazine	17.550 / year
Special prices for first clients	5.114 / year
Coupons for a discount on the vacation	500 / year
Coupons for a discount on the commission	1.500 / year
Cooperation with clients and general public	800 / year
TOTAL	33.875

These communication costs are of course connected also with campaign starting even before an official opening of the new branch. Some of the costs in the table above are one-time expenses (website redesign, poster, stands and tables) it means the costs related to communication will be in future periods lower by these sums. Since the estimated revenue for the first year of the new branch on the market is 76.710 EUR, estimated costs for communication of 33.875 EUR represent about 44 % of estimated revenue for the first year. Assuming it will be similar or same costs proportion in the case of the new branch in Košice as it is in the case of the branch in Poprad there is significant possibility the new branch will be slightly profitable already after first year of its existence.

Table 15: Total budget for the strategy

(Source: Own work)

Communication mix tool	Costs (EUR)	Time period	Costs for the strategy (EUR)
Website redesign	290	1 time expenditure	290
Large-sized poster on windows of new office	303	1 time expenditure	303
Advertising stands and tables	700	1 time expenditure	700
Rent for advertising tables places	3.600 / year	3 years + 2 months	11.400
Regional print media – campaign	418	1 time expenditure	418
Regional print media – advertising properties	1000 / year	3 years	3.000
Home staging	1.500 / year	3 years	4.500
Own magazine	16.200 / year	3 years	48.600
Own magazine – campaign	1.350	1 time expenditure	1.350
Special prices for first clients	5.114 / year	1 year	5.114
Coupons for a discount on the vacation	500 / year	3 years	1.500
Coupons for a discount on the commission	1.500 / year	3 years	4.500
Cooperation with clients and general public	800 / year	3 years (+ 200 € every year)	3.000
TOTAL	28.343		84.675

Total budget for the communication strategy proposed has been calculated at **84.675 EUR**. Such costs will be incurred during the horizon of 3 years on which the strategy and its objectives are set and it also includes costs on communication tools used for the campaign prior the official opening of the office as described in the proposal part of the thesis. Considering actual financial situation and predicted future development such budget is according to the owner of the company also in line with the company's financial possibilities and expectations.

Since the **average commission** has been calculated on **2.557 EUR** (see page 107), the company has to make at least **33 trades just to cover communication strategy costs**. In other words based on the prediction of sales (see page 107) **such situation could realistically arise within the first year** of company's new branch on the new market.

3.5 Summary of the proposal part

The proposal part of the thesis suggest specific tools and communication channels for achieving objectives set at the beginning of the proposal part. Also message design, structure and format are suggested within this part of the thesis followed by suggestion of media selected for spreading the message and the message source. Since the one-way form of communication is not really effective the necessity of obtaining the feedback on communication is highlighted as well. Furthermore, the communication strategy is specified which in case of Majesty reality is a “Pull” communication strategy. Subsequently, specific tools of communication and communication channels are proposed within the advertising, sales promotion and public relations. Total budget for communication is estimated at the end of the proposal part.

Potential benefits of the communication strategy proposed

Overall, these proposals should help the company to achieve its objectives set for the company as a whole and for the communication strategy proposed. They should also help to improve current communication of the company as a whole. Proposals are focused on attracting potential customers and public and to spread the knowledge about the company and its presence on the target market while also helping to strengthen the position on the current market. Based on financial analysis it seems that suggested proposals are affordable for the company from financial perspective as well. Furthermore, proposals when executed properly will provide benchmarks for future comparison of the company’s development on the markets it will operate on.

Potential risks related to the communication strategy proposed

Strategic risk – arises from the possibility of incorrect proposals suggested for the communication strategy of the company with a focus on the new branch. In case proposals are incorrect there is significant risk of failure on organisational level no matter how well they will be executed.

Operational risk – such risk may occur due to poor execution of strategic proposals. As oppose to the strategic risk, even if the communication strategy is proposed properly its poor execution may lead to failure of the strategy and even failure of the new branch on the new market.

Financial risk – such risk is present especially in along with one or both of previous risks. In case strategy is proposed incorrectly and/or execution of decisions is poor it may lead to failure of the new branch on the new market. Since the expansion into the new market is costly its failure would present significant financial risk affecting the company as a whole. Financial risk is also present independently arising from potential liquidity and solvency issues.

Critical factors related to the success of the communication strategy proposed

Dedicated employees on the new market – services of the company require personal contact with clients and have to be based on individual approach to each and every client. This fact creates significant need for dedicated employees in form of brokers. It took years for the company to acquire 3 such brokers on the current market it is crucial to acquire at least the same number of equally dedicated brokers on the new market but within shorter period of time. Without such brokers the success of communication strategy and thus whole new branch of the company may be considerably jeopardized.

Economic situation – situation on the market represents important factor with an impact on the success of the strategy and the new branch as well as the company itself. Current economic situation within the region of Central Europe in generally is marked by uncertainty. Negative forces may result in lack of potential clients and thus no matter the quality of the strategy proposed or services offered it will have significant impact on the performance of whole company.

Engagement – it is important to include all people related to the company to decision making process on how to execute proposed strategy properly. Most importantly execution of the individual tasks proposed should be unified throughout the company involving all people throughout the company's organisational structure. In case of Majesty reality, s. r. o. it is easier from the perspective of its size – small company. However, small number of people means greater impact of each individual. This emphasises the need for unification throughout the company and engagement of all participants.

An action plan for implementation of communication strategy

The communication strategy proposed in this part of the thesis is set for 3 year horizon and it requires certain sequence of implementation steps. First of all the company should start with proposals related to the campaign preceding the actual opening of the new branch on the new market. Subsequently, rest of the communication strategy proposals should be employed during the first year of the new branch on the target market as suggested above. After six months of the first step related to the campaign period the company should obtain a feedback on the communication strategy (see part 3.1.8 Obtaining the feedback, page 94) and then either continue as proposed or if necessary adapt following steps to actual situation.

CONCLUSION

Master's thesis on the topic of proposal of communication strategy for a new branch of real estate company suggests the proposals leading to smoother entry of a new branch of the company on the target market and to unified communication strategy throughout the company.

Theoretical knowledge acquired through the specialized literature offers the base for analyses conducted and presented in the analytical part of the thesis and the results of which are summarized in the SWOT analysis. Factors from SWOT analysis serve as the pillars for communication strategy proposals.

Based on the results of competitors' analysis it is clear that company cannot focus on a communication based on promoting better prices, wider range of services or differentiation since all of these factors are very similar among existing companies on the target market. Competition and variable costs related does not allow the company to offer and thus to promote better prices. Moreover, range of services among well competitive companies is as wide as possible and there is no real space for differentiation.

Therefore, within the communication strategy company should rely on its strengths and use them to not only minimize the threat rising from a bad name of real estate agencies, which can be at the same time considered as opportunity, but to use this specific threat in own advantage. To achieve that, company must change the perception of real estate agencies by the public in generally by admitting the presence of fraudulent companies, highlighting the possible threats and pitfalls and subsequently to lure the public towards the company by offering the solution. Design of the message and selected communication channels proposed in the proposal part of the thesis play crucial role in such strategy.

The company's biggest strengths lie in its employees and clients. The company is services provider and the nature of the services offered requires personal contact between the company's employees and its existing or potential clients.

From the importance vs. satisfaction analysis conducted within the analytical part of the thesis it is clear that clients of the company consider staff's attitude and approach very

important and at the same time they are very satisfied with it. This fact should be definitely considered during designing of the message and should be presented towards the target audience. Furthermore, this analysis provides the company with valuable insight what is considered to be important for clients. Based on that it is possible to deduce what is important for potential client and take it into consideration in designing the actual message which design is proposed in the proposal part of the thesis.

Another great result comes from assessment of clients' loyalty conducted through Net Promoter Score. It shows that the company acquired many loyal customers which are not representing only the potential income but also great source of information for other potential clients. Therefore, proposals to promote cooperation between clients and the company have been suggested. Furthermore, such positive NPS result should be also considered in the process of message design.

Semantic differential drawn up on the results of questionnaire (see appendix 1) shows that clients consider Majesty reality, s. r. o. as very experienced, reliable, serious, trustworthy company offering high standard of quality services. On the other hand, clients consider the company as not so well known, which is in line with the suggestions helping to enhance brand recognition through the expansion itself but most importantly through the proposed communication.

Analyses of importance vs. satisfaction, clients' loyalty and semantic differential not only provide the company with valuable information useful in designing the message process but also provide a benchmark for the new branch of the company as well as for the company as a whole.

Specific proposals suggested in the proposal part of the thesis are aimed at achieving the objectives set for communication strategy. From the financial perspective suggested proposal of communication mix is affordable for the company in this stage and represents reasonable portion from predicted revenue for the first year of a new branch on the target market.

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4. Spoločnosť Majesty reality, s. r. o. vnímate ako:

Progresívnu	<input type="checkbox"/>	Degresívnu				
Mladú	<input type="checkbox"/>	Starú				
Statickú	<input type="checkbox"/>	Dynamickú				
Flexibilnú	<input type="checkbox"/>	Ťažkopádnu				
Nespoľahlivú	<input type="checkbox"/>	Spoľahlivú				
Sympatickú	<input type="checkbox"/>	Nesympatickú				
Bohatú	<input type="checkbox"/>	Chudobnú				
Neserióznu	<input type="checkbox"/>	Serióznu				
Neúspešnú	<input type="checkbox"/>	Úspešnú				
Priebojnú	<input type="checkbox"/>	Utiahnutú				
Kvalitnú	<input type="checkbox"/>	Nekvalitnú				
Neefektívnu	<input type="checkbox"/>	Efektívnu				
Stabilnú	<input type="checkbox"/>	Nestabilnú				
Neznámu	<input type="checkbox"/>	Známu				
Nedôveryhodná	<input type="checkbox"/>	Dôveryhodná				

5. Ako ste sa dozvedeli o spoločnosti Majesty reality, s. r. o.?

- | | |
|----------------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> Z internetu | <input type="checkbox"/> Od známych |
| <input type="checkbox"/> Z tlače | <input type="checkbox"/> Majesty Reality magazín |
| <input type="checkbox"/> Vizualne média (stojany/tabule) | <input type="checkbox"/> Inak |

6. Určite na stupnici od 1 – určite by som odporučil do 10 – v žiadnom prípade neodporúčam či by ste odporučili využitie služieb realitnej kancelárie Majesty reality, s. r. o. svojim známym. Zvolené číslo zakrúžkujte.

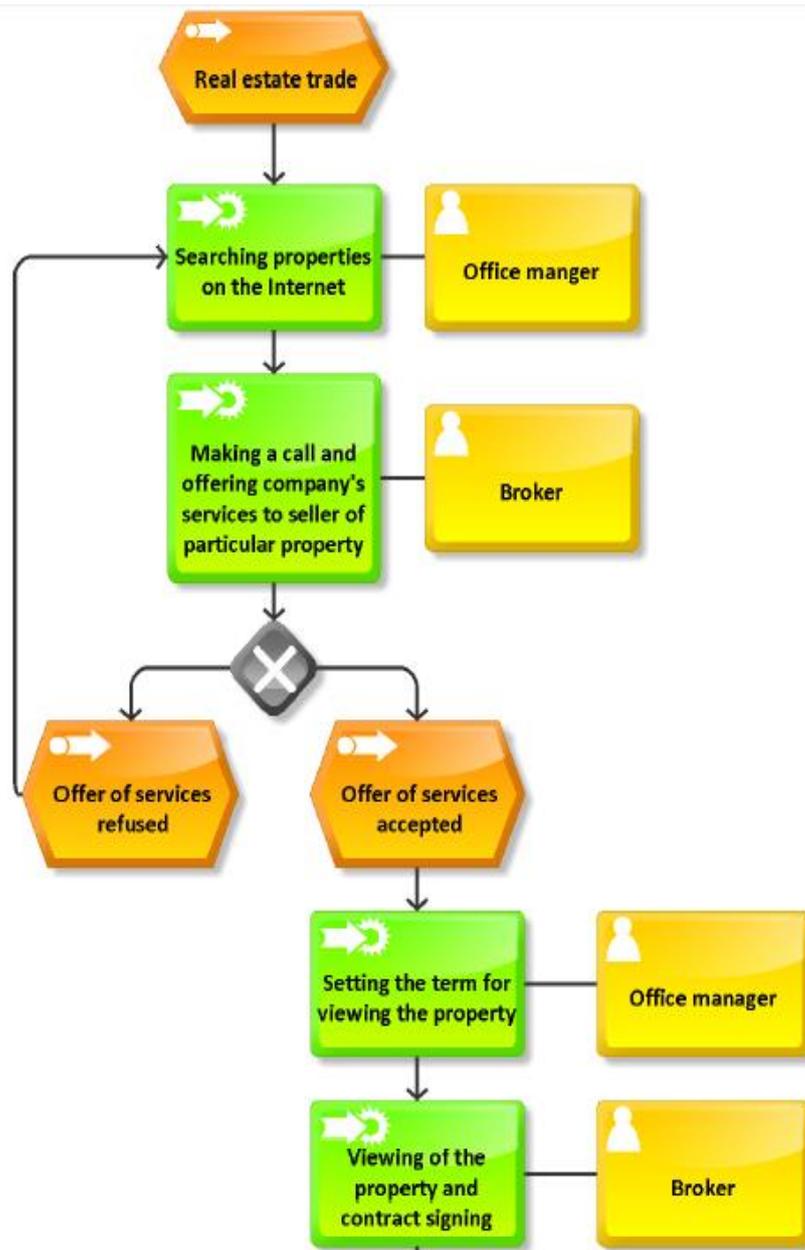
1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

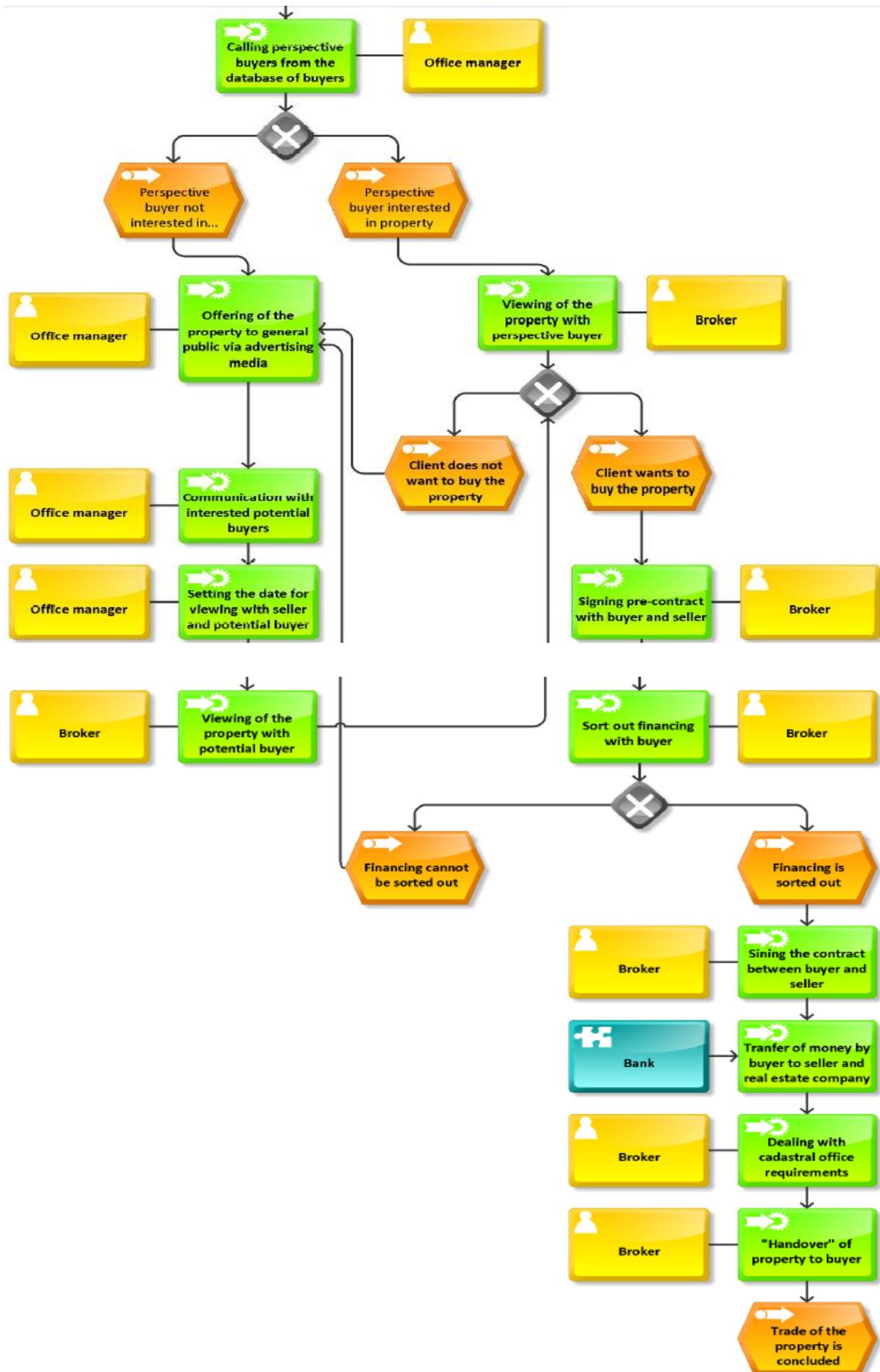
7. Vaše návrhy, prípadne pripomienky

.....
.....
.....
.....
.....

Za Váš čas a ochotu Vám ďakuje spoločnosť Majesty reality, s. r. o. !

Appendix 2: Business process model





Appendix 3: Print screen of Cassovia realitas home page

The screenshot shows the homepage of Cassovia Realitas. At the top left is the logo "CASSOVIA REALITAS" with the tagline "HÝBEME SVETOM NEHNUTEČNOSTÍ". To the right are several certification logos: a gold seal, "REALITNÝ PORADCA", "C.E.I.", and "NARIS". Further right is the contact information: "0917 333 134" and "Infolinka" with a phone icon, and a Facebook link "Find us on Facebook".

The main navigation bar includes: "NOVÉ PROJEKTY", "NÁŠ TEAM", "SLEDOVANÉ PONUKY", "GARANČNÝ FOND", and "KONTAKT".

On the left is a search filter section titled "VYHĽADÁVANIE". It includes checkboxes for "Predaj" and "Prenájom", a dropdown for "Druh" (Zvoľte druh nehnuteľnosti), a dropdown for "Lokalita" (Slovensko), a text input for "Obsahuje" (Hľadanie v texte), and sliders for "Cena" (0 € to 1,000,000 €) and "Rozloha" (0 m² to 20,000 m²). A "Zobrazit" button is at the bottom of the filter.

The main content area features a large image of a house on a floating island with a "nové bývanie" logo, and a photo of three people in a meeting. A banner at the bottom of the image reads "CASSOVIA REALITAS V RELÁCIÍ NOVÉ BÝVANIE".

The bottom navigation bar includes: "O SPOLOČNOSTI", "NAŠE SLUŽBY", "UŽITOČNÉ INFORMÁCIE", "ZÁRUKA KVALITY", "VÝHODY ZMLUVY", and "KARIERA".

At the very bottom are four buttons: "CHCEM ODMENU", "VYKÚP NEHNUTEČNOSTI", "CHCEM KÚPIŤ", and "CHCEM KÚPIŤ".

Appendix 4: Detailed SWOT analysis

First of all importance of individual strengths, weaknesses, opportunities and threats are compared against each other by assigning them the degree of importance in points from 0 – sign is less important than comparator, through 0,5 – sign is equally important as comparator to 1 – sign is more important than comparator.

Analysis of strengths

Compared aspects	Office location	Dedicated man. and staff	Years of experience	Customers satisfaction	Loyal clients	Internal communication	Individual approach	relations in the business	Points
Office location	X	0,5	0,5	0	0	0,5	0	0,5	2
Dedicated management and staff	0,5	X	0,5	0,5	0,5	0,5	0,5	1	4
Years of experience	0,5	0,5	X	0	0,5	0,5	0	0,5	2,5
Customers satisfaction	1	0,5	1	X	0,5	1	0,5	0,5	5
Loyal customers	1	0,5	0,5	0,5	X	1	0,5	1	5
Internal communication	0,5	0,5	0,5	0	0	X	0,5	0,5	2,5
Individual approach	1	0,5	1	0,5	0,5	0,5	X	1	5
Good relations in the business sector	0,5	0	0,5	0,5	0	0,5	0	X	2

Four most important strengths:

Customers' satisfaction

Loyal customers

Individual approach

Dedicated management and staff

Analysis of weaknesses

Compared aspects	New player on the market	Marketing and communication requirements	Financial health	Possible lack of employees	Points
New player on the market	X	0,5	0	0,5	1
Marketing and communication requirements	0,5	X	0,5	0,5	1,5
Financial health	1	0,5	X	0,5	2
Possible lack of employees	0,5	0,5	0,5	X	1,5

Since there are four relevant opportunities identified all four of them will be counted.

Analysis of opportunities

Compared aspects	Bad name of existing competition	Entering new markets	Infrastructure in the area	Regional development in the area	Points
Bad name of existing competition	X	0,5	0,5	1	2
Entering new markets	0,5	X	1	1	2,5
Infrastructure in the area	0,5	0	X	0,5	1
Regional development in the area	0	0	0,5	X	0,5

Since there are four relevant opportunities identified all four of them will be counted.

Analysis of threats

Compared aspects	Economic situation	Strong competition	Bad name of competition	Poor customer awareness	Points
Economic situation	X	0,5	1	0,5	2
Strong competition	0,5	X	0,5	1	2
Bad name of competition	0	0,5	X	0,5	1
Poor customer awareness	0,5	0	0,5	X	1

Since there are four relevant threats identified all four of them will be counted.

Evaluation of intensity between mutual relations

Scale of points from 1 to 5 is used for evaluation of intensity of interrelationships between S-O (Strengths to Opportunities); S-T (Strengths to Threats); W-O (Weaknesses to Opportunities) and W-T (Weaknesses to Threats). 1 point stands for indication of no interrelationship (ambivalence) while 5 points stand for close and very important interrelationship.

Evaluation of Strengths to Opportunities

		Strengths				Sum
		Customers' satisfaction	Loyal customers	Individual approach	Dedicated management and staff	
Opportunities	Entering new markets	3	3	3	4	13
	Bad name of existing competition	3	4	4	3	14
	Infrastructure in the area	1	1	1	3	6
	Regional development in the area	1	1	1	3	6
Total points						39

Evaluation of Strengths to Threats

		Strengths				Sum
		Customers' satisfaction	Loyal customers	Individual approach	Dedicated management and staff	
Threats	Economic situation	1	1	1	2	5
	Strong competition	3	3	2	4	12
	Bad name of competition	2	2	2	2	8
	Poor customer awareness	0	0	3	2	5
Total points						30

Evaluation of Weaknesses to Opportunities

		Weaknesses				Sum
		New player on the market	Financial health	Possible lack of employees	Marketing and communication requirements	
Opportunities	Entering new markets	3	3	1	4	11
	Bad name of existing competition	3	0	1	4	7
	Infrastructure in the area	1	1	0	2	4
	Regional development in the area	1	0	0	1	2
Total points						24

Evaluation of Weakness to Threats

		Weaknesses				Sum
		New player on the market	Financial health	Possible lack of employees	Marketing and communication requirements	
Threats	Economic situation	4	4	2	3	13
	Strong competition	3	2	2	3	10
	Bad name of competition	2	0	0	0	2
	Poor customer awareness	1	0	0	4	5
Total points						30

The result of interrelationships

	S	W
O	39	24
T	30	30

SWOT analysis provides the insight on the position of the company from the perspective of its relationships of strengths and weaknesses to opportunities and threats. Analysis shows the company lies in the S-O position. In such position the company should employ its strengths on maximum in order to seize the opportunity and gain the advantage.