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IMPROVING MARKETING COMMUNICATIONS
Case: Construction Company Karjalan Rakennus ja Malaatus Ltd.

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Business Management

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### Description

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#### Abstract

The developments in the holiday home purchases in South Eastern Finland started in 2005 are characterized by the significance of the Russian citizens as potential buyers. This has made the region lucrative for individual holiday property and holiday village building, thus increasing the competition among the companies offering ready-to-move houses and construction services.

The objective of the thesis was to research how to improve marketing communications for the small construction company Karjalan Rakennus ja Maalaus Ltd. towards Russian customers. The focus was kept on the individual customers buying high-quality holiday property and those who might be interested in investing in cottage villages in South Savo and South Karelia.

Along with thorough examination of conventional theories of marketing communication tools, the theoretical part includes discussion of marketing practices in SMEs and in the construction business.

The qualitative research was implemented by studying the current marketing communications of the company, the buyer’s purchase decision making process and tools applicable for utilization in the small enterprise. The data collection methods included semi structured interviews with the company’s owner-manager and two previous buyers of the holiday homes. In order to identify the possible marketing communication channels, a systematic review of Internet sources with elements of benchmarking was carried out.

The results showed that Karjalan Rakennus ja Maalaus Ltd. should focus on creating awareness among the prospects. In the outcomes the information about the two cases of the holiday home purchase process from the customer’s point of view was presented. Several communication channels and a list of potential partners which can contribute to awareness of the company were suggested. Practical recommendations for the improvement of the company’s website utilization were developed and visually demonstrated. Proposals for further considerations were prepared based on the side results evolved during the research process.

#### Subject headings, (keywords)

marketing communications, SME marketing, construction business

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APPENDICES
1 INTRODUCTION

The topic of the holiday homes in Finland inevitably touches upon the interest of the Russian citizens in the holiday property in South Eastern Finland. The notable growth of the annual property purchases by Russians started in 2005 and reached its peak in 2008 (Dobrowolski 2013). Though the National Land Survey of Finland indicates the decrease in the amount of purchases since 2008, at the beginning of 2013 the property owned by Russians amounted to 5350-6200 with 68% located in South Karelia and South Savo (Ministry of Employment and the Economy of Finland 2013). Along with the promotion of South Eastern Finland as a tourist destination, the described development has made the region lucrative for construction of individual holiday homes and holiday villages, thus increasing the competition among the companies offering construction services.

The topic of the thesis is the Marketing Communications of a Construction Company Karjalan Rakennus ja Maalaus Ltd. (Karama). The company is attributed to the small business sector; it operates as a general construction contractor in South Savo and South Karelia. One of the areas of expertise and experience of the company is the construction of the high-quality holiday homes. Currently the company has several ready-to-move houses available for sale. As for the new holiday homes construction, Karama undertakes projects with estimated cost of at least 1 million euros.

The research question of the thesis is how to improve marketing communications of the company Karama. The focus of this work is kept on the marketing communications of the company with customers from Russian Federation investing in the high-quality holiday property in South Savo and South Karelia. In order to answer the research question the following issues are studied:

- what are the currently utilized marketing communications tools
- what is the company’s communication performance from customers’ point of view
- what are the available communication tools and channels and how can they be utilized
- what are the company’s potential co-operators which can facilitate marketing communications to the chosen group
The thesis work is aimed at the following outcomes:

- discover preconditions for the communication with Russian customers
- prepare a list of channels through which the message can be communicated to the target group
- prepare a list of possible co-operators which can facilitate marketing communications

The research is based on the interviews conducted with the owner-manager of Karama, two individual buyers of holiday homes and the systematic review of the Internet sources. The company will be able to use the research results as part of actions to be taken with the purpose to achieve the desired marketing communication objectives.

The work is divided into three parts: theoretical background, empirical part and conclusions. The theoretical part contains a descriptive summary of existing knowledge of the marketing communications tools, their impact on the buyer’s purchase decision and the factors influencing the selection of the tools. This part gives understanding of the conventional theories. The subsequent part of the literature review reconsiders the application of the traditional theories to the thesis case. It summarizes the studies of the marketing in small enterprises and presents core specifics of marketing in the construction company. This part represents a basis for focusing the thesis work and allowed to redefine the research methods.

The empirical part includes research concerning the currently utilized marketing communications methods, individual consumers’ purchase decision-making and the ways the company may facilitate it, investigation of the available communication tools and how they can be utilized, and opportunities for partnering with the purpose of improving marketing communications. In the conclusion the fundamental findings and recommendations based on the results are presented, together with suggestions for further consideration.
2 MARKETING COMMUNICATIONS

2.1 Marketing communications and their role

Kotler et al. (2012, 776) defines marketing communications as “the means by which firms attempt to inform, persuade and remind customers - directly or indirectly - about the brands they market”. Marketing communications are also compared to the “voice” of the company and its brands, and are said to be the ways in which it can establish a dialogue and build relationships with customers (said book p. 776).

Marketing communications is one of the elements of a firm’s marketing mix, activities used to create, communicate and deliver value to the customer (Kotler et al. 2012, 973). The original marketing mix model suggested by E. Jerome McCarthy included four elements: product, price, place, and promotion. Figure 1 demonstrates the position of marketing communications within a firm’s marketing mix. Once a company determines product, price, and distribution, it is ready to plan its marketing communications which refer to the promotion element of this model (Arens et al. 2011, 219).

According to Pelsmacker et al. (2013, 155) the objectives of the marketing communications can be categorized into three groups: reach, process and effectiveness. Reach goals refers to reaching the target audience which can be achieved by segmentation and analysing its media behaviour. Process goals concern conditions which make communications effective: they should attract attention, be appreciated and processed. These two goals are prerequisites for achieving the effectiveness goals.
The specific objectives of marketing communications are set by marketers and typically refer to how the communications should affect the mind of the target audience, (Smith&Zook 2011, 234). More detailed discussion of marketing communications objectives is presented chapter 2.2.1. In order to achieve the desired impact marketers have different instruments at their disposal which are discussed in chapter 2.3, but before that the theories concerning consumer response to marketing communication and the buying process will be reviewed.

2.2 Consumer response to marketing communications

This chapter presents the theories concerning the consumer response to the marketing communications.

2.2.1 Communication objectives within response hierarchy model

There are several classic models which describe a series of mental stages between the point of unawareness of a product and the ultimate purchase. These models are called “response hierarchy models” and include a cognitive, affective and behavioural stages. The cognitive element refers to awareness or knowledge, the affective component is the feeling associated with the brand, and the behavioural/conative stage is the intention to purchase and ultimate purchase. Marketing communications are meant to lead the buyers through these stages; therefore the models help to set communications objectives depending on what response is required (Smith and Zook 2011).

Response hierarchy model

Figure 2 displays the model proposed by Robert J.Lavidge and Gary A. Steiner. Kotler et al. (2012, 781) mentions that this model provides a useful guide for marketing communications in case the customer has high-involvement with the market offering, the purchase when customer actively participates in the information search and evaluation, spends more time and efforts before making the actual purchase decision.

At the awareness stage a customer becomes aware of the market offering/company existence. Knowledge refers to the state when a customer knows about the features of
the market offering/company more in detail. Liking means a favourable attitude and in
the preference stage a customer develop preference to the company over substitutes.
At the stage of conviction the customer has an intention to buy which possibly results
in an actual purchase.

![Response hierarchy model proposed by Robert J. Lavidge and Gary A. Steiner.](image)

The hierarchy of response models are usually criticized for their linear form, which is
not necessarily the case. For example a consumer may first purchase a product and
then form an attitude. Similarly an individual may become aware of the product and
instantly forms a preference (Blythe 2006, 6). Nevertheless, the model presented
above may suggest directions for setting specific communication objectives and
choosing appropriate communication methods.

**Marketing communications objectives**

Kotler et al. (2012) presents four categories of marketing communications objectives
which can be set at any level of the model (Rossiter and Percy 1997): category need,
brand awareness, brand attitude, and brand purchase intention. Pelsmacker et al.
(2013, 156) explain marketing communications objectives using the DAGMAR mod-
el. DAGMAR stands for Defining Advertising Goals for Measuring Advertising Re-
sults and represents a variation of the hierarchy of response model. In addition to the
goals suggested by Rossiter and Percy, this model contains the objectives in the fol-
following areas: brand knowledge, purchase facilitation, purchase, satisfaction, and brand loyalty. Table 1 summarizes the main characteristics of the objectives in various categories presented by Kotler et al. (2012) and Pelsmacker et al. (2013).

**TABLE 1. Characteristics of communication goals in various categories**

<table>
<thead>
<tr>
<th>Objective category</th>
<th>Description and examples</th>
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| Category need      | - creating a buyer’s perception of requiring something  
|                    | - reminding customers about infrequently used category presence  
|                    | (existence of painkillers)  
|                    | - essential for innovative products (need for electric cars)  
|                    | - necessary before other objectives work |
| Brand awareness    | - influencing the ability of a buyer to recognise (in an aided context) and to recall the brand (in unaided context)  
|                    | - brand recognition is important when the purchase decision is made in the store  
|                    | - brand recall is important when decision is made is different location than point of purchase and when preferred brands are chosen beforehand  
|                    | - should be established before other objectives  
| Brand knowledge    | - making customers aware of the main features and benefits of the brand  
|                    | - communicating the advantages over the competitive brands |
| Brand attitude     | - brand attitude refers to a customer’s evaluation of the brand ability to meet the need  
|                    | - establishing, reinforcing, and maintaining favourable brand attitude  
|                    | - persuading customers to attach importance to attributes in which the brand succeeds  
|                    | - attracting attention to neglected attributes |
| Purchase intention | - Brand purchase intention refers to buyer’s self-instructions to purchase the brand or take purchase-related actions |
| Purchase facilitator | - communications should minimize the perceived difficulties |
| Purchase | - facilitating sales by means of communications (goal of most of promotion campaigns and direct marketing) |
| Satisfac- tion | - aims at this category refer to communications with existing customers to facilitate word-of-mouth | - reassuring customers about their choice |
| Brand loyalty | - achieving mental commitment between a consumer and a brand | - encouraging customers to use the brand more frequently | - suggesting new ways or situations to use the brand |

Similarly to the response hierarchy model, the communication objectives do not necessarily follow in the presented order. Not all of the mentioned objectives should be present in the marketing communications, either. Rossiter and Percy (1985) state that brand awareness and brand attitude are universal, whereas the others presented in the table are optional. The authors explain that without brand awareness and certain attitude being experienced at some point the brand cannot be bought. Since marketing communication tools vary in their functions, the communication objectives set by the marketer affects their selection.

### 2.2.2 Buyers’ decision making process

Marketing communication strategy represents all efforts to communicate to target audience and channel members (Kotler et al. 2012, 955). Smith and Zook (2011, 90) state: “The first step in formulating a marketing communications strategy is to identify, analyse and ultimately understand the target market and its buying behaviour”. This understanding can help develop messages which are “likely to reach and make sense to customers” (Arens et al. 2011, 160).

The “stage model” of the consumer buying process, developed by marketing scholars and presented by many authors such as Smith and Zook (2011), Arens et al. (2011), Kotler et al (2012), consists of five steps. Table 2 presents a summary of buyer’s behaviour at each stage and gives examples of corresponding marketer’s tasks. Some concepts presented in the table and set out in italics is defined more precisely further.
### TABLE 2. Five-stage model of the buying process

<table>
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<tr>
<th>Stage</th>
<th>Buyer’s behaviour</th>
<th>Examples of marketers’ tasks</th>
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<tr>
<td>Problem recognition</td>
<td>- problem recognized or need triggered by <em>internal or external factors</em></td>
<td>- identify what triggers a need or interest&lt;br&gt;- increase buyer’s motivation</td>
</tr>
<tr>
<td>Information search</td>
<td>- buyer becomes more receptive to information&lt;br&gt;- buyer actively looks for information&lt;br&gt;- buyer learns about existing brands</td>
<td>- identify information sources to which consumer will turn&lt;br&gt;- identify influence of the sources on the buying decision and evaluate their importance&lt;br&gt;- identify <em>the hierarchy of attributes of the product</em> which guide buyer’s decision</td>
</tr>
<tr>
<td>Evaluation of alternatives</td>
<td>- brand information is processed&lt;br&gt;- product attributes are evaluated&lt;br&gt;- preferences are formed&lt;br&gt;- intention to purchase is formed</td>
<td>- identify how buyers form their preferences&lt;br&gt;- stimulate greater interest by changing the product, affecting consumer’s beliefs or attitudes towards the brand, its attributes or competitor’s brand</td>
</tr>
<tr>
<td>Purchase decision</td>
<td>- intention to buy may result in actual purchase&lt;br&gt;- intention to buy might be modified, postponed or avoided&lt;br&gt;- buyer is influenced by <em>perceived risk</em></td>
<td>- understand factors which induce a feeling of risk&lt;br&gt;- provide information to reduce perceived risk</td>
</tr>
<tr>
<td>Post-purchase behaviour</td>
<td>- consumer experience <em>post-purchase dissonance</em></td>
<td>- marketing communications should reassure the consumer’s choice&lt;br&gt;- monitor post-purchase satisfaction, actions and use</td>
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Internal factors concern situations when a person’s normal need rises to a certain level and become a drive. A need can also be aroused by external factors such as advertising, a neighbour’s new product or family influence.

According to the American Marketing association (2014) product attributes are “the characteristics by which products are identified and differentiated”. The process of detecting hierarchy of attributes (also called market partitioning) consists of “identifying those attributes that explain the grouping of members of a product class into directly competing subsets” (Carter and Silverman 2004). In other words customers may prioritize certain characteristics of a product such as price range, country-producer, size, quality, and then consider alternatives in the chosen group. Attributes on which the company’s product competes can be emphasised in designing, positioning, pricing and promoting products (Carter and Silverman 2004).

The concept of perceived risk refers to a feeling that there may be unpleasant consequences associated with the purchase of the new product under consideration (Goodwin 2009). Its level determines the consumer’s involvement in purchase decision, the degree of personal relevance a consumer perceives a product, brand, object, or behaviour to have (American Marketing Association 2014). The perceived risk determines the amount of time and effort that a buyer puts into any particular purchase and when the perceived risk is high, customer tends to decrease it and therefore is ready to repeat information search and evaluation stage of the purchase decision.

Post-purchase dissonance is the insecurity that a buyer feels about the appropriateness of the purchase after the decision has been made (American Marketing Association 2014). This should be addressed for example by after-sales service, additional advertising, and results of successful tests. If the product matches the promise and customer is satisfied, both repeat purchase and word-of-mouth are possible (Smith and Zook 2011, 97).

Understanding what experiences and impressions have the most influence at each stage of the buying process help allocate the marketing communications budget more efficiently (Kotler et al. 2012, 779). The presented model of the buying process should not be hierarchical as there might be loops or consumers might skip some stages. This
model it is considered to be more relevant for high-involvement purchases (defined in chapter 2.2.1 Response hierarchy model). Even though this it shows a simplified version of the decision making process, it provides a valuable guide to the types of communication that are most appropriate at each stage (Blythe 2006, 19).

2.3 Marketing communications tools

The marketing communications mix refers to the variety of tools available to implement the communications’ functions. The classifications of marketing communications tools vary in different sources. Blythe (2006, 40) discusses that each tool can be subdivided further, the list is not exhaustive, and the elements may overlap with other components of the marketing mix, such as distribution.

Kotler et al. (2012, 777) presents the marketing communications mix as a combination of the following modes of communication: advertising, sales promotion, events and experiences, public relations and publicity, direct marketing, interactive marketing, word-of-mouth marketing and personal selling. These modes can be grouped into non-personal and personal activities. Kotler et al. (2012) provides explicit explanation of each communication mode and give useful examples, therefore the further description of marketing communications tools will be based on the classification of modes of communications presented by the said book.

2.3.1 Non-personal communication tools

Non-personal communication tools are focused on communications with more than one person and are carried out through some medium. This group includes advertising, sales promotions, events and experiences, and public relations. Interactive marketing is discussed in this paragraph, though in some cases this tool has the features of the personal communications.

Advertising

Advertising is any paid form of non-personal presentation and communication of market offerings by an identified sponsor (Kotler et al. 2012, 810). Its usual aim is to
inform, persuade, and remind customers about particular products and services (Arens et al. 2011, 220). Kotler et al. (2012) add that advertising aims at reinforcing customers after purchase. Some tools of advertising are: newspapers, radio, TV, print advertisements, brochures, posters, leaflets, and billboards.

Media planners should make the choice by taking into consideration target customers’ media habits, product and message characteristics, and cost. For instance, television blends sight, sound and motion, has high reach, adverts can be repeated and may show the product in use. At the same time television advertising has high cost, lack of selectivity, audience tends to switch channel or leave the room during the commercial. Print media such as magazines give possibility for segmentation, are credible and tend to be kept for long periods for example in waiting rooms, but advertisements are static (Blythe 2006). Advertising in newspapers has high believability, cover very well local market and have broad acceptance, but ads in newspapers are of short duration (Kotler et al. 2012, 818). Outdoor advertising allows communicating a concise message in the local language to a mass audience quickly and frequently. It carries messages continuously and without interruptions at a reasonable cost. (Arens et al. 2011, 564). Nevertheless Blythe (2006) mentions such limitations as limited capacity, difficulties with segmentation and distractions due to traffic, noise and other factors which may make individual less receptive.

Kotler et al. (2012) says that most of advertising tools allow the seller to repeat a message many times. Smith and Zook (2011, 308) conclude that advertising allows to deliver a message to a large audience quickly, helps target niche audiences and the message can be controlled. They emphasize that advertising is useful for creating awareness, preference and reassurance. At the same time, advertising can be costly, requires a long lead time in case of change; it is less interactive and messages can’t be personalized.

Sales promotion

Sales promotion is a wide range of activities intended to provide a short-term increase in sales; they can be aimed at retailers, consumers and wholesalers with an intention to provide an extra incentive to buy or stock a specific product (Blythe 2006, 236). The
examples of sales promotions tools presented by Kotler et al. (2012) are: samples, coupons, cash refund offers (for consumers), advertising and display allowances (aimed at members of distribution channels), and tradeshows and sales contests (for business and sales force promotions).

The specific objectives of these tools vary and among them are: stimulation of consumer trials, reward of loyal customers, and increase of rebuy rates. Sales promotion can aim at motivating retailers to purchase new items, carry higher levels of inventory, and gain manufacturers access to new retail channels. New companies working in business to business markets may aim at attracting a target audience by means of sales promotions.

To conclude, sales promotions have three unique features: they gain attention and may lead the buyer to the product, include some incentive which gives value to the buyer and invite to make a purchase immediately (Kotler et al. 2012, 797). Smith and Zook (2011, 376) state that sales promotions help to close the sale, keep relationships with existing customers and support the brand. The drawbacks of sales promotion are that they require other tools to communicate them; in some cases they can damage the brand and be expensive to implement.

*Events and experiences*

Events and experiences are activities and programmes sponsored by a company designed to create special brand-related interactions (Kotler et al. 2012, 777). Arens et al. (2011) present definition of a sponsorship given by IEG (1996): “A sponsorship is a cash or in-kind fee aid to a property (which may be a sports, entertainment, or non-profit event or organization) in return for access to the exploitable commercial potential associated with that property”.

There are several categories of a sponsorship and according to IEG Sponsorship report (2013) the largest in North America are: sports (69%), entertainment (10%), and causes (9%). The company-sponsored sports event can connect the company to the local community hosting the event or regional, national or international audience. Examples of entertainment sponsorships are concert tours, attractions, and theme parks. Kotler et
al. (2012) also mentions experiences as inviting customers and prospects to their factories, headquarters, and corporate museums. Cause marketing is a relationship between a company and a cause that the company wants to talk about in the marketplace (IEG 2014). Examples is a fundraising promotion when the proceeds of a specific product is donated to a non-profit. It also includes such activities as sponsoring charity events, organising courses for elderly and sponsoring other non-profit events.

Arens at al. (2011) tells that the company may buying into an existing event or creating their own. But what is more important according to the authors is to get a good fit between the sponsor and the event. The main benefit of sponsorship is that the public approves it; in addition it has the ability to involve stakeholders (Arens at al. 2011, 649). Sponsorships can be cost-effective in term of reaching a particular audience and can achieve many objectives including increased awareness, image enhancement, improved relationships (Smith and Zook 2011, 349). Kotler et al. (2012) add that sponsorships create or reinforce key brand associations, enhance corporate image, and evoke feelings. Nevertheless, sponsorship can be costly, especially when solely sponsored. In case of co-sponsored events it may be difficult to communicate one marketer’s message. In order to implement an effective sponsorship the target audience should be researched, clear objectives set, and appropriate types of sponsorship evaluated and selected. (Smith and Zook 2011).

Public relations and publicity

“Public relations is the management function that focuses on the relationships and communications that individuals and organizations have with other groups (called publics) for the purpose of creating mutual goodwill” (Arens at al. 2011, 635). The term “publics” refers to stakeholders and as it follows from the definition, the objective of public relations aims at developing and maintaining liking of the publics. Public relations communications reach the audience in forms of reviews, news articles, interviews, or feature stories. Since the audience receives such messages from a medium rather than a company, they have greater reliability (Arens at al. 2011).

When public relations activities are used for marketing purposes, they are called marketing public relations. Some of marketing public relations tools mentioned by Kotler
et al. (2012) and Arens et al. (2011) are publications, news, feature articles, speeches, corporate blogs, and social media. By utilizing these tools a company may increase awareness, educate customers, build and improve understanding, and establish trust. Public relations also allow reaching audience which avoid advertisements (Kotler et al. 2012, 797). According to Smith and Zook (2011) public relations has lower costs than advertising, it is useful for generating awareness and building preference. At the same time, publicity has such a drawback as absence of control over the final message distributed to the audience.

*Interactive marketing*

Kotler et al. (2012, 777) defines interactive marketing as “online activities and programmes designed to engage customers or prospects and directly or indirectly raise awareness, improve image or elicit sales of marketing offering”. Some forms of interactive marketing presented by Kotler et al. (2012) are: the company’s website, search (pay-per-click) advertisements, banner advertisements, internet-specific advertisements which can be shared virally, sponsorships of particular content on websites, e-mails (as a part of direct marketing), and mobile.

Interactive marketing offers the possibility to send tailored messages to potential customers by inserting advertisements on sites corresponding to a market offering, placing ads based on search engine key words, or use behavioural targeting by positioning ads of previously visited sites when a customer is browsing an unrelated page. The effect is easy to measure and it gives the opportunity to analyse the customers’ behaviour once they click on an ad. Interactive marketing has limitations as well. For instance, internet users can screen out advertisements, block pop-up windows, and treat ads as distractions. Despite this, spending on the internet as a medium of marketing communications grew by 32.4 per cent during the three quarters of 2013 (Nielsen 2013). In some case interactive marketing has features of personal communications, for example when an online consultant is available on the web-site and communicates with a visitor through a video connection or chat. None the less most of examples of interactive marketing activities are non-personal, thus it is attributed to this group.
2.3.2 Personal communication tools

Personal communications refers to person-to-person contact with buyers. Personal communication tools include direct marketing, word-of-mouth marketing and personal selling.

Direct marketing

Kotler et al. (2012, 839) defines direct marketing as “the use of consumer-direct channels to reach and market offerings to customers without using marketing middlemen”. Some of the tools are direct mail, catalogue marketing, telemarketing, interactive TV. Arens et al. (2011) tells that through direct marketing companies can approach individual customers in a way that they see themselves as unique. The authors continue that since direct marketing allows to measure response, marketers can evaluate its effectiveness. The interesting point emphasized is that direct marketing activities can be conducted privately, in other words without the competitors knowing about it.

Arens et al. (2011) describes three main types of direct marketing activities which help to close sale or generate inquires: direct sales, telemarketing and direct mail. Direct selling is a face-to-face selling away from a fixed location and usually refers to consumer products. Telemarketing includes selling and providing service by phone. Direct-mail advertising includes all forms of advertising which is sent directly to prospects through government, private, or electronic mail delivery service.

Direct mail advertising is the most popular advertising medium after newspapers and television (Arens et al. 2011, 604). Kotler et al. (2012) explains that target audience selectivity, flexibility, personalization, and measurability contribute to its popularity. The mailing list is the core of any direct-mail advertising and can be created by the company itself, exchanged with other non-competitive businesses, or purchased from list brokers. Depending on the quality of the database the messages can be customized based on customer’s location, demographics, or psychographics. The direct mail activities aim at generating inquires and sales, strengthening relationships with customers, informing, educating and reminding customers of offers.
Along with advantages which make direct marketing one of the most popular communication tools it has limitations. According to Arens at al. (2011), it has high cost, image of “junk mail”, it doesn’t contribute a lot to building image for the product, and numerous ethical issues arise; thus nowadays many direct marketers strive to adhere to responsible direct marketing focusing on building the relationships value.

**Word-of-mouth marketing**

Stokes and Wilson (2010) present the following definition of the word-of-mouth: “Oral, person-to-person communication between a perceived non-commercial communicator and a receiver concerning a brand, a product or a service offered for sale” (Arnt 1967). The distinctive features are: direct communication and the fact that the communicators are perceived to be independent. With the development of such communication platforms as blogs, online discussion groups, Facebook, Twitter and other, word-of-mouth has acquired significant effect on businesses.

As shown by Smith and Zook (2011, 112) word-of-mouth leads a customer from unawareness to awareness, creates acceptance and preference of the product or service, facilitates the purchase decision, and reassures after purchase. Word-of-mouth is considered to be important for both business-to-consumer and business-to-business marketing (Kotler et al. 2012, 790). Customers share both positive and negative experiences which makes it an important issue, taking into account the lack of control inherent to word-of-mouth. Fill and Fill (2005) agree that word-of-mouth recommendations is an important tool of marketing communications, as it has high credibility and therefore an organization should be able to accelerate the use of positive personal recommendations. Kotler et al. (2012, 790) mention that sometimes word-of-mouth advertising happens without support, but usually it is facilitated by the businesses. The importance of word-of-mouth advertising for small enterprises is emphasized in the theoretical sources mentioned in this subchapter. Therefore this tool will be discussed further more in details due to its relevance to the thesis case company.
Personal selling

Blythe (2006) cites Brassington and Pettitt (2002): “Personal selling is about finding, informing, persuading and at times servicing customers through the personal, two-way communication that is its strength”. The advantage is the ability of a salesman to observe a prospect’s body language, detect and respond to objections, answer queries, tailor message, negotiate conditions, and demonstrate the market offering. Frequently personal selling is essential for closing the sale in business-to-business situations and for high-priced consumer goods or services (Arens et al. 2011, 613).

Arens et al. (2011) tell that sales representatives may also provide a company with valuable information about customers’ wants, needs, abilities, and competition. The author states that salespersons are the relationship marketers, since people want to buy from the salesmen they trust. The higher the involvement with the customer and the more is the proportion of the customer in the business, the more important become salespeople (Blythe 2006, 268).

Since personal selling is labour intensive, it is the most expensive communication tool (Arens et al. 2011, 614). Personal selling has also negative reputation among many as some salespeople are pushy (Blythe 2006, 262). The skills of the sales force and messages it delivers to customers should correspond to other marketing communication activities.

2.4 Marketing communications planning

There is no single approach to building a marketing communication plan, but there are fundamental elements that every plan must have (Smith and Zook 2011, 226). Table 3 contains a comparison of approaches to planning proposed by Smith and Zook (2011), Kotler et al. (2012) and Pelsmacker et al. (2013). The rows in the table represent corresponding elements of each approach and it is obvious that the key elements are present in every model. The steps suggested by Smith provide a more comprehensive guide, therefore the description will be structured based on SOSTAC and 3Ms.
### TABLE 3. Approaches to marketing communications planning.

<table>
<thead>
<tr>
<th>Approach to planning</th>
<th>Steps in developing effective communications</th>
<th>Essential steps in the communication plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOSTAC + 3Ms (Smith 2011, 226)</td>
<td>Identify target audience</td>
<td>Situation analysis and marketing objectives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target groups</td>
</tr>
<tr>
<td>Objectives</td>
<td>Determine objectives</td>
<td>Communication objectives</td>
</tr>
<tr>
<td>Strategy</td>
<td>Design communications</td>
<td>Tools, techniques, channels and media</td>
</tr>
<tr>
<td>Tactics</td>
<td>Select channels, Decide on media mix</td>
<td></td>
</tr>
<tr>
<td>Men/Women (the human resources)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Money (budget)</td>
<td>Establish budget</td>
<td>Budgets</td>
</tr>
<tr>
<td>Action</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Minutes (Time)</td>
<td>-</td>
<td>Timing</td>
</tr>
<tr>
<td>Control</td>
<td>Measure results</td>
<td>Measure integrated marketing communications</td>
</tr>
</tbody>
</table>

**Situational analysis**

The focus of the situational analysis in the marketing communication plan includes a review of the overall marketing performance, the marketplace, the competition, and in marketing communication plan the focus be kept upon communication aspects (Smith and Zook 2011, 229). Such issues as which communications mix elements work best, target markets and positioning should be included. The importance of defining the target audience is emphasized in all three approaches of the planning. The target audience has a significant impact of the communications planning since it determines what to say, how, when, where and to whom (Kotler et al. 2012, 782).
**Objectives**

Marketing objectives usually concern sales, market share, and creating new products. Marketing communications objectives refer to the impact on the mind of the target audience (Smith and Zook 2001, 234) and were introduced in chapter 2.1.1. Not all communication objectives should be present in the plan as they are determined depending on the situation (Pelsmacker et al. 2013, 166). Ideally objectives should be quantified to make them measurable, and a timescale should be specified.

**Strategy (designing communications)**

According to Smith and Zook (2011) communications strategy summarizes and harmonizes tactical communication tools and there is no single approach to creating it. Blythe (2006, 42) states that “strategic decision making is setting the overall direction that the communication will take”. Kotler et al. (2012) discusses designing communications and set three tasks which should be completed: decide what to say (message strategy), how to say it (creative strategy), and who should say it (message source). Overall direction for achieving the set communication objectives may describe: target groups of communications activities, the desired effect on the defined groups, tool used for communications, the integration of the communication activities.

Smith and Zook (2011, 235) mention that the strategy is often created when the tactics is planned and states that this is “far from ideal”. Nevertheless Aren et. al (2011, 268) tell that small companies may apply bottom-up marketing which give a possibility to find unique tactics and develop it into a strategy.

**Tactics (selecting communication tools) and action**

In marketing communications plan tactics implies selection of the communication tools. None of the reviewed theoretical sources provide a detailed guideline on how to choose communication tools. Nevertheless authors outline the issues which affect the selection.
According to Kotler et al. (2012) factors affecting the selection of a communication mix are type of market offering, customer’s readiness to make a purchase, and stage in the product life cycle. For example, particular tools’ importance varies between consumer and business markets. The authors tell that in consumer markets sales promotions and advertising are utilized comparatively more; and a business marketer tend to spend more on personal selling. As to the buyer readiness, advertising and publicity are significant in the cognitive stage, in the affective stage the importance of personal selling increases, behavioural stage and reorder are mostly affected by personal selling and promotions. Product life cycle affects in the following way: advertising and publicity are important during the product introduction; personal selling for distribution; promotions and direct marketing for stimulating trial; word-of-mouth during growth; reminding advertising, events and experiences and personal selling in the maturity; and sales promotion during the decline.

Marketers must select specific tools which will allow connecting with the target audience at the right time, thus their characteristics should be compared and correlated with the mentioned issues. Blythe (2006) introduce some additional guidelines which may be useful during tactical considerations: marketers should do something that the competitor has not thoughts of, it is worth consulting someone who is involved in the immediate application of the plans, the message communicated to various groups should be consistent, and marketers should anticipate the competitor’s response.

The action stage specifies the details of the tactics and creates project plans for its implementation. Action plan should be developed for each communication tool and can be visually presented, for instance, by using charts.

*The 3Ms*

The 3Ms suggested by Smith and Zook (2011) stand for the three key resources: men/women (the human resources), money (budget) and minutes (time). The plan must include such issues as what professionals are required, their duties and source (own employees, newly recruited, consultants). Determining the timescale is fundamental for controlling the plan’s implementation. As to the money-element, there are several approaches to setting a marketing communication budget. For example, af-
fordable approach doesn’t consider marketing communications as an investment since the company set the budget at what they assume it can afford. Percentage-of-sales method means that companies set their budget at a certain percentage of sales or the sales price. Using competitive parity method the competing companies set budgets to achieve equality in the share of advertising. Objective-and-task method consist of defining specific marketing communications objectives, defining the task that must be performed, and estimating the cost of performing these tasks (Kotler et al. 2012, 794).

Control and measuring results

A control system need to be present in order to monitor the developed activities. This can be done by measuring performance against objectives covering short periods of time (Smith and Zook 2011, 240). There is a limited possibility to measure the immediate effect of marketing communications on sales for some modes of communications, but it is possible to measure their impact on target audience. Surveys may reveal the results of communications in terms of reach, recall, recognition and provide information about how many buyers talked to others about the purchase (Kotler et al. 2012, 800).

2.5 Integrated marketing communications

The combination of the marketing communications tools in a way that they provide the maximum effect is an important task of the marketer. Historically elements of the communication mix were separated, but there are some factors which resulted in the need for integration (Blythe 2006). Such factors include fragmentation of mass markets, media fragmentation and emergence of new types of media, increasing attention to the social image of the companies, and greater level of audience communication literacy.

Arens et al. (2011, 272) discuss the evolution of the Integrated Marketing Communications (IMC) concept and note that it is difficult to define. Kotler et al. (2012, 801) present a definition developed by the American Association of Advertising Agencies which emphasizes the added value of a comprehensive plan and the importance of clarity and consistency of the messages. Journal of IMC defines IMC as “a strategic
marketing process specifically designed to ensure that all messaging and communications strategies are unified across all channels and are centered around the customer”.

The concepts of consistency and wholeness are the core components of IMC. Communication tools should be combined in such a way that synergy is achieved. According to Arens et al. (2011, 274) customers automatically combine the messages they receive from various sources about the brand and it forms their perception of the company. Pelsmacker et al. (2013) agree that the consumer doesn’t recognize the difference between marketing communications tools, but integrate messages. IMC allow companies to manage or influence this process.

Pelsmacker et al. (2013) discuss barriers to integrated communications and present the following issues. Traditionally there has been division of management over various communication tools among different divisions or individuals. The employees’ might be reluctant to change the existing structures and integrated communication activities into one department. If an integration of departments is not present, information sharing should be organized. Lack of internal effective communications along with perceived complexity of integration planning are significant barriers to IMC. Finally, Pelsmacker et al. (2013) point that specialization of external communication agencies contributes to the complication of IMC.

3 MARKETING COMMUNICATIONS IN SMES AND IN THE CONSTRUCTION BUSINESS

3.1 Marketing communications in SMEs

Marketing theory was developed largely from studies of large companies and many textbooks reflect these origins (Stokes 2000). Indeed, the theoretical resources utilized to discuss the marketing communications in the previous chapter represent a viewpoint of large companies; the authors illustrate theory by giving examples of globally known enterprises. Nevertheless there has been a much greater level of research activity concerning marketing in small and medium-sized enterprises over the last decades.
This subchapter discusses the specific marketing issues faced by small enterprises and presents the theories of marketing activities undertaken by them.

### 3.1.1 SMEs and entrepreneurial marketing

The European Commission (2005) provides quantitative definitions of the small and medium-sized enterprise (SME) which takes into account headcount, turnover and balance sheet value (table 4). These quantitative characteristics are used in the European Union for policy purposes. Stokes and Wilson (2010, 5) present the existing non-quantitative definition which note the following features of a small firm: it is manager by its owner/s in a personalized way, it has relatively small share of market in economic terms, it doesn’t form a part of a larger enterprise and its ownership is relatively free from outside control in its principal decisions. Even though the presented quantitative and non-quantitative definitions have limitations, they give an insight to the small enterprise structure and the levels of available resources.

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Headcount</th>
<th>Annual turnover or Annual balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ €50 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>≤ €43 million</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ €10 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>≤ €10 million</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ €2 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>≤ €2 million</td>
</tr>
</tbody>
</table>

Stokes and Wilson (2010, 366) present and discuss distinctive marketing issues faced by small businesses. Firstly, SMEs are often dependent on a limited customer base, geographically and numerically. Secondly, they are constrained by resources available for marketing purposes. Thirdly, the competence and attitudes of an owner-manager towards marketing has significant impact on development of marketing programmes. Finally, small firms have to adapt and evolve to cope with uncertainty, which makes planning a difficulty.

The findings of the research work conducted in the area of SME marketing presented by Jones and Rowley (2011) tell that attempts to apply classic marketing models to SME have been ineffective and often owner-managers have negative attitudes towards them (Cohen and Lindbore 1972; Hogarth-Scott et al. 1996). Nevertheless, Carson and
Gilmore (2000) state that the basic principles and concepts of marketing are considered to be relevant to small businesses; however, taking into account inherent limitations of small enterprises, some of them are not as useful in application. The researchers continue that SMEs may adapt any marketing theory to minimize complexity, suit abilities and circumstances, therefore make it relevant to the situation specific of the firm. They give example of “marketing planning” and tell that the comprehensive process described by the conventional theories is “beyond the scope of expertise and resource of the average SME”. Carson and Gilmore explain that entrepreneurs tend to consider only relevant issues, not necessary following the sequential frameworks, and follow the approach that is compatible with SME circumstances.

The studies of marketing in SMEs are closely connected with the concept of entrepreneurial marketing. The comprehensive definition of this concept provided by Hills and Hultman (2011) state that entrepreneurial marketing “is a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility”. Jones and Rowley (2011) make a review of entrepreneurial marketing literature in which the following features of this concept are emphasized:

- inherently informal and haphazard approach
- lack of formalized planning of marketing strategies
- responsive and reactive to competition
- proactive in opportunities identification and exploitation
- dependent on networking, word-of-mouth and personal contact network

Jones and Rowley (2011) continue that while some authors consider that entrepreneurial marketing can be applied in both large and small organizations, there is general recognition that it is particularly suitable to the small business context.

The findings that traditional frameworks are often irrelevant to the marketing activities of SMEs suggest that the classic frameworks describing planning and implementation of marketing communications has little possibility to be applied in SME in its full extent. Small business owners tend to see marketing in terms of tactical tech-
niques and activities to win new customers (Stokes and Wilson 2010, 368). Carson and Gilmore tell that at the start-up stage the activity will focus on product orientation and gaining customer’s acceptance (Churchill and Lewis 1983) and as the business develops marketing will represent experimenting with a variety of techniques. Such experimenting will show what does and doesn’t work well and the owner-manager will tend to follow trusted approaches (Carson and Gilmore 2001). The next subchapter will discuss what marketing communication tools are considered to be more relevant and effective for application in SMEs.

3.1.2 Marketing communications tools in SMEs

Stokes (2000) presents findings indicating that most of small business owners associate marketing (and therefore marketing communications) with selling and promoting. At the same time other marketing communications activities are present (such as negotiating with customers), although they are not always regarded as marketing. Entrepreneurs prefer interactive marketing (Stokes 2000), what has different meaning from the interactive marketing described in the chapter 2.3.1. In this context the author means preference for personal interactions, having meaningful dialogues, and staying in touch with customers. Interactive marketing for small firms implies the ability to communicate and respond rapidly to individual customers through personal selling and relationships building to facilitate orders and recommendations.

Having reviewed the literature concerning marketing in SMEs, I conclude that their marketing communication activities are not examined in a way corresponding to the marketing mix described in the chapter 2.3. Instead, the researches emphasize the importance of networking, word-of-mouth, personal selling and, nowadays, internet activity for SMEs. There are also some considerations concerning advertising, public relations and usage of intermediaries. These can be considered as a possible marketing communication tools in SMEs and are presented further.

Marketing by networking

As opposed to formal data gathering for marketing-related purposes, small businesses employ networking. In the context of small business, network marketing refers to uti-
lizing information obtained from a network of personal and inter-organizational contacts for marketing decisions. The network may comprise customers, suppliers, competitors, professional bodies and associations (Stokes and Wilson 2010, 377). Networking is considered to be a natural and integral part of everyday business activity rather than a constructed task. It can be proactive and passive, overt and covert, with a clear issue at mind or the issue will be raised when it is appropriate (Carson and Gilmore 2001). It is doubtful that one aspect of networking will become decisive, but it will contribute to the final decision. Entrepreneurial networking has no standard mechanism and there is rarely specific objective, but at the same time it contributes to successful SME marketing (the said article).

These discussions suggest to me that in marketing communications activities of SME networking may be an alternative to formal market research as networking may reveal information about prospects and their needs, effective channels, events that might be utilized for creating relationships. In this respects I find it to be worthy to identify the key establishments in the firm’s network and what information may be obtained from them proactively for improving marketing communications.

*Proactive approach to word-of-mouth marketing*

It was established that referrals are the preferred way for the majority of SME owner-managers. According to Stokes and Wilson (2010, 380), in addition to assuming that people will recommend the business if it does a good job, there are ways to take a more proactive approach. The following stages are suggested by the authors for a word-of-mouth marketing campaign.

Stage 1 Ensure the business offers services/products of a consistently high quality since it is a prerequisite for positive word-of-mouth

Stage 2 Investigate how recommendations and complaints operate in the given industry. Entrepreneur needs to identify what type of customers are the most active in making referrals, what is being said about the business and when the recommendations are triggered. Stokes and Wilson (2010, 381) tell about studies which showed that recent customers were more likely to recommend than long-term customers which makes
sense to target recently acquired customers for word-of-mouth campaigns. In addition to the customers, small firms can be recommended by suppliers, other local businesses, professional advisors and consultants, friends and acquaintances who may not be direct customers of the business (Stokes and Wilson 2010, 375).

Next, it is important to know what is being told and recommended, understand what benefits motivate the referrals recommend and if it is possible to provide incentives. The question when the recommendations are triggered is the most challenging and can be answered by some form of research among customers. Research findings show that customers, who have higher than normal commercial relationships sense of involvement with a business, are more likely to recommend it (Stokes and Wilson 2010, 382).

Stage 3 Intervene to influence the recommending process. This stage requires information obtained at the previous two to develop methods to increase referral rates. This can be an explicit request for referrals, or just information in newsletter giving a reason to talk about the business.

Stage 4 Defuse potential complaints. This step refers to identification of customers’ dissatisfaction and dealing with complaints in a manner that it will turn potentially negative word-of-mouth to positive experience and opportunities for stories about the firm.

Kotler et al. (2012, 789) states that personal influence has an especially great weight in two situations: when items are expensive, risky or purchased infrequently and when the purchase suggests something about the buyer’s status or taste (for example a doctor, lawyer, architect, or interior decorator). In these cases word-of-mouth mainly occurs when people are most interested and often performs evaluation function.

Stokes and Wilson (2010, 376) tell that that word-of-mouth often plays a crucial role in many consumer and business-to-business markets (Bayus 1985). Moreover, reliance on recommendations suits to the resources of small businesses. At the same time new firms need to build a customer base first and firms who intend to reach new target markets figure out how to reach customers who are not within an existing referral network.


Personal selling

Stokes and Wilson (2010, 385) discuss that in SMEs responsibility for a personal selling is often left with the owner-manager and present some alternatives as a sales persons or agents-on-commission explaining that other pressures on the owner-manager may make personal selling purely reactive. At the same time, if we think about small business with the expensive, risky and infrequently purchased market offering, therefore with high significance of the personal selling; the choice of sales force for negotiations becomes crucial to make the entrepreneur rely on it.

Exhibitions cover every significant industry and create opportunities for personal selling. Nevertheless, exhibitions are expensive in stand costs and time involved in preparation, and for small firms small size of the stand and out-of-the-way position of the stand may result in small number and poor quality of contacts made (Stokes and Wilson 2010, 388).

Advertising

Small firm are reluctant to spend resources on advertising media and consider advertising campaigns something they can’t afford. Often the reason is that long-term investments are needed to achieve effectiveness and thorough planning, but it is rarely relevant to the small business sector (Stokes and Wilson 2010, 388). Nevertheless some forms of advertising with the purpose to create awareness are suitable for the small companies; among them are directories outlining products and services offered by firms in the particular regions. Since with the development of the internet such directories became available online, the permanent indication of the company’s information in the popular directories can benefit the business (the said book).

Public relations and publicity

Small firms have opportunities to benefit by means of public relations; in contrast to large corporations their noteworthy activities often remain unnoticed (Stokes and Wilson 2010, 389). The efforts to contact media when being able to offer some interesting material for public can increase this area of marketing communications.
Small business and the internet

Internet-based marketing usually revolves around a firm’s website (Blythe 2006, 287). Website provides the customer with the information about the company and its products or services, contact information and can contain other sections such as information about previous customers and projects. This can be supported by visuals and audio depending on the business. The website gives irrefutable benefits to the small business as it is accessible anytime and from various locations.

Discussion of Blythe (2006, 288) about the internet as a marketing medium suggests that if the site is meant for providing information, not making a purchase online, it will be most useful during the information search phase. When buyers consider using search engines as a potential resource of information, efforts towards making the website easy to find are significant. At the same time Smith and Zook (2011, 112) show that the website can also perform other functions up to the reassurance. Indeed, along with awareness about the business among visitors, the content placed in the site can create knowledge, preference and incentives to purchase or take purchase-related actions. The website may also contain information that decreases the level of the perceived risk and reinforces the buyers purchase decision.

Smith and Zook (2011, 79) state that the credibility of the website is a prerequisite for raising its visibility. The authors present a list of credibility factors on the website and the most noteworthy of them are: credible third-party endorsements, customer list and endorsements, awards won, community links, full address and contact information, real people in the Contact us section. In addition, high-quality content, ease of use and quick download are factors for repeat visits.

An important task for a small business is to become noticed by the target market. Customers may come directly to the homepage as a result of other communication tools such as media advertising and publicity featuring website address, but also as a result of the firm’s visibility online (Blythe 2006, 293). Mentioned in the chapter 2.3.1 paid tools as search advertisements, banner advertisements, sponsorships of particular content on websites can be utilized by small business, but still are considered to require long-term spending to be effective (Stokes and Wilson 2010, 288).
An alternative or supplement to paid advertising is the effort to increase natural website visibility. Search Engine Optimization is the process of increasing the amount of traffic to a website through unpaid or organic search results (Koivisto 2010). There are many free and paid tools available for search optimization, but it remains to be a difficult task for a marketer and is out of the scope of this thesis. Each engine may use different criteria for listing the results. The basic principle of the optimization is using of critical key phrases in the copy, headings, page titles, photo tags. For example Google also measures key phrase frequency, recency of postings and inbound links from other sites.

Gilmore (2011) tells that internet marketing can provide challenges for entrepreneurs when it comes to maintaining the website. The researcher explains that some SMEs do not have the capability or time and they need a specialist or an interested employee to keep the website competitive not to frustrate customers with poor e-communications. Same would apply to maintaining the communications in the social networks once they are established.

Viral advertising is a modern method which combines word-of-mouth and digital communications. It refers to utilizing the existing social networks’ ability to rapidly spread the message. If this opportunity is relevant to the company interesting and amusing content containing marketing message can be placed in the social networks which can be shared by users.

**Intermediaries**

Though the use of intermediary usually refers to distribution element of the marketing mix, it overlaps with communication one because it affects how the information about the product or service reach the marketplace. Depending on the product the intermediaries can be, for example, agents and distributors, wholesalers, or retail outlets. Small firms with limited resources can gain advantages by using intermediaries due to wider contacts, specialization and scale of operations and knowledge especially when expanding to new territories (Stokes and Wilson 2010, 391 and Kotler and Keller 2011, 225).
Nevertheless, using an intermediary causes less control over how the product is presented and less influence over the marketing effort. In case an intermediary represents more than one supplier, the level of display and promotional effort may vary (Stokes and Wilson 2010, 391).

3.2 Specifics of the construction business

Any investigation into the operations in the construction business requires a comprehensive understanding of the industry’s structure and environment (Cicmil and Nicholson 1998). The specifics of the construction industry combined with the small business practices reduce the applied importance of the conventional marketing communications theory. There is a limited amount of theoretical literature about marketing activities in the small construction companies. This subchapter discusses the main issues about the matter detected in the theoretical sources and during a personal inquiry to the industry professional.

3.2.1 Construction general contractor’s operations

Cicmil and Nicholson (1998) explain that the construction firm’s capacity utilization and management methods are purely demand driven, in other words the activities of a construction company are based on contracted project works. This makes the operations of the construction companies’ dependent on the well-being of other industries initiating the need for projects what obstructs the scope of strategic planning and implementation.

The general (or main) contractor is the main individual or business responsible for (and contracted to perform) the construction of an entire building or project, rather than individual duties (InvestorWords 2014). Often the general contractor represents a professional interface between the customer and the specialized subcontractors and work supervision. Because of the project based nature of construction works, the general contractor revolves around the opportunities gained from tendering for new projects. The performance of a small construction company is usually self-assessed through the quality and quantity of work processed annually, therefore one of the main objectives is to develop a tendering scope and pursue the most desired contracts. In
this respect marketing orientation of the construction contractor should start with the classification of the clients, their needs and preferences, and convincing the client that that its attitude towards the project work will be based on win-win partnership. (Cic-mil and Nicholson 1998).

Luja Corporation (2014) lists the following forms of contracting: contracting based on competitive bidding, negotiated contract (when the client and the contractor implement the project in cooperation without competitive bidding) and the company’s construction works on own land with the subsequent sale of the property to customer(s). As follows from the description of contracting forms, the market offering of the construction company is either construction services or a finished good.

3.2.2 Marketing communications and the construction business

General contractor’s services are attributed to the high involvement purchase, so it makes sense to discuss some common features of organizational and consumer buying behavior for high-involvement purchase.

Organizational and consumer buying behavior for high-involvement purchase

Assuming that the choice of the contractor’s for a new project by an organization and purchasing a house by an individual is a first-time buying situation, the perceived risk (defined in the chapter 2.2.2) is large, there is large number of decision participants and a relatively long period of time is needed for the decision to be made (Fill and Fill 2005, 120).

The higher level of the perceived risk, no previous product experience, the large expenditure and infrequent purchase usually warrants greater deliberation during the search and evaluation phases (Smith and Zook 2011, 96). Normally, in this case the buyer pass through all the stages in the decision making process described in the chapter 2.2.2. Kotler et al. (2012, 789) tells that personal influence carries a great weight when items are expensive, risky or purchased infrequently; and when purchases indicate the user’s status or taste. Similarly Fill and Fill (2006) state that “in most circumstances organizations review the market and their internal sources of information and
arrive at a decision that is based on rational criteria”. The authors continue that many organizations operate within established networks, but if it cannot provide a solution the buying organization has to seek new networks.

Figure 3 presents the relative effectiveness of the communication tools during the purchase decision process (Fill and Fill 2006, 328). The authors emphasize that the tools are partially interchangeable “are supplemented by the most effective forms of marketing communications, word-of-mouth recommendation”. Fill and Fill (2006, 328) continue that business customers look for particular, specialized information and the messages must be consistent, so they reinforce previously learnt information.

FIGURE 3. The relative effectiveness of the marketing communications tools (Fill and Fill 2006, 328)

Marketing communications tools in the construction contractors’ business

Stokes (2000) describe that in contrast to the “top-down” strategy consisting of the market research, evaluation of segments and communication to the chosen ones, small firms tend to follow “bottom-up” approach. It means that owner-managers informally identify possible market opportunities, test them and attract initial customer base. Next, the customer base is expanded what may be achieved by pro-active attraction of customers of the same profile and/or by word-of-mouth.
Established marketing communications activities in the small construction enterprise can be characterized by using the existing conventional frameworks, but can hardly be developed based on them. A small construction contractor has a specific group of customers, and they are likely to be determined through a “bottom-up” approach. Similarly, the marketing communication modes and methods of acquiring the customer are likely to be guided by the industry practices and chosen by testing. Nevertheless when the owner-manager pursues an opportunity of acquiring relatively distinct groups of customers, the more formal research about their needs and appropriate communication channels may be useful.

As to the marketing communications tools, the traditional modes of communication are present in the activities of the construction companies, but there are some industry specifics when it comes to customer acquisition. If the contracting is based on the competitive bidding, the company may take part and prepare a commercial offer which is submitted directly to the client for consideration. The construction company may look for tendering opportunities proactively, but requests for offers or negotiated contract work may also be initiated by the customers. The price is usually a significant criterion, but depending on the nature of the project and the client, the decision may be affected by such factors as quality of the presented cost estimations or value of trustworthy collaboration (Siitonen 2014). It suggests that if the company targets projects which are not publicly announced and in which decision is not made purely on the price basis, it should apply some tools discussed in the previous chapter which would target these specific groups of customers undertaking such projects.

Crespin-Mazet and Ghauri (2006) discussing the co-development as a marketing strategy in the construction business note the relevance of the project complexity to the contractual behavior of the customer. They tell that when the project is technically complex he looks for experts (consultants, engineering firms, but also contractors) who best master the overall complexity of a given field. In such situations, winning suppliers are often involved in early collaboration with the client and joint development.
Issues arising during the purchase and the construction of the holiday property in Finland

To discuss the topic of the holiday home(s) purchase or construction process complexity for the foreign customer, it is useful to present important issues which should be taken into consideration. The potential seller/contractor should also be aware of them and if necessary utilize in developing marketing communication as they might determine the behavior of the customer. The discussion is presented based on the guidebook published by the Regional Council of South Karelia (author Petri Nykänen) “Real estate purchase and construction”.

Citizens of Finland and foreigners (including legal persons) can freely buy movable and immovable property in Finland and the same regulations are applied to Finnish and foreign citizens is case of property purchase and construction. The interest of foreign citizens, particularly Russians, in the purchase and construction of holiday homes complicated the work of officials due to the language difficulties and differences in legislation.

The purchase of a land plot with or without building(s) requires clarification of the following issues: identity of the seller and his authority, property characteristics, allowed construction or additional buildings, charges, property condition. This is normally done by reviewing documents presented by the seller or with the help of real estate agent. Additional information of the property and surrounded area can be given by the local city government. There are certain requirements to the documentation of the purchase and sale transaction during which an official person is invited and appointed taxes are associated with the purchase. In case the buyer is a foreigner, the procedures of a bank account opening, payment and possible loan arrangements may complicate the process.

In case of new construction on the purchased plot, the following issues should be taken into consideration: what kind of construction is allowed to implement on the territory, what are the allowed characteristics of the building and how it should be situated, organization of the engineering infrastructure, selection of the designer and the construction contractor, evaluation of the costs and working out a realistic timetable.
According to Nykänen (2009), in practice complexities occur mainly due to the language barrier and difficulties in understanding regulations. The person with the task of performing communication functions on different stages of the project is an important issue, which should be taken into account by both buyer and seller.

4 METHODOLOGY

This chapter contains the description of the commissioning company and background information needed to understand the research. It also discusses theoretical basics of the chosen research methods and describes data collection process and analysis.

4.1 Introduction of the case company

The commissioning party of the bachelor’s thesis is construction company Karjalan Rakennus ja Maalaus Ltd. (Karama). The company is a family business and 100% of the shares are owned by a family circle. Karama was founded in 1991 in Puumala and its main operations were painting and levelling works. With the lapse of time the company’s operations has expanded through the construction of row houses and renovation works for the public sector.

4.1.1 General description of the company’s operations

Nowadays Karama operates as a main contractor for the projects of new construction and renovation in South Savo and South Karelia. The company’s main office is located in Puumala and sales office in Rauha (Lappeenranta). The employee’s amount varies from 15 to 20 and forecasted revenue for year 2014 is 5 million euros, therefore the company is attributed to the small business sector. A personal discussion with Petri Siitonen, Master of Engineering and Karama’s owner-manager, allowed to organize the existing customers segments and corresponding market offering (figure 4). The approximate shares of the public sector, the private sector and the individual buyers in the company’s operation are 60, 30 and 10 percent respectively.
FIGURE 4. Karama’s groups of customers and the corresponding market offering
4.1.2 Background information for the research

The focus of the thesis is on the construction of holiday homes, one sphere of Karama’s expertise and experience. The company construct houses using high quality materials and technologies in the production and finishing. The work of the company can be illustrated by the following examples of the projects. The construction of Art & Design Villas in Anttola was implemented by the company in 2007 for Hengitysliitto Heli Ry. In 2010 Karama was a general contractor for the construction of 13 luxury villas in Ruokolahti for Ruokolahden Linna Oy. These projects were carried out in cooperation with wooden houses producer Honkatalot, which is one of the main partners of Karama. Due to efficiency reasons the company strives to focus on projects with an estimated cost of at least 1 million euros. Such projects normally include the construction of several houses in the same area rather than construction of one house for an individual customer. In this respect the company targets individuals (groups of individuals) and institutional customers willing to order/invest in a holiday property.

Another example of a project was initiated by the company itself in 2011 and consisted of a turnkey construction of four holiday homes with view on the lake Saimaa in Puumala. This project was a response to the increasing popularity of the region as a holiday destination and interest of Russian buyers towards holiday property in South Eastern Finland. By now, three houses are sold to private individuals. Karama intended to engage in the turnkey construction of private holiday homes on own land plots with the subsequent sale. In these plans the individual buyers from the Russian Federation was considered as an important target group. Nevertheless, the company decided to delay its plans regarding such projects due to slump in demand from Russian individual customers since 2008 indicated by National Land Survey of Finland and the buyer’s preferences change towards more affordable property (Dobrowolski, 2013).

South Eastern Finland is a developing and actively promoting holiday destination. Despite the decline in demand from holiday homes buyers, the owner-manager of Karama Petri Siitonen expects that there may be some holiday property construction projects undertaken by private investors in the near future. In addition, he anticipates that slump in the holiday property market will be inevitably followed by the growth what is only a matter of time. Some realized and ongoing projects, for example in
Rauha area of Lappeenranta, show that often the projects are initiated by and/or carried out jointly with investors from the Russian Federation.

The importance and relevance of this topic can be demonstrated by the statistics. Despite the indicated decrease in the demand for holiday homes from Russian buyers, Ministry of Employment and the Economy of Finland (2013) presents the results of the research that inform that over 40% of well-paid residents of Saint Petersburg can consider buying a holiday home in Finland by 2030. According to the research at the beginning of 2013 the property owned by Russians in Finland amounted to 5350-6200 with 68% located in South Karelia and South Savo. Depending on the scenario this number may double or triple by 2030.

In the connection with the described situation Karama is seeking for ways to improve its marketing communications with both private investors and potential individual buyers from Russian Federation with the particular emphasis on the former group.

4.1.3 The research question and objectives

The research question of the work is how to improve marketing communications of the company Karama. The focus of this work is kept on the marketing communications of the company with customers from Russian Federation investing in the high-quality holiday property in South Savo and South Karelia. In order to answer the research question the following issues are studied:

- what are the currently utilized marketing communications tools
- what is the company’s communication performance from customers’ point of view
- what are the available communication tools and channels and how can they be utilized
- what are the company’s potential co-operators which can facilitate marketing communications to the chosen group
The thesis work is aimed at the following outcomes:

- discover preconditions for the communication with Russian customers
- prepare a list of channels through which the message can be communicated to the target group
- prepare a list of possible co-operators which can facilitate marketing communications

The company will be able to use the research results as key elements of actions to be taken with the purpose to achieve the desired marketing communication objectives.

4.2 Qualitative research methods

There are various types of data collection methods for collecting empirical data for the purpose of the research. According to Eriksson and Kovalainen (2011), the main aim of the research and research questions should be the guidelines when choosing the appropriate type of empirical data. The researches tell that the qualitative research allows producing new knowledge about how things work in real-life business context. Eriksson and Kovalainen (2011, 5) cite Ghauri and Gronhaug (2005, 202): “Qualitative research is particularly relevant when prior insights about a phenomenon under scrutiny are modest, implying the qualitative research tends to be exploratory and flexible because of “unstructured” problems”.

This work is based on the qualitative research since focus is kept on the marketing communications of the particular case company operating in the specific industry. In addition there is no extensive research conducted previously on this topic and theoretical framework is limited, therefore the exploratory nature and flexibility of the research are required. This subchapter presents the theoretical basics of the data collection methods utilized in the research and the subsequent subchapter discusses the practical data collection and analysis as well as gives reasons for the selection of the methods.
4.2.1 Semi-structured interviews

An interview is a talk organized into questions and answers and may be conducted between two and more participants (Eriksson and Kovalainen 2011, 78). Interviews offer a practical way to collect data which cannot be found in a published form. It also allows to study people’s experiences as seen from their points of view (Eriksson and Kovalainen 2011, 81).

Semi-structured interview aims getting deeper into the relevant topic and exploring “what” and “how” questions together. Usually several discussion topics related to main subject are prepared in advance by the interviewer. Although the material is systematic, the tone of the interview resembles an informal conversation. The interviewer mostly uses open-ended questions, their wording may vary freely and they are asked when the interviewer feels it is appropriate. The questions may be prepared in advance and arise naturally during the interview to obtain more in-depth response. In addition the semi-structured nature of the method allows the important topics to be raised by the interviewee. This type of interview creates mutual understanding, makes it possible to talk about something in detail and depth, helps to clarify complex issues. (Eriksson & Kovalainen 2011, 82).

4.2.2 Review of the Internet sources

Electronic research refers to research activities which are carried out through computers and other new technologies (Eriksson and Kovalainen 2011, 97). Such research usually includes research literature published in electronic media, existing material on the Internet or materials produced for the purpose of a specific research project (online research). As follows from the description, electronic research concerns existing literature or collecting primary data by means of the Internet.

Along with the interviews, this work is based on the data collected by using the Internet as a source. In order to carry out the systematic review of the Internet resources the following guidelines described by Eriksson and Kovalainen (2011, 98-99) were applied: the specific questions were formulated before the search (each time search topic was narrowed), the critical evaluation of the sites was performed, and the de-
tailed record of the utilized sites was kept. More detailed information of how the research was implemented is provided in the chapter 4.3.2.

As a part of the Internet review the benchmarking research was conducted. American Productivity & Quality Center 2014 defines benchmarking as “the process of comparing and measuring your organization against others, anywhere in the world, to gain insights into measures, performance, and practices in a way that can rapidly improve the journey to world-class performance”. According to the Center, benchmarking methodology consist of the following steps: planning, data collection, analysis and adaptation. In the planning phase issues to benchmark are identified, the approach for data collection and resources are defined. In the collection phase the chosen issues are examined outside of the organization to identify best practices. Next the collected data is analyzed to understand how best-practice organizations execute the process, evaluate applicability and detect areas for improvement. During the adaptation implementation plan is created, changes are incorporated and ongoing monitoring is performed to ensure continuous improvement.

4.3 Data collection

4.3.1 Semi-structured interviews

Three semi-structured interviews were carried out during the research process. The first interview was conducted with the owner-manager of the Karama and others with the company’s customers - holiday home individual buyers (two families). The common characteristics of the interviews are introduced in the next paragraph followed by the case-specific description.

The dates of the interviews were agreed in advance. Predetermined themes and a list of associated questions were prepared. The focus was kept on the developing interview topics and questions which would relate to and help to answer the research question. The semi-structured form provided opportunity to ask secondary questions and focus on issues which appeared to be important to get in-depth information. It was intended to pay attention to what the interviewees tell about (content) and to how they talk about particular issue (enthusiasm, non-verbal communication, tone of voice). In
the beginning of the interview the participants were informed about the purpose of the research, the use of asked information and its distribution. Participants understood the benefits that might accrue to them as a result of participating. In both cases together with the interviewees it was decided not to make either audio or video recording. In the interview with the individual buyers, participants were assured about the absence of personal identifiers in the notes. In the interview with the owner-manager, it was assured that no classified information would be present in the notes. The researcher was responsible for both interviewing and taking notes. In order to provide the credibility, the results of the interviews were sent to the interviewees to confirm, or refute, the interpretations of the data.

*Interview with the owner-manager of the case company Karama*

The interview with the owner-manager of the case company Karama Petri Siitonen, Master of Engineering, took place on the 25 February at the company’s sales office in Rauha, Lappeenranta. First the general discussion helped to the researcher to understand and organize the company’s customer groups and the market offering. The results of this discussion are presented as a part of the company’s description in chapter 4.1.1. Next, the actual interview was conducted. The objectives of the interview were to understand the company’s current marketing communications activities and the owner-manager’s experience and attitude towards them. It was also intended to identify the specifics of the marketing communications of the given company to the real estate investors from the Russian Federation. Outline of the topics prepared for the interview is provided in the appendix 1.

This interview provided better understanding of the present situation, specifics of marketing communications of the case company and suggested ideas about improvements. The researcher also explored the attitude of the owner-manager’s towards various marketing communications tool to make practical suggestions as the personality of the manager has significant impact on the applied practices.
Interview with an individual buyer of a holiday home built by Karama

The interview with two families, individual buyers of a holiday home in located South Savo built by Karama, took place on the 9th and 16th March in the said houses. The participants were couples from Saint Petersburg, Russia. The objective of the interviews was to understand the buyers’ behavior during the purchase process. It was intended to discuss their experiences during the information search, selection and actual purchase. In addition to the outlined topics the attention was paid to the issues raised by the participants. Since two people participated in the discussion at each time notice was taken when their opinion differed. Outline of the topics prepared for the interview is provided in the appendix 2.

4.3.2 Review of the Internet sources

In order to systemize the data collection conducted with the assistance of the Internet, the following research topics were defined before the search:

- Russian Internet portals featuring property abroad or containing such sections
- Organizations offering intermediary services for property purchase and sale to the Russian byers
- Non-profit organizations involved in the Russian-Finnish business relationships
- Russian corporate entities previously acting as investors in holiday property abroad

The objective was to detect possibility for practical actions to be taken to improve marketing communications towards individual and institutional customers from the Russian Federation. Data on intermediaries was collected by conducting the search in the most popular search Russian search engine Yandex.ru with 53.7% of searches conducted in February 2014 (LiveInternet 2014a). The search keywords and the reviewed websites are presented in appendix 4. Non-profit organizations presented the base for potential expansion of the partner network. The search for corporate entities previously invested in holiday property abroad was focused on the Russian construction and investment companies and was carried out to identify institutional prospects and possibilities for direct marketing.
Benchmarking

For the purpose of the research the benchmarked issue was the utilization of the company’s website. Thought the development and maintenance of the website does not represent the core process for the case company operations, this marketing tool is significant for the small enterprise. This issue is particularly important for Karama as it changed the Internet-service company in the spring 2013; its website was redesigned and has been rarely updated since then. In addition, the company currently has a possibility and resources to integrate improvements.

In order to identify good practices for the communications through the company website the research was conducted by reviewing the websites of the construction companies and the web sites of small enterprises from other industries. It was decided to review the websites of several relatively large and well-known companies operating in the construction businesses in the South Karelia. In addition, several websites of small advertising agencies were selected for examination. Advertising agencies were selected as there is reason for thinking that such small businesses utilize marketing communication possibilities provided by their own websites in an effective way. Finally, the websites of several small construction companies operating in South Eastern Finland were reviewed, in order to detect the most common limitations of such sites and address them in developing suggestions for the case company. The list of the reviewed websites is provided in the appendix 5.

Limitations of the method

The research conducted by reviewing Internet sources limits the collected data to the one available online. Nevertheless this method was chosen, as it allows access to information to geographically dispersed data and the one which is difficult to collect by other means; it also provides flexibility to the researcher and decreases the costs of the study.
4.4 Data analysis

The data analysis and presentation is one of the most confusing aspects of the qualitative research (Burnard et al. 2008). This research was mainly based on the inductive approach to the data analysis due to the little opportunity to apply framework to predetermine the data structure. The method of the thematic content analysis was applied, which refers to identifying themes that arise from the data. Burnard et al. (2008) tell that in qualitative research analysis often begins during or shortly after the first data are received. Indeed, the initial findings made during this research (interview with the owner-manager of the case company) refined the subsequent data collection.

Interviews

After the interviews the notes were carefully explored to discover arising themes. Attention was also paid to repeating words and phrases and to the emotional behaviour of the participants. It was noted if the conversation had an unusual importance to the interviewees and if some issues came up several times. In case of the interviews with the individual buyers attention was paid to the opinions that were common or contradictory. To present the results it was decided to report the content under each theme and provide quotations to illustrate findings.

Review of the Internet sources

Since the review of the Internet sources was organized into several topics, the data analysis had distinct features depending on the theme. In case of Russian Internet portals the popularity of the website and its updating were evaluated; the attention was also paid to its target audience, presence of section featuring the property abroad, opportunity to place information about the company’s services and property on sale, the amount of similar advertisement, and general possibilities for utilizing the portal for marketing communication purposes taking into consideration restraints of the financial resources of SME.

Organizations offering intermediary services in the property market were evaluated from the point of view of their own marketing efforts and visibility in the Internet.
Notice was taken of the experience and the demonstrated reliability; particular attention was paid to the information about partners in Finland, and implemented construction of the holiday villages. In several cases the detected intermediaries were contacted to clarify the opportunities for cooperation.

Data about non-profit organizations involved in the Russian-Finnish business relationships were analyzed based on what benefits the cooperation with them could possibly give to the construction company. Notice was taken of the nature of the services offered by such organization, their target audience and the projects implemented with their support.

The analysis of the data collected about Russian corporate entities acting as investors in holiday property abroad consisted of consideration of the nature and scale of the projects implemented the countries and the potential of the investment activity in Finland. The contact information for the direct marketing was searched for.

For the purpose of benchmarking the analysis of how other companies organize their websites was conducted. Attention was paid to how the knowledge, liking and preference, conviction to take purchase-related actions and reassurance are promoted to the visitor; how the companies deal with presenting the content in the foreign languages. The detected practices were evaluated from the point of view of their transferability to the case company and usefulness for communication with both domestic and foreign customers.

5 RESEARCH RESULTS

This chapter contains the results of the data collection conducted in the process of the research work.

5.1 Interviews

The results of the interviews are presented by using the thematic structure that consist of the content under each theme and provides quotations to illustrate findings.
5.1.1 The owner-manager of the case company

This subchapter presents the result of the semi-structured interview with the owner-manager of the case company Petri Siitonen.

Currently communicated messages

Karama strives to promote the image of a reliable construction company with a particular emphasis on the work quality, safety and good interaction with a client. “We provide fluent construction process from the beginning to the end. We do not quarrel with our customers and secure them from the difficulties arising during the construction process.”

The owner-manager accentuates that the small size of the company gives advantages as it simplifies the communications with a client. According to him the slogan “Suurempaa sopivampi rakennusliike” (“More suitable construction company than a larger one”) contains this meaning even though it might be unclear from the first sight. “The slogan reflects the spirit of the company. It is intended that the customers understand its meaning already having dealt with the company. It implies that the company has the same quality level of work as larger companies, but it is easy to approach and interact”.

According to the owner-manager, the work of the company corresponds to the desired image. Nevertheless, the new customers understand it, already having implemented the project. “The customers give excellent feedback about interaction during the construction process and the price-quality ratio of our work. Some customers told that they should have turned to us earlier and vest us with more functions in the project”.

The most important tools of marketing communications

It was revealed the most important marketing communications with existing and potential customers are personal selling and word-of-mouth. These marketing communications modes have also played a significant role in the company’s growth. “Personal selling is highly important and I personally carry out all the negotiations about possi-
ble new contracts.” The company strives to maintain its image and positive word-of-
mouth. “Word-of-mouth and personal recommendations are second most important 
after personal selling. The elder generation’s management provided the company with a very well base of the referral groups”.

The largest group of customers (the public sector) are acquired based on the competitive bidding. Commercial offer and the quality of calculations is a significant tool in marketing communications of Karama. Due to the ability to bid the most lucrative price supported by the personal selling and the word-of-mouth, the company does not always need to look for ongoing tenders proactively. "The company is competitive on the price basis in the area of the construction and renovation of the civil buildings. We also prepare high-quality calculations. This along with other principles of the work provides us with the long-term public customers who personally invite us to participate in the competitive bidding.”

Other marketing communications tools

The company uses the affordable approach to form the budget for marketing communications. “The company annually spends on the marketing communications depending on what it can afford.”

The website is considered to be significant, but the owner-manager doesn’t consider it as a tool for creating awareness. Nevertheless, he states that clear and well-maintained website can reinforce the company’s image. “Website is a business card of a company, though I doubt that it is useful for creating awareness among our customers”.

Advertising has not played an important role in the marketing communications of the company. "Mass advertising is not very useful in reaching our target customer groups. Instead of advertising we focus on the personal interactions”.

By using secondary questions it was discovered that some forms of outdoor advertising are utilized. “We place advertisements about apartments on sale (located in Puumala) in Puumala’s newspaper. We place logos on the employee’s uniform, company
vans, and assemble outdoor boards at the construction sites and next to the property for sale.”

As to advertising to the individual buyers, the company utilizes intermediaries and has also experience in using print media targeting Russian customers, which wasn’t useful. “We have agreements with several Finnish real estate agencies and advertise ready houses through them”. “We have placed advertisement in the “Newspaper X” and didn’t notice any result”.

In some cases the owner-manager utilizes direct-marketing combined with personal selling. “I have a list of prospects and 1-2 times a year contact them personally to inquire if they need construction contractor’s services”

The company is also engaged in the sponsorships, but the owner-manager explained that there are no much strategic business considerations behind this activity. He also understands that this may mainly affect the image of the company in the local community rather than among the target customers. “The company supports a local junior floorball team and several young skiers. For instance, the winter clothes for the team were purchased. The main reason for this sponsorship is that the company wants to contribute to society. At the same time it may affect our image in a positive way, since the logos of the company are placed on the clothes.”

**Partners**

The company has a wide network of such cooperation organizations as suppliers, internationally known house producers, and municipalities. “We maintain relationships with our construction materials and elements suppliers. House producer Honkatalot is an important partner; we have implemented several projects with this company. The company has experience in building row houses jointly with a municipality”.

The company also cooperates with educational institutions. It is explained by the personal interest in the activity and desire to increase awareness of the company among future construction professionals. “The company has close ties with Saimaa Universi-
ty of Applied Sciences. I lectured there previously for engineering students. Such ties provide resource for research works, potential employees, partners or even clients”.

**The intermediaries and the foreign real estate investors**

The issue raised by the owner-manager and appeared to be extremely important, was occasionally incompetent and unfair actions of the intermediaries employed by the Russian real estate investors. “*Often foreign real estate investors operate in the region through intermediaries. Such intermediaries not always possess enough competence to make decisions during the selection of the construction contractor. It even sometimes occurs that an intermediary does not fully inure to the benefit of the primary investors*”

The owner-manager explains that the low-priced offers for holiday-homes constructions provided by other construction companies are usually based on poor calculations. He believes that Karama is price-competitive, but the bid is not the lowest in the region, because more accurate calculations are carried out. “*Frequently, the cheapest option is searched for. If the quality of the calculations is not taken into consideration, it may occur that the cost significantly increases during the construction process. We put a lot of effort to prepare accurate computations to prevent unplanned expenses and not to compromise the quality of work during the construction. We do not utilize cheap labour force and our price for the holiday-home construction is frequently not the lowest.*”

According to the owner-manager, the company would rather work with the investors directly as it can provide all the project management functions. At the same time he understands that it is difficult to establish direct contacts with them without intermediaries. He emphasizes that the issue of trust arises here. “*Not all the participants of the construction business act honestly, therefore we cannot put absolute trust in the unknown intermediaries and potential customers turning to us with requests. Before we prepare the commercial offer, we need to evaluate the seriousness of the customer’s intention. We need to have information about the person or organization, which contacts us, and the primary client. We are ready to provide the detailed technical documentation only when the contract with us in signed*”.
In order to eliminate the need of intermediaries, the owner-manager is ready to provide the necessary consultancy services for the investors as long as it results in the construction contracting with Karama. “The company specializes in the construction and we are ready to provide consultations and other services involved in the project management only for our clients (who order the construction)”

**The future of the company**

In the near future the company intends to undertake novel construction projects. ”We plan to engage in construction of wooden multi-storey housing buildings, such novel projects are supported by the state government”.

The owner-manager sees the company growing in the future. “Karama has strong growth potential. We have young employees”. It is intended to focus on retaining the same customer groups and operations, while it is also possible to consider implementing industrial projects in the future. “The concept of the company will stay the same with the emphasis on the public and private institutional customers. Along with the civic construction, in the future we might consider to increase competitiveness for the industrial projects.”

5.1.2 Individual buyer 1

This subchapter presents the result of the semi-structured interview conducted with the first individual buyer (a family) of the holiday home built by the case company.

**Origins of the holiday-home purchase idea**

Both respondents agreed that the idea to purchase a holiday home in Finland rose owing to the husband’s boating hobby. Husband: “Finland offers great infrastructure for boating, the state provides good conditions for the owners of the boats. There are no such opportunities in the North-West Russia”. Though the respondents state that boating hobby was the main factor in the holiday-home purchase idea, they told that they
had been visiting Finland regularly since 2001, renting cottages in Lappeenranta and Imatra.

The respondents also mentioned that the actual idea to buy an own home was triggered by the leaflet of the company X (large Finnish construction company) about leisure housing construction in South Karelia. “We received the brochure and the idea seemed to be interesting. Though the price level of this company’s homes was high, it made us consider the possible purchase more seriously”. By using secondary questioned it was discovered that the participants regarded this idea only as a holiday-home purchase, and not as an investments for the purpose of getting income.

Both husband and wife told that shortly after the idea had appeared they started searching for the suitable options.

**Information search**

The respondents turned to the consulting company Y operating in Saint-Petersburg, whose billboard they noticed near the Finnish-Russian border. “We wanted to have comprehensive service in the Russian language”. They looked through the web sites of other agencies; the price level appeared to be the same, so they relied on the consulting company Y. By using secondary questions it was discovered that the respondents hadn’t paid much attention to the advertisements in the printed media. Husband: ”The advertisements in the magazine didn’t attract our attention”. They didn’t consider visiting preferred regions to search for the houses on sale by themselves either. Husband: “I rarely notice outdoor boards in front of the houses and usually it is written in Finnish on them”. Though the respondents have familiar property-owners in Finland, they didn’t ask them for advice during the search. Husband: “I sought for household advice from acquaintances already after purchase.”

The main search criterion was the location which would provide opportunities for boating. Husband: “We wanted access not only to water, but the possibilities for the boating: the bay and the moorage”. They looked for a one-storey house with high ceilings. In addition, the wife mentioned that availability of services was important.
Wife: “I expected the house to be in the residential area with at least healthcare center and a grocery store located nearby”.

In the chosen regions the houses were searched within the certain price category. “We seriously considered Lappeenranta and Hamina and searched for the houses within the price range we expected to pay”. According to the participants, they began to take into considerations alternatives with the higher price after the consultancy company Y told about possibility to apply for a loan in a Finnish bank on beneficial terms. Husband: “The consultant told us about the possibility to take a loan and we decided to try”.

The respondents found alternatives by themselves on the company Y’s website and some optioned were suggested by the company, including the house in South Savo which was afterwards purchased. The buyers knew about the municipality where the house was located, but the region wasn’t initially under consideration. Husband: “We have only passed through this area before”.

Comparison of alternatives and selection

According to the respondents they selected the houses based on the photos provided by the consulting company Y. They mention that during the visits, in addition to the possibilities for boating, they paid attention to the house condition and to how well it was equipped. According to the participants, they had visited five houses and selected two for further consideration. “We liked this house and one house in Hamina”.

The buyers emphasized that they liked the house in South Savo above all because of its furnishing, modern equipment and neatness. They also told that general good condition of the building and absence of the necessity to repair played an important role. The exterior view and interior of the house corresponded to the photos. Both respondents were delighted with how easy it was to move to the house. “The house wasn’t new, but we were impressed by the stylish decoration, furniture and modern equipment. The house was cleaned-up, looked fresh and there was everything ready for living”. While the husband was guided by the impression of the interior, the wife also paid attention to such characteristics of the house as size and convenience of the
rooms’ location. Wife: “This house seemed very unusual, even the form of the land plot. I also liked the house in Hamina, it was twice bigger, but older and we would have to refurnish it.” Both respondents admitted that the decisive factors were the good condition of the house, stylish decoration and furnishing, and modern equipment.

By using secondary questions it was discovered that the respondents didn’t consider purchase of the land plot and new house construction. “We wanted a ready-to-move house”. It was also noted that they didn’t come back to the search and made a choice between two alternatives. “We would have started searching again if we hadn’t received the loan”.

**Support during the transaction**

The respondents couldn’t evaluate Karama’s performance as they didn’t need to communicate with them directly and became aware that the house’s sellers were at the same time its producer only after purchase. Both respondents agreed that the support provided by the consulting company Y during the all stages of the sales and purchase agreement conclusion was excellent. The husband emphasized that he had doubts about the possibility to receive the loan and said that the help of the company was critical. Husband: “I expected the process of actual purchase to be more difficult. The representatives of the company Y advised us on all the issues arising during the preparation of the agreement, loan application, and bank account opening”. Wife: “They also helped in communication with the seller as we needed to find out how all the equipment worked”.

**Guest house construction**

The respondents told that after one year from the purchase they decided to build a smaller house for guests. The decision to conclude a construction agreement with Karama was natural since they maintained good neighbourly relations. Both respondents agreed that the construction’s process, result and the service were excellent. Wife: “Everything was super!” The respondents explained that they couldn’t not visit Finland often at that time and the photos of the work done sent by the representative of
the company were a very good point. *Wife:* “I was really nice that I regularly received photos and we could see the construction progress”.

**Suggestions for service improvements**

The respondents told that they were satisfied with the purchase process as it appeared to be easier than they expected, but still they raised a topic about possible service improvements. These issues concern the post-purchase services. *Husband:* “We faced some difficulties after purchase.” The respondents explained that, for example, they needed support with supplying the house with additional furniture, the internet and television installation and general property maintenance. “It is not easy for us to organize the maintenance of the house because of language difficulties.” The respondents also gave some examples of the service which could be potentially offered, but this information is omitted as it mainly concerns the operations of the consulting company Y.

### 5.1.3 Individual buyer 2

This subchapter presents the result of the semi-structured interview conducted with the second individual buyer (a family) of the holiday home built by the case company. In this case the interview was shorter than the first one, ainly the questions were answered by the husband and the wife agreed or added comments which would support the spouse’s words.

**Origins of the holiday-home purchase idea**

The respondents explained that the idea to purchase holiday home in Finland appeared accidentally. “We didn’t plan the purchase. The idea came suddenly”. The respondents informed that they had been in Finland before, mainly in the capital area, and stayed in the hotels. In addition the husband mentioned that he had business trips in Finland. By using the secondary questions it was revealed that the respondents had Russian acquaintances owing business property in Finland.
The husband told that he noticed the house construction site (which was bought afterwards) when he personally visited the area. He told that he appeared at that area due to his acquaintance who owned a land plot there. “We were passing by this area and I asked him to show me the places. I noticed the construction site and decided to inquire out of curiosity.” As a result the respondent found out that the property was on sale and the asking price and began to consider the buying more seriously.

*The comparison and selection*

The respondents mentioned that they also considered the construction or purchase in Russia, but Finland was preferable due to safety. In addition the important criteria for the house were its adequate size (“We needed enough space for our visitors”), certain solitariness, and the house had to be new. The presence of a lake nearby was not an important factor. Initially, the husband intended to buy a holiday-home in a remote area, but taking into consideration the opinion of his relatives, abandoned this idea.

It was discovered that the buyers did not have an extensive period of search after the first visit to the construction site. “We noticed the construction of this house. It caught our fancy and we also noticed that the approach to the house production is adequate. I observed and liked the performance during the critical works (underpouring, heat insulation). The location suits very well for the holiday-home”.

Nevertheless, it was revealed that the husband conducted some search by using Russian and Finnish Internet-directories to make comparison with the property in other regions of Finland, particularly in Espoo. “I have compared houses in Espoo and this option was better due to its location (closer to Russia) and the size of the land plot”. It was explained that the opportunity to purchase the adjoining land to increase total size of the plot played an important role.

The respondent informed that they consider neither using intermediary services for additional search nor ordering new construction. “There was no sense to start new construction. We wanted to decide and buy”.
The transaction process

It appeared that the process of execution of the purchase and sale was more difficult and longer than the respondent expected. The husband explained that they intended to organize documentation of the transaction without intermediary involvement, what appeared to be difficult and time consuming. After some efforts they decided to use the services of the company Y (same as in the case of the first buyer). “We didn’t know how to start the process; no one could explain and we had already lost about two months before decided to use consultancy agency services. This agency was advised by acquaintances”.

The respondents told that the company Y organized the process of purchase and sale smoothly; though they are not fully satisfied with their performance (the details were not discussed). The company Y also helped to apply and receive a loan. The husband added that the opportunity to receive a loan was not crucial for this purchase, thought considering the conditions it was sensible. “We knew about opportunity to receive a loan, the conditions were suitable; it would be foolishly not to apply. The company Y entirely organized this process.”

It was discovered that the respondents would rather deal with the construction company if they could provide competent information on how to organize the purchase and the sale process with the foreign customer. “I would definitely operate directly with Karama if they could assist in the documentation issues”. The husband stated that he would recommend having a competent person in the company to handle such issues.

Communication with the construction company and post-purchase support

The respondents gave excellent feedback to the performance and communication with the representatives of Karama before and after the purchase. They told that the help in household questions was given and minor repairs were kindly performed on request. “We appreciate their help and support”. The husband also mentioned that during the first conversations the representatives of the company produced a good impression. “We spoke with them and felt like dealing with such people, we didn’t feel that they push us to buy the house”. The respondents told that the issues of paying taxes, com-
munication with banks, paying the utilities and taxes present some difficulties; and frequently they advise with the representatives of Karama.

The buyers informed that they do not consider the purchase as a way to receive income in the future, though they are sure that the financial resources spent they invested will at least partly return. “Compared to purchase of property, for example, in Spain we are confident that we will receive something back in case of sale”.

5.2 Review of the Internet sources

This chapter presents the results of the research conducted by conducting the systematic review of the Internet sources.

5.2.1 Marketing communications channels

Russian Internet real estate portals

The research conducted among Russian portals showed that there are 14,840 websites featuring real estate (LiveInternet 2014b). The 15 most popular websites were investigated based on the criteria determined in the chapter 4.4. Several websites were selected for further consideration about their utilization as a marketing communication channels and presented in the table 5.

<table>
<thead>
<tr>
<th>Portal address</th>
<th>Popularity (LiveInternet 2014b)</th>
<th>Fee for creating company’s profile and individual property advertisements</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://realty.mail.ru/">http://realty.mail.ru/</a></td>
<td>1</td>
<td>no fee for individuals; paid for companies</td>
</tr>
<tr>
<td><a href="http://realty.dmir.ru/">http://realty.dmir.ru/</a></td>
<td>4</td>
<td>no</td>
</tr>
<tr>
<td><a href="http://realty.rbc.ru/">http://realty.rbc.ru/</a></td>
<td>5</td>
<td>no</td>
</tr>
<tr>
<td><a href="http://www.rosrealt.ru/">http://www.rosrealt.ru/</a></td>
<td>7</td>
<td>no</td>
</tr>
</tbody>
</table>
After creating the company’s profile and placing the advertisement on the portal, it is possible to see the statistics about the amount of views daily. The visual example of the company’s profile and the advertisement of the property for sale are presented in appendix 3.

In addition the 25 most popular foreign real estate portals provided by SeoRate (2014) were investigated. The list of the web sites included portals about real estate in different countries and only in specific countries (such as Spain and Bulgaria) therefore the number of the reviewed sites was increased. Several websites were selected for further consideration about their utilization as a marketing communication channels and presented in the table 6.

<table>
<thead>
<tr>
<th>Portal address</th>
<th>Popularity (SeoRate 2014)</th>
<th>Fee for creating company’s profile and individual property advertisements</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://priany.ru/">http://priany.ru/</a></td>
<td>1</td>
<td>50RUB/day + 560RUB/message from visitor: unlimited time and number of ads. Deposit 180EUR.</td>
</tr>
<tr>
<td><a href="http://tranio.ru/">http://tranio.ru/</a></td>
<td>2</td>
<td>30RUB/1 ad/month</td>
</tr>
<tr>
<td><a href="http://www.homesoverseas.ru/">http://www.homesoverseas.ru/</a></td>
<td>3</td>
<td>77RUB/day up to 50 ads</td>
</tr>
<tr>
<td><a href="http://zagrandom.ru/">http://zagrandom.ru/</a></td>
<td>8</td>
<td>67,5EUR/3 months up to 10 ads</td>
</tr>
<tr>
<td><a href="http://www.avito.ru/">http://www.avito.ru/</a></td>
<td>25</td>
<td>no fee</td>
</tr>
</tbody>
</table>

It was also noticed that the presented real estate portals contain sections with news and articles featuring various topic about real estate and construction. Such articles often include interview with experts from the companies in a given field what represent particular advertising. Some portals even suggest experts to fill the application for participation in this process.

Intermediaries operating in the foreign real estate market

By implementing the search by using Yandex.ru, the most popular Russian search engine according to LiveInternet 2014a, it was discovered that there is a wide number
of companies marketing to the individuals their consulting services concerning property purchase and construction in Finland. The list of the reviewed websites is presented in the appendix 4 by the search phrase. The advantage of such companies is that they have high visibility in the search results and maintain informative websites which in most cases contain the following sections:

- general information about Finland emphasizing the reasons for owning property in the country
- catalogues of property for sale
- information covering the basics of the property purchase and construction in Finland

The organizations whose websites were reviewed offer help in Finnish property selection, organization of construction, informative and legal support in Russian language during the process of purchase. Some of them also offer additional services such as consultations during the purchase of the business, after-sale property management and maintenance, help in purchase of motorboats, and even the consulting on the residence permit questions. The review of the information presented on the websites and several personal inquiries showed that such companies operate through partners, legalized real estate agents in Finland, construction companies and house producers. Some of them place the following phrase in the Finnish language: “Company Z is a Russian entity which does not perform functions of the real estate agent in Finland. The company operates as advisory centre for Russian clients in cooperation with the Finnish legalized real estate agencies”.

In some cases the website with the Russian domain name and high visibility is launched by the company registered in Finland in order to perform marketing communication functions. The advertisements of several reviewed companies were noticed on the free and paid real estate portal mentioned in the previous chapter. It was also discovered that the representatives of such organizations participate in the creation of the news content on the internet portals featuring real estate. For instance, their names appear in the thematic interviews or articles.
Some conditions of the estate agent services offered by the Finnish companies focusing on the Russian customers are not acceptable for the case company due to, for example, high commission and/or exclusive nature of the contract (the company may have only one real estate agent).

Several personal phone enquiries were made and it was revealed that not all information on the sites corresponds to the reality. For example, one of the Russian companies mentioning construction services on their website informed that they do not offer them at the moment.

*Regional development agencies*

There are regional development agencies operating in Finland whose objectives besides others include promotion of foreign investments. Such organizations are governmentally financed and offer consulting services for already operating companies and potential investors interested in establishing business in Finland.

In South Eastern Finland such agencies provide services in the Russian language as investors from this country represent an important group. The range of the services is wide, including help in networking and subcontracting. If assumed that such organizations receive inquiries from the investors who need construction contractor’s services, the awareness of the case company’s services among such agencies may result in establishing contacts with prospects. In their operations such agencies participate and/or organize business forums which offer possibilities for networking.

The following agencies operate in the regions where the case company provides its construction services:

- Savonlinna: Savonlinnan Yrityspalvelut Oy  www.savonlinnanyrityspalvelut.fi
- Imatra: Imatran Seudun Kehitysyhtö Oy  www.kehy.fi
- Lappeenranta: Wirma Lappeenranta Oy  www.businessinnovations.fi
- Mikkeli: Miset Oy  www.miset.fi
In addition to the listed organizations the service platform Rubicon (official website www.rubicon.fi) aims at facilitating investments and growth of Russian companies in Finland. This platform is supported by Cursor Oy, development agency operating in Kotka-Hamina region, and focuses on promoting investments from Russia. Rubicon organizes various conferences and workshops for potential investors and its business partners to facilitate interactions between the service providers in Finland and their potential Russian customers.

**Russian construction and investments companies as prospect clients**

The review was based on two articles featuring the foreign projects of Russian construction and investment companies (Expert Online and Finstroy). The information given in the articles was verified by reading the companies’ websites and other media. Particular attention was paid to the companies acting as investors in the holiday property in the European countries. Table 7 summarizes information about the foreign projects of several Russian construction and investment companies.

The list of entities is not extensive, whereas they can be considered as suspects for the future projects in Finland. The companies presented in the table 7 are large enterprises or groups of companies which possess significant resources. Mainly they implement large construction projects in different regions of the Russian Federation with the particular emphasis on Moscow and Saint Petersburg area. Companies undertaking projects abroad might be considered as suspects for the future projects in Finland. Under certain economic circumstances such companies implement projects abroad which bring them particular benefits including, but not limited with the diversification of the investment activities and increasing of the image on the national market.

**TABLE 7. Example of Russian companies and their investment projects abroad.**

<table>
<thead>
<tr>
<th>Company</th>
<th>Example of a project abroad</th>
<th>Country</th>
<th>Website</th>
</tr>
</thead>
</table>
| Setl Group (Setl North Europe OY) | Cottage villages construction and renting out. 2 villages: Saimaa Lakeside in Ruokolahti and Tahko Hills in Tahko. (Setl North Europe 2014) | Finland | www.setlgroup.ru
<p>| | | | <a href="http://www.setl.fi">www.setl.fi</a> |</p>
<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
<th>Location</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barkli Corporation</td>
<td>Barkli Montenegro acquired in 2007 with the purpose of the subsequent renovation and management of a hotel in Montenegro (Kommersant 2014)</td>
<td>Montenegro</td>
<td><a href="http://www.barkli.ru">www.barkli.ru</a></td>
</tr>
<tr>
<td>Stroymontag</td>
<td>The subsidiary Hermitage SAS carried out construction of low-rise residential buildings (20000 sq.m) in 2008 in the suburbs of Paris (ASNinfo 2014).</td>
<td>France</td>
<td><a href="http://www.stroymontag.ru">www.stroymontag.ru</a></td>
</tr>
<tr>
<td>Inteko</td>
<td>Boutique hotel Karlovy Vary 2011, Hotel in Kitzbühel, bringing into service 2008 (Inteco 2014).</td>
<td>Czech Republic, Austria</td>
<td><a href="http://www.inteco.ru">www.inteco.ru</a></td>
</tr>
<tr>
<td>Heliopark (Hotels &amp; Resorts in Russia, Ukraine and Germany)</td>
<td>SPA-hotel in Baden-Baden, bringing into service — October 2007 (Heliopark 2014)</td>
<td>Germany</td>
<td><a href="http://eng.heliopark-group.ru">http://eng.heliopark-group.ru</a></td>
</tr>
</tbody>
</table>

### 5.2.2 Benchmarking

This subchapter presents the results of the research conducted by reviewing the websites of the leading construction companies in Finland and South Karelia and small businesses from other industries in order to detect good practices in utilizing the website which could be applied by the case company (appendix 5 contains the list of the reviewed websites). The results are presented in the structure which describes how the following communication objectives are pursued: knowledge, liking and preference, conviction to take purchase-related actions and reassurance.

*Leading companies operating in the construction business*

It was noticed that relatively large construction companies place much information to their websites which is organized in several sections. The content includes but not
limited with: text, internal links, photos, videos, search forms, feedback forms, maps, and links to the company’s pages in social media. The websites contain explicit information about the companies’ operations, services offered, property for sale, implemented projects and contacts. In addition YIT, Lemminkäinen and SRV provide press releases and other information for media. It was noticed that the reviewed companies provide information in Russian language. In most cases they possess a separate website with the Russian domain name featuring their operations in Russian as well as present property in Finland.

The description by what means the websites pursue communication objectives is presented in the table 8.

### TABLE 8. Website features contributing to the communication objectives

<table>
<thead>
<tr>
<th>Communication objective</th>
<th>Features of the websites</th>
</tr>
</thead>
</table>
| Knowledge               | - extensive information about the company and services divided into several sections and subsections  
                          - the description of services is organized into sections for various target groups (individual buyers and clients, institutional customers)  
                          - an article describing particular type of services is linked with the page featuring previous projects  
                          - interactive search of property for sale  
                          - well-maintained section containing current issues |
| Liking and preference   | - support of the textual information with images  
                          - extensive information about implemented projects indicating the types of works, clients, location and year  
                          - high quality images and detailed description of property for sale  
                          - emphasizing the company’s values and principles of work  
                          - FAQ sections |
| Conviction to take purchase-related action | Contact forms:  
- “Ask more!”,  
- “Make an appointment”, “Call back request” |
Reassurance and credibility
- full address and contact information
- real people (photos) on the contact page
- extensive information about previous projects
- “media about us” sections
- customer list and endorsements
- awards won and certificates

Advertising agencies

The websites of the advertising agencies include textual information includes highlighted keywords-hyperlinks and bulleted list which simplify the screening of the page and navigation. Logos of their customers are actively used and the preview of the previous works is available already on the front page. Advertising agencies maintain sections with current news which informs mainly about the recent works and ongoing projects. In addition to the website the companies maintain own pages in Facebook. The websites contain detailed contact page with employees’ photos and map.

Small construction companies in South Karelia

The review of the websites of small construction companies operating in the South Karelia showed that such websites contain significantly less information. The following most usual limitations were detected: textual information without highlighted keywords and hyperlinks, poor quality images of property for sale and previous works, images lack captions, attention is not paid on maintaining credibility, only one contact number, absence of employees’ photos, absence of or poorly maintained section about current news. Mainly credibility is promoted by placing on the webpage logos indicating the membership in various organizations (such as Suomen Yrittäjät, Luotettava Kumppani) and credit rating. On the reviewed websites the information is presented only in the Finnish language.
5.2.3 Additional results

Cooperation with landowners

It was revealed that there is opportunity to cooperate with the Finnish companies owning and selling land plots. For example, Tornator Oyj is a large forest owner in Finland, whose business include selling waterfront plots. In the Russian language sections of its website the contacts of Nordic Development Oy are provided. Nordic Development Oy is a company providing various services during the construction, representing housing producer Honka and targeting Russian clients in Finland. The cooperation with Tornator gives advantages to Nordic Development Oy, as it has opportunity to approach customer on the early stage of the project (buying a plot).

Forums of investors

During the review of the Internet sources some additional information has been discovered which represents opportunities for marketing communications of the case company.

It was revealed that there are internet platforms which provide opportunities for communication between owners of the business ideas and investors. Besides discussions on various business topic such platforms contain section which with the basic information about the idea or existing business and section where investors place information about financing they are ready to offer and requirements. The examples of such websites are:

Forum of investors and international investment projects http://www.fimip.ru/
Club of Investors http://investclub.ru/
Forum of the entrepreneurs of Moscow http://mkp-club.ru/

Owners of a business idea may utilize such forums for finding partners and attracting investors.
6 CONCLUSIONS

This chapter presents the conclusions made based on the research results, practical suggestions for the case company and the evaluation of the research and its consistency with the theories.

6.1 Suggestions developed based on the results

The case company puts particular emphasis on the personal selling and word-of-mouth. The marketing communication of the company is heavily influenced by the industry norms, namely, tendering for construction contract. The company doesn’t have any specific communication tool targeting Russian customers. Individual buyers are targeted through real estate agencies which effectiveness is questionable. Thus, the awareness of the company should be increased.

If the expected importance of the Russian customers is significant it is suggested to plan and implement a comprehensive marketing campaign targeting Russian clients which would increase the awareness of the company. The campaign should be carried out under favorable circumstances in the Russian economy. Such a campaign should include, but not be limited with, the increase of visibility online and on locations (office), expanding the partner network which would represent a link to the Russian customers. The utilization of the creative outdoor advertising in South Karelia, which would attract attention, is recommended for consideration. Such advertising can be planned and created in cooperation with the educational institutions in the region. Without the campaign the orders from Russian customers will mostly be received incidentally.

Both interviewed individual buyers told that the support during the purchase process was an important issue. They needed advice on the property purchase and banking procedures for foreigners. Both buyers used services of the agency Y due to its outdoor advertising and recommendation from acquaintances. It is recommended for the case company to have comprehensive information about the property purchase and construction process specifics for foreigners and be ready to provide such support also
in Russian language if necessary; this should be included in the message delivered to the potential clients.

Both buyers highly evaluate the performance of Karama representatives, but the awareness and knowledge of the company’s other operations is not broad, which is a limitation taking into consideration that previous buyers represent an important referral group. Good relationships make it sensible to expect that the buyers might recommend the company to others and turn to the company if they need additional construction services. In addition it is recommended to undertake actions which would increase the awareness about the company’s general operations and projects. It is possible that the buyers may become the company’s partners in some projects, since they might represent certain groups of society with particular interest in the promising business projects.

*The practical actions recommended to be taken in the near future*

There are plenty of real estate portals with paid or unpaid advertisements. According to the statistics, they have a significant number of visitors and are highly visible in the Internet. It is recommended to create the company’s profile and place its advertisements on those which are selected in the chapter 5.2.1. The contact details placed on the portals may generate visits to the company’s website, which are possible to track by using site statistics tools (such as Google Analytics). Such statistics will allow to estimate the ongoing interest in the company’s services.

There are companies offering Finnish real estate purchase and construction services and targeting Russian customers. They have high visibility if the customers uses search engine for search and undertake other forms of own advertising, thus at this moment they are closer to the target groups from Russia than the case company. The cooperation with them is possible, but the acceptability of the conditions and quality of their services can only be discovered by contacting them personally. Preliminary it is recommended to contact the following organizations: Vipcon LKV, Finma, Domfinland Oy LKV, Lappi Group, Strana Plus, Finland Consult Oy LKV, Eliso Oy, Best Finland. It useful to collect as much background information about the company particularly in case of construction projects to secure the reliability of the partner. In case
of concluded agreements it is recommended to promote Karama’s own reliability, communicate on the regular basis and provide extensive information about property for sale, high quality images of the property interior and exterior.

There are several development agencies in the region of Karama’s operations cooperation with whom could possibly bring some benefits for the company, if the clients of such agencies require construction services. It is recommended to inquire the agencies listed in the chapter 5.2.1 about the possibilities for the partnering and the demand of the construction services from their clients. Contacting itself will increase awareness about the company among such agencies, which is a benefit. At the same time the cooperation with them may require regular participation in the event and general maintenance of the contacts, therefore the time of the owner-manager.

There are possibilities for direct marketing, whereas it is challenging to detect targets if the focus is on the individual investors in Finnish property. At the same time, the property investors might also be Russian construction and investment companies, whose public plans are possible to monitor. It is recommended to follow the activities of the Russian large developers, for example through mass media, and implement direct marketing under suitable economic circumstances.

_The website utilization_

For a relatively small construction company which cannot afford mass advertising, the visibility of the website in the Internet and its quality may contribute significantly to attracting customers. As a part of campaign suggested earlier, it is recommended to generate visits to the website by implementing SEO and/or context advertising. In targeting Russian customers it might be important to optimize the website for the most used national search engine Yandex.ru and/or create the website with the Russian top-level domain name.

As it follows from the results, the relatively larger companies utilize their websites in a way that this mode of communication pursues more objectives than the websites of the smaller companies. There is great possibility that the website can be one of the first tools which would reach the potential customer. Below are recommendations
which would help to increase the credibility and functionality of the case company’s website. Some of the suggestions for the website improvement are visually demonstrated in appendix 6.

1) To show that the international clients are important and tell about a professional approach to the business, the information in Russian should be present. It is also recommended to divide the content according to the segments: individual buyers and investors interested in relatively larger projects (appendix 6 figure 15). In the section for individuals the information about property for sale can be placed and the second section should include information about the holiday homes construction services.

2) Facilitate navigation:

- include highlighted keywords-hyperlinks into paragraphs (appendix 6 figure 7 and 15)
- resize the images to the minimum acceptable quality to facilitate the pages loading

3) Increase credibility and liking:

- upload photos of the personnel to the contact page
- create module with the logos of the main clients on the sidebar (appendix 6 figure 10)
- update the front page slideshow: compile the slideshow from the images of the previous construction projects, add captions indicating the project (appendix 6 figure 7)
- simplify the access to the page containing photos and basic information about the completed projects, organize the page more conveniently for browsing (appendix 6 figure 14)
- list or add logos of the main partners (and negotiate with the partners about placing own logo on their pages)
- maintain the “current news” section by placing information, for example, about current and future projects, organized property presentations
- maintain high quality images and detailed information about the property for sale
6.2 Further considerations

As further recommendations it is suggested to approach large landowners selling land plots for construction and undertake actions to establish partner relationships with them. By extending business network to such companies, the case company would have greater possibilities to receive information about the prospects, approach them, and get involved at the early stage of the construction project, therefore increase opportunity to receive construction contract.

It is also recommended to consider opportunities given by the forums of investors and entrepreneurs. Such platforms offer possibility to attract investors directly to the business project. Nevertheless, this process requires proactive actions of the case company. Along with advertising its services, it should be able to develop the project idea and provide its feasibility study, preferably presenting some non-monetary benefits of investing in Finland. In this case Karama will most likely share the risks with the investors as it will conduct more functions rather than only the construction contractor.

Finally, in the connection with the slump in demand from the Russian customers it is recommended to consider prospects from other markets, particularly from Asian countries.

6.3 Evaluation of the research

The theoretical review showed that there are various marketing communication tools which could possibly be used by the case company. As the research revealed Karama utilized most of them in a varying degree, but due to the resources restraints its activities correspond to the practices described in the SME marketing theories with the influence of the construction business specifics. The results of the interviews with the customers showed that the buyers went through the decision-making process which can be described by the theoretical framework, but its stages and length are heavily influenced by the personal characteristics. The theoretical literature about SME marketing provided valuable directions for the research among communication channels which existed and were revealed: online directories (real estate portals), intermediaries with greater access to the target market, networking (regional development agencies),
and maintenance of the website as a communication tool. The research also showed the limitation of such tools. Thus the results and based on them following suggestions are consistent with the reviewed theories.

This work was conducted from January to April 2014, when changes in the economic and political environment happened in the Eastern Europe; these changes do not have positive impact on the development of the investments from Russia to Finland. Nevertheless, the potential slump may also represent opportunities for the case company, as some actors of the construction industry greatly dependent on the Russian client may quit their operation. Some of the presented suggestions can be implemented immediately and some of them are recommended to be carried out when the economic and political environment achieve particular stability.

Eriksson and Kovalainen (2008, 294) tell about such criteria for qualitative research as dependability, transferability, credibility, and conformability. Dependability of this thesis is demonstrated by the logics structure of the work and information offered to readers. The extensive details about data collection process are provided to maintain the clarity of the research process. Since there was no exactly similar research available to compare the results, the transferability is justified by the absence of issues in the outcomes which would contradict to the common sense. In the part of the research when the current communication practices were examined, the results correspond to the previous studies on the topic of marketing in SMEs. In order to increase the credibility of the research, the results of the interviews were sent to the interviewees to confirm, or refute, the interpretations of the data. In addition, the research was accompanied by communication with the case company and the thesis coordinator to improve and refine the process. In order to avoid errors in the interpretation of the data obtained during the review of the Internet sources, no convincing claims were made about the effectiveness of the revealed marketing communication tools, but the suggestions to take them into consideration. To achieve conformability the reporting of the data was reviewed to verify the connection between the findings and interpretations.
7 CONCLUDING REMARKS

As a result of the work the case company received information about the two cases of the holiday home purchase process from the customer’s point of view. The meeting with the buyer and inquiring about their experiences can be regarded as a marketing communication activity showing the responsibility and concern about them. Several channels which represent the direction for the marketing communications improvement of the case company were suggested, particularly taking into consideration the availability of the resources. Practical suggestions for the improvement of the communications through the company’s website were developed and visually demonstrated.

Due to particulars revealed in the beginning of the data collection, the research methods were refined. It became important to take into consideration the specifics of the communications with the orders of relatively large projects of the holiday homes construction. In these respect particular challenges arose due to the limited access to the empirical data about real estate investment process and its participants in the South Eastern Finland. In order to reveal the effective communication tools which would reach the private investors, the focus should be done on the preconditions of the investing, stages of the process and the participants. To increase the trustworthiness of the work and expertise in the analysis it is recommended to implement such work by the group of researchers with the high involvement of the commissioning party.

When implementing this work I have significantly developed my knowledge of the marketing communication tools theory. In addition I have familiarized with the specifics of the marketing in the small enterprise not only in theory, but also in practice by interacting with the case company. Conducting the semi structured interviews I have practiced my communication skills and enjoyed the conversation with interesting people. By performing the research among various participants of the investment process, particularly in the real estate market, I increased my knowledge in this sphere. In conclusion, I have received valuable experience and can consider participation in the work on similar topics in the future.
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SeoRate Professional interent marketing tool. Ranking real estate abroad websites.


LITERATURE


APPENDICES

APPENDIX 1. Outline of the interview with the owner-manager of the case company

<table>
<thead>
<tr>
<th>Topic</th>
<th>Examples of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current customer groups</td>
<td>What are the current customer groups of the company? How important is each of them?</td>
</tr>
<tr>
<td>Current marketing offering</td>
<td>What product/services does the company offer to the defined customer groups? Is there possibility to add new services?</td>
</tr>
<tr>
<td>Current marketing communications</td>
<td>What image the company is trying to promote to the clients? What is the specific of marketing communications of the company? What marketing communication tools are currently utilized by the company? What is their relative importance? Were any tools tested and considered ineffective?</td>
</tr>
<tr>
<td>Partnering</td>
<td>Who are the key partners of the company? How the relationships with them are maintained?</td>
</tr>
<tr>
<td>Communications with the foreign real estate investors</td>
<td>Could you tell about the company’s experience concerning foreign real estate investors?</td>
</tr>
</tbody>
</table>
APPENDIX 2. Outline of the interview with the individual buyers

<table>
<thead>
<tr>
<th>Topic</th>
<th>Examples of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of the interviewer, presenting the objectives and the structure of the interview, the use of information, statement of anonymity.</td>
<td>-</td>
</tr>
<tr>
<td>Origins of the holiday-home purchase idea</td>
<td>How did the idea about holiday home purchase appeared? Were there any difficulties you anticipated during the purchase?</td>
</tr>
<tr>
<td>Search for alternatives</td>
<td>How did you perform the search for alternatives? What were search criteria? How long was the process?</td>
</tr>
<tr>
<td>Comparison of alternatives and selection</td>
<td>What factors were important during the selection? What contributed to the final selection?</td>
</tr>
<tr>
<td>Sale-purchase documentation</td>
<td>How and who organized the support during transaction?</td>
</tr>
<tr>
<td>Post-purchase communication with the company and post-purchase evaluation of the purchase process</td>
<td>How do you evaluate the performance of the construction company during the purchase process? How the communication with the company is going on after the purchase? Was the whole process more or less complex than expected and why?</td>
</tr>
</tbody>
</table>
APPENDIX 3 (1). The example of the company’s profile and property for sale placed on the Russian real estate portal Rosrealt.ru

FIGURE 5. The company’s profile on the real estate portal Rosrealt.ru

FIGURE 6. The advertisement of the company’s house for sale on the real estate portal Rosrealt.ru
APPENDIX 4 (1). The list of the websites with high visibility in the search results

Retrieved by using Yandex.ru 31.03.2014

“Недвижимость в Финляндии” “Property in Finland”
Vipcon LKV http://vipcon.fi/
Oma Ranta http://omaranta.ru/
Real estate portal Prian.ru http://prian.ru
Finma http://www.finma.ru/
Real estate portal http://www.homesoverseas.ru/
Domfinland Oy LKV http://www.domfinland.ru/
Real estate portal http://zagrandom.ru/
Real estate portal http://tranio.ru/
Lappi Group http://lappi-group.ru/
Torgex Oy http://www.torgex.fi/

“Купить дом в Финляндии” “Buy house in Finland”
Vipcon LKV http://vipcon.fi/
Finma http://www.finma.ru/
Strana Plus http://www.stranaplus.ru/
Free Dom http://fdconsult.ru/
Real estate portal http://prian.ru
Domfinland Oy LKV http://www.domfinland.ru/
AV-Group Russia http://dom-finland.ru/
Just Real Consult http://www.justreal.ru/
Finland Consult Oy LKV http://www.dominfin.ru/
Real estate portal http://zagrandom.ru/

“Строительство домов в Финляндии” “Houses construction in Finland”
Domfinn http://www.domfinn.ru/
Lappi Group http://lappi-group.ru/
Finma http://www.finma.ru/
Omaranta http://omaranta.ru/
Eliso Oy http://waytofinland.ru/
OOO ”PK FinInStroy” http://www.fininstroy.ru/
APPENDIX 4 (2)

Best Finland http://www.bestfinland.fi/
Visilla Oy http://visilla.com/

“Строительство коттеджных посёлков в Финляндии” “Cottage villages construction in Finland”
Visilla Oy http://visilla.com/
Finvista http://finvista.ru/
Lapland House http://laplandhouse.ru/
http://www.zagorod.spb.ru/articles/2610/
Finma http://www.finma.ru/

“Земельный участки в Финляндии” “Land plots in Finland”
Tornator Oyj http://www.tornator.fi/
Vipcon LKV http://vipcon.fi/
Lappi Group http://lappi-group.ru/
Finma http://www.finma.ru/
Real estate portal Prian.ru http://prian.ru
Finland Consult Oy LKV http://www.dominfin.ru/
Oma Ranta http://omaranta.ru/
Westhome-invest http://www.westhome-invest.com/
APPENDIX 5. The list of the websites reviewed for the benchmarking purposes

Well-known companies operating in the construction industry:

http://www.yit.fi/
http://www.lemminkainen.fi/
https://www.srv.fi/
http://www평가hti.com/
http://www.granlund.fi/

Small advertising agencies:

http://www.haaja.com/
http://www.groteski.fi/
http://www.kixit.fi/

Small construction companies:

http://www.lapteenrannanlaaturakennus.fi/
http://www.hrt-rakennus.fi/
http://www.rakennustiiro.fi/
http://www.rakennuspakki.fi/
http://www.bark.fi/
APPENDIX 6 (1). Visual examples of the suggestions for the website improvement

FIGURE 7. Front page of the company’s website and suggested improvements

FIGURE 8. Frontpage slideshow of Granlund conveys textual information to visitors

FIGURE 9. Frontpage slideshow of YIT conveys textual information to visitors
APPENDIX 6 (2).

FIGURE 10. Suggestion for placing logos of the main customers

FIGURE 11. Customers’ logos on the advertising agency KIXIT website
APPENDIX 6 (3).

FIGURE 12. Previous structure of the company’s page with references

Figure 13. Reference page of Evälahti Oy

Figure 14. Suggested structure of the reference page
Figure 15. Suggested structure of the company’s page in the Russian language