

University of Economics, Prague

# **Master's Thesis**

University of Economics, Prague

Faculty of Business Administration

Master's Field: International Management



Title of the Master's Thesis:

# **Use of Online Marketing in the Czech Real Estate Market**

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## **D e c l a r a t i o n   o f   A u t h e n t i c i t y**

I hereby declare that the Master's Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree program.

Prague, 11<sup>th</sup> May 2016

Signature

## **Acknowledgements:**

I would like to express my gratitude to the supervisor of my thesis, Gina Cook, Ph.D. for providing guidance, support and encouragement during my work on this Master's Thesis.

I would also like to thank the entire team of Happy House Rentals Ltd. for sharing their expertise in Real Estate market of Prague, Czech Republic. I am grateful for all the support they provided during my work there.

Finally yet importantly, I would like to thank my family for their patience, comfort and support that they provided to me throughout my university education.

**Title of the Master's Thesis:**

Use of Online Marketing in the Czech Real Estate Market

**Abstract:**

The goal of this Master's Thesis is to evaluate the use of online marketing tools used by the Prague-based Real Estate company Happy House Rentals Ltd. and to propose improvements for their online marketing strategy. The first part of the paper describes available online marketing tools. The second part introduces the Real Estate market and describes, using published data, the situation of the Real Estate industry in the Czech Republic and Prague metropole in particular. This is followed by a primary analysis of the web presence of Prague's Real Estate Agencies fitting the competitive profile of Happy House Rentals Ltd. The third part is a case study on the online marketing presence of Happy House Rentals Ltd. Using the tools and data introduced in the first two parts of this Master's Thesis, the author suggests improvements for the online marketing strategy of Happy House Rentals Ltd.

**Key words:**

Marketing, Online Marketing, Real Estate, Residential Real Estate, Real Estate Agency

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## Introduction

Nowadays, online marketing is becoming more of a ‘must have’ part of the marketing strategy for many organizations around the world. Companies that operate in business-to-customer markets have already learned a long time ago that it is not enough to just sell a product or service, they have to provide an added value to it. Companies have to build a community around the brand that supports it and promotes the company to new potential customers. On top of that, the Internet provides the opportunity to reach out to customers across geographical borders. This is a major benefit for companies that are engaged with foreign clients but are limited to one geographic location. And there is no other industry that is more constrained by location than Real Estate.

Real Estate is a broad industry that can be divided into Commercial, Industrial and Residential branches. Each branch has a vast number of stakeholders engaged with the trade: investors and construction firms, premises owners, buyers and tenants. And all of them are engaged in ongoing business communication. Within such a heterogeneous market with so many stakeholders, there is a need for mediators that navigate and coordinate the communication and deals. Real Estate Agencies and all kinds of brokers take on this role.

Even though Real Estate is a broad industry with many restraints by law, in Czech Republic, so far, there is no specific act with rules for starting a Real Estate Agency. This has led to an uncontrolled rise in the number of Agencies, leading to tough competition and a rise of black business. Therefore, each Agency has to fight for potential clients, and the most effective way to reach them is, of course, a good marketing strategy.

The idea for this research was born during the author’s work in one such Agency. Her engagement within the business gave her the idea to analyze how the Prague-based Real Estate Agency, Happy House Rentals Ltd. – which focusses mostly on Residential Real Estate – uses online marketing to promote its services among local Czech and foreign customers. The author was part of the short-term rental department, which is most affected by seasonality of demand. Therefore, the author became interested in researching the possibilities to boost brand awareness among customers, most of whom are foreigners and thus can only be reached by online means of communication, i.e. web marketing. In addition, the author was asked by the company to evaluate the overall health of its online marketing strategy and to propose possible improvements. Thus, the goal of this thesis is to evaluate the use of online marketing tools used by the Happy House Rentals Ltd. and to propose improvements for their online marketing strategy.

The paper consists of three main parts. In the first chapter, the theoretical base for online marketing is introduced. Traditional marketing concepts (such as the 4Ps and customer oriented 4C marketing mix, evaluation tools like SWOT and BCG Matrix) are described, since they form the basis from which any marketing strategy is developed. More modern marketing approaches, and their integration into online marketing, are

also discussed, for example the implementation of AIDA'S concept into creating a website. The author references the works of internationally acclaimed marketing authors Philip Kotler (2003 & 2010) and Rob Stokes (2013), as well as Czech Internet marketing specialist Viktor Janouch (2011 & 2014). Using these works, as well as others, the main online marketing tools are described, including the means for creating a successful website and its optimization for Search Engines, advertising on the Internet, Pay-Per-Click campaigns, Public Relations and its digital specifics (incorporating both the use of Social Media and Direct Marketing). Mobile Marketing is touched upon and the reasons why it is getting more important are discussed. Last but not least, the way that online marketing data can be analyzed with use of different tools such as Google Analytics is described.

The second part of this Master's Thesis is split into two sections. The first section provides readers with a short introduction to the Real Estate world. For this purpose secondary data on the Real Estate market in Czech Republic and Prague in particular is used. This data is coming from the Czech Statistical Office reports, the Trend Report of Association for Real Estate Market Development in Czech Republic and other available online articles on this subject. Reports and surveys from Vacation Rental Managers Association including VRMA Industry Trends Europe Report and VRMA Member Updates are used to provide an insight into the part of Real Estate Industry that focusses on international rentals.

The second section of this part consists of primary research conducted by the author on the use of online marketing tools by selected Agencies. For this purpose, Real Estate Agencies are selected based on specified criteria. These criteria are set up to ensure that studied Agencies conform to the competitive profile of Happy House Rentals Ltd. Subsequently the use of online marketing by these chosen Agencies is observed, collected and analyzed using set criteria. Real Estate category listing platforms are evaluated using the Alexa browser extension (application by Amazon.com), that among other things evaluates websites' traffic rankings according to the country. Furthermore, secondary data on the presence of international renting platform AirBnB in Czech Republic is analyzed. Initially, the author was planning to also conduct a questionnaire survey among chosen companies, but was limited by the unwillingness of Agencies to share their marketing structure and budget estimation for the purpose of this research. Due to the low response rate, the questionnaire part was not included into the final paper and the author had to rely on her own primary research to get an impression of the trends in online marketing within the chosen business category.

The third part on this Master's Thesis is a case study on the online marketing presence of Happy House Rentals Ltd. Agency in Prague. The case study first presents the Agency and its assets, then follows the analysis of its web presence and finally, optimization solutions are proposed. Data regarding the marketing structure of the Agency is used with the permission of the owner; however, its use is strictly limited to the purposes of this thesis. It is not allowed to disclose any of this information or make further copies of it without approval of the Happy House Rentals Ltd. company.

As indicated previously, both Real Estate and online marketing are grand and diverse fields with lots of possible participants and applications. Since this Master's Thesis is limited by size and time constraints, not all sides of both fields are covered. The theoretical framework described in the first part serves as the boundaries for the online marketing study, which of course means that there are other approaches to the subject, which have not been touched. Hence, the author concentrated only on those areas relevant for the purposes of this Master's Thesis.

# 1. Introduction to Web Marketing

The theoretical part of this thesis focusses on introducing Web Marketing in the context of the marketing strategy used by companies. Web Marketing can be found in literature under different names such as: Internet, Online, Digital or eMarketing (Janouch, 2011). The roots of Web Marketing are in classical marketing, with activities focusing on the communication with customers using the Internet as means of communication. Web Marketing utilizes both similar and specifically integrated tools from classical marketing. American Marketing Association defines marketing as: *“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”* Web Marketing is used to create a long-term relationship with customers through its key elements that will be described and defined in this chapter.

## 1.1. Basic Marketing Elements

The main aim of marketing is to create a value for customers in return for profit for the company. As acclaimed marketing guru professor Philip Kotler writes in his book Marketing 3.0: *“Now, we are witnessing the rise of the values-driven era”* (Kotler, 2010; p. 4). He further argues that the rise of technology that allows people to express themselves and collaborate with each other, made contemporary marketing more culturally an spiritually connected to consumers.

Whichever way the marketing strategy of a company develops; it always starts with fundamental basics, the concept of marketing mix or 4Ps:

- Product
- Price
- Place
- Promotion

**Product** is something of a value for the given customer. It can be any good, service or idea that is offered in the market place to satisfy persons needs or/and wants. Value can be expressed as a utility from a usage, saving of time or money in contrast to competition, overall good feeling or other benefits that customer associate with this product.

**Price** contains in it all the cost associated with acquiring the product. Apart from the set price of the product, for the customer it also contains intangible costs of time, psychological and moral engagement together with monetary expanses for travel and other activities in order to get the product.

**Place** includes in itself all the distribution channels that help the customer to get the desired product. Some products require a wide range of elements included in place: floor space, shop ambience and service etc. Some products of intangible matter can be

sold by only the use of an Internet connection. However, both kinds of distribution channels require appropriate maintenance as to help customer reach the product in the easiest way possible.

**Promotion** is a set of activities that help companies communicate with their customers. *“It covers the methods of communication the marketer uses to provide information about its products”*<sup>1</sup>. Once a product is made, customers need to be told about its existence. On the one hand, customers need to know about the features of the product, its value and use. On the other hand, companies that supply the products need to be aware of customers’ preferences and need to be able to deliver product of a value. Therefore, promotion is a two-sided communication between supplier and end user.

Apart from the 4P concept developed by E. Jerome McCarthy in the 1960’s, there are several updated concepts further developed for in-depth study from a customer’s perspective. One example can be the 4Cs concept designed by Robert F. Lauterborn in 1990 as follows in table number one.

Table 1: Components of a Marketing Mix 4C

4 P	4 C	Description of the 4C elements
Product	<i>Consumer</i>	Companies should sell only those products that would be of a value for the customer.
Price	<i>Cost</i>	Price is not merely the cost of a product but combination of customer expenses (time, travel etc.)
Place	<i>Convenience</i>	Clients’ comfort. Ease of getting the information, finding and purchasing of the product.
Promotion	<i>Communication</i>	Communication with client.

Source: (Janouch, 2014, p. 18), adjusted, translated

The quality of marketing strategy is further defined by the right customer segmentation, differentiation from competition, clarity of communication, choice of right goals and means of communication etc. In this context, Web marketing can be powerful in two fundamental ways: Firstly, the audience can be segmented more precisely, some Internet tools allow targeting of people in certain locations, age groups, hobbies and brand interactions. Secondly, *“the digital sphere is almost completely measurable – every click by a customer can be accounted for”* (Stokes, 2013; p. 5). All of this helps in creating personalized messages and use of suitable channels to deliver them to target customers.

Furthermore, digital marketing helps to create a closer and therefore potentially more profitable relationship with customers, and this is a main goal of so called Customer

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<sup>1</sup> Marketing in a Digital World, Coursera.org

Relationship Management (CRM). CRM tries to establish a full experience circle for a customer: before buying the product, at the point of purchase and in the aftersales. It builds up a community around the brand or product, and such community could become an opportunistic point in the company's marketing strategy (Karunakaran, 2007).

## 1.2. SWOT Analysis and BCG Matrix

The fundamental point of any marketing strategy is an analysis of the company in question. Before application of classical or online marketing tools, a marketer should learn the value that the company or chosen product possesses. The most used and widely approved are SWOT and BCG matrix analyses.

**SWOT** consists of four elements:

Internal aspects: **Strengths** and **Weaknesses** describe the situation inside the company or organization. This concerns the actual products, set pricing, production costs, profitability, performance, quality, human resources, skills and expertise, resources for adaptability, brands, services, reputation, processes, infrastructure, distribution channels and much more. These factors can be influenced by the company and tend to be in the present.

External aspects: **Opportunities** and **Threats** provide information of the situation outside the company or organization. This includes factors relating to markets, sectors, audience, fashion, seasonality, trends, competition, economics, politics, society, culture, technology, environmental, media, law, etc. These aspects cannot be influenced by the company and must be taken into consideration for any future shifts in the strategy.

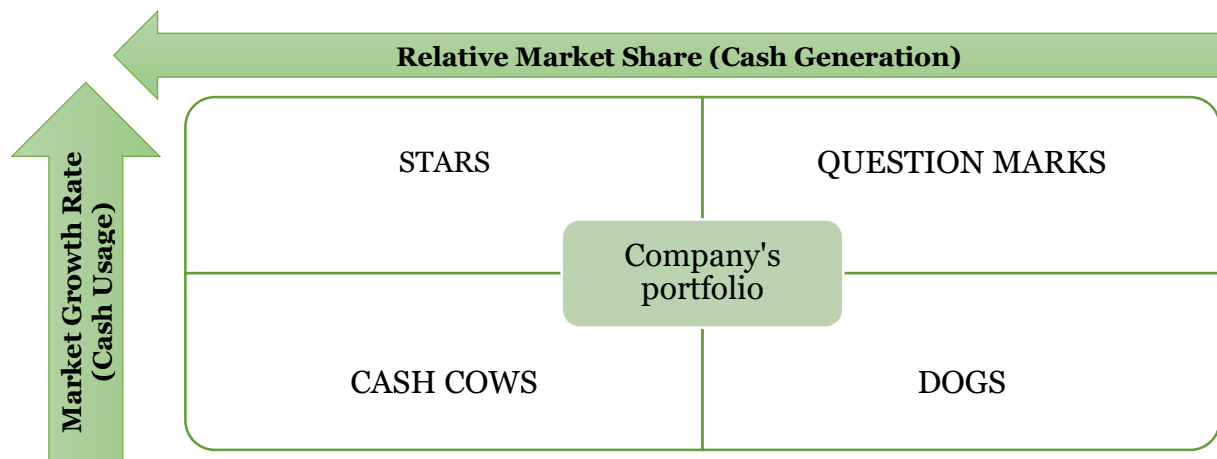
Various sources provide different templates for SWOT Analysis (see Appendix number one). However to use it correctly appropriate data should be collected and allocated between related aspects. Subsequently SWOT can be used to identify competitive advantages and losses of the company. In addition, it can provide an adequate comparison with other players on the market.

**The BCG Growth-Share Matrix**<sup>2</sup> was invented as a portfolio-planning model to map business units according to two profitability measures: Relative Market Share (illustrates competitive advantage) and Market Growth Rate (determined by industry attractiveness). As shown in picture number one, BCG matrix divides a firm's portfolio into four categories: Stars, Question Marks, Dogs and Cash Cows.

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<sup>2</sup> Adjusted from: NetMBA, <http://www.netmba.com/strategy/matrix/bcg/>, accessed on: 10/04/2016

Picture 1: The BCG Growth-Share Matrix



Source: NetMBA, <http://www.netmba.com/strategy/matrix/bcg/>, accessed on: 10/04/2016, adjusted

- **Stars** have a high relative market share that allows them to generate large amounts of CF, however their high Growth Rate requires also big investments which in turn consumes a big part of the generated cash.
- **Question Marks** are entities in a rapid growth phase, this requires a big share of investments. They do not yet generate much cash themselves, but they have the potential to develop into Stars and later into Cash Cows.
- **Dogs** represent business with little potential that neither generate nor consume cash for further growth. Such portfolios are usually advised for divestiture.
- **Cash Cows** are the leaders of a company's portfolio. They generate more cash than required for their, already achieved, growth. Cash Cows provide budget to cover the costs for growth and development of Stars and Question Marks.

Originally developed as a resources allocation model within entities of one corporation, the BCG matrix can be used by marketers to study their potentials. It can happen that a good marketing strategy is what is needed to turn Question Marks into Stars, or a thorough marketing research to prove Dogs to be liabilities to the company.

Both SWOT and BCG matrix thus provide grounds for developing and implementing a corporate marketing plan and choose adequate off and online promotional tools.

### 1.3. Introduction to the Digital World

As Oxford dictionary's definition goes: "*Internet is a global computer network providing a variety of information and communication facilities, consisting of interconnected networks using standardized communication protocols.*"

Today the Internet plays an unprecedented role in people's lives. Different people divide their time between reality and online world with various ratios. Some spend most of their time connecting through social networks. Others use it as a limitless source of information.

Whatever the reason, Internet became a place for interaction between people and soon vendors learned how to use this space to connect to their clientele. Thus, the field of Internet marketing had been created. *“The Internet is growing up, and so too are consumer demands. Consumers hold all the cards online as the Internet is a pull-driven medium— it is the customer who decides if he or she is going to engage you and do business with you”* (Sweeney, 2007; p. 2).

As indicated previously, Internet provides its surfers a variety of data. To find and access this data most people use **Search Engines**. With the development of Internet marketing Search Engines became one of the key target places for marketers. This is the most common starting point for research when customers feel the need for a particular product, a solution for the problem that they need to solve or a service to acquire. Today the biggest global players among the search engines are Google.com, Bing.com, Yahoo.com or Yandex.ru and their popularity depends on the country.

The information that can be found by the search engine is located on web pages which are interconnected by **hyperlinks**, or simply links. Web pages do not have opening hours and are available 24/7 every day of the week. Once information has been released onto the Internet, it stays there forever. All deleted pages and changes stay behind in desolated digital spaces and can be found by dedicated users. This availability of data and the non-stop interaction that reaches far across geographical borders creates a unique working space for marketers. *“Digital is not just a set of marketing channels – It is a different way of thinking about how people engage with media, each other and the world around them”* (Stokes, 2013; p. 4).

The following paragraphs will further describe the main marketing channels available on the Internet and how they can be adapted for specific practices.

### 1.3.1. Search Engines

Everything starts with a problem. Once a person has a need for something, he or she is trying to find a solution. Searching with a Search Engines provides enables potential customer to look for different options on the market. From the amateur point of view, the Search Engine is simple software that provides answers for given questions. However, Search Engines are performing a very complex task; they provide relevant answers in a matter of seconds to sometimes broad and inexact questions. There are three main steps in which Search Engine operates:

#### *Crawling*

Firstly, special software is reviewing the content of existing pages. This software is commonly known as Search Engine “spiders” or a “crawler”, or a “bot”. Such programs

read content of a page to prepare entries for further steps. This bot can find web page only by following links, if+ there are no links connecting the page, software would not be able to recognize it for future indexation. Links made in classical HTML<sup>3</sup> can be easily recognized by the spider. Nevertheless, other links created in other computer languages, for example JavaScript<sup>4</sup> are still hard for spiders to work with, therefore such pages can be left out and never make it to the Search Engine Result Pages (SERP). To stay up to date, crawlers frequently come back to already studied pages to mark existing updates. For marketing purposes, the frequency with which a given web page is visited by the bot software is one of the factors that can positively or negatively affect page ranking in the future.

### *Indexing*

During the indexing stage, the bot chooses keywords associated with a given web page. Then all pages are classified according to the assigned keywords. Once an Internet user sends out a search question, spiders do not go back to check all the existing pages but checks his index list for relevant matches.

### *Ranking*

There are millions of web sources dedicated to the same topics. To choose the ones that are relevant to a certain search question, spider software ranks pages in its index to adjust results in order to get as close as possible to the users wishes. There are various factors influencing the ranking proses. Depending on ranking the Search Engine displays found pages in a particular order. Results for each question might cover several hundred links. For example, a search with the inquiry *Search Engine* on Google.com provides about 370,000,000 results in 0.42 seconds (see Appendix number two). With so many search results, it is essential for a company to have the link to their website on the first result page, as no Internet user would check all found links for their content.

As the web develops, people get more used to its specifics. Users learn how to use Search Engines more effectively, in addition Search Engines learn the behavior patterns of its users. Advanced Internet users already know that long inquiry sentences might confuse searching bots and therefore try to specify their questions down to as few words as possible, allowing the bot to easily match them with keywords in the index.

After searching the results are shown on the Search Engine's Results Page. To keep users satisfied, Search Engines try to keep up with trends, market situation and adjust to each user individually. This adjustment is possible thanks to the interaction that

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<sup>3</sup> HTML - Hyper Text Markup Language, is a programming language used for creating and visually representing a webpage.

<sup>4</sup> JavaScript - an object-oriented computer programming language commonly used to create interactive effects within web browsers.

Search Engines have with the Web Browser, a program used to utilize the information from the Internet. The web browser keeps information about all activates that the user had on the Internet, amount of time he or she spent on a particular page, what information was presented etc. With common assumptions and statistics this information can be used by the Search Engine to customize the search results; tailoring them for the given individual.

According to marketing consultant Viktor Janouch, there are three main categories of Internet search (Janouch, 2014):

- *Navigational Search* – search for a link or a home page of known service/company.
- *Transactional Search* – search with an aim to make a purchase of some good, service etc.
- *Informational Search* – search for some general information, for example number of planets in the solar system<sup>5</sup>.

Future trend in Search Engines' sector include upgrades such as suppression of unsolicited and irrelevant information (SPAM), increased protection of intellectual property rights/copyright and web adjustments to mobile search (on mobile phones or pads).

All these categories and technologies behind Search Engines must be understood and taken into consideration by marketers. This knowledge helps adjusting companies' digital marketing communication.

Contrary to common believe, it is not possible to buy a position on the SERP. Each Search Engine has a limited amount of commercial space which it dedicates to paid banners. Even when a company would have an unlimited amount of budget for it, shown banners must be as relevant to the customer's enquiry as every other page on the index. Otherwise, user might get tired of getting irrelevant information and would stop using this service. Hence Search Engine would lose its clients and attractiveness for advertisers and with that its main revenue stream.

Besides advertising several techniques exist to promote a web page. These techniques can be used to fool the Spiders indexing the Web Page or, more appropriate, just to accommodate the indexing. On-line marketing uses each of these appropriate techniques as a separate tool to achieve the ultimate goal of being more easily found by potential customers.

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<sup>5</sup> Since 2006 International Astronomical Union agreement: eight planets, and five dwarf planets.

### 1.3.2. Web Content

Once a company decides to go for online promotion, it starts with setting up its digital base, a website, which can be a digital business card, eCatalog or a full Internet shop. Whatever form the site has, it should be able to accomplish its business objectives, make the customer do what the firm wants them to do – be their customers. Furthermore, the website should be user friendly, e.g. be easy to follow from a user's prospective. The website also has to have a specific content to satisfy Search Engines' criteria and get into their index system.

As been argued in the book *Always Be Testing: The Complete Guide to Google Website Optimizer*, there are four main types of website visitors that the company has to address (Eisenberg, 2008; p. 198):

- *Visitors who know exactly what they want.*
- *Visitors who know approximately, what they are looking for.*
- *Visitors who have the interest but might not be committed to the action (purchase) at this moment.*
- *Visitors who arrive at the website by accident.*

As has been mentioned above, there are several classical marketing technics that help communicate with different visitors/potential clients and can be applied to the digital world as well. For example, Web content can be enhanced by following four direct marketing steps known as AIDA (Pelsmacker, 2007):

#### *Attention*

Different studies show that there is only up to four seconds available to truly seize someone's attention. On a website, certain design or graphics could be of use. A captivating headline can be used, which should not only be interesting but also relevant. Nonetheless, some technics for gaining attention can actually repel people from a web page. For example, some companies use a video or splash screens on the first page of their website. Ideally these include a skip button that would allow user to turn off the animation. Even though these tools are colorful and captivating they demand faster Internet connection and are still not fully adapted for use on mobile devices. Splash pages<sup>6</sup> and any pages created in Flash<sup>7</sup> often cannot be accessed by Search Engines spiders or handled by text readers for blind users (Janouch, 2011).

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<sup>6</sup> Splash screen - graphical control element consisting of window containing an image or animation.

<sup>7</sup> Adobe Flash (now Adobe Animate CC) - a technology used to show video and animation on a website. It can be bandwidth heavy and unfriendly to search engine spiders.

### *Interest*

Site design and navigation can further help to keep users interested. Description of products and services should be detailed but comprehensible for your target customers. In the case of an online shop or Internet catalog with similar products it can be hard to come up with diverse descriptions every time, this could be clear for customers but can be a problem for Search Engine spiders that are used to recognize repeated content as spam. On the bright side with ongoing development, bots are learning how to recognize the website type and forgive these type of duplications. Providing a commentary board can help to create differentiation points for customers; comments by professionals or previous customers and pictures can further contrast similar offers.

### *Desire*

Desire and sense of urgency are key feelings that would bring users towards the action of becoming your customer. Reminders like *Share with friends*, *Bookmark this page* can help people to remember the website during the research phase. Additional services like on-line chat or invigorative notes as *Haven't found what you need? Contact us anyway and we will search for you* – would keep client on website for a while longer. Desire can be tricked by nice photographs, special offers, online activities and much more depending on the business.

### *Action*

From a website, it should be obvious what it is that users can actually do and what the company wants them to do. Make a purchase on-line, contact company by phone or email or simply subscribe for a newsletter. Whatever the action to which the entire website leads to, it should be clear and easy for customers to take those actions.

### *Satisfaction*

Some marketers expand the AIDA term to AIDA'S, adding a Satisfaction as a separate entity. Every click that a user makes on a web page should satisfy the question that the website visitor is asking. In the case that a click or a search question does not give any result or an error message appears, it should be clear for the potential customer what to do next. For example, an apology note or a search suggestion could do the trick at such point and keep the visitor satisfied. Overall web users should feel good while working with a company's website. (Eisenberg, 2008)

Web content should be clear and should not require intense concentration from users. Colors and fonts should be easy to read and be compatible with one another. Regularly updates would keep both customers and Search Engine spiders interested in the site. Easy navigation helps users to keep track of pages they visited and help them to reach the desired products faster. It is also important to keep in mind accessibility issues. There is a special check list designed by W3C Web Accessibility Initiative

([www.w3.org/WAI](http://www.w3.org/WAI)) which can help adjust Web for elderly users, visitors with low literacy or slow Internet connection and old equipment. Different Website Assessment Forms (see Appendix number three) are used to evaluate websites of different companies and adjust their content accordingly.

### 1.3.3. Sales Promotion

Sales promotion is a great and effective part of marketing; it encourages clients to make a purchase. Such promotions can be short-term or long-term oriented, but they all aim at increasing sales. Some forms of sale promotion can only be used on the Internet, others only offline, some companies choose to combine online and offline promotion tools together. For example, customer can get a discount voucher after subscribing for promotional emails and then use that voucher in the shop. Some clothes retailers use on-line promotions to get a feedback from their customers experience in the store. As an example, Old Navy (US clothing brand) invites its' customers to fill in a short on-line survey about how satisfied they were at the store with the ambience, services and goods. In return, after the survey submission client gets a discount code that can be used for their next purchase.

Discounts are one of the most popular promotion tools. Different Loyalty Programs can stimulate repeated purchases. Each business can adjust its sales promotion according to the goods it provides. For clients interested in cosmetics for example tasters would be highly appreciable. Grocery shoppers would like discount coupons interconnected with some loyalty program. Other goods would sell better with prolonged or free guarantee. In Real Estate, discounts for long-term rentals vs. short-term rentals are also considered as promotions.

Companies can use their online platform as a place where clients can get and manage the promotion tools they acquire from the company. In case of a loyalty program, clients can be provided a personal on-line cabinet to check gained points and exchange them for a reward.

Both online and offline Sales promotions are used to awake a *desire* in potential customers. A promotional deal of *Free shipping today* can provoke people to buy goods from an online store and as a result prove the effectiveness of the applied marketing medium.

### 1.3.4. Advertising on the Internet

Advertising is one of the main disciplines of classical marketing communication mix.<sup>8</sup> It can be defined as a “*paid-for communication to a mass audience that creates awareness and changes the larger audience’s attitudes*” (Machková & col., 2010; p.

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<sup>8</sup> Marketing communication mix: Advertising, Direct marketing, Sales promotion, Public Relations, Personal selling.

168). This tool is typically aimed at reaching a broader audience. It is the fastest way to build a brand image, introduce the product and teach customers about its use. Despite all benefits, nowadays advertising is suffering from its own overuse. This overuse is causing so called “communication clutter” and affects one’s ability to distinguish between all the off and online message and information he or she is faced with on a daily basis.

Internet introduces new possibilities for advertising practices which evolved over time. First Internet banners were static reflections of their offline billboard brothers and the communication was one sided. As Internet developed to be the broad interactive platform it is nowadays, banners had to be adapted. They got a click function, so people could choose to access the web page of the advertiser. This in return gave marketers information about customers, and how efficient the advertising is. Defining the target audience is very important for marketing. In the digital world, just like in the offline world, it helps to choose the correct place to advertise. For example, if the customers of the company are mostly foreigners it can be wise to advertise at expat dedicated websites and blogs<sup>9</sup>.

Depending on the form, advertising on the Internet can be divided into four main categories (Janouch, 2014):

#### *Banners (Display Advertising)*

A banner is a typically rectangular advertisement placed on a website either above, below, or on the sides of the website's main content and is linked to the advertisers own website. Display advertising also includes self-opening pop-up windows. This type of on-line ads are highly criticized and tragically lower the accessibility of a Web page. Display advertising is getting less effective, since most modern online browsers can actually block most of it according to the settings of the user.

#### *Catalog Entry (Directory)*

On-line catalogs exist for customers and companies to find each other. For example the most famous and used Czech catalog is *Firmy.cz*. Customers can look up companies and goods on these catalogs. Made even easier by *Seznam.cz* which shows *Firmy.cz* catalog links on its results page. Catalog pages usually include more than just a link to the company’s website. It also includes shop addresses, open hours, e-shops and other relevant information. Internet catalogs are mostly country oriented. In USA the most used catalog is a Yahoo! Directory *Dir.yahoo.com*, in Russia it is Rambler Business *Rambler.ru*.

Apart from massive directories, each line of business usually has its own, country specific, Business portal. Inclusion in such catalogs build increases online visibility. Such directories often allow, besides a summary of elementary information over the business, news postings and advertising for actual products. Business directories are

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<sup>9</sup> Blog - a regularly updated website or webpage, typically it is written in an informal or conversational style by an individual or small group.

relevant online tools for both B2B and B2C marketing. In B2C sector, such catalogs are of interest to end customers when they focus on specific themes such as health, sport and accommodation.

### *Online Classified Advertising (Categorical Listing)*

This type of advertising is closely connected to online directories. It allows users to search according to categories of specific products or services. For example in Czech Real Estate, one of the most popular web listings is *Sreality.cz*. Higher positions in such catalogs are usually paid by companies, which allows them to get these high positions on result pages.

### *PPC Advertising*

*“Search advertising, also called pay-per-click (PPC) advertising, is a way to advertise your business or product directly on Search Engine results pages, where the advertiser pays only for each click on their advert”* (Stokes, 2013; p. 264). This is the most attractive type of advertising to date, and described in more detail in following subchapter.

#### 1.3.5. Pay-Per-Click

This type of advertising is associated with the viewed content and is only shown to people who are looking for related information (keywords) using search engines or on specific web pages. Since the potential customer is already searching for a related product or service, this increases chances of them accepting the advertiser’s offer. PPC advertising revolutionized the online advertising industry, and today, search advertising generates 95% of Google’s revenue (Peterson, 2013).

In table number two, there are several key terms and concept that are important to understand PPC Advertising.

Table 2: PPC Terms and Concepts

Term	Definition
<b>Account</b>	<i>Companies account in a certain advertising system (like AdWords) with an assigned e-mail address, password and account holder's details for billing.</i>
<b>Clickthrough</b>	<i>A click on a text ad link that leads to a website.</i>
<b>Clickthrough rate (CTR)</b>	<i>The total clicks on a link divided by the number of times that ad link has been shown, expressed as a percentage.</i>
<b>Campaign</b>	<i>Each campaign should be focused on a specific goal. It is always better to separate campaigns for search and content network. Campaigns are also set by language and country.</i>
<b>Composition</b>	<i>Campaign composition is configured by a set of relevant keywords.</i>

<b>Conversion rate</b>	<i>The number of conversions divided by the number of visitors, expressed as a percentage. Also known as <b>Action through rate (ATR)</b></i>
<b>Cost per action (CPA)</b>	<i>The amount paid when a certain action is performed by a user.</i>
<b>Cost per click (CPC)</b>	<i>The amount paid when a link is clicked on.</i>
<b>Cos per mille (CPM)</b>	<i>The amount paid for thousand displays. Doesn't directly concerns PPC Advertising where amount is paid per click, however in PPC systems this option is also present.</i>
<b>Google AdWords</b>	<i>Google's search advertising program, which allows advertisers to display their adverts on relevant search results and across Google's content network.</i>
<b>Impression</b>	<i>Each time an advert is shown.</i>
<b>Key phrase</b>	<i>Two or more words that are combined to form a search query - often referred to as keywords.</i>
<b>Keyword</b>	<i>A word found in a search query. For example, a search for 'Prague rents' includes the keywords 'Prague' and 'rents'.</i>
<b>Organic results</b>	<i>Also known as natural results. Search results served by the search engine's algorithm. The search engine does not charge website owners to list these results.</i>
<b>Paid search advertising</b>	<i>Usually refers to advertising on search engines, sometimes called PPC advertising. The advertiser pays only for each click on the advert.</i>
<b>Quality score (QS)</b>	<i>A measure used by Google AdWords to indicate how relevant a keyword is to an ad text and to a user's search query.</i>
<b>Return on investment (ROI)</b>	<i>The ratio of profit to cost.</i>
<b>Search term</b>	<i>The keywords a user enters when searching on a search engine.</i>
<b>Search engine results page (SERP)</b>	<i>The actual results returned to the user based on the search query.</i>
<b>Sponsored results</b>	<i>Search engine results that are paid for by the advertiser.</i>

Sources: (Janouch, 2014), p. 96-97; (Stokes, 2013), p. 265-266

Different types of PPC campaigns follow different parameters:

- *Brand building Campaigns* aimed at introducing brand to as many new customers as possible, therefore CTR, number of displayed pages and time that user spends on each page is essential, such campaigns could also use CPM instead of CPC.
- *Traffic generating campaigns* intend to bring more visitors to certain pages. Thus, number of visits, time and return percentage matters.
- *Conversional campaigns* are focusing on getting customer to do something, like make a purchase. Accordingly, direct and indirect conversion are tracked together with CTR, number of clicks, price per click.

Several programs exist to build and manage advertising campaigns on the Internet. The most internationally recognized and used is Google AdWords. It helps to structure the Internet advertising to follow the company's business and marketing strategy. Google offers tools for implementation, monitoring and evaluation of campaigns. Different condition settings allow specifying targeted audience and implementing geographical and contextual targeting worldwide.

No matter what platform is used for creating a PPC campaign, there are always several basic steps (Janouch, 2014; Stokes, 2013):

1. Pre-planning, online and offline analysis of the business, customer demographics, industry and competitors
2. Setting goals, campaign type, budget estimation, duration time
3. Choice of keywords and content
4. Creation of the landing page<sup>10</sup>
5. Creation of campaign, reports and advertisements
6. Start Campaign
7. Ongoing monitoring, evaluation, testing, optimization

High-traffic keywords are expensive; finding and using cheaper niche keywords helps to keep a satisfying ROI. Such keywords could be synonymous or related words that are used in the inquiry together with main and more obvious keywords. Success of one advertising can be measured in CTR, but the success of the entire campaign can be determined by the conversion rate and targeted CPA. Ultimately, PPC advertising is not build only for clicking, it is made to bring customers to specific actions one they entered company's website.

### 1.3.6. Public Relations

Public Relations (PR) can be defined as the part of the marketing communication mix discipline that creates awareness and manages the spread of information between organization and its public to influence a trustful attitude between them (Machkova & col., 2010).

In this regard public includes not only direct customers, but also employees of the company, managers and shareholders, politicians, journalist and the general public which is somehow affected by the companies' activities. Unlike other marketing activities, PR is harder to control as companies cannot influence how its message will be interpreted and presented by others.

In the digital sphere, each article or discussion forum that has a link to a companies' website brings popularity and increases searchability of this webpage. Search Engine

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<sup>10</sup>Landing Page - The page a user reaches when clicking on a paid or organic search engine listing.

spiders recognize external links and, if they satisfy their quality check, move website higher in SERP. News and related reports could keep customers more interested as it is different from plain advertising and can be of different benefit for users. Another distinction from online and offline news posts is that online news portals are not only posting the company's article but also triggering a commenting chain under the article. Companies should follow such comment streams, notice any negativity or critique, and react adequately to them. Different product related articles can be placed on portals of similar topic, themed blogs, websites of other companies (especially within collaboration), and specialized (category) news portals. Today most of such product related article placements are paid for. In that regard, company should evaluate potential benefits of each posting and manage it accordingly.

Within PR activities, company can also use Viral Marketing. This marketing phenomenon is called Viral Marketing because it depends on people sharing the content, typically through social media and email. When the content becomes popular it can become "viral" and will reach a large audience.

### 1.3.7. Social Media

Social Media embodies what Internet is about nowadays, it is a place of online collaboration, sharing different types of content, information and ideas.

Social Media is a place of exploration, a source of information that affect peoples' buying behavior. Social Media is an additional place for the company to advertise and work on their pr. However, this entity is not constructed for direct advertising of goods, rather it is important to build relationships with regular and new customers. The goal of Marketing on Social Media is to influence or persuade certain groups of people, while simultaneously getting feedback from them. This process takes some time, but in the long run it has proven to be effective.

Social media channels can be categorized as (Stokes, 2013; p. 369):

- *Social networks*: social channels that are built around social profiles (facebook.com, linkedin.com, etc.).
- *Content creation*: using social channels to create and share content (youtube.com, pinterst.com, etc.).
- *Bookmarking and aggregating*: social curation and sharing content (delicious.com, etc.).
- *Location*: a subset of social networks that are based on location (foursquare.com, etc.)

Different Social Media can provide not only PR but also Advertising. Whichever activity company choose to have, there are certain rules of engagement with different audience.

#### *Communication with content creators*

Bloggers, vloggers (video bloggers), people that post content and have huge amount of followers have also a big influence within their network. Companies can, for example, provide these people with a product sample. Links to companies' social profiles, headlines and hashtags would add traffic of potential customers of the product. For example cereal brand Krave introduced a challenge for young vloggers to eat their cereals in the funniest way they could imagine. One of such episodes of cereal eating reached over four million views and as the content creator commented on it: "*I only did this sponsored video because it resulted in uploading something unique and funny*"<sup>11</sup>

#### *Communication with content consumers*

The digital world offers a lot of freedom, companies can actually use the same content platforms as any other Internet user. A company blog or social network profile helps building brand identity and personality and enables interaction with target customers. To reach its customers, a company should follow where they go online. For example, a tourists oriented firm can benefit from Facebook and Instagram pages to promote the beauties of traveling destination. All interactions must be coherent with the main marketing strategy and be easily identified with the product in question. Marketing messages should be clear and understandable to content consumer.

#### *Communication with content sharers*

Once a content consumer passes the companies message further into the social world (by email, chat or sharing a link) he or she becomes a content sharer. The firm is responsible for making this share as easy as possible by implying easy URLs and share buttons for social networks.

#### *Communication by Advertising*

Users submit a lot of personal information to their social network, starting with geographical location and following with age, gender, marital status and so on. All this information allows more precise and targeted advertising. For example at vk.com (Russian based social network) companies can choose the gender, age group, location, traveling population of the people its advertising would be displayed to.

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<sup>11</sup>Video: Dan the Dinosaur vs. Phil the Lion - THE EXTINCTION RACE <https://www.youtube.com/watch?v=J9MX2-f8GQI> accessed on: 04/03/2016

Social media is an essential platform for building up an online reputation. It helps in online monitoring, viral marketing and Internet PR. Social media facilitates communication, opinion exchange. Consequently, any company that wants to share its content with potential clients has to listen back. *“If you execute a [social media] campaign successfully, ideally you will have a community in place that has a positive association with your brand and will be receptive toward future campaigns”* (Agresta, 2011; p. 225).

### 1.3.8. Direct Marketing

Direct marketing is the next form of marketing communication mix adapted for digital world. In contrast to advertising, that covers broader audiences, direct marketing classically targets a small circle of existing users that is already familiar with product. Internet allows advertisers to target a certain audience and direct marketing uses this advantage as well. Emails and newsletters are tools for building online relationship with both existing and most probable clients. Email is one of the oldest types of direct marketing on the Internet, other forms can be web conferences and seminars, e-learning, online chat and similar. In its execution, email combines all different Internet marketing tools, such as advertising, public relation, sales promotions and etc.

To build an effective email campaign, the company has to have an opt-in database of subscribers who agreed to receive marketing messages. Otherwise, marketing email would fall to spam category of unsolicited bulk email (UBE). Such database can be acquired from many different sources, for example an email sign-up form from a company website, Facebook page or even offline marketing channels (fliers, in-store displays, loyalty program).

Additionally, Email marketing messages are highly regulated by law that differs from country to country. In Czech Republic it is handled by the *Act no. 101/2000 of legal code, On Personal Data Protection*, and *Act no. 480/2004 of legal code. On Certain Information Society Services*<sup>12</sup>, this act regulates, among other things, the commercial communications via e-mail. In case of law violation, these acts order a fine of up to 10 million CZK. In USA it is *the CAN-SPAM Act of 2003*, this act has both civil and criminal enforcements. The most common rule for commercial messages enforced by law is the presence of an easy and accessible unsubscribe link in the email body.

Emails and newsletters should preferable be integrated together with other online and offline marketing tools to reinforce brands image and recognition. The design and message of the entire campaign should be reflected by the email. Each commercial email should have a specific goal; something that company wants its clients to do. This goal should be transmitted through Call to Action (CTA) – a phrase to motivate the reader to take action. CTA is usually combined with a button link that would take

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<sup>12</sup> CZ: zákon č. 101/2000 Sb., O Ochráně Osobních Údajů; zákon č. 480/2004 Sb. O Některých Službách Informační Společnosti

recipient to the campaign landing page. This preferably custom landing page needs to be optimized to close the Call to Action. In such way marketing email would provide the full experience: introduce the selling deal to customers, get them interested and get them to take action whether it is to buy or just to get engaged with the brand.

There are different programs and platforms that help create and manage Email marketing campaigns (for example Mailchimp.com or Mailkit.eu). Successful campaigns require careful planning and testing, as there is huge variety of devices, Internet browsers and email programs that potential customers might use. Emails must be tested according to those matrixes and *view in your browser* button should always be integrated into the template.

Success factors of email campaigns include the *presence of inserting incentives* (gift coupons, discounts and so on), *correct timing* (holidays season, time since last purchase etc.), *relevant content to the selected customer segment*, *creativity*, *prevention of technical problems*, *quality landing page* (where the link from email is leading) (Janouch, 2014; p. 216).

Altogether, email as a form of direct marketing can be very well combined with social media for cross-channel promotion. Email creates a bridge between the brand and the individual and social media gives a sense of community.

### 1.3.9. Search Engine Optimization

As previously stated, everything on Internet starts with the search. For this reason, marketers want their products to be easily findable online. Search Engines use different closely guarded algorithms to determine the results displayed to the user. Determining what factors these algorithms take into account has led to a growing practice known as Search Engine Optimization (SEO) (Stokes, 2013).

Google claims that its Search Engine uses more than 200 diverse factors in algorithm to determine relevance and ranking (Avellanosa, 2012). Not all of those factors are publicly known, however SEO specialists spent enough hours analyzing Search Engine results to determine basic principle that can be applied today in practice. SEO can be split into two main types:

*On-page optimization* is the process by which a website is made more accessible, to both Search Engine spiders and users by changing the website itself. This can be achieved by optimizing the HTML code, content and structure of the website.

On-page SEO would benefit from improving the use of keywords. Analysis of effective keywords from advertising campaigns together with analysis of web pages of competitors can provide valuable new keywords. The content of the website should be optimized to utilize those effective key phrases and keywords.

For the user, content, quality and engagement are important. Different online marketing tools, for example Google Analytics, can measure the time that a user spends on the web page. The company can use this data to determine the quality of the

content and the structure of the webpage. At the same time, Search Engine's bots can use this information to estimate the content quality and relevance of the presented data, possibly influencing the page ranking.

*Off-page optimization* includes processes such as building external links to the website and managing cross activities like online PR and Social Media.

Off-page SEO in its turn can benefit from Social Media and digital PR that can provide huge amounts of links to a website. As additional benefit, these activities lead to interaction with potential customers and companies can get an insight into their behavior and use that for future optimization of their online activities. In the case that a company uses video content there are additional things to consider. For example, when publishing a commercial on YouTube.com the company should make its own YouTube channel page and profile. Each uploaded video should be carefully described, have a relevant title with keywords in it and have a short description with tags and categories.

Several 'black' SEO technics provide a fast short-term boost for website presence on SERP. However, once recognized by a Search Engine, such web pages will automatically be moved to a black list of this Search Engine and will not be displayed on any SERP on a temporary to permanent bases.

Sometimes online marketers debate about using either PPC or SEO, which have both been described in this chapter. Pay-Per-Click and Search Engine Optimization are two different paths that both can be used to reach the same marketing goal. Hence, by focusing on different aspects of digital marketing, they bring synergistic result. Thus PPC and SEO should be used together rather than one instead of the other.

### 1.3.10. Mobile Marketing

As defined by The Mobile Marketing Association, "*Mobile Marketing is a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network*".

Mobile device can be mobile phones with extra functions (so-called smartphones), tablets, portable game consoles, media players and global positioning systems, all those devices can be connected to Internet through Wi-Fi networks. Special mobile applications help to use such devices more efficiently and in diverse ways. Although web browsers for mobile devices became similar in its specifics to computer, there are still many differences in their use that must be taken into account before attempting Mobile Marketing:

- Mobile users do not have a lot of time to browse through websites; therefore, information on web pages adapted for mobiles should be compact and well structured.
- Economical design is preferred. Heavy pictures, videos and some flash animations take a lot of time and data traffic to load, which could cause problems with viewing pages on mobile devices.
- Mobile users are more impatient. They will most probably leave the page in a matter of second if it would be too hard to navigate through to get the information of interest. Giving less content to such web pages and using easy navigation could be a solution.
- It is harder for users of mobile devices to fill in any information; displayed keypad closes half of the screen and hides the rest of the content.

A mobile friendly website plays an important part in overall business image. A survey conducted by Google in 2012 shows that:<sup>13</sup>

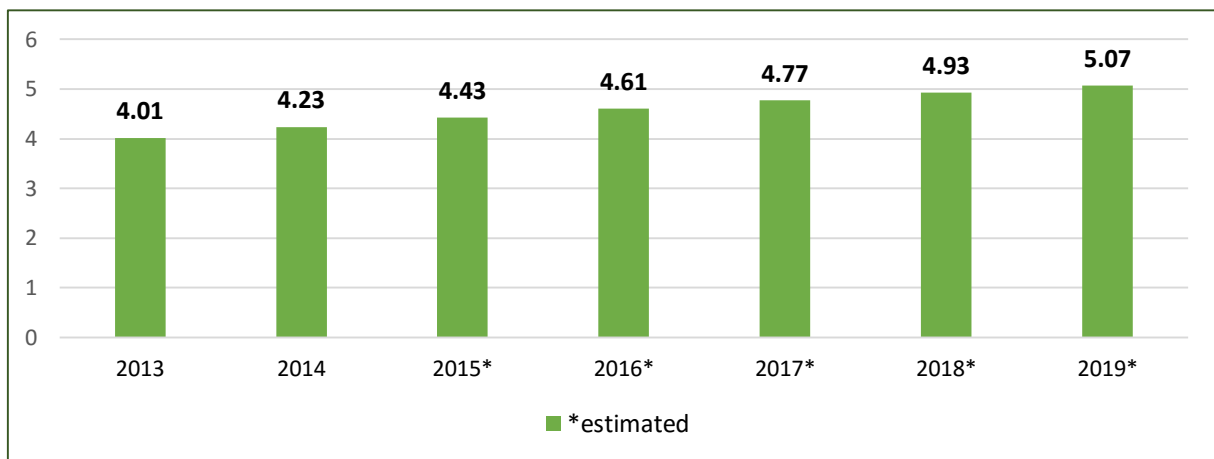
- *74% of people say they are more likely to return to the mobile friendly site in the future,*
- *67% of mobile users say that when they visit a mobile-friendly site, they are more likely to buy a site's product or service,*
- *50% of people said that even if they like a business, they will use them less often if the website isn't mobile-friendly,*
- *52% of users said that a bad mobile experience made them less likely to engage with a company,*
- *48% said that if a site didn't work well on their smartphones, it made them feel like the company didn't care about their business.*

Considering that, nearly 60 percent of the population worldwide already owned a mobile phone in 2014 and this number is predicted to grow (see picture number two), potential clientele loss would become more and more perceptible for non-adapted businesses.

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<sup>13</sup> Mobile-friendly sites turn visitors into customers <http://analytics.blogspot.cz/2012/09/mobile-friendly-sites-turn-visitors.html>, accessed on: 05/03/2016

Picture 2: Number of Mobile Phone Users Worldwide from 2013 to 2019 (in billions)



Source: The Statistics Portal, <http://www.statista.com/statistics/274774/forecast-of-mobile-phone-users-worldwide/>, accessed on: 05/03/2016

Mobile marketing concerns more than only website adaptation for mobile devices, it also includes Messaging capabilities unique to mobile that can be effectively used including SMS, USSD and Bluetooth.

Technological development introduces new ways of interaction with mobile users. For example QR codes, also known as 2D barcodes, are scannable barcodes that can contain the URL of a website and can be read by certain mobile applications. QR codes can connect offline marketing tools (for example leaflets) to mobile devices.

Mobile marketing communication is not a separate entity but rather one that helps users to access many other forms of Internet communication at any place at any time. It can be used as a fine customer support or Customer Relationship Management tool, as it provides a constantly accessible channel to resolve queries and reward customers.

### 1.3.11. Marketing Data Analytics

All of the presented Internet marketing tools are aimed at supporting and promoting a certain product or a brand. As it goes with classical marketing channels, beneficial digital marketing depends upon *tracking/testing*, *analyzing/measuring* and *optimizing*. A marketer needs to know, whether the assumptions that went into creating the company's website correlate with the needs and expectation of the targeted clients. Additionally, companies need to know how to optimize the entire online campaign systems to "*market more effectively*" (Eisenberg, 2008; p. 3). Different Web analytics software play a key role in all of that and help to adjust digital marketing campaigns to meet companies' goals.

When evaluating individual activities some basic questions should be answered (Janouch, 2014; p. 315):

- *Has the right segment been approached?*
- *Did the customer understand the content of marketing communications?*
- *Were the intended goals achieved?*
- *What obstacles have occurred during communication?*
- *Did those obstacles impact achieving of the set objectives?*
- *Was the defined budget maintained?*
- *Would this marketing activity be repeated again?*

These answers should show not only the effectiveness of one activity but of the entire marketing strategy plan.

One of the main figures that is used for tracking the success in Internet marketing is Conversion Rate. Once users click on the web advert and is directed to a company's website the primary conversion has occurred (the online user becomes a potential client). When a potential client makes a purchase from the given company the secondary conversion occurs, (the potential client becomes a buyer). As everything on the Internet, this rate is easily measurable, so each company can see how much it costs to get one client.

The most internationally used web analytic tool to date is *Google Analytics*. It measures everything from how users found companies' website to how other Internet marketing campaigns are performing. Google Analytics illustrates conversion rates of each campaign (from newsletters, advertising, social media)

Google Analytics registers each visit to a Web page, how long users spend there, what actions they take (view several pages or only scan through one). To avoid misrepresentation of data, Analytics provides the opportunity to de-filter the IP address<sup>14</sup> of website owner and online administrators so those visits would not show up in the statistics. Further functions help marketers keep all online activities up to date and beneficial.

With all data available for analysis it is easy to get lost or dependent on figures or metrics instead of looking at the bigger picture. Market trends should also be used to optimize campaigns. Testing is vital, numbers should prove the quality of changes or otherwise help to suggest the change.

The data, gathered and analyzed, can provide insights into different digital tools (Stokes, 2013; p. 521):

- **SEO** – *what keywords are people using to search for companies site, and how do they behave once they find it?*
- **Email** – *when is the best time to send an email newsletter? Are people clicking on the links in the newsletter and converting on website?*

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<sup>14</sup> IP address - a unique string of numbers separated by periods that identifies each computer using the Internet Protocol to communicate over a network.

- ***Paid media*** – *how successful are paid advertising campaigns? How does paid traffic compare to organic search traffic?*
- ***Social media*** – *is social media driving traffic to the website? How do fans of the brand behave compared to those who do not engage socially?*
- ***Mobile*** – *how much of the traffic comes from mobile devices? Is it worth optimizing website for these?*

#### 1.4. Web Marketing in Practice

As has been stressed in this chapter, companies should synchronize all marketing activities to achieve the main marketing objectives. A Solid business and brand strategy is the starting point of any online and offline marketing campaign. Key goal is to reach the target audience by communicating with them in the most effective way while creating a long-term relationship. While the strategy defines the goal and is a starting point for the campaign, marketing research should be used to adjust the campaign and to find the way to reach the goal.

## 2. Introduction to Real Estate

The Real Estate market depends on the stage of development and financial wealth of society, thereby it is also strongly influenced by trends. This chapter contains an introduction and general description of the Real Estate market and a general overview of the Czech Real Estate market with a focus on the Prague metropole. An analysis of the online presence of major Prague Real Estate agencies will provide an illustration of online marketing in the Real Estate field.

### 2.1. Real Estate General Overview

As defined by Oxford dictionary: “*Real Estate is property consisting of land and the buildings on it, along with its natural resources such as crops, minerals, or water; immovable property of this nature; an interest vested in this (also) an item of real property; (more generally) buildings or housing in general. Also: the business of real estate; the profession of buying, selling, or renting land, buildings or housing.*”

Due to policy differences, the legal definition of Real Estate terms can vary from country to country. Moreover, even similar stakeholders can define particular aspects of Real Estate business differently. For the purpose of this paper, the main terms will be defined as follows in this subchapter.

#### *Commercial Real Estate*

Commercial Real Estate or Commercial Premises are defined as “*property used solely for business purposes*”.<sup>15</sup> This type of Real Estate includes shopping centers (malls), office buildings and offices, restaurants, bars and other catering facilities, gas stations, convenience stores and hotels. Despite the fact that hotels are being used as residential premises, their ultimate application is to make money from selling the overnight stay to hotel guests – customers, therefore this type of property is also included into Commercial Real Estate.

#### *Industrial Real Estate*

Industrial Real Estate is defined as any property used for manufacturing, assembling, research and production. This type also includes warehouses and distribution premises like harbors.

#### *Residential Real Estate*

These types of premises are used for living purposes. Such properties are classified by how they are connected to neighboring premises and land.

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<sup>15</sup> Investopedia, [www.investopedia.com/terms/c/commercialrealestate.asp](http://www.investopedia.com/terms/c/commercialrealestate.asp), accessed on: 18/03/2016

- *An apartment / flat* is an individual residential unit in a *multi-unit apartment building* (usually with several numbers of stores). Each apartment has defined boundaries outlined by an apartment plot and is separated from other units by lockable doors and monolithic walls.
- *A family house* can be a multi-store building occupied by one household. Usually if this type of housing is situated outside the city, it is called *cottage* or *villa*.
- *A multi-family house* is a multi-story building where each floor represents a separate apartment usually occupied by differed households.
- *A townhouse / row house / terrace house* – is a number of single or multi-family houses buildings in a continuous row with shared outside walls and no intervening space.
- *A condominium* is usually a complex of buildings, similar to apartment buildings, but containing common facilities and areas within the complex (for example a swimming pool).
- *A cooperative* is a type of multiple ownership in which each resident of a multi-housing complex owns a share of it and has a right to occupy a specific apartment or premises.

The size of an apartment or a house can be described in square meters or by the number of rooms. In most European countries, the size of the residential area also includes any attached non-living spaces such as storage rooms, balconies and garages. The number of rooms defines the type of residential area; studio apartments contain one bedroom and no living room, the kitchen can be separate but is not a full-sized dining room. A one-bedroom apartment has a separate bedroom and a dining room or living room together with kitchen. A two and more bedroom apartment means that the unit has several bedrooms separate from common areas. A bedroom is a room designed for sleeping and contains a bed. Apartment buildings and houses can also be described by the material used in its structure; for example, brick buildings or apartment houses of bearing-wall construction.

All of the above mentioned types of Real Estate can be wholly owned, rented or leased. Buildings can be owned by a single or a group of investors, a landlord or a cooperative. As a result, not every person that owns the apartment is actually the one that lives there, and not every company that occupies an office building is leasing it.

## 2.2. Real Estate Agencies

The characteristics of supply and demand on the Real Estate market, as mentioned above, lead to a demand for a network of intermediaries. Real Estate Agencies (further *Agency*) perform this role. Such Agencies provide brokerage services associated with

*buying and selling Real Estate, renting and leasing, property and facility management, mortgage and legal services, reconstruction and home staging.*

For the purpose of this paper, only Real Estate Agencies that are working with Residential Real Estate and partly Commercial Real Estate (engaged with offices and store units, but not full-sized commercial buildings) will be analyzed. This will allow for a comparison with the case study of the Real Estate Agency represented in the third part of this paper which provides only Residential and minor Commercial Real Estate services.

#### 2.2.1. Buying and Selling

Brokerage services associated with *buying and selling* will first of all gather any relevant technical and legal information from the property owner about the Real Estate premises in question. Usually an *Agency agreement* is signed between the Agency and the landlord/seller. This agreement can ascertain, besides other legal regulations, the right of exclusivity of mediation, meaning that only this Agency can advertise and offer this property for sale. Subsequently the Agency will start to use its advertising channels to promote the property and look for a potential buyer. This research paper focusses on digital tools of such promotion.

When a potential buyer is found a *reservation agreement* can be signed and a *reservation deposit* is paid. This ensures that this client has a priority reservation for the property and the Agency will not offer it to any other buyers. In many cases, if the potential buyer would decide not to make the final purchase, the reservation deposit is not refundable or returned only up to some percentage. At this stage, the Real Estate Agency could offer both clients (seller and buyer) legal or mortgage services usually from partner firms with a special price set for Agencies' clients. Normally the Agency organizes and manages all communications between both parties, buyer and seller, and, after a *purchase/sale contract* is signed, further legal services can be provided such as help with recognition of tax returns from Real Estate transfer and other expert advices. For providing and managing all of these services associated with buying and selling, the Real Estate Agency is getting a provision that is usually fixed as a certain percentage from the selling price.

#### 2.2.2. Rentals

Another type of services provided by Real Estate agencies is associated with *renting*. There are three main categories in Residential Real Estate renting:

- *Short-term rentals* concerns overnight rentals of one night to a month (30 nights).
- *Mid-term rentals* usually include rentals from one up to 10 month.
- *Long-term rentals* include rentals from 10 month and more.

*Short-term and mid-term rental agreements* are usually signed between a tenant and an Agency. The property owner has a separate agreement with the Real Estate Agency allowing them to mediate the rental of their property. Different channels are used to offer properties for rent. It can be a separate website of the Agency, social media, categorical listing in directories or special web platforms for rentals for example *AirBnB.com*. Once a potential tenant is found, data and price of the stay are determined, and a *booking form* must be signed and a *booking deposit* must be paid. As with a reservation deposit, a booking deposit ensures that the property will be available for the client during the desired stay, again, such a deposit is usually nonrefundable. Depending on the Agency's policy, the rent can be paid together with the booking deposit, at the arrival to premises or by the end of the stay.

In short- and mid-term renting, the renting price usually includes utilities and any other possible cost, for example the Internet connection at the apartment. Next thing that is usually applicable to rentals is a *security deposit*. This deposit is usually paid at the check-in (time of accommodation) and is returned upon check-out (time of departure) unless used to cover any damages at the Real Estate unit that are caused by the tenant during the renting period. In return for providing and managing all of these services associated with short- to mid-term rentals, the Real Estate Agency is getting a provision that is usually included in the price for the tenant and its figure is a certain percentage of the rent. This type of rentals are competing with hotels that are also providing short-term accommodation for a set nightly price.

*Long-term rentals* are similar to short- and mid-term rentals, yet there are several differences. The promotional channels for long-term rentals can differ. Other categories apply for directory listings, and people might prefer to use distinct platforms for short- and long-term accommodations. A rental agreement is usually signed by three parties the property owner, the Real Estate Agency which is stated as a broker and a tenant. Renting price can exclude utilities and other costs, which are paid by the tenant upon consumption. The security deposit is usually bigger and might cover a full month of rent or more. For long-term rentals, the Real Estate Agency commonly gets a provision worth one month of rent paid by the tenant or a rentier depending on the Agency's policy.

### 2.2.3. Property & Facility Management

The Association for Real Estate Market Development (AREMD) defines Property Management as follows: "*Property Management is a professional field of the administrative management of immovable assets. It ensures all activities related to the proper operational and economic running of Real Estate, including services of facility management and marketing*" (Trend report, 2015; p. 50).

Property Management (PM) is known from Commercial Real Estate where PM ensures the flow of processes ensuring the smooth running of for example a shopping center. In Residential Real Estate, apartment or other housing units' owners use Property Management in case they cannot take care of their property themselves. In most cases,

the property owner is away from the city or country where the Real Estate is located. As most premises are connected to other estates (like flats in apartment houses) some problems need to be solved by a person with *vicarial powers* of the property. To manage situations like fire, burglary, floods from neighbors, gas checks in the building and similar, owners sign a *power of attorney* by which a *Property Manager* is empowered to act for the owner in connection with Real Estate in question. The signed act clearly states the limits of PM control, for example it doesn't allow selling the property. When any accidents occurs and PM has to spend money on fixing it, the invoice is issued to the property owner to cover the expenses. Depending on a PM contract, the Property Manager can get a monthly pay for the administration activities, or a separate pay for each activity performed.

In case the property owner is interested in renting the place, PM can also arrange the marketing and other activities connected to rentals (check ins/outs, cleaning, communication with guests etc.). On such occasions, PM is usually assigned to pay all bills connected to property that are added to owners invoice monthly.

#### 2.2.4. Home Staging

Home Staging (HS) is a marketing method used to prepare Real Estate property for further advertising with the ultimate purposes of selling or renting the property. The main objective is to make the property appealing to potential buyers. HS techniques are used to create a visually appealing, welcoming, attractive product. For example by making a space look inhabited, potential buyers can better imagine how their living in this apartment/house could look like.

At occupied homes, staging can include, but is not limited to, surface cleaning, rearranging existing furniture, adjusting the number of displayed belongings, light redecoration. At vacant properties, HS requires renting out of furniture to fill in the space, and minor redecorations. Property owner is paying for all the associated staging fees.

Visually added value is then translated into a higher selling price. In a survey, Real Estate website HomeGain.com found that HS on average results in a more than 100% return of the original investment. Pictures that illustrate property groomed by Home Stager are more attractive to clients and increase chances of getting them to visit the property. *"With social media sites such as Twitter and Facebook being used to post pictures of properties, staging takes on a new urgency as a home's presentation has a lot more at stake and its ability to sell can often hinge on a photograph"* (Holmes, 2010; p. 4).

#### 2.2.5. Code of Ethics

Each country has different Real Estate Associations that guard the market from unfair practices. Such Associations ensure that each member Agency and brokers follow the

legislation of the state and follow rules of moral conduct while dealing with clients. As all countries are different, similar imperative points of Real Estate Code of Ethics can be summarized as follows in a table number three.

Table 3: Code of Ethics and Professional Standards for Real Estate Agencies and Brokers

Brokers should act in their activities in an honest, professional manner, in accordance with good manners and the applicable laws of the country of operation.
Brokers agree to provide accurate and truthful information about Real Estate offered as part of their presentations and tenders.
<p>Brokers have to deal with clients professionally; their conduct includes the following features:</p> <ul style="list-style-type: none"> <li>• Punctuality</li> <li>• Friendly attitude</li> <li>• Professional conflict resolution</li> <li>• Dignified demeanor and literary language</li> <li>• Compliance with the rules of social conduct</li> </ul>
<p>Brokers are acting in the interest and protection of the client:</p> <ul style="list-style-type: none"> <li>• Try their best to find out the client's wishes, and act accordingly</li> <li>• Protect the trade secrets of the client and his or her personal data</li> <li>• All actions take place on the basis of and within the mandate that was entrusted</li> <li>• Do not prioritize closing the deal before protecting the interests of the client</li> <li>• Inform the client in advance on commissions and trading conditions</li> </ul>
Brokers and their actions should not harm the legitimate interests and rights of the client.
No discrimination of clients on the ground of race, sex, religion, nationality, political orientation or similar.
Brokers cannot offer their own property or any offer from their family members (close persons), or their own companies without offering it to the client through the Agency that the broker works for.
Brokers agree that it will not offer and present any Real Estate without using the name of the Real Estate Agency that they work for.
Brokers always represent the company, the Association of Realtors of the country, and thus their personality.
Real Estate brokers are aware of their responsibilities in the process of Real Estate business, and therefore continue to improve in all areas of Real Estate activities.

Realtors shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker.

Real Estate Agency carries out its duties with due diligence and in accordance with good morals, legislation and business ethics so that clients Real Estate Agencies are not misled and do not suffer any property or non-property damage.

Real Estate Agency is always committed to supply truthful information on the price of the offered property. In the event that Real Estate Agency commission is not included in price, Agency is obliged to truthfully inform clients about the commission rates.

Real Estate Agency undertakes action to refrain from all forms of unfair competition and claims that it can commit against other market participants, e.g. misleading advertising, misleading labeling of products or services or riding on the reputation of a competitor.

Source: The Code of Ethics Real Estate broker members of The Association of Real Estate Agencies of Czech Republic; The Code of Ethics of The Czech Chamber of Realtors; The Code of Ethics and Professional Standards of National Association of Realtors of USA; translated, adjusted.

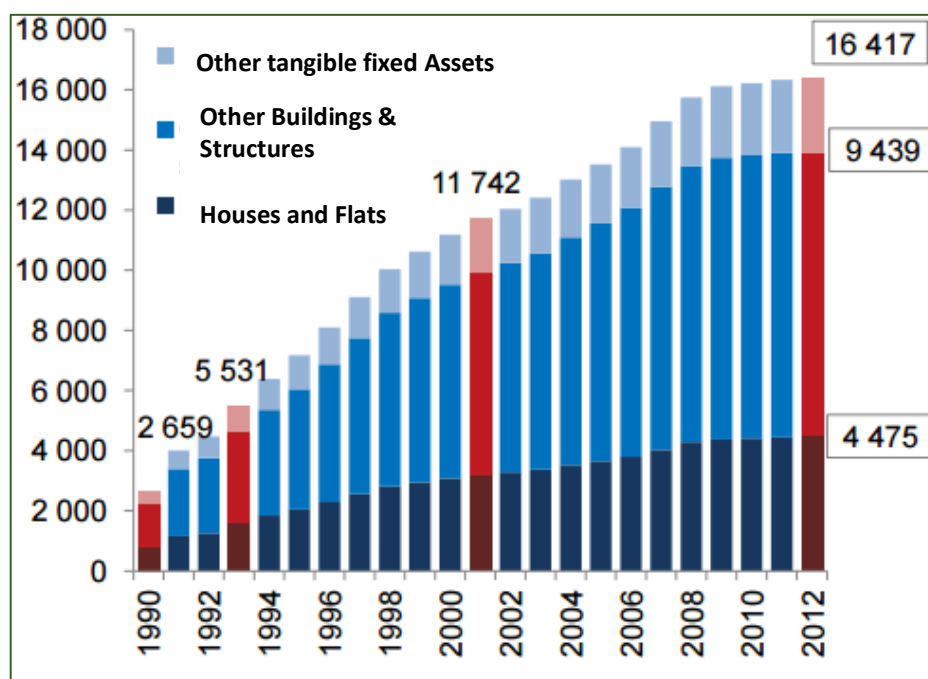
Membership in Real Estate Associations presumes that such an Agency or Broker is dealing fairly, justly and is not a fraud. For the purposes of this paper, this assumption would be taken as veracious statement and only member Agencies of The Association of Real Estate Agencies of Czech Republic, The Real Estate Chamber of the Czech Republic or similar, are used for further marketing analysis. This helps to exclude unfair businesses and so-called ephemeral firms that are common in this fast fluctuating market.

### 2.3. Overview of the Real Estate Market in Czech Republic

Houses and apartments represent tangible assets of the Czech Republic, along with other buildings, structures and machinery investments. Research conducted by the Czech Statistical Office in 2014 shows that: *"In 2012, these assets amount to 16.4 billion CZK (in net terms). Out of this figure, structures represent 85%, where houses and apartments represent 4.5 bill. CZK and other buildings and structures 9.4 bill. CZK"* (Dubská, 2014; p. 3).

Picture number three represents a graph of the net value of houses, apartments and other buildings and structures. As evident from this graph, since the crisis in mid-2000's, the speed of Residential Real Estate investment in Czech Republic slowed down. Research shows that this is mainly caused by a lower demand and lower buying power of households. As houses and flats account for over 90% of tangible assets of households, fluctuations in economy influence the property prices, rent and mortgage rates.

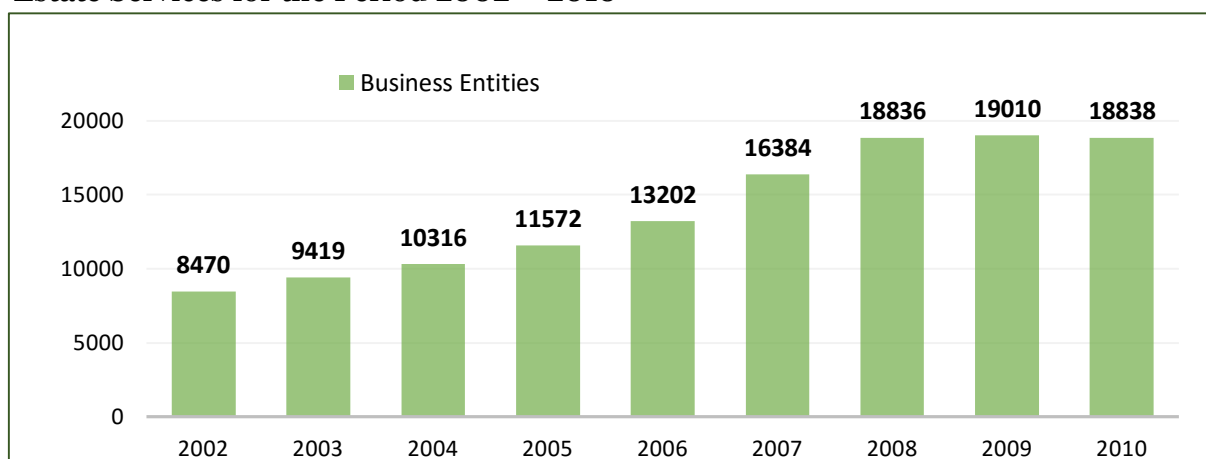
Picture 3: The Net Value of Houses, Apartments and Other Buildings and Structures, Including Machinery Investments (in bill. CZK, status at the end of the year)



Source: (Dubská, 2014) adjusted, translated

The fluctuations in the number of business entities that are providing Real Estate services are depicted in picture number four.

Picture 4: Development of the Number of Business Entities that are Providing Real Estate Services for the Period 2002 – 2010



Source: Czech Statistical Office, adjusted, translated

A recent study published in *TREND REPORT 2015* and conducted by The Association for Real Estate Market Development (AREMD) in Czech Republic, shows indications that the Czech Real Estate market is back on track to growth:

*“A price recovery continued on the housing market in 2014. Data shows higher and earlier growth in the offer prices compared to the realized prices, which signals a trend reversal in real estate prices. Developments in the Czech Republic remained very diversified, with growth being seen mainly in Prague. If the current domestic macroeconomic development forecasts hold, then housing prices should continue their slow growth in 2015 and on”* (Trend Report, 2015; p. 16).

As follows further in the report, in comparison to pre-crisis year 2007, sales in Residential Real Estate in Prague increased by 11%. However, further development of Czech Residential Real Estate could be affected by changes in economic conditions, employment and income levels, demographic trends and legislative and fiscal environment. Inceptive development of Real Estate market can be negatively affected by growth of indebtedness and insolvency of population, poor housing policy of the state and negatively perceived work of a number of Realtors.

In 2012, the Ministry for Regional Development of Czech Republic conducted a study that showed that among member countries of the European Association of Real Estate Professions, Czech Republic had the highest concentration of brokers per capita. At the time, around fifteen thousand brokers were working in Czech Republic, which means that there was one broker per 688 inhabitants. At the same time, in Germany, there were only around twelve thousand brokers or one broker per 6,694 inhabitants (Černý, 2015). From this, can be presumed tough competition in Real Estate market of Czech Republic, especially in its Residential sector. Czech Statistical Office further published quarterly Revenues in different Service sectors of the Economy. The last publication, of 4<sup>th</sup> quarter of the year 2015,<sup>16</sup> showed that revenues from all Real Estate activities increased by 0.1%, revenues of Real Estate Agencies rose by 4.7%, while revenues of rental decreased by 1.4%. Current Czech Legislation does not cover all aspects of activities of business entities associated with Real Estate. Old legislation states that Real Estate activities (Agencies, brokers) are a non-license free trade that can be provided by anyone who meets general terms and conditions. These terms are: individual has reached the age of 18, has a legal capacity and has clean criminal record. This legislation made it possible become a Real Estate Agent without proof of professional or other relevant competence. Such state of legislative support lead to distrust in the Real Estate market among citizens of Czech Republic and their aversion toward Agencies and Realtors. Today new legislation is being developed but its full implementation is expected only by end of the year 2017.

Fluctuation is a constant phenomenon in Real Estate market. In such unstable market conditions, together with Real Estate activities being a free trade, each Real Estate company should make sure that they have a good reputation. For this, just abiding the Code of Ethics is not enough, Agencies should assure clients that they are worthy of their trust. Therefore, correct use of different marketing tools is crucial. This includes good communication with the community of potential clients and advertisement.

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<sup>16</sup>Czech Statistical Office, [www.czso.cz/csu/czso/cr/sluzby-4-ctvrtleti-2015](http://www.czso.cz/csu/czso/cr/sluzby-4-ctvrtleti-2015), translated, adjusted; accessed on: 17/03/2016

Public Relations and other practices help to build up a trust relationship with clients, property owners and tenants.

## 2.4. Web Presence of Real Estate Agencies in Prague

Marketing is one of the most powerful tools available to Agencies for communication with customers. This part of the paper focuses on how Real Estate Agencies in Prague utilize digital marketing tools in order to reach their clients and support their presence on the market.

*“As many sellers have discovered, today’s tech-savvy buyers often won’t bother to pick up a newspaper or a Real Estate guide; instead, they will opt for the faster and far easier option of searching for their next home online”* (Remley, 2008; p. 79). Indeed, in 2006 the National Association of REALTORS held a survey that showed that nearly three-quarters of all American Real Estate buyers conducted their home search online. This trend has also already reached Europe and now forces Real Estate Agencies and brokers to reinforce their digital marketing presence.

In Czech Republic, traditionally the most progressive and first to adapt to market trends is the Prague metropole. Prague is not only the capital but also the biggest city of Czech Republic. It shows a fairly constant growth in demand for Real Estate. Residential areas inhabit not only local citizens but also a vast variety of international expats, students and tourists. In such a diverse market place, Real Estate Agencies are faced with the difficult decision of choosing the target audience. As competition among Agencies is tight, most market players try to provide as broad variety of services as possible. This means that the same Agency can be targeting both foreigners and locals, and provide various services like buy and sell, all types of rentals and Property Management.

The Real Estate Chamber of the Czech Republic alone has more than five hundred members from Prague area. To enable a good comparison to the Agency chosen for the case study, the following criteria were set up to select competing Agencies for the quantitative research:

- *Location of activity* – Prague, Czech Republic.
- *Area of Real Estate Business* – Residential, minor Commercial inclusion is possible involving office units rentals and mini residence hotels (apartment hotels).
- *Types of provided services* – brokerage services for apartments and houses associated with buying and selling, renting and leasing, property and facility management. Additionally mortgage and legal services, reconstruction and home staging can be provided. All properties must be located in Prague.
- *Trade associations* – Agency must be a member of a relevant Real Estate association of Czech Republic.

- *Marketing criteria* – Agency must target both local and international clients, as result web pages should be available in more than Czech and Slovak languages. Agency must be present on-line and use more than two digital marketing tools (Web page, Social media presence, PPC, category listing etc.).

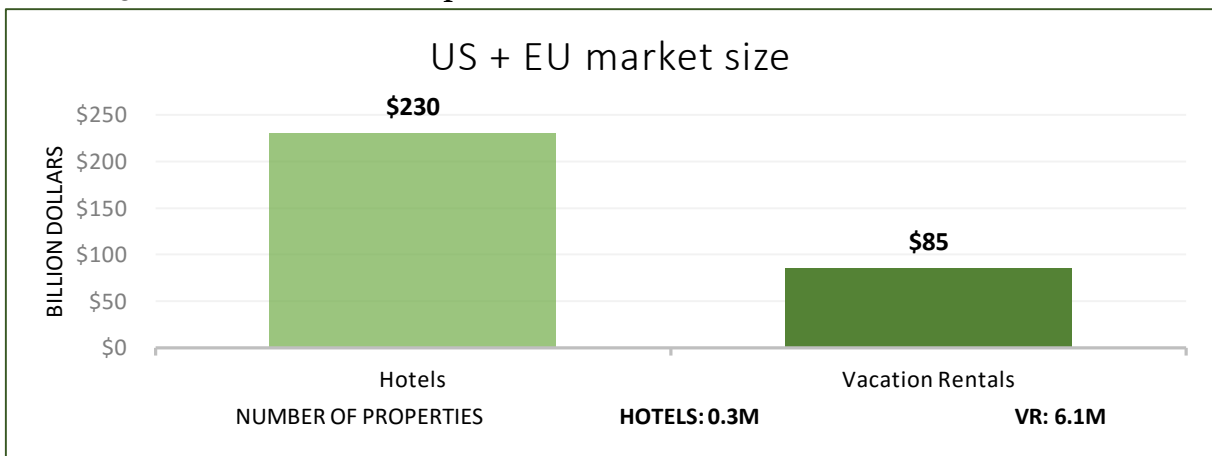
#### 2.4.1. Target Customers Analysis

Different target groups are interested in different services provided by Agencies. At the same time, Agencies have to use different marketing techniques to reach and interest a distinctive customer segment. Therefore, Real Estate Agencies have to take into consideration which services they provide and which target groups would be interested in them. The following target customers' analysis was aimed to clarify the needs and expectations of each consumer group interested in a particular Real Estate service with a focus on Prague's market.

##### *Short-term rentals*

Demand for short-term rentals comes mainly from tourists. Besides tourists, people on business trips and congress visitors require short-term rentals. Accommodation services for this type of demand is divided over hotels, so-called Vacation Rentals (apartment rentals by agencies) and private rentals (from single property owners). A comparison of market shares between Vacation Rentals (VR) and hotels is depicted in picture number five.

Picture 5: United States & European Union Market Size in Year 2011 (in billion dollars)



Source: Radius Global Market Research 2011; VR defined as vacation homes rented short-term to vacationers/tourists (from: VRMA Industry Trends Europe report)

Employers usually cover business trip expenses and employees traditionally stay at hotels. Tourists are increasingly using private/Vacation Rentals for accommodation. Nowadays, rental platforms such as AirBnB.com and Wimdu.com make it very easy for any private owner to advertise their premises online and get a tenant from around the world. Real Estate Agencies provide such services through their *own web pages*,

*rental platforms and listings*. In addition, *social networks* provide several opportunities to find different types of rentals through special web groups and Agencies social network pages.

According to the production accounts of the Czech Statistical Office in Accommodation services for tourist, production of *Hotels and other lodging services* accounted for 38,931 million CZK in 2014, whereas in the same year *Second home services on own account or for free* accounted to 6,244 million CZK.<sup>17</sup> Furthermore, a rise in consumer awareness results in a constant growth of the percentage of travelers that is choosing Vacation Rentals. This trend is illustrated in picture number six that shows that Americans are increasingly using Vacation Rentals. Additionally, research conducted in 2014 by the internationally acclaimed Vacation Rentals company *HomeAway Brand*, showed that “*Vacation Rental awareness and usage is much higher in Europe than in the US*”. Average percentage of European awareness of Vacation Rentals is 60% and usage is around 58% whereas in US both indexes were slightly above 30% in the year 2014.<sup>18</sup>

Picture 6: Percentage of Travelers Who Have Stayed in a Vacation Rental Home for the Period 2008 - 2012



Source: 2012 MMGY/Harrison Group, Portrait of American Travelers (from: VRMA 2013 Member Update)

These figures show a big potential for the short-term accommodation market from which Agencies can gain if they succeed in attracting such clients. The demographic profile of such clients shows that they most probably do not speak the local language (Czech), their age is spread over a large range and gender is equally divided between both male and female tourists. Vacation Rentals are traditionally popular among travelers with families and group travel (three plus pax). As private rentals are mostly offered online, the demographic profile generally shows a shift towards a tech-savvy younger age group with higher education and income. This shift was also reported by HomeAway Brand’s Traveler Research form year 2011.

<sup>17</sup> TSA T5 - Výrobní účty jednotlivých odvětví cestovního ruchu a ostatních odvětví v ČR  
[www.czso.cz/csu/czso/tabulky\\_satelitniho\\_uctu\\_cestovniho\\_ruchu](http://www.czso.cz/csu/czso/tabulky_satelitniho_uctu_cestovniho_ruchu), accessed on: 17/03/2016

<sup>18</sup> Ipsos, HomeAway Brand and Category Awareness Tracker (from: VRMA Industry Trends Europe report).

### *Mid-term rentals*

The mid-term rental niche is divided between local and international longer-term business visits, education exchange stays and expatriates. Contrary to short-term rentals Vacation Rentals do not really have to compete with hotels for customers. Similar to short-term rentals most clients will look for rentals online and the demographic profile is similar to short-term rentals. Clients will usually not speak the local language, except business visitors and students from the rest of Czech Republic, and due to the online nature of this market the demographic profile is skewed towards younger generations (between 18 and 40). Another feature of these groups is that they sometimes make use of an additional mediator in the chain between tenant and lessee. In the case of a business trip the company can have a local or international assistant to arrange the accommodation for the employee. Exchange students can have a representative at the receiving school that organizes their accommodation at the receiving country. In such cases, local mediators can use other means of searching for accommodations besides online channels.

### *Long-term rentals*

Long-term rentals concern both international and local residents. A bigger share of this clientele would consist of Czech citizens both from and outside of the Prague area. However, as mentioned previously, locals often do not like accepting services of Real Estate Agencies and a majority will try to use other channels, for example local online listings such as Bezrealitky.cz and social media groups display properties directly offered by owners without a provision for a mediator. Therefore, expatriates will form once again a major client group for Agencies.

According to the Czech Statistical Office,<sup>19</sup> 451,923 international (non-Czech) people are living in the Czech Republic (31.12.2014). 442,971 people have a long-term stay of over 12 months out of which 249,856 have permanent residency, and 6,396 people have a long-term visa without temporary residency (more than 90 days). The biggest percentage of the international population (36.80%) is living in Prague metropole meaning that in 2014 almost 166,332 internationals were living in Prague. Expatriates with permanent residency could be interested both in long-term rentals or buying and selling. However, expats with long-term stays usually go for rentals. Therefore, the demographic profile of long-term rental clients would show that they most probably speak the Czech language to some extent, and digital channels of looking for the property would narrow category to younger, well-off population.

### *Buying and Selling*

This category is traditionally dominated by local citizens. Nevertheless, the Prague Real Estate market has the highest property prices of the entire Republic, and due to other factors (for example a variety of international companies have their regional

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<sup>19</sup> Data - počet cizinců, [www.czso.cz/csu/cizinci/4-ciz\\_pocet\\_cizincu#cr](http://www.czso.cz/csu/cizinci/4-ciz_pocet_cizincu#cr), accessed on:17/03/2016

headquarters in the metropole) foreigners used to be big players in Prague's property market. Since 2010's this trend shifted to local customers. As various Czech Real Estate specialists stated in an article from Radio Praha from March 2013, "*with most investors gone, the foreign-focused agencies now work mostly for Czechs*" (Richter, 2013; article). This trend changed the demographic profile, clients are prevalingly Czech citizens that can use but are not limited to *searching online* for properties or Real Estate Agencies that provide buying / selling services.

### *Property Management*

Referring back to the definition of Property Management, in Residential Real Estate apartment or other housing units owners turn to PM in case they cannot take care of their property themselves in most cases because property owner is away from the city or country where the Real Estate is located. This means that the owner can be a Czech or international citizen that has property in Prague. In practice the majority of residential owners is still unaware of such services. Hence, Agencies that provide PM services have to use direct marketing channels to advertise them. In digital marketing that can mean use of *direct emails* or *PPC campaigns*.

To conclude, the customer target group analysis shows both similarities and differences in the target groups for different services. For online marketing, this means the following:

- Rental clients are more likely to search for properties on *special online platforms and listings or social media*, *Search Engines* are also an important starting point in these cases. Short-term rentals should preferably be offered in a foreign language (for example in English), while for long-term rentals the Czech language will be more important, clients for mid-term rentals will include both speakers and non-speakers of the Czech language.
- Clients interested in buying or selling can use online *Search Engines and Directory listings*. After their interest is picked up by the Search Engine programs, they will be targeted with *PPC campaigns* and *online direct advertising* (this fact is also true for rental and PM searchers). Considering the language, searches for buying and selling will be mostly in Czech.
- Property Manager seekers would also use *Search Engines* after which they can be targeted by *PPC* and *direct advertising*. Potential clients can also be approached by *direct mailing* with data acquired from Real Estate Agencies market research of property owners.

## 2.4.2. Search Engine Research

As highlighted previously, Search Engines are like living organisms; they can learn and develop according to Internet users' needs and behavior online. SE Spiders are constantly updating their indexes, moving web pages higher or lower on a SERP, including new ones and banning the disobeyed. Therefore, it is hard to conduct research on results that Search Engines provide for a particular keyword, as displayed links are user dependent and will change over time.

The following research was conducted during spring 2016 (around Easter) and was aimed to find out how Prague's Real Estate market is represented in the Search Engines. During a holiday period, there is an increase in the demand for short-term rentals in tourist destinations, including Prague metropole, so the research was conducted at a time many customers are also looking for short-term rentals. Three main categories of interest were investigated: rentals, buy/sell and Property Management. Both English (international part of customers target group) and Czech language (local potential clients) keywords were used. Searches were conducted with Google as it is one of the most used Search Engine in the Czech Republic (71% in 2013),<sup>20</sup> Europe (on average >90% in 2015)<sup>21</sup> and most of the world to date. Only the first Search Engine Result Page was taken into consideration, to simulate the behavior of an average Internet user.

- Keywords: short-term, rent, Prague (English version)

Google.com Search Engine Results Page number one for the inquiry *short-term rent in Prague* in the English language displays several paid advertisings of rental platforms such as: AirBnB.com, Booking.com, Trivago.com, Yourapartments.com and Wimdu.com.

After these advertisements follows the google directory for the same keywords, displayed on the same page as the main results, the first three links are for private apartment owners that offers short-term rentals, and two links for Agencies that offer short- to long-term rentals in Prague. In the unpaid/organic part of the SERP are represented a number of Vacation Rentals websites, rental platforms such as AirBnB and Booking.com are also repeated in the non-paid listings. Additionally, Several Expats websites (Expats.cz, Prague.foreigners.cz), that provide information about living in Prague for international residents, have pages dedicated to rentals and are appearing in the results for this inquiry. One of the positions on the first SERP is occupied by the popular tourism dedicated website Tripadvisor.com, it provides reviews and advice on hotels, resorts, flights, Vacation Rentals, travel packages, and more. On the Tripadvisor forum there was a conversation dedicated to short-term

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<sup>20</sup> Return On Now, 2013 Search Engine Market Share By Country, [returnonnow.com/internet-marketing-resources/2013-search-engine-market-share-by-country/](http://returnonnow.com/internet-marketing-resources/2013-search-engine-market-share-by-country/), accessed on: 18/03/2016

<sup>21</sup> Return On Now, 2015 Search Engine Market Share By Country: [returnonnow.com/internet-marketing-resources/2015-search-engine-market-share-by-country/](http://returnonnow.com/internet-marketing-resources/2015-search-engine-market-share-by-country/), accessed on: 18/03/2016

apartment rentals in Prague, where website users can share their experience and links for different hotels and Agencies.

- Keywords: short-term, rent, Prague (Czech version)

Very different results were shown after searching with the same inquiry in the Czech language: *krátkodobý pronájem Praha*. Paid ads were mostly from local Agencies and apartment hotels. In the organic results were several links for Commercial Real Estate rentals. Only two websites for short-term rental Agencies were displayed both after the English and the Czech search. The Czech enquiry only returned AirBnB.com out of all the booking platforms present after the English search. An interesting finding from these searches is that most Agencies' pages that were listed for Czech language SERP are also targeting international tourists, but their websites did not make it to the prime Result Pages for searches in the English language.

- Keywords: rental, Prague (English version)

As the majority of tenants divide rents only in short-term and long-term, research for mid-term rentals was not undertaken separately. Research for enquiry *apartment rentals Prague* therefore assumed to include all types of rentals with an emphasis on longer stay rentals versus the previously analyzed short-term vacation type of rental. Again, AirBnB.com, Trivago.com and Booking.com platforms were present in the results. Again the English language search results were dominated by links to expat dedicated websites and short-term rental Agencies and apartment hotels.

- Keywords: rental, Prague (Czech version)

The Czech language inquiry *pronájem bytu Praha*, resulted mainly in links from local Agencies, additionally some local category listings like Sreality.cz, Reality.idnes.cz and Bezrealitky.cz were displayed. Bezrealitky.cz only includes property owners' listings without Real Estate Agencies provisions.

- Keywords: buy, residential, property, Prague (English version)

For the category of buying and selling, results in English language once again mainly consisted of foreign web pages, expats websites and other blogs dedicated to people that move to Czech Republic from abroad. Additionally, several articles about foreign interest in residential property in Czech Republic were displayed. Most Real Estate Agencies whose links came up at the SERP were dedicated to luxury Real Estate.

- Keywords: buy, property, Prague (Czech version)

Again, the Czech language search results in much more local Agencies with a variety of offers and services combinations. Category listings and websites of Real Estate developers filled in one third of the first page of SERP content.

- Keywords: Property Management, Prague (English version)

Finally, a search for Property Management in Prague showed more variation in the results. Seven Local Agencies occupied all paid advertisement. However, only two out of these seven companies also made it to the natural/unpaid results. Agencies that made it to the first SERP use more sophisticated online marketing tools such as, videos (on companies' webpages or Youtube), geolocation tools, direct online calls and chats. Furthermore, these websites offer more variation in languages (English, German, Russian, Spanish, French). A couple of discussion forum links from expats websites about Property Management in Prague also made it to the prime positions. Approximately half of the Agencies also offer rental services and were already presented at previous enquires, which suggests that these companies have high web optimization for all their service units.

- Keywords: Property Management, Prague (Czech version)

Within the Czech language results, some of the paid positions were occupied by the same Agencies as in the English search. These Agencies were once again not present in the unpaid content. A variety of Prague based and nationwide Agencies got their position on the first result page, however, none of them showed use of outstanding digital tools.

Overall, Search Engine Analysis showed that most local Czech Real Estate Agencies in Prague tend to forget about SEO of their websites for foreign clients. Especially for Rental and Buy/Sell departments this is a potentially considerable loss. There are several strong leaders, presented in most SERP for different inquiries; those companies included Real Estate Agencies Svoboda & Williams and Happy House Rentals. From these two the first Agency had more organic result than the second one. International Renting platforms (AirBnB.com and Booking.com) are prevailing in the Rental category. While English language searches for long-term services (rentals, buy/sell, PM) result in many expats dedicated websites, especially Expats.cz which is popular in Czech Republic. The same categories in Czech language are mostly covered by local category listings online platforms.

#### 2.4.3. Directory/Category Listings

*“Amazingly, what most homeowners and even many real estate agents don’t realize is that their most effective online marketing tool is almost always the local Multiple Listing Service (MLS)”* (Remley, 2008; p. 82).

Indeed when people are looking online to sell or buy property or to look for long-term rentals, they will most probably first turn to Search Engines or Online Listings. As many such directories are actively advertising themselves (online) most web users are already familiar with them and are more likely to turn to them when they actually start

looking. People love having a lot of options and such listing services provide just that by including many agencies and even more properties in their databases.

A good quality MLS or online listing website should have good references, a high traffic rank, be updated frequently and listings content should be relevant for each category. In addition, the costs for registration and publication should be reasonable in comparison with what Agencies can gain from such listings.

Several popular online listing platforms include listings from the entire Czech Republic including Prague metropole. Alexa's browser extension<sup>22</sup> (application by Amazon.com) was used to assess the most popular listing websites by *Traffic Rank in CZ* (the popularity of the website) *Average Load Time* and the *Number of Sites Linking In* (referring websites). The *Average Load Time*, among many other factors, is important for web users' comfort. Results are shown in table number four.

Table 4: Czech Real Estate Online Listings Research

Listing URL	Traffic Rank in CZ	Sites Linking In	Average Load Time (in sec.)
<b>Reality.idnes.cz</b>	7	16,991	1.61 <i>Average</i>
<b>Realitymix.centrum.cz</b>	13	5,544	2.081 <i>Slow</i>
<b>Reality.bazos.cz</b>	16	611	0.624 <i>Very fast</i>
<b>Sreality.cz</b>	39	438	1.781 <i>Average</i>
<b>Ceskereality.cz</b>	371	449	2.741 <i>Slow</i>
<b>RealHit.cz</b>	724	150	1.129 <i>Fast</i>
<b>Eurobydleni.cz</b>	809	275	1.17 <i>Fast</i>
<b>Hyperreality.cz</b>	911	111	3.09 <i>Very Slow</i>
<b>UlovDomov.cz</b>	1,645	34	0.822 <i>Very Fast</i>
<b>Domybytypozemky.cz</b>	1,685	45	0.976 <i>Fast</i>
<b>Grandreality.cz</b>	1,976	106	0.724 <i>Very Fast</i>
<b>Reality.cz</b>	2,015	183	1.979 <i>Average</i>
<b>Realcity.cz</b>	2,248	348	3.633 <i>Very Slow</i>
<b>Prazskereality.cz</b>	5,530	26	1.744 <i>Slow</i>
<b>Online-reality.cz</b>	n.a.	114	0.919 <i>Fast</i>
<b>Topreality.cz</b>	n.a.	104	n.a.
<b>Nemoshop.cz</b>	n.a.	59	n.a.
<b>Realitnieso.cz</b>	n.a.	42	n.a.
<b>RealityCechy.cz</b>	n.a.	28	n.a.

<sup>22</sup> [http://www.alexa.com/toolbar?ax\\_atid=2a7ebf75-47d6-4812-b45f-36aa803c81ce](http://www.alexa.com/toolbar?ax_atid=2a7ebf75-47d6-4812-b45f-36aa803c81ce)

<b>RealBonus.cz</b>	n.a.	16	n.a.
<b>In comparison to other web platforms with listing options</b>			
<b>Bezrealitky.cz</b>	226	176	1.696 <i>Average</i>
<b>Expats.cz</b>	675	1,163	2.052 <i>Slow</i>

\*n.a. – data not available

Source: Data from the author's online research conducted by The Alexa Extension for Chrome

There are many more minor online listings and Real Estate platforms. Those presented in table number four were found during previously described Search Engine research and additional online research by author.

Listings with a higher traffic rank tend to have faster load time and a bigger amount of sites linking in. This means that users have higher chances to get to such websites from different Internet sources by just following a link. Web users will probably also appreciate the faster loading time, especially during the search phase among the listings provided on the platform.

Surprisingly for the author, Sreality.cz is holding only the 39<sup>th</sup> position in traffic ranking for CZ. Sreality.cz is generally believed to be the most popular online category listing for Real Estate in Czech Republic. However, its overall recognition is mostly linked to its parent company *Seznam* that owns the Search Engine with the same name. Therefore, when an enquiry for Real Estate come up on Seznam.cz, Sreality.cz always has a prime positions on its first SERP. Even more, there is a link to Sreality.cz from the home page of the Search Engine, so that users do not even have to search, but can just follow that link for listings. Seznam.cz itself has the second highest traffic rank position in Czech Republic with the number of sites linking in over 6,300. This explains the ambiguity of discovered results.

As can be seen from the results, Bezrealitky.cz listing platform on average wins over Real Estate Agencies generated listing platforms. Additionally, Foreigner focused websites with category listings for housing can be of comparable utility for real estate agencies as Real Estate online listings.

#### 2.4.4. Renting Platforms

Besides being a unique place of communication between people, companies and clients the digital space also unifies promotion and distribution channels. These synergistic effects can be observed on renting platforms; tenants can choose a premise from the listing and make a reservation on the same website.

Renting platforms are extremely useful not only for someone who is searching for an accommodation but also for anyone who wants to offer accommodations online. These online platforms provide listings of properties which can be sorted by the client on their location and availability at the desired date. Popular renting platforms include AirBnB.com, Wimdu.com, Booking.com, Trivago.com and Yourapartments.com. Real

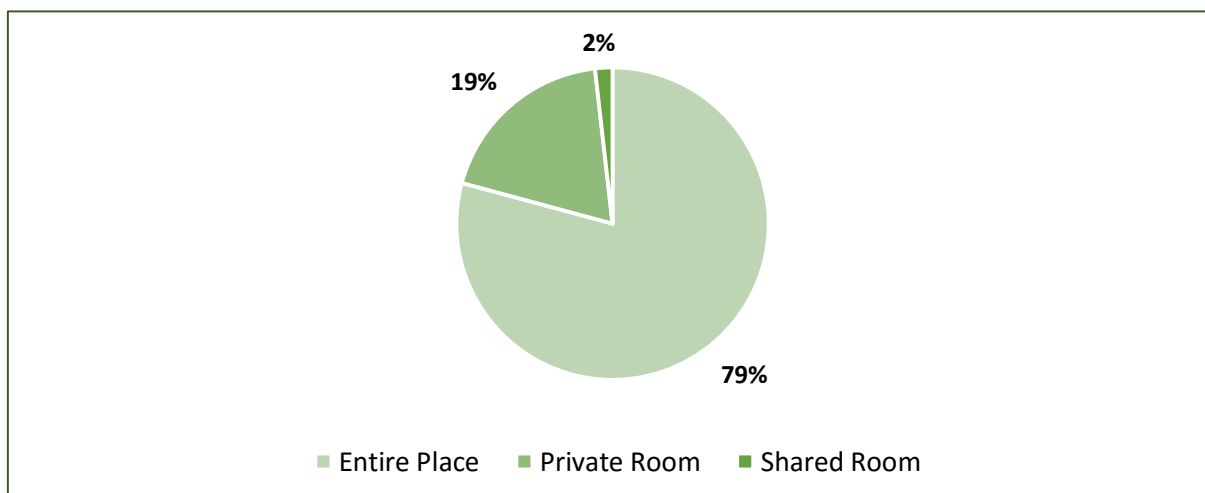
Estate Agencies, Hotels and Property owners can use these renting platforms in a similar fashion and most Agencies use different combinations of such platforms. Within these listings, agencies have to compete with many other accommodations offered by different parties.

The next problem that Agencies can face while using such platforms is response speed towards clients' inquiries. In case a Real Estate Agency owns the property it lists or has it under Property Management, they would know exactly if it is available for rent or not. However, when the broker has to confirm the availability with the property owner, this could lead to a delay in the response to the inquiry of a possible tenant. Some platforms, for example AirBnB.com, penalizes *hosts* (users that creates a listing) for late responses and lowers their rank. This ranking is visible to *guests* (members that are looking for accommodation) and they might choose to avoid hosts with lower ratings.

Furthermore, these platforms charge a certain fee for providing their services, for property owners that advertise their property directly on these websites it means a slight increase in the price of the property they provide. As most Agencies already add their own fee to the price agreed with a property owner, the final price of the listing might be significantly bigger on the renting platform. This would lower their chances of getting a booking in comparison with other offers.

As of April 2016, there were over 5,600 active (available for rent) listings in Prague metropolitan area on AirBnB.com. This platform provides the possibility to list an entire place, a private room or a shared room. In picture number seven, relative shares of different types of listings can be observed. As most Agencies are working with rentals of entire apartments/houses, their competition on this particular web platform amounts to almost 4,500 property listings. Again competition on these platforms is high and fishing out potential clientele might be even harder than on the Agency's own website.

Picture 7: AirBnB Listings by Type (Prague, Czech Republic)



Source: AirBnB Data and Analytics - April 2016, [www.airdna.co/city/cz/prague](http://www.airdna.co/city/cz/prague), accessed on: 10/04/2016

#### 2.4.5. Digital Marketing Trends for Real Estate in Prague

The Prague area has a big variety of Real Estate Agencies. This analysis was limited to companies that target both local and foreign clients and have a variety of offered services ranging from rents and acquisitions to Property Management and other real Estate Support.

Following the results of the customer target group analysis, the Web Presence of chosen Real Estate Agencies was studied by analyzing their presence in Search Engine results, on Social Media and in Directory listings presence. In this study, only agencies that indicated that they were targeting foreigners were included, to ensure this only agencies that indeed had a website in more languages besides Czech were included.

This research was aimed at finding indications for the current trends and customs in the use of online marketing by Real Estate Agencies in Prague's market. The tremendous number of Real Estate Agencies and their diversity in offered services combined with a limited number of inputs makes it difficult to conclude about overall trends. Additionally, it was hard to get into direct contact with Agencies that were considered appropriate for comparison with the Real Estate Agency from the final case study. Most of them were not willing to share the information requested by questioners. For that reason the author had to conduct and rely on her own primary data research, which included analysis of Agencies' websites and their Social Media presence, research on the Search Engine results for relevant keywords and investigation of renting platforms and category listings that all build up the following conclusions:

- In rentals, customers are more and more using the Internet when making traveling decisions. This tendency is strongest among Vacation Rentals; research conducted by TNS Political & Social, at the request of the European Commission,<sup>23</sup> shows that in 2013 53% of holidays were arranged using the Internet, and in 2014 this percentage slightly grew to 58%. In Prague's market, Agencies usually fail to address foreigners as potential clients; their **SEO** for English language is very poor, leaving a big share of SERP to international renting platforms and foreign forums. Agencies that focus more on SEO, win in organic result.
- **Renting Platforms** like AirBnB.com and Booking.com are ambiguous choices for Agencies. As has been discussed in the relevant subchapter, in the case a Real Estate Agency owns rental property or has it under Property Management, using such renting platforms, as promotion and distribution

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<sup>23</sup> Source: VRMA INDUSTRY TREND EUROPE REPORT provided for member Agencies on [www.vrma.com](http://www.vrma.com) – Vacation Rental Managers Association

tools could be beneficial. The higher amount of competitors present on these platforms reduces the advantage of having high visitor traffic to these platforms; therefore, it is even more important to satisfy the Customer whose choice depends on the offered information and price competition.

- **Online Directories and Category Listings** are highly beneficial for Agencies not only in terms of attracting new clients but also for link building as a part of off-site optimization. These tools are already broadly used by Agencies for long-term rentals and buy/sell services. The question is not if but which Listing platforms are relevant and should be used. The benefits of a particular site should correlate with its conditions of use and publishing i.e. ROI or price over turnout capacity of web listing.

The Czech Web has many of such platforms that can be used by Agencies, among the most renowned and used are Reality.idnes.cz, Realitymix.centrum.cz and Reality.bazos.cz. The Real Estate Chamber of the Czech Republic further supports such listing platforms as Sreality.cz, Ceskereality.cz and Hyperreality.cz. Furthermore, some expat dedicated websites provide the opportunity to list properties, for example Expats.cz and Prague.foreigners.cz. These sites occur on the SERP as organic results and are therefore attracting more potential clients and additionally these sites can provide link building for Agencies websites.

- **Social Media** presence is an unspoken must in online marketing, and this stays true in the Real Estate industry as well. Following the analysis of presence of Prague-based Agencies on different types of Social Media, for example Facebook, Instagram, Twitter, the author came to the conclusion that local Agencies are still learning how to use this web asset. Re-posting property listing from the companies' website is not enough. Companies must be engaged in conversation with users, provide them with relevant information, articles, and interesting statistics to keep users interest and dilute the plain sale with a personal approach and at the same time offering a feel for a community of professionals that are ready to take care of their customers.
- It is crucial to **enhance** visitors' experience of the company website. Photos of properties, reviews, detailed descriptions including amenities, maps, rates information, availability calendar, short inquiry response time, "Book it now" button, payment variations all of this is what any web user expects to be provided by Real Estate Agencies. By adding video tours around the property, video introductions by PM brokers, online chats and skype call buttons, Agencies can differentiate from competition and attract attention of both human customers and programmed Search Engine spiders.

To fully leverage the Internet marketing tools to attract customers, businesses must optimize all sources of online traffic. Local Czech Agencies can learn from internationally acclaimed players in the Real Estate market. HomeAway Brand owns a Vacation Rentals platform that, together with AirBnB, belongs among the most used and competitive platforms of the World. This company uses a vast variety of Internet marketing tools. HomeAway analyzed its sources of HomeAway.com traffic in the second half of the year 2012 and came to the following conclusions, which can be insightful for all Real Estate Agencies (see table number five).

Table 5: Sources of HomeAway.com Traffic

Traffic Source	Percentage	Levers Used
<b>Direct-to-site</b>	<b>28%</b>	<ul style="list-style-type: none"> <li>- Millions of word-of-mouth referrals</li> <li>- Repeat customers</li> <li>- Brand marketing (e.g., TV and display advertising recall)</li> </ul>
<b>Referring websites</b>	14%	<ul style="list-style-type: none"> <li>- Media coverage, social networks, owner/PM sites, etc.</li> <li>- Commercial partners (tourist boards, affiliates, etc.)</li> </ul>
<b>Email Marketing</b>	9%	<ul style="list-style-type: none"> <li>- Email marketing to 19M customer database</li> <li>- Sophisticated tools for targeting/optimizing messages</li> </ul>
<b>Search Engines PPC</b>	9%	<ul style="list-style-type: none"> <li>- Keywords marketing spend</li> <li>- Sophisticated tool for targeting/optimizing keywords</li> </ul>
<b>Search Engine Organic</b>	<b>40%</b>	<ul style="list-style-type: none"> <li>- SEO staff devoted to content creation, link building, etc.</li> <li>- Years of accumulated Search Engine indexing</li> </ul>

Source: HomeAway and Adobe web analytic tools, 2H2012 (from: VRMA Industry Trends Europe report)

A good optimization strategy for Search Engines and brand recognition together brings in over 50% of the website's traffic. This means that the company can potentially spend less on off-site advertising and PPC campaigns. Overall, these results show that a company's official website is the face and digital business card of an Agency. Besides promotion, it is a place for Real Estate Agencies where customers can make a reservation or decide to make a purchase. Therefore, it is crucial to construct a website in a way that suits with the wishes and needs of all targeted customers. Among the companies included in the research, the lack of complete translations was the main short coming in addressing foreign clients. Furthermore, the entire online marketing campaign should be synchronized by conforming to one style expressing the message the company want to send to its clients. This can be a difficult task, but it certainly brings the desired fruits. In the following chapter, the focus will be on one particular Prague based Real Estate Agency. Their use of digital marketing will be compared with the above studied market tendencies, followed by optimization possibilities for this Agency.

### **3. Case Study of the Online Marketing Presence of Happy House Rentals Agency in Prague**

This part of the paper will focus on a thorough analysis of the use of online marketing by one particular Real Estate Agency. In the previous chapter, the Real Estate market situation in Prague metropole was analyzed to reveal the current practices and to get an indication for the trends that local Agencies follow in terms of online marketing. This research, together with the theoretical background on digital marketing presented in the first chapter, will be used in the following part to analyze the present use and health of the digital marketing strategy used by the Real Estate Agency Happy House Rentals Ltd. (further on Happy House Rentals or HHR).

Internal data for this analysis was provided, with permission, but solely for the purposes of this paper and Happy House Rentals does not allow its further copy or representation in any format. Therefore, the author would like to ask its readers to respect the wishes of the Happy House Rentals Company and to not disclose any of the following information without approval of Happy House Rentals Company.

#### **3.1. Happy House Rentals History<sup>24</sup>**

The start of Happy House Rentals is the personal success story of its founder Ms. Blažena Polahárová. She has been in the Real Estate business for the last sixteen years. She started as a single broker in the year 2000. In 2002, she started working together with another broker who became, with her, the first co-owner of the in 2002 established Real Estate Agency “Happy House Rentals”. Ms. Polahárová was a typical Eastern European, born and raised during the socialistic era. She moved to Prague from Slovakia in the mid 1990’s. Here she got her first foreign friends and learned about American ways of trade and services, which were still quite new in Europe. When she started the company, she decided to focus on high quality of services right away. She was always pro-customer oriented herself, and she taught her employees to work in the same way.

Happy House Rentals is a brand with a community-based origin. When Ms. Polahárová just started, she did not have any specific network or tools for the business. During the time she worked alone, her friend from a previous job gave her the samples of the contracts from another Real Estate Agency. One American friend from an expat pub she frequently went to, came up with the name and slogan for the company, another one designed the Happy House sign. As the owner of a company in a very competitive field, Ms. Polahárová surprisingly regards competitors as her colleagues rather than as rivals. The only type of competition that she hates is the one that blackens the good name of Real Estate business brokers. Ms. Polahárová is known as a demanding manager with a loud voice and occasional impatience. Yet, she manages

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<sup>24</sup> From the author’s interview with HHR Agency owner.

to make the office a place where people come with joy and everyone is ready to work towards common goals.

Even though Ms. Polahárová had to face a lot of difficulties, such as several partners betraying her and an economic crisis, she managed to make her company one of Prague's top Real Estate Agencies. She learned the hard way the need to *read* people and *invest* into new ventures (both new services and new marketing tools).

### 3.2. Current Situation

Today Happy House Rentals is represented by its dynamic and diverse team of employees that provide a vast variety of services. On its primary website (HappyHouseRentals.com), a full list of categories that HHR is involved in can be found and they include the categories mentioned in table number six.

Table 6: Real Estate Categories of Happy House Rentals

Sales:	Rentals:	Services:	Property Management:
Apartments	Short-term Apartments	Development & Reconstruction	Management of apartment buildings
Family houses	Mid-term Apartments	Legal Services	PM of flats and family houses
Detaches houses	<i>Long-term rentals:</i> Apartments Family houses Detached houses Row houses Commercial properties (offices, shops) Houses fit for offices	Mortgage services	
Row houses		Home Staging	
Villas		Relocation support	
Apartment buildings			
Plots			
Commercial properties (offices, shops)			

Source: www.happyhouserentals.com, accessed on: 15/04/2016

HHR employees are divided into teams based on these categories. Brokers work with long-term rentals and Sales and there are separate teams for Property Management and short-/mid- term rentals. Other Real Estate Services (legal etc.) are provided through cooperation with partner companies. Since April 2013, HHR has digitally separated its short-term rentals department by creating a web portal Flatinprague.com for short- to mid-term listings.

Additionally, within the last two years, HHR reconstructed and started operation of two apartment-hotels: *Residency Elema* and *Residency Chill Hill* and a low cost hotel

*Jump In Hostel*. These assets, however, are subsidiaries owned by the same person but have their own operation team, budget and marketing structures.

The current position of HHR on the Prague's Real Estate market was further analyzed using a SWOT analysis and the BCG matrix, which can be found in table number seven and picture number eight, respectively.

Table 7: SWOT, HHR Current Position

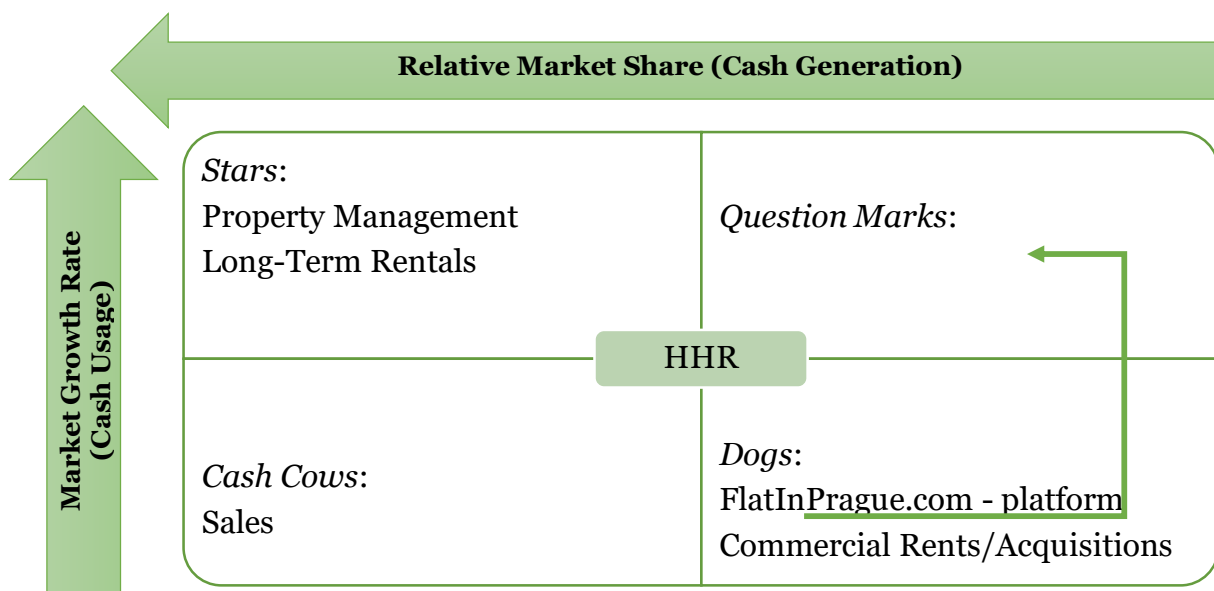
	Strengths	Weaknesses
	Internal	External
	<ul style="list-style-type: none"> <li>Long-term player on the market (since 2002)</li> <li>Variety of services performed</li> <li>Pro-personal approach to clients</li> <li>Well-trained and experienced brokers and assistants</li> <li>Network of cooperative companies</li> <li>Knowledge of the local market</li> <li>Client Database: both flat owners and tenants (large database containing 13000+ properties for sale, long-term rentals or short-term rentals)</li> <li>Financial reserves</li> <li>Variety of marketing tools used (both on and off line)</li> <li>Innovative in advertising of Apartment buildings</li> <li>Central office location in the city</li> <li>Holds a professional liability insurance for damages</li> <li>Is a member of Real Estate Chamber of Commerce of the Czech Republic</li> <li>Good team spirit</li> <li>Stable management</li> </ul>	<ul style="list-style-type: none"> <li>Office moves to a new location in May 2016 – less central geo position</li> <li>Weak online presence for foreign customers</li> <li>Occasional HR vulnerabilities</li> <li>Money losing entities (in stabilization process)</li> <li>No managerial succession</li> </ul>
	<ul style="list-style-type: none"> <li>Growth of Real Estate Market in Prague metropole</li> <li>Further partnership opportunities</li> <li>Relatively good economic stability of Czech Market</li> <li><i>New technologies: Renting Platforms</i></li> <li><i>Upcoming changes in Czech legislation towards Real Estate Agencies and Brokers</i></li> </ul>	<ul style="list-style-type: none"> <li>Dependence on property owners' and tenants' moods</li> <li>Fast growing competition</li> <li>Fast turnover of new properties</li> <li>New building development takes time</li> <li>Constant fluctuation in market demand</li> <li>Seasonality in demand</li> <li><i>New technologies: Renting Platforms</i></li> <li><i>Upcoming changes in Czech legislation towards Real Estate Agencies and Brokers</i></li> </ul>

Source: Author's research

As can be seen in the SWOT matrix, HHR holds enough internal resources to be a prime player in Real Estate Market of Prague. The relative long legacy provides substantial internal strengths. From a marketing perspective, the most important are the knowledge of the local Real Estate Market and an innovative approach used in advertising. There are still certain weaknesses in the online presence of the company that will be thoroughly analyzed and described later in this chapter.

Several market phenomena pose both threats and opportunities for this Agency. Upcoming changes in Czech Legislation would on one side, cut down competition: occasional brokers, unfair businesses and ephemeron Agencies. On the other side, the new legislation is not yet clearly defined and thus market players have only a little amount of time to prepare for it. Also it is unclear how the rise of new renting technologies, particularly Renting Platforms, will affect the company. These Renting Platforms are open access tools, flat owners can use them on equal terms as Real Estate Agencies, lowering the need for mediators between property owners and tenants.

Picture 8: BCG Matrix, HHR Current Position



Source: Author's research

The BCG matrix unwraps the reality that HHR has some strong and some weak assets. These assets are allocated according to their Market Growth Rate and Relative Market Share and will be described in more detail below.

#### *Stars:*

Undoubted stars of the company are *Property Management* and *long-term rentals*. They consume a major part of marketing budget but also generate enough revenues to cover themselves.

### *Cash Cows:*

As what often holds true for Real Estate Agencies with a variety of covered categories, *Sales* provide biggest ROI and its marketing costs are smaller than those of *Stars*. Selling Real Estate property provides the highest commission for the Agency and since each broker only gets paid a percentage from the transaction, company's investments are limited to posting and advertising of the property. Therefore, the costs for the company are much smaller than its return from the commission.

### *Dogs:*

The *Platform FlatInPrague.com* was started in 2013 and its progress is currently stagnating. Both marketing and HR reasons can be hold responsible for this stagnation. For the purposes of this paper, only the marketing reasons will be analyzed. For the fairness of the analysis, it should be mentioned that this platform has the tendency to fluctuate between being a *Dog* and a *Question Mark* within the HHR portfolio. HHR advertising investments enable short-term rentals together with the FlatInPrague platform to generate revenue for the company during the high touristic seasons. In general, however, these revenues are much smaller than the total investment into short-term rentals department (HR plus Marketing & Development costs).

*Commercial rentals and Acquisitions* are also included into low growth/share category. From the marketing perspective, the company does not invest separately into this particular category and its overall cash generation is minor. This part of the company can be described as "low pain low gain" and the Agency is keeping this type of service in its portfolio without prioritizing it.

## 3.3. Marketing Structure

For each entity, HHR defines its target audience differently. For short- to mid-term rentals, the customers are mostly foreigners (80%). In long-term rentals, this proportion shifts towards 50/50 between Czech and foreigner clients. In the Acquisitions target group, locals represent 65% and foreigners 35%. Property Management again addresses foreigners (60%) more actively than Czech citizens (40%).

HHR divides its marketing budget between Online and Offline promotion in a 2:1 ratio. Offline marketing is aimed for brand building rather than advertising a particular service. It includes outdoor advertising (wall outside the office building), leaflets and car and mailbox stickers. For online marketing, a large variation of tools and campaigns are used. The usage of these digital tools are further analyzed and described in the following part.

### 3.4. Web Presence Analysis

The Online marketing presence of HHR is different for each of Agency's entities based on the defined target customers (e.g. sales uses category listings; short-term rentals utilizes renting platforms). The following analysis describes and studies the use of each digital channel used for HHR marketing strategy.

#### 3.4.1. Official Website

HHR has an official websites with the URL [www.happyhouse rentals.com](http://www.happyhouse rentals.com) that contains the Agency's name. The site can be viewed in two languages: Czech and English. The website Assessment Form developed by the Watermelon Mountain Web Marketing company (see appendix number three) was used to evaluate each version separately. As was mentioned in the subchapter *Web Content* (1.3.2., p. 11), the content of a website and the way it is presented are crucial points that insure that the potential customer understands what a company provides and what is possible to achieve on this website (to get acquainted with the brand, to make a reservation etc.). The Assessment Form was designed to evaluate website's accessibility and efficiency and reveal points for future adjustments.

#### *Concept of Presence 25 CZ/25 ENG*

Both Czech and English versions received a full 25 points for the visual metaphor of the website. Presented design is coherent, supports the company's logo and name (those were developed long before the website started to function). The design is the same for the CZ and ENG versions with the motto of the company in the English language: *Happy House Rentals... smart move.*

#### *Content 20 CZ/19 ENG*

The maximum amount of points for this category is 25, the reason for not awarding the full amount of points was based on several factors:

Firstly, the content of the website is translated into both languages unequally. The English version lacks blog postings and some links that are present on the bottom of the Czech version.

Secondly, the intensity of the text is on some parts of the website very high and on other parts low, affecting the visual perception. The Real Estate blog that can be found on the Czech version is situated at the bottom of the page, where most visitors do not even bother to scroll.

Thirdly, the website does not covers all of the questions that a potential client might have. Some utility prices and Apartment Property Management rates are missing. On one hand, this is a strategic move of the Agency to force users to make first contact

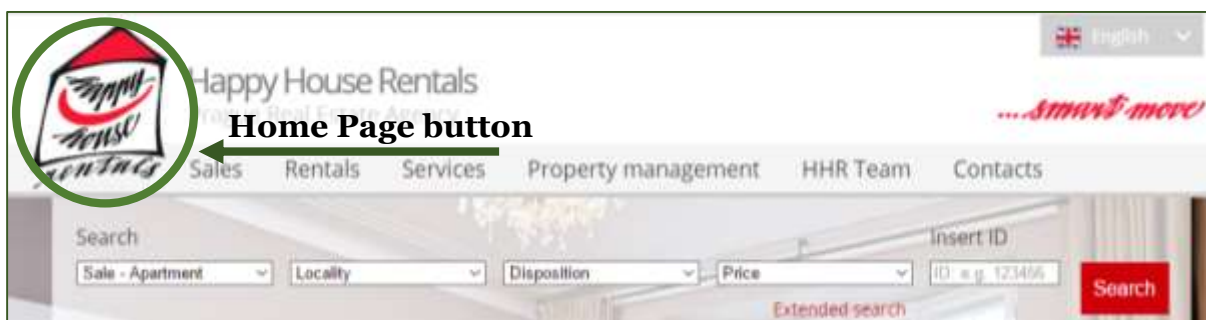
with the broker, on the other hand, some users might be annoyed by the lack of such important information and choose to completely skip the listing because of that.

Lastly, there are several ways in which clients can contact the Agency if they want an answer to their questions. There is a fill-in enquiry form with each listing, the possibility for an online Skype call and the mobile phone number and email address of each employee is available at the Team and Contacts section. However, the response time depends on the opening hours and availability of each team member.

#### *Navigation 26 CZ/25 ENG*

From a maximum of 30 for this category, points were deducted again unequally from the different language versions. As mentioned previously, not all navigation links made it to the English version. Both versions lack a site map and page buttons are not signed. Even though the average web user will be aware that the company's logo on the line of section buttons represent the *home page/first page* button (see picture number nine), the Web Accessibility check list requires each button to have a sign that pops out when the cursor is located upon it. This measure helps infrequent web users and with slow Internet access to navigate along the website structure. Furthermore, unfortunately for Real Estate companies, the ways in which the search can be optimized are limited, they require many manipulations from the user who has to fill in all search requirements. HHR partly solves this by separating the Extended Search option under a separate button.

Picture 9: Navigation Panel, HappyHouseRentals.com (ENG version)



Source: [www.happyyouserentals.com](http://www.happyyouserentals.com), accessed on: 16/04/2016, adjusted

#### *Decoration 29 CZ/29 ENG*

Each version lost one point since sometimes decoration elements interfered with Web Accessibility of navigation.

#### *Marketing Efficacy 15 CZ/14 ENG*

From a marketing perspective both versions lack certain promotion coherence and miss out on the full 20 points. There is no clearly defined Call for Action present. Property Management has no online contact form that is shown at each listing for Rent or Acquisition. Once again, the opportunity to fully advertise properties and services

is sometimes missed because they lack translations. Furthermore, the main HHR page mentions the operation of apartment-hotels, however, no links to them are present on this website, which can be seen as a missed opportunity to promote its own subsidiary.

The total amount of points given to the website is 115 for the Czech and 112 for the English version. There are clear possibilities for improvement; however, these improvements are not limited to the official website of this Agency, and will be summed up in the subchapter *Web Presence Improvement Possibilities* (3.5., p. 62). In table number eight, the sources of the traffic to HHR website are depicted. Each of the mentioned online sources is studied in the following subchapters.

Table 8: Sources of HappyHouseRentals.com Traffic

Traffic Source	Percentage	Levers Used
<b>Direct-to-site</b>	13%	Recommendations, Printed Advertising, Outdoor advertising, Word of Mouth and years of market presence.
<b>Referring websites</b>	4.1%	Online advertising, Directory listings platforms
<b>Social Media</b>	2%	Facebook, Blogger, LinkedIn, Twitter, VKontakte
<b>Search Engines PPC</b>	<b>50.5%</b>	Advertisings on Google.com and Seznam.cz Variety of keywords
<b>Search Engine Organic</b>	<b>30.4%</b>	- SEO for content creation, link building, and etc., primarily in CZ language

Source: Google Analytics, presented data is used with permission from the Happy House Rentals Ltd. and is not allowed for further copy or presentation in any format.

### 3.4.2. Online Advertising

HHR, throughout its running digital history, has used several types of advertising. They had *Banners* on Sreality.cz and Expats.cz, which were intended for brand building that affecting the company indirectly. Banners on such popular websites are expensive, hence the company does not use them continuously.

HHR has an entry on the Czech Directory Firmy.cz. This listing is paid for annually with a daily extra charge to have the display page connected to the category listing portal Sreality.cz. Both websites are operated by Czech Search Engine Seznam.cz.

HHR further advertises on a significant number of category listings Real Estate Platforms. All of such listings are paid for even if they are not viewed or clicked on by a web user. As has been discussed in the previous part under subchapter *Directory/Category listings* (2.4.3., p. 43), the contribution of such listings to Agency's acquisition of customers should be carefully studied and put relatively to the amount paid for each listing. From table number four (p. 44), the top ten online listings by traffic rank include those used by HHR: Reality.idnes.cz, Ceskereality.cz,

RealHit.cz, Hyperreality.cz, UlovDomov.cz, Domybytypozemky.cz, Sreality.cz. Among them, the biggest share of traffic to HHR official website comes from Sreality.cz, Reality.idnes.cz and additionally from directory listing on Expats.cz. However, used portals as Nemoshop.cz, RealityCechy.cz and RealBonus.cz, have a very low number of sites linked in and according to Google Analytics provide minor to no traffic to the HHR website. Therefore, it can be question if it is reasonable to pay for such listings. One could argue in favor for these listings by stating that every external listing brings an off-site optimization effect. Accuracy of this belief will be challenged hereafter in this paper.

### 3.4.3. Search Engines Pay-Per-Click

HHR runs two major online PPC campaigns. One on Google (by Google Adwords) and another one on Seznam.cz (by Sclick). The majority of chosen the keywords are in the Czech language, in fact the 17 keywords generating the most traffic to the HHR website are all in Czech. Paid Search Engine ads do not reach the desired foreign customer group for short-term rentals, and barely makes it with Property Management. This explains the prevalence of HHR among paid results on SERP for keywords on long-term rental and property acquisition, but a lack of them for English keywords, as found during the analysis in subchapter *Search Engine Research* (2.4.2., p. 41).

Additionally, HHR pays for advertising on the keyword: Happy House Rentals, both in Google and Seznam. This is a questionable investment, as the official webpage has a prime position on each SERP in the organic results as well. Picture number ten shows a term cloud for the fifty most effective keywords used by HHR in different online campaigns.

Picture 10: HHR, Paid Keywords Term Cloud



Source: Google Analytics, presented data is used with permission from the Happy House Rentals Ltd. and is not allowed for further copy or presentation in any format.

### 3.4.4. Public Relations, Direct & Mobile Marketing Tools

#### *Public Relations*

In order to build on keywords for organic results, HHR started a Real Estate blog in 2015. It is situated on the bottom of the official website and only in the Czech version. The Blog is regularly updated with posts written by Agency's employees and reposts from cooperative portal Realitycechy.cz. In spite of this blog being an interesting type of Public Relations, this blog is poorly promoted within the page itself, and only rarely will visitors scroll down to find out about its existence.

Additionally, HHR posts non periodical articles in Real Estate focused online magazines and blogs, for example in the online magazine Realizacebydleni.cz or at blogs based on platforms provided by popular newspapers Tyden.cz and Idnes.cz. All of them are in Czech language and target local clients.

#### *Direct Marketing*

HHR does not use email newsletters as a direct marketing strategy. Company owner regards these newsletters as annoying and feels that clients could be more offended by them than interested. There are seasonal call/email contacts and checkups with property owners that rent out property by HHR, but that is not regarded as a marketing activity. Currently, the only HHR department that, in a minor way, uses direct emailing as marketing is the Property Management unit, which sends occasional letters advertising its services.

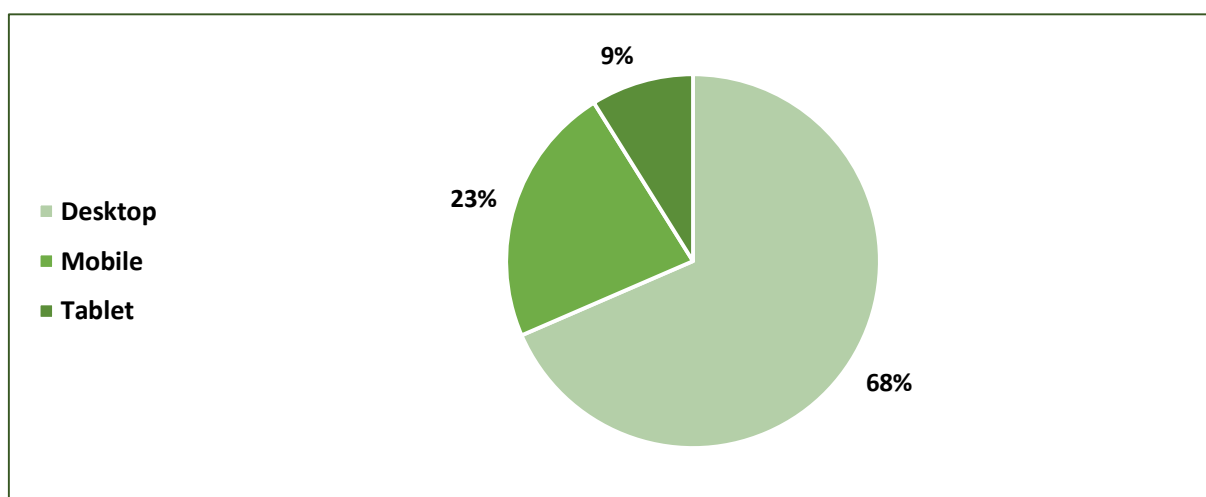
#### *Mobile Marketing*

Until now, HHR does not have mobile optimization for its website. Currently the mobile friendly version of the website is under development and it will be a lighter version available in both languages (CZ and ENG). According to Google Analytics (see picture number eleven), the total amount of sessions that comes from mobile devices (mobile phones and tablets) sums up to 31.5% from the total sessions. So over 4,000 entries come from mobile devices. The current, un-optimized websites graphics require a longer loading time and higher data usage, which is why the Bounce Rate<sup>25</sup> is higher in the mobile device category, 38.5% from total bounces that is over 2,000 bounced visits. To compare, this means that almost half of the website's visits from mobile devices end on the first page, whereas for the desktop visits this loss amounts to only one third from the all desktop entries.

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<sup>25</sup> Bounce rate (in Google Analytics) - the percentage of single page visits (or web sessions). It is the number of visits in which a person leaves a website from the landing page without browsing any further.

Picture 11: HHR, Device Category Contribution to Total Sessions



Source: Google Analytics, presented data is used with permission from the Happy House Rentals Ltd. and is not allowed for further copy or presentation in any format.

### 3.4.5. Social Media Presence

Over the years, the Agency has tried out a number of different online Social Media Platforms. It has company pages on Tumblr, Twitter, Google Plus, Facebook, vKontakte and LinkedIn. Most of the mentioned pages are not active, LinkedIn and Tumblr have no posts only a HHR profile page, Twitter and Google Plus posts date back to the year 2014. The last update on vKontakte was done in February 2015.

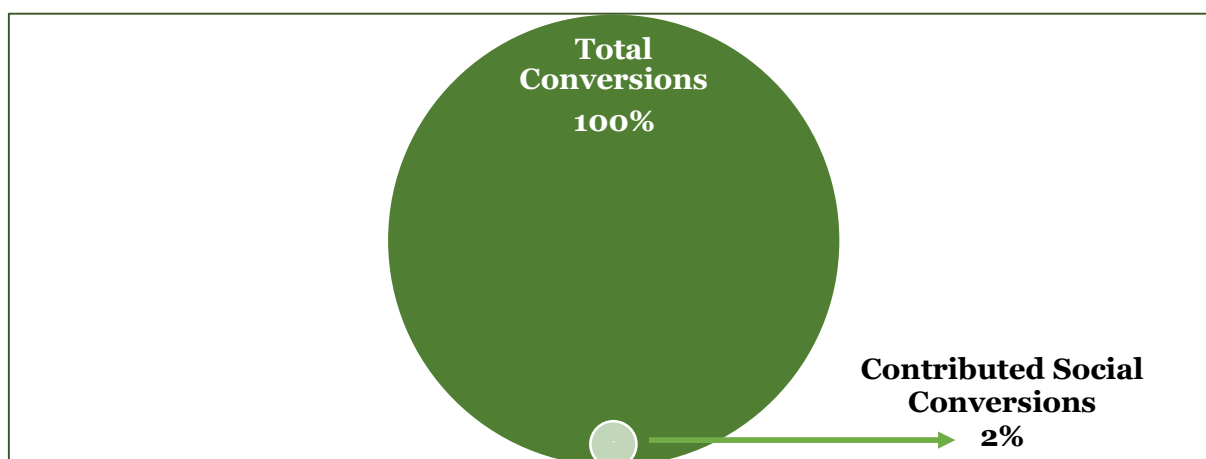
A Facebook page seems to be the only Social Media actively used by HHR. As of April 2016, it maintained 1,069 *Likes*,<sup>26</sup> with an update frequency of once/twice per week. Posts mostly copy listings provided on the official website or reposts of local Prague news from other websites. There are also ten reviews from visitors with average rating 3.8 out of 5 max stars. A couple negative reviews that appear about the company are commented by HHR employees, broker and assistants. Moreover, all of the posts are once again solely in Czech language, whereas reviewers and page visitors are both locals and foreigners.

The low presence on Social Media results in a low traffic rate from this media to the official website and therefore contributes only 2% to conversions rates (see picture number twelve).

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<sup>26</sup> Liking a Page (on Facebook) means users are connecting to that Page. The Page will appear on their profiles, and they will appear on the Page as a people who like that Page.

Picture 12: HHR, Social Value to Overall Conversion Rate (average for April 2016)



Source: Google Analytics, presented data is used with permission from the Happy House Rentals Ltd. and is not allowed for further copy or presentation in any format.

### 3.4.6. FlatInPrague.com

The Agency has another website at its disposal, a short-term rentals platform FlatInPrague.com. This website was made solely for listing and advertising short- to mid-term rentals. Its administration is under the short-term rentals department. Listings from FlatsInPrague.com usually are not present on the official main Agencies website (HappyHouseRentals.com), however if a flat owner agrees to rent the premises for both short- and long-term, listings can be duplicated. There is a direct link to FlatsInPrague.com from official HHR website, however there is no link back (only a written indication that this website is managed by HHR).

Currently the traffic to this platform is minor. Internal HR difficulties had its part; however, this paper will only focus on the online marketing side. Currently there is no paid advertising campaign for this website. It has difficulties to fight major international renting platforms in organic results for the English language, however it has quite stable results for Czech languages enquiries, appearing on first SERP for different combination of keywords.

There are more than 1000 listings, only part of which are active and available for rent all year round. Besides their own platform, HHR also uses AirBnB for short-term rentals. However, their listings are more expensive than average (due to additional fees), also it takes longer to check the availability from flat owners, therefore HHR's listings cannot compete with offers from property owners during the low touristic season.

Unfortunately, currently FlatinPrague.com is not under monitoring of any online analytical tool, thus no specific data can be provided for this study except the author's personal experience from the short-term rental division over a time period of one year. From the author's point of view, FlatInPrague together with short-term rentals has its potential. This potential can be reached by structural changes to the short-term rental team and marketing changes. To illustrate, the Facebook page of FlatInPrague has

more likes than the official HHR website's FB profile (11,774 vs. 1,069: respectively). Its online communication suites the targeted audience in language: the Facebook page is in English, all listings and information on website are thoroughly translated. Providing the potential to create an online community that, with correct management, can be engaged in conversations, information sharing and after all reservation making activities.

### 3.4.7. Search Engine Optimization / Organic Results

As was previously stated HHR focuses on two Search Engines: one is local Czech – Seznam.cz and the other one international – Google.com. In theory this spread should ensure that all target segments, both local and foreign, will be reached. Yet ongoing optimizations have shown to be targeting only local Czech speaking clients. Both on-site and off-site optimization tools are focusing primarily on divisions of long-term rentals and sells. But even in these two categories, the defined target customers are divided between locals and internationals in an almost 1:1 ratio.

In comparison with internationally recognized players, it is apparent that Search Engine organic results can be a source of major traffic to the website, as was shown in a previous example, HomeAway.com has 40% of its traffic from organic results. HHR is currently at 30.4%, which is also a good number, but one that can still be improved.

In its SEO optimization, HHR uses the same keywords as for the PPC campaigns. This results in top organic and paid results to the same Search Engine enquiries and minor to no results in uncovered keywords by either marketing tool. Furthermore, the average Bounce Rate from organic results is around 41% on average per view. According to Google Analytics, most of these enquiries were from people that looked for short-term rentals, Commercial Real Estate, Apartment Buildings acquisitions and Property Management. This can be a signal that these categories are not advertised enough on the first page of the official website, which can be adjusted during future on-site optimization.

### 3.5. Web Presence Improvement Possibilities

As is evident from the above analysis, Happy House Rentals extensively uses online marketing to promote its different divisions and services. During the research that was conducted by the author, the use of different digital marketing tools was discussed within the company. After the web presence research and analysis of the available data from Google Analytics, the author was able to suggest improvements, several of which are already on their way to be implemented.

One major point of improvement, which can be applied to all of the online marketing presence of the Agency, is the weak online targeting of foreign clients. This weakness came forward during the SWOT analysis and has been noticed throughout the web presence research. All of the used digital tools seem to lack the appropriate handling

in terms of language diversity and optimization. This weakness could theoretically cost the company half of its potential clients. With this in mind, the improvement possibilities are indicated as follows:

### *Official Website*

Overall HHR has a stable and attractive official website, HappyHouseRentals.com with redirection from HappyHouseRentals.cz. The main recommendation is to make a full and thorough translation of all information, texts, listings descriptions, buttons and links so that both Czech and English versions of website would match. This would contribute both to on-site SEO and to the comfort of foreign clients.

Lack of some information provided about listings can bother some visitors. However, here the Agency has to balance between the wishes of property owners, some of which do not want all of the information to be available online to unregistered users. Additionally, this can be a Call for Actions, as clients would make first contact with a broker about the property he or she is interested in. This works well with advertising for Sales of Apartment buildings, where visitors have to register in the HHR database and have to send an enquiry to receive more information about the property they liked. However, some of the provided services can lose from absence of information. For example, lack of pricing for Property Management. As prices can depend on the amount of work and apartment size, it can be enough to simply put a *price from* entry to capture the attention of any interested party. Additionally, a contact form with a picture of the PM team would be a good addition; this will ease the connection for clients and would follow the style of other listings.

Website accessibility can benefit from a website map page and page buttons signs. On the bright side, analysis by Alexa browser extension showed that website loading time is faster than average (0.716 sec), which means that the website uses a light design that makes it available for slow Internet connection access.

To enhance marketing efficacy, web links between all external HHR websites and businesses should be built. FlatInPrague.com and all residencies managed by the Agency should have a link to its mother company's official website. This would provide link building for off-site SEO and most importantly free advertising.

The recently introduced Real Estate blog is a great source of on-site and off-site link building and keywords upgrade. However, its potential is underestimated in the Agency. The blog could be translated into English and can be highlighted by putting it up as a separate page on the navigation panel. Simultaneously, posts from this blog can be interconnected and reposted on various Social Media used by the HHR Agency.

### *Social Media*

HHR uses several Social Media online platforms to engage its clients; the Agency's behavior on each of these platforms should be readdressed and optimized.

There are several inactive profiles of the company on Tumblr, Twitter, Google Plus and vKontakte. As has been rightly suggested by one of the employees, having diverse social

platforms engaged can help HHR to build links for off-site SEO of the official website. However, different online marketing authors' (e.g. Janouch, Stokes) research argues that Search Engine spiders assess the quality of links that lead to websites, and do not take into account inactive Social Media or Blogs. Therefore, there is no positive effect from dead/inactive/un-updated social web pages. Additionally, when Internet users search on the web, and by chance end up on a page that the company has not updated in a long time, these users tend to think that this company is no longer existing. Therefore they might stop looking and will not proceed to its official website. To sum up, if an Agency wants to have a lot of different online platforms engaged for traffic build up, it should regularly post updates and manage all of them.

There are several ways for optimizing and easing the updating process of social media. For example, a post from Twitter can automatically appear on the Facebook page as well. Tumblr can be integrated as a platform for the Real Estate blog that the Agency already started on its website. LinkedIn can be a platform for HR to search for new employees, and there is also possibility to run a blog there. The main idea is to engage people visiting the company's profile page and not just repost commercial listings from the official website.

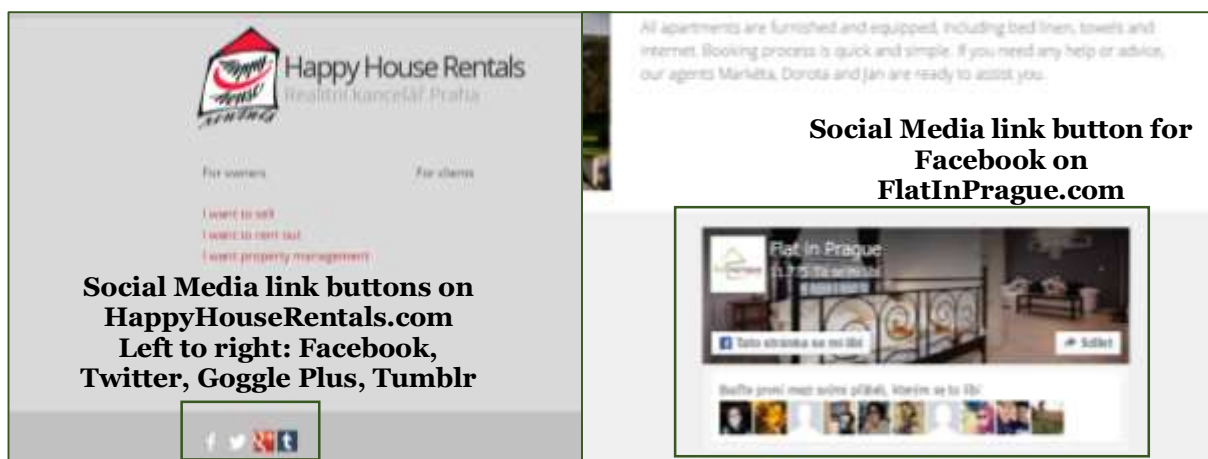
Facebook, being the most widely used Social Media platform (*In Europe, over 307 million people are on Facebook*),<sup>27</sup> should be managed accordingly. There is a great potential to get the interest of a wider audience when posts would be published in multiple languages, for example English, German, French and Russian. All of these languages are spoken by different employees of the company and therefore could be provided and updated using internal sources only. Being an Agency that aims to target a diverse audience, HHR should use this *Translate and Update* strategy for all Social Networks channels.

Social Media can bring traffic to the website, but the official website itself should also provide its visitors the opportunity to engage in the Agency's social community. In this case, the official HHR website could make use of the lessons learned from the creation of the FlatInPrague.com website. There are different types of Social Media link buttons used on both websites. The one on HappyHouseRentals.com (see picture number thirteen, left side) makes users open a new browser window and go to that Social Media page. Not all users have time and desire to do so, thus such buttons are usually ignored. Another variation is used by FlatInPrague.com (see picture number thirteen, right side). In this case, the user does not have to leave the website but can directly engage and connect to the digital social community of the company.

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<sup>27</sup> Zephoria Digital Marketing, <https://zephoria.com/top-15-valuable-facebook-statistics/>, accessed on: 15/04/2016

Picture 13: Social Media Link Buttons on HappyHouseRentals.com (left) and FlatInPrague.com (right)



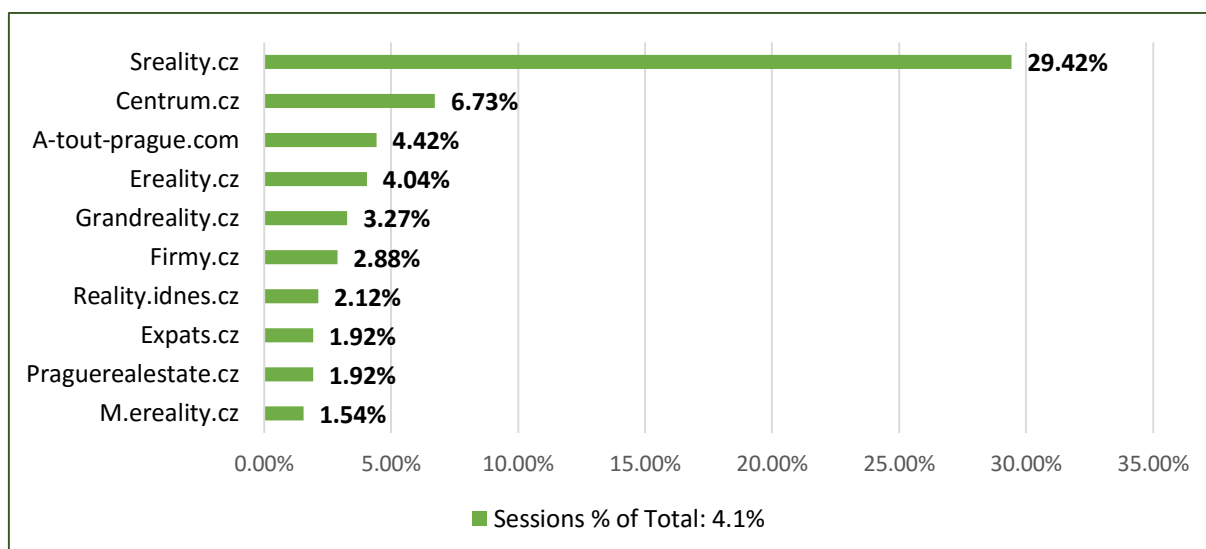
Sources: [www.happyhouserentals.com](http://www.happyhouserentals.com) and [www.faltnprague.com](http://www.faltnprague.com), accessed on: 21/04/2016, adjusted

Nowadays, Social Media is not only a place of promotion; it is also a place of Public Relations and especially communication with customers in crisis periods. For a Real Estate Agency like HHR, this means dealing with negative reviews of properties' quality or brokers behavior. So far, brokers or assistants have tried to comment back on such reviews. As they have opposing interests in these cases, especially if they are the broker criticized, replies tend to go into long and unnecessary debates with angry clients. To avoid such confrontations in the public place that Social Media is today, replying to reviews of disappointed clients should be done by one assigned person (preferably a manager with authority) that would apologize and thank the client for providing clues for future improvement. The client that was upset might not return, but what is important is to behave in a professional and grateful way in front of the online community. For bad evaluations, the same person should ask the reviewees why they did not fully enjoy their experience and once again make clear that the opinion of each client is highly valuable to the Agency.

### *Online Advertising*

HHR uses Category listings as the main source of referral websites and thus off-site SEO linking. The top ten traffic generating platforms are presented in picture number fourteen. In combination, these and several additional platforms bring only 4.1% of the overall traffic to the website.

Picture 14: Top 10 Sources of Traffic to HappyHouseRentals.com from Referring Websites



Source: Google Analytics, presented data is used with permission from the Happy House Rentals Ltd. and is not allowed for further copy or presentation in any format.

All of the listings and postings on these online platforms are paid and therefore should be managed and followed to ensure that such listings are desirable. In the case a certain platform provides no traffic for a paid period of time (some platforms are paid for per listing, some monthly, other annually), it should be considered for substitution with another platform. The bigger platforms (a list of which is included in this thesis) that are not used by HHR, can potentially be better traffic sources. These include: Reality.bazos.cz, Eurobydleni.cz, Hyperreality.cz, Reality.cz, Realcity.cz. This category needs more try outs to prevent useless spending. Tracking and measuring of the contributions of these online platforms could save the Agency's marketing budget.

Alongside with category listings, HHR can gain from banners on Social Media websites such as Facebook. Facebook provides tools to maintain a banner campaign, set up a paying option (PPC, PPA and etc.) and set criteria for a target audience. Contrary to category listings, that cover mostly the Czech audience, such banner campaigns can be focused both on locals and foreigners and thus help to build up a wider brand recognition and community.

### *Pay-Per-Click*

Apart from banner campaigns on Facebook in various languages, all of HHR paid online campaigns would tremendously gain from diversifying it keywords language structure. This especially matters for categories where foreigners form the majority of customers: short-term & mid-term rentals and Property Management.

Furthermore, PPC should be tracked and compared to the organic results. Some keywords are already used efficiently enough to bring HHR's website to prime positions on SERP so there would be no need to use the same once in PPC campaigns. Among the first 25 keywords that bring organic traffic and 25 keywords that are paid,

five of them match. Such keywords/key phrases include in ENG: happy house rentals, in CZ: apartment rents Prague (*pronájem bytů Praha*), house rentals in Prague (*pronájem domů Praha*), short-term apartment rentals in Prague (*krátkodobý pronájem bytů Praha*), Real Estate Agencies Prague (*realitní kanceláře Praha*).

Right now Search Engines' PPC has the biggest share on HHR's website traffic (50.5%, see table number seven). However, if one considers that users that insert into search line Agencies the name Happy House Rentals, the only reason for clicking on the advertising is because the organic result link is a bit lower on the same page. Users do not consider that the Agency pays for each click on that advertising, but will click on the organic result in case the page would only appear there. Hence the Agency is spending money on something unnecessary, when they could have spent the same amount of money on for example other keywords in English.

### *Direct Marketing*

Happy House Rentals possesses a large database of different clients and contacts. To not utilize such data is a real shame. Email marketing can be a source of traffic to HHR's official website and to its offspring FlatInPrague. For example, Short-term rentals can send out monthly letters describing local activities and celebrations that will take place in Prague, for example during Easter time. Additionally, a couple of new apartments and most visited apartment of the month could be integrated into the email. Even if the same client will not come to visit Prague again, he or she could keep in mind the existence of HHR and could recommend it to friends and relatives.

Property owners could be interested in quarterly email updates on how the Agency that advertises their premises is doing. In the same email, the introduction of Property Management could be included. Integration of email into the marketing structure can be rewarding, considering the fear that these emails are annoying and no one reads them, there is always an unsubscribe button and even 5% of conversion to the website out of a database with more than a thousand people would be a reasonable gain to the current traffic.

### *FlatInPrague.com*

The Short-term rentals' division of HHR could gain a lot from revitalizing this web platform. First of all the information on the website itself should be updated. Some contact details presented on the website belong to previous employees that no longer work at HHR. The listings database should be updated and only present those apartments that are actually available for rent. The integration of a managing office for property owners could possibly benefit the platform. In that case, flat owners could directly update the availability of the property on the website and the brokers in charge could deal with incoming reservations faster when they have all the information at hand.

Monitoring of the website progress is essential. HHR Google Analytics should be connected to this website as well to provide missing information on traffic creation.

Additionally, the Facebook page connected to this website should be updated weekly and there should be a link to HHR official website on FlatInPrague as well.

Both websites, HappyHouseRentals.com and FlatInPrague.com, would benefit from creating mobile versions. Nowadays, most people use their gadgets that are at hand to search for properties, especially for rentals.

### *Search Engine Optimization*

SEO for HappyHouseRentals.com relies on already described off-site and on-site improvements. To address a wider audience, the Agency should optimize its pages in both used languages equally. The Real Estate blog must, besides being in Czech, also be written in the English language as it covers a wider scope of keywords that cannot be covered by only property listings.

Categories with a high Bounce Rate, such as short-term rentals, Commercial Real Estate, Apartment Buildings acquisitions and Property Management, should be enhanced within the website by additional onsite banners and links. Some kind of such enhancement has already been implemented into the Czech version of HHR website, now it should be transferred to the English version as well.

Furthermore, SEO and PPC are not mutually exclusive or alternatives for each other, they are made to bring a synergistic positive effect on the overall health of online marketing strategy of the company. Both of them should be compared and measured. When PPC shows that certain keywords are used often by potential customers, those keywords should be integrated into the website for SEO. Only combining and connecting these digital marketing tools with a general strategy will help the Agency to win its clients in a tough competitive market such as Real Estate.

## 3.6. Outlook

Currently Happy House Rentals has a good market position mostly thanks to its good name acquired during the years of local activity. However, the market does not stay the same, new Real Estate Agencies are opening and crashing every season. Some of the new Internet Real Estate tools make Agencies' lives easier, some are strong competitors and make it tough to survive. Whatever the challenge is, a strong and adaptable marketing strategy would help to strengthen the market position.

HHR provides a variety of services and works with diverse clientele. With this in mind, the Agency should adjust its digital marketing accordingly. The only way to boost the awareness among the foreigner community is to provide international friendly websites and Social Media, which can be achieved with proper translations and consistent updates of used media.

Furthermore, HHR can benefit in the future from implementing new online tools. For example, video tours of the property for rentals and Sales. Since the Agency has a big database of such properties, it could easily start with filming premises that are under Property Management and are offered for rent. Additionally, online commercials for

Property Management could prove to be more explanatory for potential clients. Such videos could feature the cons of self-management and pros for delegating such tasks to professionals. Some interviews from flat owners would look better on video than in written words, as viewers would see a real person and will not think that the Agency made these comments up themselves. Both clients and Search Engines' spiders would notice such additions and get more interested. For HHR, that would mean better brand recognition and also, more importantly, a potential boost for the business.

## Conclusion

The Internet is like a living organism, always developing, always in motion. Marketing strategies connected to the digital sphere should therefore also be constantly developed and adjusted. The purpose of this Master's Thesis was to analyze the online marketing used by one particular type of Agency located in Prague metropole. The author fulfilled this goal using both the theory and research, which can be found in the different parts of the Thesis.

In the first part of this Master's Thesis, the Marketing tools devoted to create a digital strategy, which can be used by any company, were introduced and described.

In the second part, during the research, selected Agencies engaged in the Real Estate market in Prague, Czech Republic, proved to be familiar with the web marketing concepts but are failing to use them properly. The author's analysis showed that the companies in question, although they were in theory also targeting foreign clients, their digital marketing was mostly targeting local clients and did not reach the desired foreign clients. Most of their websites lacked full translations into foreign languages. Furthermore, the community building tools as Social Media and Public Relations were mostly organized and managed in the local Czech language, which excluded possible communication and engagement of potential foreign clients.

The third part of this paper, an in-depth study of online marketing used by Happy House Rentals Ltd. Agency, showed similar results. To summarize, the research showed the inconsistency in setting and addressing target customers. Thus, the author's main and prime suggestion is to fully translate and adjust the marketing message into the foreign language and use it for all online means of communication, whether it is blog posts, Social Media or even keywords used for Pay-Per-Click campaigns. Additionally, one of the insufficiently functioning Agency's departments, short-term rentals, represented by a separate website FlatInPrague.com, could be improved by connecting the website with web analytical tools (like Google Analytics already used within the company) and use the acquired data for both off-site and on-site optimization.

The framework and tools described in the theoretical part were implemented to study and analyze the case of Happy House Rentals Ltd. and its online marketing strategy. The results of this analysis enabled the author to suggest improvements for the online marketing strategy of Happy House Rentals Ltd and thereby the goal of this thesis was reached.

## Glossary:

This glossary was composed (and adapted) with the use of following sources:

*Stokes, 2013; Oxford dictionary online;*

Coursera massive open online courses *Digital Marketing Channels: Planning,*

<https://www.coursera.org/learn/marketing-plan/supplement/Dqgio/glossary>, accessed on: 10/03/2016

**Adobe Flash (now Adobe Animate CC)** - a technology used to show video and animation on a website. It can be bandwidth heavy and unfriendly to search engine spiders.

**Application** - software that is developed specifically for mobile devices. Also known as an app.

**Banner** - Also referred to as a banner advertising, a banner is a typically small rectangular advertisement placed on a website either above, below, or on the sides of the website's main content and is linked to the advertiser's own website.

**Blog** - a regularly updated website or webpage, typically it is written in an informal or conversational style by an individual or small group.

**Bluetooth** - A short-distance wireless transfer protocol for connecting devices.

**Bookmarking** – A process of saving the web address of a web page so that online user can easily refer back to it. Bookmarks can be managed with a web browser, or with other online tool.

**Bounce rate** (in Google Analytics) - the percentage of single page visits (or web sessions). It is the number of visits in which a person leaves a website from the landing page without browsing any further.

**Business to Business (B2B)** - When businesses sell products/services to other businesses and not directly to consumers.

**Business to Consumers (B2C)** - When businesses sell products/services to direct consumers.

**Call to action (CTA)** - A phrase written to motivate the reader to take action (sign up for newsletter, make a purchase etc.).

**Customer relationship management (CRM)** - A strategy for managing a company's interactions with present clients and potential clients. It often uses technology to automate the sales, marketing, customer service and technical processes of an organization.

**HTML** - Hyper Text Markup Language, is a programming language used for creating and visually representing a webpage.

**Hashtag** - users can categorize their posts by adding a word or phrase prefaced with the “#” symbol (for example #RealEstate). The hashtag then becomes a link that other online users can click to see other content that share this tag.

**Intangible good** - An intangible good is a good that is intangible, meaning that it cannot be touched, as opposed to a physical good (an object). Digital goods, such as

downloadable music and mobile apps, or virtual goods used in online market are all examples of intangible goods.

**Internet** - is a global computer network providing a variety of information and communication facilities, consisting of interconnected networks using standardized communication protocols.

**IP address** - a unique string of numbers separated by periods that identifies each computer using the Internet Protocol to communicate over a network.

**ISP** - Internet Service Provider, is an organization that provides services for accessing, using, or participating in the Internet.

**JavaScript** - an object-oriented computer programming language commonly used to create interactive effects within web browsers<sup>28</sup>

**Landing page** - The page a user reaches when clicking on a paid or organic search engine listing. The pages that have the most success are those that match up as closely as possible with the user's search query.

**Link** - A URL embedded on a web page. If users click on the link they will be taken to that page.

**Like (on Facebook)**<sup>29</sup> - Liking a Page means that user is connecting to that Page. When users connects to a Page, they will start to see stories from that Page in their News Feed. The Page will also appear on their profiles, and they will appear on the Page as a people who like that Page.

**Opt-in** - Giving permission for emails to be sent to oneself.

**Opt-out** - Also known as unsubscribe. The act of removing oneself from a list or lists so that specified information is no longer received via email.

**Property Management (PM)** - a professional field of the administrative management of immovable assets. It ensures all activities related to the proper operational and economic running of Real Estate, including services of facility management and marketing.<sup>30</sup>

**QR code** - Also known as a 2D barcode. These are scannable barcodes that can be read by certain mobile applications (by taking a photo of the barcode). They contain information such as a website link.

**Search engine spiders** - a spider is a program that visits websites and reads their pages and other information in order to create entries for a search engine index. The major search engines on the Web all have such a program, which is also known as a "crawler" or a "bot."

**SERP** - Search Engine Results Page, is the listing of results returned by a search engine in response to a keyword query. The results normally include a list of items with titles, a reference to the full version, and a short description showing where the

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<sup>28</sup> <http://techterms.com/definition/javascript>, accessed on: 12/03/2016

<sup>29</sup> <https://www.facebook.com/help/452446998120360/>, accessed on: 14/04/2016

<sup>30</sup> Trend report, 2015

keywords have matched content within the page. A SERP may refer to a single page of links returned, or to the set of all links returned for a search query.

**Short Message Service (SMS)** - Text messages that can be sent to mobile device from the Internet or from other mobile devices. Usually limited by number of characters.

**Social network** - In the online sense, a type of website model where individual members become part of a broader virtual community.

**SPAM** - Email spam, also known as junk email or unsolicited bulk email (UBE), is a subset of electronic spam involving nearly identical messages sent to numerous recipients by email. The messages may contain disguised links that appear to be for familiar websites but in fact lead to phishing websites or sites that are hosting malware.

**Splash screen** - graphical control element consisting of window containing an image or animation.

**Universal Resource Locator (URL)** - A web address that is unique to every page on the Internet.

**Unstructured Supplementary Service Data (USSD)** - A messaging protocol used to connect mobile devices with a service provider's computers, often enabling a variety of applications and creating a real-time connection that allows two-way interaction.

**Web browser** - (commonly referred to as a browser) is a software application for retrieving, presenting and traversing information resources on the World Wide Web. An information resource is identified by a Uniform Resource Identifier (**URI/URL**) and may be a web page, image, video or other piece of content.

**Wireless Fidelity (Wi-Fi)** - The transfer of information from one device to another over a distance without the use of wires.

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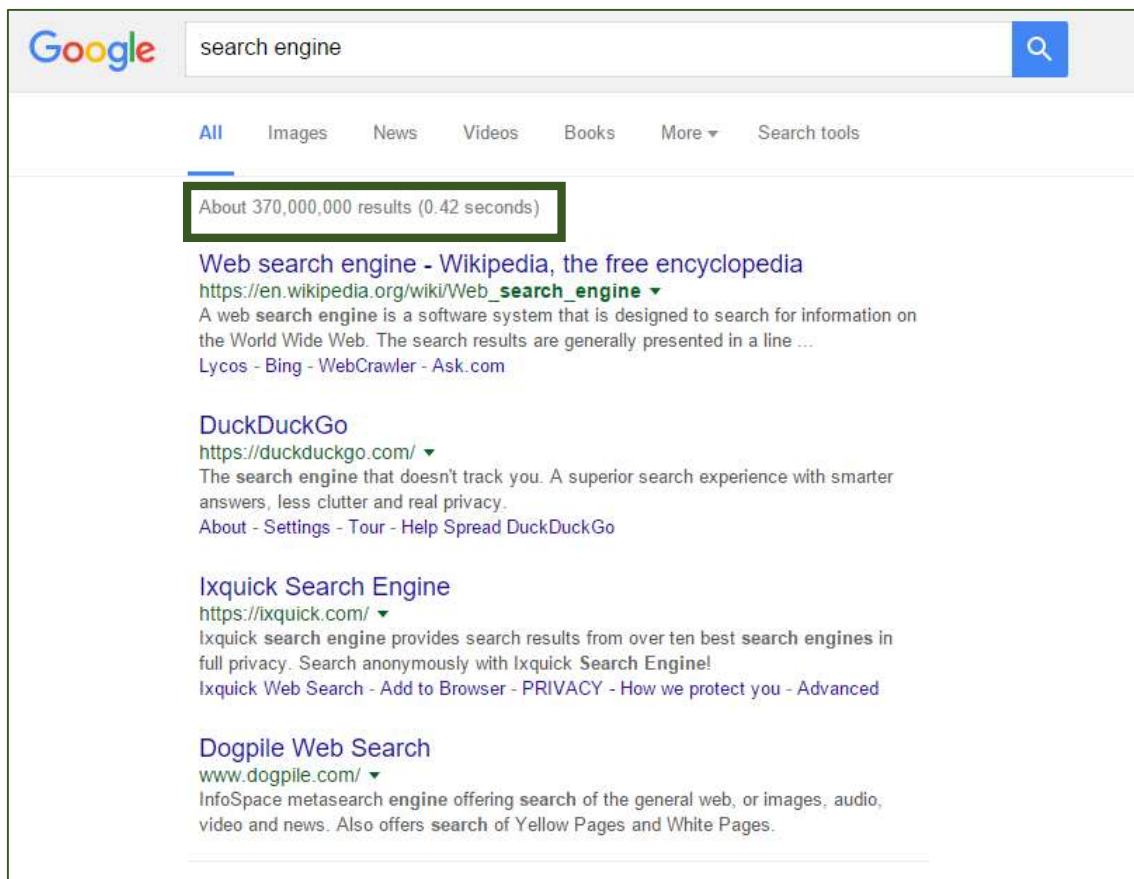
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## Appendix 1: SWOT Analysis Template

	Strengths	Weaknesses
	Internal	External
Internal	Advantages of proposition? Capabilities? Competitive advantages? USP's (unique selling points)? Resources, Assets, People? Experience, knowledge, data? Financial reserves, likely returns? Marketing - reach, distribution, awareness? Innovative aspects? Location and geographical? Price, value, quality? Accreditations, qualifications, certifications? Processes, systems, IT, communications? Cultural, attitudinal, behavioral? Management cover, succession?	Disadvantages of proposition? Gaps in capabilities? Lack of competitive strength? Reputation, presence and reach? Financials? Own known vulnerabilities? Timescales, deadlines and pressures? Cashflow, start-up cash-drain? Continuity, supply chain robustness? Effects on core activities, distraction? Reliability of data, plan predictability? Morale, commitment, leadership? Accreditations, etc? Processes and systems, etc? Management cover, succession?
	Opportunities	Threats
External	Market developments? Competitors' vulnerabilities? Industry or lifestyle trends? Technology development and innovation? Global influences? New markets, vertical, horizontal? Niche target markets? Geographical, export, import? Market need for new USP's? Market response to tactics, e.g., surprise? Major contracts, tenders? Business and product development? Information and research? Partnerships, agencies, distribution? Market volume demand trends? Seasonal, weather, fashion influences?	Political effects? Legislative effects? Environmental effects? IT developments? Competitor intentions - various? Market demand? New technologies, services, ideas? Vital contracts and partners? Obstacles faced? Insurmountable weaknesses? Employment market? Financial and credit pressures? Economy - home, abroad? Seasonality, weather effects?

Source: Alan Chapman/Businessballs, [www.businessballs.com/swotanalysisfreetemplate.htm](http://www.businessballs.com/swotanalysisfreetemplate.htm), accessed on: 24/02/2016

## Appendix 2: Google.com Results for an Inquiry: Search Engine



Source: google.com, accessed on: 05/03/2016

### Appendix 3: Website Assessment Form

Concept or Presence	Lowest	Best
How well is a coherent, visual metaphor carried through the site?	1	2 3 4 5
How well is that metaphor carried through on each screen?	1	2 3 4 5
How well does the metaphor fit the company image?	1	2 3 4 5
How well does the metaphor suit the purpose of the site?	1	2 3 4 5
How well does the metaphor suit the target audience?	1	2 3 4 5
Concept Subtotal: _____		
Content	Lowest	Best
How appropriate is the text-intensiveness of the site?	1	2 3 4 5
How well does the site answer any questions you might have?	1	2 3 4 5
If you have unanswered questions, how easy is it to ask questions via e-mail and/or phone? How prompt is the response?	1	2 3 4 5
How well does the content suit the purpose of the site?	1	2 3 4 5
How well does the content suit the target audience?	1	2 3 4 5
Content Subtotal: _____		
Navigation	Lowest	Best
How consistent is the navigation?	1	2 3 4 5
How obvious, simple, or intuitive is the navigation?	1	2 3 4 5
How easy is the access to the menu, site index, and home page from each screen?	1	2 3 4 5
How accessible are navigation tools (screen visibility/position)?	1	2 3 4 5
How effectively are internal links used to move through the site?	1	2 3 4 5
How well arranged is the content (number of clicks needed)?	1	2 3 4 5
Navigation Subtotal: _____		
Decoration	Lowest	Best
How attractive is the decoration?	1	2 3 4 5
How well does the decoration support the concept?	1	2 3 4 5
How well does the decoration support the content?	1	2 3 4 5
How well does the decoration support the navigation?	1	2 3 4 5
How well does the decoration suit the purpose of the site?	1	2 3 4 5
How well does the decoration suit the target audience?	1	2 3 4 5
Decoration Subtotal: _____		
Marketing Efficacy	Lowest	Best
How well does the site convey its central value message?	1	2 3 4 5
How well does it meet the buying needs of the target market?	1	2 3 4 5
How effectively does it use calls to action?	1	2 3 4 5
How well does the site promote itself within its own pages?	1	2 3 4 5
Marketing Efficacy Subtotal: _____		
Site Total: _____		

Source: Watermelon Mountain Web Marketing, [www.watermelonweb.com](http://www.watermelonweb.com), accessed on: 05/03/2016