

Export Plan – Casamona International



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Executive Summary

Spain is a country which at the moment has several economic problems. Therefore, the Spanish Government is offering non-European citizens the possibility of receiving Spanish residential visa when investing more than 500.000 € in real-estate.

The purpose of this paper is to help Casamona, a young Spanish real estate agency, to export its services to Russia by researching the feasibility of exporting to Russia and what the most efficient marketing strategies are. However, entering a new market is risky and costly, hence Casamona asked for professional advice.

Dr Veldman's book: 'Export Management – A European Perspective' has been used as a guide. This offers step by step information about how to export products/services, strategies on how to do so and how to produce a professional export plan.

Throughout the report, a series of questions have been answered offering a clear, practical export plan for the company to implement. This has been done through an internal analysis of Casamona, an external analysis of their main competitors and the country due to receive the export, a series of financial projections all ending in conclusions and some recommendations.

Casamona has a portfolio of more than 400 properties; all properties have special and unique features and are located in the most desirable areas in Barcelona. For its property portfolio, Casamona relies heavily on private owners and partners.

Casamona's typical customer is male, between 30 and 65 years old; he has a high-income and is a businessman belonging to the cosmopolitan world. Casamona wants to offer its customers a luxurious, exclusive product and a good cost-benefit ratio through a pleasant and professional purchase experience.

A clear competition analysis revealed that Casamona has an advantage in terms of location, quality of its services and price. Nonetheless, Casamona can hardly compete with the multinational real-estate agencies like Engel & Völkers or Sotheby's International which have high-brand awareness.

Casamona's financial situation indicates that the company will be able to enter the Russian market by opening a walk-in office in Moscow. However, a web promotion or partnership with a Russian company would be a more effective and advantageous alternative for Casamona.

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Preface

This thesis could not have been completed without the support and help of many people. The position of a sales agent at Casamona helped me get in contact with many people without whom some of the information would have been impossible to collect. Therefore I would like to take this chance to thank those who have assisted me in the completion of this work.

I was responsible for data collection and analysis. I am grateful to the Casamona team which was always very supportive and helpful in answering all my questions and helping me find valuable data.

I wish to show my special appreciation to Ricco Mortensen, the best client I ever had, who helped me understand the position and performance of Casamona and the competitors from the perspective of a customer.

My thanks are also directed to Mr Jos Schröder who was patient enough and supervised the progress of this dissertation from the early stages of the concept creation till the very final edits.

1. Introduction

The real estate market is considered to be one of the most profitable industries contributing greatly to the world's economy.

Spain is a country with several economic problems at the moment. Since Spain's housing bubble exploded in 2008, the prices of houses have dropped significantly. According to a Bloomberg article, Raj Badiani, an economist at the London IHS Global Insight, stated that the value of real estate properties in Spain had dropped by more than 30 per cent since 2007 and that housing prices will drop at least 50 per cent by 2015 (Smyth & Urban, Spanish Banks Cut Developers as Zombies Dying: Mortgages, 2013). According to the latest Tinsa IMIE Index in Global Property Guide, house prices in Spain have declined 7.9% in February 2014, registering a year-on-year decline of 11.6% (Spain - Financial Overview , 2014).

Spain is offering non-European investors the possibility of receiving Spanish residential visa if investing more than 500.000 € in real-estate. Therefore, Russians, Arabians and Chinese investors are interested in buying properties in Spain as they are driven either by the lower prices or by the opportunity of European visa. It has been revealed that individual investors have a tendency of investing their money in real estate, either in order to buy a second home, or as a means to an extra income. Investing in real-estate is a popular alternative amongst investors. The rental income, as well as the constant increase in value of the properties, seems to make the buy-to-let properties a profitable investment (New Statesman, 2014).

In Spain the real estate industry is highly competitive, with buyers looking for a good property investment and also for a professional purchasing experience. This is why Casamona is focused on providing the clientele with individual attention and a pleasant and easy way of purchasing a property – the buyer does not have to search for the perfect property among those hundreds available on the market because Casamona has already made a selection among the better ones.

Casamona International is a young, Spanish real-estate company founded in 2004 by Tine Mathiassen and Anette Kragdahl. At that time, Tine Mathiassen and Anette Kragdahl – two Danish friends, arrived in Barcelona and found a real-estate market providing poor services and unattractive properties (Casamona, The Casamona Story, 2014). Hence they decided to launch Casamona, based on the belief that if they had difficulties in finding the right property, several other international buyers might face the same problem.

Nowadays, Casamona's portfolio includes more than 400 properties for rent and for sale; each property listed with Casamona has something special or unique – a private terrace, amazing views, lots of natural light, a great location, Catalan features etc. Casamona has a very good network of collaborators who own many properties and are collaborating exclusively with Casamona. Nevertheless Casamona does not have an exclusivity clause and many of the properties listed on the Casamona website can be found on other national portals or are listed with other agencies.

1.1. Problem statement

The purpose of this paper is to help Casamona International to export its services to Russia. Casamona is a Spanish company which is also active on the Danish market – despite not having an establishment in Denmark.

The company already attracts many Russian investors; they represent 25% of their client base. Comparing Russian citizens to British or French citizens, Russian people are still willing to pay more because they are looking for spacious and luxury apartments or villas. Housing in Russia is and is becoming more and more expensive and non EU citizens receive Spanish residential visa if they invest more than 500.000 € in real-estate.

Casamona International is looking for niches in international markets, global partnerships or expansions in international markets. It is already active on the Danish market – despite not having a base in Denmark.

Casamona believes that this is the right moment to attract more Russian customers. Nonetheless, entering a new market is risky and costly. A flawed strategy can isolate an entire market, not mentioning the risk of a bad reputation or losing its existing Russian customers. Hence, Casamona International has asked for an export plan offering valuable information regarding the feasibility of exporting its services to Russia and to determine the most efficient marketing strategy. Casamona will make use of the experience gained in its home country – Spain, to enter the Russian market.

1.2. Research justification

This paper has as purpose researching the feasibility of exporting Casamona's services in Russia and what would the most efficient marketing strategies be.

The influence and impact of property prices on the economy is evident. In the past years real estate prices have dropped dramatically and due to the crisis many owners were forced to sell their property with a loss. 'The Local', a Spanish newspaper, wrote an article about the rich Russians who are eyeing upon a move to Spain. Since the Spanish property prices are falling, more and more Russians are interested in investing in Spain. We also see more positive news in the Global Property Guide, whom provide several articles regarding investing in real-estate in Spain: the economic growth, the buying-process, the taxes and costs.

Choosing the correct marketing strategy to attract new and more customers must be done using the best practices. A wrong choice can have huge financial impact – as a decrease in revenue and can also block a potential market for years. Dr. Veldman's book: 'Export Management – A European Perspective' will be used as guideline, which offers step by step information about how to export products/services, the strategies and how to end up with a professional export plan.

A discrepancy can be noticed between Casamona's ideals and visions and its real capabilities. Therefore there is a need for further analysis in order to conclude if Casamona has all the necessary resources to enter a new market. Nonetheless, by analysing the main competitors' goals and objectives, most of them have as primary objective attracting non-EU citizens by taking advantage of the new Spanish law – if he/she invests more than 500.000 €, the buyer receives residential visa.

Casamona believes that it is now the right moment to attract more Russian customers especially because these types of customers are interested in the most luxurious and expensive properties. Therefore the reason why Casamona wants to export its services in Russia is understandable. The main question that arises from here is if Casamona is financially prepared to enter the Russian market.

Personal interest regarding export methods and a company's viability of entering a new market as well as multiple export courses attended at the Faculty of European Studies is another reason for this research paper.

1.3. Reason for export – Russia

Casamona believes that it is now the right moment to attract more Russian customers, hence they requested expert advice. Casamona's reasons for choosing Russia as a new market to enter are listed below.

Casamona's main reason is the new Spanish law introduced in 2013 is attracting non-EU investors to come and invest in a property in Spain – non-EU citizens receive a Spanish residential visa if they are investing more than 500.000 € in real-estate.

Its second reason is that the price per m² of the most expensive and luxury properties in Russia is two up to four times higher than in Spain. In Spain the price per m² for a luxury, centrally-located property is no higher than 6000 €, when in Moscow for the same kind of property the price can be even higher than 20.000 €/m². Hence, Russians prefer to buy properties in Europe.

Last but not least, Russians are attracted by the Spain's varied, different and vibrant culture. Spain stands out through its amazing food, ways of entertainment, and social events at affordable prices. According to Susan Llewelyn Leach, 'Smart Cities' correspondent in Barcelona, in the last few years, Spain has been one of the favourite destinations for Russians, who have been hunting for luxury properties in Barcelona and surroundings. Only in 2012, the number of flights from Russia to Cataluña has doubled to 200 per week (Leach, 2013).

1.4. Research questions

In order to offer valuable information regarding the feasibility of exporting Casamona's services in Russia and the most efficient marketing strategy it is essential to answer the main research question:

What is the most efficient marketing strategy for Casamona to attract more Russian customers to invest in a property in Spain?

This is followed by a number of sub-questions:

- 1. What are the major issues to take into consideration when opening an office in Russia?*
- 2. What would be the best location for an office?*
- 3. Could a web promotion focused on the Russian market be an alternative for an office?*

4. *How much will it cost to start up a business in Russia?*
5. *Is Casamona financially prepared to open another office?*

1.5. Methodology

This report will offer an internal analysis of Casamona, followed by an external analysis and the action steps required for exporting its services to Russia. Throughout the report, a series of questions will be answered in order to offer a clear, practical, export plan for the company to implement.

An internal analysis of Casamona will be able to determine the company's strengths and weaknesses as well as to see whether Casamona has the necessary resources for growth and expansion. An external analysis will help to understand how Casamona can export its services and which are the means of attracting more Russian customers. Furthermore, a series of financial projections will be made in order to find out if Casamona is financially prepared to export its services to Russia. Last but not least, a number of recommendations and conclusions will be offered.

2. Literature review

2.1. Real estate as an investment

Real estate investments have a number of features that makes them more complex than any other investments. For starters, there are different ways to value a real estate. First, the cost approach which is also called the summation approach, estimated by summing the land, the property value and the depreciated value of any improvements. Second, the sales comparison approach which stated that an individual will pay no more for a property than it would cost to purchase a comparable substitute property. And last but not least, the income capitalization approach used especially by investors, which capitalize an income stream into a value indication (Oregon , 2012).

Until the financial crisis in 2007-2008, the real estate prices increased significantly in Spain, UK, Ireland, Denmark and Sweden, followed by a dramatic decrease especially in Spain and Ireland. Determining a house price can differ from country to country and depends on the domestic currency. For instance, in the UK, the price of property is determined in relation to the price of an average house, whereas in Spain the price is determined by the price per square meter (Paz & White, 2012).

Before 2007, Ireland and Spain were the countries with the highest owner-occupation rates. Attitudes to owning a property versus renting the property may be equally important as expected profit (Paz & White, 2012).

Additionally, a property's market value can change in time due to changes in the neighbourhood, like construction of a metro station. These changes add value to a property for those who appreciate the presence of public transport. A property is unique – there are not 2 identical apartments, hence the market value of a property can be determined only approximately (Mints, 2008). Previous research has shown that crime perception has a direct relation with house prices (Buonanno, Montolio, & Raya-Vílchez, 2012).

Buying a property is also an alternative to paying rent – high rent and tax schemes for house owners have a direct impact on prices. As Goodhart and Hofmann have stated, housing prices are also influenced by the rate of money and credit growth (Paz & White, 2012).

Individuals consider real estate investments to be low-risk. However, it cannot be forgotten that house prices increased considerably in most of the western countries starting with the 1990s and ending with the global economic crisis in 2008 when the real

estate market started to drop fast and the house prices decreased dramatically. Hence, the usual saying of the realtors that the apartments will always increase in value cannot be taken as a reference (Mints, 2008).

According to Mark Morgan Ford, an American author, real estate investor and entrepreneur, no other investment compared to real estate investments has its beneficial balance of capital appreciation, risk management and revenue (Ford). A real estate investment has a high appreciation rate and if buying the right property, the investment is low-risk with considerable returns.

Mark Ferguson, a licensed realtor and real estate investor considers rental properties as incredible investments if bought below market value. He invested in ten rental properties and plans on purchasing 100 properties by January 2023; he is making more than 20% cash on cash returns (Ferguson, 2013).

2.2. Spain real estate evolution 2000-2014

The Spanish housing boom started in the late 2000s with a high increase in house prices and ended in 2008 when the prices dropped by 17% in nominal terms and more than 22% in real terms (Ministerio de Fomento).

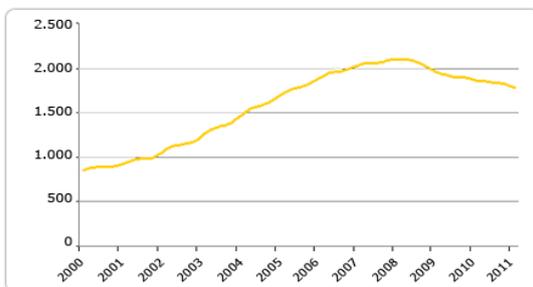


Figure 1. Evolution of house prices in Spain 2000-2011. (Source: Ministerio de Fomento, Instituto Nacional de Estadística)

Since 2001, the housing construction increased as a result of population growth – immigrants coming from Eastern Europe and Latin America. These immigrants were attracted by a strong economic development – between 2000 and 2007 Spain's gross domestic product grew by approximately 30% (Fuentes, Etxarri, Dol, & Hoekstra, 2013).

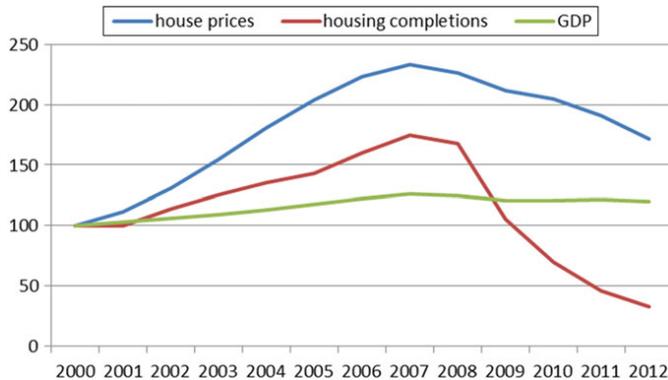


Figure 2. Development of house prices, housing completions and gross domestic product in Spain 2000-2012. (Sources: Ministerio de Fomento; Housing Studies 2013, p.1210)

Individuals preferred to invest in real estate between 2000 and 2007 mainly because this type of investment seemed to be more secure than the stock market –especially after the stock market crashed in 2000 (Fuentes, Etxarri, Dol, & Hoekstra, 2013).

In Spain, the year 2008 is seen as the beginning of the crisis. The building construction resulted in a housing oversupply. Hence starting with 2008, the house prices as well as the housing completions dropped dramatically (see Figure 2).

As reported by PropertyWire, in May 2014, the Spanish property market grew by 26%. It is believed that this rise can be explained by all the tax changes made by the Spanish Government (PropertyWire, Spanish property sales up 26% but expert warns data is skewed by tax changes, 2014). International Business Times reports in February 2014 that the Spanish Government is expecting GDP to grow by 0.7% as well as a job growth by the end of the year (Zhang, 2014).

2.3. Real estate investment in Spain

The economic recovery thus far can be characterised by a slow economic growth and weak job growth; however, commercial real estate investments have produced substantial returns (Deloitte; Real Estate Research Corporation; National Association of Realtors, 2014).

BNP Paribas published several investing guides for different European countries such as: Luxembourg, Germany, Spain, Romania, Poland etc. In the investing guide for Spain, Luis Martin Guirado, the president of BNP Paribas in Spain, encourages real estate investments because of 3 main factors. First, the prices of the real estate assets are at the lowest level, meaning that this might be a unique opportunity. Second, the rental prices in the main markets (Barcelona, Madrid, Valencia) are stable and expected to

grow. Last but not least, returns on investments are expected in all sub-sectors (BNP Paribas , 2013).

According to PropertyWire, the global property news service, international buyers are attracted by Spain's residential property market due to the properties' low prices, Spanish lifestyle and investment opportunities (PropertyWire, 2014). According to the same article, the Spanish property buyers come from UK, France, and Switzerland and recently from Russia, China and Middle East.

As stated in an article retrieved in PropertyWire from June 2014, the most active real estate buyers in the first quarter of 2014 are US citizens, Russians and Chinese. The number of Russian buyers has increased with 62, 6% compared to the previous year (PropertyWire, First evidence that golden visa is attracting non EU buyers to Spain, 2014).

Kate Everett-Allen, international residential researcher, believes that the presence of these buyers (US, Chinese and Russians) can be considered evidence that the introduction of the Golden Visa in September 2013 may have an effect (Everett-Allen, 2014). The figures below show the buyers' nationalities in the first quarter of 2014 in Spain (Figure 3) as well as the average price per m2 paid by each nationality (Figure 4).

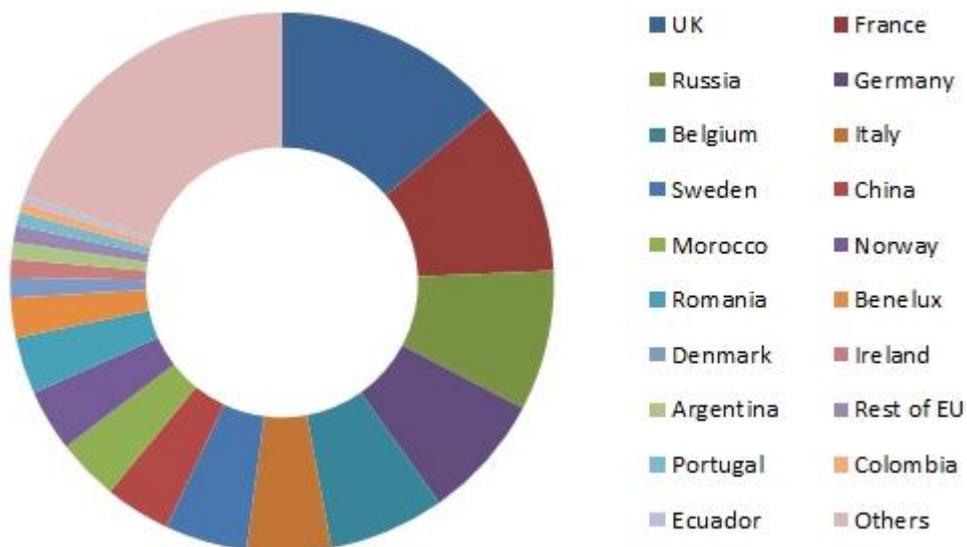


Figure 3. Spanish property sales by nationality, Q1, 2014. (Sources: IPINglobal; Centro de Información Estadística del Notariado, p.3)

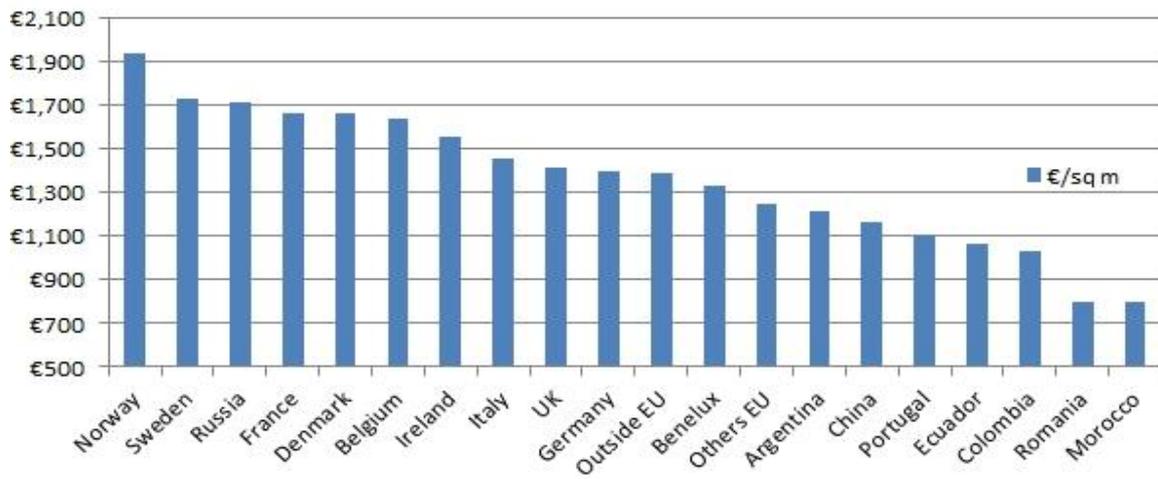


Figure 4. Average price paid by nationality in Spain, Q1, 2014. (Sources: IPINglobal; Centro de Información Estadística del Notariado, p.4)

3. Internal Analysis

3.1. The organisation

3.1.1. History

Casamona Int. is a real-estate company founded in 2004 by Tine Mathiasen and Anette Kragdahl. Casamona was founded due to the Spanish real-estate agencies' inability to fulfil the customers' needs. In 2004, Tine Mathiasen and Anette Kragdahl found a big gap between the buyer's ideal state and the actual state of the real estate market. Hence, Casamona was born, a new real-estate company, aiming to solve issues such as: dissatisfaction, poor customer service, language barriers, and constant changing needs (Casamona, 2014).

Opening a successful real-estate agency in Barcelona required a good location of the office and a wide variety of properties. Therefore Casamona started to collaborate with developers and owners in order to offer a property portfolio able to fit the constant changing needs of the customers.

In 2004, Casamona sold their first flat. Three years later, Casamona created the rental department, followed by holiday rentals in 2008. In 2012, Casamona launched Casamona Holidays, a website aimed to offer its clients the possibility of short-term rentals all over the world. Casamona Holidays relies on affiliates such as Airbnb, Booking.com, Only-Apartments or Friendly Rentals. Casamona receives a certain commission for all the clients these partners receive through Casamona Holidays' website (Tronaru, 2014).

At the moment, Casamona has a portfolio of more than 400 properties, more than half being listed exclusively with Casamona. All properties included in its portfolio have special or unique features and are located in the best areas of Barcelona.

3.1.2. Company structure

Casamona is a small company, with only one permanent employee and the rest interns – students attending business or real-estate courses. It is a dynamic and international team that is changing every 5 or 6 months as a result of the ongoing stream of interns. The main disadvantage for that is data loss – each time an intern is leaving the company all data stored in Google Drive or email address is erased and lost (Tronaru, 2014).

Being a relatively small company, Casamona's internal organisation is well structured. All departments work together with the aim of achieving the best outcome. For a better

understanding of the company's internal structure, an organisational chart (Figure 5) as well as a list of each department's tasks and responsibilities are presented below.

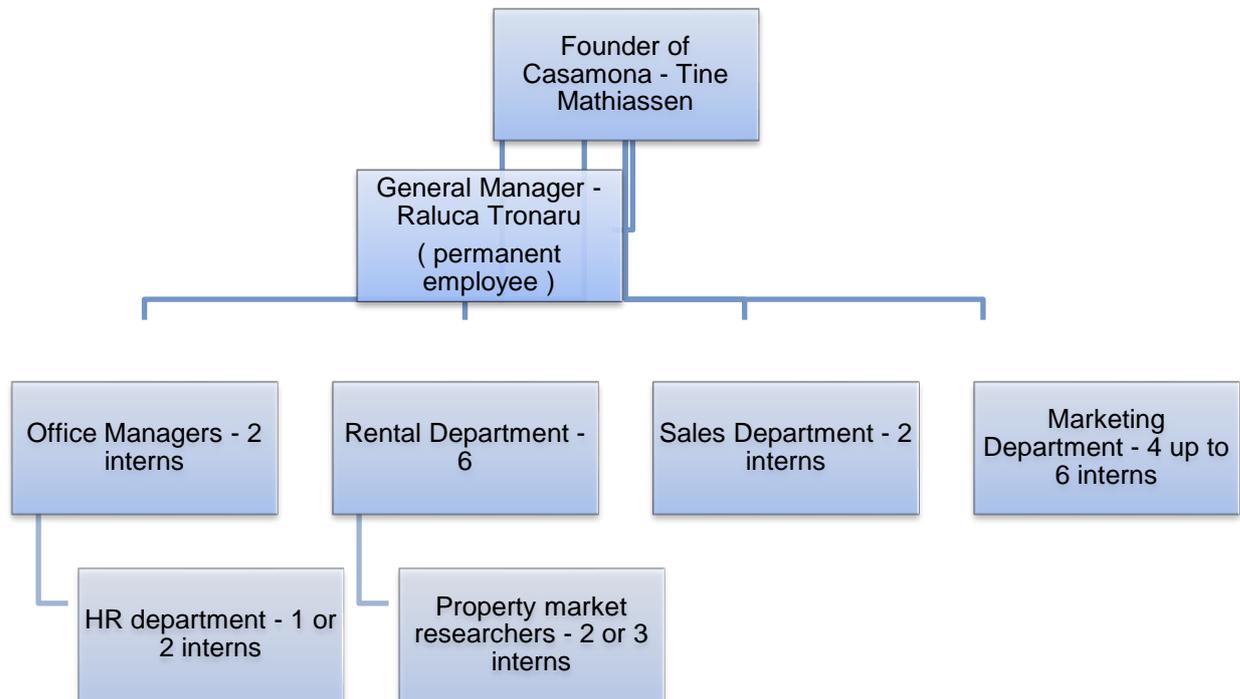


Figure 5. Organisational chart – Casamona International. (Source: Casamona international, Casamona team)

Owner and co-founder – Tine Mathiassen, runs Casamona from Denmark. She communicates constantly with all departments through e-mails and by phone and has access to all information stored in Google drive.

General Manager – Raluca Tronaru, is managing and supervising the overall activities in the company. She is also the head of the sales department and the only permanent employee.

Office Managers are in charge of:

- the general administration of the office;
- Facilitating communication between agents and clients;
- Finance and accounting;
- HR (Human Resources) in collaboration with the marketing department.

Rentals and sales agents are working as intermediaries between owners/developers and clients in order to rent out / sell Casamona's properties in Barcelona.

Property market researchers are in charge of finding unique properties on Spanish portals, calling the owners and convincing them to list their properties with Casamona and then advertising the property.

The Marketing Department is in charge of:

- Promotion on national and international websites/portals
- Casamona's online presence
- Finding new national or international partners
- Finding new web tools – various applications, plugins etc.
- SEO

The marketing team is always looking for new partners all over the world, new platforms of advertising and the latest technological systems that enable Casamona to perform better. All Casamona interns pay great attention to the changing preferences of customers; therefore the design of the website is always revised and the range of products is in a continuous change depending on the customers' demands.

All Casamona interns start either as property market researchers or as marketing interns. All marketing positions are unpaid. According to personal skills and abilities the interns have the opportunity to be promoted as office managers, rental agents or sales agents – all paid positions.

Casamona's costs are relatively small, the remuneration being commission-based and according to the amount of work of each individual. All interns receive 10 or 20 € per each new property listed with Casamona. Office managers earn 140 €/month with the possibility of receiving bonuses. Rentals and sales agents earn 10% of the commission received by Casamona on a rental or a sale deal.

The opportunity of being paid while doing the internship is the interns' primary motivation. Interns come to Casamona in order to finish their studies and to be able to gain work experience by doing an internship in an international environment.

3.1.3. Management

Casamona differentiates itself from the other companies by having an international and young team, able to speak several languages in the heart of Catalunya – where everyone speaks Catalan or Castilian. Casamona has the advantage of providing very good customer services – interns are able to speak more than two languages and are natives

of the countries from where Casamona receives most of their clients – France, UK, Denmark, and the Netherlands.

Spanish-speaking real-estate agencies in Barcelona that do not have employees able to communicate in foreign languages are missing out opportunities. Most of the real estate agencies in Barcelona provide services only in Catalan and Castilian, making it difficult for most of the international customers – who represent more than 70%, to buy properties in Spain.

Casamona's mission is to offer its clients 'unique and different apartments'. A property can be listed as a 'Casamona flat' only if:

- it is situated in the best areas of Barcelona – refer to map below;
- it has a private terrace – or at least a community terrace;
- it has traditional Catalan features;
- it is a good investment able to offer a good return on investment;
- it is very modern and luxurious;
- it is unique and can satisfy even the most demanding customers.

A property cannot be listed with Casamona if:

- it is very small and dark – having no natural light;
- it is furnished cheaply or in an old style;
- it is dirty or rundown-looking;
- it is located in a bad area – refer to map below.

*See appendix 1

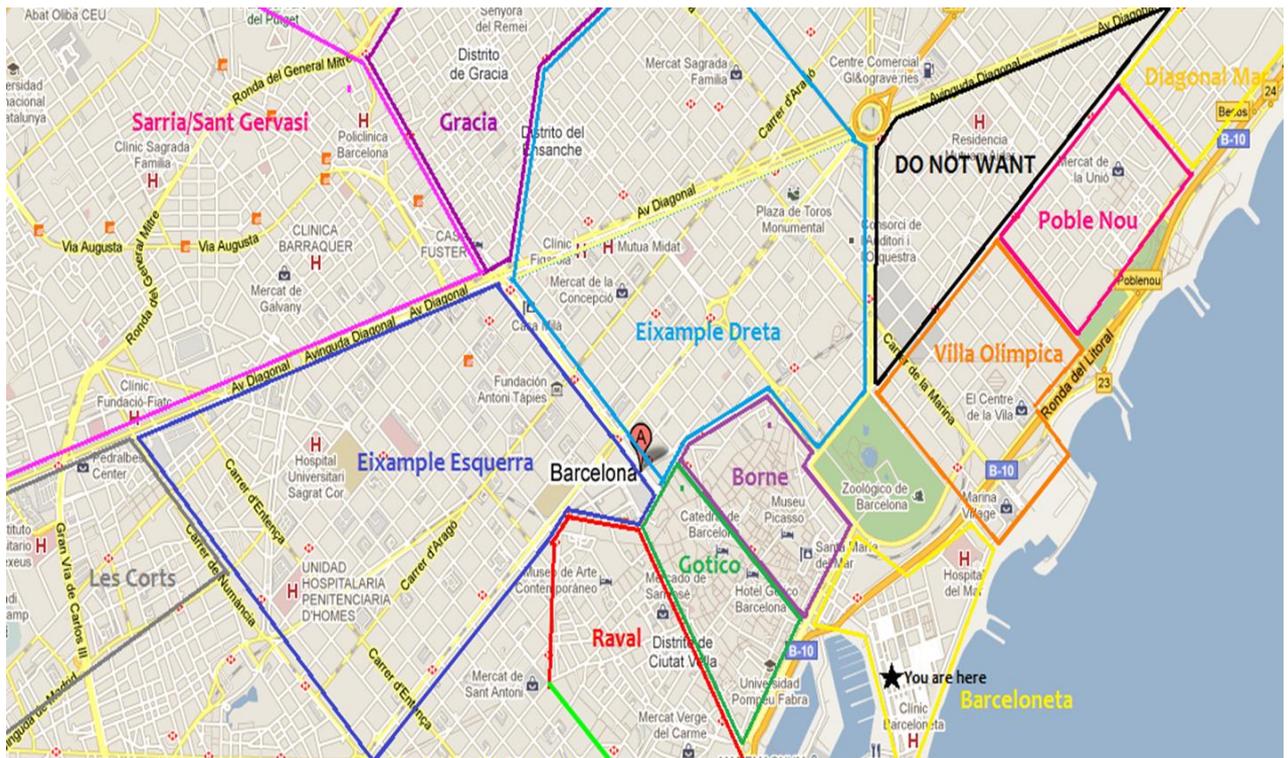


Figure 6. Map of Barcelona's main districts. (Source: Casamona, Training guide, p.11)

As can be seen in the map above, Casamona prefers to have in its portfolio properties located in: Eixample Esquerra and Dreta, The Old City of Barcelona – Borne, Gotico, Barceloneta, Gracia, Sarria/Sant Gervasi and Villa Olimpica, Poble Nou and Diagonal Mar and not properties located in Les Corts, Sants, Montjuic or the bad areas of Raval – some parts of Raval are well-known as areas where prostitution and drug dealing is being practiced.

Even though location is an important criteria, the properties situated in certain areas need to meet certain characteristics. The properties situated in Poble Nou, Diagonal Mar and Villa Olimpica preferably have private terraces and sea-views, community areas or swimming pools. Properties located in the Old City of Barcelona are preferably spacious, have Catalan features – high ceilings and Catalan floors, and are on a high floor – have natural light. Properties situated in Sarria/Sant Gervasi and Pedralbes – the upper zone or 'Zona Alta' have to be luxurious, spacious, modern, with private gardens and/or terraces or swimming pools. These areas are seen as residential areas – most definitely reflected in the real estate prices.

In order to conclude, Casamona's belief is 'quality over quantity'. The company's vision is to become one of the leading real estate agencies in Barcelona.

3.1.4. Marketing and market position

Casamona has two main ways of finding its properties. One of them is searching on national portals such as: Idealista.com, Segundamano.es, Fotocasa.es, Enalquiler.com etc. calling the owners and convincing them to collaborate with Casamona. As mentioned before, only properties with specific features and characteristics are considered acceptable.

Another method and probably the most reliable one, is a long lasting relationship with collaborators – private owners or companies. Casamona created value-adding relationships with key suppliers – collaborators able to provide qualitative products on a regular basis. Some of them are: Durllet Apartments, Apartments 1840, Llave de Oro, Eixample Singular.

Bonaventura Durall Aulet (Durllet Apartments) – has 2 buildings in Barcelona with modern apartments for both rent and sale. If the apartments are rented out for less than 5 months, Casamona doesn't have to share any commission with Bonaventura.

Apartments 1840 – have 2 buildings in Barcelona with 20 fully-furnished apartments for rent. They are unique because they also offer weekly cleaning service and maintenance. Casamona receives full commission if renting out one of their flats.

Llave de Oro – builds and promotes residential and office buildings in Barcelona. Casamona has more than 40 apartments for sale from Llave de Oro.

Eixample singular – provides Casamona with unique, luxury apartments for sale, all of them between 600.000 € and 1.500.000 €.

At the moment Casamona has a list of 27 'important owners' with whom Casamona has collaboration contracts. They are able to provide Casamona with exclusive apartments in Barcelona.

Despite the fact that Casamona does not normally work with exclusivity, there are many properties listed exclusively with Casamona. Nevertheless, the owners are required to sign a collaboration contract allowing Casamona to advertise and publish their properties online and binding them to pay the commission if the buyer is brought by Casamona.

Casamona is already known in several European countries; it has advertisements in Russian newspapers, has properties listed on French portals, and has contact persons in charge of advertising in Denmark and the south of Spain.

3.2. The service

Casamona offers more than 400 apartments in Barcelona and its vicinities as well as a few buildings aimed to attract international investors. Casamona provides services in the following areas: sales, rentals, holiday rentals and management contracts.

Sales and rentals – Casamona offers rentals and sales services, assuring client satisfaction through all stages of the rental or sale process. The agents are responsible for all the documentation and need to be familiar with all the real estate laws.

Management contracts – Casamona offers management services for the owners who do not live in Barcelona. The management contract includes: monthly check of the apartment, maintenance and cleaning and check in and check out of tenants (Casamona, Buyers Package).

The table below highlights the strong and weak points of Casamona's services:

Table 1. Strong and weak points of Casamona's services

| Strong points of Casamona's services | Weak Points of Casamona's services |
|---|--|
| Advantageous location – all the apartments are located in the best districts of Barcelona – see map | Lack of software development tools – to maintain the correct functioning of the main website |
| Unique and different – all the apartments meet certain criteria: are modern, luxury, have Catalan features etc. | Constant fluctuation of interns causes information loss – data stored in interns' emails is erased |
| A young and enthusiastic team able to speak the buyers' native language | Inability to supply the market demand due to lack of new properties available |

(Sources: Casamona's general manager – Raluca Tronaru; Casamona's marketing department)

As previously mentioned, all the properties represented by Casamona are situated in the best districts of Barcelona – these districts being the most expensive areas according to the price per m².

Another strength of Casamona is a diverse property portfolio with unique and different apartments aimed to satisfy even the most exigent customers. In case Casamona does

not have in its portfolio a property able to meet the buyer's criteria, all Casamona agents and property researchers come together with a strategy and make sure that they will be able to meet the customer's demand.

Last but not least, Casamona has a young and enthusiastic team – all agents are very helpful and willing to offer the customers a pleasant purchase experience.

One of Casamona's weaknesses is related to the software tools it uses. Casamona was not interested in investing financially in new software, new website or new tools – in a digitalised era, having a good-looking and professional website is vital. At the moment, Casamona uses a programme called Dezrez in order to publish all its properties on the website – a programme which is difficult to operate with and very time consuming.

Another weakness is the constant fluctuation of interns. Interns usually stay at Casamona between 3 and 6 months. All data is not stored centrally and once an intern leaves the company there is a loss of information – the interns' emails and data collected during their staying at Casamona is erased.

Last but not least, the inability to supply the market demand due to the lack of new properties available can also be considered a weak point. Casamona is not the only agency dealing with such issues – nonetheless the top real estate agencies do not have such difficulties.

3.2.1 Product selection and pricing

An analysis of the Casamona products and services is essential in order to figure out how Casamona can distinguish itself from its main competitors and with what range of products should Casamona enter the foreign market.

Casamona offers five types of services: long-term rentals, short-term rentals, sales services, management contracts and buyer-agent contracts. The following table shows all Casamona products and services, their price, Casamona's commission and who is responsible for paying the commission.

Table 2. Casamona's products and services

| Products & Services | Price | Casamona's commission | Who pays the commission? |
|------------------------------|-------------------------|--|--------------------------|
| Long-term rentals | 650 € - 4500 € | One month of rent | The tenant |
| Sales | 140.000 € – 4.000.000 € | 10.000 € (for properties less than 199.000 €) | The seller |
| | | 12.000 € (for properties 200.000 – 399.000 €) | |
| | | 3% - (for properties 400.000 € – 700.000 €) | |
| | | 4% - (for properties more than 700.000 €) | |
| Management contracts | 500 € | 500 € | The owner |
| Buyer-Agent contracts | 500 € – 1.500 € | 500 € (only the contract) | The buyer |
| | | 1.500 € (assess the customer in all the steps of the purchase) | |

(Sources: Casamona's rent and sale packages; Casamona's rental and sales departments)

Casamona intends to enter the Russian market with all its products, but focusing on properties for sale. The main advantage of the buyer when making a purchase in Spain is that he has to pay no commission to the agency – the seller being responsible of that.

3.2.2 Customers' perception of Casamona's products

By having a wide range of products Casamona is able to offer the customers the desired product. Nonetheless, Casamona offers luxury and expensive products that are aimed to a specific target group.

A few factors affect the customers' perceived value of Casamona's apartments depending on the customers' buying reasons:

- Casamona offers properties which are a good investment and can guarantee a better return on investment – aimed for the customers with rational buying reasons;
- And luxury properties that are ready to move-in aimed for the buyers with emotional buying reasons like: prestige, desire to imitate, desire for comfort and luxury, desire for recreation or pleasure.

3.2.3. Why is the customer buying?

According to Kotler in 'Principle of Marketing', a product should be seen according to the three levels of a product – the core product, the actual product and the augmented product, in order to understand the reasons behind the customer's decision to buy (Kotler, 2011).

Table 3. Kotler's three levels of a product/ service applied to Casamona

| Core Product | Actual Product | Augmented Product |
|---|---|--|
| <ul style="list-style-type: none"> - A second home - An investment - Need to move to Barcelona | <ul style="list-style-type: none"> - High quality - Good price-quality value - Good investment - Good location - Unique and different design | <ul style="list-style-type: none"> - Favourable real estate market - No additional service costs - Friendly and pleasant 'shopping' experience - Opportunity of obtaining an EU residency visa if spending more than 500.000 € |

3.3. Customer analysis

In order to offer a valuable customer analysis, it is required to identify, evaluate and select the target markets. A proper segmentation will help Casamona identify and understand its type of customers. Figure 7 illustrates Casamona's current target markets.

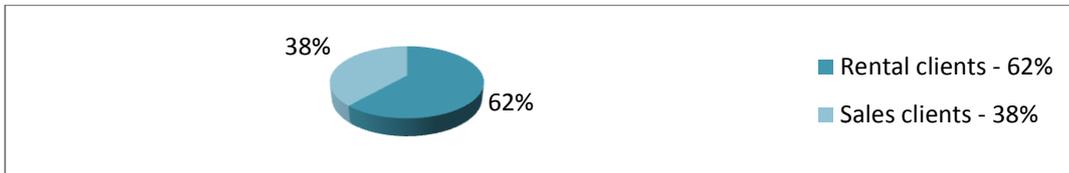


Figure 7. Casamona's target market. (Source: Casamona's general manager, Raluca Tronaru)

Since Casamona's customers can be divided in 2 categories: for rent and for sale, this analysis will focus only on the sales clients, the rental clients not being relevant in their decision to export in Russia. The following chart (Figure 8) shows Casamona's sales customers divided according to the reason for making a purchase.

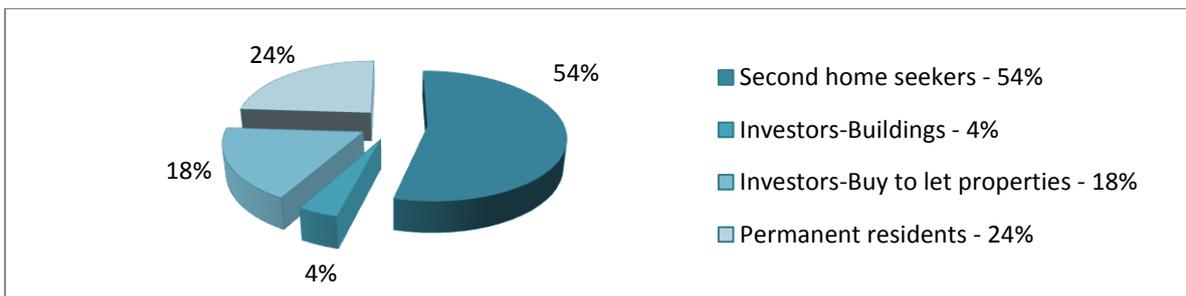


Figure 8. Casamona's target market according to customers' reason to buy. (Source: Casamona's general manager – Raluca Tronaru)

According to Casamona's data, approximately a quarter of their customers for sale are looking to settle down in Barcelona. These people are either families or couples, either elderly, retired persons, all looking to move in Barcelona permanently.

Another category of customers are the 'second-home seekers'. This segment is the greatest with more than half of the total customers. These customers have a certain budget and are willing to buy. They are most of the time company owners or have highly paid jobs in their countries of residence.

The investors represent about 22% of Casamona's customers. Casamona is able to satisfy only the demand of the investors willing to buy a property aimed to be rented out after the purchase.

At the moment, Casamona is not able to fulfil the demands of the 'building investors' since in its portfolio there are only few investment opportunities of this type. More than that, Casamona is not able to compete in this sector with the giants of the market – LucasFox or Engel & Völkers.

Casamona's target market can also be analysed according to the customers' nationality and age. The following chart (Figure 9) will show the customers country of residence.

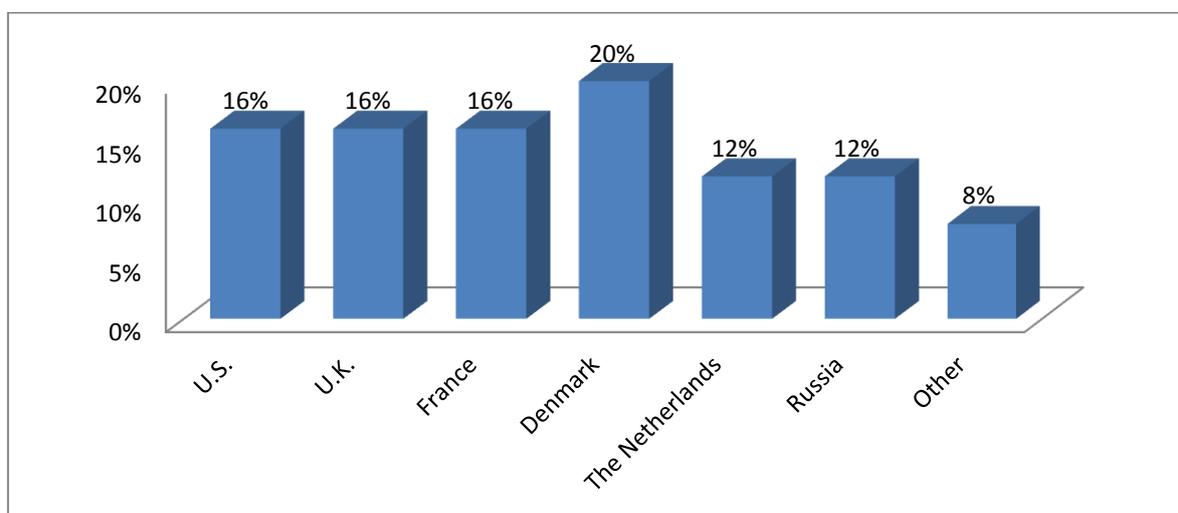


Figure 9. Country of residence of Casamona's customers. (Source: Casamona's marketing department)

As seen above, most of Casamona's customers are coming from U.S., U.K. and France. These are the 'loyal' customers. They are always looking for good investment opportunities, a second home or a new country of residence even after recession – actually recession caused a significant drop in prices, hence, a propitious period for property investments. There is a continuously high influx of customers from all these countries without requiring Casamona to invest extra time and money in advertising or publicity.

Casamona attracts many Danish clients – 20%, because Casamona is active on the Danish market – without having an office in Denmark. Tine Mathiassen, the owner of Casamona attracts new Danish customers through her social networks by participating at social events and fairs where she promotes Casamona and encourages people to come and invest in real estate in Spain.

One of the most important categories of customers Casamona attracts is the Russian clients. Comparing the Russians to British or French people, the Russians are willing to pay more since they are looking for spacious and luxury apartments or villas. The number of Russian clients has doubled in the past 18 months. Other clients attracted by Casamona are mostly coming from the Netherlands, China, Israel, and Canada, each nationality representing only 1-2% of the total customers.

Who is the typical Casamona customer?

Casamona customers are people with high income – earning more than 100.000 €/year and already owning properties valued at more than 250.000 €; usually they are between 30 and 65 years old; they are business men and belong to the cosmopolitan world. Customers' way of living is a significant aspect for Casamona. Therefore, Casamona wants to offer its customers a luxury, exclusive product and a good cost-benefit ratio through a pleasant and professional purchase experience.

4. The external analysis

A sector analysis is useful in order to determine whether Casamona should be active in the real estate market in Russia and what strategies and activities should be developed. This chapter will offer an analysis of the competition followed by a DESTEP analysis, so in the end offering a statement regarding the attractiveness of the market, the opportunities and threats and last but not least the expected changes concerning the strategies applied.

4.1. The competition analysis

Casamona wants to attract Russian entrepreneurs who want to invest in properties in Barcelona. Therefore Casamona's main competition is the real estate agencies that operate in Barcelona.

Casamona's competition can be reduced at four main important competitors: Engel & Völkers, Lucas Fox, Sotheby's and SHBarcelona. These 5 companies, including Casamona, are the main real estate agencies in Barcelona offering their services to international clientele and having the same target groups. The other real-estate agencies in Barcelona are operating at a district or local level and are targeting Spanish and Catalan customers.

Even though all these 5 real estate agencies differ themselves in size, annual turnover or brand awareness, they all share the same kind of customers and have similar goals and objectives. For a better understanding of the main competitors, a short description of each competitor will be offered below.

- *Engel & Völkers* (<http://www.engelvoelkers.com/>) – is an international real estate company founded in 1977 which is operating in 38 countries (including Spain and Russia) and have a revenue of almost 230.000.000 € in 2012 (Engel&Volkers, 2014).

Engel & Völkers in Barcelona is specialised in luxury real-estate for both residential and commercial purposes having more than 50 employees. Engel & Völkers is aware of the opportunity offered by the Spanish Government regarding the residence permit for non-EU investors (Golden Visa) hence in its portfolio there are a great deal of properties aimed to attract the non-EU buyers (Engel&Volkers, 2014).

- *Lucas Fox* (<http://www.lucasfox.com/>) – is a Spanish company founded in 2005, with 30-40 employees in Barcelona, and offering real-estate services to international customers. The company offers services in multiple languages: English, Spanish/Catalan, French, German, Russian, Mandarin etc. (LucasFox, 2014).

Lucas Fox is also aware of the opportunity offered to non-EU citizens to receive residency in Spain, hence they established a joint venture with a law firm in order to provide advice and support to these clients (LucasFox, 2014).

- *Barcelona Sotheby's International* (<http://www.barcelona-sothebysrealty.com/>) – is a subsidiary of the famous brand –Sotheby's International Realty, which is the largest luxury real estate agency worldwide with more than 670 offices in 49 countries (including Russia) and a revenue of almost 850.000.000 € (Sotheby's, About the brand, 2014).

Sotheby's Barcelona branch is relatively small with no more than 10 employees offering services in sales and focusing on the most extraordinary properties in prime areas – famous for its exigent selection of properties. Sotheby's International is also aware of the Golden Visa opportunity and offers specialised legal services (Sotheby's, Barcelona Sotheby's International Realty in Spain, 2014).

- *SHBarcelona* (<http://www.shbarcelona.com/>) – is a Spanish real estate agency founded in 2000, with 20-30 employees from which many are interns, offering services in rentals and sales to international customers (SHBarcelona, 2014).

The following table (Table 4) shows the most important aspects of Casamona in comparison with its main competitors'.

Table 4. Competition Analysis

| Aspects | Casamona | Engel & Völkers (Barcelona branches) | Lucas Fox | Sotheby's (Barcelona branch) | SHBarcelona |
|--|--|--|---------------------------|---|-----------------------------------|
| Size (no. of employees) | 20 (90% interns) | 50+ | 30-40 | 10 | 20-30 (50% interns) |
| Location of the office in Barcelona | Passeig Joan De Borbó 28 (Barceloneta) | Carrer de Ganduxer 30 Carrer de Mandri 62 (Sarria/Sant Gervasi) | Pau Claris 108 (Eixample) | Casa Amatller, Passeig de Gràcia (Eixample) | Carrer de Casanova, 99 (Eixample) |
| Location of the properties | Best areas of Barcelona | Best areas of Barcelona | Best areas of Barcelona | Best areas of Barcelona | Best areas of Barcelona |
| Brand awareness | poor | very good | average | very good | Poor |
| Quality of the service | good | good | very good | very good | Average |
| Quality of the product | average | good | very good | very good | Average |
| Price of the properties (average) | 200.000 – 600.000 € | 300.000 – 700.000 € | 500.000 – 1.000.000 € | 800.000 – 2.000.000 € | 200.000 – 600.000 € |
| No. of offices in Barcelona | 1 | 5 | 1 | 1 | 2 |
| Countries where is active | 2 (Spain and Denmark) | 38 countries | 1 (Spain) | 49 countries | 1 (Spain) |
| No. of offices in Russia | - | 4 | - | 1 | - |
| Annual turnover (all divisions) | Approx. 300.000 € | 230.000.000 € | - | 850.000.000 € | - |

(Sources: Casamona; Engel & Völkers; Lucas Fox; Sotheby's; SHBarcelona)

In order to come up with a valuable competition analysis, for the following real-estate agencies scores from 1-4 (1-poor, 2-average, 3-good, 4-very good) will be given in order to asses and compare what Casamona has to bring compared to the other real-estate agencies (see Table 5).

Table 5. Competition Analysis – scores

| Aspects | Casamona | Engel & Völkers (Barcelona branches) | Lucas Fox | Sotheby's (Barcelona branch) | SH Barcelona |
|-----------------------------------|----------|--------------------------------------|-----------|------------------------------|--------------|
| Size (no. of employees) | 2 | 4 | 3 | 1 | 2 |
| Location of the office | 3 | 3 | 3 | 4 | 3 |
| Location of the properties | 4 | 4 | 4 | 4 | 4 |
| Brand awareness | 1 | 4 | 2 | 4 | 1 |
| Quality of the service | 3 | 3 | 4 | 4 | 2 |
| Quality of the product | 2 | 3 | 4 | 4 | 2 |
| Price of the properties (average) | 2 | 3 | 3 | 4 | 2 |
| No. of offices in Spain | 1 | 4 | 1 | 1 | 2 |
| No. of offices in Barcelona | 1 | 4 | 2 | 1 | 1 |
| No. of offices in Russia | - | 4 | - | 1 | - |
| Annual turnover | 1 | 4 | 2 | 4 | 1 |
| Total | 20 | 40 | 28 | 32 | 20 |

The size of a company is a very important aspect. There are two sides of the story though. For companies like Engel & Völkers and Lucas Fox, having a lot of employees is very important. When searching for a property, an international customer requires full commitment and usually has not much time at his disposal for visiting properties. Hence, having more employees is in the benefit of the company – these companies will always have a free agent able to offer real estate services without being pressed by time or amount of work. On the other hand, Sotheby's Barcelona has the smallest number of

employees – an aspect that is not affecting the company because it has in its portfolio the most extraordinary properties in Barcelona. Sotheby's doesn't have an influx of customers, but the richest.

Locations of the office as well as the location of the properties are also very important aspects. All 5 companies scored high. It is very important to have an office in a busy and touristic area. As stated by Casamona International, 5% up to 15% of their customers pass by the office, see the sign and decide that they want to buy a property.

Casamona cannot compete with its competitors in terms of brand awareness which is one of the most important aspects for every company no matter the field of activity. Studies show that brand awareness is essential not matter the size of the company, because people like to buy from companies they know and trust. Nonetheless, this aspect should not affect Casamona in Russia where people put accent on the quality of the product and service and not on the brand.

Casamona has an agreeable advantage in terms of the location, quality of the services and price. Nonetheless, Casamona can hardly compete with the multinational real-estate agencies like Engel & Völkers or Sotheby's International which have high-brand awareness, are active in 38 (Engel & Völkers) and 40 (Sotheby's) countries worldwide – including Russia, and have an annual turnover of millions of €/year – Engel & Völkers – 230 mil./2012, Sotheby's – 622 mil./2013.

According to Ricco Mortensen, a young Danish entrepreneur, Casamona can distinguish itself in terms of quality of the services offered. Ricco is looking for a property to rent with the possibility to buy afterwards. He is working with all the real estate agencies mentioned above including Casamona. Nevertheless, he experienced poor services and time wasted even though he has a budget of about 1.000.000 €. The reason for always choosing Casamona instead of other better-known worldwide agencies was that the Casamona's agent was the only one able to understand what his needs, wants and expectations are (Mortensen, 2014).

According to Ricco Mortensen, Casamona's disadvantage is that is unable to offer a various portfolio of properties. He prefers to work with Casamona because of the quality of the services but unfortunately the other agencies have the desired products (Mortensen, 2014).

4.2. DESTEP Analysis

Casamona International asked for the viability of exporting its services in Russia and the possibility of opening an office in Moscow. Therefore the DESTEP analysis is going to offer valuable information regarding Russia. The main cities in Russia will be analysed in order to offer a fair comparison between Moscow and other main cities that might offer a better entry strategy.

According to an article retrieved in 'The Voice of Russia', Moscow and Sankt Petersburg have been listed among the 600 cities expected to become the wealthiest cities in the world by 2025 (The Voice of Russia, 2011). Therefore it is understandable why Moscow and Sankt Petersburg are the main choices when entering the Russian market.

4.2.1. Demographic

The latest statistics have shown that Russia has a population of more than 142 million inhabitants with almost 73% of the population living in urban areas while 27% in rural areas (CIA, 2014). Moscow is the largest city in Russia with a population of more than 11 million inhabitants, followed by Saint Petersburg with almost 5 million inhabitants. Russia has 12 cities with a population over 1 million but these cities are not part of this research since it is unrealistic that Casamona will open more than one office in a start-up phase.

Casamona wants to attract the Russian male population with ages between 30 and 65 years old – in Russia the men are taking all the financial decisions, women having the role of advisor. The following data shows how the Russian population looks like in terms of age and gender:

- 25-54 years: 45.8% (male 31.928.886/female 33.319.671)
- 55-64 years: 13.3% (male 8.408.637/female 11.287.153)

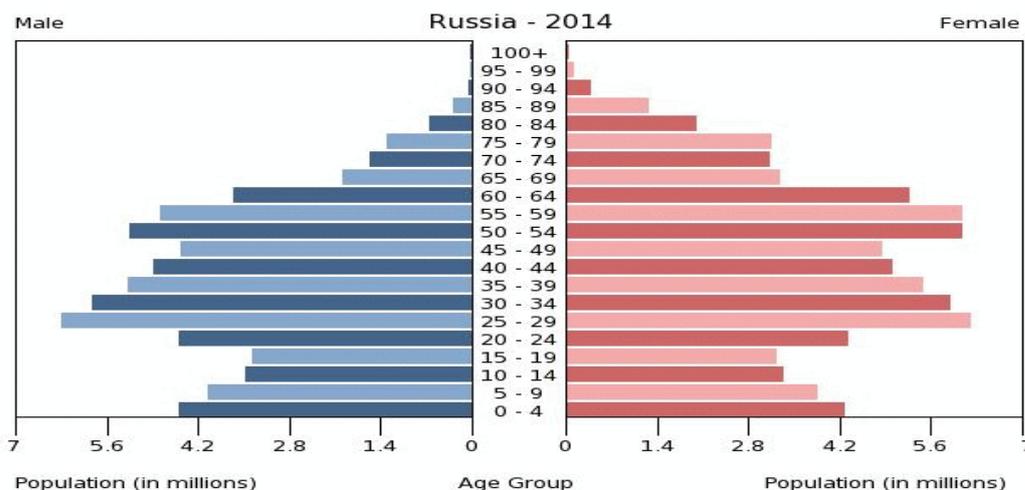


Figure 10. Russia’s population by age and gender – 2014. (Source: CIA World Factbook, Russia, Age Structure 2014)

Casamona wants to attract the Russian male population living in the main cities in Russia. Therefore it is vital to observe the gender ratio in the main cities: Moscow and Saint Petersburg. Saint Petersburg has a population of 4.866 million inhabitants of which 44.8% male and 55.2% female. The population age composition can be seen in the table below (Table 6).

Table 6. Saint Petersburg’s population by age and gender

| | |
|----------------|-----------------------|
| Male (16-59) | Male (60 and above) |
| Female (16-54) | Female (55 and above) |
| 61.6% | 25.5% |

(Source: The Portal ‘Doing business in St. Petersburg’, population age composition)

Moscow has a population of 11.621 million inhabitants of which 51.8% male and 48.2% female. The following table shows how the Moscow population looks like in terms of age and gender.

Table 7. Moscow’s population by age and gender

| Age | % of total population | % Male (of total population) | % Female (of total population) |
|-------|-----------------------|------------------------------|--------------------------------|
| 30-39 | 10.4% | 10.8% | 9.9% |
| 40-49 | 7.9% | 7.5% | 8.4% |
| 50-59 | 8.4% | 7.8% | 9.1% |
| 60-69 | 5.4% | 5.0% | 5.9% |

(Source: Spokesman, population by age and gender)

From the table above it can be deduced that the Moscow population with ages between 30 and 69 years old represents 32.1 % of the total population. 31.1 % is male and 33.3 % female.

4.2.2. Economic

According to the statistics provided by The World Factbook, Russia's economy is switching from a globally-isolated economy to a more globally-integrated economy (CIA, 2014).

Russia's Gross Domestic Product at purchasing power parity is set at \$2.553 trillion per capita, occupying position number 7 in the world ranking. Moscow has one of the largest economies in Europe and it represents nearly 22% of the total GDP of Russia (Wikipedia, Moscow, 2014). Saint Petersburg contributes less to Russia's economy adding only 4% to the country's GDP (Euromonitor International , 2013). The chart below (Figure 11) indicates the gross value added by each economic activity in Russia. It is relevant to notice the real estate, renting and business activities that represent 12% of the gross value added.

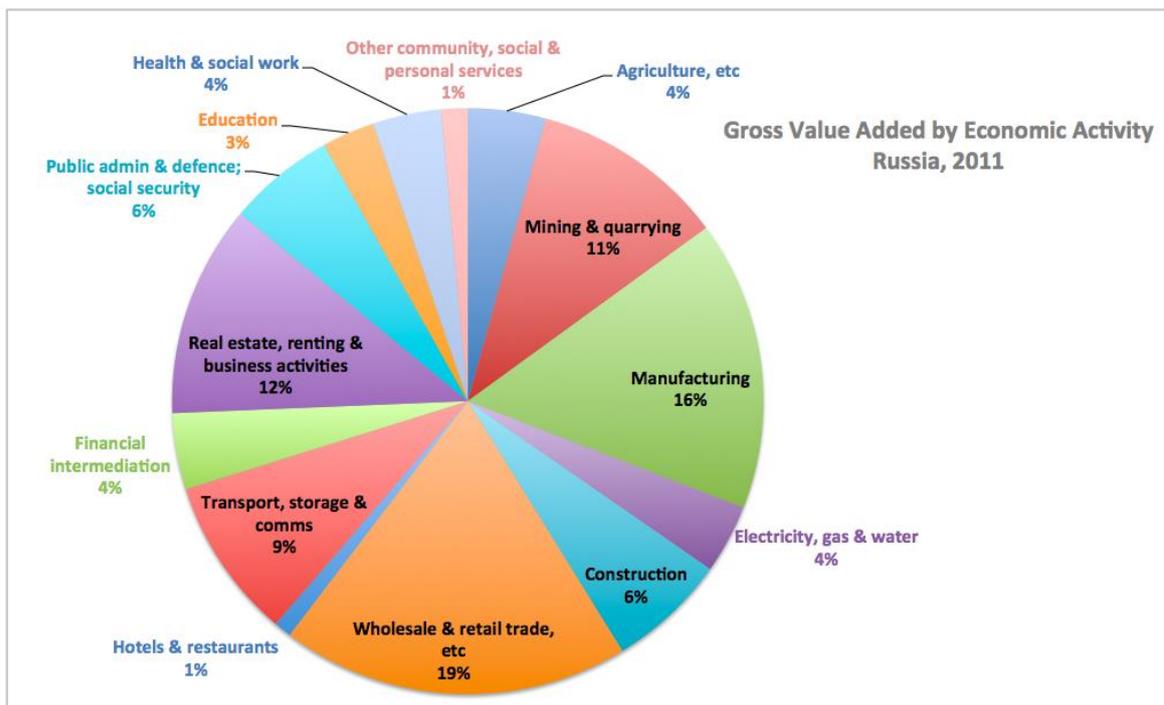


Figure 11. Gross value added by economic activity – Russia 2011. (Source: TrueEconomics, Russian GDP and GVA: Composition)

Since 1990, investors in Russia focused almost entirely on Moscow and Saint Petersburg mainly because the two cities offer the highest concentration of well-off consumers. Moscow and Saint Petersburg have become more and more competitive since both cities are located in the European part of Russia and are conveniently located for international investors. Some investors found good opportunities for investment in other cities in Russia such as Yekaterinburg and Nizhniy Novgorod (Euromonitor International Experts, 2010).

According to an article retrieved in The Telegraph, 97 of the billionaires of the world live in Russia. Annually, Forbes creates the Top 10 Billionaire Cities in the world. 2013 is the fourth year in row when Moscow holds the title as the billionaire capital of the world. 84 out of 110 billionaires living in Russia are coming from Moscow (Geromel, 2013).

All this data can be relevant to Casamona in order to understand how much of the Russian population has the necessary resources to invest in a property abroad as well as the economic difference between the two main Russian cities.

According to A. Konovalov, editor-in-chief of the Russian real estate portal Prian.ru, several real estate agencies are trying to reach the Russian investors segment but this market is hard to classify (Russian Buyers of international real estate: who, what, where?). As stated by A. Konovalov, rich Russians are interested in luxury properties in London, New York or the south of France. Middle class Russians are interested in properties in Eastern and Central Europe. He also states that even a Russian person with limited resources can afford to buy a property abroad (Russian Buyers of international real estate: who, what, where?).

4.2.3. Social-cultural

Even though Russia is half on the European continent, half on the Asian continent, from a cultural perspective, Russia is more oriented towards the West, Russian people adopting a western lifestyle.

Russians are highly educated and cultured people. Primary and secondary school is compulsory for 11 years; as well as learning a foreign language – usually English, but also Spanish, French or German (GoRussia). According to the OECD Indicators, Russia's education level is on a continuous increase, having a well-educated work force compared to other countries (ALBISER, 2012).

Russians are well-known as a population interested in luxury and expensive products as well as enjoying a luxurious lifestyle. According to an article retrieved in 'The Voice of Russia', Russians consider that private jets, yachts and exclusive estates abroad represent 'the modern luxury goods'. Expensive houses are considered a symbol of luxury especially by Russian women, men being more interested in cars, jets or yachts. According to the same article, Russians associate France, the United Kingdom and the United States with luxury living (The Voice of Russia, 2013).

Russians are mostly interested in real estates in Europe. Prian.ru, a Russian real estate portal classified Spain as number 4 in the Russian customers' top preferences.

1. Bulgaria – 14.5%
2. Germany – 8%
3. Finland – 7.9%
4. Spain – 7.8%
5. USA – 5.2%

(Russian Buyers of international real estate: who, what, where?)

4.2.4. Technological

Russia is one of the countries where radio and television were introduced for the first time. Russia is a country that focuses on the development of technology and communication. Regarding telecommunication, Russia benefits of a wide system of modern communication systems, high speed internet, telephone services and roaming services to foreign countries (Wikipedia, Telecommunications in Russia , 2014).

According to the CIA World Factbook, there are more than 1000 companies that are offering communication services in Russia (CIA, 2014). Russia puts a lot of efforts in building the telecommunications infrastructure indispensable for a market economy as well as international connection by undersea fibre optic cables (CIA, 2014).

This data is relevant for Casamona in order to figure out if Russians are technology consumers and if they can be approached through a multi-channel marketing approach.

4.2.5. Ecological

Russians seem to show a great deal of interest for environmental protection. An article from 'Russia beyond the headlines' stipulates that ecology is to become the most fashionable area of interest for Russians science. There is a prognostic that in the next

five to ten years the environmental problems and the conservation of the environment will be of a great importance for the Russian population (Interfax, 2014).

According to an article retrieved in the same e-paper, the Russian government encourages the companies to go green by offering them certain advantages – suppliers who operate in a sustainable manner will gain priority access to government contracts (Karnoukh, 2013). Nonetheless, Russian companies are interested in adopting more ecological technologies and performing in a more sustainable way in order to be able to face international competition – which has long embraced green standards (Karnoukh, 2013).

Another ecological project attracts the Russians – the construction of eco-friendly houses with the use of energy saving systems. Eco-friendly houses are able to reduce costs by 35% on water supply and electricity and by 40% on heating. Businessmen consider investments in the construction of eco-friendly houses as long-term investments (Dibizheva, 2011).

4.2.6. Political

The political situation in Russia is very sensitive at the moment, with Russia facing the 'Ukraine crises'. According to an article retrieved in The Moscow Times, the current political situation is determining Russian citizens to make plans to leave Russia in pursuit of a better life abroad (Kravtsova, 2014).

After Russian forces taking over Crimea, and holding referendum to separate and join Russia, the United States and the European Union are imposing sanctions and accusing Russia of stoking separatism in eastern Ukraine (BBC, 2014).

Reuters mentions in an article that the members of the European Union have decided to sanction Russia – including travel restrictions and asset freezes, because it violated the sovereignty of Ukraine (Santa & Baker, 2014). The U.S. Department of State announces in a press release that the United States also expands restrictions on Russia. Because Russia continues with its actions in southern and eastern Ukraine, the United States raised extra restrictive actions – export restrictions on technologies and services (Psaki, 2014).

4.2.7. Conclusion

After analysing the Russian market from the demographic, economic, socio-cultural, technological, ecological and political perspective, a conclusion can be drawn. Most of the investors in Russia focus almost entirely on Moscow and Saint Petersburg because the two cities offer the highest concentration of well-off consumers and are conveniently located in the European part of Russia.

Russian customers are wealthy people ready and willing to invest in properties in Europe – some of them are driven by political reasons, some of them by the desire of enjoying a luxurious lifestyle abroad or the social status given by the ownership of a property abroad. Russian people are attracted by everything that is new and fashionable; hence they are interested in sustaining the environment and they accept the idea of ecological homes. Last but not least, they are technology consumers and emphasize the development of technology and communication.

5. Strategies for entering a new market

In order for Casamona to enter the Russian market and achieve a potential success it will have to reach firstly some objectives: to encourage the potential customers with various benefits of investing in an estate in Barcelona, to guarantee professional services during the entire purchasing process and to make sure that its portfolio includes a wide variety of properties.

Entering the Russian market also requires a clear understanding of the reasons why a person living in Russia would be interested in making an investment in Spain. In order to understand this, it is vital to make a comparison between the two countries in terms of cost of living, crime rate, property prices and last but not least the quality of life. Since most of Casamona's Russian customers are coming from Moscow or Saint Petersburg, it makes more sense to make such comparison between the three cities: Moscow, Saint Petersburg and Barcelona.

5.1. Comparison between Moscow, Saint Petersburg and Barcelona

Since Casamona realistically will start with maximum one office, the focus is on the two largest most developed cities in Russia: Moscow and Saint Petersburg.

5.1.1 Cost of living

For a person living in Moscow it would be cheaper to live in Barcelona. According to the statistics provided by Numbeo, a person living in Moscow would need 3.100 € a month in Moscow and only 2.815 € in Barcelona in order to maintain the same standard of life – assuming that the person is paying rent in both cities (Numbeo, 2014).

A comparison between Saint Petersburg and Barcelona shows that the cost of living in Barcelona is much higher. A person living in Saint Petersburg would pay 2.200 € a month in Saint Petersburg and 2.834 € a month in Barcelona if he/she wants to maintain the same standard of living (Numbeo, 2014).

5.1.2. Crime

By comparing Moscow and Barcelona in terms of crime, Moscow has a higher crime rate than Barcelona; Moscow has a crime index of 53.99 and Barcelona of 41.67. The crime index is a valuation of overall level of crime; a crime level up to 50 is considered to be reasonable. Therefore it can be concluded that Barcelona is a safer place to live in than

Moscow, since Barcelona scores higher than Moscow on the safety scale as well – with 46.01 in Moscow and 58.33 in Barcelona (Numbeo, 2014).

In terms of crime and safety, Saint Petersburg does not score better than Barcelona either. The crime index in Saint Petersburg is 48.13 whereas in Barcelona is 41.67. Barcelona is also safer than Saint Petersburg with a safety scale of 58.33 compared to Saint Petersburg with 51.87 (Numbeo, 2014).

5.1.3. Property Prices

It is vital to observe the difference in property prices between some of the most important cities of the world. The figure below (Figure 12) shows the price-to-income ratio which is the basic measure for apartment purchase affordability.

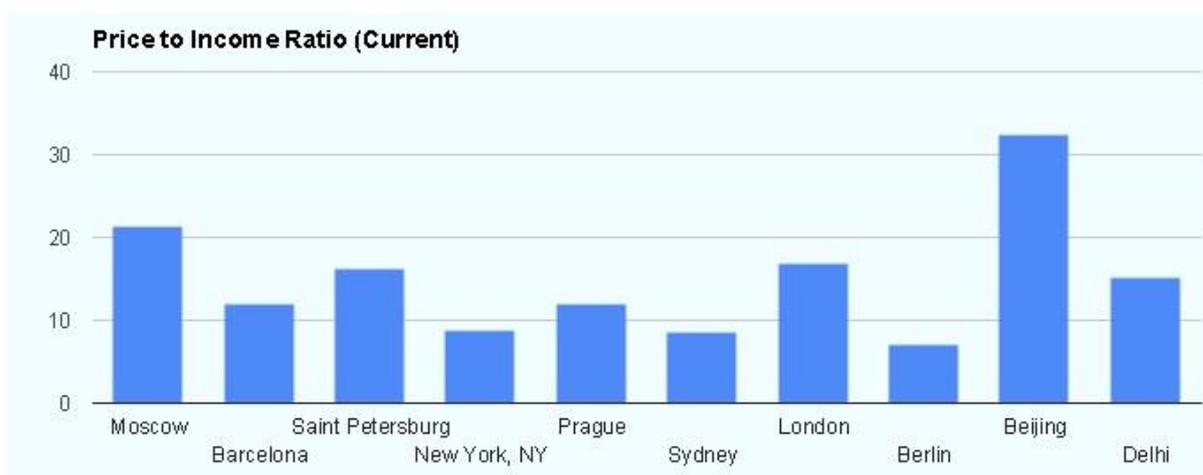


Figure 12. Price to income ratio. (Source: Numbeo, Property prices)

As it can be seen in the table above, the price-to-income ratio in Barcelona is smaller than both Moscow and Saint Petersburg. It can be assumed that a Russian person would be more attracted to invest in a city where the price-to-income ratio is smaller – as in Barcelona, New York or Berlin.

5.1.4. Quality of life

The quality of life in a certain city is a very important aspect when choosing to relocate. The quality of life index is calculated by taking into consideration several factors such as: pollution, health care, safety, property price-to-income ratio and purchasing power. Moscow scored only 5.25; Saint Petersburg scored 34.35, while Barcelona scored 91.31. Therefore the quality of life in Barcelona is much higher than in Russia (Numbeo, 2014).

5.1.5. Conclusion

When comparing the cost of living, crime perception, property prices and quality of life between the three cities, it can be observed that Barcelona has a better score on all of them. People living in Moscow will have the biggest improvement and therefore are expected to be more inclined to invest in and move to Barcelona. The fact that the population in Moscow is much higher than in Saint Petersburg makes it more logical to open a business in Moscow.

5.2. The distribution analysis

Casamona has to choose which channel to use for entering the Russian market by observing the main advantages and disadvantages as well as potential opportunities and threats, but has to keep in mind for which one Casamona has the financial resources and the right assets. Casamona has four main options for entering the Russian market and attract more customers.

In order to answer one of the most important questions of how Casamona should enter the Russian market and to select the best entry strategy which best suits the international strategy, a SWOT analysis of possible distribution channels is needed.

The table underneath (Table 8) shows the: strengths, weaknesses, opportunities and threats, of the main possible distribution channels:

- ✚ Having a walk-in office
- ✚ Making use of internet, broadcast and cable TV
- ✚ Developing a partnership with a local company
- ✚ Participating at real-estate events and fairs

Table 8. Swot Analysis of the main possible distribution channels

| Distribution channel | Strengths | Weaknesses | Opportunities | Threats |
|---|---|---|--|---|
| Walk-in office | Face to face customer contact in a Casamona environment | Lack of personnel | If the right location, people who have not heard of Casamona could walk in | Adaptations to Russian culture can be difficult for a non-Russian employee Loss of information Not enough “traffic” of potential customers passing by |
| Internet, broadcast and cable TV | Great range/amount of potential customers | No direct contact with the customers Difficult to find right medium to address the specific target group Restricted budget Most people change channel during commercial breaks | Leads to product/service development Higher impact in establishing Casamona name as a real estate agency | No familiarity with the customer Overload advertisements, diminishing impact |
| Partnership | Familiarity with the local business culture Potential network with customers | Poor familiarity with the product – training required | Quick start due to familiarity with the market | Greater efforts on their behalf Risk of introducing a new competitor if deciding not to collaborate anymore |
| Real-estate events and fairs | Direct customer contact Low cost compared to office | Limited time High competition Amount of visitors to events show a decline over years | Attract new customers Visitors are the right target group – present Casamona as an alternative to competitors | Change in taste Further decline in visitors Creating the right image with a low budget available |

If looking at the table above, the main advantage of a walk-in office is direct contact with the buyers. This gives Casamona the opportunity of anticipating the customers' needs and wants through asking the right questions, paying attention to facial expressions and mimic and therefore attract many new buyers. Nonetheless, Casamona will have only one employee in Moscow, for whom it might be hard to adapt rapidly to the Russian culture – unless his nationality is Russian. The biggest disadvantage of an office in Russia is that the information is received by the employee in Russia and afterwards communicated to a sales agent in Spain; hence there is the threat of information loss.

Another opportunity brought by a walk-in office is that if it is located in a busy, populated area, people who never heard about Casamona could walk-in. Nonetheless, there is also the threat of not having enough traffic; but this threat can easily be eliminated through right publicity and advertisements.

Internet, broadcast and cable TV are great ways of reaching a large amount of potential customers. Television is the most popular medium in Russia, with 74% of the population watching national channels regularly (Wikipedia, Television in Russia, 2014). Nonetheless, a TV commercial is effective only if someone is watching it. Most of people change the channel during the commercial breaks. Another disadvantage is that there is no direct contact with the customer and it is quite difficult to find the right approach to address to a specific target market.

Internet, broadcast and cable TV also bring numerous opportunities for Casamona. It leads to product and service development and also helps Casamona to establish a name as a reliable real-estate agency. Nonetheless, the biggest threat is that excessive advertisements can diminish the impact over the customers.

A partnership with a local company can bring Casamona familiarity with the local business culture and potential network with the customers but on the other side, the partner is not familiar with the product and might make efforts on their behalf. Therefore proper training and incentives for both parties are required. The right partnership can offer Casamona a quick start on the Russian market due to their familiarity with the market. All in all, the idea of a partnership needs to be analysed more in details regarding all the conditions and aspects because there is always the risk that the partner will introduce new competitors on the market in case the collaboration comes to an end.

Last but not least, Casamona can choose to participate at real-estate events and fairs, have direct customer contact and the opportunity of attracting new customers at a lower cost – there are more than 20 real-estate annual events and fairs in Moscow. The

mischief is the limited time and the high competition due to the numerous agencies present at the event. Statistics also show that the amount of visitors present at these events has diminished over years. The opportunity brought by this distribution channel is that Casamona can easily reach the right target group and present itself as an alternative to the competition.

These are the main possible distribution channels but Casamona can also choose to make a combination of those based on its financial capability and resources. Further analysis will show what is the best entry strategy or combination of strategies for Casamona to enter the Russian market.

5.3. Confrontation Matrix

Table 9. Confrontation Matrix

| | Strengths | Weaknesses |
|---|--|---|
| Confrontation Matrix | <ul style="list-style-type: none"> + 10 years of experience on the market + Reliable partners able to provide properties on a regular basis + Professional portfolio with more than 400 properties severely selected + International interns able to develop good interpersonal relationships | <ul style="list-style-type: none"> + Inability of satisfying the market demand due to lack of properties available + Lack of qualified personnel due to a continuous fluctuation of interns |
| Opportunities | SO | WO |
| <ul style="list-style-type: none"> + Developing partnership with companies in and outside Barcelona + Real estate prices in Spain are lower compared to Russia and expected to drop even more + The Government offers Golden VISAs | <ul style="list-style-type: none"> + With experience in real estate and many partners, Casamona is able to develop new partnerships outside the Spanish borders + By already having several remarkable properties in its portfolio meant to attract non-European citizens, Casamona can benefit from the new law introduced regarding the Golden visa and also from the low prices | <ul style="list-style-type: none"> + Because of its inability to satisfy the demand all the time, Casamona should consider developing new partnerships and exploit competitors' weaknesses |
| Threats | ST | WT |
| <ul style="list-style-type: none"> + Instability of the market + Change in taste + High competition with higher budgets | <ul style="list-style-type: none"> + If a change in taste, Casamona can focus on those collaborators able to provide the desired product | <ul style="list-style-type: none"> + If unable to supply the demand, customers might choose the famous brand real estate agencies |

5.4. Conclusion and recommendations

The confrontation matrix reveals that Casamona, with its 10 years of experience in the real estate market as well as with the numerous collaborators it has in Barcelona, is able to develop new partnerships outside the Spanish borders. Casamona already has some remarkable properties in its portfolio that are meant to attract non-European citizens; therefore Casamona should take advantage of the opportunity offered by the new law introduced regarding the Golden visa.

Casamona has the advantage of having reliable partners; hence if there is a change in taste, Casamona can focus on those collaborators who are able to provide the desired properties. One of Casamona's main weaknesses is its inability to satisfy the market demand due to lack of properties available. Therefore, before thinking about exporting its services to Russia, Casamona should make sure that it has a property portfolio at least as good as the competitors'.

An analysis of the main distribution channels revealed that a walk-in office in Russia can be a good way of entering the Russian market because Casamona can benefit from direct customer contact. This way Casamona can keep its own identity and persuade potential customers to invest in a property in Spain by offering all information without being necessary for the customer to go to Spain. Another advantage of a walk-in office would be the certainty that the Russian customer once arrived in Barcelona would not choose other agencies' services.

Nonetheless, a walk-in office might be a too expensive entry strategy for Casamona, and then another alternative would be a partnership with a Russian real-estate agency – or an international real-estate with no branch in Spain. The right partnership can offer Casamona a quick start on the Russian market due to their familiarity with the market.

One option for Casamona would be a partnership with [Kalinka Realty](#). Kalinka Realty is a Russian real estate founded in 1999, which recently launched its foreign department – properties outside Russia: France, Germany, Italy, Switzerland, United Kingdom, Spain, and Greece. At the moment, in their portfolio there are not so many properties in Spain so they might be interested in a partnership with Casamona. Casamona can provide Kalinka Realty with more properties to advertise and the resulting commission in case of a sale.

Another advantageous partnership for Casamona would be collaboration with [GPG](#) (Global Promo Group). GPG is a company which helps real-estate agencies promoting

and selling their services on the Russian and the international market. Since Casamona has no experience with the Russian culture and the Russian market, cooperation with GPG seems to be a very advantageous entry strategy. This way Casamona can benefit from a big database of clients and professional services without being necessary to invest a great deal of time and financial resources in research, advertising and promotion.

Last but not least, GPG offers a wide range of services that could be very useful for Casamona: listing Casamona on GPG website, placing street banners, placing advertisements in print media and on internet. Also, being a company operating in Russia, GPG is aware of all the private events and international exhibitions where Casamona can participate and promote its products and services.

Nonetheless, the other distribution channels should not be ignored. Proper advertising via internet, television or radio can bring Casamona lots of customers. There are also cheaper ways of advertising by using Facebook, Twitter, Pinterest, Instagram etc. Nowadays, people are great social media consumers.

In order to come to a conclusion, Casamona should first attend a real-estate fair or event in order to have a better understanding of the Russian consumer. Later, Casamona can invest more in advertising and publicity by making use of the internet, television, radio and social media – a distribution channel that does not require its physical presence in Russia. Only after that, Casamona can try to build up a partnership in Russia or open its own office.

6. Financial Data & Projections into the future

First, Casamona's current financial situation will be analysed. Subsequently, the expenses and costs for the first year will be brought into discussion taking into consideration all main possible distribution channels. However it is believed that it is a matter of time for the entire investment to pay itself back and bring profit.

Since Casamona is not willing to offer any financial data to be analysed, Casamona's current financial situation will be analysed approximately and making use of the information provided.

6.1. Annual revenue

Casamona declares that usually its annual turnover is approximately 300.000 € and its net income is around 100.000 €. In order to make the most accurate prediction possible and justify Casamona's statement, the tables below will show the most probable scenario (Table 10) and the worst scenario (Table 11) regarding Casamona's annual revenue at the moment –without taking into consideration the probable profit brought by new Russian customers.

Table 10. The most probable scenario of Casamona's annual revenue

| | Sales | Rentals | Managerial Contracts | Other Services |
|--|--------------------|-----------------------|---------------------------------|-----------------------|
| Number of apartments (annually) | 12 apartments sold | 100 apartments rented | 5 managerial contracts | - |
| Commission (medium) | 12.000 € | 1.000 € | 500 € | - |
| Revenue | 144.000 € | 100.000 € | 2.500 € | 1.000 € |
| Total revenue | 247.500 € | | | |

According to Casamona, it sells 1 property per month, hence the commission received by Casamona and registered in the table above is 12.000 € per apartment sold which is the medium amount.

Also, Casamona rents out around 8 -10 apartments per month, depending on the season, Casamona's commission varying between 800 € and 3.000 € per apartment with a medium amount of 1.000 €.

Last but not least, an extra revenue for Casamona comes from the managerial contracts and other services like buyers – agent contracts or holiday rentals, all summing no more than 3.000 – 4.000 € per year.

Table 11. The worst scenario of Casamona's annual revenue

| | Sales | Rentals | Managerial Contracts | Other Services |
|--|------------------|----------------|-----------------------------|-----------------------|
| Number of apartments (annually) | 6 | 60 | 2 | - |
| Commission (medium) | 12.000 € | 1.000 € | 500 € | - |
| Revenue | 72. 000 € | 60. 000 € | 1.000 € | 500 € |
| Total revenue | 133.500 € | | | |

In the worst case scenario, Casamona is able to sell an apartment once at 2 months, rent out 5 apartments per month and have extra revenue for no more than 1.500 € from managerial contracts and other services. The commissions registered are the same as in the previous scenario made.

In order to come to a conclusion, Casamona's gross revenue before any expenses can be approximated at 190.500 € per year. A worst case scenario has been made in order to realise the financial impact for Casamona in the event of new threats or poor management performance.

6.2. Annual expenses

The table below (Table 12) shows Casamona's annual expenses – as accurate as possible and according to the information provided by Casamona.

Table 12. Casamona's annual expenses

| | Per month | Per year |
|---|--|-----------------|
| The General Manager's salary | 1.200 € | 14.400 € |
| The Office Managers' salary (2 interns) | 400 € | 4.800 € |
| Commissions of the agents (10% of the commission received by Casamona) | Approx. 1.200 € (per apartment sold) 100 € (per apartment rent) | 18.800 € |
| Rent – office | 1.000 € | 12.000 € |
| Telephone + internet + TV | 500 € | 6.000 € |
| Utilities | 200 € | 2.400 € |
| Printing + travel expenses | 100 € | 1.200 € |
| Advertising | 100 € | 1.200 € |
| Cleaning products, coffee and tea | 50 € | 600 € |
| Total | 4.750 € | 61.400 € |

The commissions that need to be paid to agents have been calculated by considering the sale of 9 apartments and the rent of 80 apartments per year.

All the expenses mentioned above have been approximated except the general manager's salary which is a fixed amount. Since Casamona is mostly run by students, job benefits such as holiday pay are not offered. The salary is set at a fix amount plus commission.

Taking into consideration the most probable annual revenue which is 190.500 € and the total estimated expenses of 61.400 €, Casamona ends the year with a net profit of 129.100 € which is an amount very close to what Casamona declared. Hence the estimates are quite accurate.

6.3. Future projections

If Casamona decides to export its services to Russia, they need to be aware of the future expenses. Since different distribution channels require different budgets, the cost of each entry strategy will be analysed separately in the following table.

Table 13. Projections of expenses for each distribution channel

| | | |
|---|-------------------------------|--|
| Walk-in office in Moscow | Rent (High profile office) | 2.000 €/month |
| | Utilities + maintenance | 150 € + 350 €/month |
| | 1 employee / intern | Approx. 1.125 €/month |
| | Unexpected costs | 1.000 €/month |
| | Furniture, Equipment + Design | 4.000 €/year |
| | Total | 59.500 € |
| Internet, broadcast and cable TV | TV ads on national channel | 500 € – 10.000 €/week |
| | Radio ads | 400 € – 2.000 €/week |
| | Internet advertisements | 200 € – 5.000 €/month |
| Partnership with local company | Commission per sale | 1.000 – 2.000 €/sale |
| | Total | 6.000 – 12.000 €/year |
| Real-estate events and fairs | Flight | 200 €/flight |
| | Accommodation (2 nights) | 300 € |
| | Fair booth | 350 €/m ² – 410 €/m ² |
| | Registration fee – fair | 420 € |
| | Restaurant expenses | 100 – 150 € |
| | Total | Approx. 15.000 €/year (5 events/year) |

As can be seen in the table above (Table 13), the monthly rent for a high profile office in one of the best areas of Moscow cannot be more than 3.000 €/month – assuming it is a modern/luxury one, since the average rent per month for 1 bedroom apartment in the centre of Moscow is 1.138 €/month and for a 3 bedroom apartment is 2.273 €/month (Numbeo, 2014).

If Casamona considers having a permanent employee in Moscow, and not an intern, this employee can be paid either according to the average monthly disposable salary in Russia which is approx. 950 €/month or in Spain for 1.270 €/month (Numbeo, 2014). Nonetheless, the employee should receive a 10% commission as any other sales agent working at Casamona when a sale is finalized.

No matter the distribution channel or the combination of channels chosen by Casamona, being active on the Russian market might bring Casamona extra profits. The following table (Table 14) shows how many new customers can be brought by each distribution channel as well as what revenue Casamona would have at the end of its first year, considering also the payment of the sales agent.

Table 14. Annual revenue brought by each distribution channel

| | No. of new customers brought (in 1 year) | Commission of 3% charged for a 500.000 € property | Commission of 10% paid to the agents | Revenue from sales in 1 year |
|---|---|--|---|-------------------------------------|
| Walk-in office | 9 | 15.000 x 9 = 135.000 € | 13.500 € | 121.500 € |
| Internet, broadcast and cable TV | 5 | 15.000 x 5 = 75.000 € | 7.500 € | 67.500 € |
| Partnership | 6 | 15.000 x 6 = 90.000 € | 9.000 € | 81.000 € |
| Events and fairs | 5 | 15.000 x 5 = 75.000 € | 7.500 € | 67.500 € |

Table 15 shows what would be the approximate profit made by Casamona in its first year through the different distribution channels.

Table 15. Profit brought by each distribution channel

| | Revenue | Expenses | Profit |
|---|----------------|-----------------|---------------|
| Walk-in office | 121.500 € | 59.500 € | 62.000 € |
| Internet, broadcast and cable TV | 67.500 € | 9.050 € | 58.450 € |
| Partnership | 81.000 € | 9.000 € | 72.000 € |
| Events and fairs | 67.500 € | 15.000 € | 52.500 € |

As a conclusion, opening a walk-in office might be a very expensive entry strategy for Casamona and with higher risks. The other distribution channels are cheaper and bring almost the same profit as a walk-in office.

7. Export advice

Real estate industry is a huge market that offers great opportunities but it is also a very thriving one. This sector is very dynamic and competitive; various real-estate agencies appearing or disappearing from the market because of high competition or inability to survive the economic crisis.

Before deciding to export, Casamona should understand what its main strong and weak points are and if it has the financial capability and the right assets to benefit from the current opportunities.

7.1. Export marketing mix

7.1.1. Product

Casamona offers services in the following areas: sales, rentals, holiday rentals and management contracts. Its primary objective is to enter the Russian market with properties for sale. Nonetheless, its other services should not be ignored.

Casamona should enter the Russian market with its most exclusive and luxury properties for rent and for sale. In an article retrieved in The Guardian, Yves Gijrath says that Russians 'madly love spending money (...) Russians are the biggest buyers of luxury goods' (O'Flynn, 2006).

Therefore, Casamona should have in its portfolio:

Properties for sale – worth more than 500.000 €, luxurious and exclusive, with private swimming pools and gardens, in the best areas of Barcelona – preferable 'Zona Alta'

Properties for rent – more than 2.500 €/month, luxurious and modern, fully furnished and equipped

Management contracts – for the buyers who need monthly maintenance and cleaning services

Casamona should focus on its properties for sale, having properties for rent in its portfolio would be only for the diversification of the portfolio. The properties for sale should be more than 500.000 € in case one of the buyer's reasons to make a purchase is obtaining the Golden Visa.

7.1.2. Price

When talking about price, two different aspects need to be discussed: the price of the product and the price of the service.

Casamona does not ask for commission from the buyer – hence all Casamona services are totally free. Casamona's commission when making a purchase in Spain is paid by the seller. In Russia there are usually two real estate agents involved in the sale of a property. Each agent is paid by the party he is representing, which is the buyer or the seller. It is advisable for Casamona to stick to the Western model – meaning that the commission is paid only by the seller and therefore avoiding the Russian competition – there are approximately 500 registered real-estate agencies in Russia.

When settling the price for the properties listed with Casamona, the seller has the ultimate decision. Casamona has the role of the advisor in this case. Casamona can advise the seller to set up a certain price taking into consideration the price per m² in a specific area and the extra benefits offered by the property.

7.1.3. Place

Casamona should choose the best distribution channel that suits its financial capabilities and resources. Previous research shows that investors coming from Moscow are more inclined to invest in a property in Barcelona. Therefore it is advisable for Casamona to enter the Russian market in Moscow – its economy representing almost 22% of Russian GDP.

The analysis of the main distribution channels reveals that a walk-in office in Moscow can be a good way of entering the Russian market. Nonetheless, the financial analysis reveals that a partnership with a local company would be more profitable.

Other distribution channels cost less and can bring Casamona almost the same profitability. Casamona should first attend a real-estate fair or event in order to have a better understanding of the Russian consumer. Later, Casamona can make use of the internet, television, radio and social media – a distribution channel that does not require its physical presence in Russia. Both distribution channels do not require a huge initial investment and according to the financial projections, they are also profitable.

If Casamona decides that having its own office or that a partnership with a local company are better entry strategies, then choosing the best location is required.

7.1.3.1. Location of office or partner's office

Location of the office plays an important role when offering a service. The quality of the service is perceived by the customer by the appearance of the office – where the office is located, how it is decorated and the general ambience. Since Casamona wants to enter the Russian market – a country where people are well-known luxury consumers, it is vital to have an office which inspires a glamorous and luxurious lifestyle.

If choosing to enter the Russian market through a walk-in office or through a partnership with a local real estate, it is vital for Casamona to make sure that the office is located in one of the best areas in Moscow. The map below shows the best areas in Moscow for such. The parts coloured in red show the most popular areas in Moscow and are considered to be the best locations for opening an office in Moscow. In these areas there are the most expensive and luxury shops, hotels and restaurants. The parts coloured in purple are also very good areas, centrally located and good options for opening an office.

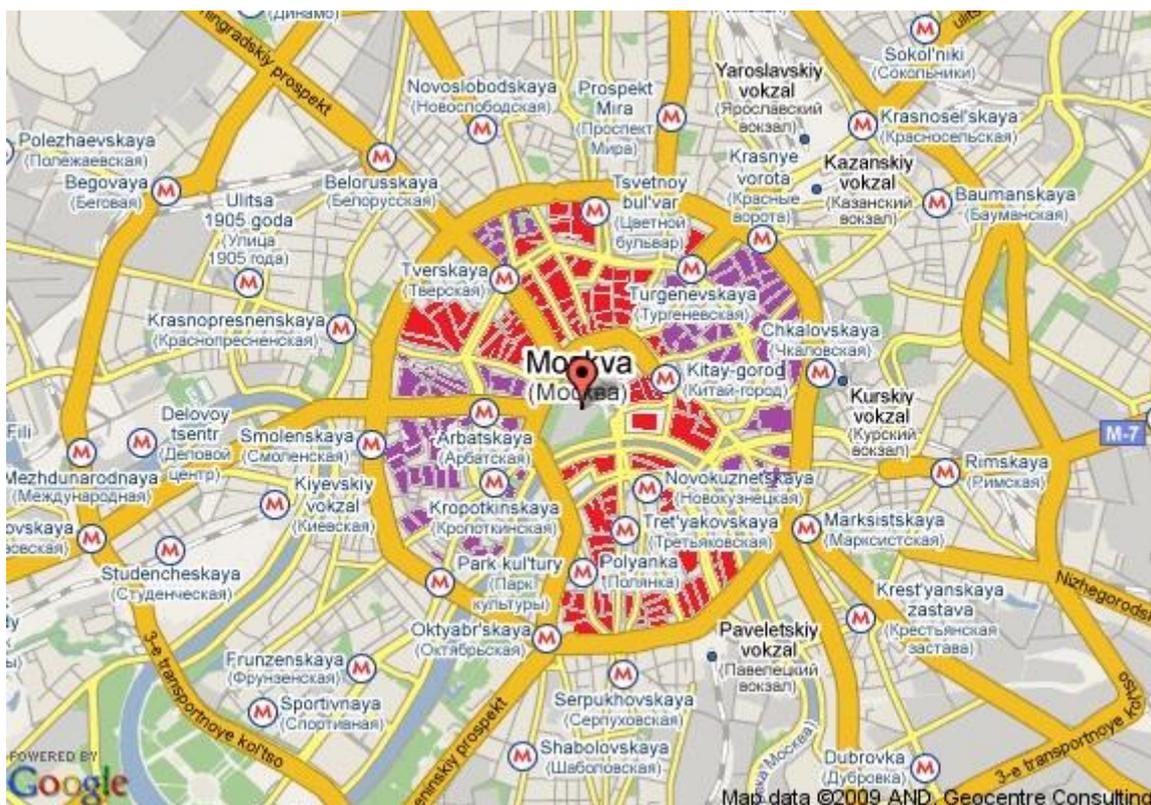


Figure 13. Map of Moscow's main districts (Source: GoogleMaps)

As previously mentioned, the location of the office is not the only important aspect. Therefore Casamona should keep in mind that professional advice in terms of interior design and decoration is absolutely mandatory.

7.1.4. Promotion

According to Promodo – a European online marketing company specialised in online marketing campaigns, the power of online marketing should not be underestimated, Russia being one of the fastest increasing online communities. As indicated by Promodo, Russia has more than 100 million users of online platforms (Promodo, 2014). Therefore, Casamona should keep in mind that online promotion is one of the best approaches in order to promote its services, taking into account also the fact that we live in a digital world.

Casamona should not underestimate the efficiency of other promotional methods like newspaper or magazine ads, radio or television spots, even banners. It is very important for Casamona to make people aware of its existence on the Russian market and its services.

Last but not least, Casamona's presence at the real-estate events and fairs is one of the best promotional methods available. From a financial perspective it is also cost-effective. It is a good method for Casamona to attract the right target group and to present itself as an alternative to competitors.

7.1.5. People (Personnel)

People are the most important aspect when delivering a service. People buy from people they like; hence the attitude, expertise and physical appearance of the staff need to be first class, especially when dealing with a Russian customer.

It can be taken into consideration that some of the Russians are able to speak English or Spanish since learning a second language is compulsory in Russian schools – this applies to the younger generations. Usually the wealthier ones have a personal English tutor. Nonetheless, when targeting customers willing to pay premiums in order to receive the best services possible, it is advisable that Casamona agents are able to speak Russian. No matter the distribution channel chosen by Casamona, there should always be at least one sales agent able to speak Russian in their office based in Barcelona.

Casamona should be aware of the fact that if chooses to create a partnership with a local company in Moscow, the partner's personnel will need proper training. It is vital for Casamona that the Russian partner knows how Casamona operates and its property portfolio. Very good communication between the two partners is essential. The advantage of such a partnership is that the partner is acquainted with the Russian culture and market.

8. Conclusion and Recommendations

A better understanding of the real-estate market in both Russia and Spain together with different entry strategies and in accordance with Casamona's financial capabilities, reveals that Casamona can successfully export its services to Russia. No matter the distribution channel or combination of channels Casamona chooses, from a financial perspective, Casamona has the necessary resources.

Casamona's main interest is to find out if it has the right resources for opening an office in Moscow. What Casamona should keep in mind is that it does not have the reputation of a strong brand and it is a small and young company run mostly by interns. Casamona has proven in the past that it can survive high competition and recession in Spain due to its familiarity with the market. However, opening an office in Russia requires a very good understanding of the Russian culture and the average Russian customer.

Casamona needs to keep in mind that there are many famous international real estate agencies which are already performing on both Russian and Spanish markets with more employees, better financial capabilities and which have already gained notoriety and brand awareness – such as Engel & Volkers and Sotheby's International. For these companies, the recession or the political situation of a certain country does not have such a big impact as in the case of a small company like Casamona.

Another important aspect Casamona needs to take into consideration is the cultural difference and the ability to adapt to the needs, wants and behaviours of Russian customers. If it were to open an office in Moscow, Casamona needs to make sure that it can offer a luxurious, modern and comfortable atmosphere which suits a rich Russian lifestyle.

A comparison between Moscow, Saint Petersburg and Barcelona in terms of quality of life, property prices and crime rate revealed that Moscow is the best choice when it comes to opening an office in Russia. The most profitable real estate agencies in the world have a subsidiary in Moscow. Nonetheless, when selecting the right location for an office or if choosing to collaborate with a Russian real-estate agency, it is very important that the office should be situated in a populated, well-known and famous area. Hence, Casamona should make sure that its office or its partner's office is situated in the best districts of Moscow such as Tverskaya, Polyanka or Tret'yakovskaya and the interior design is in accordance with the rich Russian lifestyle.

A cheaper alternative for Casamona would be the web promotion. Casamona could also consider television and radio advertisements, but these can be 10 times more expensive than web promotion. A partnership with a Russian real-estate agency might also be a good option if Casamona is willing to share its commissions.

Even though Casamona is financially capable of opening a walk-in office in Moscow, it is not recommended at this stage. Casamona should export its services to Russia with as minimal an investment possible. In a later stage Casamona can still upgrade to a physical presence with an office, making use of all the knowledge it would have gathered working on the Russian market. Real estate market is very unpredictable and Casamona should take all the necessary safety precautions.

Casamona should focus more on investing in new website development tools and applications. Research showed that Russians are high technology consumers; hence Casamona should reach its Russian clients through online platforms. The power of online marketing should not be underestimated, online promotion being one of the best approaches in the digital world we live in. At this stage, it is very important for Casamona to make people aware of its existence on the real estate market and this can be done easily through online marketing and with a minimal investment.

After collecting a variety of valuable data and research, a final conclusion can be drawn regarding the feasibility of exporting Casamona's services to Russia and to answer the main research question:

What is the most efficient marketing strategy for Casamona to attract more Russian customers to invest in a property in Spain?

It is advisable for Casamona to make use of the advantages offered by the online marketing. Continuous improvement of the service they provide to their richer clientele is highly recommended.

Casamona should always keep an eye on the consumption trendiness and on the consumers' needs, wants and behaviour, and communicate continually in order to establish itself as the best in front of clients. This can easily be done through online communication platforms and participation to real-estate fairs and events, a walk-in office in Russia not being the only alternative for Casamona.

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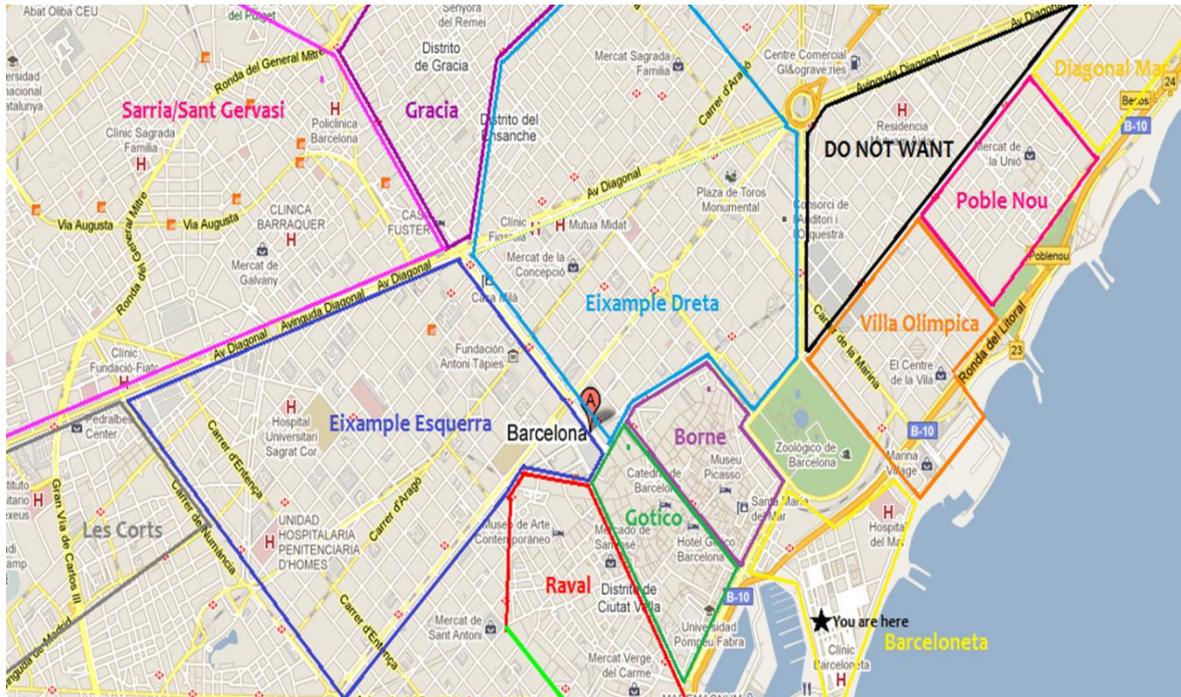
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Appendix 1

Requirements for a 'Casamona' flat

A property can be listed as a 'Casamona flat' only if:

- it is situated in the best areas of Barcelona



- it has a private terrace – or at least a community terrace;



- it has traditional Catalan features;



- it is a good investment able to offer a good return on investment;



- it is very modern and luxurious;



- it is unique and can satisfy even the most demanding customers.



A property cannot be listed with Casamona if:

- it is very small and dark – having no natural light;
- it is furnished cheaply or in an old style;
- it is dirty or rundown-looking;
- it is located in a bad area – refer to map below.



Appendix 2

Interview transcript with Ricco Mortensen – Barcelona, May 2014

Why did you choose Casamona?

I did not choose to work exclusively with Casamona. I also work with Engel & Volkers and LucasFox. Casamona was a choice because the owner is Danish and the Casamona website was in English so I assumed that the agents are able to speak English.

The first time you came into the office you were accompanied by a Spanish speaker friend. Why was that?

Because the other agents from the other agencies were not able to speak proper English even if they belong to international agencies and I needed someone to translate a few things for me from Spanish to English. I did not know what to expect from Casamona.

Casamona was not able to offer you so far the perfect property. Nonetheless each time you come in Spain you ask for Casamona to show you more apartments. Why do you keep coming back?

Because I like the agent I am working with. She is the only one who understood exactly what I want. The only disadvantage of Casamona is that they do not have that amazing property I am looking for. Other agencies might have it but I don't like the way they negotiate. I waited for a month for another agent to come with an offer and he did not. Hence...I prefer Casamona.

You asked Casamona to get you an offer for some apartments listed exclusively with other agencies. Why is that?

Because I like my Casamona agent and the way she works - not in a Spanish style, and I like some properties from other agencies. Hence I try to combine those two.

Some other agencies you are working with are really famous - some of them worldwide. Why you don't like working with them?

I just don't like their style. They don't answer to my emails all the time and besides that the agents are so serious and grumpy all the time. I don't like that. It is tiring to have visits with them.