UNIVERSITY OF ECONOMICS

PRAGUE

DIPLOMA THESIS

2017   **Ella Rozmanová**

Marketing Strategic Plan for Europa Capital's New Project: "Dome Prague"

Author: Bc. Ella Rozmanová
Thesis instructor: Ing. Markéta Lhotáková, Ph.D.
Scholar year: 2016/2017

Declaration:

I hereby declare that I am the sole author of the thesis entitled "Marketing Strategic Plan for Europa Capital's New Project: "Dome Prague" ". I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on April 28th, 2017........................   Signature

                                                            Ella Rozmanová

Table of Contents

List of tables, figures, graphs and charts

Introduction

Following the fall of the Soviet Union in 1992, the post-soviet labourers and workers from the former Soviet Union states were suddenly presented with a chance to work abroad, in the West where the currency value was much stronger than that of the home currency and where salaries were a significant couple of times higher than what the domestic labour force received. This trend was particularly prominent in the south-western-most region of Ukraine called Carpathian Ruthenia. The residents of this region could not find proper employment at home; the country was in chaos and salaries were low. Therefore people travelled to countries such as Poland, Slovakia, Hungary, Latvia, Italy, Czech Republic, Spain, and Portugal in search of proper work.

A Ukrainian entrepreneur, who saw potential and opportunity in the growing wave of migration of the Ukrainian people from Ukraine to Czech Republic in the 90's, established a visa consulting company in order to cater to the market demand of Czech working visas. The owner himself was a worker who came to Prague with an ordinary working visa with aims of earning money for his family back home in Ukraine. The company not only helped in preparing and organizing visa application forms, but also provided employment possibilities and functioned as a recruitment agency. Customers who applied for a visa through this company also often chose to be recruited by the company and worked directly in jobs the agency offered them. This was very practical for the workers and saved them time in finding a job, especially since they couldn't speak Czech, nor orient in the country. Today the company has expanded and experienced growth of demand in all of their services sectors on offer (visa application, job opportunities, business and financial consulting). As a result of the positive business development and growth in demand, somewhere around the years 2008-2010 the entrepreneur decided to split the company into smaller companies, which would become more specialized and oriented at a particular niche market. He perceived that the growing company was becoming too large, too chaotic and disoriented and thus required a higher degree of direction and essentially a better positioning strategy.

One such result of the split was the establishment of the company Europa Capital, which is a medium-sized Czech-based company, founded in 2010, it offers advisory and consultancy services in visa application, accounting and legal issues. Its main scope of

operation is in advising, preparing and collecting documents for applying for a Czech working visa for foreigners (mainly those who are Russian-speaking) from Ukraine, Moldova, Belarus, Bulgaria, Russia, Serbia, Mongolia. Currently Europa Capital would like to expand their industry and services package by considering a possibility to conduct a service-expansion type of growth, in which they would begin to offer an entirely new form of service. Europa Capital is launching a new project called "Dome Prag", which will function in the area of real estate it will work as a real estate agency that also provides facility management, legal and accounting services relevant to land, buildings and real-estate entirely. Europa Capital is also planning to establish Dome Prag as a separate company.

The objective of the Diploma thesis will be to offer a recommendation to Europa Capital on whether it is a sensible undertaking to enter the Czech real-estate market and if so, using what marketing strategy. As part of the methodology a strategic market analysis will be conducted. The thesis will look at the potential of the market in the Czech Republic, mainly Prague. The external and internal analysis will be carried out relevant to the project in order to find out whether it will be realistic and profitable to extend the company's services into the area of real estate and to attract new customers. The aims will be to attract new customers from new segments and also to offer services to their current customers. Thus the intent will be to expand their portfolio of services unreservedly to current as well as new customers.

The thesis is divided into the theoretical and the practical part. The theoretical part introduces the reader with the strategic marketing approach and the theory behind the methods/ tools that will be used to analyse the full business environment for launching the new real estate project "Dome Prague". Chapter 2 will describe Dome Prag and state the aim of the thesis. In the practical part: Chapter 3 and chapter 4, the situation analysis will be conducted in which the customer, competitor and market situation will be analysed. The target customers will be provided with a questionnaire, which will be used to understand and better develop services that would match the customer needs and desires. The internal analysis will follow. The final chapter 5 will provide a conclusion of the results with some recommendations to the company as well as a proposed marketing mix.

CHAPTER 1: Theoretical part

1.1 Strategic analysis

In order to identify the appropriate strategy for a particular business or project, the needs and objectives of the emerging company or project must be identified. If the objectives are on a local scale and the business is not looking to pursue an international presence, a relevant strategy focused on the local market must be adapted. There are a number of relevant tools that exist to identify and evaluate the business in order to create an applicable strategy. The most well-know strategy analysis tool and the one that is often the first to be conducted is the SWOT analysis, which looks into the companies or projects strengths, weaknesses, opportunities and threats in order to identify and understand all the elements of the surrounding internal and external environment that will cater to generate a strategy that the business should pursue.

According to Machková, Král, Lhotáková et al. (2014) strategic planning is a procedure that aims to create a correlation between the company's mission and the external dynamic business environment. The purpose is to firstly set specific objectives, define targets for internationalization and bring about action that would cater to the pursuit of these goals and objectives. Further, there needs to be a consistency between the goals of the company and the disposable capital/resources available to it. The company's mission is one of the first and most important steps when establishing a company, especially if it is oriented at international markets. The mission statement needs to be *"market-oriented, specific, realistic, motivating and should fit the marketing environment"*[1], it should touch upon the company's values, corporate culture, competitive advantage, and be a source of communication to all of its stakeholders.

Doole, Lowe and Kenyon (2015) presented some particular strategies that an SME could adopt for internationalization, these are the following: **STP marketing**, **competitive strategies**, **growth strategies**[2]. These are the generic marketing strategies. Naturally these strategies are specified particularly for internationalization, in which the company is looking to expand their products/ services to markets abroad. In reference to the research question of this thesis, the project "Dome Prague" is not merely looking to target a

---

[1] Machková, Král, and Lhotaková. *International Marketing*. 2014. p.59
[2] Doole, Lowe, Kenyon. *International Marketing Strategy.* p.167

customer segment in the Czech Republic exclusively, but on the other hand also to focus their services on target segments abroad to countries their customers originate from. These are mostly Russian-speaking nations from the former Soviet Union.

The strategy called **STP marketing** stands for segmentation, targeting and positioning, these are the basic stages of strategy creation. The logic of this strategy is that firstly all the relevant segments in the market must be identified; the most profitable and realistic target customers recognized and the respective positioning for each of the target groups presented. The tools for segmentation according to Lhotaková, M. (2010) are presented in the table below and these can be actively used for the purpose of identifying a target segment of consumers for the company's purpose.

Figure 1 Tools for segmentation (Lhotáková, 2010)
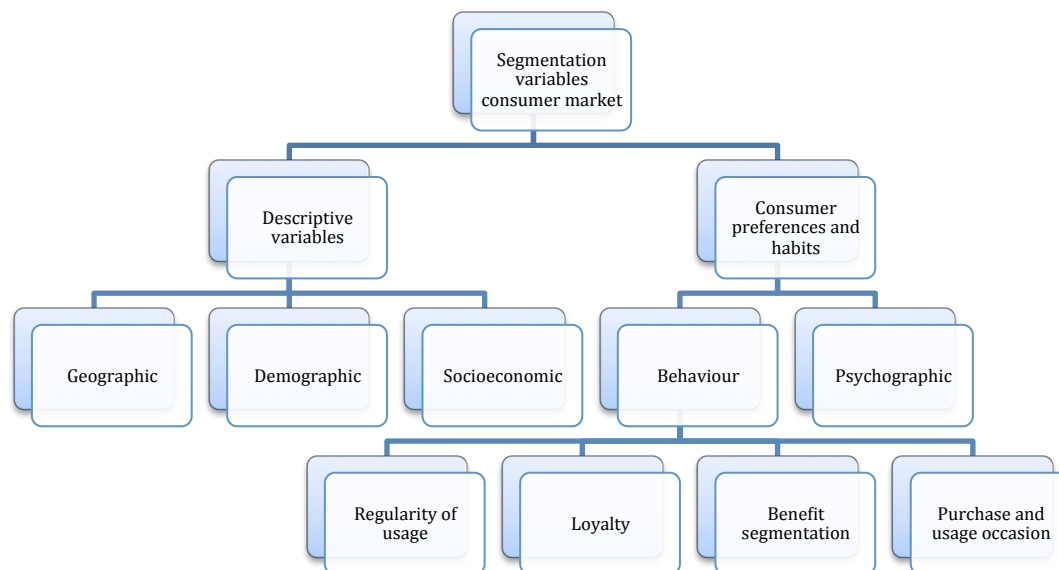
Source: Machková, Hana, Petr Král, and Markéta Lhotaková. *International Marketing* (2010)

The tools for segmentation displays a list of variables according to which the market may be split. It divides the pool of variables into the descriptive category, which relates more to some quantitative aspects of segmentation and to the consumer preferences and habits category, which is more qualitative in nature and takes a deeper analysis by asking consumers questions such as *why* and *how* rather than *who* and *what* as in the descriptive category.

Finally once the segments are identified, the company chooses the most relevant segment they will target their product or service at and based on the needs, values and

demands of their target segment and their ability to satisfy these. In the final stage they eventually develop their positioning based on their research on the market segmentation. The choice of the target segment depends on a number of factors: their size, potential for growth and purchasing power (Doole, Lowe, Kenyon 2016). These are especially important since a choice of the target segment must be rational not stripped of statistical data, which directly point to information about the possible future profitability and returns from the segment. Finally positioning is unique in the fact that the company must properly create a positioning that would be attractive and interesting to the target segment, therefore present them with a specific competitive advantage that would differentiate them from the existing products or services on the market.

What concerns **competitive strategies,** Porter (1990) identified three such strategies that can lead to growth opportunity; these are *cost leadership*, *focus* and *differentiation*. Cost leadership is based on offering a low cost for a product or service, as a result of operating in countries with low labour costs. Larger firms can also use this strategy to drive out smaller companies from the market. The *focus* strategy is based on concentration upon a specific customer segment in order to fully understand all details, features and characteristics that relate to this segment; this can however be quite capital intensive. Their competitive advantage lies in developing expert knowledge in all the elements of the section, providing close customer service support. The last strategy called *differentiation* is derived through bringing focus upon the distinct features or attributes of the product or service that clearly differentiate it from the competitors. Another element of the differentiation strategy is the need for continuous innovation, which would ensure the constant differentiation.

The **growth strategies** are categorized into four different types: *product penetration*, *market development*, *product development* and *diversification* (Ansoff, 1957).

Figure 2 Ansoff's matrix

		Products	
		Old	New
Markets	Old	Penetration	Product development
	New	Market development	Diversification

*Ansoff matrix (1957) source: Aaker, David A, Damien McLoughlin. *Strategic market management* (2013)

Product penetration is used when a company already sells products/ services in the current market and sees opportunity for sales growth. Thus they simply increase the number of the product produced and sell more of it in order to meet the potential for greater sales. Whilst diversification is characterized as introducing a completely new product/ service into a market where the company hadn't operated previously. Reasons for diversification are the quick decline in sales of an existing product. Further, minimizing risk by having a portfolio of products in a few markets, rather than one product in one market. In such a case, where the business sells one specific product to one specific target segment, if consumer preferences change or a new competitor emerges, the risk of failure is high. Product development involves introducing new or updated features of a product to the existing market. Market development involves entering new markets and expanding geographical presence with an existing current product. Usually product development and market development are exclusive for the company and when choosing one strategy they exclude the other due to limited resources, seeing that both of these growth strategies are quite resource demanding.

1.1.1 Strategic Marketing Management by David Aaker (2013)

The following section will be addressed at David Aaker's strategic marketing management model (see appendix 1) which outlines useful and necessary tools and methods for developing an effective and relevant business strategy that would cater to the individual demands of a specific and unique business plan/ project and simultaneously address the dynamic nature of markets existing today. The focus of the model is first of all on the strategic analysis from the external and internal stances. Once the various tools for conducting research are identified, the outputs are derived and finally the strategy creation process performed. The result of the whole process is a specific, individually tailored strategy that would be well suited for the discrete business at hand. Another element that Aaker brings to the concept of strategic marketing is his advocacy of the unique value proposition and the necessity for strong brand assets that work to build the business and drive results. Aaker's model for strategic marketing will essentially be the fundamental device used to analyse and develop a marketing strategy for the Europa Capital's project "Dome Prague"

1.2 External analysis

Aaker's strategic analysis begins with the external analysis; basically there are four perspectives and crucial tools that need to be addressed when initiating to conduct an analysis of the external environment. Firstly, the customer analysis needs to be conducted, followed by the competitor analysis, the market / submarket analysis and finally the environment analysis. These are basic categories that flow from a deeper analysis that needs to be conducted concerning the external elements. For the customer analysis the segments, motivations of these segments and their demands/ desires should be identified. The competitor analysis involves identifying all the important and relevant direct competitors, as well as future competitors. Measuring their performance, their advantages and disadvantages, their positioning strategy, brand image, all relevant details that are useful information to the emerging business or project. The market and submarket analysis refers to identifying the current, new and potential development of previously inexistent markets, determining the market returns, profitability, growth potential and general advantages and disadvantages. The general environment analysis looks into the overall business situation and various circumstances that could either positively or negatively affect the market attractiveness, growth and development.

Generally the strategic analysis focuses on everything that is external to the business or project at hand and attempts to draw specific and relevant dangers or on the other hand windows of opportunity that could somehow impact the emergence of a planned business launch for a product or service.

1.2.1 Macro and micro analysis

The study and research of the micro and macro environment should be differentiated when conducting a strategic market analysis. Although Aaker doesn't clearly and obviously draw this distinction, it is nevertheless worthwhile to mention this issue. According to the Oxford Learning Lab website, the micro and macro environment have a direct impact on the business but the marketing management doesn't have the power to control these factors. Nevertheless these factors do influence the decision-making process of the top management and consequently that of the marketing department and the business strategic marketing.
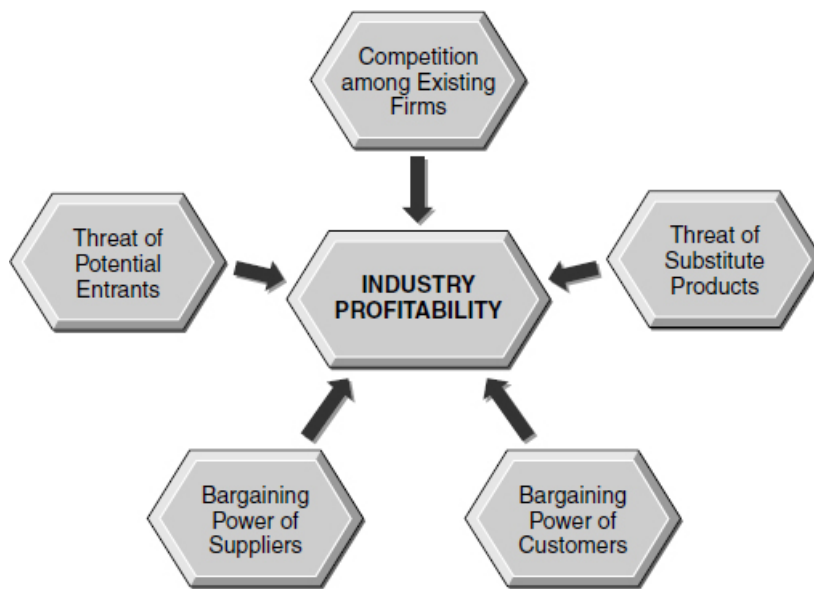
Source: Aaker, David A, Damien McLoughlin. *Strategic market management* (2013)

The micro environment is everything that has closer ties with the business operations and these are the suppliers, the distributors, customers, general public, and the competitors. The supplier's willingness to cooperate, offer a good price, give discounts, deliver materials on time all affect the prosperity and profitability of the company. The distributors can either improve the brand reputation or on the other hand damage it, if the distributor has a number of products in their portfolio, they might not pay attention to a particular brand that doesn't sell well and this neglect can worsen the brand image. The target customers determine the way the product should be marketed. Whether they focus on attributes such as the quality, the price, the functionality or the luxuriousness all affect the choice of the market strategy. Competitors will also affect the marketing strategy based on their existence, the extent of their power, target segments they are directed at and their positioning. The general public must not have problems with the business operations, the company should strive to have a corporate social responsibility in order to gain the support of the general public who are not necessarily customers, but may become so in the future. All this is summarized in Porter's five forces model.

The macro environment can be analyzed externally through the demographic forces, economic factors, natural/ physical forces, technological factors, political and legal forces, and social and cultural forces, referred to as the PESTLE analysis (Aguilar, 1967). Under

demographic factors it is typically referred to age, sex, nationality, education, income levels, these factors can notably influence the choice of the strategic marketing approach. The *economic factors* relate to the exchange rate, the strength of the local and foreign currency, the purchasing power, these may influence not only the production levels but also the consumer's choice. *Natural and physical forces* have to do with natural disasters, earthquakes, availability of natural non-renewable and renewable resources that have an impact on the company's production, the harsh climate change and environmental instability can for example detract customers from buying property and real-estate in such areas. The *technological factors* impose the expertise of workers, machinery, production methods and infrastructure; they impact the consumer's choice and company production choice. *Political and legal forces* dictate the political stability, the openness of the legal environment to conducting business and owning property. Finally the cultural environment, accepted beliefs, standards and habits, societal concerns all belong to the *social and cultural forces,* which may not be neglected when entering a particular market because these factors do affect the preferences and trends in strategic business marketing. Overall the macro economic factors are more general components of the actual environment that are not specific to one particular company but can affect a number of companies and business sectors simultaneously. This thesis will use a slight variation of the PEST analysis, this is the PESTLIED (Cadle et al., 2010) analysis, which is in reality, simply PEST analysis but with an additional 4 factors: legal, international, environmental and demographic. It is a rather more specific and deeper analysis of the external macro environment and will allow a more thorough scrutiny. For the real estate market the additional four factors play a huge role in the business, seeing that the property must be in legal ownership, it must have the correct documents and the legal law is concerning property ownership varies among nations. The environmental factors are too crucial in the consumer's choice; the consumer will likely better regard a city/ country with stricter environmental laws or regulations. The demographics is simply the basics for every business, the company must know the details of the demographics in order to either properly chose their target segment or to identify whether the market's demographics are suitable for the firm's planned products/ services. Lastly international factors are relevant for a company, which wishes to pursue an international or global presence in different markets. Finally the PESTLIED framework aids to identify both opportunities and

limitations in the market that could either prove profitable for the business or on the other hand detract a company from entering the market.

1.2.2 Customer analysis

The customer analysis is the first step that is conducted when carrying out the external analysis in Aaker's strategic analysis. Customers are the basis of any business conduct and operations; they provide the business with a set of logical demands and characteristics that the business aims to satisfy and gain returns from. This type of analysis in Aakar's model is divided into three categories: segmentation, customer motivations and unmet needs.

"*In a strategic context, segmentation means the identification of customer groups that respond differently from other groups to competitive offerings.*" (Aaker, 2013). Therefore in order to successfully create a strategy plan, one of the necessary steps is to create a product or service that positively matches the demands of and receives a positive response from a particular target segment in the market. But a question arises, how to split and actually segment the market? Obviously we can think of a number of ways based on age, sex, nationality, social status, earnings, profession, interests etc. As mention previously, Lhotáková's (2010) gives a model of segmentation tools and variables that may be used. But in fact, which are the most relevant and the ones that would really provide with greater insights as to the strategy development? Aaker (2013) names the following variables that the segmentation should be based upon: *customer characteristics* and *product-related approaches*. For the customer characteristics the variables are: geographic, type of organization, size of firm, lifestyle, sex, age and occupation. Whilst for the product-related approaches the variables are: user type, usage, benefits sought, competitor, application and brand loyalty. All in all, the two proposals by Lhotáková and Aaker are fairly similar and it can be said that they fairly positively correlate with each other.

The benefits, price sensitivity, loyalty and application are particular variables that are given greater importance than the other variables that segmentation should be established upon. Lhotáková lists these under the category behaviour in the consumer preferences and habits. The benefits that the customer sees in the product are crucial to create the differentiation and the value proposition of the product. It is also quite practical to segment according to the customer's price sensitivity and the extent of their willingness to pay for the quality. The loyalty variable focuses on how far the customer is eager to keep buying the particular brand based on their buying habits and emotional ties. Based on

the Pareto principle (Pareto, 1896) 20 percent of customers generate 80 percent of revenue. Therefore it would make sense to focus on these 20 percent that are the most loyal customers, who also buy in biggest quantities, to enhance and reinforce their loyalty through special incentives. Further to launch loyalty programs that would bring about the 20 percent to engage non-customers and less loyal customers to become more loyal, rather than the company itself attempting to directly address the less loyal customers in hopes of increasing their loyalty. Lastly, the application variable divides the market according to usage and application. It is more helpful to segment the market according to the usage patterns the customers exert. Chritensen, Cook and Hall (2005) state that in order to create strong and successful brands it is vital to connect brands to products that carry a particular relevance to the customers. To effectively do this it is obligatory to match the segmentation process with the manner in which the customers have a habit of living and using products or services in their lives. The result of this will be the development of a brand that brings constant value and unique proposition to the customer.

Next, once the segments are identified the customer motivations are what should be then conducted. The reasons why the particular segment decides to purchase a product, how they vary from other segments, their priorities and motivations. There are numbers segments split according to the market and according to the industry, service and application. For example, the segmentation can be that of Internet shoppers, customers in the supermarket, financial investors, car purchasers and many more. All of these categories have more detailed segments that differ according to their motivations. The motivations can by anything from power, status, taste, health, practicality, price, quality etc. Therefore the task is to identify the customer motivations and to organize these motivations into groups of motivations, later to identify which motivations are the most significant for each segment, this will help in the later business strategy creation. The most effective way to identify the customer needs is through interview, focus groups, observations and surveys, these are the basic primary research tools (Driscoll, 2011) that aid to gather first-hand data and information on the matter at hand, in this case customer motivations. Krueger (2002) identifies and explains the steps and ways of how to properly conduct interviews through focus groups to gather information on customer motivations.

Unmet needs are the final component of the customer analysis. This element is especially interesting because it carries potential and hidden opportunity, which once found can bring a pool of benefits and competitive advantages to the business. A special pioneer who prospered from the unmet needs element is the well-renowned company Apple, in 2012 Apple insider claimed that the company doesn't engage in typical customer research such as focus groups, interviews and surveys to determine what the customer wants, because the customer doesn't know what they want until you present them with something they will want. In this case, the customers were not unaware of their unmet need until the Apple company began launching their iPods and later their iPhones. The key to the satisfaction of unmet need for the Apple Company was also a very important component - innovation.

Methods and ideas on how to access these unmet needs may again be through customer feedback and problem research, customer's satisfaction or dissatisfaction with the product or service. The knowledge and awareness of a problem can later pinpoint to a solution or at least the steps leading towards a solution to satisfy an unmet need.

1.2.3 Competitor analysis

This is the second stage of the strategic business analysis and its goal is *insights that will influence the development of successful business strategies* (Aaker, 2013). The competitors can be grouped in two ways: based on customer choice and based on their strategy, both have different implications onto what type of competitor they are perceived as. The competitors can further be differentiated according to a number of general factors such as size, market share, positioning, image, returns, corporate culture, advantages and disadvantages. Eventually a competitive strength grid can be derived, which displays condensed information about key competitors and their stance relative to some chosen and central capabilities and assets.

Competitors based on *customer choice* can be identified by looking at which preferences and choices consumers are making, by asking them what other item would they buy or consider buying if the usual item/brand they prefer temporarily wasn't available. An alternative method is to focus on a usage and ask customers which brands/ items they purchase based on application. Through requesting customers to name other instances of usage of the brands/ items they've named besides the uses they already mentioned, a relevant cluster of competitors could emerge based on consumer choice and brand-use.

Competitors based on *strategic groups* are on the other hand those that share similar objectives, strive for the share of the same target market, have similar cost structures, similar capabilities and features. The first step is to identify the strategic groups in the industry, for example general real estate companies which sell/rent average price properties, low-cost properties and premium-price properties, these can be three different strategic groups within the same industry. The benefit of such strategic industry cluster is the ability to predict similar effects and responses on industries in case of changes and alterations in the external environment.

The concept of indirect competitors is very important for today's changing business environment. Naturally primary competitors from the same industry usually constitute the biggest competition, however indirect competition can sometimes be more significant. A shift of current trends, fashion and preferences are some factors that could cause indirect competition to outcompete other companies due to their ability to adopt and incorporate new trends into their business model.

Once the competitors have been identified, it is necessary to analyze more deeply the competitors in order to gain an understanding on the nature of their operations and features such as: size, growth and profitability; image and positioning; objectives and commitments; current and past strategies; organization and culture; cost structure; exit barriers; strengths and weaknesses. Each of these features can have a higher or lower significance based on the degree of relevance they carry. Objectives and commitments for example can be telling of their strategy and their possible future strategy, as well as their views and ideas on future development. Whilst the awareness of the competitor's cost structure can be indicative of their future actions in terms of price. Exit barriers can also provide an idea about the way in which the business is conducted and their strategy. When understanding a competitor's strength and weakness, it is possible to counter play against these by creating or developing a strength that would be a solution to a competitor's weakness, in this way a competitive advantage may be created.

1.2.4 Market analysis

As part of the external analysis the market and submarket analysis should be conducted. Aaker mentions that when carrying out the market analysis, issues such as new and developing niche markets, market size, growth and profitability, cost structures, distribution systems and infrastructures and revealing changes in trends should be

explored. When it comes to market or industry profitability assessment, Porter's five-factor model of market profitability is a useful tool that will aid in this analysis. Essentially the profitability depends on the level of competition amoung current companies, the potential of new substitute product development, the potential of new competitor emergence, the negotiating power of suppliers and customers. Once these factors are recognized, the market profitability of specific sectors are better understood, the failure of specific companies as well as the reasons for success of other companies.

1.3 Internal analysis

The internal analysis looks at firstly the performance analysis and after that to the determinants of strategic options. The performance analysis addresses issues that are relevant to the internal functioning of the business, matters such as the current company resources, the sales, and the ROA and ROI indexes. Return on assets shows how effective the management is in creating profit from their total assets, the percentage is different for all industries and therefore, the ROA should be considered relatively to the business sector or to the company's ROA in previous years. However, equally important as are the quantitative factors of the business performance, the qualitative factors must not be disregarded: the customer satisfaction and loyalty, brand perception, and price. Thus all the relevant determinants that affect the internal functioning, performance and perception of the business will impact the choice and formation of the business strategy.

In the performance analysis, the level of sales and the share of the market indicate how profitable or unprofitable the company is. If the returns are higher than the cost of capital, the shareholder value is positive and therefore the performance indicates a profitable business. Shareholder value is thus another indicator in the performance analysis.

Other determinants of strategic options and the current business performance emphasize the dimensions of customer satisfaction, quality attributes, brand associations and loyalty, innovations, relative cost of basic and additional components or services, values and heritage and employee quality which all provide a detailed picture of the functioning of the business.

1.3.1 Marketing mix

The marketing mix is another tool used in marketing that looks into individual components of the business as a system of analysis that aids to generate a more practical and

wholesome picture of the business. As well as to better structure and direct a planning process. The marketing mix can either be defined as the 4Ps relating to marketing, the 7Ps relating to service marketing and the 4Cs as an extension of the 4Ps of marketing. The 4Ps of marketing (McCarthy, 1990) explain the need to describe the product, price, place and promotion of the target segment when initiating to launch a product. When mentioning product, the marketer needs to consider the features, usage occasions, preferences, trends and name of the product – how well do they match the customer demands. For the price category it is necessary to look at the price of similar products in the market, the purchasing power of the target segment, the perception of the target customer of the price-quality ratio in order to pick an appropriate price strategy: penetration pricing, skimming pricing or neutral pricing. The place refers to the method of distribution, how and where will the product become available to the consumer, is the product B2B or B2C, some strategies can be exclusive distribution, selective distribution franchising, branches, wholesale, direct selling, online platform, there are many channels through which the product or service can travel. Finally the promotion refers to how the business will be marketed to the target segment, using what type of media (radio, newspaper, TV, billboards, city lights, posters, leaflets, ambient etc.), the choice will depend on the price of media, the availability and the trustworthiness of a particular media as well as the applicability to a specific target group. The choice of the communication mix strategy (personal selling, public relations, direct marketing, advertising and sales promotion) depend on the relevance of each to a chosen target group, the type of product, the life-cycle stage of the product, market preferences, economic and technological infrastructure.

The 7Ps of service marketing have an additional three Ps: people, process and physical environment. The people in the service marketing model stand for the quality of service delivered by the employees and the level of demand from the people as customers, weather the customer service and management is good enough and the demand high enough. The process should be efficient enough to minimize costs and maximize profits, the system of payment, distribution and delivery all need to coincide with the target segments preferences and expectations. Lastly physical evidence is something that confirms, is the location of the service or comes complimentary with the service rather than the service itself. These are the attributes the customer assesses before, during after in order to evaluate the quality of the service. For example the design, facilities and quality of

teacher's education in a school, the design and functionality of a real-estate agency, business cards, e-mail etiquettes, responsiveness and customer care and support.

The 4Cs developed by Lauterborn (1990) is considered a more modern approach to the vigorous business environment than the 4Ps, which is sometimes seen as outdated and less relevant to the ways business is conducted today. The 4Cs model enlists the importance of customer value (product), convenience (place), cost (price), and communication (promotion), as a related modification from the 4Ps in brackets. The 4Cs focuses more on the customer and the need to concentrate on the business/product/service from the customer's perspective, seeing that this has a better impact on the overall success of the business. Additional factors not mentioned in the 4Ps model are the opportunity cost, actual consumer preferences and desires rather than simple demand, a more cooperative approach to promotion is communication, and the need to distribute products in places convenient for the consumer rather than to the business itself.

1.3.2 Brand analysis

In order to build a strong brand that carries value, equity and assets, Aaker (2013) mentions ways to analyse and develop a competitive and profitable brand. The dimensions for development of brand equity are: brand loyalty, brand awareness and brand associations.

Brand awareness transfers the emotion of familiarity, recognition and a hidden reason for remembrance. The awareness of the brand can play a pivotal role in the purchase decision.

Brand loyalty is a matter of habit, preference, costs of switching, emotional ties and unwillingness to become separated from a familiar set of items/ services. The higher the customers loyalty, the easier it is to retain these customers and essentially to earn higher returns from the most loyal customers, the already mentioned Pareto rule 80/20 applies here, 20% of customers bring 80% of earnings, the 20% are usually the most loyal customers who experience high switching costs and would undergo these costs only in case of a serious problem or complication with the brand. High brand loyalty is reflected in the corporate business culture who have closer ties with customers through customer service, special society's/ circles and feedback sessions.

Brand associations can bring a set of intangible advantages to the business that can be created or altered by the marketers and brand managers. Brand attributes, qualities,

price, occasions of usage, logos, symbols, messages and slogans all create a series of associations which the customer pictures in their mind. It is the task of the marketing department to carefully choose those associations that most closely link to the habits, lifestyle and preferences of the target segment. Nevertheless associations need to be update/corrected in case of new trends, poor customer experience and crisis.

1.4 Strategic Approach by N. Daidj (2015)

The strategic management of a company can further be described with Daidj (2015) approach to the internal and external diagnose of the firm and environment which encompass quite similar techniques to those of Aaker (2013), however with a few new methods introduced. Therefore in the Daidj's strategic approach the internal analysis similarly focuses on the resources and unique capabilities of the company, which secure the firm's competitive advantage in the face of competition.

The external analysis is also compromised of the PEST framework and Porter's five forces model approach as an evaluation of the industry's attractiveness. The PEST model allows for the *structural analysis of industries and the positioning within industries.* It is compromised of external factors that the company cannot alter, but must consider and either overcome these factors or take advantage of them. Here the PESTEL analysis is used, it is an extension of the original PEST (political, economical, sociocultural and technological) with an additional ecological and legal aspects presented. A detailed table listing what belongs to each of the factor in the PESTEL framework can been found in appendix 2 at the end of the thesis. Some important considerations need to be made when conducting the PESTEL analysis. Firstly the availability and accuracy of data sources, the relevancy of the data to the firm's service and position in the market, the fast pace of change in statistics, the interdependency of factors and the necessity to merge the PESTEL with a tool of the company's internal analysis.

However limitations of the model are identified and therefore the six forces approach is presented. In this new extended model, there are additional components considered, these are the *government*, *innovation*, and *complementors.* The government itself can play to hinder competition by implementing certain laws and policies. Innovation as a force expresses the rapid advancement of technology and the

dynamic model of the market, which cannot be ignored when analysing the prospects of the market. Finally compelemtors (Groove, Brandenburger & Nalebuff, 1996) can affect the choice of consumer goods, the managers need to identify these complementors, if any, and work to make agreements or alliances with companies who's products are complementors to theirs. Porter himself explains that these components are merely factors that affect the forces and cannot function as forces of market profitability in isolation, since they in fact already affect the existing forces from the framework. This thesis will therefore use an extended version (PESTLIED) of the Porter's five forces framework and will incorporate these additional elements that affect the profitability and the industry attractiveness. Once the external analysis has been carried out and the necessary outside conditions required for a successful company's function, the internal level follows the practical examination and audit.

Concerning the internal analysis of the firm, the resource-based view (RBV) approach is applied, which examines a company as a set of accumulated assets. These assets are then evaluated on their ability to alter the macro (external) environment in order to create a competitive advantage and earn profit. The more resources the company holds, the higher the chance of the company to become competitive. These resources can be *physical, human, financial* and *intangible (know-how, managerial skills, production process, strategic approaches, etc.)(*Daidj, 2015*).* The knowledge-based view (KBV) concerns itself with knowledge as the fundamental component that links the resources of the company with its competitive capabilities. What is significant is that tacit knowledge must be distinguished from explicit knowledge. Peter Drucker (1954) depicts a knowledge worker in the company as someone, who is very important for the company, posses a lot of partly subconscious tacit knowledge, which is not available to other workers in the company. He further claims that knowledge is the *main cost, main investment, and main product of the advanced economy.*

The **BCG matrix**[3] is an internal analysis tool used to examine a company's product portfolio, positioning and product life cycle within the matrix. By comparing the relative market share and market growth a product is effectively placed on a matrix

---

[3] See appendix 3

of four quadrants and identified as a dog, a question mark, a star or a cash cow. Based on the identified position, the actions proposed are to invest/ divest/ harvest or liquidate.

Finally the **value chain model** (Porter 1980/1988) is applied to analyse both the internal and external aspects of the firm. It is arguably the most practical tool, since it aids the company in identifying its competitive advantage through examining the internal and external environments and creating a value chain. It is particularly useful since it also identifies support undertakings in addition to the primary pursuits that create the biggest company's value by comparing the costs and distinctiveness of the different processes. In the end the RBV is used to finalize and conclude the value chain framework, since resources in the company are unique in each particular firm and thus usually constitute the core of the competitive advantage.

Figure 4 Porter's Generic Model (1985)

Support activities

| Firm infrastructure |
| Human resources management |
| Technology development |
| Procurement |

Inbound logistics → Operations → Outbound logistics → Marketing Sales → Services

Primary activities
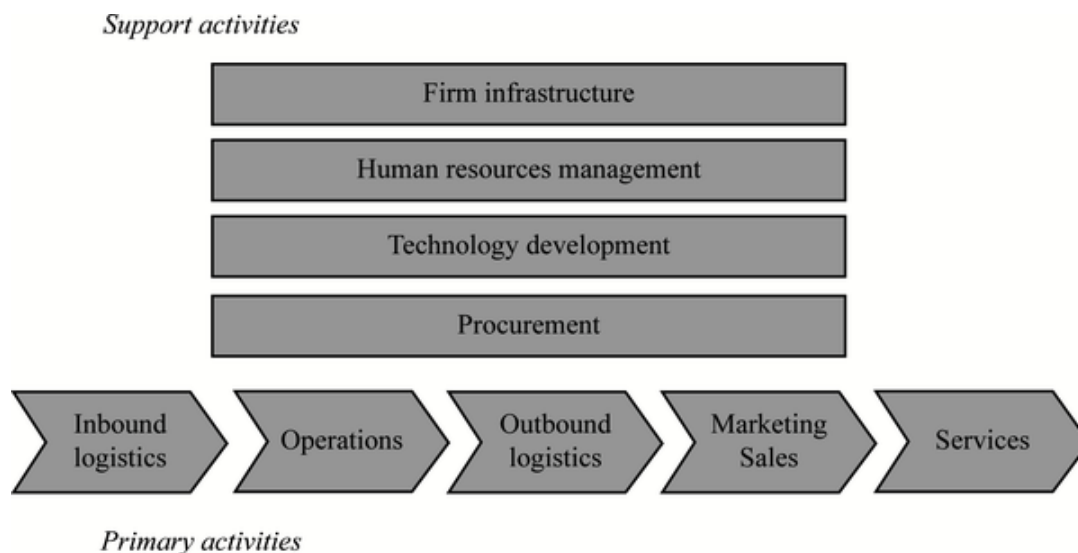
Source: Daidj, 2015

Despite the fact that this model is from 1985, it is over 30 years old, it is still applicable to use today. It framework depicts a set of primary activities that each company has and above them the supporting activities that cater to the better functioning of the primary activities. As mentioned, the internal analysis functions to analyse and identify the core primary and support activities. This model is mainly used for already established companies, which have an organized system of activities and processes. Therefore this model is not very applicable for a start-up project, but can used in the later stages of the company development.

1.5 Real-estate strategic analysis by Sirgy (2014)

Sirgy (2014) in his book on real estate marketing presents a more condensed, specific and practical outline and textbook model on how to create a real estate marketing strategy. In his strategic analysis he explains, similarly to Aaker (2013), the need to carry out an external as well as the internal analysis in order to model an appropriate strategy for real-estate marketing. The internal analysis brings focus to the sales analysis firstly in which the specific real-estate property sales trends over the years need to be plotted on a graph and the changes in sales determined and understood. Next the customer analysis is carried out based on a survey in which certain levels of satisfaction are measured concerning the product, place, price and promotion. The outcome of this is then analyzed and weak points should be dealt with, whilst strong points need to similarly be recognized and reinforced.

After the internal analysis, the external analysis follows which inspects the general *market* as well as the *competitors*. In the market analysis what should particularly be addressed are market issues about the targeting strategy, product strategy, place strategy, price strategy and promotion strategy. In each of these strategies, there are particular factors that are investigated in order to identify the correct target segment, the correct price, product and type of promotion. If a university campus has a lack of space in the dorm accommodations, the students will search accommodation off-campus close to the university. If the occupancy rate of of-campus housing is high, this indicates that demand is high and that it would be profitable to develop a property that has the price, space, design and later promotion suitable for students. The competitor analysis also consists of the same strategy as the market analysis therefore, target, product, place, price and promotion strategies, in which the target segment of different competitors are first identified through analysis of their communication and promotional tools. Once the target segment for each competitor is identified, the product characteristics, the price variances, the place and location are noted their unique promotional techniques are discovered. All these factors are linked to their target segment and it is evaluated whether there is space to target the same segment, or whether a niche segment not yet catered to actually exists.

To conclude, the strategic analysis for Europa Capital's project "Dome Prague" will develop fundamentally through Aaker's (2013) structure for strategic market management planning. The external and internal analysis will be conducted which will produce the strategic analysis outputs, which will hence ponder to the creation and adaption of the

strategy. Some additional corrections have been made to Aaker's structure through the introduction of the micro and macro analysis and the marketing mix. These are more specific tools which Aaker doesn't mention, but which could positively benefit to better analyse the market and positioning of the real-estate project. The internationalization strategies mentioned by Doole et al. (2016) are likely to provide better understanding and navigation in the formation and choice of a purposeful strategy for Europa Capital's new project. Sirgy (2014) provides some more practical and down-to-earth strategy marketing devices specified solely for the real-estate industry. His text will also serve as a point of assistance in the analysis and recommendations section. The final version of Aaker's structure for strategic market management (2013) with my adaptations (in green colour) can be seen below:

Figure 5 Adapted version of Aaker's (2013) strategic market management model
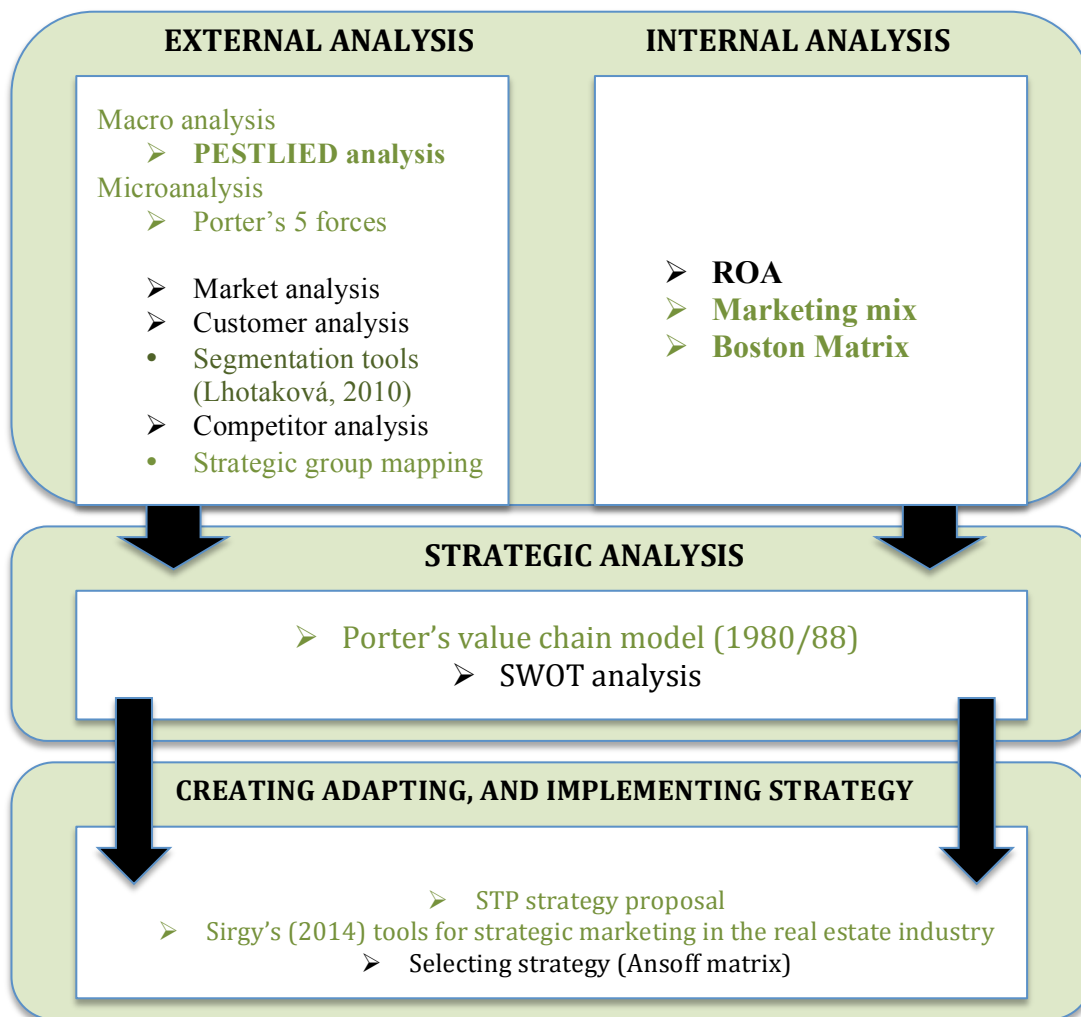
Source: Author based on Aaker (2013)
*Aaker's original structure can be found in appendix 1 one of this thesis.

Chapter 2

2.1: Europa Capital and the project "Dome Prag" description

The project "Dome Prag" is being launched by Europa Capital and is at a very early phase of development, when looking at the International Product Life Cycle (R. Vernon, 1966) it can be firmly said the project is still at the "seed" phase, this is the very first stage.

PROJECT GOALS

The ***long-term goals*** of the project Dome Prag is to effectively present, sell, rent and provide exclusive long-term after-sale services to customers in the Czech Republic and investors from the entire world (Orsag, 2017).

Despite the fact the project does not yet have a clear mission statement, the long-term goals may be quite reflective of the mission statement. In other words, the long-term term goal can be considered the actual mission statement.

With regards to the ***short-term goals*** of the project there are a few. Firstly, the goal is to create two websites, which will ensure the operation of the project. The first website will be a textual-based company presentation, the main aim of this site will be to describe the company itself and their offered services. All text on the website should be SEO-optimised, which will help customers, investors and buyers to find the page "Dome Prag". Here the design and user-friendliness of the website and the content will be two crucial issues on which to focus, thus the web structure and text are here the core areas for concentration. The second website should be a web-catalogue in which the customer will be able to directly find a specific property of interest. Some of the functions on this website will be a *specialized search system* managed by filters, an *interactive map* which will show the location of each property offered, a specific *contact form* for customers willing to sell a property and a *mortgage calculator*. Other functions also include: a special *data-uploading tool* for developer companies. (Orsag, 2017)

Other short-term goals include a portfolio listing creation, which involves finding potential properties that could be listed on the second website, and building the brand "Dome Prag" as part of the immediate as well as more longer-term goals.

PROJECT SERVICES

Planned **services** to be available on 'Dome Prag':

1. Mortgage arrangement

2. Tenant services

- Tenant search

- Tenant management

3. Property Management

- Financial (paying bills, collecting rent fees)

- Documentation services

- Cleaning services

- Repair and reconstruction services

The ultimate goal of these services is to enable an investor whether local or living abroad to be able to receive profit from renting his apartment, without the need to manage it personally but through an agreement with the company "Dome Prag", which will ensure property management services to the investor.

The project also differentiates between the short-term preferred customer-base and the long-term target customer base. The short-term realistic customers for Dome Prag are current customers of Europa Capital, which are mainly originating from the Eastern-European and Russian-speaking nations. Whilst the long-term target customer-base are small-medium sized investors from the entire world.

Current situation: The current situation with the project "Dome Prag" is the development of both websites as mentioned in the short-term goals section. The first website (www.domeprag.com) is the company presentation website which is running online as a 'beta' version of the website. The second website which is the catalogue-type website (www.domeprag.cz) is still under development since it is planned as a more complicated site which will list properties with adjustable filters, it will have an interactive map, a mortgage calculator, and a specialized contact form. The planned launch of this website is early October 2017. The domain name for both sites is the same; only the country code is different (.com and .cz). The style and brand presentation is consistent and ensures the

customer/ client to immediately recognize that the catalogue website and the presentation website correlate with one another and belong to the same company.

The current manager Ivan Orsag has described that the ultimate aim of the project and soon-to-be company is to create a long-term relationship between the company and the client, thus the mere transaction of buying / selling or renting property that an ordinary real estate agency provides is not the core focus that Dome Prag plans to pursue. Thus the competitive advantage that Dome Prag regards to possess is *the long-term customer care and support* that they plan to provide.

The current thesis will focus on the following research questions:

1. *Is the company's mission and plans in correlation to the external dynamic business environment?*

2. *Who are the real potential customers of Dome Prag?*

3. *What competitive advantage should Dome Prag possess?*

The next section will ponder onto the strategic analysis of the market. The section will begin with the external analysis, specifically with the PESTLIED evaluation of the macro environment. Following through, the microanalysis will focus on the market, competitor and customer scrutiny with a CPM which will address the key success factors. A short survey will be presented in the next section, which will help to better identify the target customers, and preferred types of real estate, it will also ask on opinions about cooperating with agencies and whether property management services would be of interest in case of purchase of real estate. Finally the internal evaluation of the company will be assessed through the performance indicators, the Boston's matrix and the porter's value chain. The SWOT analysis will be the concluding application presented, in the evaluation a clear strategy to be adapted for the project "Dome Prag" with a marketing mix will be presented.

Chapter 3: External analysis

3.1 External Analysis PESTLIED

In conducting the analysis of Czech real estate market, the PESTLIED analysis will be used. Therefore the factors examined will be: *political, economical, social, technological, legal, international, environmental* and *demographic.* Political and legal have been combined together seeing the overlapping nature of the issues and the social and demographic factors similarly.

Political & Legal

Czechoslovakia had lived through a period of communist rule that began after the Second World War and became dominant in the years 1948 till 1989 (Ministry of Foreign Affairs, 2016), for forty years the balance of power was hugely overweighed by the communist party, which ruled the executive, legislative and judicial systems in the country. After the fall of communism, political turmoil was apparent and soon after the break-up of Czechoslovakia in December 1992 were created two separate states: Czech Republic and Slovakia. Now Czech Republic adopted a new constitution, which strictly lay down the rules and laws on civil rights, the relation between the executive, and legislative and judicial systems. Today the two chambers of the Parliament (Chamber of Deputies & Senate) elect the President of the Czech Republic. The Czech National Bank consists of heads elected by the President. The President always appoints judges to the Constitutional Court for a period of 10 years. The Supreme Court deals with the administration of judicial courts.

The privatization of the 1990's, which happened in the midst of the communist regime collapse in the Czech Republic and the transformation to a market economy happened quickly and the economy had no prior knowledge on how to do this properly. The intent of the privatisation process in which state-owned enterprises and assets were sold to the private sector was to increase the efficiency and competitiveness of the enterprises. The privatization process in Czech Republic was one of the most radical in the Visegrad group (Svitek, 2002). Large-scale restitutions, commercialization of state owned enterprises and voucher privatization scheme were the main components of privatization in the Czech Republic (Svitek, 2002).

The Czech Republic was the first in the eastern bloc to be proclaimed as a developed nation (BBC, 2016). Further the Czech Republic had joined the European Union on 1st of May 2004, but has not yet adopted the Euro currency. The consequences and risks of joining the Eurozone are too uncertain for any Czech President to yet adopt. The positive effects from joining the European Union for Czech Republic are mainly seen in the increased FDI that helped to increase the countries competitiveness and export-orientation (Klvana, 2016). Many restrictions of real estate acquisition by foreigners have been removed (PETERKA & PARTNERS, 2007) and in a study called Ten Years in the EU, the authors (T. Klnava, 2014) calculated a 1.3 trillion CZK benefit that Czech Republic earned after 10 years of membership in the EU.

The economy is fairly open and is characteristic of transparency, however the corruption index is one of the highest among central and western European nations. Transparency International ranks Czech Republic as the 47th out of 176 countries in the world according to corruption, with a score of 55 out of 100. The high corruption often acts to hinder investments from abroad; and evokes tendencies to turn away from doing business in the Czech Republic, Transparency International however reports to monitor reduction of corruption in the Czech Republic.

The following exemptions from Article 56 (prohibits restrictions on the free movement of capital between EU member states) were applied to real estate after the Czech accession to the EU in 2004:

- *Interim period for the acquisition of secondary houses by EU nationals shall be five years after the accession of the Czech Republic to the EU*

- *Interim period for the acquisition of agricultural land and forests by persons who do not have permanent residence in the Czech Republic shall be 7 years after the accession of the Czech Republic to the EU*

(Source: CMS-lawnow, 2003)

These exemptions were incorporated into the Czech law by the Foreign Exchange Act (Act No. 219/1995 Coll.), (Czech Ministry of Foreign Affairs, 2014). Even though Czech Republic has been a member of the EU for 13 years, there were still limitations to foreigners and members of the EU on acquisition of real estate (Czech Business and Trade,

2010), these restrictions were lifted in 2011. Foreigners were still not able to buy freely real estate in the Czech Republic. EU citizens could purchase property only once they possessed a temporary residence permit in the Czech Republic. Non-EU citizens could only purchase real property in the Czech Republic:

- as legal persons they my purchase real estate through a corporate company
- as legal entities they may purchase real estate through a limited liability company (Společnost s ručením omezeným- SRO)
- Or a registered ltd company in the EU with a branch in the Czech Republic.
- Or alternatively with a permanent residence permit

In order for the purchase of real estate to occur, what is required for the official transfer of real property is a *written transfer contract* and a *registration of owneriship in the land registry* (Katastr nemovitostí), (Peterka & Partners, 2007).

"On 19 July 2011, Act No. 206/2011 Col., which amends Act 219/1995 Col., the Foreign Exchange Act, became effective. It cancelled Section 17 of the Foreign Exchange Act, which contained restrictive rules on the acquisition of real estate property, including agricultural land, in the Czech Republic by foreign nationals."
Source: PRK Partners, 2011

This Amendment now allows the Czech law to be consistent with the EU law (Winehold legal, 2011). Therefore since July 2011, the exemption clauses have been lifted and EU citizens and foreigners may buy real estate without the former restrictions. However the current restrictions have been applicable only to secondary residences and private land, not mentioning state-owned land.

According to a change in 2016 in article 2254, Act No. 89/2012 Coll. of The Civil Code, the tenant can be asked to pay a maximum sum of 3 times the monthly rent as a guarantee of tenant obligations, previously the maximum was 6 months worth of rental payment (Měšec, 2017). In the Czech Republic, the volume of guarantee is usually 1 monthly payment in advance.

We can therefore witness the increasing transparency and openness of the economy to foreign capital and investments. The termination on restrictions of real estate purchase to foreigners will surely bring new opportunities and demand for Czech property investment among nationals of foreign nations.

Economical

Czech Republic is characterized as a stable economy (Deloitte, 2016) with a positive trade balance, therefore an export-oriented nation, in which exports create 83% of the total GDP (Data World Bank, 2015). The main export partners are Germany, Slovakia, UK, Poland and France. The import partners are Germany, China, Poland, Slovakia and Italy (OEC, 2015). The trade partners are mainly from the developed nations, whilst the traded goods are of the non-heavy industry type. The unemployment level was 3.9% in the year 2016, which was recorded as the lowest in the European Union. The economic growth rate was the highest in 2015 than in the last 8 years and the IMF (2016) organization projects a further 2.7% economic growth in the year 2017.

Graph 1 GDP growth rate in the Czech Republic 2007-2017

CZECH REPUBLIC GDP GROWTH RATE

SOURCE: WWW.TRADINGECONOMICS.COM | CZECH STATISTICAL OFFICE
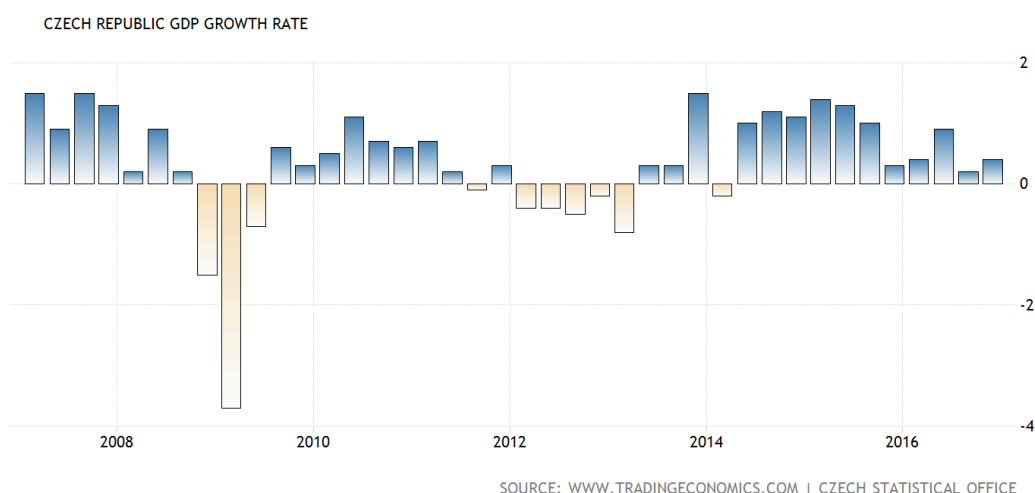
Following the recession of 2008 in which the housing prices had fallen very sharply up till the year 2014, the prices have since been on the rise and continue to increase still. Čadil (2009) had demonstrated in his paper on the housing price bubble analysis in Czech Republic how the increase in income and increase in housing price are strongly correlated through the P/I ratio and through a regression analysis has found that the speculative

demand was the driving factor in the augmenting house prices up till the year 2008. The housing price trend for the past 10 years is as follows:

CZECH REPUBLIC HOUSE PRICE INDEX

SOURCE: WWW.TRADINGECONOMICS.COM | EUROSTAT

Below is a more detailed view on the housing prices beginning January 2014, this is specifically the year in which the rapid increase in prices initiated and continues still today. Overall the price elevation resulted in a total of 3 index points since January 2014. A particularly strong increasing trend can further be observed beginning January 2016. The market was extremely optimistic and the Lexxus Norton (2017) agency predicts a further increase in the price of luxury properties till the years 2018 by roughly 15 per cent.

Graph 3 Housing price index in the Czech Republic (2014-2016)

CZECH REPUBLIC HOUSE PRICE INDEX

SOURCE: WWW.TRADINGECONOMICS.COM | EUROSTAT
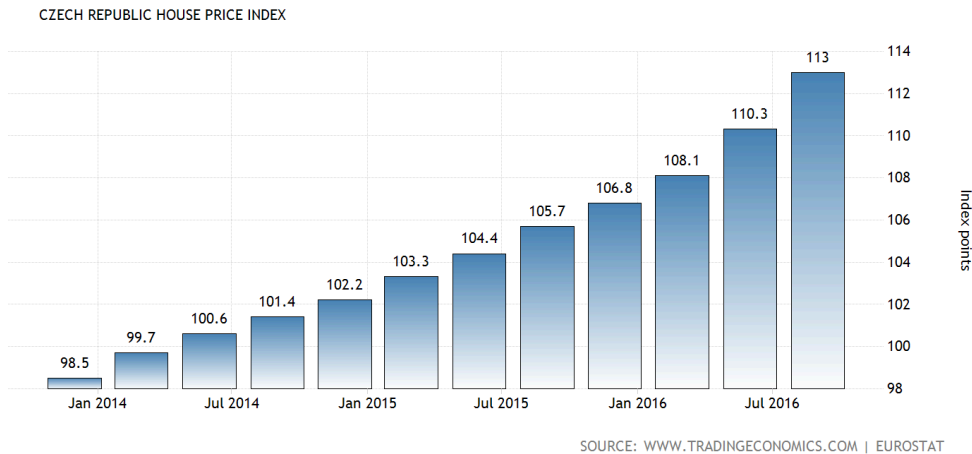
The low mortgages in Czech banks are one of the main reasons for the high demand for housing (Radio.cz, 2017). The high demand and low interest rates drive the property prices higher. According to the OECD better life index, Czech Republic has the highest household spending among the OECD nations, which amounts to an average of 26% of the total gross income. The average monthly wages have been experiencing a wobbly increasing upwards and downwards trend, with the latest monitored average compromising 31,000 CZK. The graph can be seen below.

Graph 4 Average monthly wages in the Czech Republic (2014-2016)

Source: CZSO, 2016

On the other hand the inflation rate has been steadily decreasing from the boom in 2008 close to 8% inflation rate. Since 2008 the rate has been moving between 0% and 3.5% rate. The average EU inflation had similarly witnessed a high rate in 2008 but the effect was less vigorous and the highest rate was 4%. Since then the rate has wavered between -1% to 3% inflation (Trading economics, 2017).

The Czech Economic Newspaper (Hospodářské Noviny, 2016) mentioned that the Prague municipality is planning to begin the construction of hundreds of new flats next year 2018. This information has been initially found on the Prague 14 website under the note on the construction plan for Cerny Most and is seen in the increasing demand for 2 -3 rooms flats.

The new construction should provide close to 250 new flats and a total of 2000 flats are planned for privatization from the Prague Municipality (Euro.cz, 2017).

Seeing that the housing prices are on the rise, we actually observe an opposite trend in the construction of real estate. The following graph presents the units of dwellings started and completed for the years 2006 till 2016. The highest unit of dwellings (41,649) is observed in the year 2007, before the economic recession. Since 2007, the numbers of units have declined. Roughly 40-45% of the units are family houses and the rest are compromised of multi-dwelling buildings, boarding houses and retirement homes, non-residential buildings and converted non-residential buildings. The lower supply pushes demand higher and causes the prices to increase.

Graph 5 Dwellings started and completed in the Czech Republic (2006-2016)

Source:czso.cz

Tax

Purchasing real estate can be freely undertaken both for domestic and foreign entities, either by way of an asset deal or a share deal[4] (Accace, 2016). There are two types of real estate tax in the Czech Republic: the land tax and buildings tax, both of these are under the law of Act No. 338/1992 Coll (CFE, n.d.). All land and buildings listed in the Czech real estate katastr (katastr nemovitostí) are subject to taxation. The rates are different for buildings and land and the tax base depends on the constructed area in case of buildings and on the size or price in case of land (Czechlegislation.cz, n.d.). The base is multiplied

---

[4] In an asset deal the buyer can purchase the real estate property directly, whilst in the share deal the buyer purchases a company, which owns the real estate.

by a specific coefficient and again by the given rate (different in each city). The inspection service is responsible to inspect the new building/ land and set an appropriate tax, which must be paid each year before May 31st. Property taxes in the Czech Republic are relatively low compared to other European countries. The transfer tax is always 4% from either the sales price or the market price and was paid by the seller, however since 1.11.2016 this transfer tax is now solely the buyer's responsibility (Act No. 254/2016 Coll.), (Czech Ministry of Finance, 2016). The capital gains tax is 15% of the total price paid by the seller, however after a period of 5 years, the tax is 0% (Deloitte, 2016).

Interest rate

The average mortgage interest rates are extremely low (radio.cz, 2016) with a historically lowest rate in June of 2016 with a percentage of 1.85. This is one of the factors why the number of new dwellings built is still maintaining a high number of units. In the first half of the year 2016, the favourable mortgage rates have created over 50 thousand new mortgage contracts by borrowers. The low interest rates are particularly attractive to foreign investors who are experiencing political instability, turmoil and high property interest rates in their nation. For example in Russia mortgage interest rates are extremely high, the rates reach close to 10% (Central Bank of Russia, 2017) and therefore it is more profitable for Russian investors to borrow credit from the Czech banks with roughly 2% interest rate. Naturally, the level of mortgage loans provided to residents has been increasing, since 2009 there has been 44,251 new loans provided and in 2015 the number reached already reached 101,973 (Ministerstvo pro Místni Rozvoj, 2016).

The Czech National Bank's actions to strengthen the national currency Koruna has caused it to become undervalued (ERSTE, 2016), this is another factor that stimulates foreign direct investment and benefits the Czech expats working in the EU as well as foreigners who dispose the stronger currency.

Social & Demographic

According the data of the World Bank Group, the Czech population and life expectancy is increasing, lastly recorded at 10.5 million and 78 years respectively (CZSO, 2016). The average age (42) has increased and the number of marriages has increased by roughly 2,600 to a total of 48,200 marriages, which was the highest number from the last 7 years. The number of divorces decreased by 700 from 2014 (CZSO, 2016). These trends all point

not only to an aging population, but also to a population of increasing number of families that are also more stable families. All these demographics have an implication for the real estate market and the relevant implications for changes in demand. Properties more suitable for small families of sizes 2-3 rooms and senior retirement homes will most likely be in higher demand in the following years.

The level of education is high, Czech Republic ranks 3rd among the OECD nations with 93.2% educational attainment and Czech Universities are characterized by high-quality study programmes. The social inequality in terms of household income is very low, Czech Republic ranks 4th among the OECD nations (OECD, Better Life Index, 2015). These indexes also predict an increased demand for student accommodations, as the current situation depicts an obvious lack of supply of dorm room accommodations for students and opportunities in this sector of the real estate industry are emerging (Colliers, 2016), with a forecasted yield of 7.5-8.5% for developers.

Trends

In a report by the Euromonitor from 2015, the top trends of the Czech consumer lifestyle are described. The report highlights the increasing significance of the Internet on laptops and smartphones, stating that WI-FI stations are being installed in trams, metro stations and other public places. Not only is the level of Internet penetration on the rise (from 64.4% in 2009 to 75.8% 2014), but also the volume of retail and spending conducted online has gained volume. Credit cards, Alza's 'pick-up boxes', grocery and office or home food delivery services are other major tendencies that have gained momentum since their launch. Examples are the numerous e-shops started by both small and large companies. The Czech digital marketing agency Marketup reported in 2014 from heureka.cz that there are over 37,000 e-shops in the Czech Republic alone, which is a volume similar to that of the United Kingdom. Even more interestingly the top 30 e-shops represent more than half of the total revenue of goods sold online.

This trend sees potential for the provision of services to clients online, seeing that computer literacy is increasing yearly and consumers are not so skeptical of online purchases anymore. The option and trend to search for real properties for investment and personal use online is not a rarity. Numerous real estate websites are proof of this and the success of portals such as sreality.cz or bezreality.cz merely depicts the new market preferences, in which convenience, user-friendliness and accessibility are given prime

importance. The development of the IT industry not only in the Czech Republic, but also worldwide, is providing new opportunities for business and creating new type of businesses and services. Therefore for a real estate agency, an attractive and appealing online presence is an essential necessity.

Another trend, more relevant to the real estate market is the tendency for people to live alone. The rate of households with 1 or 2 people is augmenting, whilst multi households with 5,6 and more people is decreasing. The data from the Eurostat report a fertility rate of 1.57 for the Czech Republic for the year 2015 a rather low figure in comparison to other countries in the world, the increasing life expectancy (World Bank, 2014), increasing age of marriage for both males and females and increasing age of first childbirth for females (Czech Statistical Office). These are all the possible reasons for the extremely high number of people choosing to live alone or with 1 or two other people, further the housing costs are relatively high in comparison to the average income, Czech Republic ranks 28th out of 39 European countries on the cost of living index (Numbeo, 2017).

With the increasing levels of GDP, the Euromonitor International reports the disposable income in Czech Republic to be higher than the average of the Eastern European nations. The effects of the increasing salaries causes higher consumer spending, the trend is actually similar to that of the housing price index (graph 3), beginning the year 2014, consumer spending has been increasing very sharply (Trading Economics, 2017), some of the notable increases were on passenger cars, holidays abroad and real estate.
The report from Euromonitor further presents the 'foodie trend' in which the Czech food society is becoming more diverse and multicultural. Many food festivals are hosted; bio food from the farmer's market is also popular among the Czechs.

Finally the quality of life in the Czech Republic has been improving since the EU accession, according to the OECD better life index, the Czech Republic scores highly on education, healthcare, personal security, skills, work-life balance. On the other hand low scores are in the areas of job availability, housing prices and salaries that are rather low in comparison to European standards.

International

The Czech Republic is experiencing an inflow of immigrants from other EU and non-EU neighboring countries, the inflow however is increasing very slowly. The Czech Statistical Office reports that in the year 2015 the majority of foreign workers were from Slovakia (46%) and Ukraine (13%) following were Poland (8%), Romania (7%), Bulgaria (6%), Russia (2%) and Hungary (2%). Whilst the majority of entrepreneurs were from Ukraine (27%) and Vietnam (27%) followed by Slovakia (17%), Germany, Russia and Poland each with 3% and the United Kingdom with 2%. Whilst in 2015 the total highest number of foreigners was from Ukraine (105,000) and Slovakia (101,000) (CZSO, 2017). Further foreigners that emigrated from Russia received a higher salary than the average of the Czech republic. There are also a growing number of foreign students at Czech universities, from roughly 8,000 in 2001 to 42,000 in 2015 (Czech Statistical Office, 2015). Thus the developing education and living standards are some of the reasons for attracting foreign students.

Despite the rising inflow of foreigners to the Czech Republic, the war in eastern Ukraine brought an increased interest in long-term visa permits amoung Ukrainians however the actual migration patterns have not changed significantly in recent years (2014-2015), Ukrainians are mainly influenced by better economic conditions and tend to engage in social activities (Uherek, 2016). This information is important to know for the real estate business sector in order to better target the audience and population. Currently there are a few Russian real estate agencies (Vessan, Lekvi, Gorod.cz), which target mainly Russian-speakers. The real estate agency Svoboda&Williams even created a Russian language version of their website, in order to cater to the inflow of Russian investments as well as migrants.

Technological

The Czech Republic has made use of the large structural funds from the EU over the combined period 2004 till 2020. In the programmes 2004-2006, Czech Republic received 3 billion EUR, 26 billion EUR for the period 2007-2013 and 24 billion EUR for the period 2014 till 2020 (Ministry of Regional Development CZ) as structural and investment funds to finance growth, innovation, research, sustainable transport and fighting discrimination and social inequality (ec.europa.eu, 2016). Of these structural funds (a total of over 50

million EUROS) Czech Republic also used to finance the construction of huge technological and research centres, amoung them are the following:

- the ELI: Extreme Light Infrastructure (Institute of Physics ASCR), which is the only institution in the Czech Republic integrated into the European instrument ESFRI (The European Strategy Forum on Research Infrastructures) funds;
- the Central European Institute of Technology – CEITEC (Brno);
- the International Clinical Research Centre – FNUSA – ICRC (St. Anne´s University Hospital in Brno in cooperation with Mayo Clinic);
- the Centre of Excellence IT4Inovations (VŠB – Technical University of Ostrava);
- the Biotechnology and Biomedicine Centre – BIOCEV (ASCR and Charles University);
- the "Sustainable Energy" project (SUSEN; Řež u Prahy).

Source: Ministry of Foreign Affairs of the Czech Republic (2014)

The construction and development of these research centres has brought more skills to the workforce, generated a more educated population and attracted visiting scientists and scholars from abroad, as well as drawing a possible higher inflow of FDI into the country. This trend could further create an increased demand for high quality housing and developed facilities.

With regards to the real estate industry, the high volume of new constructions of houses, flats and offices in the Czech Republic, mainly Prague is also driving the quality of the properties. Many business centres of high quality standards and facilities are being developed. PRF and JLL Research (2016) marked the three largest tenants that moved into office space in Prague, which are the companies: SAP, Oracle and CSC computer science. Prague 4, 5 and 1 are identified as the districts with the largest administrative office stock. Open space offices with optimized greenery, natural lighting and a pleasant working environment are a valuable component in attracting skilled labour force. The workers are increasingly giving priority to jobs in a professional and modern surrounding (PRF and JLL Research, 2017). Real estate developers in Czech Republic are taking advantage of the increased demand for high quality office and living space and are constructing many new projects that tend to be rather on the expensive side. Below are statistics on the Prague office spaces for 2017:

Table 1 Prague office market, 2017

Prague office market total stock	3 208 400 sqm
Prague offices currently under construction	330 300 sqm
Prague offices under construction with expected completion within 2017	171 300 sqm

Source: PRF and JLL Research, 2017

Currently an additional 1% of the total office market stock is being constructed and approximately 50% of this is expected to be completed by the end of 2017. The office industry is growing seeing that there is a high demand for office space. This growth is also bringing new jobs, skills and talents to the Czech Republic.

With regard to the impact of this trend on real estate agencies, it is important for them to also incorporate commercial property into their listings. Commercial property rents tend to be more stable and profitable, since the rent of office or commercial space is on average a larger unit than the rent of living space. As mentioned previously, there is a growing amount of single-family households who purchase or rent smaller property units, whilst office and commercial space must support a larger group of employees and therefore the total platform for office rent are larger. There are only a few real estate agencies, which do not work with commercial property, highlighting the significance of this type of real estate for customers.

Environmental

Generally the environment in the Czech Republic is considered as clean and unpolluted. The Czech Statistical office tweeted on March 14th 2017 that the Czech Republic has already reached its 2020 target on renewable energy, which amounts to roughly 12% requirement from the final gross energy consumption (CZSO, 2017). According to the OECD better life index 88% of people report to be happy with the quality of tap water. The clean environment, beautiful architecture in Prague, vast natural landscapes and rich history of the Czech Republic are supplementary factors, which drive foreign investors interest into the country. The old-town architecture is a unique feature to Prague, which is

working as a major attraction for tourists, students and people from the art and architectural culture admirers.

Prague as a true centre of culture, craftsmanship and mystery also functions as a significant strategic city. The location of Prague – in the centre of Europe has particular geographical advantages that are beneficial to multinational corporations, which seek international presence in the European market, or to European businessmen who often travel abroad and are therefore seeking to settle in a central location. Czech Republic's position also serves significance to company's who export to the entire European market and therefore search to optimize their logistics; a proved example is the construction and opening of Amazon's new warehouses in 2015 in Dobroviz. Therefore the geographical advantage is an opportunity for real estate developers that should be considered.

3.2 Micro analysis

3.2.1 Market analysis

Carr, Lawson and Shultz (2003) define the real estate market is an *inefficient* market because the products are unique, there are a limited number of buyers and sellers, prices are very high and inconsistent and vary according to the external economic factors, there are many restrictions (such as building and construction permits), the supply and demand is usually not in equilibrium, and the goods (property) is not easily exchanged to capital, therefore real estate is very illiquid. This inefficiency can be observed in the Czech real estate market today which experiences a shortage and a shrinking supply, escalating property prices and developers such as Trigema and Ekospol claim that customers are literally buying property with twice the speed than 2-3 years ago.

Concerning the current situation on the real estate market, the most recent journal from 2016 from the Ministry of regional development lists statistics from the last census in 2011, which found that from a total of 4,756,572 flats only 4,104,635 were occupied, of which 55,9% were used by their owners, 22,4% were rented out, 9,4% were cooperative (in Czech: družstevní) flats and 3,4% were used by relatives of owners. Further, there was a total of 2,158,119 houses of which 1,901,126 where family houses and 214,760 were apartment blocs. Unfortunately more recent data is not yet known. Nevertheless, this information may be used to extrapolate the market size for real estate rental and the current living trends. Seeing that 55% of all living units are family houses and 43,7% are flats (MMR, 2016) the demand for flats is currently undersupplied and we witness the emergence of a number of developer projects which will bring hundreds of thousands apartment flats to the Czech market.

The price of real estate in the Czech Republic peeked in 2016 as the most expensive in central Europe with the average price 43,000 CZK per m^2 (2,020 EUR), the price is still increasing and the current average is roughly 60,000 CZK per m^2 (2,250 EUR) (Cenovamapa.org, 2017) and 75,000 per m^2 (2,800 EUR) in Prague alone (ČÚZK, 2017). The most expensive is Prague 1 with an average of 148,000 per m^2 followed by Prague 2 and Prague 7; the least expensive is Prague 9 with an average of 65, 000 per m^2 followed by Prague 4 and Prague 10. The year 2016 saw a record volume of investment into the real

estate sector in the Czech Republic, 13,4 billion EUR of investments entered the country with almost 90% of this amount concentrated in Prague (Tower City, Galeria Harfa and Harfa Office Park) (ČTK, 2016).

"More than 10% of real estate flats in the Czech Republic are bought by foreigners, of which mostly constitute Slovaks and residents of the countries of the former Soviet Union" (CT24 News, 6.4.2017) High demand can also be observed from residents of America, United Kingdom, Italy and Israel. Mostly the flats are bought for investment purposes. Jaroslav Novotny, the president of the Association of Real Estate Agencies in Czech Republic (Asociace Realitních Kanceláří v ČR) commented on a number of factors, which have led to a 'boom' in demand among foreigners for real estate in the Czech Republic. Some of the factors mentioned are: good security, high living standards and job opportunities for foreigners. When further asked about the social class of the foreigners investing into real estate, Novotny claimed that they are not necessarily from the high social class but rather the buyers are from a cross section of the various social classes (from an average factory worker to an IT professional and IT worker), this is explained by he wide availability of cheap mortgages for the residents.

The end of the Czech Koruna intervention, Novotny speculates, will also have an effect on the mortgage interest rates (which will supposedly increase) and thus the decrease in price of the real estate. Seeing that the reaction on the real estate market is always less intense and therefore a slower reaction on prices will be observed. Further, the end of CNB currency intervention now means that the stronger Czech Koruna will enable cheaper purchases abroad, this includes real estate property.

According to the Carr, Lawson and Shultz (2003) every neighbourhood/district goes through 4 life cycle stages: *growth*, *stability*, *decline* and *revitalization*. With regards to the district life cycle stages in Czech Republic, it can be seen that the city is experiencing a mixture of all these stages in the different parts of the city. The growth stage is particularly evidenced through the new construction of residential homes in the outer skirts of the city centre of Prague, examples include new developers projects such as Vyhledy Barrandov, Bydleni Na Beranku, Panorama Hlubocepy, Barrandovska Zahrada, Park Rokytka, Britska

Ctvrt, new flats in Stodulky and Dolni Pocernice, the list goes on. According to the most visited real estate server in the Czech republic Sreality, there are currently a total of 344 developers project on sale in the Czech Republic (each of these are of different sizes and offer varying number of flats/ apartments/ houses), the number is likely much higher because many developers, for example Ekospol, Sekyra group, FINEP and Central Group, advertise their projects mostly on their own website, and only some on Sreality.

The stability stage is however very infrequent in Prague itself, seeing that in every part of Prague there are some reconstructions or new constructions happening, the most stable would be the historical city centre of Prague 1 Malostranska where no new developer projects occur because of rules on preserving the historical architecture and façade. This stage is mostly characteristic of slower growth and maturing rates, not many new buildings are build or land sold because there is no demand for it. Therefore it can be found in smaller cities and villages where the demand for property is neither rising nor falling and where the population remains stable for example Jesenik or Sumperk in Olomouc region, therefore usually these are smaller towns next to larger cities. Further, ther attractiveness for developers in Ostrava is low seeing that the population is slowly shrinking.

The decline phase strictly occurs when no new projects or reconstructions are being built because of the lost demand and thus poor attractiveness of the city/neighbourhood. The levels of population are falling typically because people, especially the young are migrating to larger cities for education and better job opportunities, examples in Czech Republic are cities such as Karvina which lost 12% (35,000 people) in the last 25 years (Orlicky denik, 4.4.2017), Bruntal is another town with declining population and therefore low demand for real estate property.

Finally the revitalization cycle can most obviously be seen in the major city Prague, many historical buildings, 'Panelaks' and former factory plants have undergone or will be undergoing reconstructions. For example the former Zlichov factory will be rebuilt into a residential quarter, the Quadrio shopping/ business/ residential complex has been renovated from a former multi-storey dwelling at Narodni Trida, the Zizkov freight railway station (Nakladove Nadrazi Zizkov) is planned to be reconstructed into a new complex called Zizkov City by Sekyra group, the site has already been 3 times announced as a cultural monument by the Prague district (Nakladove Nadrazi Zizkov, 2014) and therefore the project will attempt to maintain the urban-functional architectural style. All of Prague

is either in the growth cycle or older parts under reconstruction are in the revitalizing cycle.

Similarly to the year 2016, the higher demand for real estate still persists and supply is seriously lagging behind. The supply of real estate is falling rather than rising and therefore the prices are either stable or slowly increasing. Due to the inefficiency of the market of real estate, it will take a long time before the undersupplied market will increase in supply and before this happens, the demand could change and the market could become oversupplied.

Barriers such as the law and permits on construction and other areas of real estate are slowly being eliminated and from the year 2017 onwards the laws will be more relaxed in order to cater to the stagnating supply and enable developers to construct new residential flats (Hypoindex, 2016).

3.2.2 Competitor analysis

In the competitor analysis specific strategic groups will be identified. Those that share similar goals, target similar customers and offer alike services will be clustered into one strategic group. Seeing that, currently on the Czech market there is a high saturation of different real estate companies, many strategic competitor groups can be identified. Altogether according to the directory of the real estate agency Sreality.cz in April 2017 (https://www.sreality.cz/adresar) there are currently **2641** real estate agencies in the Czech Republic. This number also includes franchises of the larger agencies such as RE/MAX, EVROPA, Dumrealit, Century 21, Realitní společnost České spořitelny (Real Estate Company of the Czech Savings Bank) etc. Of these the highest number of vacancies on Sreality was from M&M reality followed by RE/MAX Czech Republic, Next reality, Real estate agency Reality IQ a.s., Real estate agency STING s.r.o., Národní Realitní Holding, EVROPA real estate agency, Century 21 Czech Republic, Hypocentrum Modré pyramid, Realitní společnost České spořitelny, a.s., ERA Reality and Fincentrum Reality, s.r.o.. All these real estate agencies had more than 1000 vacancies on Sreality.cz, beyond that (therefore the other 2627 real estate agencies) have vacancies lower than 1000. On the other hand, on the directory of firmy.cz, a total of 2368 real estate agencies in Prague alone can be found, but a total of 4493 real estate agencies in the Czech Republic altogether including the different branches and franchises of the same agency. This shows the huge

saturation of the market, due to the high number of real estate agencies on the market. The Realitni Komora of the Czech Republic has 2215 members. The Association of Real Estate Agencies of the Czech Republic has more than 300 members (ARK.CZ, 2017).

Chart 1 Number of listings of real estate agencies on Sreality.cz
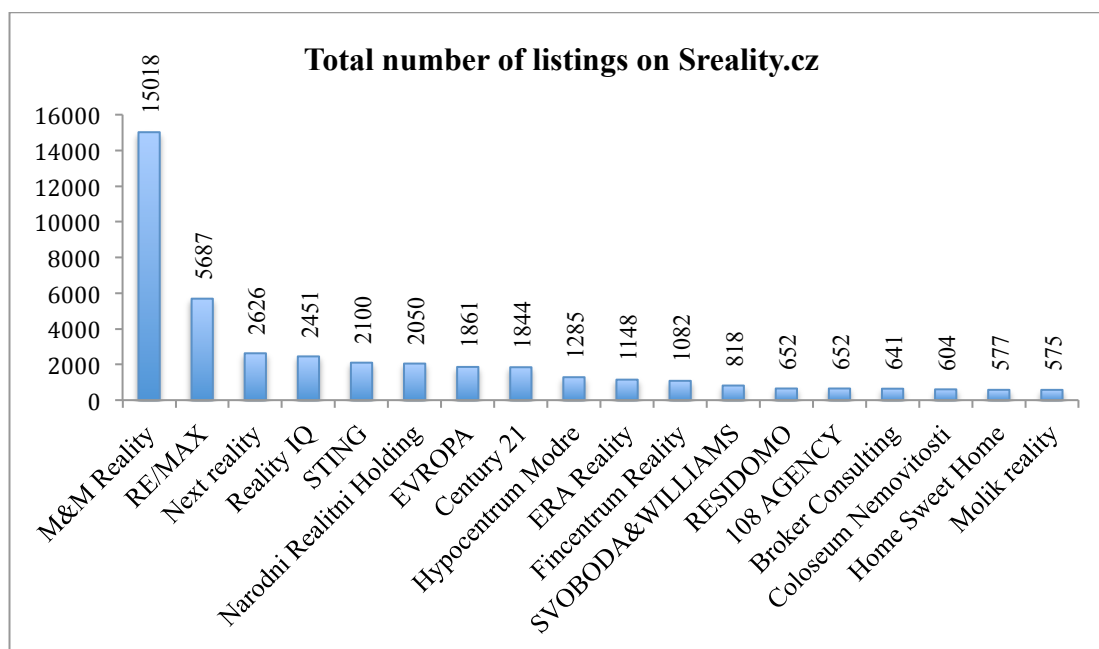

Source: https://www.sreality.cz/adresar, April 2017

When comparing the number of vacancies these real estate agencies posted on Sreality and the actual numbers posted on their websites, there was always proportionally more vacancies on their own webpages, thus the order of the real estate agencies would remain the same if the actual number vacancies were used.

Therefore in this thesis only the direct and most relevant competitors will be identified and placed in a strategic group based on similar features and services.

The features according to which the competitors were compared are the following: webpage visits, number of vacancies offered, Alexa ranking in the Czech Republic and in the Czech real estate industry, average time spent on the site and the category of services offered to the customers. Further the strengths and weaknesses of each company. The revenue presented on justice will be used for the Russian companies not for the indirect competitors.

**Number of monthly searches in Prague on Google, 2015**
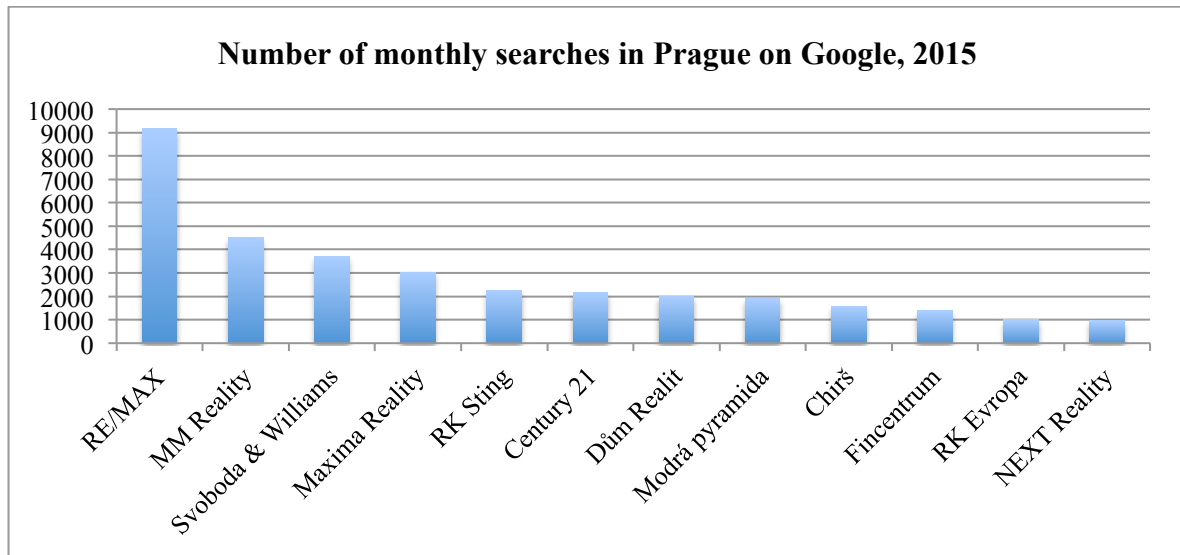
Source: RE/MAX Alfa, 2015

We can observe from the two graphs that the obvious leaders according to number of property listings and Google searches are M&M Reality and RE/MAX, the other agencies are smaller, have different company objectives and focuses (are luxury real estate agencies) and simply capture a smaller percentage of the total market share. The following section will present the real estate market in Czech Republic according to Aaker's strategic mapping.

Strategic mapping

The real estate agencies have been placed according to their strategic groups on a map. The placing should help to identify who are the direct/ indirect competitors, identify opportunities for Dome Prag and help understand why some agencies are more profitable than others. Further the map should present some insights and ideas onto the different strategies and goals of various strategic groups. The strategic map should help Dome Prag identify where on the map it should land or which strategic group it will join. Usually strategic groups do not compete with each other but rather the competition occurs within the group. Before drawing the strategic map, I mapped the different real estate agencies according to their average monthly visits and their current number of property vacancies. The result was the following:

Chart 3 Chosen real estate agencies according to visits and listings
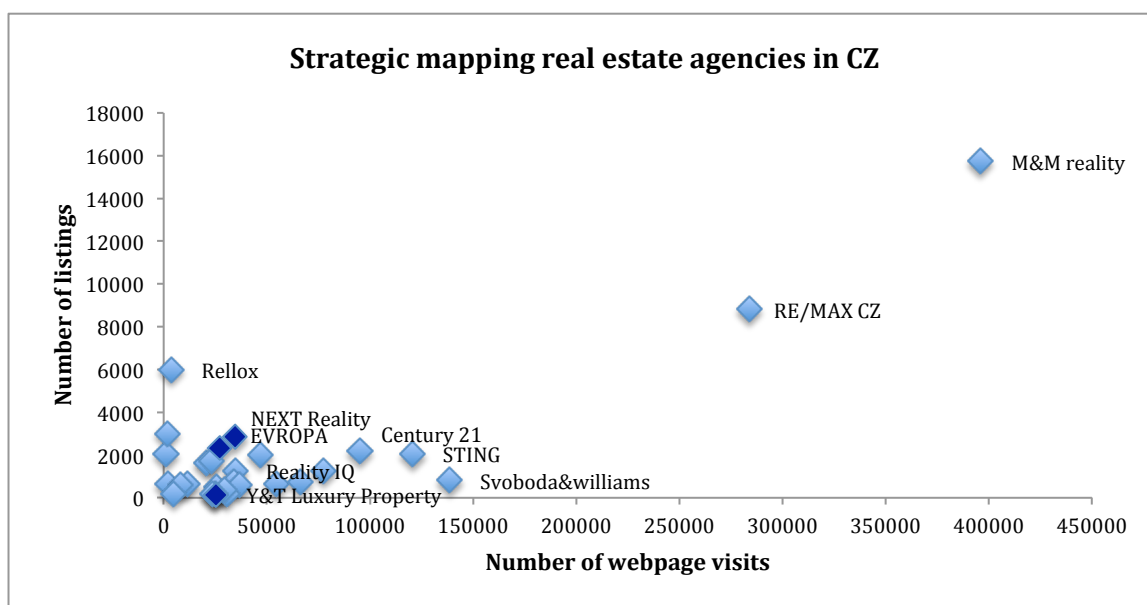
Source: Author based on statistics of the respective agencies

In the graph above, two leaders can be identified in the Czech real estate industry: M&M reality and RE/MAX CZ, both have a high number of vacancies and high number of average website visits. A positive correlation can be found between the number of listings and number of webpage visits. In order to better understand the market and to better observe the specifics for the other leading real estate agencies I neglected the two leaders and plotted the graph below for other leading agencies.
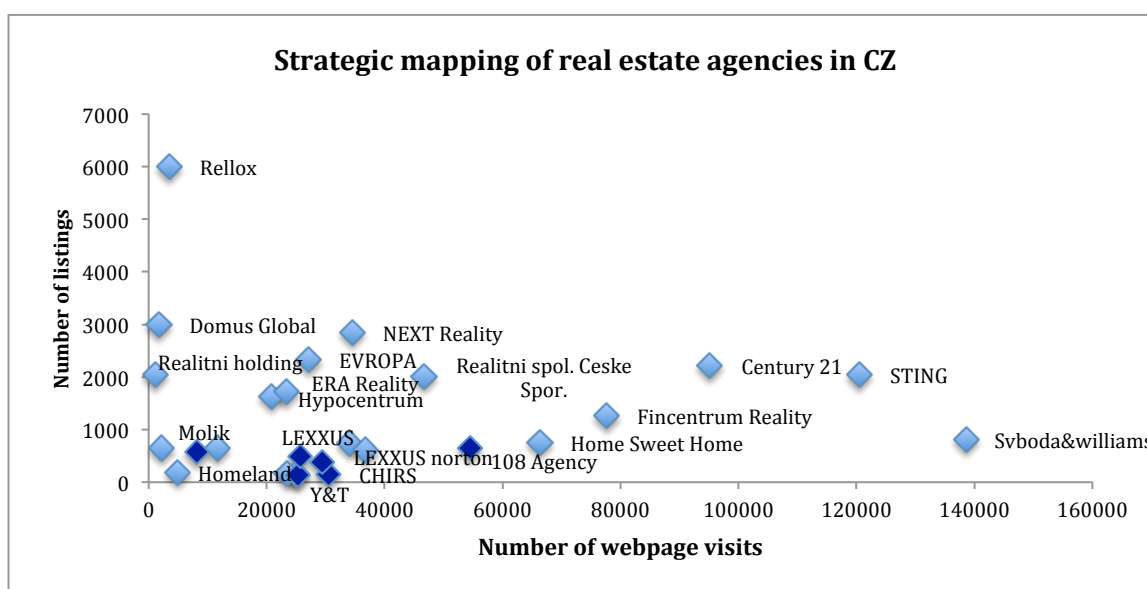
Chart 4 Chosen real estate agencies according to visits and listings (closer look)

Source: Author based on statistics of the respective agencies

The type of real estate agencies visible on the two graphs above is mostly the ones available to the general public for services such as purchase, rent, and sale of residential, land and a bit of commercial real estate. When observing the two graphs already the formation of strategic groups and certain trends can be identified. Usually the market leaders such as M&M Reality and RE/MAX who have the highest number of property listings, also have the highest number of webpage visits, naturally they earn the highest turnovers. Further the luxury real estate companies such as Svoboda&Williams, LEXXUS Norton, Century 21, Y&T Luxury Property have an average number of page visits but quite a low number of listings, demonstrating again that their profit from a single transaction is higher than that of RE/MAX or STING for example. However, the largest real estate companies in the Czech Republic are the ones that deal with commercial property for example, they are not listed in the graphs above, but they are, for example, CBRE and Cushman & Wakefield and these companies obviously earn the highest turnover despite the fact that visits to their website are lower and the number of commercial property listings they have available is also lower. These companies earn higher profits on a single transaction. Finally, the graph below displays the strategic group mapping for real estate companies in the Czech Republic.

Graph 6 Strategic group mapping of real estate agencies in the Czech Republic
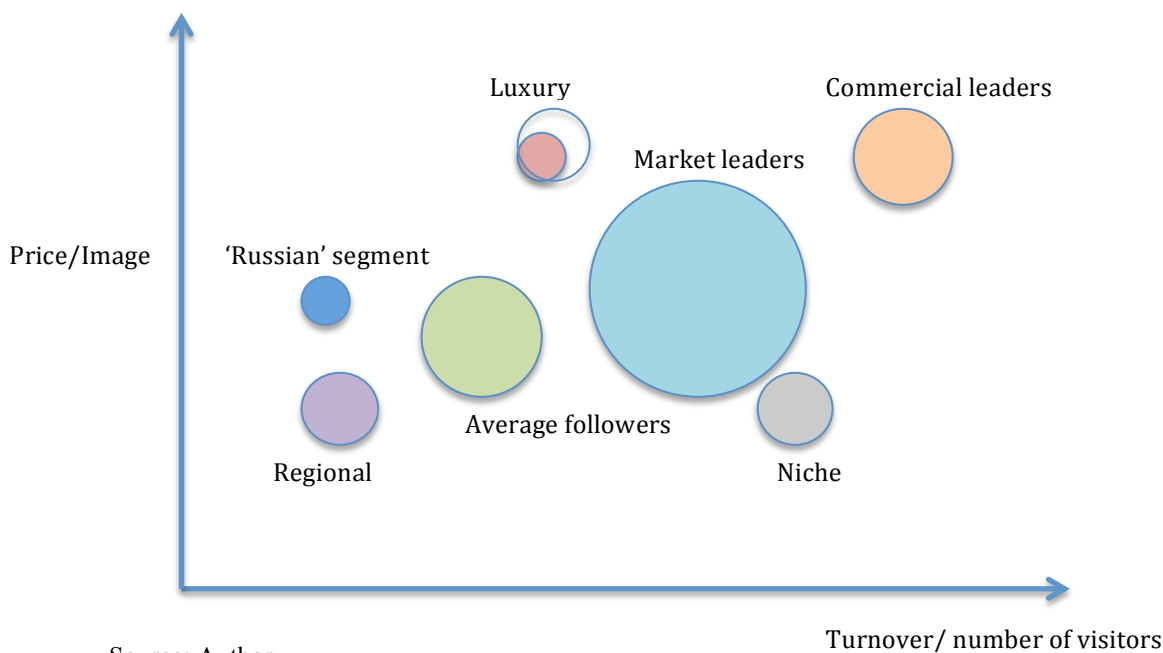
Source: Author

"A strategic group is a group of firms that over time pursue similar competitive strategies (e.g. use of the same distribution channel, same type of communication strategies, or the same price/quality position), have similar characteristics (e.g., size, aggressiveness) and have similar assets and competencies (e.g., brand associations, logistics capability, global presence, or research and development)."(Aaker, 2013).

The quote above briefly describes what the essence of each group constitutes. The commercial leaders are companies who only work with commercial property and they have the highest turnovers, high provision prices, but low number of property listings and website visitors. The highest market share (indicated by the volume of the circle) is taken by the leaders in the Czech real estate market; these are M&M Reality and RE/MAX. The average followers are smaller agencies who have a smaller turnover, only slightly lower price and lower number of website visitors, examples are Dumrealit, Reality IQ, Fincentrum reality, EVROPA and STING, they may also be described as smaller market leaders for the usual service structure of the Czech real estate agency (purchase/rent/sale of flat or house, developers projects, mortgage, financial and legal services). Real estate agencies try to maintain stable provisions due to currently high competition, therefore usually the provision is 2-5% payable by the owner in case of purchase and for rent the provision is 1 monthly rent payable by the buyer.

What is interesting to mention is the new service 'developers projects', the market leaders and the many average followers offer or recently started to offer this service to their customers. The demand for this service is seen in the growing demand for real estate property, agencies are willing to work with developers, offer them complete services in market & site analysis, financial support, project visualization, marketing, and listing property on their website in order to satisfy the increasing demand for real estate purchase.

The regional strategic group does not offer the developer project service, these agencies are mainly saturated in a particular region or city in the Czech Republic, for example Molik Reality offers properties in Most and expanding into Chomutov and neighbouring cities, Residomo offers property in Frydek-mistek and Coloseum Nemovitosti is an agency oriented at Brno. The regional agencies have lower turnovers and webpage visitors and lower number of vacancies as well as prices (provisions) for their properties.

The luxury segment occupies a smaller market share than the regional agencies, but this strategic group has another circle round the original circle, indicating the growing share of luxury property on the Czech market and the increasing demand for it, companies in this segment are Svoboda&Williams, LEXXUS, LEXXUS Norton, Y&T luxury, all these have on average a lower number of property listings, but they earn more due to higher provision profits.

Finally the 'Russian segment' are companies identified by Dome Prag as their direct competitors: Vessan, Lekvi and Gorod. There are roughly 20 other similar type of real estate agencies, however they are either non-functioning, partly functioning or offer very few real estate property listings. Some of them simply 'steal' property listings from other real estate agencies websites in order to enhance their property listings directory. These companies have the number of visitors similar to regional agencies, but their prices, image and company presentation are higher.

Further there could also be mentioned the 'abroad' sector, which are real property agencies such as the Czech Rellox or Domus Global, these agencies offer properties abroad to their home country citizens. Their prices are higher than what a local agency would offer; their turnover is questionable because on justice.cz (Czech public register and collection of documents) they only have their founding document and notary note listed and no profit and loss statements can be found. Therefore this strategic group has been excluded from the strategic group mapping because of lack of information and irrelevancy to the objectives of the project for the real estate 'Dome Prag'.

Sreality.cz and bezrealitky.cz (realitni server)

What is necessary to mention are the two important real estate websites (they are not agencies) which are not direct competitors of Dome Prag, but rather much more indirect ones, they form the strategic niche group on the map. These are Sreality.cz and Bezrealitky.cz, these sites have a huge amount of monthly visitors, roughly 6 million and 1.7 million respectively. They are basically leaders in the real estate industry however they are not real estate agencies in themsleves. Sreality is a web portal and every vacancy on the site is backed by a real estate agency, therefore the website can function as a marketing tool/technique to advertise a property for real estate companies. On the other hand Bezrealitky is a portal, which offers property vacancies NOT backed by any real estate agency (hence in Czech language 'bez' is translate to 'without' and 'realitky' to 'real estate agency', thus the full name is 'without real estate agency'). Both of these portals charge the agency (Sreality) or the user (bezrealitky) for posting the property on their website, therefore the typical customers are real estate agencies for Sreality and ordinary property owners for Bezrealitky. The target audiences are similar for both: general public interested in buying, selling or renting real estate property.

Developers

The growth and success of the number of developers on the Czech market is largely fuelled by the undersupply of flats, houses and commercial property on the market, as well as the growing demand. In the coming year only the developers in the table below will bring roughly 12,450 new flats to the market. The largest developers in the Czech Republic are listed in the table below:

Table 2 Largest developers in the Czech Republic (2017)

Developer	Average monthly page views	Projects*	Flats**
CENTRAL GROUP	98100	13	3288
EKOSPOL	59300	8	1725
Skanska Reality	46400	6	101
Daramis Group	3100	6	1416
Finep	39700	6	1235
Metrostav Development	24500	4	378
YIT Stavo	21700	5	513
Sekyra Group	20300	6	1325
Trigema	14500	7	425
Vivus	19100	4	cca 800
M&K development	1800	8	285
Star Group	424	2	950
*Completed in 2016 or planned for 2017-2018			
**Total number of flats available from the recently completed or planned projects.			

Source: Author based on statistics of respective developers

It can be observed that developers are very active on the market, all of the developers listed on the table have a presentable webpage which lists all their past projects that have been sold out, their current projects in progress and the future projects with the term of moving in. Most of the projects also have the total number of flats that will be available and the size of the falt (usually 1+kk, 2+kk or 3+kk, these are in highest demand among students and young or small families), project visualizations and information on the location and what is nearby. It is interesting to observe the growing number of luxury properties planned for construction, with prices ranging from 55,000 CZK per m^2 (Zizkov Garden Towers) to over 100,000 CZK per m^2 (Park Nikolajka or U Muzea). Most of the flats are already sold before construction begins, e.g. 90% of flats were sold in case of Garden Towers before construction, a higher similar percentage can be observed for Vyhledy Barrandov and Skybarrandov, the construction is still underway and only 1 or 2 flats out of 300 and 110 flats respectively are left on sale.

Therefore many real estate agencies (the market leaders and the average followers) are beginning to offer the 'developer service' in order to attract smaller developers and create a supply of properties which the agency will be able to sell. This service should be seriously considered by Dome Prag.

After conducting the competitor analysis, it can be said that the real estate industry is a competitive market in the Czech Republic, especially in this period when demand exceeds supply and every real estate agency is fighting to earn a property listing. Neverthless the biggest competitors with similar services to what Dome Prag is planning to offer are identified as: Svoboda&Williams, J&T Property Investment, Vessan, Gorod and Lekvi. These competitors will be analysed in more detail based on Aaker's model relating to the competitor analysis. The characteristics analysed will be their size, growth and profitability, image and positioning, cost structures, objectives and commitments and strengths and weakness. The detailed competitor analysis for the chosen companies is presented below:

Svoboda&Williams (https://www.svoboda-williams.com/)

Size, Growth and profitability	• 818 listings, roughly 120,000 page visitors monthly during the year 2017 • Revenue of 92,8 mio. CZK with a profit of 6,5 mio. CZK for the year 2014 • Established in 2006 (More than 10 years on the market)
Image and positioning	• High-end luxury real estate agency with a full range of services packages: sale, purchase and rent of real estate, investment and property management, financial and legal services. • 90% of visitors are from the Czech Republic.
Organization and culture	• Functions in Prague and Brno. • Operates the websites Prague-stay.com (hotel and apartment rent) and Feelhome.cz (offers only houses, flats and land with lower price limits), this integration of websites attempts to catch a higher portion of the market share by targeting new customers.
Cost structure	Sale: 3% provision +VAT payable by the seller Rent: provision worth of 1 monthly rent payable by each the tenant and landlord.
Objectives and commitments	Provide professional & high quality services and properties
Strengths and weaknesses	+Full service package, professional website and professional services +Pleasant property viewing and detailed descriptions and plan views +Additional features: Lifestyle articles, interactive price rental map of Prague +Creation of new websites to target new, less profitable individually but more frequent customers +Active presence on social media (Facebook, Instagram, Google+, Linkedin) + Website in Czech, English and Russian -In the property search system the 'apartments' section does not work (bug) -Only have a price map for rent not for actual prices of properties

Y&T Property Investment (https://www.luxusni-bydleni-praha.com/)

Size, Growth and profitability	• 136 listings, roughly 25,300 page visitors monthly during the year 2017 • Revenues not published on justice.cz • Established in 2010 (almost 7 years on the market)
Image and positioning	• High-end luxury real estate agency with a specific range of services packages: sale, purchase and rent of real estate, investment, facility management, reconstruction, project visualization and interior furnishing. • 90% of visitors are from the Czech Republic. Audience from South Africa, Belgium and Denmark each reach slightly more than 1%.
Organization and culture	• Operates only in Prague, has a contact form for those interested to sell a property • Reconstruct and designs properties into luxury type, individual approach.
Cost structure	Sale: The provision and VAT are included in the final price Rent: The buyer does not pay any provision
Objectives and commitments	• Earn higher profits from single transactions, therefore their property listings are lower in number, exclusive and very carefully chosen • Unique corporate style • Help children in need, partners with the charity/children's school Pink Crocodile
Strengths and weaknesses	+High attention is placed onto property choice and presentation and detail +Unique services (reconstruction, design furnishings) +Active presence on social media (FB) -Website navigation and viewing properties is significantly difficult for users -Do not offer financial and legal services

VESSAN Reality (http://vessan.ru)

Size, Growth and profitability	• 701 listings, roughly 9,000 page visitors monthly during the year 2017 • Revenue of 6,4 mio. CZK with a profit of 76,000 for the year 2015. • Established 2007
Image and positioning	• Professional & trustworthy real estate agency with a wide range of services package: sale, purchase and rent of real estate, investment consulting, property management, financial services, company registration*, visa services.
Organization and culture	• Functions in Ukraine (35.5%) and Russia (31%), Czech Republic (20%), visitors from Israel (3.8%), Kazakhstan (2.9%). • Properties only in Prague • Offers franchising
Cost structure	Sale: no provision (the provision is most likely included in the price, or the developers pay the provision to the agency). Reservation worth of 50,000-100,000 CZK, possibility of long-term payment (up to 20 years).
Objectives and commitments	• 3 companies: Vessan, Vessan Reality, Vessan Estate – each specializes in either investment consulting and developing, real estate sale and purchase and financial and legal services. Committed to specializing in either of the services. • Provide professional care, talk in more detail only on phone or meeting (not email)
Strengths and weaknesses	+Trustworthiness +Professional website presentation and description of services (especially 'developer' service) +Clear presentation of information relating to real estate (prices, interest rates) +Useful additional material about Czech Republic (education, immigration, visa,economy) +Website in Czech, Russian and English -Property listings are difficult to navigate -Sometimes confusing webpage navigation

*foreigners usually buy real estate through a registered company in the Czech Republic, previously this was done to enable foreigners to purchase real estate, now mostly for keeping the owner's identity confidential.

Gorod (https://gorod.cz/)

Size, Growth and profitability	• Roughly 4000 listings (but exclusivity and authencity is questionable and many have a 'sold' banner), 16,000 page visitors monthly for the year 2017 • Revenue of 291,000 CZK with a loss of -12,000 CZK for the year 2014. • Established in 2014, but on website mention the year 2000
Image and positioning	Targeted (Russian) real estate agency with a full range of service package: sale, purchase and rent of real estate, investment, property management & reconstruction, financial and accounting services, mortgage and legal services, company registration.
Organization and culture	• Functions in Czech Republic (36%) and Russia (18%) , also visitors from Israel (20%), Ukraine (13.5%) and Belarus (3%)
Cost structure	Sale: 3% provision payable by the buyer, but not less than 60,000 CZK. For property above 10mio CZK, provision is individual. 2 step payment process*. Rent: Provision worth 0-100% of 1 monthly rent payable by the tenant
Objectives and commitments	Focuses on real estate in the whole of Czech Republic, many outside of Prague.
Strengths and weaknesses	+Full service package for Russians/ Ukrainians +Detailed descriptions of services and processes related to real estate +Additional features: blog about real estate +Online chat on the website (quite helpful), but can be annoying. +Prices for services are openly presented on the website, but sometimes a bit vague +Operate somewhat in the niche market (have properties outside of Prague) +Wide range and variety of listings -Property listings are difficult to navigate -Above market prices for real estate -Company logo and website presentation looks out-dated -Quite active presence on social media, but only post articles from their blog

*50% payment upon signing reservation agreement and 50% payment after the transaction in the cadastre of properties

Lekvi (http://lekvi.cz/)

Size, Growth and profitability	• Roughly 3000 listings, roughly 3,900 page visitors monthly for the year 2017 Revenue of 768,000 CZK and profit of 26,000 CZK for the year 2015 • Established in 2005
Image and positioning	Targeted (Russian) real estate agency with a full range of services: sale and purchase of real estate, investment and property management, financial and legal services, mortgage and documentation arrangement and other 'immigration' services
Organization and culture	• Functions in Czech Republic (82%) and Russia (3.6%), but has website visits from Sweden (9.5%), Greece (2.3%).
Cost structure	Sale: Reservation worth of 150,000 CZK, also offer credit and financing Rent: do not offer rent
Objectives and commitments	• Focus on working mainly with developers (suppliers) and customers interested in purchasing real estate • 12 different "Lekvi' companies registered on justice, each specializing in a sphere (accounting, investing, design, luxury property etc.)
Strengths and weaknesses	+Full package of services offered +High number of property listings +Sufficiently detailed presentation of property listings, with financial/mortgage info. +Member of the Moscow Association of Realtors and the Czech Chamber of Real Estate +Exclusive representative of 20 projects in Prague and outside of Prague +Website in Russian, Czech and Chinese -Website professionalism is average -Search and filters are not responsive -Description and presentation of services is not very user-friendly or trustworthy -Low presence and visibility on social media

All data and information were collected from the respective websites next to the name of the competitor companies in April 2017. Other information on revenues and dates of establishment was extracted from the websites justice.cz, rejstik-firem.kurzy.cz and rejstrik.penize.cz.

Table 3 Competitive profile matrixes for 5 competitors of Dome Prag

Factors	Weight	Dome Prague (predicted)		Svoboda& Williams		Y&T Luxury Property	
		Score	W. score	Score	W. score	Score	W. score
Quality & volume of listings	0.2	5	1	8	1.6	7	1.4
Provision competitiveness	0.15	8	1.2	7	1.05	6	0.9
Professionalism & trustworthiness	0.15	7	1.05	9	1.35	7	1.05
Web navigation	0.125	7	0.875	7	0.875	5	0.625
Services range	0.125	7	0.875	9	1.125	6	0.75
Investor-oriented services	0.1	8	0.8	10	1	7	0.7
Long-term relationship/ commitment	0.1	7	0.7	10	1	6	0.6
Marketing	0.05	6	0.3	9	0.45	7	0.35
Total score	**1**		**6.8**		**8.45**		**6.375**

Factors	Weight	Vessan Reality		Gorod.cz		Lekvi	
		Score	W. score	Score	W. score	Score	W. score
Quality & volume of listings	0.2	7	1.4	5	1	5	1
Provision competitiveness	0.15	8	1.2	6	0.9	6	0.9
Professionalism & trustworthiness	0.15	8	1.2	6	0.9	5	0.75
Web navigation	0.125	6	0.75	6	0.75	3	0.375
Services range	0.125	7	0.875	6	0.75	5	0.625
Investor-oriented services	0.1	8	0.8	6	0.6	5	0.5
Long-term relationship/ commitment	0.1	7	0.7	5	0.5	5	0.5
Marketing	0.05	5	0.25	4	0.2	3	0.15
Total score	**1**		**7.175**		**5.6**		**4.8**

Source: Author

The competitive profile matrix was created based on the critical success factors listed in the tables. The scores achieved by each agency have been based on the thorough competitor analysis from the set of descriptive and analytical charts presented on pages 52-54. It turns out the biggest competitors for Dome Prag are Svoboda&Williams (8.45) from the 'Luxury' group and Vessan Reality (7.175) from the 'Russian segment'. The scores of

Dome Prag are predicted scores for the near future, seeing that it has not yet begun its operation.

Porter's 5 forces model application

The following 5 forces will be used to analyse the competitive power and profitability in the real estate market.

Threat of potential entrants

Currently in the Czech Republic the real estate business proves to be quite profitable due to the high number of real estate agencies already on the market. On the other hand the more there is competitors and the easier the entrance, the lower the profits of each individual agency because the profits must be shared.

The barriers to entry are not too high especially since 2014 when the change in article no. 90/2012 Col. Of the civil code dictates that a limited liability company in the Czech Republic [Czech: společnost s ručením omezeným] can now be established with basic capital worth of only 1 CZK, on the other hand the owner has higher responsibility and might be liable with his own property.

The Ministry of regional development of the Czech Republic also published a report on the analysis of real estate activities in 2014, which lists the Czech technical norms (ČSN EN 15733) on the requirements for providing services as a real estate agency. With regard to the norms of a real estate agent he must have sufficient knowledge of the following concepts: real estate market, real estate marketing, costs of real estate operation, principles of financing property, estimation of market value of the real estate, measuring and controlling estate area, national and European law relating to a real estate agent, real estate transactions, construction planning, maintenance and permit understanding, cadastre maps and lifestyle and energy aspects of real estate. (Ministry for regional development, 2012[5])

Concerning the regulation of the real estate profession, the Czech Republic has no serious regulations, entering the profession does not require special education or practices, there are no binding legal norms of a real estate agent, and there are no financial

---

[5] (Analýza současné situace v oblasti podnikání realitních kanceláří a návrhy variant řešení, 2012, p.13)

guarantees which manage a clients funds on separate accounts from the basic account. (Ministry for regional development, 2012[6])

Despite all these lack of serious barriers to entry (no rules nor regulations, simply recommendations are mentioned), there are also existing niche players such as bezrealitky.cz who present an alternative solution to those who want to rent or purchase a property that is cheaper and targets a wider segment of the population. On the other hand these companies provide little predictability, reliability and high risks, it is important to cooperate with professionals in the sphere in order to minimize uncertainties and mistakes arising from amateur handling. Sreality on the other hand works only with real estate agencies and therefore it is a great marketing technique employed by many real estate agencies to advertise property on the popular real estate portal. This force is bears gravity onto predicting negative outcomes since barriers to entry are low and profits are dispersed.

Competition among existing firms

Also known as 'competitive rivalry', this aspect can be characterized as extremely intense in the current market sphere of real estate agencies in the Czech Republic. The current undersupply of property on the market causes companies to compete for every property listing. As mentioned previously, there is an extremely high number of agencies in the Czech Republic, the strategic map in the competitor's analysis attempts to model the market with regards to the turnover and image/price and it can be observed that there are quite a few strategic groups involved. Each group compete more intensely among themselves then among other groups, due to similar goals and positioning.

The strategic groups do not differ tremendously in the type of services they offer, everyone has the general services, but some companies have more specific and targeted services such as investment, property management, Svoboda&Williams have more specific names for their services such as 'L-Rep' and 'T-Rep' (Landlord representative and tenant representative respectively). The price (provision) for the services is generally similar with all agencies **2-5%** provision (Orsag, 2017), 1 monthly rent provision, partial payments or even long-term partial payments offered by the Russian targeted agency Vessan and Gorod.cz. Each strategic group has a list of agencies, which belong to the group, therefore it is difficult to say that any agency is exclusive in the services it provides because all tend to have similar basic services and those that have additional specific services are demanded

---

[6] Ibid. p.15

by a smaller share of the population. Nevertheless, these more targeted services can constitute a competitive advantage over the other agencies. Thus, the competitive rivalry is quite intense, but less so among the targeted agencies.

Threat of substitute products

The only potential substitution is the portal bezrealitky.cz, they were able to develop due to the Czech tendency to sell property alone due to low professionalism of real estate agencies (Novotný & Jezdínova, 2016). Bezrealitky are in the niche market on the strategic group mapping, however this is not a real estate agency and it involves higher risks and unpredictability. On the other hand when browsing the website, new services and offers created on the website can be found. For example, bezrealitky.cz now offers actual services to visitors of their webpage, these are the following: authentic contracts from their lawyers for the price of 990 CZK, total funds depository till all conditions have been fulfilled for the price of 3,990 CZK, ensuring suitable mortgage loans at 1.69% interest rate and tax return services from 1,500 CZK to 2,500 CZK. More services are yet to come. As a niche player that has provided solutions to the risks, which the initial structure of services on the web assumed, bezrealitky.cz can postulate some real competition to real estate agencies through its developing business model.

Cost of substitution is very low; the customer must not pay any additional fees when changing from one agency to another or simply to another type of business. The owner of the real estate usually does not have to make any serious commitments with an agency. Only after they sign a contract or when the agency has found a customer, do the penalties appear. Each agency has individual penalties; for example it can be the size of the reservation payment agreed upon in the contract.

Sreality could be considered as another threat, but it is also an opportunity due to its popularity among customers of the real estate sector. The threat is in the fact that Sreality can decrease the amount of customer visitors directly to the agencies webpage, the majority of agencies advertise their properties on Sreality and naturally they must pay a fee for this service.

However more than 95% of the audience on both portals are from the Czech Republic, therefore this force is not critical in affecting the profitability of the 'Russian segment' or 'Luxury' group, but affects the market leaders and followers group.

Bargaining power of customers

Reflecting the current situation of the market, the customers/purchasers are not realistically able to drive the price of real estate down, on the other hand by creating a huge demand; they are driving the prices of property up. The price of a m^2 in Prague is the highest since the crisis (byznys.ihned, 2016) and further *the highest among the Visegrad states*. The housing stock is still below the European average and the transaction price is among the lowest, roughly 2,000 EUR per m^2 (Deloitte, 2016).

On the other hand, many speak of the real estate price bubble in which the prices are high, yet people are still willing to buy the properties; this is a very unusual bubble that dominates the real estate market in the Czech Republic (Stepanek, 2016) and can create profitable business opportunities. We can therefore witness the unusual structure of the market and it can be said that this force has positive effects on the potential and profitability of the real estate market in Czech republic. This force positively affects the prices of real estate and pushes profits higher.

Bargaining power of suppliers

In case of the market situation, the power of suppliers, mainly developers, but also individual persons who are looking to sell their apartment, is very strong. Due to the extreme shortage of real estate property on the market, the prices are extremely high and are still rising on the go. Due to the limited number of real estate property on the market, the pace of sale of newly built property is increasing. Apparently the director of LEXXUS claims in an interview for Development News that for the project Tulipa City he was able to realize 80 reservations within 8 days of beginning sale (Višňovský, 2016). Additionally, even luxury property and penthouses that are amongst the most expensive in the country are undersupplied and experience an growing increase in prices, there is a low supply even for smaller-sized luxury properties up to $65m^2$ (Lexxus Norton, 2016). This is another reason why many agencies are beginning to offer developer services, in order to increase the number of suppliers on the market and therefore to dilute the power of the existing suppliers, also to generally increase the supply of real property and to gain opportunity to be exclusive sellers of the built property. By building a good relationship with the developers, they strive to create better, conditions when it comes to marketing and selling the completed property.

It is also widely known that a successful developers residential project is one, which gets almost or completely sold even before the residential block is completed. On the other hand, those less successful are still left empty after completion, if more then 50% is left vacant after completion, the residential project can be 'claimed unsuccessful' (Štěpánek, 2016), and this should be especially the case in a situation of the existing property market in the Czech Republic. This force has serious negative consequences on the project at hand.

To conclude, we can witness that the following forces have a negative impact on the competitive power and profitability of the real estate market: threat of potential entrants, competition among existing firms, and bargaining power of suppliers. The threat of substitute products is fairly low because there is no substitute for real estate and the bargaining power of customers is low because of the low supply of properties in the market that can be characterized as a seller's market.

3.2.3 Customer analysis

There are two types of customers for a real estate agency: those who want to buy property and those who want to sell property. It is necessary to understand this as a first step towards customer segmentation. In order to further specify the type of customer it is necessary to first understand the differences among real estate agencies on the market. The strategic group mapping should help in better segmenting the customers. For every group on the map a certain type of customer segment exists. The luxury group will be dominated with more wealthy citizens of the age 35+ looking to invest or purchase property for personal use. The regional group will mostly be targeted at customers from the local area who would like to buy property for themselves, it is unlikely that their customers would be high-profile investors with extra funds to invest, these customers will contact either the commercial, the luxury or the developer group.

It is also important to know that a real estate agency earns profit from the buyer not the seller. However the seller is the customer who brings opportunity to the real estate agency to earn a profit, because in order for the customer to buy a property the agency must have something on offer, therefore the agency should address and communicate their services both to the sellers and the buyers equally. The provision is always payable by the buyer, even if it is agreed that the seller will pay the provision, the provision will be incorporated into the total price.

Seeing that Dome Prag should position itself as a targeted real estate agency offering addition services such as purchase, sale and rent of real estate, investment, property management, financial and legal services and developer projects cooperation, these services should be in line with the demand of the market.

The variables used to segment the market and to create the realistic customer base for Dome Prag will be mostly the descriptive variables (Lhotáková, 2010) with elements from the 'consumer preferences and habits' variables, since not all of the sub-sectors are relevant for the real estate customer segmentation. The behaviour (benefit segmentation, purchase and usage occasion) and psychographic variables will be used for the segmentation.

The *geographic* characteristics should not limit the customer base to a specific region, but rather the services they offer should be geographically limited to Prague since the territory of operation will be in Prague. The services of Dome Prag should mostly be

targeted to the Czech Republic, mainly those living in Prague or moving to Prague and to foreigners from Russia, Ukraine, Kazakhstan, Azerbaijan, Vietnam and Israel (the next paragraph will explain why).

The **demographic** characteristics of the segmentation relate to the gender, age, race, religion, education and family size of the population. The increased investment from Russians and Ukrainians since 2014 has been mentioned by many online news articles (damaz.cz, zpravy.e15.cz.)**.** According to CT24 (2015) a quarter of those interested in purchasing real estate in the Czech Republic are foreigners mainly from Slovakia, Russia, Ukraine, Kazakhstan, Azerbaijan, Vietnam, Israel and America, their purpose is mainly investment attracted by the low interested rates (according to the developer Central Group). With the increased volume of housing loans, which exceed the percentage of GDP already in 2013 (CNB, 2015) and the falling mortgage rates, investment into real estate and consequently renting it out brings higher return than any savings account or purchase of government debt for Czech Residents (Investicniweb, 2017). The highest demand is for 1-3+kk apartments, therefore single or small family apartments, this can be observed through the large supply of these flats from developers and real estate agencies in comparison to larger flats. It has already been mentioned previously that the number of single-person households in the Czech Republic is increasing which causes a high demand for smaller flats. With regards to the age of the customers, the sellers are mostly developers whilst it is difficult to find statistics on the age of potential buyers since many foreign buyers usually purchase the real estate through a company, but a realistic approximation is 35-40+ and income level may be also from the middle class (due to the availability of cheap mortgage loans).

Concerning the **socioeconomic** variable, Šafr and Häuberer (2008) claim that the people in the Czech Republic are not conscious of strict social class system, the perceptions of individuals are based on merit and Czechs believe to be equal among each other. This has implications for property purchase, since those from the middle and lower class also consider themselves eligible for mortgage loans and therefore apply for them. Therefore what should be mentioned in this category is that the consumers should either be earning an income well above average or be eligible for a housing loan.

Finally the **behaviour** variable will split customers into those that are looking to purchase real estate for personal use and those interested to invest in order to earn a return, both of these customers are a relevant customer base to Dome Prag.

The ***psychographic*** variable analyses the consumer lifestyle (Stepan, 2007) by looking into the activities, interests and opinions. In this case, the consumer's interest should be real estate investment / purchase or sale.

Conclusion of consumer profile:

Buyers

1. Residents of the Czech Republic (mainly Prague)

    • Higher-class with well above average income levels

    • Middle-class who have at least average income with the possibility to obtain a housing loan. (*short-term customer base* for Dome Prag)

    • Tenants

2. Investors from the following countries: Russia, Ukraine, Kazakhstan, Azerbaijan and Israel (*long-term customer base for Dome Prag*).

    • Interested to move to the Czech Republic due favourable economic situation (job or education opportunities).

    • Interested to invest to the Czech Republic due to favourable economic conditions (low interest rate, high quality developer projects and high property returns)

Sellers

3. Real estate developers

    • Central Group, Finep, Trigema, Skanska, Metrostav, Sekyra (All developers listed in table 2)

    • Also other smaller developers who are smaller-scale and would be interested in cooperating with a higher-class real estate agency.

4. Families

    • Who want to sell their former house/flat and move into a new one[7]

    • Who would like to take out a mortgage from the bank

---

[7] Dome Prag could buy these for lower prices, reconstruct them and sell for higher price. In order to maintain and build a brand and a company image Dome Prag should chose and manage carefully the quality and state of the property listing on their website.

Chapter 4: Survey

Creating the survey

The objective of the survey was to find out whether the external segment with interests in real estate would be further interested in buying, selling or renting property through a real estate agency and what type, size and price this property would be. Further if property management services would be of interest to the segment.

Administration and target groups

The questionnaire was created in two languages: in English and in Russian. The Russian version was sent out to all the current clients of Europa Capital, roughly 100 emails were sent out. Further the questionnaire was posted on social media: on Facebook promotion pages of Dome Prag both the Russian version with roughly 3,500 likes and the English version with 600 likes. The questionnaire was posted onto the Facebook pages as a post, asking the audience to fill out the survey. There was a necessity for a questionnaire Facebook advertisement due to the fact that a mere post on Dome Prag's social media promotion pages was not receiving enough respondents, nor attention. Thus the post was 'boosted' with a small budget for a Facebook campaign, which lasted 4 days and reached nearly 10,000 people, the campaign, was targeted at an audience of the ages 20 till 65+, both males and females living in the Czech Republic with special tags that represented their interests: "Luxury real estate, Real estate investment trust, Creative real estate investing, Estate (land), Real estate development, Real estate, Property management or Real estate investing". The results were positive, from a mere 2-3 'unpaid'[8] questionnaire respondents; the survey ran up to 10 respondents daily, creating a total of 43 responses for the English version. The Russian version of the questionnaire was advertised similarly on Facebook but the target country was not only Czech Republic but also Russia, specifically Moscow and St. Petersburg, unfortunately only 10 responses were achieved. Nevertheless considering the narrow targeting of interests (real estate), with regard to the Russian population only a very minor proportion are interested in purchasing or investing into real

---

[8] 'Unpaid' respondents were those that had answered the questionnaire after receiving an email through Google forms asking them to fill out the survey. Or fans of Dome Prag page on Facebook who had seen the post about the questionnaire on the page and filled it out by clicking on the survey link in the post. 'Paid' respondents are not fans of Dome Prag or customers of Europa Capital and they are those who had seen the same post but in the form of an advertisement that had been 'boosted' with a small budget for a 4 day campaign.

estate specifically in the Czech Republic, therefore the number of responses may reflect the reality. A copy of the questionnaire can be found in appendix 5 of this thesis.

4.1 Graphical representation and description of results

Total number of respondents: 53

Below is a graphical representation of some demographic statistics from the respondents:

Figure 6 Graphs A-F, demographic statistics of respondents
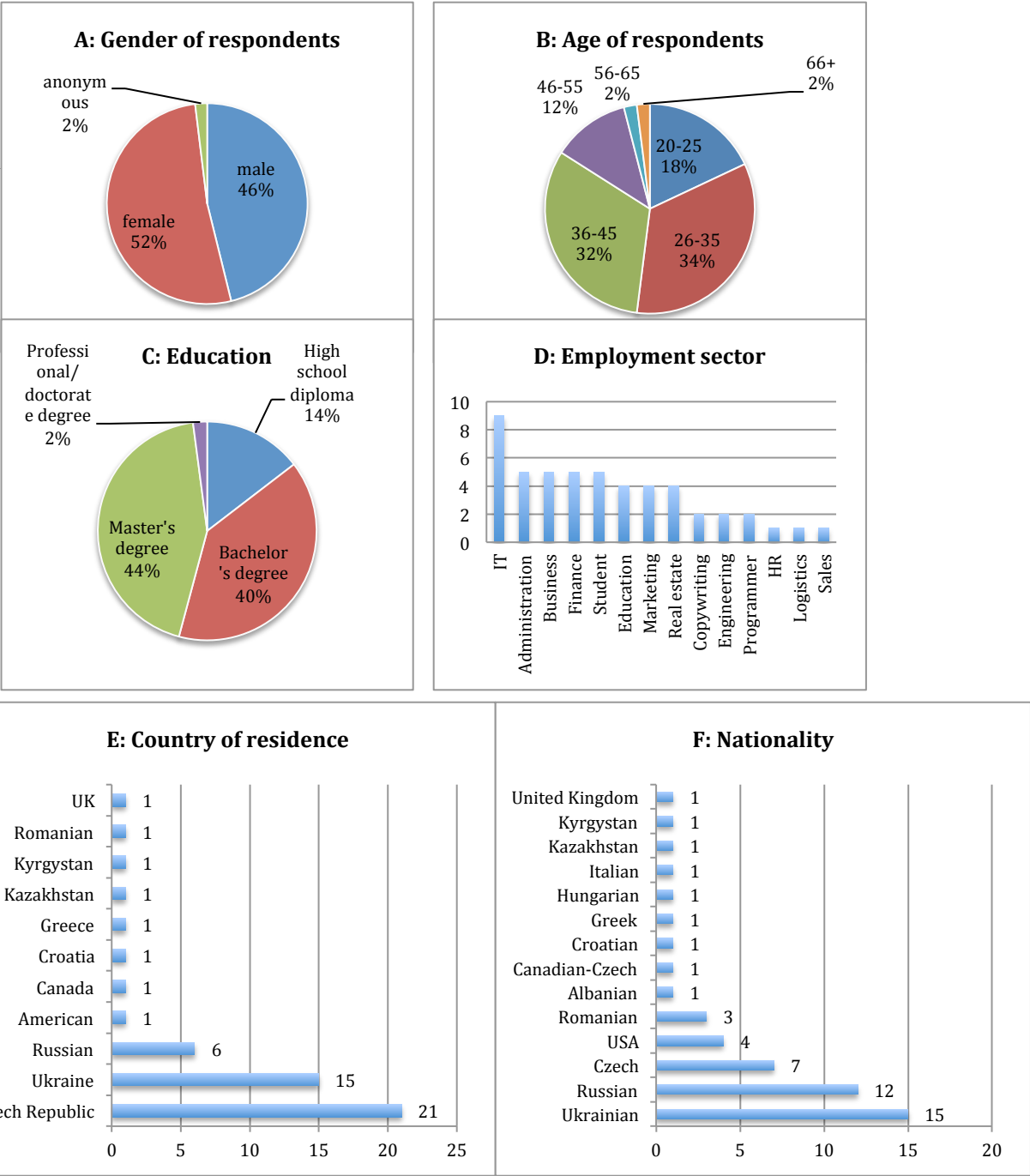
Source: Author

The questionnaire was sent out to the customers of Europa Capital, thus the questionnaire also asked how they found out about the company, 8 answered through internet browsing, 6 said through social media and 6 were recommended by a friend or relative, however the rest 29 respondents haven't heard of the company. Of those who cooperated with the company the main purpose was visas, followed by business cooperation, legal services and lastly accounting.

The following two graphs shows the number of respondents who own real estate in the Czech Republic and weather they cooperate with a real estate agency. It shows that 30% own property or are planning to purchase property, 30% are renting and 38% do not own, nor are renting. It was found that 57% of those who own property actually do cooperate with agencies and another 14% are planning to cooperate, 29% are not cooperating.

Figure 7 Graphs A-B, ownership of real estate
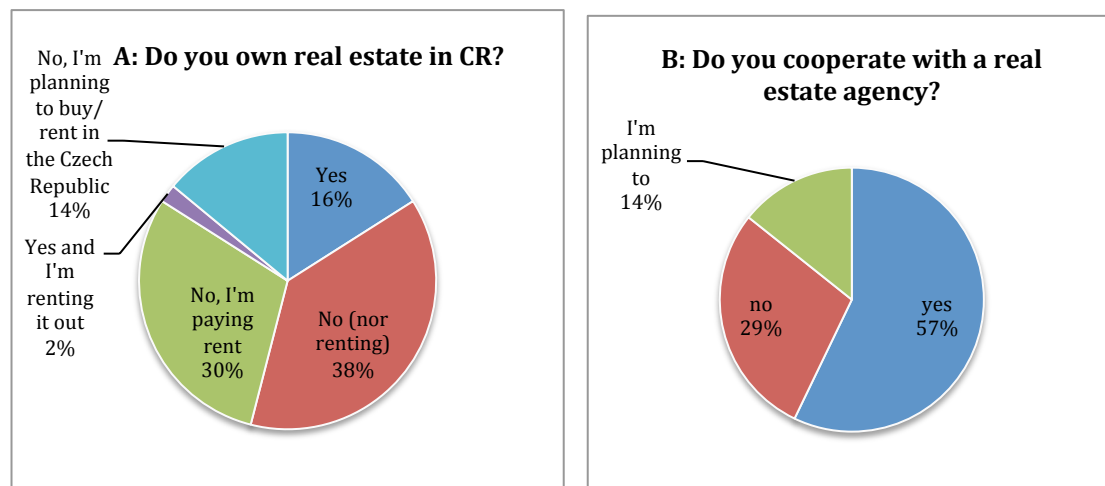
Source: Author

Further to the results of those **who *own real estate property in the Czech Republic* (8)**, 5 said they are planning to take action in the near future (<3 years), 1 said in more than 10 years and 1 respondent preferred not to answer. Two respondents from Russia answered that they want to buy more property, the rest answered that they are planning to do a combination of buy/sell and rent in the Czech Republic. 1 answered they want to sell property in another country. All of the respondents answered that their city of interest is Prague, one respondent also added Liberec. All respondents answered they are interested to purchase a flat, 2 are also interested in a house/land or commercial property. The interest

was mostly for 1-2 room apartments, 3 participants answered 3-4 rooms and 1 participant answered 5-6 rooms. The price range was therefore below 10 million CZK for everyone.

In case of land purchase, the price range was below 2 million CZK and the size was in the range 500<10,000m^2. These are quite unrealistic prices for the Czech Republic, therefore this shows that the respondents either do not have enough knowledge of the market, or that they are interested in villages close to Prague where the prices are much lower. In case of commercial property purchase/sale the size was 50<100m^2, the price range was 2<5 million CZK.

The groups that answered that they *do not own real estate property in the Czech Republic and neither are renting* (23), some of them stated that they own property either in Ukraine (7), Russia (4) or Bulgaria (1). There intentions was to buy in the Czech Republic (10), rent in the Czech Republic (5), and buy/rent in another country (7), others answered they do not know (4). Therefore it can be already traced that those interested in buying are also interested to rent or buy in another country not merely Czech Republic. More of the participants were interested to carry out the transaction in the near future (<3 years) and less in the far future (3<10 years), but most of them don't know yet (6). It can be also said that some customers also contact agencies before their decision to buy/sale real estate. Regarding the type of real estate the respondents were mostly interested in flats of 50-100m^2 (12), followed by houses 100-250m^2 (5) and lastly commercial (2). Regarding to city in Czech Republic, Prague (9) was highest in interest, Hradec Kralove (2), Brno (1) and Ceske Budejovice (2), in another country (2).

Those who answered that they are *paying rent* (15), 12 of them are renting in Prague, 2 in Plzen, 2 in Usti nad Labem, 1 in Brno and 1 in Liberec. The type was mainly flat (10), room in a shared flat (3) and student accommodation (2).

Figure 8 Graphs A-C on rent
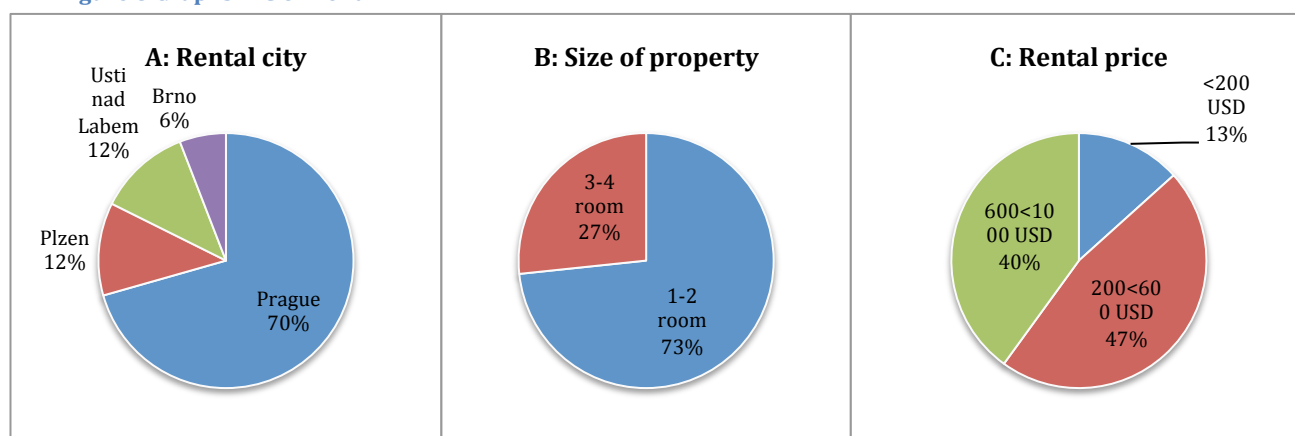
Source: Author

Of these respondents 5 answered they are planning to buy property in the Czech Republic and 2 in another country. The country of interest is Prague (4), Usti nad Labem (1) and Brno (1). The property is flat (3), house (3) and land (1) with equal demand for 1-2 rooms and 3-4 rooms. The price ranges are mainly between 2-5 million CZK, but also responses for 5-10 million CZK and 10-15 million CZK.

The group that answered they *are planning to buy real estate property in the Czech Republic* (5) said that they are planning to buy in the far future (3) and 1 answered in the near future, 1 said they do not know. Some already contacted a real estate agency (3) and the rest answered 'not yet' (2). The property of interest was equal for house and flat. The average size of property was 80-200m^2. The specified city was mainly Prague, however other countries also included Hungary, Poland, Bulgaria, Italy, United Kingdom and Austria.

Final section

Figure 9 Graphs A-D, real estate agency services
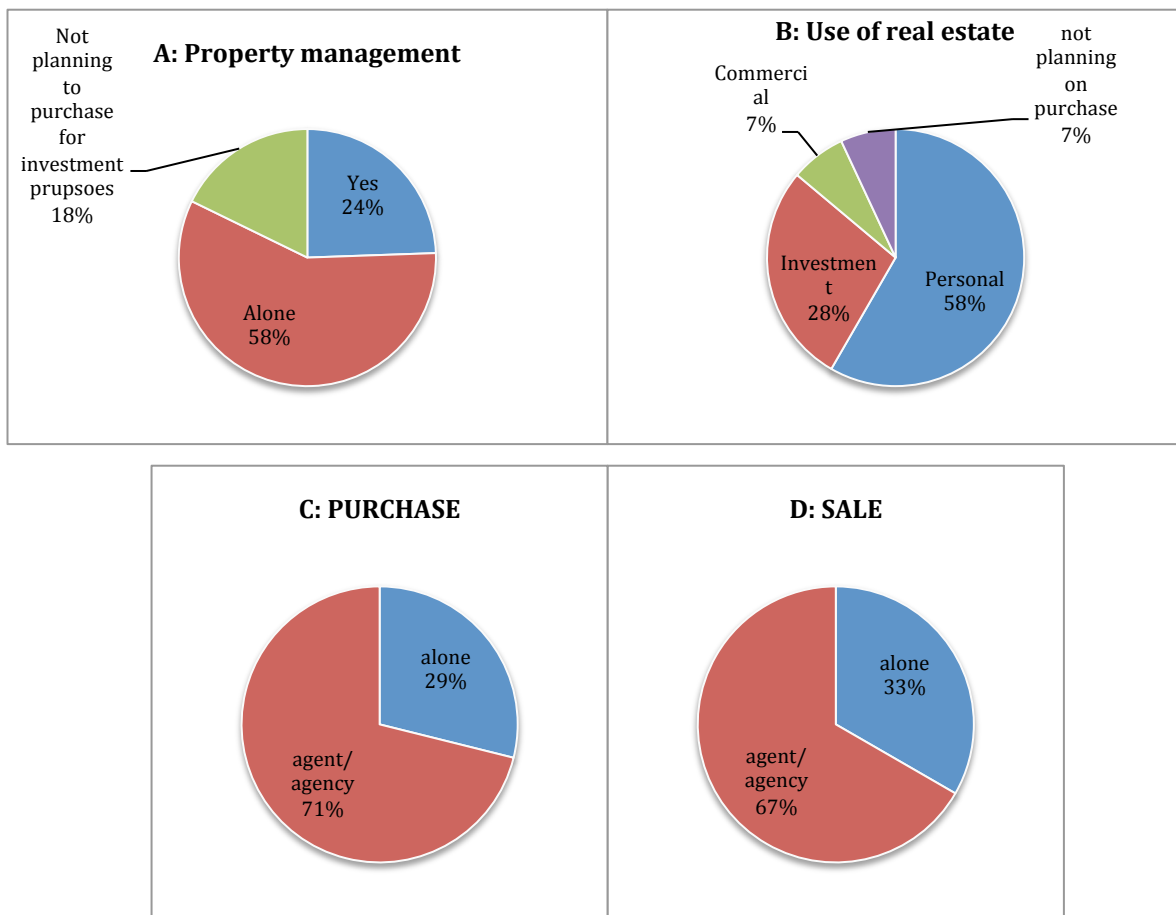
Source: Author

4.2 IMPORTANT FINDINGS & EVALUATION OF RESUTS

The findings of the survey generally confirm the proposed customer orientation; they demonstrate that the highest demand for Czech real estate purchase is from the Russian and Ukrainian nationals (26-45 years), 84% have a bachelor's degree and half of those also a master's. Of those who own real estate a significant percentage cooperate with real estate agencies (57%). It was found that the highest demand is for 1-2 room apartments, with a 2<5 million CZK price range.

Concerning rent, the majority of the respondents rent in Prague, a flat of the size 1-2 room with a price between 200-600 USD (47%). Of those who do not own property and are neither renting, 50% said they own property in another country, mainly Russia and Ukraine. However 65% also answered they are interested to purchase or rent in the Czech Republic, therefore again validating the chosen customer segment. 30% also answered they would be interested to purchase/ rent in another country, thus their choice will probably depend on where the best market conditions and where the lowest relative prices will enable them to purchase a property.

The majority of respondents (58%) were not interested in property management services, others (24%) would consider it, but this is mainly because 40% of the respondents already live in the Czech Republic. This service is aimed at investors living abroad; therefore the results confirm the fact that locals would not be interested in property management.

A positive result found is that on average 70% of respondents would consider a real estate agency before purchasing/ selling real estate property. This means that Russians and Ukrainians would prefer to avoid the risk of direct purchase/ sale and be secured with an expert that would ensure that all contracts, agreements, documents and state of the property are authentic corresponding with one another. This might also be correlated with the fact that majority respondents own university education.

Considering the use of real estate property, the majority (58%) stated 'personal use', 28% consider it as investment and 7% as commercial. It can be extrapolated that real estate investors should be well financially secured, whilst the majority of local Russians and

Ukrainians are average middle-class workers, thus their reasoning for 'personal use' can be justified.
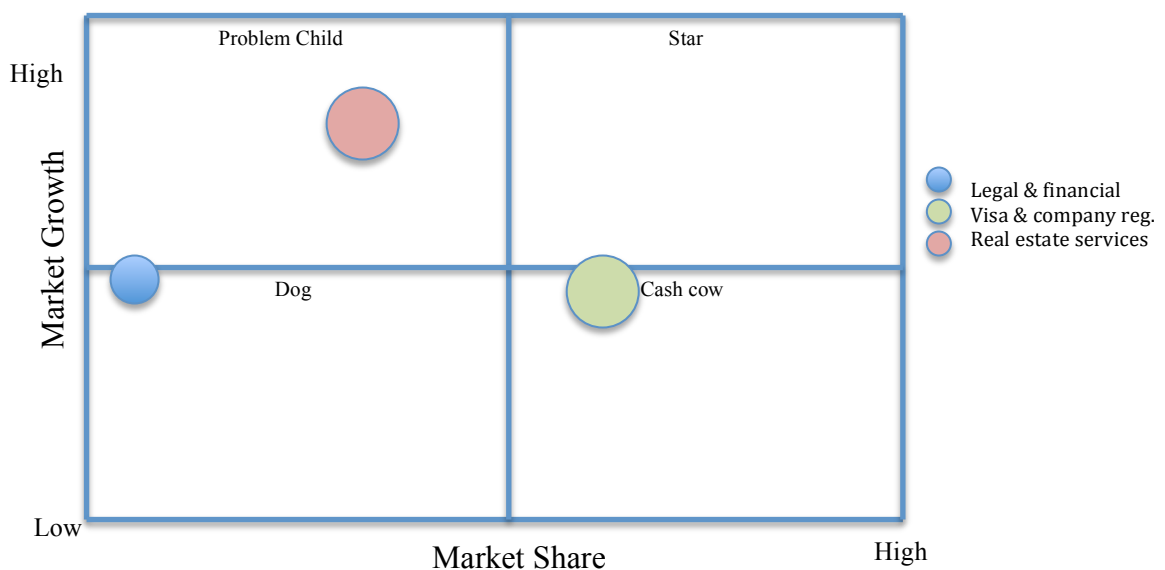
4.3 Internal analysis

Due to the fact that Dome Prag has not yet started any serious or significant business operations, they have not yet had any customers; it is senseless to conduct any deep internal financial analysis. For Europa capital a brief financial analysis can be made.

4.3.1 ROA

Based on information from Justice.cz, Europa Capital's has total assets worth of 8,282,000 CZK for the year 2015 the net income is 44,000 CZK, therefore the *return on assets* is equal to **0,53%**. Compared to its competitors (see appendix 6.1), Europa capital has a better return on investment than Gorod.cz (-42.86%) and Light City (-0.79%), the percentage of earnings generated from invested capital are similar to Vessan Reality (0.46%), but worse than Svoboda & Williams (14.68%) and Lekvi (8.52%). Y&T luxury has no financial reports on justice.cz. Thus a potential for better returns on investment is possible. When comparing Europa Capital's ROA with previous years (see appendix 6.2), it is observable that the ROA has been the worst in the year 2015 but this is because fixed assets had increased sharply (company bought property), otherwise the percentage was positive with roughly 2-8% ROA.

4.3.2.The Boston Matrix for Europa Capital

Graph 7 Boston's matrix for Europa Capital

Source: Author

The size of the circle represents the dominance of the service. Based on external and internal analysis[9], the chart demonstrates that the new service 'real estate' would be a valuable addition to the portfolio of services of Europa Capital. The current services are located in the middle part of the matrix. Visa collection and application (cash cow) are described as more profitable and dominant than the legal, financial and company registrations (dog) that Europa Capital offers. A healthy company should have products/ services in each of the quadrants; therefore the addition of real estate services could provide new opportunities in a fast growing market and potential for high niche market shares and chances of becoming a star that can generate high returns once the project is developed. The services identified, as a cash cow should naturally finance and invest into this new 'problem child' of real estate, this is one of the logic of the BCG matrix.

4.3.3 Porter's value chain model

Supporting activities	Firm infrastructure	Small company with external (auditors, lawyers) and internal (visa consultancy, application) specialists, finance, accounting. Real estate agents, property consultants, architects, designers.				
	HRM	Visa specifics training, company registration and sale training. Sales person training, specifics of real estate and contracts trainings.				
	Technology development	Record of personal data for visa applications, online property search, project and property visualizations, professional camera for staging				
	Procurement	Deals with external specialists, Foreign police cooperation 'procuring cause', developer cooperation				
		Company registration, visa planning, company registration preparation. Property searching and selection, renovation planning, web catalogue of listings, developer negotiations	9-6 working hours, 7 days. Travels to visa centres and foreign police. Property viewing, valuation, staging, renovating, reconstructing	Visa, company sale, financial reports, legal consulting. company suppliers. Contract signatures, Cadastr changes.	Group/large volume sales, website articles. Promotion, advertising, low provisions, market research	Declined visa service, education and training Customer service after-care.
	Primary activities	Inbound logistics	Operations	Outbound logistics	Marketing and sales	Service

Table 4 Value chain analysis for Europa Capital

Source: Author

Based on Porter's value chain the analysis of Europa Capital's primary and supporting activities has been identified, the text in red illustrates the additional activities that will be

---

[9] Interviews, webpage reviews and financial reports for Europa Capital

necessary once the project Dome Prag is launched. Thus, more capital will have to be invested into the online property catalogue development, education and training and recruitment of respective employees for this new service. The links of value created are between the HRM (quality of employees and training) and the operations (valuation, property preparation) and outbound logistics (contract signatures, deals, sales). The technology development (functional property catalogue website) and inbound logistics (property searching) as well as outbound logistics (contracts and deals) are another value link found in the value chain. Further between the marketing and sales (advertising, market research) and procurement (developer cooperation and deals with external specialists).

4.4 SWOT ANALYSIS

A summary of all the findings in the internal and external analysis can be found in the SWOT analysis below.

Table 5 SWOT analysis for Dome Prag

Strengths	Weaknesses
• Targeted real estate agency (niche-oriented at Russia, Ukraine, Belarus, Kazakhstan) • Shared skills from Europa Capital (financial, legal advice) • Strong IT specialists in the company • Real estate services as a good addition to the portfolio, based on BCG matrix	• Start-up project, low levels of expertise in real estate • Only 1 programmer, 1 designer, 1 copyrighter → slow current progress • Limited capital investments possible • Lack of specific and concrete plan/ vision / mission • 2 websites are more work-intensive and no real reason
Opportunities	**Threats**
• Strategic group opportunities ('Russian segment', 'Luxury' group) • Current & expected growth in the number of luxury real estate • Growth of developers → cooperation • Undersupply & high demand for real estate property in Czech market	• Saturated market (high competition) • Barriers to construction, permits, documentation • Real estate prices – inflated bubble.? • Mortgage IR are increasing and stricter controls of percentage of capital to loan

Source: author

Chapter 5: Strategy proposal

5.1 Strategy formulation

After conducting detailed analysis of the external environment and looking into the internal features of the project "Dome Prag" and assessing them, a strategy can be proposed based on the findings: partly the *product development*, but mostly the *diversification* strategy from the Ansoff's matrix will be used. Seeing that Europa Capital is developing a new Project "Dome Prag", which is in the process of becoming a separate real estate agency, the services and products of this agency are partly related to Europa capital (shared services of financial, accounting and legal services), but new services will be offered: real estate property purchase, property management, developer projects cooperation.

Seeing that the short-term goals are to create two websites, build and promote the brand 'Dome Prag', it can be said that these goals are a correct strategy plan. Developing the brand perception and enhancing its awareness are crucial activities, which need to be among the core aims of the business since the initial phases of development. Especially in the current saturated market situation.

Concerning the long-term goals, Dome Prag plans to differentiate itself through providing after-sale customer services and building a long-term relationship with the client, this can be considered as the first part of their *unique selling proposition*. Naturally the number of clients in this case might be lower, however the return and profitability of each individual customer will be higher and more stable.

Using **STP marketing**, the customer segmentation identified 4 different customer groups. With regard to the conducted research and analysis, the most profitable group is group number 2 (investors), however due to limited skills and experience of the project in real estate (because of early development), this group should be considered as the *long-term customer base*.

The second most attractive customer base due to high growth and profitability are number 3 (real estate developers), cooperation with them will create a supply of products (real estate properties) adapted according the demands of the market (2+kk room flats and small luxury flats up to 60m^2). This fundamental supply will attract groups 1 (residents of

CR) and 1 (foreign investors). However the construction of new residential and office buildings will be time and resource-intensive therefore immediate results will not be achieved.

Group number 4 (families) are however the most realistic *short-term customer base* that will bring immediate average-levels of profit.

The complete *unique selling proposition* of Dome Prag should be to offer the customers high quality, transparent and professional services for competitive prices. Low levels of professionalism and deficiency of regulations in the Czech market (Novotný & Jezdinová, 2016) that dominate many real estate agencies can hinder many customers from placing trust in real estate agencies. Therefore Dome Prag should take advantage of this drawback and build their reputation as authentic professionals.

In order for Dome Prag to succeed as a real estate agency, based on findings of this thesis, the project must concentrate on the following issues:

→ Consider of creating 1 holistic website, that would present the company and have a section that would navigate to the offer of property listings. 1 website is significantly less costly to promote and SEO optimize to ensure easy usability, page layout, correct textual content and practical and intuitive navigation. Further it would decrease any confusion that the customers might encounter when visiting either of the websites. In addition, the company presentation website would have an idle function with no practical activity possible, whilst the catalogue website without any presentation of the company can serve an incomplete and limited function for purposes of the customer.

→ The website should list and describe in detail all the services that Dome Prag offers. It should also provide information on the provisions that apply to properties, these provisions should not exceed 5%, and in the ideal situation they should be a maximum of 2% of the property price. Lower provisions will attract more customers.

→ Dome Prag has all the services and opportunities of entering both the 'Russian segment' and the 'Luxury' group form the strategic group mapping of real estate agencies on the Czech market.

→ Cooperate with developers, create a developers package with services such as architectural planning, visualizations, design visualization, marketing and promotion of the developers project on the website. Developers are crucial in creating the supply of real estate property.

→ Like competitor agencies from the 'Luxury' group and the 'Russian segment', Dome Prag should regularly post lifestyle or real estate articles that will engage and attract more 'organic' customers.

→ Promotion tools: social media is the correct path; other media tools to be used should be radio (also in Russia and Ukraine), billboards, magazines, and advertisements on Russian-Czech online newspapers and magazines.

→ Develop a cycle, structure for development for real estate agents in dealing with sellers and buyers of properties. For example, Sirgy (2014) proposes two very useful personal selling cycles[10], and a *'long-term relationship'* step in the buyer representative is added as a proposal by this thesis that is directly relevant to Dome Prag.

→ Focus primarily on creating the Russian version of the website, the English language version should be created after the base Russian is complete. Otherwise any changes that will be made in the process will also have to be made for the English version.

5.2 Proposed marketing mix

What would be feasible for Dome Prag, based on the research and strategy proposal is to create a marketing mix analysis, which will enable us to look in more detail at the client, costs, communication, and convenience aspects of the business with regard to the internal mechanisms of the real estate project.

Client

After conducting the external market research in the previous section and also receiving results from a small survey, it can arguably be said the products in highest demand among the clients are mostly 1-2 room apartments, followed by 3-4 rooms, larger apartments are

---

[10] View appendix 7 and 8

also in demand, however to a smaller degree than the smaller apartments. The majority respondents and customer are also interested in cooperating with a real estate agency due to the risks it is able to minimize and provide security to the client, therefore the agency should present itself professionally, describe their services in detail and state their provisions/ terms of payment clearly. Only then the agency will be able to earn the trust of the customer and provide them with customer value. It is also at the utmost importance to provide a quality service, therefore the company's website/ office and leaflets should all provide a consistent message that will also transmit high-quality professionalism and trustworthiness.

The specific services that Dome Prag is planning and should consider implementing are the ability to search properties (a catalogue of listings), provide investment consultancy and services, financial and accounting services, property management services (those offered by Svoboda & Williams: T-Rep and L-Rep are a good strategy and example of how property management services can be structured and presented to the client), mortgage arrangement and calculator (the online mortgage calculator is planned, however the competitor real estate agencies do not offer this, therefore this could be a good opportunity as a distinguish factor for Dome Prag). These services are mainly aimed at those clients interested to purchase or rent property. Those interested to sell their real estate property will be able to fill out an online contact form, specifically designed for sellers of real estate property. Therefore it is important to address both the buyers and the sellers of real estate because both of the customers are the fundamental clients of a real estate agency.

Regarding the structure of the website, it can already be seen that the emerging agency will offer flats, houses, land, commercial and projects. It is a good strategy to offer more types of real estate for the client since a wider scope of customers can be targeted, then if only houses and flats would be on offer. The growing office industry and the growing number of developers on the market, will all create an increased demand for commercial property and developer projects.

Costs

Regarding the price that the customers will pay for the service, this should not be higher than the existing price among the competitor firms (2-5% provision or 1 monthly rent), it should be kept at the minimum without cutting on the quality of service provided, therefore

all legal services, documents and registering in the cadastre, place of funds deposit should be included in the price. For example the agency www.gorod.cz employs the cost strategy of minimum price: 60,000 CZK as provision, from the standpoint of customer value this is a bad strategy because the customer might feel cheated, thinking that if they purchase a small /cheap property they will be overpaying the provision simply because there is a limit. The customer's provision should be based upon the amount and quality of services provided rather than upon an abstract level of lower-bound limit on provision.

In addition, the customers of a real estate agency are usually not very budget-conscious, since the customer must have a solid financial base before deciding on real estate purchase, budget-conscious customers usually opt for housing rent and therefore the provision for rent should be kept to the minimum (not higher than a monthly rent), on the other hand if the quality of the rented property is a luxury penthouse, the rent provision should include a provision premium due to the premium quality of the property, therefore rather than 1 monthly rent, the provision should be 2 monthly rents. Regarding provision for purchase, this should not be higher than 2% due to the high competition on the market and low supply of properties; provisions are forced to the minimum in order to better attract a customer.

Convenience

This refers to a place, which the customer finds is convenient for them to purchase a product or service. For the real estate business, the highest convenience is online presence, since it is difficult and time-consuming for the customer to physically travel to all the places that have real estate property on sale in order to view the property and to be informed of all the details regarding the property. Even visiting the office of a real estate agency might be inconvenient for some customers because of working hours or the distance to the branch might be too far or simply inconvenient.

Therefore all these inconveniences can be minimized through a functional, user-friendly and high-quality website which would list all the properties with relevant high-definition images, size, price and detailed description of each property. The navigation on the website should be logical and uncomplicated, the user should quickly be able to find the type and place of property. The filters should be carefully considered and can be based on those from successful agencies such as M&M reality, RE/MAX reality, those from the luxury sector Svoboda & Williams have a good design and pleasant viewing on the

website. Dome Prag aims to be a targeted luxury agency, therefore it should benchmark the website style and navigation from Svoboda & willimas, LEXXUS or LEXXUS Norton and in no case from Y&T Luxury because they have a complicated and very user-unfriendly website despite their good standing in the industry.

The real estate portal Sreality is a very good listing marketing website where Dome Prag should advertise their properties due to their high volume of page visitors (6 million monthly), on the other hand Sreality will only provide local customers since 96% of the geographic location of the audience is from the Czech Republic. The site is also a very good benchmarking tool, which gives a very convenient website navigation scheme for the user. Sreality has a very simple and intuitive process of property searching which has brought huge success to the company. Therefore other channels, as such, that present the company's services to customers should be employed.

Communication

Finally communication is again about showing and demonstrating value to the customer, rather than promoting the business (as is the case in the 4 P's marketing mix).

The content of this strategy should be to demonstrate ***trustworthiness***, ***professionalism***, ***expertise*** and ***reliability*** the business. The colour of the brand and company website is also important. According to Hallock (2003) the colours that emit the highest levels of *trust* are blue and white; *security* is associated with blue, black and green, high *quality* and *technology* with black and blue, *dependability* with blue and black. Therefore one or a combination of colours should be chosen for the company logo and website.

A good communication strategy specifically for Dome Prag would be to create some valuable content such as extracting statistics and data on real estate from the Czech Statistical Office and creating some infographics that are simple and clearly understandable to the customer. This is an example of the application of tool: **SEO** (search engine optimization) in which the text, content and layout of the website is optimized in order to make it more user-friendly and available to the audience. The text and the words are specially chosen to match the search criteria (keywords) of the target audience and therefore to increase the websites visibility and ranking on Google. Through these activities the customer will be made aware and persuaded of the accuracy and

trustworthiness of the website, these tools will further allow the business to enhance the websites visibility on search engines.

One of the best media for communicating the companies services and values are today through social media. The Generation Y have grown up with the development of Internet and its speed, they are known for their diversity (WJSchroer) and they are active users of social media and therefore social marketing is a good tool in targeting this generation, they are both tenants and owners of property. Regarding generation X, they are not as used to using social media, therefore other channels such as radio, billboards and newspapers would be more applicable.

In order to build the personality of the brand, all communication strategies must be kept consistent. In the Czech Republic real estate agencies choose different types of media, for example the following communication media can be observed on the streets: advertising on trams, billboards, city lights, social media, specifically Facebook, Instagram, Google advertisements, radio and newspapers. There are no specific media that are unique to real estate agencies. Thus for Dome Prag communication media should firstly be: social media (Facebook, Instagram, YouTube), due to the great targeting opportunities, direct responses and statistics on the post engagements and low-cost of advertising. Dome Prag has already started communicating their presence to the market through social media, they have created a Facebook page "Dome Prag – Czech Property Invest" that has 3,692 users from Russia (47.1%), Ukraine (32.7%), Kazakhstan (3.4%), Belarus (2.3%) and below 1% from India, United States, Czech Republic, Kyrgyzstan, Uzbekistan and Armenia. On this website information from Russian Czech news website (czinfonews.cz, novosti.respublika.cz, aroundprague.cz and vinegret.cz) is posted on the Czech Real estate market in Russian language because 90% of the audience are Russian-speakers.

Building the website content is also a communication strategy that is low-cost and effective because it is not forced upon the customer, but rather something which the user can search and find themselves, this is usually more effective than paid advertisements and would be useful for Dome Prag. Thus, the marketing mix has proposed the key profitable customers, channels and content of communication, price recommendations and the convenience aspects of the business for their target customers. The following section will conclude with the methods and results of how the aim of the thesis, to propose a strategic marketing plan for Europa Capital, was achieved.

Conclusion

To conclude, this thesis has been based on David Aaker's structure for strategic market management (2013) with personal additions and adaptations such as the PESTLIED analysis, Porter's five forces, segmentation tools and strategic group mapping for the external analysis. The internal analysis was benefited with the marketing mix, Boston's matrix and Porter's value chain analysis. The strategy creation was aided with STP (segmentation, targeting and positioning), Ansoff's matrix and Sirgy's (2012) recommendations on personal selling.

These adaptations were necessary in order to provide a more detailed and specific analysis of the external market as well as the internal operations and planned functions of the project Dome Prag, some of Aaker's points were not applied, such as the full performance analysis and determinants of strategic options due to low relevance and lack of real value that the analysis would bring.

The first chapter of the thesis presented a literature overview and background on the tools that will be used for the practical part of the thesis.

The following chapters described the detailed analysis of the external macro and micro environments. It has been found that the real estate market is highly saturated with agencies, an estimated number of 4506 agencies, including branches and franchises (Firmy.cz, 2017) exist on the Czech market. A strategic mapping of these agencies was necessary, which helped to better understand and picture the current situation of agencies on the market. It was thus found, that Dome Prag could fit well into either the "Russian Segment" or the "Luxury" group. The early phase of development in which the project is currently in allows the company to further concentrate resources and efforts into either of these groups, which represent the highest opportunities, and closest characteristics that match the current goals of Dome Prag.

A deeper competitor analysis followed which looked at Dome Prag's main identified competitors: Svoboda & Williams, Y&T Luxury, Vessan Reality, Gorod.cz and Lekvi, the characteristics chosen were from Aaker's competitor analysis structure. Through conducting a CPM, it was found that the most significant competitors are Vessan Reality (Russian segment) and Svoboda & Williams (Luxury).

A short survey was carried out which collected 53 respondents, the majority of which were Russians and Ukrainians. It was found that the highest interest is in 1-2 room apartments in Prague, for the average price between 2 to 5 million CZK and size 50<60 m^2. The results are in line with the current market demand in the Czech Republic, for flats of size 2+kk (Czech Stav, 2017). The majority of respondents also said that they would consider a real estate agency for purchase or sale of property, further some of the respondents were also interested in property management services. It was difficult to find respondents that would match the 'Luxury' segment due to the limited knowledge on who they are and how to target them. Nevertheless based on the external analysis, the amount of luxury properties on the market is growing and perceived profitable.

The Boston's matrix in the internal analysis found that adding the services of real estate is well-fitted into Europa Capital's portfolio of existing services (legal and financial services, marketing research, company registrations and sale) seeing that the new project Dome Prag will be able to benefit from the shared services. Porter's value chain listed the necessary addition of skill, expertise and capital investments for Dome Prag. Everything was concluded with a SWOT analysis, a strategy proposal and the proposed 4 c's of the marketing mix.

In answering the initial research questions, the *first* question can be firmly confirmed, the company's mission is in correlation with the external business environment, seeing the growth of the real estate market, the increasing real estate investments from aboard and widely available cheap mortgages all prove favourable, however the opportunity might be diminishing seeing that banks are already increasing interest rates and taking precautionary actions.

The *second* question has been answered in the chapter 5.1, the real potential short-term customers are families and residents, whilst the long-term customer base are developers and foreign investors.

Finally regarding the *third* question, the competitive advantage of Dome Prag should focus on building a trustworthy and professional brand reputation, laying importance on acquiring expertise and skill in the field of real estate and communicating this to all of their target customers.

Literature

Print:

Aaker, David A, Damien McLoughlin. *Strategic market management*. New York: John Wiley & Sons, Inc, 2013. Print.

Aaker, David A, (2001). *Strategic market management 6th edition*. New York, NY: Wiley & Sons

Carr, Dennis H, Jeff A Lawson, and J. Carl Schultz. *Mastering Real Estate Appraisal*. 1st ed. Chicago: Dearborn Real Estate Education, 2003. Print.

Doole, Isobel, Robin Lowe, and Alexandra J. Kenyon. *International Marketing Strategy: Analysis, Development and Implementation*. Andover, Hampshire: Cengage Learning EMEA, 2016. Print.

Information Resources Management Association. *Business Law And Ethics: Concepts, Methodologies, Tools, And Applications Explores*. 1st ed. Hershey PA: IGI Globa, 2015. Print.

Novotný, Jan., Jezdinová, Hana. *The Real Estate Market in the Czech Republic.* University of Pardubice, 2016. p.107-109, 116. Print.

Machková, Hana, Petr Král, and Markéta Lhotaková. *International Marketing*. Praha: Vysoká škola Ekomonická v Praze, Nakladatelství Oeconomica, 2010. Print.

Šafr, Jiří, and Julia Häuberer. *Social Distances And Stratification: Social Space In The Czech Republic*. 1st ed. Prague: Institute of Sociology AS CR, 2008. Print.

Sirgy, M. Joseph. *Real Estate Marketing: Strategy, Personal Selling, Negotiation, Management, and Ethics*. London: Routledge, Taylor & Francis Group, 2014. Print

Štěpán, Jakub. "Psychografická Segmentace A Její Využití Pro Běžného Podnikatele V ČR". Diploma thesis. University of Economics, 2007. Print.

Journals articles / reports:

Balaji, B. "Physical Evidence: Elements, Types and Role of Physical Evidence in Service Marketing." *YourArticleLibrary.com: The Next Generation Library*. YourArticleLibrary, 17 May 2014. Web. 13 Jan. 2017.
Retrieved from: http://www.yourarticlelibrary.com/company/service-management/physical-evidence-elements-types-and-role-of-physical-evidence-in-service-marketing/40540/.

Bohlemann, Brad, and Will Durfee. *SENIOR DESIGN PROJECTS*. Minnesota: University of Minnesota, n.d. PPT.

Christensen, Clayton, Scott Cook, and Taddy Hall. "Marketing Malpractice: The Cause and the Cure." *Harvard Business Review*. Harvard Business School Publishing, 29 Jan. 2016. Web. 13 Jan. 2017.
Retrieved from: https://hbr.org/2005/12/marketing-malpractice-the-cause-and-the-cure.

Čadil, Jan. "Housing Price Bubble Analysis - Case Of The Czech Republic". *Prague Economic Papers* 18.1 (2009): 38-47. Web. 28 Mar. 2017.

Deloitte. *Property Index: Overview Of European Property Markets, What Size Of Dwelling Can People Buy For EUR 200,000?*. Prague: Deloitte Czech Republic, 2016. Web. 24 Apr. 2017.
Available at:
https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/survey/Property_Index_2016_EN.pdf

Deloitte. *Taxation and Investment in the Czech Republic 2016*. Deloitte Touche Tohmatsu Limited, 2016. p.9-11,20, 22. Web. 10 March. 2017
Available at: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-czechrepublicguide-2016.pdf

Driscoll, Dana. "Introduction to Primary Research: Observations, Surveys, and Interviews."*Writing Spaces: Readings on Writing*. Vol. 2. N.p.: Parlor, n.d. N. pag. *Introduction to Primary Research: Observations, Surveys, and Interviews*. 2011. Web. 13 Jan. 2017. Retrieved from:
http://wac.colostate.edu/books/writingspaces2/driscoll--introduction-to-primary-research.pdf.

Euro Monitor International. *Consumer Lifestyles In The Czech Republic*. 2015. Web. 24 Apr. 2017.
Retrieved from: http://www.portal.euromonitor.com.zdroje.vse.cz/portal/analysis/tab#

Lamb, Charles W., Joseph F. Hair, and Carl D. McDaniel. "Business Marketing." *Essentials of Marketing*. Mason, OH: South-Western Cengage Learning, 2012. N. pag. *Books.google*. Web. Retrieved from:
https://books.google.com.ua/books?id=QpCvQfnPpNwC&pg=PT74&dq=marketing+mix&hl=en&sa=X&redir_esc=y#v=onepage&q=marketing%20mix&f=false.

Ministerstvo pro místní rozvoj České republiky. *BYDLENÍ V ČESKÉ REPUBLICE V ČÍSLECH*. Praha: MMR, 2016. Web. 24 Apr. 2017.
Available at: https://www.mmr.cz/getmedia/dd4814c0-8d8f-4904-92df-d697355f95fa/Bydleni-v-Ceske-republice-v-cislech-(zari-2016),-web_1.pdf?ext=.pdf

Ministerstvo pro místní rozvoj. *Analýza Současné Situace V Oblasti Podnikání Kanceláří A Návrh Variant Řešení*. Praha: MMR, 2012. Web. 24 Apr. 2017.
Available at: https://www.mmr.cz/getmedia/58941994-c8c0-43f0-9e4e-a0fe9d7ac224/Analyza-realitni-cinnosti.pdf

"Putting It All Together: Steps in Conducting Focus Group Interviews." *Focus Group Interviews in Education and Psychology* (n.d.): 118-27. IHEC, Oct. 2002. Web. Jan. 2017. Retrieved from:
http://www.eiu.edu/ihec/Krueger-FocusGroupInterviews.pdf.

UHEREK, ZDENĚK. *Migration from Ukraine to the Czech Republic with Respect to the War Conflict in Eastern Ukraine*. University of Warsaw CMR, 2016. p. 5-14. Web. 24 March. 2017
Retrieved from: https://depot.ceon.pl/handle/123456789/11159

ZEMČÍK, Petr. "Is There A Real Estate Bubble In The Czech Republic?". *Czech Journal of Economics and Finance* 1.61 (2011): 49-51. Web. 24 Apr. 2017.
Available at: http://journal.fsv.cuni.cz/storage/1204_zemcik.pdf

Online sources:

"8 Trends In Residential Real Estate In The Czech Republic Worth Following In 2016 - Conbiz - Business Consulting Services In Israel & Czech Republic". *Conbiz.eu*. N.p., 2015. Web. 24 Apr. 2017.
Retrieved from: http://www.conbiz.eu/information/articles/8-trends-on-czech-residential-real-estate-market-to-watch-in-2016

Accace. *2016 Tax Guideline for the Czech Republic*. 2016. Web. 24 March. 2017
Retrieved from: http://accace.com/file/142637/15-10-27%20Tax-Guideline-2016-Czech%20Republic.pdf

Adam, Jakub, Petr J. Syrovátko. "Acquisition of Real Estate in the Czech Republic". *Mzv.cz*. 2014. Web. 20 March. 2017
Retrieved from:
http://www.mzv.cz/riyadh/en/trade_and_economy/acquisition_of_real_estate_in_the_czech/acquisition_of_real_estate_in_the_czech.html

AppleInsider. "Apple Doesn't Rely on Market Research, Says Marketing Chief Phil Schiller."*AppleInsider*. AppleInsider, 31 July 2012. Web. 13 Jan. 2017. Retrieved from:
http://appleinsider.com/articles/12/07/31/apple_doesnt_rely_on_market_research_says_marketing_chief_phil_schiller

Cadle, J., Paul, D., Turner, P.. "Business Analysis Techniques". *British Informatics Society Limited.* 2010. Web. 27 March. 2017.
Retrieved from: http://www.bcs.org/upload/pdf/business-analysis-techniques.pdf

"CBRE: Objem Realitních Investic V Roce 2016 Byl Historicky Nejvyšší A Překročil Hranici 100 Mld. Kč". *Novinky.CBRE*. 2017. Web. 24 Apr. 2017.
Retrieved from: http://novinky.cbre.cz/cbre-objem-realitnich-investic-v-roce-2016-byl-historicky-nejvyssi-a-prekrocil-hranici-100-mld-k/

Confédération Fiscale Européenne. "Real Estate Tax In Czech Republic | CFE Portal". *Cfe-eutax.org*. n.d., Web. 28 Apr. 2017.
Retrieved from: http://www.cfe-eutax.org/taxation/real-estate-tax/czech-republic

CMS law-now. "Czech Republic: EU Accession - Real Estate & Construction". *Cms-lawnow.com*., 2003. Web. 28 Mar. 2017.
Retrieved from: http://www.cms-lawnow.com/ealerts/2003/07/czech-republic-eu-accession-real-estate-construction?cc_lang=en

CN Invest. "Východní Kapitál Jde Po Realitách V Centru Prahy". *Zprávy E15.cz*. N.p., 2014. Web. 6 Apr. 2017.
Retrieved from: http://zpravy.e15.cz/byznys/reality-a-stavebnictvi/vychodni-kapital-jde-po-realitach-v-centru-prahy-1100783

ČR, Realitní. "Seznam Členských Realitních Kanceláří - Realitní Komora České Republiky". *Realitnikomora.cz*. 2017. Web. 24 Apr. 2017.
Retrieved from: https://www.realitnikomora.cz/komora.php?sekce=list_folders&lim1=200

ČÚZK. "Statistické Údaje O Vybraných Transakcích S Nemovitostmi Evidovanými V KN". *Cuzk.cz*. 2016. Web. 7 Apr. 2017.
Retrieved from: http://www.cuzk.cz/Katastr-nemovitosti/Statisticke-udaje-o-transakcich/Statisticke-udaje-o-vybranych-transakcich-s-ne-(1).aspx

"Czech Republic Profile - Overview". *BBC News*. 2016. Web. 24 Apr. 2017.
Retrieved from: http://www.bbc.com/news/world-europe-17220219

Czech Statistical Office. "Migrace Do Česka Je Převážně Pracovní | ČSÚ". *Czso.cz*. 2017. Web. 24 Apr. 2017.
Retrieved from:https://www.czso.cz/csu/czso/migrace-do-ceska-je-prevazne-pracovni

Czech Statistical Office. "Obyvatel České Republiky Přibylo | ČSÚ". *Czso.cz*. 2016. Web. 4 Apr. 2017.
Retrieved from:https://www.czso.cz/csu/czso/obyvatel-ceske-republiky-pribylo

Czech Statistical Office. "Pohyb Obyvatelstva - Rok 2015 | ČSÚ". *Czso.cz*.2016. Web. 4 Apr. 2017.
Retrieved from: https://www.czso.cz/csu/czso/cri/pohyb-obyvatelstva-4-ctvrtleti-2015

Czech Statistical Office. "Téměř polovina zahraničních pracovníků je ze Slovenska, mezi podnikateli je nejvíce Vietnamců a Ukrajinců #cizinci" *Twitter.com*. 2017. Web. 23 March.2017.
Retrieved from:https://twitter.com/statistickyurad/status/819473308014014464

Czech Statistical Office. "Tab. 12.06 Vysoké školy v České republice". *Ministerstvo školství, mládeže a tělovýchovy ČR*. 2015. Web. 22 April. 2017.
Retrieved from: https://www.czso.cz/documents/10180/32955062/32018116_1206.pdf/a5728857-f30d-4346-beb8-ec792d8eead8?version=1.0

Czech Statistical Office. "Wages And Labour | CZSO". *Czso.cz*. 2016. Web. 21 Mar. 2017.
Retrieved from: https://www.czso.cz/csu/czso/labour_and_earnings_ekon

Česká televize. "Čtvrtinu Bytů V Česku Kupují Cizinci – Hlavně Z Bývalého SSSR". *ČT24*. 2015. Web. 24 Apr. 2017.
Retrieved from: http://www.ceskatelevize.cz/ct24/ekonomika/1501032-ctvrtinu-bytu-v-cesku-kupuji-cizinci-hlavne-z-byvaleho-sssr

Čulík, Jan. "Why Is The Czech Republic So Hostile To Muslims And Refugees?". *Europenowjournal.org*. 2017. Web. 18 Mar. 2017.
Retrieved from: http://www.europenowjournal.org/2017/02/09/why-is-the-czech-republic-so-hostile-to-muslims-and-refugees/

Černý, Aleš. "Na Trh Míří Jednotky, Mizí Stovky. Nové Byty Tak V Praze Zdražily O Pětinu". *iDNES.cz*. 2016. p.3-8. Web. 24 Apr. 2017.
Retrieved from: http://ekonomika.idnes.cz/vyvoj-ceny-novych-bytu-v-praze-a-regionech-fjm-/ekonomika.aspx?c=A160714_134935_ekonomika_rny

Drucker, P.F. "Knowledge-Worker Productivity: The Biggest Challenge". *IEEE Engineering Management Review* 34.2 (2006): 29-29. Web. 21 Mar. 2017

Deloitte. *The Czech Economy Will Continue To Flourish; Growth, However, Will Slow Down*. 2016. Web. 24 Apr. 2017.
Retrieved from: https://www2.deloitte.com/cz/en/pages/about-deloitte/articles/cze-tz-ceske-ekonomice-se-bude-nadale-darit.html

"Proces Prodeje Bytů Se Zrychluje". *Developmentnews.cz*., 2016. Web. 28 Apr. 2017.
Retrieved from: http://www.developmentnews.cz/aktuality/proces-prodeje-bytu-se-zrychluje/

Eremin, Evgenii. "Lidé Stále Více Nakupují Luxusní Nemovitosti V Praze". *Hypoindex.cz*. N.p., 2015. Web. 24 Apr. 2017.
Retrieved from: http://www.hypoindex.cz/tiskove-zpravy/lide-stale-vice-nakupuji-luxusni-nemovitosti-v-praze/

Eremin, Evgenii. "Pět Největších Developerů Ovládá V Praze Téměř 50 Procent Trhu - Hypoindex.Cz". *Hypoindex.cz*. 2016. Web. 24 Apr. 2017.
Retrieved from: http://www.hypoindex.cz/tiskove-zpravy/pet-nejvetsich-developeru-ovlada-v-praze-temer-50-procent-trhu/

European Commission. *European Structural And Investment Funds: Country factsheet - Czech Republic*. 1st ed., 2016. Web. 10 Mar. 2017.
Retrieved from:http://ec.europa.eu/regional_policy/en/information/publications/factsheets/2016/european-structural-and-investment-funds-country-factsheet-czech-republic

Eurostat. *Share Of Renewables In Energy Consumption In The EU Still On The Rise To Almost 17% In 2015*. 2017. Web. 23 March. 2017.

Retrieved from: http://ec.europa.eu/eurostat/documents/2995521/7905983/8-14032017-BP-EN.pdf/af8b4671-fb2a-477b-b7cf-d9a28cb8beea

Eurostat. "Marriages And Births In The Czech Republic - Statistics Explained". *Ec.europa.eu*. N.p., 2015. Web. 24 Apr. 2017.
Retrieved from:http://ec.europa.eu/eurostat/statistics-explained/index.php/Marriages_and_births_in_the_Czech_Republic

Eurostat. *Total Fertility Rate, 1960–2015 (Live Births Per Woman)*. Eurostat, 2015. Web. 24 Apr. 2017.
Retrieved from: http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Total_fertility_rate,_1960%E2%80%932015_(live_births_per_woman)_YB17.png

Fraňková, Ruth. "Czech Real Estate Prices Rise With Worries Growing About Affordability". *Radio.cz*. 2016. Web. 22 Mar. 2017.
Retrieved from: http://www.radio.cz/en/section/business/czech-real-estate-prices-rise-with-worries-growing-about-affordability

"Generations X,Y, Z And The Others". *WJSchroer*. Web. 24 Apr. 2017.
Retrieved from: http://socialmarketing.org/archives/generations-xy-z-and-the-others/

"Housing - Czech Republic". *Oecdbetterlifeindex.org*. N.p., 2015. Web. 24 Apr. 2017.
Retrieved from: http://www.oecdbetterlifeindex.org/topics/housing/

Jones Lang LaSalle. *With New Office Schemes In The Pipeline, The Prague Office Market Is Set To Revive After The Historically Lowest Supply In 2016*. 2017. Web. 29 Mar. 2017.
Retrieved from: http://www.officefinder.cz/press-releases-with-new-office-schemes-in-the-pipeline-the-prague-office-market-is-set-to-revive-after-the-historically-lowest-supply-in-2016.html

Klvaňa, Tomáš. "Ten Years in The European Union – Czech Republic". *Aspen Institut.* 2014. Web. 16 March. 2017
Retrieved from: http://www.aspeninstitutece.org/en/article/3-2014-ten-years-in-the-european-union-the-czech-republic/

"Kolik Stojí V Česku Byt? Developerský Projekt Je Dvakrát Dražší Než Panelák". *Lidovky.cz*. 2016. Web. 24 Apr. 2017.
Retrieved from: http://byznys.lidovky.cz/kolik-stoji-v-cesku-byt-developersky-projekt-je-dvakrat-drazsi-nez-panelak-1us-/moje-penize.aspx?c=A160915_143142_moje-penize_pave

KRZYZANOWSKI, Wiktor. "IMF Executive Board Concludes 2016 Article IV Consultation With The Czech Republic". *Imf.org*. N.p., 2016. Web. 28 Apr. 2017.
Retrieved from: http://www.imf.org/external/np/sec/pr/2016/pr16320.htm

Lexxus Norton. *Pražský Trh S Luxusním Bydlením Je Na Pozvolném Vzestupu, Ceny Dále Porostou*. 2016. Web. 24 Apr. 2017.
Retrieved from:
http://www.lexxusnorton.cz/public/media/TZ_Lexxus%20Norton_trh%20s%20luxusn%C3%ADm%20bydlen%C3%ADm%20je%20na%20vzestupu%20ceny%20nad%C3%A1le%20porostou.pdf

Market UP. "Třicítka E-Shopů V Česku Tvoří Polovinu Obratu Z Prodeje Zboží". *Marketup.cz*. 2014. Web. 24 Apr. 2017.
Retrieved from: http://www.marketup.cz/cs/blog/tricet-e-shopu-v-cesku-tvori-polovinu-obratu-z-celkoveho-online-prodeje

"Marketing Resources." *Marketing Environment*. Oxford Learning Lab, n.d. Web. 13 Jan. 2017.
Retrieved from: http://www.oxlearn.com/arg_Marketing-Resources-Marketing-Environment_11_28.

Mesec.cz "Občanský zákoník (nový) | Zákon č. 89/2012 Sb. - Nájemné a jiné platby". *Internet Info.* 2017. Web. 12 Apr. 2017.
Retrieved from: https://www.mesec.cz/zakony/obcansky-zakonik-2014/f4586051/#p2254

Mláda fronta."Praha Bude Stavět. Za Miliardy". *Euro.cz*. 2016. Web. 30 Mar. 2017.
Retrieved from: http://www.euro.cz/praha/praha-bude-stavet-za-miliardy-1304657

Ministry of Foreign Affairs of the Czech Republic. "Science And Technology In The Czech Republic". *Mzv.cz*. 2014. Web. 28 Mar. 2017.
Retrieved from:
http://www.mzv.cz/jnp/en/foreign_relations/science_and_technology/sience_and_technology_in_the_czech.htm

Ministry of Regional Development CZ. "EU FUNDS IN THE CZECH REPUBLIC € 23.83 FOR 2014–2020." 2014. Web. 30 March. 2017
Retrieved from: https://www.strukturalni-fondy.cz/en/Fondy-EU

Numbeo "Europe: Cost Of Living Index By Country 2017". *Numbeo.com*., 2017. Web. 28 Mar. 2017.
Retrieved from: https://www.numbeo.com/cost-of-living/rankings_by_country.jsp?title=2017&region=150

OEC. "OEC - Czech Republic (CZE) Exports, Imports, And Trade Partners". *Atlas.media.mit.edu*., 2015. Web. 28 Apr. 2017.
Retrieved from: http://atlas.media.mit.edu/en/profile/country/cze/

OECD. Household debt (indicator). doi: 10.1787/f03b6469-en. 2017 Web. 30 Mar. 2017
Retrieved from: https://data.oecd.org/hha/household-debt.htm

OECD. Gross domestic product (GDP) (indicator). doi: 10.1787/dc2f7aec-en. 2017. Web. 30 Mar. 2017
Retrieved from: https://data.oecd.org/gdp/gross-domestic-product-gdp.htm

"Od 1. 11. Platí Daň Z Nabytí Nemovitých Věcí Vždy Kupující". *Ministerstvo financí České republiky*. 2016. Web. 24 Apr. 2017.
Retrieved from: http://www.mfcr.cz/cs/verejny-sektor/dane/danova-a-celni-legislativa/2016/od-1-11-plati-dan-z-nabyti-nemovitych-ve-25829

"O NNŽ". *Nákladové nádraží Žižkov*. 2014. Web. 24 Apr. 2017.
Retrieved from: http://nakladovenadrazizizkov.com/cs/o-nnz

Onderka, Vladimír. "Developery Láká Jen Olomouc, Jinde V Regionu Nové Bytové Domy Nestaví". *iDNES.cz*. 2016. Web. 24 Apr. 2017.
Retrieved from: http://olomouc.idnes.cz/vystavba-bytu-olomoucky-kraj-developeri-bytove-domy-p05-/olomouc-zpravy.aspx?c=A161018_2280172_olomouc-zpravy_stk

Plojhar, Miroslav. "The Lessons From Switzerland For CZK And Beware Of Falling Forwards". *ERSTE Corporate Banking*. 2016. Web. 28 Apr. 2017.
Retrieved from: https://www.erstecorporatebanking.cz/en/analysis/the-lessons-from-switzerland-for-czk-and-beware-of-falling-forwards

Podlešák, Petr. "Jaké Jsou Nejvíce Vyhledávané Realitky Na Googlu?". *RE/MAX Alfa, kariérní stránky*. 2015. Web. 24 Apr. 2017.
Retrieved from: https://www.realitnikariera.cz/clanky/jake-jsou-nejvice-vyhledavane-realitky-na-googlu-praha

"Political System Of The Czech Republic". *Mzv.cz*. Web. 24 Apr. 2017.
Retrieved from:
http://www.mzv.cz/sofia/en/about_the_czech_republic/political_system_of_the_czech_republic/index.html

PRK Partners. *Právní Aktuality / Legal Update*. 1st ed. 2011. Web. 10 Apr. 2017.

Retrieved from:https://files.prkpartners.com/cs/ke-stazeni/pravni-aktuality/lu-10-2011.pdf

Šmerák, Karel. "Real Estate Finance and Law". University of Economics. 2016. Presentation.

"Taxes - Czech Legislation". *Czechlegislation.com*. Soft Books., 2017. Web. 28 Apr. 2017.
Retrieved from: http://www.czechlegislation.com/en/taxes

Terentiev, Igor, Aleksander Sokolov, and Olesya Volkova. "Исследование РБК: Самые Богатые И Самые Бедные Города России". *РБК*. N.p., 2015. Web. 24 Apr. 2017.
Retrieved from: http://www.rbc.ru/special/society/13/04/2015/552a6a419a79471fcb568dc8

Trading Economics. "Czech Republic Consumer Spending | 1996-2017 | Data |". *Tradingeconomics.com*. 2017. Web. 24 Apr. 2017.
Retrieved from: http://www.tradingeconomics.com/czech-republic/consumer-spending

Trading Economics. "Czech Republic Inflation Rate 1993-2017 | Data | Chart | Calendar".
Tradingeconomics.com. 2017. Web. 24 Apr. 2017.
Retrieved from: http://www.tradingeconomics.com/czech-republic/inflation-cpi

"Transparency International - Czech Republic". *Transparency.org*. 2016. Web. 24 Apr. 2017.
Retrieved from: https://www.transparency.org/country/CZE
Úřad MČ Praha. "Nová Výstavba « Život Na Praze 14". *Praha14.cz*. 2015. Web. 4 Apr. 2017.
Retrieved from: https://www.praha14.cz/zivot-na-praze-14/uvod-o-praze-14/nova-vystavba/#comment-153

"V Česku Se Staví, Jak Úřady Poroučejí, Tvrdí Developer Z Finska". *Lidovky.cz*. 2016. Web. 24 Apr. 2017.
Retrieved from: http://byznys.lidovky.cz/v-cesku-se-stavi-jak-urady-porouceji-tvrdi-developer-z-finska-ptq-/firmy-trhy.aspx?c=A160909_141140_firmy-trhy_pave

Váchal, Adam. "Praha Plánuje Výstavbu Nových Bytů Za Miliardy. Nejdřív Se Zaměří Na Sociální Bydlení". *Hospodářské noviny*. N.p., 2016. Web. 18 Mar. 2017.
Retrieved from:http://archiv.ihned.cz/c1-65432320-praha-planuje-vystavbu-novych-bytu-za-miliardy

Vojíř, Aleš, and Barbora Janauerová. "Vymírající Okresy Na Severu, Bobtnající Centra. Odkud Uteklo Nejvíce Lidí?". *Orlický deník*. 2017. Web. 24 Apr. 2017.
Retrieved from: http://orlicky.denik.cz/z-regionu/vymirajici-okresy-na-severu-bobtnajici-centra-odkud-uteklo-nejvice-lidi-20170404.html

Willoughby, Ian. "CZECH MORTGAGE RATES HIT NEW RECORD LOW IN JUNE". *Radio.cz.* 2016. Web. 2 Apr. 2017.
Retrieved from: http://www.radio.cz/en/section/business/czech-mortgage-rates-hit-new-record-low-in-june

Winehold Legal. *Legal Update*. 1st ed. Winehold Legal, 2011. Web. 6 Apr. 2017.
Retrieved from: http://www.weinholdlegal.com/upload/actuality/file/1687-Legal_Update_ENG_8_2011.pdf

World Bank. "Refugee Population By Country Or Territory Of Asylum | Data". *Data.worldbank.org*. 2015. Web. 16 Mar. 2017.
Retrieved from:http://data.worldbank.org/indicator/SM.POP.REFG?locations=CZ

Zámečníková, Jana. "Rodinný dům bez stavebního povolení: Realita nebo sen?". *Hypoindex.cz*. 2016. Web. 22 April. 2017.
Retrieved from: http://www.hypoindex.cz/clanky/rodinny-dum-bez-stavebniho-povoleni-realita-nebo-sen/

Financial reports (2015) for the following companies (Justice.cz):

Europa Capital (also 2011-2015)
Svoboda & Williams
Vessan Reality
Gorod
Lekvi
Lekvi Assistance
Lekvi Services
Lekvi Exclusive
Lekvi Accounting

Interviews:

Orsag, Ivan. "Project Dome Prag." Personal interview. 25 April. 2016.

Orsag, Ivan. "Project Dome Prag." Personal interview. 27 October. 2016.

Orsag, Ivan. "Project Dome Prag." Personal interview. 3 February. 2017.

Orsag, Ivan. "Project Dome Prag." Personal interview. 14 March. 2017.

Appendices

Appendix 1: Aaker's structure for strategic market management

STRATEGIC ANALYSIS

External Analysis

- ○ *Customer analysis:*
  Segments, motivations, unmet needs
- ○ *Competitor analysis:*
  Identity, strategic groups,
  performance, image, objectives,
  strategies, weaknesses
- ○ *Market/submarket analysis:*
  Emerging submarkets, size, growth,
  profitability, entry barriers, cost
  structure, distribution systems, trends,
  key success factors
- ○ *Environmental analysis:*
  Technological, consumer,
  governmental/economic, scenarios,
  information-need areas

Internal Analysis

- ○ *Performance analysis:*
  Profitability, sales, shareholder value
  analysis, customer satisfaction,
  product quality, brand associations,
  relative cost, new products, employee
  capability and performance
- ○ *Determinants of strategic options:*
  Strategic problems, constraints,
  strengths, weaknesses, and liabilities

STRATEGIC ANALYSIS OUTPUTS

- ○ Opportunities, threats, trends, and
  strategic uncertainties
- ○ Strengths, weaknesses, liabilities,
  problems, constraints,
  and uncertainties

**CREATING, ADAPTING, AND
IMPLEMENTING STRATEGY**

- ○ Identify business strategy alternatives
  - — Product-market investment strategies
  - — Customer value proposition
  - — Assets, competencies, and synergies
  - — Functional strategies and programs
- ○ Select strategy
- ○ Implement the operating plan
- ○ Review and adapt strategies

Source: Aaker, David A, Damien McLoughlin. *Strategic market management* (2013)

Appendix 2: PESTLE FRAMEWORK

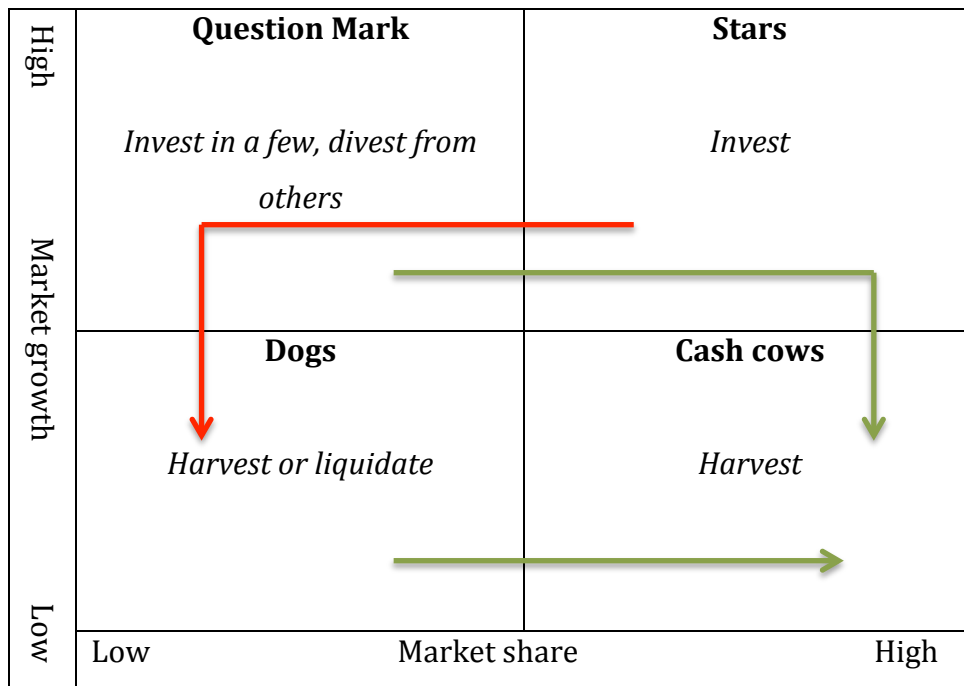| Political	Economic
Government stability Bureaucracy Corruption level Trading policies Regulation (competition) Laws (employment, environment, discrimination, health and safety etc.) War, terrorism	Economic situation Overseas economies and trends Market and trade cycles Specific industry factors Production International trade/monetary issues (interest and exchange rates) Import/export ratios
Socio-Cultural	**Technological**
Education level Consumer attitudes and buying patterns Lifestyle changes Living standards Housing trends Demographics (age, gender, family size, population growth etc.)	Competing technology development Technological gap Innovation incentives R&D rates Technology life cycle Research funding Access to ICT
Ecological	**Legal**
Ecological and environmental issues Global factors and climate change Laws regulating environment pollution Air and water pollution Recycling and waste management	Current legislations European/international legislations Regulatory bodies and processes Anti-trust law Copyright, patents / Intellectual property law Industry-specific regulations

Source: Business Law and Ethics: Concepts, methodologies, tools and applications (2015)

Appendix 3: BCG Matrix

		Question Mark	Stars
High		**Question Mark** *Invest in a few, divest from others*	**Stars** *Invest*
Market growth		**Dogs** *Harvest or liquidate*	**Cash cows** *Harvest*
Low		Low	Market share	High

Source: Author from Hedley (1977)

Green: Profitable product life cycle
Red: Unprofitable product life cycle

Appendix 4: Strategic groupings

Commercial:
- CBRE
- Cushman&Wakefield
- Colliers

Market leaders:
- M&M reality
- RE/MAX
- Century 21

Luxury:
- Svoboda&Williams
- Y&T property investment
- LEXXUS
- LEXXUS norton

Average followers:
- STING reality
- EVROPA
- Next reality
- Reality IQ
- Dumrealit
- Fincentrum reality

Regional:
- Molik
- Residomo
- Coloseum nemovitosti
- Chirs
- 108 agency, skladuj.cz

'**Russian' segment**:
- Vessan
- Lekvi
- Gorod
- Light City

Niche:
- Sreality
- Bezrealitky

Preview of first page from the questionnaire[11]*:

Questionnaire for my diploma thesis

Please answer all the questions truthfully, all answers are anonymous will be used towards the analytical part of the the thesis. The questionnaire is interactive and your answers will depend on what further questions you will be asked in the next section. There will be 3 short sections in total, each taking roughly 1 minute to answer.

Please follow the instructions next to each question and answer all the questions.

Thank you !

* Required

1. **Gender** *
   Mark only one oval.

   ◯ Male

   ◯ Female

   ◯ Prefer not to say

2. **Age** *
   Mark only one oval.

   ◯ 20-25

   ◯ 26-35

   ◯ 36-45

   ◯ 46-55

   ◯ 56-65

   ◯ 66+

   ◯ Other: _____

3. **Highest level of education reached:** *
   Mark only one oval.

   ◯ High School Diploma

   ◯ Bachelor's degree

   ◯ Master's degree

   ◯ Professional/ doctorate degree

   ◯ Other: _____

4. **Employment secor** *
   e.g. administration / finance / marketing/ logistics or alternatively: unemployed / student / maternity leave

   _____

---

[11] * The questionnaire was an online interactive Google form, therefore respondents didn't answer all questions but only based on their answers.

The complete questionnaire:

5. Country of residence
Mark only one oval.

- Czech Republic
- Slovakia
- Poland
- Austria
- Germany
- Romania
- Vietnam
- Other: _____

6. Nationality
Mark only one oval.

- Czech
- Slovak
- Ukrainian
- Russian
- German
- American
- Vietnamese
- Other: _____

7. How did you hear about the company Europa Capital? *
Mark only one oval.

- Internet browsing
- Family/friend recommendation
- Business recommendation
- Social Media (Facebook, Vkontakte, Odnoklassniki, Google+)
- Advertisement
- I haven't heard of the company
- Other: _____

8. What is the purpose of your cooperation with Europa Capital? *
Check all that apply.

- Visa
- Accounting services
- Legal services
- Business cooperation
- I'm working for the company
- I'm not cooperating with Europa Capital
- Other: _____

9. Do you own real-estate in the Czech Republic? *
Mark only one oval.

- Yes   *Skip to question 10.*
- No (nor renting)   *Skip to question 29.*
- No, I'm paying rent   *Skip to question 39.*
- Yes and I'm renting it out
- No, Im planning to buy/rent in the Czech Republic   *Skip to question 29.*

Property

10. Do you cooperate with a real estate agency? *
Mark only one oval.

- Yes
- No
- I am planning to
- Not anymore
- Other: _____

11. Are you planning to buy/sell/rent real estate property in the Czech Republic in the near or far future? *
(Tick all that apply)
Check all that apply

- Yes in the near future (<3 year)
- Yes in the far future (3<10 years)
- Yes, but in more than 10 years
- Yes but I don't know when
- No
- I'm (also) planning to buy/sell/rent real estate in another country
- Other: _____

12. More specifically, are you planning to buy / sell or rent your property in the Czech Republic? *

Mark only one oval.

- ☐ Buy only
- ☐ Sell only
- ☐ Rent only
- ☐ Combination (buy/sell and rent) in the Czech Republic   *Skip to question 13.*
- ☐ Buy property in another country
- ☐ Sell property in another country
- ☐ Rent property in another country
- ☐ Combination (buy/sell/ rent) another country
- ☐ Buy/sell/rent in the Czech Republic and abroad
- ☐ None apply   *Skip to question 59.*
- ☐ Other: _____

Skip to question 59.

Czech Republic (combination)

13. Which city/cities in the Czech Republic? *

Check all that apply.

- ☐ Prague
- ☐ Brno
- ☐ Ostrava
- ☐ Plzeň
- ☐ Liberec
- ☐ Olomouc
- ☐ Ústí nad Labem
- ☐ České Budějovice
- ☐ Hradec Kralove
- ☐ Other: _____

14. What type of real estate are you planning to PURCHASE? *

Check all that apply.

- ☐ House
- ☐ Flat
- ☐ Land
- ☐ Commercial
- ☐ Not planning to purchase real estate
- ☐ Other: _____

15. What would be the size in case of a house/flat? *

Check all that apply.

- ☐ 1-2 room
- ☐ 3-4 room
- ☐ 5-6 room
- ☐ 7 room+
- ☐ Not planning on purchase of a house/flat
- ☐ Other: _____

16. Price range for the PURCHASE of house/flat *

Check all that apply.

- ☐ <80,000 USD (<2 mio CZK)
- ☐ 80-200,000 USD (2-5 mio CZK)
- ☐ 200-400,000 USD (5-10 mio CZK)
- ☐ 400-600,000 USD (10-15 mio CZK)
- ☐ 600-800,000 USD (15-20 mio CZK)
- ☐ 800,000+ USD (20+ mio CZK)
- ☐ Not planning on purchase of a house/flat
- ☐ Other: _____

17. Please specify the size (m2) in case of commercial/ land property purchase: *

(Type '0' if not applicable)

_____

_____

_____

_____

18. Please specify the price (USD) in case of commercial/ land property purchase: *

(Type '0' if not applicable)

_____

19. What type of real estate are you planning to SELL? *

Check all that apply.

- ☐ House
- ☐ Flat
- ☐ Land
- ☐ Commercial
- ☐ Not planning to sell real estate
- ☐ Other: _____

20. What would be the size in case of a house/flat? *

Check all that apply.

- [ ] 1-2 room
- [ ] 3-4 room
- [ ] 5-6 room
- [ ] 7 room+
- [ ] Not planning on sale of a house/flat
- [ ] Other:

21. Price range for the SALE of house/flat *

Check all that apply.

- [ ] <80,000 USD (<2 mio CZK)
- [ ] 80-200,000 USD (2-5 mio CZK)
- [ ] 200-400,000 USD (5-10 mio CZK)
- [ ] 400-600,000 USD (10-15 mio CZK)
- [ ] 600-800,000 USD (15-20 mio CZK)
- [ ] 800,000+ USD (20+ mio CZK)
- [ ] Not planning on sale of a house/flat
- [ ] Other:

22. Please specify the size (m2) in case of sale of commercial/ land property: *

(Type '0' if not applicable)

23. Please specify the price (USD) in case of sale of commercial/ land property: *

(Type '0' if not applicable)

24. What type of real estate are you planning to RENT? *

Check all that apply.

- [ ] House
- [ ] Flat
- [ ] Land
- [ ] Commercial
- [ ] Not planning to rent real estate
- [ ] Other:

25. What would be the size in case of a house/flat? *

Check all that apply.

- [ ] 1-2 room
- [ ] 3-4 room
- [ ] 5-6 room
- [ ] 7 room+
- [ ] Not planning on rent of a house/flat
- [ ] Other:

26. Price range for the RENT of house/flat: *

Check all that apply.

- [ ] <5 USD per m2
- [ ] 5<15 USD per m2
- [ ] 15<30 USD per m2
- [ ] 30<50 USD per m2
- [ ] 50<70 USD per m2
- [ ] 70<100 USD per m2
- [ ] 100+ USD per m2
- [ ] Not planning on renting a house/flat
- [ ] Other:

27. Please specify the size (m2) in case of commercial/ land property rent: *

(Type '0' if not applicable)

28. Please specify the price (USD) in case of commercial/ land property rent: *

(Type '0' if not applicable)

Skip to question 59.

No Property

29. Do you own real estate (property) in another country? *

Mark only one oval.

- ( ) Yes
- ( ) No

30. If yes, please specify the country(ies): *
(Type '0' in case you answered 'No')

_____
_____
_____

31. In the future, are you planning to buy or rent property in the Czech Republic? *
Check all that apply.

☐ Buy in the Czech Republic
☐ Rent in the Czech Republic
☐ Buy in another country
☐ Rent in another country
☐ No
☐ I don't know
☐ Other: _____

32. Are you planning to buy or rent real estate in the Czech Republic in the near or far future? *
Check all that apply.

☐ Yes in the near future (<3 year)
☐ Yes in the far future (3<10 years)
☐ Yes, but in more than 10 years
☐ Yes but I don't know when
☐ No
☐ I don't know
☐ I'm planning to buy or rent real estate in another country
☐ Other: _____

33. If you're planning to purchase/rent real estate, have you contacted a real estate agency? *
Mark only one oval.

○ Yes
○ Not yet
○ No
○ I'm not planning on purchase/ rent
○ Other: _____

34. What type of real estate would you be interested to purchase / rent? *
Check all that apply.

☐ House
☐ Flat
☐ Commercial
☐ Land
☐ Not interested
☐ Other:

35. What would be the average size? (m2) *
(Type "0" if not planning on purchase/ rent)

_____
_____
_____
_____

36. What would be the average price? (USD) *
(Type "0" if not planning on purchase/ rent)

_____
_____
_____

37. If so, in which city/cities in the Czech Republic? *
Check all that apply.

☐ Prague
☐ Brno
☐ Ostrava
☐ Plzeň
☐ Liberec
☐ Olomouc
☐ Ústi nad Labem
☐ České Budějovice
☐ Hradec Kralove
☐ I'm (also) planning to purchase/rent property in another country
☐ Currently I'm not planning to purchase/rent property
☐ Other:

38. If you answered previously 'in another country', please specify the country:

(Otherwise type "0")

_____

Skip to question 59.

Paying rent

39. In which city/cities in the Czech Republic are you renting real estate? *
Check all that apply.

- [ ] Prague
- [ ] Brno
- [ ] Ostrava
- [ ] Plzeň
- [ ] Liberec
- [ ] Olomouc
- [ ] Ústí nad Labem
- [ ] České Budějovice
- [ ] Hradec Kralove
- [ ] Other: _____

40. What type of real estate are you renting? *
Tick all that apply
Check all that apply.

- [ ] House
- [ ] Room in a shared house
- [ ] Flat
- [ ] Room in a shared flat
- [ ] Commerical
- [ ] Land
- [ ] Student accomodation
- [ ] Other: _____

41. Size of house/ flat: *
Mark only one oval.

- ( ) 1-2 room
- ( ) 3-4 room
- ( ) 5-6 room
- ( ) 7+ room
- ( ) Not renting a house/flat
- ( ) Other: _____

42. Rental price of house/ flat:
Answer in CZK or USD
Check all that apply.

- [ ] <200 USD (<5,000 CZK)
- [ ] 200<600 USD (5,000<15,000 CZK)
- [ ] 600<1000 USD (15,000<25,000 CZK)
- [ ] 1,000<2,000 USD (25,000<50,000 CZK)
- [ ] 2,000+ USD (50,000+ CZK)
- [ ] Other: _____

43. Size of rented land/ commercial property (if applicable): m2
Answer only if you rent land

_____

44. Rental price:
Answer in CZK or USD
Check all that apply.

- [ ] <200 USD (<5,000 CZK)
- [ ] 200<600 USD (5,000<15,000 CZK)
- [ ] 600<1000 USD (15,000<25,000 CZK)
- [ ] 1,000<2,000 USD (25,000<50,000 CZK)
- [ ] 2,000+ USD (50,000+ CZK)
- [ ] Other: _____

45. Size of student accommodation (if applicable): m2
Answer only if you rent student accomodation

_____

46. Rental price:
Answer in CZK or USD
Mark only one oval.

- ( ) <200 USD (<5,000 CZK)
- ( ) 200<600 USD (5,000<15,000 CZK)
- ( ) 600<1000 USD (15,000<25,000 CZK)
- ( ) 1,000<2,000 USD (25,000<50,000 CZK)
- ( ) 2,000+ USD (50,000+ CZK)
- ( ) Other: _____

47. Are you planning to buy property in the Czech Republic?

Mark only one oval.

- Buy in the Czech Republic — *Skip to question 48.*
- Buy in another country — *Skip to question 55.*
- Rent in another country
- No — *Skip to question 59.*
- Other:

Skip to question 59.

CZ (purchase)

48. Which city/cities in the Czech Republic?

Check all that apply.

- Prague
- Brno
- Ostrava
- Plzeň
- Liberec
- Olomouc
- Ústí nad Labem
- České Budějovice
- Hradec Kralove
- Other:

49. What type of real-estate are you planning to purchase? *

Check all that apply.

- House
- Flat
- Commercial
- Land
- Other:

50. If house/ flat, what size? *

Mark only one oval.

- 1-2 room
- 3-4 room
- 5-6 room
- 7+ room
- Not planning to buy a house/ flat

51. Price range for the purchase of house/flat *

Check all that apply.

- <80,000 USD (<2 mio CZK)
- 80-200,000 USD (2-5 mio CZK)
- 200-400,000 USD (5-10 mio CZK)
- 400-600,000 USD (10-15 mio CZK)
- 600-800,000 USD (15-20 mio CZK)
- 800,000+ USD (20+ mio CZK)
- Not planning on purchase of a house/flat
- Other:

52. If land property, what size? (m2)

Answer only if applicable. Indicate the relevant size in m2.

53. If commercial property, what size? (m2)

Answer only if applicable. Indicate the relevant size in m2.

54. Price range for the purchase of commercial/ land property: *

Check all that apply.

- <80,000 USD (<2 mio CZK)
- 80-200,000 USD (2-5 mio CZK)
- 200-400,000 USD (5-10 mio CZK)
- 400-600,000 USD (10-15 mio CZK)
- 600-800,000 USD (15-20 mio CZK)
- 800,000+ USD (20+ mio CZK)
- Not planning on purchase of a commercial/ land property
- Other:

Skip to question 59.

Another country (buy)

55. Please specify which country(ies):

60. **Would you consider to purchase real estate alone or through an agent/agency?** *

Considering that buying real-estate alone could be quite time-consuming and risky. An agent/ agency ensures the rightful nature of all the documents, legalities, economic and social issues at hand.
Mark only one oval.

◯ Alone
◯ Agent/ agency
◯ Other: _____

61. **Would you consider to sell real estate alone or through an agent/agency?** *

Considering that buying real-estate alone could be quite time-consuming and risky. An agent/ agency ensures the rightful nature of all the documents, legalities, economic and social issues at hand.
Mark only one oval.

◯ Alone
◯ Agent/ agency
◯ Other: _____

62. **In case of purchase of real-estate for investment purposes, would property management services be of interest?** *

Property management : the process of control and administration of issues relevant to the property at hand. For example: cleaning services, repair services, paying property bills, security, documentation, administration, legal services etc.
Mark only one oval.

◯ Yes
◯ No, I will manage the property alone
◯ No, I will not manage the property at all
◯ I'm not planning to buy real estate for investment purposes
◯ Other: _____

63. **Do you know anyone interested in real estate in the Czech Republic? (Please provide their email)**

If you know someone who would be interested in real estate in the Czech Republic, please copy the URL and send this questionnaire to them (that way I can obtain more relevant data), or write their email in the section below and this questionnaire will be forwarded automatically. Thank you :)

_____
_____
_____
_____

56. **What type of real-estate are you planning to purchase?** *

Check all that apply.

☐ House
☐ Flat
☐ Commercial
☐ Land
☐ Other: _____

57. **Please specify the size (m2):** *

_____
_____
_____
_____

58. **Please specify the price range (USD):** *

_____
_____
_____
_____

Skip to question 59.

FINAL SECTION: purpose

59. **Personally would you consider the purchase of the real estate as an investment or for personal use?** *

(Tick all options that apply)
Check all that apply.

☐ Investment
☐ Personal use
☐ Commercial use
☐ Not planning on purchase of real estate
☐ Other: _____

Appendix 6: ROA of Europa Capital and Competitors

6.1 ROA of Europa Capital and Competitors

Company	Net Income ('000)	Total Assets ('000)	NI/TA	ROA (%)
Europa Capital	44	8282	0.01	0.53
Svoboda&Williams	5811	39592	0.15	14.68
Vessan	46	10058	0.00	0.46
Gorod	-12	28	-0.43	-42.86
Lekvi	26	305	0.09	8.52
Lekvi Assistance	355	4997	0.07	7.10
Lekvi Services	33	996	0.03	3.31
Lekvi Exclusive	38	500	0.08	7.60
Lekvi Accounting	31	1770	0.02	1.75
Light City	-13	1648	-0.01	-0.79

Source: Author based on the companies' balance sheets and P/L statements found on justice.cz

The green boxes demonstrate the good relative financial percentage of the ROA, whilst red ones are negative; the white boxes demonstrate neutral percentages of the ROA relative to the industry competitors.

Source: Data on financial performance extracted from the latest balance sheets and P/L statements of each company on Justice.cz in April 2017

6.2 ROA of Europa Capital (2011-2015)

Europa Capital	2015	2014	2013	2012	2011
TA	8282000	278000	259000	250000	259000
NI	44000	22000	11000	5000	15000
NI/TA	0.01	0.08	0.04	0.02	0.06
ROA	0.53	7.91	4.25	2.00	5.79

Source: Author based on company's balance sheets and P/L statements found on justice.cz

Appendix 7: Personal selling cycle of the seller representative
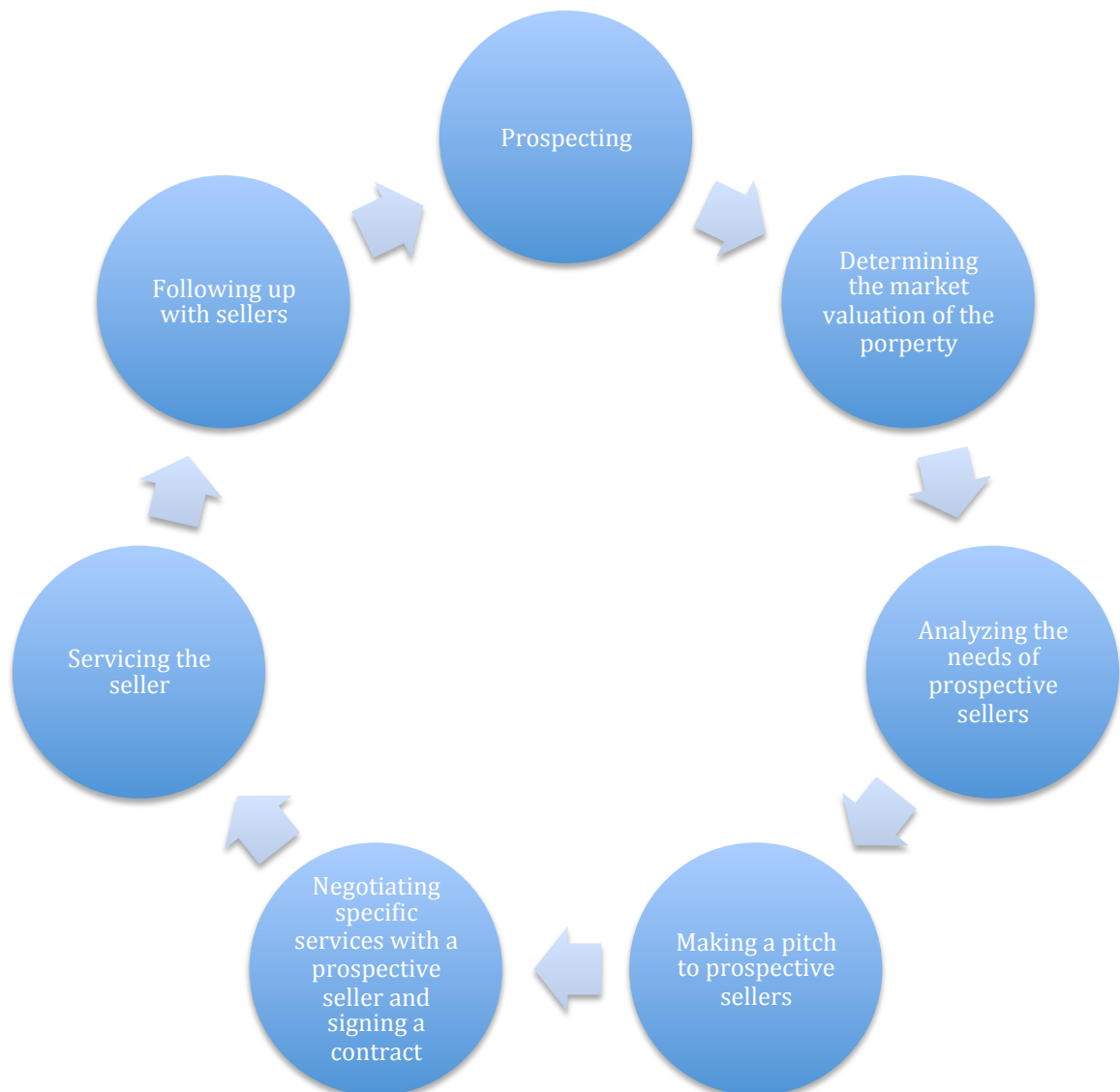
Source: Sirgy J., *Real Estate Marketing: Strategy, personal selling, negotiation, management and Ethics* (2014), p. 70

Details of the cycle:
Prospecting: active prospecting & passive prospecting
Market valuation: 1) Comparative market analysis, 2) The cost approach, 3) The income approach
Seller needs: pricing, timing, convenience
Pitch:
Services: type of listing (exclusive or not?), product decisions (fix-ups, staging), price decisions (reductions?), promotion decisions, place decision
Servicing seller: product/ price/ place/ promotion-related services.
Following up: closing gift, Internet (blog), events, periodic contact

Appendix 8: Personal selling cycle of the buyer representative
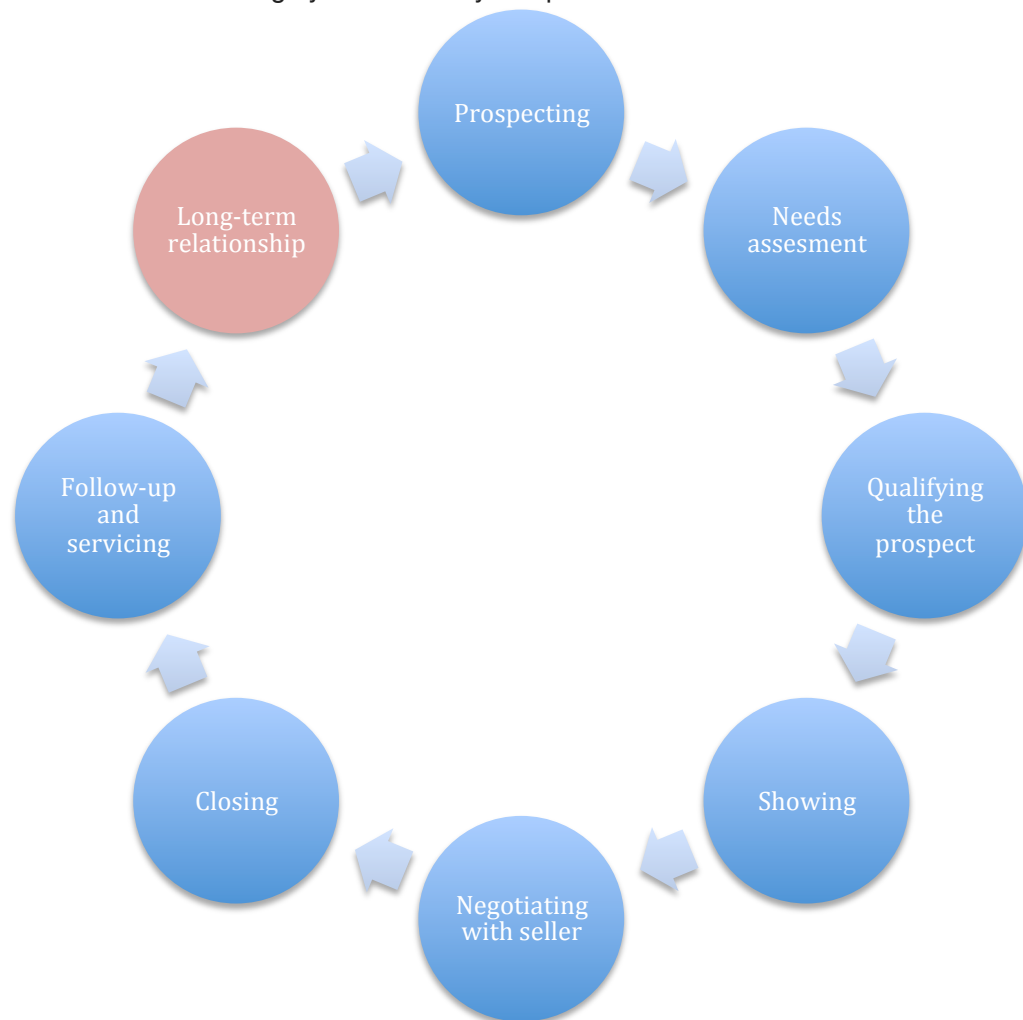
Source: Author from Sirgy J., *Real Estate Marketing: Strategy, personal selling, negotiation, management and Ethics* (2014), p.94

Important detail of the cycle:
Long-term relationship: (addition and recommendation of this thesis) directly applicable to Dome Prag, a long-term relationship can be achieved through investment and property management services