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**COMPETITIVE STRATEGIES IN HOUSE-BUILDING INDUSTRY**

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**ABSTRACT**

Competition in the house-building industry of St. Petersburg is intensive. During recent years, demand for new dwellings has increased. For constructors to succeed in the business, they need to offer attractive product concepts in order to satisfy customer demands as compared to their competitors. It is important to gather information about competitors' actions, as this knowledge of competing business strategies can influence one's own strategic decision making.

The main goal of the study was to clarify what kind of competitive strategies, as classified by Porter, constructors implement in a specific area in St. Petersburg and especially at the customer interface. The focus was on the economy and comfort classes of constructions. The elite and business classes were excluded from the study. To form a concept of competitive strategies, competing marketing strategies had to be first analysed and then compared. For the marketing strategies were selected the product and its quality, price and advertising, as they influence on the forming of the product sold i.e. an apartment. Moreover, country-specific characteristics were studied in order to enable the analysis of strategies within the right context. Finally eight potential competitors were analysed and the information was gathered mainly from the adverts and internet pages.

The results indicate that the analysable area consists of two cost-leaders, four differentiators, one focuser and one building object which is stuck in the middle. All the building objects have rather different marketing strategies as their product characteristics, quality levels and prices vary greatly between each other. Conversely, diverse advertising possibilities have been limited as they resemble each other, and competitive advantages are clearly highlighted only in some adverts. By analysing internal competition competitive weapons of the cases were discovered and noticed that the possibilities for differentiation are favourable.

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**KEYWORDS:** house-building, competitive strategy, marketing strategy, marketing-mix, Russia



## 1. INTRODUCTION

The first main chapter introduces the reader with the study. In the beginning, the background situation of the house-building industry in Russia is presented, and the need for market-specific internal competitor analysis is presented. After that the research objectives and limitations are stated, which is followed by the literary review. The literature used in the study is presented, including the search modes used for locating appropriate literature. The final sub chapter introduces briefly the structure of the whole study.

### 1.1. Background to the Study

Like many countless fields, also real estate field faced the privatisation process in Russia in the beginning of 1990s. Legislation came into effect, to permit the privatisation residential properties from the state to individual dwellers. This meant the state no longer controlled the construction, financing and maintenance of housing, rather the new developing housing market controlled such activities. Several new privately-owned firms started to arrive onto the market year after year, with the end result that the housing market started to develop into what is now the most rapidly growing industry in Russia. The demand for new modern buildings is still enormous as the lack of dwellings is one of the most severe problems. The old apartment blocks built in Soviet times without any maintenance are in bad condition at present, that it makes no sense to renovate them. Instead they are being pulled down to make space for new high blocks. (Larjavaara 1997: 3, 5-6, 18, 26; Rakennustekniikka 1999: 18.)

As residential construction has a major role in the Russian building trade (Rinne 2007: 12), several firms operate in the same market all by attempting to satisfy their target groups over competitors. Competition is high and even company executives commonly discover that fierce competition in the market is one of the most hampering factors (Obetkon 2007: 4). Knowledge of competitors is needed as background information in formulating one's own business and product strategies. This competitor intelligence enables firms to identify a business area in which they may achieve superior performance over other firms, and thus form competitive advantages. (Kotler 2000: 80, 219; Sammon, Kurland & Spitalnic 1984: preface 10, 169, 176.)

Firms employ several different approaches to achieve their aims. One of the aims is commonly the winning of competitors in the industry. For this, firms develop specific strategies that they implement. Knowledge of the strategies employed by competing firms is significant especially for a firm entering onto the same market. The examination of competitors' marketing strategies enables the awareness of special characteristics of the prevailing supply in that market, and simultaneously allows a better knowledge of the strategic differences between the competitors.

The literature contains diverse theoretical information of how to analyse the competition and how to compete in markets. The theoretical information can be used in real world situations when there is a need for identification of one's own competitive situation in a particular market. The information needed is diverse and depends on the firms' individual situation and demands. No research concentrating on St. Petersburg residential constructors' competitive strategies at the customer interface and even on one particular geographical area has been studied earlier. It is relevant to examine the strategies in order to construct distinguishing unique strategies for the given market area. Each firm works under different conditions when they evaluate their important competitors and that is why it is also relevant to collect the competitor intelligence according to their own particular needs.

This study above all aims at supporting strategic decision-making of a firm who commissioned this study about the housing market in St. Petersburg. As each firm is individual, the situation of this firm works as a background in formulating the goal of this study. Because the study will cover strategically selected competitors, the findings will benefit especially the firm as the benefits have foremost economical importance. However, the research will also create a new understanding of internal competition in the St. Petersburg housing-building market. Because the St. Petersburg housing market faces intense competition, it is thought that an awareness of marketing strategy implementations will help in the formation of a competitive strategy. Simultaneously, the main competitive elements on the market area are reviewed. The results will make a reference of general marketing strategies employed in St. Petersburg, especially at the economy- and comfort-class level. The study will give a review of a current competitive situation in one particular area which may be transformed onto other similar regions with comparable circumstances. Furthermore, the complexity of the rivalry makes it important to study the competition in different strategic market areas of the city. As a result, this study will illustrate a feasible framework by also taking into consideration market-specific characteristics.

## 1.2. Research Objectives and Limitations

As the knowledge of internal competition and competitors' actions is relevant in order to increase the awareness of how to satisfy customers over its competitors, it is essential to examine the actions of rivals in the market area in detail. The main goal of this study is to understand *what kind of competitive strategies constructors implement at the customer interface in the St. Petersburg housing market.*

The goals of the theoretical framework are to examine:

- what marketing strategies influence competitive strategies in the house-building industry
- what kind of characteristics form marketing strategies
- how marketing strategies influence forming competitive strategies

The goals of the empirical research in the case study are to examine:

- consumers' perceptions influencing apartment purchase in St. Petersburg
- the marketing strategies the case companies use to form a concept of predominant characteristics on the analysable market area
- how marketing strategies implemented by each case company influence the form of their competitive strategies

As the study concentrates on customer interface, particular signs of the strategies that firms deliver to consumers are examined. However, consumers' subjective perceptions of interpreting the signs are not examined. The aim is to discover marketing strategies selected by firms and study how they are implemented in the housing market. The decision to concentrate on the customer interface takes into consideration the actions that customers see at first when reviewing information of building objects for sale, so the theoretical framework and the empirical research focuses on factors that are visible for customers during their preliminary selection process of an apartment. Thereby phases that the customers would experience later along with their actual purchase process such as customer well-being, after sales marketing and other issues relating to customers' businesses practical management are limited beyond the research area. As well, those actions are excluded which relate to inter-firm structural operations that are connected e.g. distribution- or production costs.

Moreover, the examination focuses on building objects that are already under construction or their construction will commence soon. Here a building object is understood as a firm's building project in which different marketing- and competitive strategies are used. Of particular interest are the economy- and comfort class objects, and the examination of these classes will give the best understanding especially on the fields relevant for this study. These classes have similar and interesting target groups compared to business- and elite-class buildings. The economy- and comfort-classes are the largest residential classes in St. Petersburg and the prices, quality levels and services of these classes are at a lower standard than in the two other; business- and elite-classes, represent the highest levels on the same factors mentioned.

### 1.3. Literary Review

For the literature it is utilised mainly books about business and papers in academic journals. The main books are handbook-like wide editions from which are utilised specific chapters related to the topic of this study as well as it is used particular topic-specific books. They have been gathered in the academic university library Tritonia in the city Vaasa. Additionally, the literary is consisted of academic papers that are gathered from the electronic databases of the same library. The main databases are Abi Inform and EBSCO. The topic of the study, competitive and marketing strategies, refers to several different areas of literature and the key words for gathering information vary in the areas of house-building industry, real estate, competitive strategy, product quality, pricing strategies, advertising, segmentation, advertising message, product positioning, house-building Russia.

The book **Strategia kilpailutilanteessa: Toimialojen ja kilpailijoiden analysointitekniikat** by **Michael E. Porter (1984)** (Edition in English: *Competitive Strategy: Techniques for Analysing Industries and Competitors*, 1980) explains the techniques for analysing competition in a specific selected industry as well as individual competitors. The techniques describe the methods for competitive strategy analysis both for external and internal analysis. From the publication it is utilised for the study especially the second chapter of competitive strategies in which it is discussed the three generic strategies. Along with the discussion is explained the cost-leadership-, differentiation- and the focus strategies assisting the firms to compete other firms out from the industry. These strategies function for this study on the background as a main directing factor along its progression.

The book of **John Burnett and Sandra Moriarty (1996), Introduction to Marketing Communication – An Integrated Approach** embodies a guidebook-like comprehensive entirety of marketing communication. It contains information of tools and techniques to implement integrated communication by coordinating the planning process. Particularly from the chapter four covering the marketing plan, are detected functions to work as a background in examination of the communication part of this study. The full plan covers the phases from the original situation analysis to the evaluation of the communication and between these are added phases such as objectives of the communication, targeting the market, competitive strategies and implementation of the communication. These will at some extent direct the progress of the communication part, but they will be supplemented with more detailed studies.

A comprehensive book **Marketing Management** by **Philip Kotler (2000)** is been used partly as a background source for more detailed discussion throughout this study by also giving bases for some ways of examinations. As the Kotler's work is a handbook of the complete spectrum of marketing only some relevant parts are referred. The aspects that are referred relate to the concept of marketing mix that is in a relevant part in the study. Kotler gives viewpoints to the Levitt's examination of a product concept (see below), and additionally, which kinds of quality features influence for identification of product quality. It is also exploited a method for discovering the pricing strategies of competitors, and elements influencing promotion of marketers.

The analyses of product characteristics in the study are based on a research by **Theodore Levitt (1980), Marketing Success through Differentiation of Anything** in which he examines the concept of product through four different levels, from a basic core product to supplementary features. With the levels the concept of product is opened enabling examinations of diverse firms' product characteristics in-depth. Through this examination it is possible to identify undifferentiated or differentiated commodities and especially, on which particular level a possible product differentiation happens.

As quality is one relevant aspect in definition of product characteristics different categories of quality are examined. For examining the quality concept it is utilised the studies of **David A. Garvin** in which he explains eight critical dimensions that may work as a framework for quality analyses. These dimensions are considered in quality management when a product is wanted to be consisted of some specific quality dimension. For the examination it is exploited two of Garvin's articles in which he



explains the meaning and content of the dimensions; **What Does “Product Quality” Really Mean? (1984)** and **Competing on the Eight Dimensions of Quality (1987)**. Both of the articles describe the eight categories and thereby the discussion of quality aspects refers to the both articles in this study.

The examination of advertising is based on several sources of which three represent the most unified and consistent sources. Firstly, the previously mentioned book of Burnett and Moriarty (1996) gives percept for the whole discussion of advertising that is surrounded by diverse relevant literature. A research of **Mahajan and Wind (2002), Product Positioning? There is more to position than just features and benefits** introduces ideas of emotional appeals in advertising and their effects, instead of purely advertising features and benefits. The research gives viewpoints of using that kind of appeals and how they are illustrated in advertisements.

**David A. Aaker and John G. Myers (1982)** have written the book **Advertising Management** that is concentrating on different processes of advertising. The processes are linked to different decision making of advertising, such as to setting the objectives, creating campaigns, developing strategies for media, and finally measuring the results of these implementations. The authors are specialised on the methods of advertising and have been publishing several editions of the book and variants of it. For the study are utilised particularly the fifth chapter concentrating on image creation and positioning, from which especially the positioning with different strategies is in interest. The strategies are divided into seven approaches assisting firms to reach their objectives and thus they function as a guidance to determine the research subjects’ positioning.

Literary of house-building industry is been utilised to give references of general conditions in the industry. The main purpose of the paper of **Claver, Molina and Tari, Strategic Groups and Firm Performance (2003), the Case of Spanish House-building Firms** is to analyse the relationship between strategic groups and firm performance in house-building industry. The purpose is achieved by first examining constructors’ product characteristics, their quality and price after which the firms are grouped into strategic groups according to their competitive strategies implemented. The article serves as a background guideline throughout the study by giving references of how product and its quality can be combined and analysed in studies of firms’ competitive strategies.

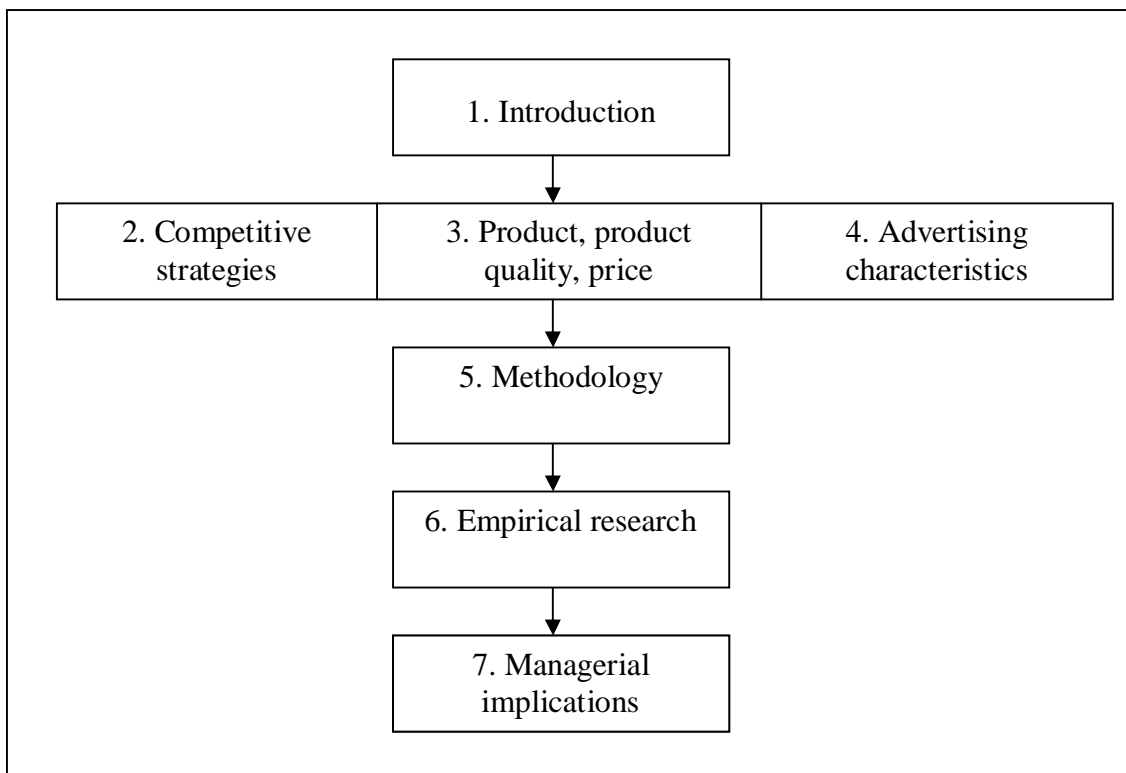
The research by **Vainio (2008), Quality Changes in Housing Production 1995-2005** introduces typical features of the industry on Finnish market by clarifying general elements that are discussed in the theoretical framework. As well the study of **Brand Concept in the Real Estate Business** by **Riihimäki, Lehtinen, Muroma, Häme and Näkyvä (2001)** introduces ideas for branding real estate productions which gives viewpoints especially when reflecting advertisement features with the industry. A third major study concentrating on house-building industry is been referred in the beginning of empirical research in which it is clarified special characteristics of St. Petersburg market on customer interface. The research of **Boltramovich, Lotov, Baldanov, Dudarev, Filippov and Hernesniemi (2006) From Unfinished to Finished Homes – New housing in Russia** studied factors relating to apartment purchasing from the customers' point of view in St. Petersburg and Moscow.

#### 1.4. Structure of the Study

The study is divided into seven different main chapters of which the first four ones cover the theoretical framework. The first main chapter has introduced the background situation for the study emphasising the intense rivalry in St. Petersburg house-building market and the need for analysing competitors' internal actions. Moreover, it was presented the main goal of the research, how it is achieved and the main limitations. It has also shortly been introduced the central literary that is utilised in the study. The second main chapter covers the core area of the study; it is described the fundamental ideas of the three competitive strategies and deliberated the consequences whether the strategies are not followed systematically. The rest of the theoretical framework concentrates on examining the marketing mix elements that are utilised in the empirical part. By the third main chapter it is studied the content of a product, its quality and price whereas the fourth chapter concentrates on illustrating different features of advertising. These marketing mix elements are referred and exemplified by some general characteristics of real estate industry. The exemplifications are especially made by characteristics of Finnish markets and conditions. At the end of the framework it is formulated a summary of the discussions presented.

From the fifth main chapter begins the empirical part of the study. At first it is introduced the methodological selections, that are the research- and analysis methods, and descriptions of how the data is collected and why the particular variables studied are selected. The sixth chapter covers at first descriptions of St. Petersburg house-building

market that are valuable to be examined in order to be able to realize the research in the respect of its real context. Secondly, it covers the results of the data collection based on the marketing mix elements described in the theoretical framework. Finally, the seventh main chapter, the last one, takes into consideration the core part of the study once more and places the data into different models of competitive strategies. Furthermore, it is concluded the study shortly and presented managerial implications and recommendations based on the findings of the study.



**Figure 1.** Structure of the study.

## **2. COMPETITIVE STRATEGIES GUIDING BUSINESS OPERATIONS**

The second main chapter focuses on clarifying the competitive strategies classified by Porter (1984) which form the core for this study. The reason to choose these strategies for the base of the study is specified first and then the main characteristics of the strategies are presented. At the end, the consequences of whether the strategies are realised logically or not are explained. The objective of this main chapter is to present how these strategies affect the management of businesses and how different strategic decisions influence the competitive strategies which are implemented.

### **2.1. Competitive Strategies in Analysing Internal Competition**

Firms' competitive strategies work as a tool for achieving goals and competing against other firms in a given market. When firms are committed to their tailored strategy and base their operational decisions in relation to it, they are able to achieve competitive advantages. The strategy therefore guides the managers' decision making. The concept of competitive strategies was created by Michael Porter (1984) who included three competitive strategies that are also known as generic strategies. The three strategies are cost-leadership, differentiation and focus. These strategies are suitable for any firm in all kinds of industries, and can be chosen for any suitable operational environment and capabilities. Choosing which strategy to employ is partly dependent on who the competitors are in the same operational industry. Examination and analysis of competitors' strategies will guide firms' own operational decisions, because after examination the firm can identify their competitors' focus and therefore are able to perform a different approach. The competitive advantage is achieved by outperforming rivals as above-average profitability is achieved. (Porter 1984: 57–58.)

Utilising the model of competitive strategies in analysis concerning competitors is ideal because the strategies are naturally tied to firm performance and thus give valuable intelligence of competitors' activities. The model also enables a comfortable analysis of competitors' activities, because it has a certain well-defined structure enabling a good feasibility in empirical analysis. A researcher in empirical analysis is rather straightforward and quickly able to analyse different variables of firms and place them into diverse strategies. The benefits may also be classified in its simplicity with general terms and generally accepted in all kind of industries and firms. The simplicity makes

the model also clear to understand and therefore the theoretical framework is easy to convert into practise in empirical analysis. Similar concepts as the one of Porter's competitive strategies have also been created by other researchers, but Porter's typology has received much more attention among researchers in general. As the concepts of different researchers are similar, their ideas with the Porter's model. Due to this overlap of the concepts and the recognition of the Porter's model among researches, his model is discovered to be feasible. (Ormanidhi & Stringa 2008: 62.)

Even though Porter's competitive strategies have been utilised extensively, their utilisation in studying construction industry is insignificant. A closely related research is by Claver, Molina and Tari (2003) "Strategic groups and firm performance: the case of Spanish house-building firms" focused on studying the relationship between Porter's generic strategies and firm performance in construction industry, more precisely in residential construction industry. The study resulted in four strategic groups of firms building different classes of buildings based on the competitive strategies. The authors studied whether diverse strategy groups proved different firm performance. At the end, the results were congruent with the previous studies indicating no significant evidence of performance variations. For the examination of the generic strategies in their study the authors compared different building variables. The variables illustrate the manufacturers' quality level, diverse features the buildings contain and what are the quality level of features in respect of the materials used. As Claver et al. were studying the product features and quality level of the materials used, they are likewise examined in this study. The marketing viewpoint is also taken in to consideration, giving more comprehensive analysis of firms' competitive strategies. Porter's strategies have been a subject for several researchers. The strategies have often been related to firm performance as in the Claver et al. study, the studies have been focusing on arguing whether it is successfully possible to employ mixed strategies (e.g. Lim 1994; Murray 1988). In the viewpoint of mixed strategies, the performance is also considered.

Competition is often studied along with Porter's five forces framework (see Porter: 1984) or with his competitive strategies in respect of firm performance. The five forces framework, although widely used, doesn't offer a model that could be utilised in this study because it is not possible to concentrate on firms' marketing strategies. The marketing strategies are the elements which should be detected in order to achieve the ultimate aim of the study. The five forces framework merely helps understand the structure of the competition in one whole specific industry giving an external viewpoint. Instead, analysis of competing firms' marketing strategies and by that the competitive

strategies enable an achievement of the aims. Once each firm's strategy is identified, their specific marketing strategies are also examined because the examination of the marketing strategies are one key part to the aims. The objective is to recognise the overall strategies and how firms implement these strategies in relation to each other, and for that it is necessary to study each firm's product, price and communication strategy which are the core elements in this research.

Regardless of the popularity on studying performance in diverse industries (e.g. Alexander & Veliyath 1993; Kim & Lim 1988; Kim, Nam & Stimpert 2004; Kling & Smith 1995), the interest of this study is not on studying how well or bad a firm is competing. However, this does not exclude examining the competitors' tactics. It could be possible to clarify only the marketing strategies employed by firms but by placing each firm into the framework of competitive strategies, their position in relation to each other will be identified. This information will explain the prevailing marketing strategies, what kind of product characteristics, quality, price and marketing are dominating on the market against which an own marketing and competitive strategy will be created. These elements have also been mentioned by Porter (see Porter 1984: 160-164) whilst he explains the dimensions that should be considered when making strategic decisions.

The generic strategies and their characteristics will be presented next. The characteristics are relevant to be examined enabling later examination of the firms' strategies. After the description of generic strategies, it is also necessary to study them in relation to product, price and communication in order to understand the strategies used within those activities.

## 2.2. Cost-Leadership Strategy

The cost-leadership strategy firms main tool is to compete against other firms at low costs and thus at low consumer prices. To achieve a leading position in overall costs a firm has to implement each action at low costs in relation to its competitors. One of the benefits of this strategy is the defensive position against price wars because a cost-leader is the one who is able to counter-attack with the lowest prices. On the other hand, because the costs are low a firm is not able to produce differentiated products or of high quality and thus its supply is rather standard without additional fittings or services. In addition, characteristic to cost-leaders are high-volume productions of the same product

and particularly in this way the supply is offered at the most competitive price compared to other firms. (Binxin Li & Juan Li 2008: 4; Porter 1984: 58.) It is highly dependent on the nature of a particular operating industry whether firms in the industry are able to operate by different cost structures. When the nature of the industry allows operations with different cost structures, the overall cost-leadership strategy is particularly viable. As the operating industry of residential buildings allows wide alternatives to conduct different operational actions, such as distribution, purchasing, service and quality, where the possible findings of diverse strategies are assumed. (Murray 1988: 392). With a low cost strategy, firms are able to achieve an above average profit even though they lack other strong competitive elements. Therefore differentiated or high quality products are not needed for success. On the other hand, even though firms operate at low costs they should not ignore e.g. basic quality levels, services and technology. The overall development in the industry should be followed, because otherwise firms' quality, services and technology may remain at very low level. The operating level of these features is in any case assumed to be standard or good, if not overwhelming. (Porter 1984: 58, 163.)

In order to achieve the benefits from the cost-leadership strategy, a firm is not able to use high quality resources for its production. In practice, the benefits of the cost-leadership strategy are achieved by selling a standard high-volume supply at low prices when economies of scale are reached by winning high market shares. For cost-leaders a low price is the only effective competitive tool, so the firms tend to execute an aggressive pricing policy and compete with that one (Porter 1984: 59). In order to be able to sell at low prices and receive high profit, preferential access to raw materials are needed first, then product or process technologies and finally distribution. Afterwards, as the business experience and learning of cost-leaders have increased, the possibilities for low cost structures are even more preferable. (Murray 1988: 393–394.) Although the inter-firm operations related e.g. access to raw materials and distribution are crucial for the cost-leadership strategy, they are not studied further in this study. This study concentrates only on firms operations at the customer interface, what is seen in public instead of inter-firm actions.

### 2.3. Differentiation Strategy

A differentiation strategy is implemented when firms offer their supply in a way which is unique for the whole operating industry, and is of high quality. As no other firm's

supply is similar, firms attempt to get customers to perceive their products as unique by fulfilling customers' special needs. The supply is tailored by taking into consideration consumers' preferences and thus emphasising the attributes tempting them to prefer the supply as the best. Unique supply preferred by consumers enables firms to set profitable premium prices, because commonly consumers are ready to pay high prices for a preferred or special product. On the other hand, it is required to target the differentiated supply only to a specific customer segment appreciating the tailored product attributes to it. If firms use attributes which the target segment are not drawn to, customers will not value these differentiated products from low cost ones and therefore will not be willing to pay any extra for it. Customers are also rather reluctant to pay extra prices when the price difference between differentiators and cost-leaders is too wide. In that case, a low price product could become more tempting than a differentiated one even though it has special features. When firms have finally achieved a differentiated position, they are able to build durable performance and isolate themselves from the competition. On the other hand, differentiators may lose their competitive strategy and position as the industry matures, because cost-leaders are commonly inclined to imitate differentiated firms. (Lim 1994: 43; Murray 1988: 394; Porter 1984: 60–61, 70.)

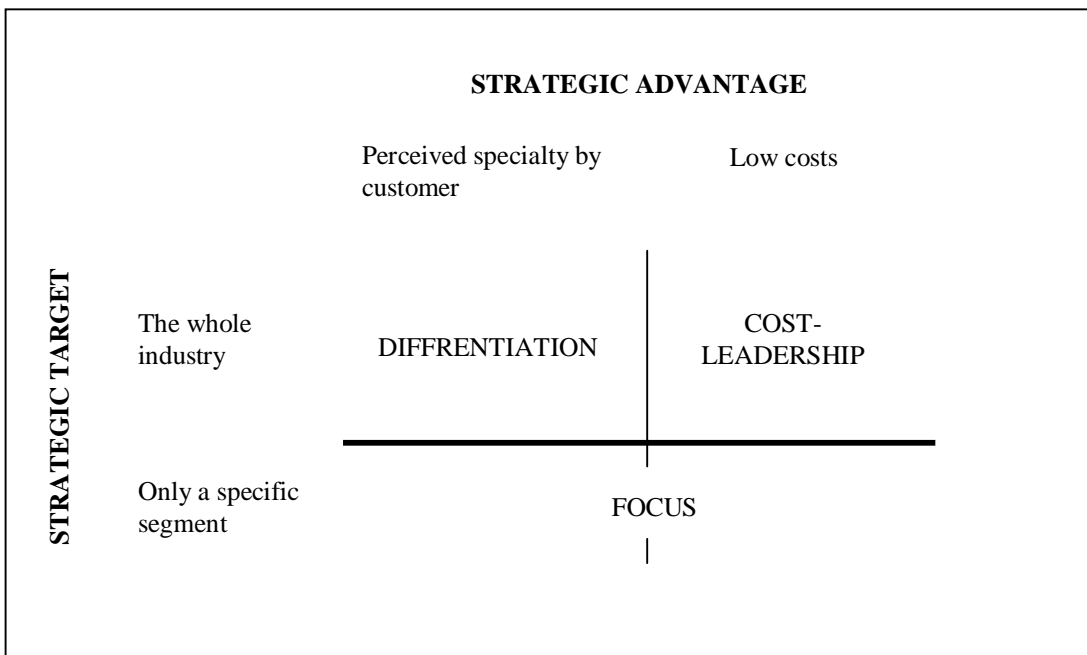
Overall, value is created by superior product performance over competitors. The products are results of innovation; their quality and technology are superior or they are distinguishable from competitors in other ways like brand image or good customer service. Concerning these distinguishable variables, an ideal situation would be if a firm was able to differentiate itself in many ways (Porter 1984: 60). The differentiation strategy requires a sustainable superior performance over time in order to prevent harmful imitation by low-cost producers during the maturing time of the industry. During this maturity and imitating phase, quality, reliability and service become preferable. (Lim 1994: 44-5; Murray 1988: 395; Porter 1984: 60.)

#### 2.4. Focus Strategy

Firms target their supply to a new untapped market niche not targeted by competitors, especially large ones, which is known as the focus strategy. The main idea of the focus strategy is to operate on a narrow competitive scope, which is large enough to have good growth potential, but at the same time small enough not to attract large or major competitors. Characteristic of a niche is a real difference in features between themselves and other traditional customer segments on the market, which no one has fulfilled yet.



When a niche or niches are formed of limited customer groups, a firm is able to put all its efforts to serve them and thus offer unique supply satisfying special customer needs. Operations in a niche include two strategic choices to a focuser. A focuser gains competitive advantage by capturing it exclusively and differentiating its products even more precisely to meet customers' specific needs, or, serving untargeted market niches at low prices with low costs (see figure 1). (Lim 1994: 45; Porter 1984: 61–62; Wright & Parsinia 1988: 21.)



**Figure 2.** Focus strategy in relation to other competitive strategies (Porter 1984: 62).

Focus-strategy is typically more suitable for small firms whereas the other two main competitive strategies for large ones. There is no logic for large firms to invest their substantial resources in attracting small customer groups whereas small firms are better able to employ that strategy. In this respect large firms could not successfully compete solely with the focus-strategy, but it is possible to implement it in conjunction with differentiation or cost-strategy. Whether large firms find that kind of submarkets in which focusers are already operating, they may be able to compete and push the original focusers away from the industry. (Murray 1988: 392; Porter 1984: 71; Wright & Parsinia 1988: 21–22.)

## 2.5. Mixed Strategy

Porter (1984: 65) explains that firms who are not able to realise only a one of these three generic strategies are stuck in the middle and thus in a bad strategic position. Such firms may have very high costs in order to compete as cost-leaders, and their quality and level of differentiation are not noteworthy and hence can not ask for premium prices. Nor are they focusing just onto a specific niche that protects them from industry competition. These strategically disorganised firms easily realise low profit and are tend to exit the market when there is a shake-out. As well, they have a confusing positioning and the image is neither clear nor good. (Porter 1984: 65.)

This analysis has received plenty of debates amongst researches (e.g. Lim 1994; Murray 1988) claiming the strategies may successfully be pursued simultaneously. Market leaders competing with the differentiation strategy more often see low-cost competitors imitating them as the industry matures meaning that a dual strategy, which combines different strategies, would be less vulnerable for imitation. So, researchers have found the firms executing a dual strategy could more strongly keep the competitive position than firms concentrating just on a single strategy. However, competing successfully with a dual strategy, firms' capabilities and resources should be adequate enough. (Lim 1994: 46–47.)

Claver et al. (2003) state that house-builders employing a dual strategy do not differ in their profitability levels from other builders employing solely the cost-leadership or differentiation strategy. The reason for the results is explained through customers preferring dwellings with average price and average quality. That is why the authors support the view of successful combinations of generic strategies instead of the stuck-in-the-middle view. Instead of two distinctive strategies from which a firm should choose another one in order to succeed in a business, the combination of the strategies preferably means a “dimensional approach” in which case two important dimensions of strategic positioning are provided. The stuck-in-the-middle phenomenon could be a usable description when a firm offers an undifferentiated product with average quality at a relative high price or when it offers its product at a similar price, but its level of quality and differentiation is poorer than the others’.

### **3. PRODUCT CHARACTERISTICS AND PRICE IN FORMATION OF COMPETITIVE STRATEGIES**

The third main chapter concentrates on identifying different factors influencing to formation of product and price. In the beginning of the main chapter is presented the role of product and price in marketing mix as well as their connection in examination of competitive strategies in house building industry. After this the concept of product is split into parts and inspected different levels that a product contains. Further, it is studied how the quality of different product characteristics affect in evaluation of a product. After discussing the concept of product, it is examined the functions of price and the aspects that have to be considered when setting a price for a product. In addition, the relations of product characteristics and price with Porter's competitive strategies are explained. The essential aim of this main chapter is to chart the basic elements of product and its quality as well as the elements of price and thus build bases for examination of firms' competitive strategies.

#### **3.1. Role of Product and Price in the Concept of Marketing-Mix**

To be able to know the strategic differences of diverse firms at the customer interface, at first it should be known their competitive elements on the given market. Strategic differences between firms were examined by Claver et al. (2003) in their research of Spanish construction industry in which they formed strategic groups based of firms' competitive strategies on the market. The competitive strategies were identified through specifically selected research variables, and as those variables were utilised product and quality characteristics as well as price. The authors justify the selections of the variables by referring to construction industry executives and experts that state the variables are in a great help to identify the competitive strategies of firms especially in the house-building industry. In addition, the authors explain the variables are supported by their strong relation to Porter's generic strategies which function as a directing tool into formation of strategic groups. The same Porter's generic strategies also function in this study as a theoretical model in formation of firms' competitive strategies.

As firm's competitive strategy is part of its marketing strategy, solutions concerning its supply have to be made in order to employ the strategy. The solutions of the supply can be formulated based on general marketing mix elements. The popular concept of

marketing mix has evolved since 1950's when Neil Borden (1953) developed James Culliton's idea of mixing of ingredients from which firm's marketing decisions should derive from. Borden explains the marketing mix elements work as a helpful device in business problem solving when considering whatever marketing questions or dealing with marketing problems. In his chart the mix consists of 12 elements from product and price to physical handling e.g. warehousing. Later, in the year 1960 E.J. McCarthy developed the concept further and reduced the critical elements to four which are now known as 4P classification: product, price, place and promotion. These elements work as highly manageable and memorable spectrum, and thus he was able to provide students and practitioners with a greater understanding of marketing methods. Since that the concept of 4P has been popularly used, but has also been under criticism and propositions of alternative concepts.

With the alternative paradigms have been attempted to replace the traditional concept by taking into consideration the years passed after the concept was developed as well as diverse changes during these times. Or alternatively, the marketing mix has been tried to fill with additional Ps. Regardless of all these pursuits the concept of 4P has maintained its strong position, according to the discussion of McTier-Anderson and Taylor (1995). In their paper are presented multiple efforts by different authors trying to prove 4P's weakness which McTier-Anderson and Taylor succeeded to prove defective, anyhow. As a result they conclude proving McCarthy's 4P concept to be as efficient, elegant and workable as it was in 1960s. Finally, the marketing mix and 4Ps work as background concepts in examination of firms' competitive strategies. The research of Claver et al. (2003) indicates that examining product and price, the two elements of the 4Ps, is reasonable in studying competitive strategies in construction industry. The elements give references of firms', product characteristics, product quality and cost structures. To enable an examination of product characteristics and its quality, it is relevant to have an in-depth review inside a product i.e. how it is formed. Moreover, it is significant to study the functions of product price on a market. These reviews are inspected in the following sub-chapters.

### 3.2. Product a Mix of Characteristics and Features

A product is characterised as a mix or bundle of attributes and features offered by firms, and almost always they are combinations of tangible and intangible elements. Thereby a product comprises a physical product and some emotional components surrounded by it.

A physical product can be characterised as a basic product, which is the actual product and the emotional components can be psychological benefits that customers receive through using the product. To make some sense on the uncountable number of products in the world, they are classified on the basis of their characteristics. Different researches seem to use different classifications, but they are highly congruent with each other. According to Burnett and Moriarty (1998), there are two classifications for a product; the nature of the product and the market of the product. In the first situation a product can be a good, service or idea, and the market is divided into consumer and industrial markets. The natures of these are presented below. In addition Kotler has taken into consideration the durability of products. (Burnett & Moriarty 1998: 34–36; Kotler 2000: 396; Levitt 1980; 84.)

**Goods** are tangible products and they can be either seen, tasted, felt, heard or smelled, before their purchasing. Nondurable goods are purchased often and consumed quickly, and conversely, durable goods are purchased rarely, because one item can be used many times and thus they are also long-lasting. (Kotler 2000: 396, 429.) Nondurable goods are also classified as low-involvement product and durable as high-involvement ones. These classifications introduce that the more expensive and the more important a good is for a buyer, the more high-involvement good is in question.

**Services** are intangible products that can not be tasted, heard, touched, seen or smelled, and they are characterised by as activities of people. Because of frequent overlapping between goods and services, separating the actual product that is for sale may be difficult. Several products contain both a good and a service as tangible elements are been added to it as an aim to confirm the benefit and to enhance the perceived value. Moreover, they are perishable meaning that they can not be stored for future use, and they can be used only for one time. (Burnett & Moriarty 1998: 37; Hollensen 2004: 451.)

As goods and services are intended to satisfy customers' needs, an **idea** as a supply intends to shape or change customers' opinions. They are persuasively marketed and sold to customers. As an example an idea can be a donation to a charity or a voting for a particular candidate. (Burnett & Moriarty 1998: 36.)

**Consumer products** are products that are purchased for private consumption, for individual persons and not intended for reselling. Consumer products have a great variety of products and they can be distinguished into groups for example by the

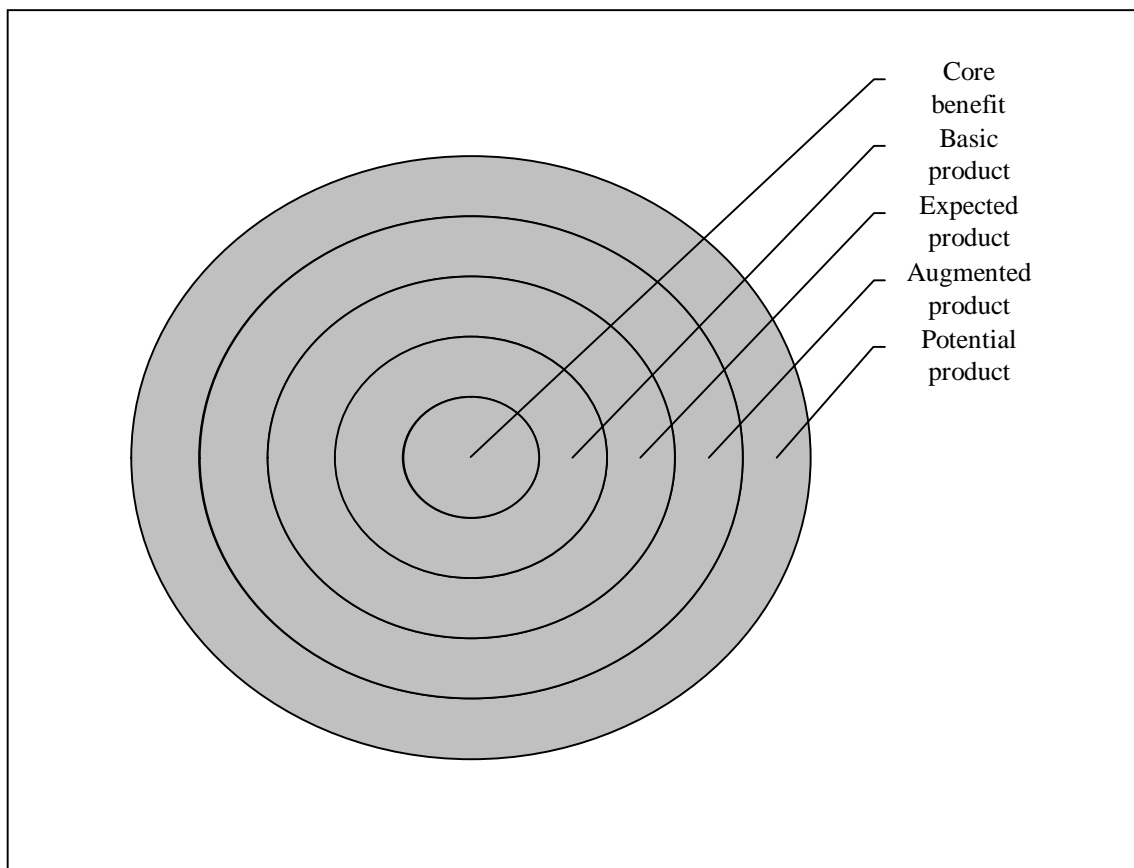
purchase frequency, needed effort for a purchase, level of comparison between competitors, uniqueness, and level of famousness. **Industrial products** are alternatively called as business-to-business products. They are products that organisations or individuals buy and use for producing some other products and get profit from them. (Burnett & Moriarty 1998: 39; Kotler 2000: 397.)

These characteristics can be identified also in the residential building business. The apartments studied in this paper are targeted to consumers so they are consumer products. Because their nature is tangible, not intangible, the product is classified as a good rather than as a service or idea. The reason why they are categorised into high-involvement and durable product groups, is the need for high capital when purchasing one and because an apartment is a long lasting item. However, services are not totally excluded from the real estate business. Rasila, Mikkola and Rasila (2006: 1) explain that the real estate business is been seen more service-oriented nowadays. The services are not in the main interest in this study, because most of the services in an apartment purchasing are discovered along with the purchasing process, so basically they do not affect to customer's decision making. As a result, this study discusses the supply from the point of view of consumer products, goods, and high-involvement products.

### 3.2.1. Product Levels

Products are the most often consisted of tangible and intangible features and therefore diverse product levels are seen in an examination of a product concept. Levitt (1980) has presented a four level –model which helps firms to create more satisfaction to customers and differentiate themselves from competitors. Later on Kotler (2000) has added one more level, the most fundamental one, into this model and he speaks about five product levels that are also utilised in this study. The product levels include the followings: the core benefit (added by Kotler), the basic -, the expected -, the augmented - and the potential product (see figure 3). Customers are not buying just a product; they are buying more, a complex cluster of value satisfactions which can be fulfilled through those different levels. When customers attach value to a product, they estimate how well the product meets their needs and is able to solve their problems. In order to succeed in product management, it is helpful to look closer into those different product levels. Because the model can be utilised in product management, can it also be utilised towards an opposite direction meaning analyses of finished product characteristics in each product level. Even though this model gives a base for product's closer examination by splitting it into parts, different conditions like economic,

competitive, customer wishes and business strategies are not taken into consideration in placing the characteristics into different levels. Those factors influence to different perspectives to perceive a product; core products, product expectations, augmentations and potentialities may highly differ between diverse customers and under diverse circumstances. That is why the product levels should be analysed against its context in order to enable a broad prospect inside a product. (Hollensen 2004: 454; Kotler 2000: 394, 423; Levitt 1980: 84–86, 88.)



**Figure 3.** The product levels (Kotler 2000: 394).

**1. The core benefit.** The first level describes the fundamental service or benefit the customer is buying. This level not yet explains the physical product, but what the product is giving for the customer, what he actually needs (Kotler 2000: 394–395). In the case of real estate, customer’s core benefit is a dwelling for himself or his family (Rasila et al. 2006: 1).

**2. The basic product.** This level is a straight continuation to the core benefit. This basic or also called the generic product is needed in order to fulfil the needed benefit, the core benefit, because this product is a tool to produce the benefit. For firms standardisation this level is much more worthwhile than in the other levels, in which the differentiation usually occurs. (Hollensen 2004: 450; Kotler 2000: 394–395, Levitt 1980: 85.) Considering the real estate business, the basic product in the field is an apartment, and in this study more specifically an apartment in an apartment block. More closely the size of the apartment and the living floor are the physical elements with which the customer is the most involved. Considering the research by Vainio (2008: 15–17) the basic product involves also the construction material, height of the block and the number of the apartments. Even though these characteristics are not the actual apartment itself, they have a crucial role to form the wholeness of the basic product. They can be considered as a permanent package for the product. In addition, those characteristics would not be suitable in any other product level. The basic product covers in addition to the previous characteristics and apartment itself, also finishing in the apartment. Finishing in this context means finishing the surfaces of walls, floors and ceiling as well as the installation of well kitchen and bathrooms fixtures.

**3. The expected product.** Customers are already expecting some specific conditions in addition to a basic product. They consider those conditions as minimal in every particular purchase and some features are absolutely essential in order the basic product is purchased. If customers' expectations are not met and fulfilled even in some subtle condition, the success of an excellent basic product can be damaged. (Levitt 1980: 85, 87.) In residential building as the expected product can be classified those product features which positions are being established; e.g. saunas, lifts and balconies. But as all the apartments do not, however, have saunas, it could also represent augmented product instead of expected product although sauna is not a unique tool for differentiation any more. Door telephones belong to blocks nowadays, but video monitoring to yards are rare. In addition, nowadays it is also expected to have children playgrounds in the yards. (Vainio 2008: 15, 17, 23, 36.)

**4. The augmented product.** Investing in this level is a way for firms to differentiate themselves or their supply by first exceeding customers' expectations and secondly giving them even more benefits and value, especially in a better way than competitors. Augmentation is one kind of tool for firms to gain competitive advantage; nevertheless it is not something that every customer needs. Augmentation reserves additional costs so some customers may still prefer lower prices to extra value satisfaction that may be



needless from customer's viewpoint. Some services can be needed in the beginning of new purchases but later on they may become unnecessary, hence some other value creating features like lower prices of competitors may rise above augmentation. Taking this into consideration Levitt has suggested that the augmented level contains a systematic program of customer-benefiting at first and secondly customer-keeping. (Levitt 1980: 87.)

In recent years the real estate business has started to change from offering a building with just walls and ceilings to more service oriented that produces more value for customers' private life. With intangible benefits, firms can differentiate themselves from competitors. For example the possibility to participate in planning and designing the interior materials and fixtures by customers themselves, is already very common, but by offering the designs that competitors do not offer, is already additional value for customers. In recent years, construction firms have started to offer customers value by building housing that are long-life, multipurpose, adaptable and serviceability, because the overall trend is to avoid environmental encumbrance. (Rasila et al. 2006: 1; Vainio 2008: 41; Rakennus- ja yhdyskuntatekniikka 2003: 10-11.) Nowadays customers have many own wishes in real estate business and maybe some are not those that construction firms expect (Vainio 2008: 40.) When firms are able to do exceptions from their normal routines and fulfil customers' wishes, it gives the firms additional value. The way of realising the customers' wishes also enables firms to differentiate from competitors.

**5. The potential product.** Some product features and firms' actions help attracting and maintaining customers. All those things form the potential product. The possibility is to create whatever the imagination and the budget permit, so it is essential to consider the key sectors to which improvements should be focused in order to gain competitiveness. (Levitt 1980: 88.) Fredriksson, a member of Finnish Better Housing 2010 –developing program, has mentioned that one of the most important issues of future housing is its differentiation, meaning that housing and its related services have to be tailored one-to-one, even better than today (Kortelainen 2006). As another example of potential product, Rasila et al. (2006) explain that construction firms could even more focus on senior customers in their offering in Finland. Or more exactly firms are already building housing for them, but they could have even more services and other features focused on seniors in order to add more value for their living, so afterwards this potential product would turn to augmented product.

### 3.2.2. Quality Influencing Product Value

In addition to product characteristics, a product can also be examined by its quality. As the previously discussed product characteristics, also quality refers to product's primary form, but it is generally classified as being either low, average, high or superior. In order that the quality of a product can be examined, there should be some examination of quality features at first – what is quality, what does the term contain and how quality can be interpreted. In their research Claver et al. (2003: 372) also examined the product quality and considered the quality as what customers appreciate the most, however, there are also different, more conceptual definitions describing it. A popular and used definition has been described by American Society for Quality Control, “Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs” (Grocock 1986: 24; Kotler 2000: 57). This definition considers customers' viewpoint to quality judgements as it tells that the manufacturer has taken into consideration customers' perceived quality, when it meets or achieves the customers' expectations. Another definition has been stated by Dr. Joseph M. Juran, “fitness for use” (Juran 1951 in Grocock 1986: 23). By this he means that it can be discussed fitness for use when a product or service successfully serves the user's purpose during the usage, according to his or her needs. The question of quality is whether the product or service is fit for the user and will continue to be fit. Moreover, a businessman Philip Crosby (Crosby 1979 in Grocock 1986: 22) defined it as “conformance to requirements”. He although claimed that quality should not be evaluated as good or bad, but instead, as conformance or non-conformance. It is understood by the meaning of his definition that product's quality tells whether a product is congruent by all its features and characteristics that are required for its specifications (Grocock 1986: 25).

The quality definers Crosby, Juran as well as American Society for Quality Control are all specialised in quality matters. Even though the definitions differ from each other at some extent and represent each definer's own personal views, they contain congruent ideas in any case. So, when defining product quality has to be considered the product and service features, characteristics and their conformance, and their correspondence with customers' needs and expectations. Moreover, also a consumer price should be considered systematically in relation to quality, because customers often evaluate the worth of product or service attributes in relation to a price paid. In other words, they estimate whether the quality is the worth of price.

When the discussion of quality started to develop researchers noticed the effect of quality to a common price competition, when price competition was replaced by quality competition. Since that, the question of price and quality in a firm performance has become a very strategic issue; should a firm focus on high quality with its performance or average quality and compete with low costs. The level of quality for instance can inform the value of a product's materials, ingredients, durability, design, style and other technologies which are later the base for pricing and communication. (Kotler 2000: 289-291; Steenkamp 1989: 16-17). Customers are, anyhow, very aware of the products' quality level on the market and their current prices and therefore are able to evaluate productions of different manufactures easily. When customers make a purchase they often consider the product in relation to other firms' products when the images, physical product features and prices affect to the purchase decision. It is commonly thought that the higher is the quality the higher is the customer satisfaction, but the customer satisfaction is also related on the price paid. When customers receive enough satisfaction, they are more tending to buy the products, which consequently produce more profits for the firms. Therefore firms should be able to concentrate on considering the quality they offer to their customers as well as a balanced price-quality relationship is crucial to be understood without overestimations. The quality is seen subjectively and the classification is dependent on individual customer's own conception. The quality offered to customers should be at the level they consider to be suitable and important because at the end the customers are the ones who decide whether the quality of the supply is suitable and whether they are ready to pay for it. To understand the customers' conception of quality, their perceived quality should be studied. (Kotler 2000: 57; Steenkamp 1989: 44, 57-58.)

### 3.2.3. Factors Influencing Product Quality

There is not only one product feature that could be able to describe the level of quality comprehensively and therefore the conception of quality is commonly based on several characteristics. Garvin (1984; 1987) has presented eight dimensions describing quality of products. They are a) performance b) features c) reliability d) conformance e) durability f) serviceability g) aesthetics and h) perceived quality. These dimensions are extensive taking into consideration several product features including perceived quality that was identified important in previous discussions. He tells that the dimensions function as a framework when thinking the basic elements of product quality. He also emphasises that while a firm reinforces one dimension, the concentration on others is low, so that successful quality management means competing only with selected items.

Next are presented five dimensions affecting to the level of product quality. From the eight dimensions three are excluded here, because they do not represent essential dimensions for the purpose of this study. These five dimensions illustrate particularly the product quality evaluation, so they are incompatible to estimate e.g. services or environmental quality matters. Moreover, a quality dimension of style is included as it strongly refers to aesthetics and by style it is able to review the appearance, such as appearance of a building.

**Product performance and features.** Performance relates to the characteristics of product's main operations, to those operations for which the product is primarily intended. Instead, product features are individual physical attributes, supplementary elements for the product performance. The attributes in this case are measurable and objective, and they can be related among others to product size, weight, materials and accessories. (Garvin 1987: 104-5; Kotler 2000: 289, 637.) In residential construction, performance likewise refers to primary operating characteristics such as the building or building complex size, the number of storeys, and size of the apartments. Product features can be described by relevant, yet supplementing elements like window glazing, lift, door telephone or additional services.

**Reliability.** This character describes whether there is a need for frequent repairing or maintenance of a product, or a quick need for the first reparation of a new product. By reliability can be measured the probability for a failure of a product. The lower the probability for failure, the higher is the reliability and thus quality too. (Garvin 1987: 105; Kotler 2000: 290.) Garvin (1984: 26-27) has also presented that product quality is possible to be estimated by the amount of ingredients used in a product; different quantity of ingredients reflects to differences in quality. It is seen that the more ingredients a product contains, the more qualified it is and vice versa. The reliability of materials and carefulness of work have influences on product reliability in construction industry. For instance, a constructor working carefully, but using unreliable materials, can not produce a totally reliable building.

**Aesthetics and style.** Aesthetics, instead, refer to softer specifications of features and are experienced with various senses; it describes e.g. how a product looks, feels, sounds or tastes. The attributes of aesthetics are considered to be subjective, because they are merely felt and affected by personal judgement. The dimension is closely linked to style that is also related to product quality. Style describes the product's feeling and appearance. (Garvin 1987: 107; Kotler 2000: 291, 637.) Under these circumstances

aesthetics and style of residential construction can be defined as outlook appearance, interior finishing, feel and look of materials.

**Perceived quality.** This character of quality definition is based on subjective preferences as aesthetics are. But the preferences are universal enough in one particular target segment when firms are able to do standardisations of the elements included in perceived quality. Consumers use their perceived quality for analysing whether the product fulfils their needs and exceeds their goals. During this phase, they compare different firms and their products as well as brand names and other possible features. Consumers base their perception on tangible and intangible product features such as brand, image and advertisement in cases where the quality is not possible to estimate directly. Perceived quality although may not be in direct relation with quality in some cases. If a product maximised customers' satisfaction, it does not necessarily mean they consider it the most qualified. They may prefer the product because of some specific features but consider some another product more qualified anyhow. (Garvin 1984: 27; Garvin 1987: 104, 107; Grocock 1986: 58.)

The three dimensions excluded from the quality framework are conformance, durability and serviceability. Conformance describes the degree on which produced units meet the specified standards that have been established for them. The units are expected to be identical from the customers' viewpoint. With the quality dimension of durability the product life can be measured, how many uses the product lasts before it deteriorates. Serviceability counts the ease, speed, competency and courtesy of repair of the product, how fluently the service and repair side of the firm is working. (Garvin 1984: 31-32.) Although these dimensions also describe the quality and are thus important in defining the product quality, their measurements in the thesis would face considerable time limits and more over they represent less relevant elements.

#### 3.2.4. Product and Quality Characteristics as Part of Competitive Strategies

The generic strategies that diverse firms implement can be identified when reviewing the product and quality characteristics in their supply. Here by those characteristics are meant the characteristics on different product levels (core benefit, basic product, expected product, augmented product and potential product) and the dimensions of quality (product performance, features, aesthetics, style, reliability and perceived quality). It is briefly understood that firms implement the cost-leadership strategy when they offer standard supply at moderate or low quality level. Instead, when firms are able

to modify their supply at higher costs, the differentiation strategy is in question (Kotler 2000: 289). As discussed earlier, the focus strategy can be implemented either at low or high costs, but the target segment is in either case narrowed. Steenkamp (1989: 59) refers to Trenkle and his three ways to categorise quality, with neutral, evaluative or positive judgments. The neutral concept categorises quality as “much quality” vs. “not much quality”. The evaluative concept includes definitions “good quality” vs. “bad quality” but in order to be able to judge something as good or bad quality, is the customer’s subjective perspective needed for it. The last one categorises quality as a positive judgement that can define a product to be superior or excellent in relation with its all attributes when the product is defined as a “quality product. In this study the quality is described with the neutral concept, either as much or not much quality as an attempt to keep a neutral view into the definition.

By product differentiation firms are able to distinguish themselves or their products on the market. They gain competitive distinction through differentiated product characteristics which can be done for instance by differentiating some visually or measurably identifiable characteristics. Or products may contain some real or hidden attributes that promise different results or values for the users than competitors’ products. As well, intangible attributes like services may lead to differentiated strategy especially in cases when the basic product is only slightly distinguishable from the others. (Levitt 1980: 83.) When a firm is the first one introducing new valued product attributes, it is considered as a differentiator and has the most effective ways to compete. (Kotler 2000: 289) Levitt (1980: 87) emphasises the product differentiation can be done specifically on the augmented level when a firm offers even more to customers than they expect. Those augmented elements may be consisted of additional services, different production ways, special product attributes or any element distinguishing the firm and product from competitors. Considering consumer products that are often presupposed to be only a slightly differentiable between each other, Levitt (1980: 89) mentions that in that kind of cases especially the marketing management is an action that counts. In other words, the management of the marketing mix elements is crucial, and more specifically not only the things that firms market but the whole process included in it. However, even though the residential building business belongs to the consumer market – and supposed to be hardly differentiable – it does not necessarily refer to the difficulty for distinguishing products because of the industry’s complex nature. Building an apartment block contains considerable many phases and the possibility e.g. to distinguishing architecture, materials, colours and services is significant.

But not all the customers receive value satisfaction through differentiated products that are usually sold with high prices, and thus some consumers may prefer standard products with low prices. When firms implement the cost-leadership strategy, the manufacturing is supposed to be simple and the quality is standard or the products do not have much of it (Porter 1984: 59). Garvin (1984: 26-27) has identified that the more the product has ingredients, the more it has quality. In other words, when a product is produced of relatively few ingredients it does not contain much quality and thus the cost-leadership strategy is implemented. A use of a few ingredients in manufacturing does not produce as reliable products as when using many ingredients, and does not cost as much either. The quantity of ingredients and the quality of materials refer to costs and thereby the cost of production and unit price stay low when quantity and quality levels of them are low too. This approach assumes that by quality it is indicated the presence or absence of some ingredients, when the quality can be assessed objectively, by mathematical calculations.

In many cases the classification into some generic strategies can be done specifically by comparing competing products between each other. By this, quality levels of products can be manifested and claimed to be of much quality or not much quality. The amount of ingredients and the level of reliability affect greatly on quality level of product performance and –features especially within physical materials that are used in house building. In other ways, the quality of product performance and – features are relative in the industry. Consumers may not necessarily consider a product with high number of ingredients as of much quality and preferable product. Their evaluation is based on subjective judgements as e.g. the number of storeys and apartment sizes can not be estimated as much or not much quality by any measurer. Other subjectively evaluated quality dimensions are aesthetics and style. By creating a distinctive and unique style can be gained competitive advantages as it will be achieved a product complex that is difficult to copy. However, investments in styling do not directly mean high performance because an attractively styled product may be unsubstantial on its other characteristics. (Garvin 1987: 104-105; Kotler 2000: 291.)

In summary, the differentiation strategy is generalised to be implemented with products of much quality and the cost-leadership strategy when the products are of not as much quality. With the differentiation strategy are manufactured products distinguishable from other firms' supply from which the differentiation strategy derives from. Because differentiators commonly offer rather unique supply they are also able to price their

supply higher than competitors can. However, manufacturing differentiated products is not enough to justify a higher price. Manufacturers must consider the quality level of their supply too, and therefore differentiated products are usually of much quality. This kind of supply is not, however, guaranteed for success without considering the consumers perceived value for the supply. Conversely, the cost-leadership strategy characterises all these more or less from the opposite point of view than the differentiation strategy; the aim is to manufacture standard supply of moderate or of not much quality, at low prices. The cost-leadership strategy is not nevertheless classified to be absolutely worse strategy, because they are the customers who decide which kind of products they prefer.

### 3.3. Price in Correspondence with Product and Quality Characteristics

Price is a relevant part of a product offering and it has also other functions than simply telling the price for consumers. For instance, it is a way to establish the product's positioning as it is a describer of the product quality and moreover, a prime determinant of the firm's profitability. Especially the price-quality relationship is a major implication for firms to decide the price for their product. (Kotler 2000: 457; Wind 1982: 378). It is assumed that a product with much quality and carefully planned marketing mix elements has a high price as well. If a customer's need is filled by a certain product quality level and the product price is in contradiction with the marketing mix elements determined, the customer will not be interested in that particular product. The efforts made for the marketing mix elements are in this kind of cases usually insignificant. Moreover, to be able to set the price in accordance with the marketing mix elements, it is necessary to follow the competitors' marketing mix actions so that a right price can be set according to the overall market requirements. This follow-up of competitors will give a view of the overall price-quality relationship on the market. Setting of a price should not be exclusively done by any marketer even though he or she is aware of the worth of both the competitors' products and own products. Customer perceptions should be considered, because they are the ones estimating and judging the quality, suitable price and product performance in relation to other products on the market. (Bailey 1983: 5, 18.)

When firms examine product prices of competitors they will get an understanding of the dominant market price and especially, what is competitors' product quality in relation with one another. Claver et al. (2003) found that the more expensive the dwellings are



the higher is the quality and conversely, the ones with a lower price have lower quality levels. When the prices are equal within every competitor, the products are the most probable similar in relation to one another or some may have succeeded to price a superior product equally and thus may gain competitive advantage. If some competitor prices its product lower to a current market price, its product may be inferior or it has succeeded to price an equal product at lower price and in this way have competitive advantage. A product's higher price to dominant market prices tells that some competitor has a superior product to others. However, competitors are responsive to change their prices as well, so prices are very dynamic and instable competitive tools. Regardless, it is notable that many firms ignore to balance the price and the customer benefits by which the customers particularly estimate the worth of products. The firms often offer too few benefits for the stated price and thus offer an imbalanced service combination. (Kotler 2000: 465; Kurland 1984: 166.)

### 3.3.1. Pricing Strategies

Price is an indicator of product quality both for customers and for competitors. It is not said that a lower price and an inferior product to other firms is something that leads a firm to losses. It is mostly dependent on whether there is demand in that customer segment. Consumers by their own personal perspectives decide what they consider as a suitable price, in relation to quality and satisfaction of the purchase. (Gabor 1977: 206-7). Because consumers have their personal judgements and perceive price-quality relationship differently, there should be products of different prices on the market. So that firms could tempt these consumers, Kotler (2000: 457) has described nine price-quality strategies. The strategies form a model indicating which kind of price-quality strategies are able to compete on the same market, the model is illustrated in the table 1.

In this model competitors can be placed into different segments by their strategies of quality and price. Those firms that are not competing with the equivalent price and quality are easily able to compete on the same market area. In the table they are presented as diagonal strategies, number one, five and nine. In this situation the number one operates on premium strategy having high price and high quality of offered products. The number five operates with average price and average quality in relation to the overall price-quality relationship on the given market, and number nine with low quality and low price. When the market has three different segments, those who ask for quality, those who ask for low price, and those who balance between these two alternatives, all the competitors can manage to survive on the same market. The market

may, anyhow, be consisted of more than three price segments. In the table are also seen as strategies that offer high or medium quality but, they charge less than the most threatening competitors. These number two, three and six strategies are ways to attack the diagonal strategies. Strategies four, seven and eight for one's part are incompetent, with overpricing in relation to quality. If many competitors are operating with the same strategy, the competition will be highly intensive. But as already learned prices are instable and that is why it is possible that some competitors will set their prices into that promising pricing category if they noticed it to be profitable and not too intensive. (Kotler 2000:457, 465.)

**Table 1.** Nine price-quality strategies (Kotler 2000: 457).

		PRICE		
		High	Medium	Low
PRODUCT QUALITY	High	1. Premium strategy	2. High value strategy	3. Super-value strategy
	Medium	4. Overcharging strategy	5. Medium-value strategy	6. Good-value strategy
	Low	7. Rip-off strategy	8. False economy strategy	9. Economy strategy

Customers' preferences and demands that have been changing during the years have influenced to price increase in new constructions. Quality construction and interior materials naturally keep the price high, but thereby they also increase reliability by protecting the building from damages and thus lengthen renovation periods. Price of new constructions is formed of a few factors, of those factors customers themselves decide what they want to their apartments, and of those they can not decide, because they are decided by actual construction companies or other parties. The factors that influence on price increase can be categorised into five groups, into security, healthiness, environmental characteristics, functionality and comfortably and of these

customers can commonly affect to different requirements of comfortably. Sometimes customers need to pay for excess costs when their wishes do not belong to the offering of construction companies. But, if the wishes produced enough benefits, exceeds the customers' perceived value the costs and they are ready to pay for the costs. (Levitt 1980: 85; Vainio 2008: 41.)

### 3.3.2. Price as Part of Competitive Strategies

When comparing the prices of competing firms on a given market the overall price-level will be known. For this information Kotler's model of price-quality strategies is feasible, because one actor's price-quality relationship in relation with other actors' is assessable. Constructors' low costs enable setting of inexpensive consumer prices and thereby the cost-leadership strategy is in question. The cost-leadership strategy obliges constructors to offer their supply at low price, with standardised products of not much or average quality, with simple marketing and aggressive pricing policy with frequent discounts. (Koler 2000: 80; Porter 1984: 68-9.) In general, undifferentiated products are more sensitive for price wars and that is why discounts are often used as marketing actions. The low price is usually the only element promoted, because undifferentiated products hardly include any superior attributes that could be communicated to customers. Hence, price becomes as a visible and measurable element that separates undifferentiated products from each other. (Levitt 1980: 83-84.)

In an opposite situation, relatively high price indicates of product differentiation of much quality. By the strategy, a firm is achieving or has achieved a leadership in some of the quality dimensions discovered above; product performance, product features, reliability, aesthetics, style or perceived quality. When a product has a high price it is often assumed the product is differentiated from the others. Firms typically set high prices when they can afford it, meaning that customers are willing to pay high prices because of some special differentiated attribute or attributes in the product. The attributes in house-building industry may refer for instance to qualified construction materials, preferable location of a dwelling, constructor's image or customers' unique possibilities for customisation (Claver et al. 2003; Vainio 2008: 41). The distinguishing attributes are nonexistent if a firm employed the cost-leadership strategy unless the strategy was combined with the focus strategy. However, some customers still prefer low prices over differentiated products. Moreover, price indicates promotional aspects too. Whether the cost-leadership strategy is in question, the marketing is also simple and does not deliver any special product attributes to customers. A low price may also in

some cases reflect the target customer segment; a low price refers to consumers with low income levels. (Kotler 2000: 263; Porter 1984: 58-62.)

#### **4. ADVERTISING CHARACTERISTICS IN FORMATION OF COMPETITIVE STRATEGIES**

The fourth main chapter of the study concentrates on structural aspects forming content of advertising. At first it is reviewed the essence of promotion and advertising in the fields of marketing mix and competitive strategies. After that are examined the aspects which will enable analyses of firms' advertising processes connected to objectives that are wanted to accomplish by marketers, how to accomplish them and to whom to target the advertising. It is also discussed messages that are typically utilised when advertising new housings in real estate industry. At the end of this main chapter, it is clarified the relation of these advertising methods in relation to Porter's competitive strategies. As a result, it will be clarified the elements that are utilised in formulation of effective advertising and what kind of elements are needed in order to implement a certain competitive strategy.

##### **4.1. Role of Advertising in the Concept of Marketing-Mix**

The importance of firm's communication was noted already in the traditional marketing mix classification by Borden in 1953. Communication in overall was already included in his original 12 marketing mix elements as several separate elements such as personal selling, advertising, promotions, packaging and display (Borden 1984: 9), but nowadays those aspects are merely combined into one word, promotion, in the concept of 4Ps. Promotion functions as a tool in informing firms' competitive elements to consumers. It is assumed that the features of firms' promotion and competitive elements are in line with each other in order to deliver a logical consistent image to consumers. Because of this tight link, studying promotion in addition with competitive elements of product and price are seen analogous and reasonable. So, exceptionally to the research conducted by Claver et al. (2003) in which was examined product, product quality and price, this study focuses additionally on firms' promotion in order to detect more diverse competitive strategies. By noticing promotion in the examinations, a more comprehensive view of firms' competitive strategies will be formed. (Kotler 2000: 550; Porter 1984: 161.)

As advertising was included in the Borden's original marketing mix, it is also included in the concept of promotion, and to make the discussion more specified and appropriate

for this study, is the examination focused on advertising hereafter. It was selected to focus on advertising because a preliminary study of the St. Petersburg housing market indicated the popularity of advertising as a communication mode of new housing. Studying firms' advertising also enables analyses of all research subjects whereas some other forms of communication would have made it difficult to analyse communication of all the subjects equally.

Firm's advertising communicates of its product's information or ideas to target audiences. The intention is to send messages for the whole target audience, including every contact point. By advertising the marketer attempts to persuade customers in a way that they could change or strengthen their attitudes or behaviours by favouring the products communicated. Firms aim to achieve brand awareness, deliver information, educate customers, and market positive image of the brand or company. Kurland (1984) explains that by differentiating advertising firms are able to gain competitive advantage and thus advertising can be considered as a competitive tool while being important in business management. The decisions about advertising are heavily dependent on the prevailing competitive situation and that is why competitors' actions should be considered when developing an advertising strategy. The analysis of these actions will inform firms of the opportunities on the given market, and conversely of used strategies that would be illogical to exploit all over again. As exploitable opportunities for firms are considered those "holes" on the market which are not fulfilled by competitors' strategy, but particular customer groups are still desiring the attributes of that untargeted hole. Thereby it is important to examine, how competitors' are currently implementing their advertising programs. (Aaker & Myers 1982: 54-55; Burnett & Moriarty 1998: 3, 4, 6; Kurland 1984: 169.)

Marketing plan guides communication plan and like every firm make this communication plan, as well do competitors, and analysing their actions, other firms can get an understanding of their actions. When analysing the actions, firms can utilise the same strategic planning questions as they would utilise when planning their own strategy, concerning objectives, strategies and tactics. Objectives explain the aims that are wanted to accomplish, strategies explain how to accomplish objectives, and tactics tell the specific tasks realising the objectives. (Burnett & Moriarty 1998: 92, 94, 111–115.) In the following paragraphs are described communication objectives, target audiences, communication messages and positioning. Analysing these methods of competitors' advertising an in-depth view of them is achieved.

## 4.2. Advertising Objectives

Advertising objectives always at some extent aim at desired responses from the target audience and for achieving the aims of these responses, certain models are utilised. The models are also helpful for analysing other firms' actions, especially the implementation of their actions. The aim here is to discover the modes the firms use in achieving their desired response from their target audience; whether they want to inform them, create or change attitudes or try to push them into actions towards a purchase. It is assumed that by knowing the competitors' objectives and taking them into consideration in strategic planning, the possibility to create differentiating communication is more efficient.

It has been created different kinds of consumer respond models to inspect different stages that consumers pass when exposing to advertising. Some demonstrate the step-by-step process of a purchase process that customer pass and some demonstrate particular components that are seen in the adverts. As step-by-step models can be utilised for instance a well known AIDA-model or a think-feel-do model indicating the approaches, starting from receiving product information and ending in actions towards a purchase. It is although utilised a different kind of model in this study that concentrates on cognitive, affective and conative components depending whether the marketer wants to give product information to consumers, create or change their attitudes or get them into action respectively. This model likewise gives references of the stages customers pass based on the emphasis that each component has, and thereby the model is also seen as feasible method in studying the objectives. It is also convenient to examine of which kinds of components advertisements are consisted of. (Burnett & Moriarty 1998: 107-108; Kotler 2000: 555-556.)

A cognitive component is seen as information-giving by favouring the product advertised with logical arguments when consumers get awareness and knowledge of the offering and start considering the message. Communicator aims to build awareness of the product or brand name as well as to give more information what is it about helping customers to identify one product's ability to solve his or her problems, and the ability to fulfil the benefits desired. With affective component consumers are associated with product features arousing feelings in their minds when it is attempted to create or change attitudes by preferring and liking the target of the communication. The likeness and preference over competitors are raised by for instance promoting quality, value, performance and other features. Conative component includes behavioural elements, in such a way that that component marketers' attempt to get customers responding to the

message and starting to do actions towards a purchase. A target audience may already like and prefer the product but is still not ready for a purchase so communicator aims to convince them to make a final step toward a purchase.

Correctly used components are able to have an influence on consumers' responses towards a message. All of these components can appear together in a particular communication implementation or only one or two. The decisions of their appearance as well as objectives pursued derive from the overall marketing objectives of firms. The use of the components also depends on the customers' needs i.e. do they need much information of the communicated product or not. The need for emphasising certain component is often dependent on product's market phase; marketer can use different campaigns aimed primarily at different responses in the purchase process. For instance, marketing of a high-involvement product which has just arrived on to the market usually at first focuses on increasing the awareness of the product and later on elements pushing to actions may be added. (Burnett & Moriarty 1998: 107–108, 169, 111; Kotler 2000: 554–556; Mahajan & Wind 2002: 38–39; Shimp 2003: 115.)

Generally the cognitive component is utilised when firms plan to communicate with high-involvement products such as apartments. When consumers are planning to purchase a high-involvement product, they consider a high price and high risk of the purchase and hereby need plenty of information and eagerly gather it. They also actively think the alternatives so adverts of these types of products generally provide plenty of information and product details to give customers the information they need. (Burnett & Moriarty 1998: 108.) The use of cognition has generally been the most dominant aspect in the real estate communication as it has mainly focused on informing the product's functional characteristics (Riihimäki, Lehtinen, Muroma, Häme & Näkyvä 2001: 50).

### 4.3. Target Audience and Segmentation

When marketers segment their customers and target their communication to specific customer segments they are able to deliver the message of communication more precisely, more satisfyingly, and prevent wasting resources by trying to cover consumers falling outside an ideal market. Target audiences of communication consist of groups of people who are on the market for a product or a service. Some of the most favourable segment groups are the ones that are underserved and dissatisfied consumers. Therefore marketers should utilise attributes to attract consumers that are differentiated



from competitors. The groups may be divided into different segments in which each segment represents different customer characteristics of purchase behaviours. One segment may be consisted of consumers such as potential buyers whereas another one is consisted of current users, one of influencers for decision-making and one of decision-makers. These groups can be individuals, groups, particular publics or the general public. The decision of a target audience leads to the decisions of communication plans; what is the message and how, when, where and whom to deliver it. (Burnett & Moriarty 1998: 111–112; Kotler 2000: 552; Shimp 2003: 56; Yankelovich & Meer 2006: 124).

Segments can be categorised according to their nature, the characteristics of consumers in them. More specifically segments can be categorised by consumer characteristics or consumer responses or in other words by their behaviour. Segmentation strategy by consumer characteristics, including geographic, demographic and/or psychographic grouping, is the most popular method to segment consumer markets. Utilising geographical segmentation firms decide the geographical areas in which they want to operate. Geographic categorization can be divided into units such as nations, regions, counties, cities, or neighbourhoods, and all these units or only some can be utilised in firms operation. Of demographic segmentation, the age trait is the major factor, because marketing of several products is highly dependent on the age of the consumers. In addition, income and family size are common traits of demographic segmentation. Instead, segmentation by psychographic refers to consumers' state of mind and thus describe inter alia lifestyle, attitudes and motives. Psychographics explain consumers' motivation behind behaviour and the reasons for that behaviour in purchase processes. This way of segmentation is based on human characteristics, such as lifestyle, attitudes, values, interests and opinions or perceptions of product attributes. By psychographic elements people form their individual dominant culture and subcultures which are also important factors for targeting the market (Burnett & Moriarty 1998: 100; Kotler, 2000: 263, 267; Wind 1982: 188; Yankelovich et al. 2006: 124–125.)

While one type of segmentation is by specific consumer characteristics – geographic, demographic and psychographic – the other type is to segment consumers by their responses to marketers' efforts, in other words by their behaviour. As these alternatives are benefit sought and use occasions. Into behavioural segmentation could be also added variables such as brand loyalty, purchase frequency and user status meaning whether the user is e.g. potential user or ex-user. However, including these variables into this study is not relevant, because it is seen that consumers purchasing an apartment can not be categorised as e.g. heavy users buying often an apartment from a particular constructor.

In any case, behavioural segmentation is based on the fact that consumers seek different benefits and use occasions from a product, so this type of segmentation rather accurately explains the behaviour of consumers. (Haley 1968: 31; Kotler 2000: 267.)

Russell Haley (1968) was the first one using the concept benefit segmentation. His research proved that different people has different needs and the segmentation should no more be based on psychographic characteristics. It is been noticed that consumers would like as many benefits as possible, but they, however, assort the benefits by their relevance, which benefit is needed the most and which come after it. Benefits that are wanted to be realised differ among diverse consumers as each consumer wants some benefits that are relatively over others. Marketing communicators thus attempt to show how their products can distribute the benefits that customers are seeking for, and especially other firms' better way. Firms are able to gain competitive advantage by this way of segmentation if they noticed it can offer its products more efficiently than competitors. Sometimes firms may satisfy traditional consumer segments, and be unaware of some benefit segments to which other competitors are focusing. So, these firms may be unaware why they are not succeeding in the industry as well as competitors and thus find it difficult to win more market share and attack the competitors. (Haley 1968: 32, 34.)

The other alternative for behavioural segmentation is to segment consumers by occasions in which they use the product in sell. For instance, by special use occasions real estate marketing could advertise an apartment for other consumers instead of traditional customers who will also live in the apartment purchased. Or alternatively, the segmentation could be limited into consumers appreciating some specific surrounding nearby home by showing how the building is able to respond to that customer need. This is though tightly linked with other segmentation variables e.g. benefit segmentation or demographic, but by this criteria are brought out particularly the specific occasions in the advertising. (Kotler 2000: 267.) Benefit segmentation would tell how consumers could benefit from the surrounding and with demographic trait e.g. number of children would have value whether kindergarten or schools are nearby.

The most targeted segments will be formed when several segmentation criteria are utilised. Traditional geographic and demographic features do not narrowly enough segment consumers and thus group consumers considerably homogeneously. Therefore additional features are needed. At least psychographic segmentation is popularly used as a needed supplement, because it provides information how consumers think and feel

and thus a narrower segment is already achieved. When all the criteria based on consumer characteristics are combined with criteria of consumer responses, customer segments can already be analysed and grouped quite detailed. A combination of all these segmentation strategies make a target audience narrow enough, satisfy it and communicate with it as precisely as possible, when customer responsiveness is enhanced and resources are not wasted for consumers not interested in the products. (Kotler 2000: 263, 267; Yankelovich et al. 2006: 124.)

#### 4.4. Message Content

Planning and content of advertising messages indicate broad differences between individual consumer segments and hence an advertising message and its target audience are highly related to each others (Haley 1968: 33-34). Diverse customer segments are tempted by specifically targeted communication messages. From a situation analysis done in the beginning of a business plan, can be discovered prevailing strengths, problems, threats and opportunities on the market, which firms should consider when planning their marketing. From those situations typically originates a marketing objective, because in this way a communication message which is transformed from the objectives has a chance to affect on relevant weaknesses in the business environment and promote a message that satisfies a prevailing consumer trend. To succeed in delivering the message, it should be focused on some specific segment, because focusing on average consumer characteristics does not create positive results that are aimed. When a clear focus of customer segments is done, the message also has better prerequisites and is thus convincing and motivating. Whether a marketer wants to reach various customer segments, a different message should be created for each segment. (Burnett & Moriarty 1998: 111, 113; Morgan & Levy 2002–2003: 22.)

The strength and quality of message arguments often determine what kind of persuasion customers receive, whether they receive it and at what extent. Weak arguments do not generally persuade consumers, but convincing and believable arguments do. For a formulation of an effective message, the attributes desired by specific target audience should be reinforced above all. The attributes may reflect the message receiver's personality, social class, reference group, life style, or self image (Greeno & Sommers 1977: 29). Instead, of all possible attributes, only a few of them should be emphasised in order to increase believability (Roering & Paul 1976: 36) and therefore it is

assumable to discover a few specifically emphasised messages also from competitors' communication.

In addition to strength of a message, its content can also be analysed by its appeals. Three appeals can form the content: rational, emotional and moral. Rational communication is traditionally and often used when the question is about technically oriented products or high-involvement products when the needed information is large. This classification describes well the real estate marketing as apartments are high-involvement product and the marketing has generally been very rational. Rationality is close to cognition as explained in the chapter of communication objectives, so rational advertising is also consisted of logical arguments informing customers of the advantages and problem solving features of the product. It tells to message receivers of the product quality, economy, value, or performance. Like this, a customer has an ability to gather relevant information and estimate advantages. (Kotler 2000: 556; Mahajan & Wind 2002: 38.)

Emotional communication emphasises the benefits the product produces to customers. Emotional message, as well as rational one, is derived from the communication objectives and thus refers to the use of affective component. The aim of emotional communication is to produce positive or negative emotions to a customer which will motivate his or her purchase. If communication has negative appeals, customers are prompted to actions by giving them at first guilty, shameful or fearful emotions. Negative appeals commonly have an efficient effect, because the appeals let the receiver to be persuaded by message content that frightens him to happen in true life. That is why the message persuades to act contrary to the message. The frightening factors are those to which the receiver has a high involvement, for instance health situations (Maheswaran & Meyers-Levy 1990: 262). With emotionally persuasive advertising, either negative or positive, consumers may place him- or herself into the advert and identify with the people and situation in it by experiencing the ads empathically. Emotional appeals in communication are able to promote unique competitive associations to customers, those that other suppliers do not promote. It is assumed that especially beliefs of product benefits are the most effective manners to create attitudes towards products instead of rational descriptions of product features or performance. It is important to create attitudes in communication, because especially the attitudes are able to evoke customers to prefer or dislike a product advertised. If an advert does not contain any tactics creating emotions, the advertiser can only hope that the receivers feel

the product claims as beneficial. (Kotler 2000: 556–557; Munch et al. 1993: 301; Shimp 2003: 122.)

Emotional message has widely increased its popularity, and in recent years previously rationally communicated products are communicated with emotions at present day. This can also be seen in construction business as a very rational way of advertising has been dominating the industry for a long time, but since recently the idea of branding has become more and more general. In general, the communication has mainly focused on an actual product and its functional characteristics and not to any certain philosophy which would improve the quality of communication significantly. This is why consumers have received weak attitudes and images from the real estate communication. Emotional advertising seems to be important when marketing real estate, because often pure facts are not enough for making difference between various dwellings. (Nieminen 2007; Riihimäki et al. 2001: 50; Turunen 2004.)

Instead, moral communication expresses what is right and what is wrong, and advises the audience to support actions towards social or environmental deficiencies (Kotler 2000: 557). As marketing mix elements deliver firms' core values so for instance an advertising message may reveal their deepest values, e.g. either the firm policy or product policy. Delivering the values to customers is especially strong if a firm has invested in social responsibility, environmental issues or in otherwise ethical behaviour, because investing in those actions is commonly rather expensive to firms and hardly anyone is doing it just for charity without benefiting of it. That is why firms are rather eager to communicate their ethicality if they were investing in it, and thus it is strongly seen to consumers. (Robin & Reidenbach 1987: 44, 52-53.)

#### 4.4.1. Message Content in House-Building Industry

Was the message rational, emotional or moral, the actual message content may illustrate diverse variations. Riihimäki et al. (2001: 48-54) have explained in their study "Brand concept in the real estate business" the possibilities for brand creation in real estate business. Although the study is about brand concepts, the ideas of them are also closely related to message content, because commonly the identity of a brand is communicated through a message advertised (e.g. *ibid.* p. 22, 33). That is why it is natural to exploit them here. The authors describe possibilities that could be used in real estate business and they also refer to traditional ways to market the business. As the authors refer to brand constructions as possibilities at some part it can also be thought to include the

possibilities onto the potential product level that was discussed earlier. That level covers all the characteristics and adaptations that could be possible to add to a product in the future. The study of Riihimäki et al. is exploited here to give understanding of different alternatives to form a message in the real estate business and it will guide further advertisement analyses of diverse firms.

The message can relate to the actual construction firm, to its product i.e. apartment or to the whole building, services or alternatively to some other specific features. When the message emphasises the firm is corporate branding as a background idea. A strong corporate brand supports its own product- and service concepts by reflecting the concepts' identities with the corporate itself. This would be in help when selling individual apartments in a dwelling without special identity, because consumers would identify the reputation of the corporate brand with the dwelling. (Riihimäki et al. 2001: 51.)

The authors also describe of a possibility to communicate with the actual building when the advertising message would emphasise the product. They although explain that the opportunities of branding buildings are better in commercial construction, when e.g. business- or shopping centres, head offices and factories are built, than in apartment buildings. New housings rarely differ from each other by their architecture, quality and other common characteristics and that is why they do not commonly have special characteristics to form particular identity. The authors suggest a possibility to narrow the target market of housing production so the constructors could better serve consumers' special needs, like there already are housings for students and seniors. When the building is dominant in the message such things as the exterior, facade and design of the building could be dominant elements in it or characteristics of a special target group. (ibid. p. 52.)

Additional property services or other services could be developed and emphasised for consumers. But, as a hindering problem they see some consumers' unwillingness to pay for extra prices of these kinds of additions and that is why the marketing has commonly been focusing on typical characteristics of the object sold, location and the name of the object. (ibid. p. 70.) The authors although suggest services that are specifically narrowed for the target audience such as funding possibilities for first-time home buyers, health care for seniors, or constructors may simply highlight their excellent and professional service personnel.

One opportunity is to emphasise the overall area in which the dwelling locates, e.g. the city, district or nearby neighbourhood. Typically the identities and reputations of the areas have evolved during the times by themselves and sometimes to negative directions especially when the areas are lacking of a specific control from authorities (ibid. p. 52). But, in recent years the trend among new constructions has been developing resulting in constructors' aims at creating harmonious living-unities. By this, the nearby neighbourhood has especially a crucial role, and thus the constructors plan and investigate what kind of services and other aspects should locate on the area. The aim is to arouse consumers' interest towards the whole neighbourhood, not just towards the actual building, so this has a substantial role on marketers' message planning. (Nieminen 2007.)

Constructors' ecological thinking in the industry has increased its popularity among consumers since 1990's. Consumers are already more and more seeking homes in which have been taken into consideration environmental questions as well as the issues important for dwellers' healthy. These customers' requirements make demands for the constructors' marketing program. (Riihimäki 2001: 77-78.) The study "What is green" by Oliver (2007) has indicated that green building is important to constructors' market strategy. Oliver examined all in all 291 home builders', developers', contractors' and home manufacturers' ideas and experiences of green building. The respondents were reached from all over the world. Oliver found that ecological building has become more important since the last five years and almost 70 % of the respondents strongly or somewhat see green building being a long-term phase on which could be invested in now. Investing in it has produced positive effects almost for half of the cases studied. When firms really invest in green building, should it also be seen in their marketing because otherwise the firms would, on the other words, put money on charity without benefiting of it. Additionally to green building, any kind of socially accountable messages could be seen in firms' communication. (Robin & Reidenback 1987.)

Common features that are emphasised in messages are country features like country of manufacturing or country of origin, from which the parent company and brand comes from. Country-specific questions have relevance because several customers, as their one criterion, evaluate their purchase decision by country of origin. Especially consumers that are unfamiliar with some product may base their evaluation on the country of origin, more than to actual product attributes. Country aspects can be referred by "made in" -label, national image of the manufacturing company, national image or image in general of the brand name, national image of generic product. The last one mentioned

means that some countries have a certain image among specific industries, and therefore the generic products are associated with the certain image too. (Usunier 1996: 277-278, 281-282, 285.)

As conclusion it is discovered that when marketing real estate some specific message effects can be identified. The effects can emphasise an actual construction firm, a specific product that is in this case a dwelling complex, additional services that the dwellers would receive when buying an apartment, neighbourhood in which the complex locates, constructor's green building or social accountability or finally country features of the parent country.

#### 4.5. Positioning as Competitive Tool

By positioning a firm produces images to consumers that are relative to images of competitors' products according to Burnett and Moriarty (1998: 102). The authors continue that by positioning firms are able to decide how they want their product or brand to be viewed by consumers compared with the competition. In other words, positioning is a tool by which firms differentiate themselves from the competitors they are compared with. Wind (1982: 74) notifies that position refers to a specific space wherein a product or brand locates on a particular market in relation to other firms' products. He explains that particularly the customers place a product into a space on a given market meaning that consumers' perceptions are the key factors in determining the space. Wind concludes the meaning of position into three aspects. Firstly, position is a place which is occupied by a product on a given market, and secondly it is a rank telling the product's success in relation to competitors. Finally, the word position refers to consumers' mental attitude of the product describing the cognitive, affective and action tendencies towards it. (c.f. the communication objectives of cognitive-, affective- and conative components discussed above).

Czepiel (1992: 117-118) describes the positioning being the value base on which firms compete. He explains that in positioning the most visible evaluative dimensions are the ones with exact focus, not those with average focus. Products with average performance are not able to deliver to customers any specific superior benefits. He further cites Urban and Star (1991) that before making positioning decisions four aspects should be known precisely. Firstly it should be detected the dimensions on which consumers base their comparative evaluation among diverse firms and how many are there and how they



are called. Secondly the relative importance of these dimensions should be identified and thirdly, how the dimensions are seen by consumers compared to other products. The fourth aspect explains customers' decision making, how do they make choices based on the given information. When firms know which attributes consumers appreciate and prefer in a product, may they estimate the product level on which the product is wanted to be visible. If core or basic product provides consumers the best value, usually those attributes of the product are thus positioned. Czepiel furthermore emphasises that positioning decision is strategic for a couple of reasons. One of the reason support the thought that the decision determines against which competitors the product will be compared with on the given market. This also gives a reason to study competing firms' positioning strategies in order to be able to compete better on the market.

From the definitions classified above the same main idea of positioning is clearly highlighted. Positioning is understood as an image that the consumers produce of a product or brand in relation to competition. Firms, instead, attempt to create the image they want to consumers to have by positioning strategies that could the best differentiate an own product or brand from the competition. In order to succeed in this function the firms need to influence on consumers' mental attitude by exact focus on specific competitive dimension instead of many and this dimension should appeal the target audience. Firm's position in other words is highly depended firstly, on its own capability to clarify customers' preferences and utilise them in positioning decisions, and secondly how the firm is able to deliver the preferred values to customers. (Czepiel 1992: 117, 128-9; Burnett & Moriarty 1998: 102).

Differentiation and comparison in the real estate business are traditionally seen difficult mainly deriving from the firms' insignificant positioning and branding efforts. Although there are several reasons for the absence of positioning it in any case influences on many firms' operations, e.g. on sales, differentiation possibilities, working welfare. (Riihimäki et al. 2001: 49.) Additionally, including affective and emotional elements or whatever strategy in advertising of real estate may not be too simple as by governmental regulations are set some demands for the information included in it. For instance, this kind of situation prevails in the Finnish real estate business as the regulations obligate the real estate marketer to include specific information in the ad considering e.g. precise price, location, size of the apartment and completion time (Oikeusministeriö 2001).

#### 4.5.1. Positioning Strategies

The purpose of any positioning strategy is to assist firms to create an image of its brand, product or firm itself, relative to competitors. In image creation, firms exploit a specific positioning strategy or strategies to emphasise those attributes that the target audience see as the most attractive. The attributes can be either physical characteristics or intangible associations of the firm's supply, depending on the chosen strategy. (Martin & Daley 1989: 11.) When planning the positioning strategies firms should consider utilising those attributes that are still untapped, that the competitors have not yet capitalised, and to become aware of the competitors' strategies, they need to be examined. However, even though competitors' strategies are known, it is sometimes difficult to define an untapped product or service attribute, and instead firms may connect the product association with several features simultaneously. Too many features may spoil the whole positioning, because then the image becomes very easily blurred. (Aaker & Myers 1982: 135.)

So, positioning strategies have been created to emphasise special attributes and helping to keep the whole positioning consistent. Examination of them indicates that various researches have come up to similar conclusions of the strategies between each other. In principle, the content of the strategies of different researchers resemble, but they may have been classified and named in different ways. To enable studying positioning strategies of different firms it is essential to examine them here more deeply. Here is presented seven strategies of Aaker and Myers (1982: 134-141): a) positioning by using product characteristics or customer benefits, b) the price-quality approach, c) the use or application approach, d) the product-user approach, e) the product class approach, f) the competitor approach and g) the cultural symbol approach. These strategies are utilised in the study, because they are comprehensively classified and so take many alternatives into consideration detailed. The authors also consider the price-quality approach separately which has a relevant part in this study. The descriptions of the strategies below are also supported with viewpoints of other researchers.

It is told that perhaps the most often utilised positioning strategies deliver associations of *product characteristics or customer benefits*. Product characteristics refer to the most objective attributes of a product that can be measured on a physical scale such as highness of a building or some physical features in a building when considering the real estate business. These are especially tangible characteristics, but also more abstract features, intangible characteristics, are used. Intangible characteristics have just recently

been utilised in real estate marketing when previously it predominantly consisted of technical facts (Turunen 2004). This may derive from the reason that using customer benefits in positioning expands its popularity nowadays when descriptions of technical facts are not in a great help. Customer benefits are considered when one receives ideas of benefits, solutions to problems or fulfilment to needs through an advert. These all promote the well-being for the user and thus is claimed to be more effective than simply positioning on product characteristics. Because of this kind of difference of these two ways – product characteristics and customer benefits – of positioning, e.g. Wind (1982: 80) separates them from each other into two different strategies.

Because of the importance of the price-quality relationship Aaker and Myers want to consider it separately from other positioning strategies. They emphasise that whatever the actual positioning decision is, the positioning *by price-quality* should be considered in every case. This strategy is also relevant to be noticed in this study because the competitive strategies of Porter are highly related to this factor. Many manufactures want to offer with their supply more than competing firms and thus invest in e.g. additional services, product features and performance as well as customer benefits. The manufactures want to highlight these additional values through a higher price because in that way they are able to communicate of their higher quality. In addition to high quality products, the same product class includes also products that are sold comparably at a standard or low price while the products are associated of a lower quality as well. (Aaker & Myers 1982: 137.)

When communication exploits some specific occasions in which the product is in use the question is positioning *by use or application*. In that case communication tries to show consumers how and when to use the product. This strategy is in fact closely related to benefit positioning. (Aaker & Myers 1982: 137–138.) Considering the real-estate business can be thought that this kind of strategy associates consumers, i.e. future dwellers, using the dwelling, in other words living in an apartment advertised.

One way to position a product is to associate it with its *user or class of users*. The user may be the one with whom the consumer would like to identify in which case the user should deliver his or her characters or personality to the product as an image. In another possibility an advert may deliver that kind of alluring elements to the receiver that he or she is able to absorb the elements in question to him- or herself by using the product. The advert is directed straight to the consumer by telling who should use the product or

by emphasising how special the future user would be when using the product. (Aaker & Myers 1982: 139.)

Sometimes product is associated with alternative product which is called positioning *by product class*. In this way the marketer attempts to show to consumers an alternative for a traditional and familiar product and thus utilises those familiar product classes when positioning a new one. The associations received by consumers can allude to another class than the product actually belongs. This product class positioning is, however, a different issue than comparing a product with another one, which is classified as positioning *by competitor*. The advertising then directly or indirectly compares the advertised product with one or more other firms, naturally benefiting by it. When directly positioning against another product, the comparison is made by specifically mentioning “Brand X”. By indirect positioning the comparison is made e.g. against “the leading brand” or against some other categorisation without mentioning the actual brand. It is in any case assumed that the recipient understands with whom the comparison is made. Sometimes the comparison against one or more competitors may be slight or even dominate the whole positioning strategy. The comparison can be made by judging the other product to some position, e.g. to leading or second position on the market and through this way the marketer is able to judge his or her own product against the other one e.g. by emphasising being better, the leader, maybe second but still very good. The main aim of this kind of strategy is to attract customers from the compared brand. Besides this way positioning against another product can be made without trying to attract other brand’s customers. That can be classified as brand comparison. In brand comparison the marketer utilises competitor’s brand with good reputation that is been developed carefully for a long time. Mentioning this kind of brand in a firm’s communication is kind of a bridge establishing the own brand because the competitor’s brand works as a good reference point. (Aaker & Myers 1982: 140; Wind 1982: 80.)

The final positioning strategy of Aaker & Myers (1982: 140) is to associate the product with *cultural symbols*. The idea is to deeply identify customers with a sensible symbol so that the symbol becomes a distinguishing factor from competitors. The meaning of the symbol may already have a history that some firm now utilises or the firm can create it by itself. In any case it is vital that the symbol delivers something very meaningful to consumers.

Wind (1982: 81) considers in his categorisation of positioning strategies that the strategy of *hybrid bases* means that in positioning decision making it should not be ignored the possibility to incorporate elements from different strategies to a unity. However, he does not explain further how to implement it without resulting in a fuzzy and illogical image as it was discussed a little earlier in this chapter. For the incorporation of multiple strategies have Aaker and Myers (1982: 137-138) also explained the riskiness of it but thus tell the frequency of exploitation the *positioning-by-use and application* strategy as an additional strategy for the main one. This is thought to be the least confusing element interconnected with other positioning strategies.

As it was mentioned different writers refer mostly to same positioning strategies by content, but with different names. For instance, Burnett and Moriarty (1998: 105) classify four approaches to establish positioning by focusing either on consumers, the competitors' strategies, social responsibilities or image. Instead of the strategy of social responsibility, the rest of the strategies are seen to be consisted of the same contents as Aaker and Myers have explained. Positioning by *social accountability* is seen as firms' aims to establish goodwill by being a responsible organisation. Caring about the environment, people, the community and / or social problems are then emphasised. Nowadays this kind of positioning delivers highly positive associations and thus gives to some consumers added value and reason to buy the product. (Burnett & Moriarty 1998: 105.) On the other hand, social accountability is something that firms should not ignore even though the positioning is focused on something else. More particularly, being responsible means responsibility to all interest groups than only to stakeholders or even customers and by ignoring this could be disadvantageous. Firms should have a proactive approach to issues of social responsibility and ethics instead of late reactive. (Robin & Reidenback 1987)

#### 4.6. Advertising as Part of Competitive Strategies

The generic strategies that firms employ can be examined also through their adverts. The adverts of competing firms can be compared between each other so that similarities or differences are noticed in them. According to the topics discussed of advertising, a structure of an advert can be examined enabling a discovery of similarities and differences. In this context it means firstly examining the objectives of adverts, in other words the emphasis of cognitive, affective and conative components. Secondly, the

structure of an advert can be examined through the formulation of its message, is the message rational, emotional or moral. In addition, similarities and differences can be examined of a target audience as well as an actual content of a message and positioning.

Compared to competitors, firms' adverts may be on the other hand very distinguishable or on the other hand basic, that may have a risk not paying consumers' attention. It is perceived as the cost-leadership strategy when advertising is mainly standardised and is not distinguishable from the other adverts in a unique way. When a firm employs the cost-leadership strategy, the advertising is commonly simple, because the firm does not have high volume of resources to invest in marketing. On the other hand, as the firm's products are neither differentiated nor outstanding by their quality, they do not have distinguishing elements that could be believably emphasised in the communication.

Instead, when a firm's advert has distinguishing elements compared to other competing firms, the differentiation strategy is employed. In this situation a firm offers unique products to customers or performs unique communication especially when the products are not greatly differentiated. Unique products typically obligate firms to set high consumer prices whereas the advertising should draw the customers' attention to other issues than the price. When the price is not the leading element in the advert, the communicator highlights other issues deriving from the company policies, so it is assumed that the positioning or the message in an advert is distinguishable from competitors in this kind of situations. (Lim 1994: 45.) By message differentiation a firm enables to distinguish itself from the other advertisers even if a customer perceives various firms similar by its physical and functional ways. (Swartz 1983: 60.) It is said that commonly the real estate marketing is not differentiated and there are relatively few firms investing in branding and positioning so in overall the constructors' advertising is undifferentiated. For this also influence their unawareness how to invest in advertising layout and creativity (Riihimäki et al. 2001: 50).

Along with the message content of advertising were discussed the branding possibilities that could be utilised either in communication or as potential products. The possibilities also give opportunities for differentiation because they widen the traditional operation area significantly. But, whereas some consumers are not ready to pay for that kind of extras, is segmentation exactly the tool to form homogenous customer groups so that it is possible to develop and market similar products and services. In addition, it is possible to cut those product features or services that are less significant for them. (Riihimäki et al. 2001: 50.)

The attributes advertised indicate the target audience in adverts. Firms employing the differentiation strategy typically communicate with those attributes to which the target audience is the most responsive. Thereby the target audience of the adverts can be detected, because the advert highlights those attributes appealing the consumers of the target audience, and with which a firm wants to be distinguished namely among them. (Iyer, Soberman & Villas-Boas 2005: 473.) So it can be assumed that the attributes of the advertising and the target audience is distinguishable from many competitors when firms differentiate their supply. Instead, if the supply is inexpensive and standard, the advertisers have neither any particular target audience interested in standard products, so the advertising is then targeted to a large customer segment, without limiting it much. To appeal this large segment, the advertisers utilise low consumer price when the question is about the cost-leadership strategy. (Iyer et al. 2005: 473.) In focus-strategy, the target audience is limited accurately and it is offered them either an inexpensive product or highly special one.

#### 4.7. Summary of the Theoretical Review

In the previous chapters the theoretical framework of the study has been discussed. It consists of four main chapters – in the first of which, the reader has been introduced to the study and in the remaining chapters, has been presented with theoretical features based on previous researchers. These chapters explain the key features that are valuable for implementing the empirical research. The main goal of the study is to understand what kind of competitive strategies constructors implement, particularly at the customer interface. For identifying the strategies, the competitors' particular marketing strategies need to be examined at first. The examination of these marketing strategies enables a comparison of competitors' actions by specific attributes after which the firms may be placed into a suitable competitive strategy. As a result, not only the competitive strategies of competitors will be known, but also the detailed marketing characteristics which they use to realise their strategies. To enable the later examination of marketing characteristics in the given market area, the theoretical framework focuses on explaining their nature and how comprehensive marketing management can be unravelled and analysed.

In order to increase the knowledge of future competitors in a particular market area, it was decided to examine competitive strategies, because this enables the estimations of

market characteristics and internal competition. Porter (1984) has created a concept of three competitive strategies, the cost-leadership-, differentiation- and focus strategies which form the core of the study. The nature of these have been explained in the second main chapter. The discovery of the competitive strategies of diverse firms is based on the specific marketing strategies implemented by each firm and for the marketing strategies were selected firms product characteristics, price and promotion, or more particularly advertising. These strongly represent the viable concept of marketing mix and thus are tightly linked with each other. Especially the product, and its quality, as well as its price, refer clearly to the concept of competitive strategies which support their selection as aspects examined. These aspects have been also widely utilised in previous researchers concerning the same generic strategies. Promotion has been selected to give a more comprehensive understanding of the research objects' competitive strategies. These marketing mix elements have been discussed in the third and fourth main chapters, of which the third one concentrates on explaining the characteristics of product content and how quality is reflected in it, as well as the functions of product price and different pricing strategies. The fourth main chapter covers the characteristics of advertising.

The study has been limited to cover consumer products, particularly goods instead of services and durable high-involvement products, as the main product examined, an apartment in an apartment block, has this nature. It has been explained that a good is formed of a physical part which is surrounded by psychographic elements and benefits that customers receive. As the concept of product is a complex phenomenon, it has been split into pieces in order to indicate which kinds of elements a single product is formed of. It was found that a product concept contains five levels which each represent a unique function. The first level – core benefit – represents the main benefit that a customer is looking for. The second level – basic product – fulfils the core benefit and is the actual product that is bought. The third level – expected product – offers some specific conditions that customers expect the product to contain. These conditions are additional to the basic product, but on the other hand, also minimal in order that the customers' expectations are fulfilled. The fourth level – augmented product – contains those elements that differentiate a product from rivals, for instance, by differentiated or additional services, varied methods of production or additional product characteristics. Finally, the last level – potential product – conceptualises all those possibilities that could be utilised in future product management to give more added value to customers.



One aspect that is strongly linked to the formation of a product is its quality. Diverse classifications of product quality have come to the conclusion that consumers estimate the quality level particularly by evaluating the quality in relation to the price paid. Additionally, to these estimations influence product and service features and customers' respective needs and expectations. When thinking about the basic elements of product quality, eight dimensions have been created for functioning as a framework. Of those, five are utilised in the study as they are the most appropriate for its nature. The quality dimension product performance indicates at some extent the basic product level as it also relates to products' main characteristics. The second dimension, product features, are additional features to augment the main product. Some product features may be corresponding with the characteristics of expected product level, but the dimension of product features is also consisted of other elements surrounding the main product. Reliability measures how strong a product is and whether it is prone to failures. The fourth dimension, aesthetics, is accompanied by a similar dimension, style, referring to subjective estimations of a product. They are experienced with various senses and describe e.g. a product's feeling and appearance. Finally, the perceived quality is exactly the dimension that customers use in analyses whether a product fulfils their needs and exceeds their goals.

The core benefit in the house-building industry refers commonly to the home that customers purchase for themselves. The basic product thereby is an apartment in an apartment block and related elements which usually refer to quality dimensions of product performance, aesthetics or style and reliability of the materials used. The expected product, instead, refer often to quality dimension of product features as they are the additional necessary elements completing the basic product, such as lifts, balconies and court yard equipment. Nowadays the augmentation for apartments may be fulfilled by letting customers to choose their own apartment finishing and offering them special designs. Moreover, green building and long-lasting houses give them additional value. Differentiating the houses according to customers own wishes even more than today has potential in future business. It has also been classified that special services for specific customer segments would have potential business opportunities.

Price plays an important role in this study, as it is used to indicate the overall price level of the market and to examine the price-quality relationships of the studied constructors' offerings. The information aids in determining price in relation to product quality. Price is in correlation with marketing mix elements and thus the determinations of product characteristics, product quality and promotion all affect the price level. The use of

qualified materials and construction work commonly increase the price in house-building industry. As well, the customers' willingness to influence the design work of their own apartment may increase the price if the wishes are not included in the basic services of their construction company. Examination of the firms' different price-quality relationships is used to discover whether it is balanced, as well as what kind of diverse price-quality potentials the market could have. This is important as consumers often base their purchasing decisions on a suitable relationship according to their own perceptions and therefore commonly compare different firms' offers and prices, especially when high-involvement products are in question.

In the fourth main chapter, the characteristics of advertising that can be identified in already completed adverts has been discussed. By learning which characteristics have been used, a firm can benefit in planning their own advertising. For analysing advertising it was illustrated four main questions which each comprise in-depth consideration of diverse dimensions. Through these dimensions it is possible to create a comprehensive conception of competitors' advertising. Advertising objectives, target audience, message and positioning were illustrated as the main strategic questions.

Advertising objectives aim at getting desired responses from target audiences. These responses are categorised into three different components which aim at informing customers of a product or other issues, create or change their attitudes and feelings, or get them into actions towards a purchase. They are classified as cognitive, affective and conative components. The decisions of a target audience allow marketers to deliver an advertising message to certain types of consumers. Consumers can be segmented according to different criteria based on consumer characteristics and consumer responses. Consumer characteristics are the most commonly used criteria including geographic, demographic, and/or psychographic grouping whereas the other criteria illustrate consumers' behaviour, how they want to benefit from a purchase and how they would use the purchase. The most targeted segments will be formed when several segmentation criteria are utilised. A narrow segment enables the delivery of a precise and satisfying advertising message.

The third strategic question mentioned covers characteristics of an advertising message. A message commonly consists of rational, emotional or moral appeals of which all may appear in the message or only one or two. Usually some of them have a major emphasis. Rational appeals consist of logical arguments and are able to deliver factual information of the object being advertised. Conversely, emotional appeals are rather reverse to

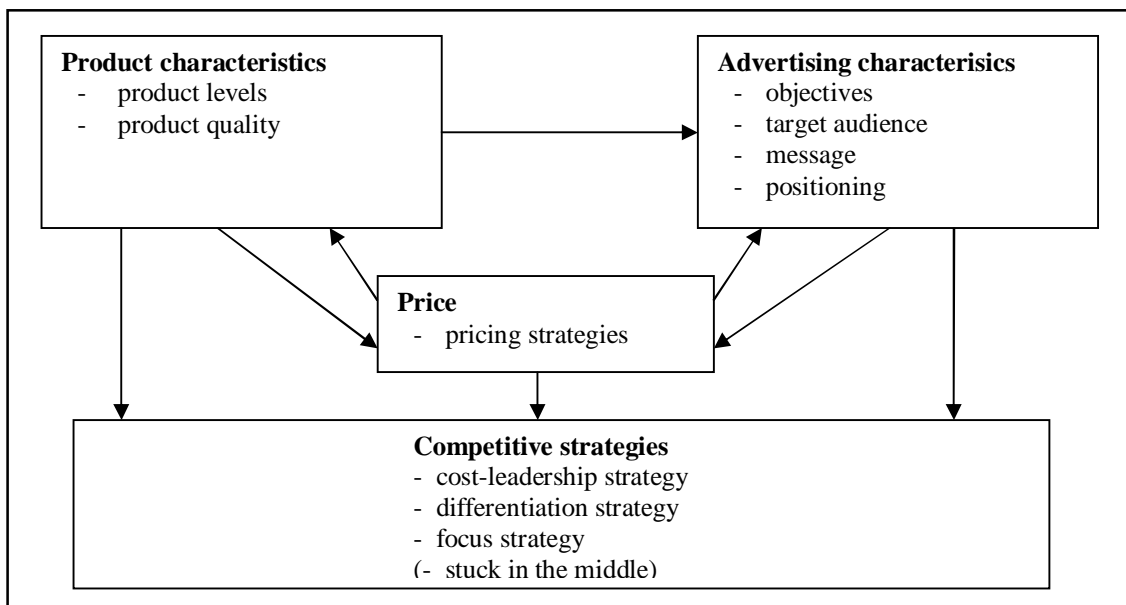
rational ones; instead of basic facts, they emphasise benefits that customers gain from purchases and those elements that customers may identify with in an advert. Moral messages emphasise right and wrong issues, and advise audiences to support actions towards social or environmental deficiencies. Moreover, in addition to the appeals, messages consist of actual contents which highlight some specific issues that is desired to be delivered to consumers. It has been examined that a message concerning the real estate industry may relate to an actual constructor, to its product i.e. apartment or to the whole building, services supplied or alternatively to some other specific features. Furthermore a message may highlight the constructor's policy of green building or country specific questions when the manufacturer's country is mentioned.

Positioning aspects in adverts has been classified as the fourth strategic question. Positioning in general indicates consumers' attitudes towards a firm or its products in comparison with competing firms in a given market. The discussion has been focused on identifying mainly the positioning strategies that can be identified in adverts. The aim of these strategies is to keep the whole positioning actions consistent that the placing of firms' supply into a specific space would be as succeeded. Eight effective strategies were detected; positioning by using product characteristics or customer benefits, by price-quality relationship, consumers' use or application, product-user, product class, competitor cultural symbol and social accountability.

Strategic decisions regarding product management, price and advertising all influence the competitive strategies implemented by firms. When these aspects were discussed in the framework they were also studied along with the competitive strategies in order to indicate which marketing actions lead to which kind of competitive strategies. A characteristic of the cost-leadership strategy is to have standard products with a low quality level and the consumer price is low as well. Consumers are not ready to pay for high prices for standard products and that is why the overall quality level has to be kept low, in order to minimise costs. As the products are in this situation undifferentiated, they do not have any special attributes to be advertised and thereby their advertising is typically based on common facts and information of low prices. As the message is broad, no specific narrowed target audience is particularly interested in the supply so it is merely targeted to a large customer segment. The real estate advertising has commonly been undifferentiated, even though the constructions may be of much quality. Relatively few firms have been investing in branding and positioning.

Conversely, with the differentiation strategy, unique products are made to differ from other supply on the market. The offer contains much quality, but prices are high, because of the overall high production costs and customers' willingness to purchase differentiated goods. Differentiated supply covers special attributes leading to a narrower target audience consisting of those consumers specifically preferring those attributes. The advertising highlights the superior attributes in order to appeal customers and drawing their attention away from the high prices. Thereby, the price is not a major role in advertising elements. Investing in augmented or potential product levels also gives an opportunity for differentiated advertising if those unique product elements are used in advertising.

The third strategy, focus, has characteristics of both of the strategies mentioned above, but the target audience is limited much more narrowly. In this case, by competing at low costs, a wide customer segment is not targeted but a small one that is not attractive to large cost-leader firms. Furthermore, using focus strategy it is possible to serve an even more specified and rare customer need than the typical differentiators are able to do. As some firms are not implementing logically any of these strategies, Porter has classified them to be "stuck in the middle". These firms commonly have their costs and quality level in contradiction between each other. On the other hand, there have been suggestions that the strategies may be successfully implemented together when the supply has an average price and an average quality, nevertheless in a way that these two dimensions are in balance between each other. This approach is classified as "dimensional approach". The theoretical review is summarised in figure 4.



**Figure 4.** Summary of the theoretical review.

## 5. METHODOLOGY

This chapter is a presentation for the empirical research by describing the methodology for the study. As the object is to describe the main selections made for research method, selection criteria for variables, for data collection as well as methods of analyses. Further, the empirical research of the study concentrates on finding basic characteristics of house-building industry in St. Petersburg and Russia, the marketing strategies of specific competing buildings and the competitive strategies implemented in them.

### 5.1. Methodology of the Study

The nature and the aims of any research determine the selection between quantitative and qualitative approach. This research is conducted according to the qualitative approach, because the approach enables achieving the aim formed at the outset. The approach works the best in examinations of individual actions of research subjects which is also aimed in this study by examinations of the competitive strategies. The approach also supports studying research subjects in their natural situations, in this case the building objects in their “real world”. The strategies are studied in relation to each other when the benefits of the qualitative research offer a clear and controlled arrangement. These aims would be difficult or even impossible to achieve with the quantitative approach as it would give answers to different kinds of problems. Purely quantitative research would give answers to problems in which are wanted to generalise the results to several research subjects. With that approach a detailed comparison of the research subjects and finding each particular competitive strategy would not be possible. (Metsämuuronen 2006: 88; Uusitalo 1991: 79-80.) On the other hand, by this study the goal is examined with the qualitative approach, but with quantitative methods at some extent. Quantitative methods are utilised when basic market features on the given research area are wanted to be examined against which the generic strategies can be identified.

Along with the qualitative approach a case-study as a research method would be suitable, because they both allow examinations of unique phenomena as it is the case in this study. When implementing a case study, the purpose is to collect diverse data from multiple sources in order to understand the case or cases better than before. Within this study, multiple cases are examined. In general, possible cases have been classified into

different categories, so a case may represent a specific process, action or department of some specific firm, chain of events or history. A case may also reflect e.g. the line of business or individuals. (Koskinen, Alasuutari & Peltonen 2005: 157; Metsämuuronen 2006: 91.) Robert K. Yin extensively discusses of diverse characteristics of case studies in his widely known book *Case Study Research: Design and Methods* (1994). He focuses for instance on designing, implementing and analysing a case study. Yin explains that a case study enables an examination of those actions to which a researcher has no control, i.e. the competitive strategies in this situation. This research method also enables the studies of contemporary events within their real-life context and especially when the connection between the phenomenon and the context is not entirely clear. This method is suitable for research problems in which are asked *how-* and *why-*questions from which the how-question has significance in this study. (Yin 1994: 9, 13)

Was the case study explanatory, descriptive or exploratory, the creation of theoretical framework before the empirical research is essential. In case studies the framework should contain significant discussions of previous studies embodying what is being studied and in this way the results of empirical research are supported. The framework also describes the concepts used in the study and guides the implementation of the research subject presenting how it should be approached, what data to collect and how to analyse them. In addition, the research's viewpoint will be shown as well as the researcher's more detailed selections; what are the relevant issues concerned in the study and what are been excluded. In short, the theory in researches is not readily available but the researcher has to put it together of different peaces based on previous studies and the nature of prevailing study phenomena. Commonly studies aim at achieving additional information of theories by extending them, accepting them or abandoning them. (Uusitalo 1991: 41-43, Yin 1994: 27-28, 32.) The theory in this study is not aiming at any of these as it merely works as a guideline in the empirical research, how to analyse the sample. The theory is consisted of previously accepted and tested researches of which it is pursued to observe different viewpoints as well as common and entrenched concepts. These viewpoints and concepts will give a high support for the whole theoretical framework created.

The theory of this study has been developed in a descriptive manner meaning that the purpose is to describe the phenomenon studied, not explain it. As the purposes are to *describe* the marketing strategies realised by diverse firms and how the competitive strategies are seen in the building objects in question. As these guide the research, the theory neither attempts to explain causality for certain strategies. (Yin 1994: 29.)

Concerning the above paragraph of the role of theories, the functions of them are also seen in the theory of this study. It assembles the alternatives of the competitive strategies, in what kind of situations they occur by also taking into consideration the marketing mix elements. The specific marketing mix elements have been united with the theory and described how to distinguish different actions and intensions of the elements. These have been discussed by presenting previous studies as well as common entrenched concepts. The complexity of the whole theoretical framework directs the approach of the empirical research and selections in it, as it will be explained later in this main chapter.

It is possible to employ a case study research either as a single case study or as a multiple-case study (Yin 1994: 14). As the terms for these already expose, single-case study examines only one case whereas the latter one includes multiple cases, describing also this research. That is a relevant selection because it enables comparable examination of marketing- and competitive strategies of diverse building objects. Each individual case thus forms a “whole” study so the examination of the research cases will be rather deep. One case in this research is the competitive strategy of one building object. Yin (1994: 49) continues that in multiple case studies prevails the replication logic. It means that the researcher has preliminary data of the cases in advance in order to make propositions of the expected behavior or their contradictory behavior. Afterwards the empirical research is conducted to test the propositions. There is no preliminary data that could be utilised in this study in order to make propositions of the research subjects and simultaneously meeting the research aim. In that sense, the aim of the research determines a different approach to the topic than Yin has described. A case study as a research method and the lack of preliminary data indicate towards an exploratory nature of this study.

According to a classification of an exploratory study by Uusitalo (1991: 62) this study fills those requirements. He explains that exploratory studies are also those describing some phenomenon theoretically, but through empirical observations. In this sense the empirical data is not used for testing or developing the theory, which is often the case in qualitative approaches and case studies. An exploratory study is also applicable when previous information and understanding of the research subject or subjects are minor, like in this study there has not been any previous familiarity. The methodology of the study is summarized in the table 2.

As a common criticism toward qualitative- and case study has been a bad generalization of the research results. The scholars are rarely interested in a specific case studied, because they want the results to have a broader significance. (Uusitalo 1991: 78.) The prime purpose of this study is not to generalize the results, but to understand the strategies of individual actors. Without the chosen selections would not be possible to discover the issues considered important.

**Table 2.** Methodology of the study.

<b>Qualitative approach</b>	<b>Multiple-case study</b>	<b>Exploratory study</b>
Description and understanding of the cases' strategies	8 cases	No previous information
Specification of the strategies		The research target is described theoretically

## 5.2. Sample and Data Collection

The multiple case-study is based on eight building objects in a specific geographical area in St. Petersburg. The objects in the area embody the research subjects, so the intention is not to study the house-building industry in general. The approximate geographical area was chosen already at the outset of the study according to strategic questions from the side of the firm who commissioned this study, but it had to be limited according to certain parameters. As the background for the limitation was the fact that the majority of apartment buyers in St. Petersburg choose their dwelling according to the district it locates, and in that particular district they choose the appropriate house and apartment (Boltramovich Lotov, Baldanov, Dudarev, Filippov and Hernesniemi 2006). Therefore it was decided that the future competitors would locate on the same area on which the firm is building and that is why the area was not limited too widely. The area has a shape of a triangle which sides are 8,7km, 7km and 7km, so the overall area of it is 24,5m<sup>2</sup>. This spot covers five metro stations and they are divided into three different metro lines. The outer border of the area is around 15min or 2km walk away from the outermost metro station, away from the centre of the triangle. Here the decisions are defended by the rationality of the scales and the public transportation. The public transportation inside this area, except the metro, is practical and fast moving from one place to another, because the area is not too wide. In addition,



the distance from the outermost metro station to the border is still reasonable, around 2km. If more metro stations would have included in the area, it would have widened irrationally when several new research subjects would have had to be considered as competitors, as well. As they locate further away they would have been representing a minor significance, so concentrating on them would have been unreasonable. These competitors would also more preferably belong into different strategic areas and competitions.

All the construction sites inside the area were considered in the original counting. The area covers all in all 24 objects of which eight are included and 16 are excluded. Of the original sample were excluded four objects that represent elite dwellings and 12 subjects which commissioning times are earlier than required. It was also planned to exclude the state owned societal dwellings, but there were not any of those. At the end, the economy- and comfort class dwellings were included as well as those commissioning later than the second quarter of 2009. The economy- and comfort classes were chosen, because the interest is mostly in those classes and the dwellings in those classes are the most likely competing of the same customers. The reason excluding the buildings commissioning before the second quarter of 2009 was based on the starting time of the author firm's own sell which is supposed to begin in the first half of 2009. It was decided that the buildings commissioning before the second quarter of 2009 would represent a minor interest, because traditionally the apartments are sold out before the commissioning. Those single buildings would have insignificant number of apartments in sell, so that there is no logic to consider them as competitors. It is more rational to concentrate on major competitors than several minor ones.

As it is seen the selection of the cases is not based on the ideal replication criteria classified by Yin (1994: 45-46.) Criteria in choosing the cases are based on economical significance. The economic- and comfort class dwellings completing after the second quarter of 2009, are significant for the firm when concerning the decisions of its own competitive strategy. It has to be notified that these specific eight objects form the phenomenon in relation to each other, because they are the ones forming a specific competition in the area in question. In theoretically thinking, if even one object of these eight was excluded or one more added, the results of the research could be different.

The data of the research is based on literary data collected in St. Petersburg in June and July 2008. The main sources for the data collection were the Internet and a catalogue of house-building adverts. From these sources was found the information especially at the

customer interface which is as the special interest in this study. It was considered important that the data was collected from places that the customers consider as the first hand information sources when considering a purchase of a dwelling. In addition, these kind of first hand sources are the ones influencing on customers' decision making; which dwellings are excluded already from the beginning and which ones will survive further in the decision making process. In addition to this information, the basic information concerning the real-estate market in St. Petersburg and Russia is been collected mostly from Finnish publications of the real-estate market in St. Petersburg, and from specialists working in the same business there. All in all it has been utilised different sources for the data collection, but it is although even rational to use multiple sources of evidence (Yin 1994: 90-91). By this the author mainly refers to data triangulation in which each source of evidence support each other while the whole data as well as the research findings become more convincing. In this study the triangulation idea is applied in some parts. For instance, when considering the whole competition strategy of one single case, the findings are supposed to be more convincing when the marketing side of the strategy has been also considered instead of only product and price (see Claver et al. 2003).

The literary data was seen relevant to include in this study. With this method it was possible to gather information exactly the same as customers would gather. If the data was collected from the managers of each research subject, there could have been a possibility for imprecise opinions. Managers could have had a tendency to overestimate the quality of their own product attributes and some could have totally refused from the interviews. By conducting the research as an outsider observer guaranteed the participation of each object and similarity of the analysable attributes. That also assured the data of each case is interpreted and analysed according to the same criteria. The data has been collected from primary information sources because that was the only way to gather relevant knowledge. There even exists no database of this kind of information in secondary sources.

The Internet was primarily used as a source to collect the data of all the construction sites in the area, the product characteristics and prices. Certain Internet-pages focus on informing of all new constructions in different districts in St. Petersburg, so the pages were utilised to track all the possible research subjects. From this search it was found the 24 cases. To support this search, the market area was also investigated on the spot in order to ensure all the constructions seen in the internet pages really existed, and to confirm whether the area included some other objects not mentioned in the web-pages

reviewed. On the spot, was not found any new information. Furthermore, the home-pages of all the 24 initial building objects were examined and measured in order to make selection of those cases included in the study. At this phase eight objects were included and 16 excluded based on the criteria explained above. The web-pages of the eight research objects were examined in-depth in order to discover the information of the certain variables that would be needed for the data of the research. If the variables were not found the information of them was collected by anonymous phone calls or visits to sales offices. The Internet was also used for price search. The web-page, in which all the constructions were found, had also the prices for individual apartments in the objects. In order to stay constant, two-room apartments were selected for the data because those apartments are the most common ones built in St. Petersburg constructions.

For analyses of promotion it was selected advertisements, because they represent the most popular manner of promotion in the real-estate industry in St. Petersburg. Because real-estate catalogues are a common source for searching for apartments it was decided to choose the analysable adverts there (Boltramovich et al. 2006: 77.). The adverts are published in a municipal catalogue, in which are advertised around 95 % of all the real-estate objects in sell in St. Petersburg. It is also one of the most extensive and popular catalogues in the city, appearing twice a week, on Mondays and on Wednesdays. It appears in two parts, both parts are format A4 and contain 350-400 pages each. The difference between them is that the part one is consisted of new construction and part two of secondary real-estate markets. (Real estate bulletin 2008.) The adverts analysed in the study are collected from the part one. A review of several catalogues published in summer 2008 indicated that the advertisements do not actually vary, but are consistent in each catalogue published at different times. That is why it was reasonable to select couple analysable adverts of which the other one has been published in August 2008 publication and the other one in the November 2008 publication.

### 5.3. Variables

As the study concentrates on analysing product features, price and advertising diverse variables for forming conceptions of these have been selected. The simplest analysable element is the price for which it is utilised square meter prices of two room apartments in the research objects. The other two concepts contain more diverse and detailed variables. The product variables selected for the study are based on discussions with

industry executives, previous researches and reviews into constructors' home-pages and advertisements. The information from the executives and researches clarified common building characteristics the consumers in St. Petersburg consider important when selecting an apartment. The reviews of home-pages and advertisements clarified the public information available for consumers. As the study concentrates on the strategies at the customer interface this review was considered relevant because many catalogue readers base their first judgments of some objects on the information received through the adverts. As the catalogues comprise 350-400 pages of adverts, it is not assumed that the consumers would gather more information of all of the objects advertised through contacting their sales offices. Furthermore, it was discovered that diverse adverts often told information of the same variables which was a rational base for selecting some variables for the study.

It will be discussed the general features of the St. Petersburg housing market in the beginning of the empirical research. The discussion concentrates shortly on overall construction and house-building business in Russia and St. Petersburg as well as on aspects on which customers commonly base their apartment purchasing decisions. Thereby the meanings of the variables selected are told more detailed in that chapter as here they are gone through only briefly. Firstly, some general aspects of the research objects are presented, such as their commissioning time and sizes by different parameters. Apartments with only one or two rooms are commonly the most purchased ones. For instance, customers preferred to purchase 50,2 % one-room apartments and 47 % two-room apartments in the spring 2008 (Executive interview 2009). The popularity in purchasing two-room apartments favored the selection in studying that apartment size. Moreover, the square meter prices are relatively higher in one-room apartments than in two-room ones, so the analyses of two-room apartments will also give indication of the prices of three-room apartments as well as one-room ones. The square meter prices in three-room apartments, instead, are relatively lower.

In addition to this information of the building objects, the construction material, outward appearance and common interior areas of the building are analysed. The data of the objects' public areas comprises also the manufacturing brand of lift selected, possible places for concierges, features of parking places, the courtyard and possible premises occupied for commercial services on the first floors of the building. The data collected from the apartments covers ceiling heights, balcony arrangements, selections of windows and doors. Furthermore, it is also noted whether the constructors offer some specific services or unique solutions for the buyers.

Claver et al. (2003) examined quality through finishing aspects, but those aspects are not relevant in this study as the finishing of apartments is not common in St. Petersburg. Quality determinations in this study are based on other product characteristics that are discovered important in real estate industry in St. Petersburg. Anyhow, as in the research of Claver et al. the quality judgements in this study are also much based on aspects that the customers appreciate the most. Taking into consideration customers' perceived quality has also come out in the previous discussions of quality in the theoretical framework. The determinations for quality judgements are also discussed in relation to product variables in the next main chapter, in the beginning of the empirical research.

Analyses of advertising are more abstract, based on the strategic questions explained in the theoretical framework – advertising objectives, target audience, message and positioning. All these contain specific features that are searched in the adverts. By the advertising objectives it is attempted to recognise the cognitive, affective and conative components by reviewing the role of the object picture in the advert, writing style of the text and other specific effects that indicate towards these components such as layout pictures and other photographs. The review of target audience concentrates on recognizing segmentation criteria of geographical, demographical and psychographic as well as benefit sought and use occasions. Most of all it is detected whether it is described much information of the surrounding, payment conditions, to which kind of age groups the elements of the surrounding indicate, room numbers in apartments indicating the family size.

By the analyses of message it is reviewed rational, emotional and moral appeals; does an advert contain e.g. factual descriptions of the building object or emotional with many emotionally emphasised arguments. Moreover features of message contents are detected. A content may refer to the constructor, the building object, services, surrounding, country aspects, green building or possibly to something else. It is not detected all the information in the advert, but the most visibly seen message i.e. a main message, and secondly visible i.e. a minor message. The last strategic question, the positioning discovers the most visible seen positioning strategies – by product characteristics and customer benefits, price-quality relationship, use or application, product user, comparison, cultural symbol, product class and social responsibility. The detections of these are based on the descriptions discovered in the framework.

#### 5.4. Analysing the Data

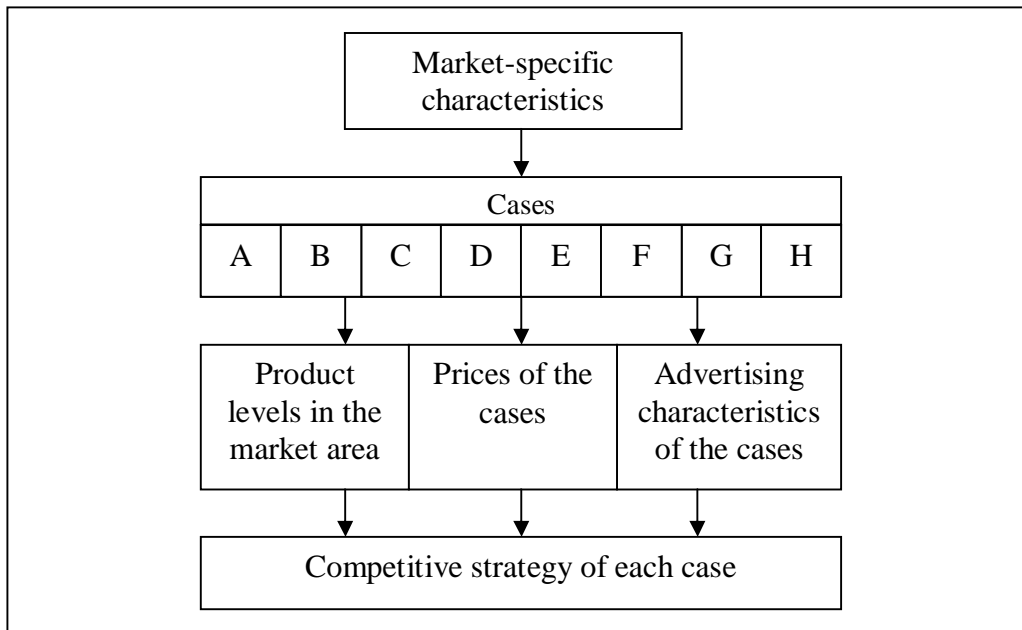
In the analyses the real names of the firms and their building objects are replaced by anonymous terms (object A, object B etc.). Anonymousness is seen to be fare for the objectives studied nevertheless deteriorating the transparency of the research and neither importance and validity of the findings. That is why also the name for the area in question is kept anonymous. These decisions are not an obstacle in utilisation of the results because they in any case will represent features of the house-building market in St. Petersburg. (Koskinen et al. 2005: 290.)

The analyses of the product variables are in the most part based on measurable facts that are thereby simple to interpret. It is described in the chapters 6.1. and 6.2. on what kind issues the analyses of variables are based. Conversely, the analyses of advertisements require more subjective base. In order to keep the analyses as objective as possible it is mainly interpreted the signs of the advertising variables; what are the signs that are utilised in the adverts. This interpretation is highly based on theoretical discussions and does not attempt to give answers from customers' point of view. To support the conclusions the analyses are judged with wide descriptions of the content of the adverts which also gives to a reader an opportunity to understand the interpretations better.

## **6. EMPIRICAL RESEARCH**

This chapter covers the empirical research of the study in which are examined the marketing strategies of the cases and introduced characteristics of the St. Petersburg housing market and customer preferences in an apartment purchase. As the main aim of this chapter is to discover the marketing strategies implemented by each case. The theoretical framework is used here as a background enabling the evaluation of the strategies. With this process it will be discovered the main characteristics the firms exploit when competing on the given market area. To be able to understand the housing market situation and the context as well as enabling outlining the necessary research variables and analysing methods, the common market characteristics in St. Petersburg should be examined at first. It has already been explained in the framework that the dimensions on which consumers base their comparative evaluation between diverse firms should be studied at first. Therefore this chapter starts with concentrating on specific market characteristics and afterwards continues with introducing the results. By this discussion it is taken into consideration customers' perceived quality. They are taken into consideration in an overall level as the concentration of this study is not to estimate each case's customer segment's perceived quality. It is examined the variables potential buyers consider in apartment purchasing and how they estimate the quality by different quality dimensions classified in the framework.

The first discussion of St. Petersburg market characteristics is mainly based on previous researches and specialist interviews whereas the results of the data collection are based on literary data collected from primary sources. The descriptions of the results are presented object by object by firstly focusing on product characteristics, quality and price after which the advertising features are described in accordance with the strategic advertising questions. The following figure 5 illustrates the structure of the empirical part.



**Figure 5.** Structure of empirical research.

### 6.1. General Characteristics of House-Building Industry in St. Petersburg

After the beginning of privatisation process of the stock of residence in St. Petersburg, the number of constructions decreased. The original level of the year 1990 was finally achieved in 1999 in St. Petersburg and during the years also the square meter areas of individual apartments had increased that is typically more appreciated among customers. In addition to private construction, also the state is still building societal apartments. The state owned apartments should cover around one fifth of the overall stock of residence in Russia couple years after 2006 according to the study of Boltramovich et al. (2006: 53). This number covers new buildings and of those old ones, not privatised during the past years when it has been possible. The amount of new apartments built with public assets is only 3 % in St. Petersburg. Nowadays the city is the third liveliest construction area in Russia, after Moscow and Moscow district. (Boltramovich et al. 2006: 10, 60, 65.)

At these days the construction industry is the most rapidly growing industry in Russia, and residential construction is the biggest building trade there containing 90 % of all the new buildings built there. The demand of new dwellings has increased during the last years and firms have been able to grow without heavy competition of market share winners. Regardless, big firms have increased their market shares gradually, because



several small firms have been forced to withdraw from the market when they have not survived in the competition. (Boltramovich et al. 2006: 17, 43; Rinne 2007: 12.) In previous years the construction market in St. Petersburg has been consisted of mostly local firms operating either only in the city or also around the surrounding Leningrad Region. Only a few firms were expanded into other areas in Russia or abroad, and neither many construction firms from other cities have entered the St. Petersburg market. Foreign firms have not represented a significant role, but especially Finnish firms have had a noticeable role instead of other foreign firms. (Rakennustekniikka 1999: 20.)

The prices of housings have been increasing rather constantly since 2000 in Russia. The reason for price increases are mainly due to an increased welfare of citizens and overall price increases of construction costs. The dominant price segment of new constructions in St. Petersburg is the lowest price segment, but at the same time the segment for more expensive dwellings has been increasing during the past years. The consumer prices stay more constant in the higher price segment as the supply and demand conditions in the lowest segment are rather subject to changes and thus the prices also alter more considerably. (Boltramovich et al. 2006: 51-52, 61, 78-79.)

The new dwellings in the St. Petersburg vary by their characteristics between each other. There is no specific standard style of architecture, design, or supply of technology and materials and that is why they may vary noticeably by their performance and features. The difference in St. Petersburg panorama is also due to the different customer segments; Russian stock of residence can be divided into four different classes, economy, comfort, business and elite. These classes vary between each other based on consumer price levels. The square meter prices in 2007 in economy and comfort class vary from around 1 700 € to 2 300 €, the price in business class is around 2 650 € whereas to the elite class belong all the highest prices (Executive interview 2008). During the year 2007 the average square meter prices sold in primary markets varied from 1 642 € (8<sup>th</sup> of Jan 2007) to 1 849 € (26<sup>th</sup> of Nov 2007) as the corresponding prices in 2008 were 1 978 € (14<sup>th</sup> of Jan 2008) and 2 492 € (1<sup>st</sup> of Dec 2008) (Real estate bulletin 2009). From this price increase it is assumed that also the price levels of different classes have increased and the prices of economy level started from around 2 000 € in summer 2008 when the data for this study has been collected. In comparison, the average square meter price in St. Petersburg at the time period when the data was collected was 2 397 € (30<sup>th</sup> of June 2008). The supply of constructors in each class is diverse and individual and even the dwellings within one single firm may not be similar

to each other. Therefore the nature of St. Petersburg house-building market makes it complicated for construction firms to estimate the supply of competitors.

This study concentrates on dwellings on the economy and comfort classes. They have a relevant share on the market; of all the square meters in residential construction was built around 85 % economy and comfort dwellings in 2007. The majority of this amount is consisted of economy class, but during the recent years the comfort class has increased its share, just like it was already mentioned above that the segment of little more expensive housings has been increasing. These markets are mainly targeted to middle class consumers. (Executive interview 2008).

Commonly apartment blocks in St. Petersburg form large building complexes; almost always more than one block is built to form together one construction complex and the apartment blocks may be typically from 15- to 26-storeys high. Therefore one building complex may easily be consisted of hundreds of apartments. Smaller complexes are rare in St. Petersburg, because the inner city is already widely occupied and constructors aim at building several apartments in a small land plot. However, smaller ones are still more preferable among the consumers and therefore relating to a qualified product performance from the customers' perspective. As the complexes are formed of a few buildings the commissioning of them is also at different times. Once each building is commissioned the moving in may happen and hence in one building may already live people whereas the other buildings are still under construction. The commissioning of the buildings is commonly announced quarterly, at which quarter of the year the commission is supposed to be. After this time the moving in is supposed to be possible or in unfinished apartments the customers' finishing work can be started.

Some specific features characterise the Russian or St. Petersburg house-building market that should be considered by the construction firms when estimating their competitors. There are dozens of construction firms operating especially in St. Petersburg and Moscow, and it is almost impossible to gather deep intelligence of all of them. However, as consumers' criterion in apartment selection already at the second position after proper price is a pleasant area, especially in the cities mentioned. (Boltramovich et al. 2006: 72). In other words, the consumers mainly consider one or only a few specific districts to live, so assumingly construction companies may consider as competitors the firms building in the same district in which they are building their own object. This selection criterion limits possible competitors, meaning also that new competitor intelligence should be gathered every time when starting a new building process in a

new district. Moreover, the competitors in this study are limited for new constructions as only a few (around 3 %) would be interested in purchasing a dwelling in the secondary market. Those apartments are usually in a bad condition and more expensive than dwellings of new construction especially if bought at the early phase of the construction. (Executive interview 2008.)

Another specific character describing the St. Petersburg housing market is the increase of square meter prices during the construction process. The price for a square meter changes depending on at which building stage the apartment is when purchased. The price is the higher the closer is the commissioning, and if there are still some apartments left after the commissioning, the price usually stays high. (Boltramovich et al. 2006: 55-56.) The low price in the early phase of the construction originates from the risks customers have; the construction may not be completed at all, its completion may be delayed and customers are unaware about the future quality. Although some customers would face the risk until the building is finished they are willing to buy an apartment at an early phase and pay a lower price for it. Especially the customers in St. Petersburg (compared to Moscow customers) (Ibid. p. 11, 73) with rather low purchasing power tend to buy their new apartments at an early phase which also explains why the dwelling complexes are almost sold out before the commissioning.

Because the city St. Petersburg is already tightly inhabited the green area is limited into some parks inside the city, although there are also bigger resting areas or forests at the outskirts of the city. The constructors have recently been focusing in addition to the building itself also to the pleasantness of the courtyard. The courtyards are often built with children playgrounds, green plantation and perhaps also with other attractions or comforts. Consumers consider the environmental factors as rather important and thereby the green courtyards are appreciated especially if the overall surrounding does not have much nature (Boltramovich et al. 2006: 75). Moreover, the first or some first floors of the buildings are often occupied as commercial premises for shops and services, even in suburbs. The most often these premises are exploited by small shops, banks, pharmacies, dentists, insurance companies, solariums and hairdressers.

As St. Petersburg attracts inhabitants from different parts of Russia one construction firm in an interview by Boltramovich et al. (2006: 130) told their customers consisting of consumers mostly from outside St. Petersburg, e.g. from Moscow, Irkutsk and from the North. But, the buyers in general do not solely come from Russia but also from abroad; from previous CIS countries come especially foreign workers. In addition, the

wealthy expatriates also populate Russia and especially the cities St. Petersburg and Moscow contain their own housing niches. The expatriates usually are renting apartments from investors who have renovated them according to appropriate standards while the investors are able to earn good profits with high rents. This niche is still showing a prosperous future. (Boltramovich et al. 2006: 130; Rinne 2007: 13.)

## 6.2. Consumers' Perceptions in St. Petersburg Housing Market

In their research Boltramovich et al. (2006) have also examined the housing market in Russia from the viewpoint of customers' preferences. The results of Boltramovich et al. are in addition supported by similar results, e.g. by the research of Business Vision conducted couple of years earlier than their research, so the preferences are not expected to be changed essentially (Ibid. p. 74). It is thus natural and reasonable to exploit the research because the authors have studied the relevant customer preferences only couple years ago. For the study answered all in all 146 interviewees; 74 from Moscow and 72 from St. Petersburg, which had purchased and moved into a new apartment since the past couple of years. The questionings were conducted by in-depth interviewing, questionnaires with 83 standard questions, and group interviews, so the scope and relevance of the results are expected to be representative enough. (Ibid. p. 66–70.)

The respondents appreciate new housings of primary markets more than old secondary market housings. They prefer uninhabited dwellings in which they are able to finish the interiors according to their own style. The layout in the apartments is told to have a minor relevance, but this may be much due to their willingness to change the planning and walls during the finishing period in any case. In addition, the prices are often more inexpensive in primary markets. As an example, the average price per square meter in St. Petersburg at 7<sup>th</sup> of July 2008 was around 2900 € in the secondary market and around 2400 € in the primary market (Real estate bulletin 2008). As the most dominant criteria in choosing a specific apartment in St. Petersburg the dwellers consider a suitable price and pleasant living surrounding. The suitable price relates to each customer's financial capability to purchase an apartment and by the pleasant surrounding it is meant that the dwelling locates in an area corresponding customers' requirements. These kinds of areas are often those in which relatives live and contain an infrastructure required. In addition, some specific infrastructural characteristics are preferred by some buyers so it is assumed that the analysable area should not be expanded too far otherwise the close infrastructure preferred would be vanish. The

location of workplace has a minor impact, because the workplace is supposed to be changed during the lifetime whereas an apartment is purchased for the lifelong living. (Boltramovich et al. 2006: 70–71, 72, 75.)

The most common construction materials in Russia are brick-monolithic (45 %), brick (30 %) and element (25 %) or also called panel. In general brick is considered as the most reliable material whereas the brick-monolithic enables a quicker construction and individual settlements in apartments. In contrast, element, which was commonly used in Soviet constructions, does not enable individual designs that well. (Ibid. p. 61–62.) Moreover, the quality of reliable materials is important among the consumers. They prefer Western construction materials, especially when the parent country is Germany, Italy, Sweden or Finland; the reliability of them as well as known brand names are appreciated (Ibid. p. 108).

The apartments are regularly sold unfinished in Russian new buildings when the owners manage the finishing, usually either doing it by themselves, hiring a contractor or an individual person. Unfinishing means that the apartments are commonly sold without kitchen- and sanitary fixtures, ventilation systems, wall-, floor- and ceiling coverings. Only some constructors make so called base finishing meaning smoothing the blank surfaces, but without any painting or wallpaper. The finishing is normally based on the decisions of each construction company and the most often finishing has meant e.g. windows, front doors and central heating, according to the study of Boltramovich et al. (2006). The selections of the materials of windows and front doors to the apartments may vary among different buildings and constructors. For instance window frames having aluminium and metal are considered to be of much quality. In the cheapest houses are commonly used window frames of wood that is cheap material and with not much quality and thus not as reliable as the two other ones. The front doors should be of strong material guaranteeing the safety of the dwellers in their homes. Sometimes the doors are supplied with that kind of material, usually of metal, but sometimes of poorer when the future buyer has to change it to a stronger one. (Executive interview 2008.) In addition to doors and windows a relevant equipping of lifts is considered important among the consumers and whether the lift is manufactured by a brand company it is valued more. That also describes of reliability of the materials the constructor uses. (Boltramovich et al. 2006: 86, 98, 121.)

The apartments owned and constructed by the state during the planned economy had standard and simple finishing and the most often of low quality, so the owners started to

finish their new homes by themselves since it has been possible after the privatisation. Usually the buyers in the highest price segment do not order finishing from constructors, because they have excess assets to design and renovate their own unique one. As their preferences about finishing are very high would the finishing offered by construction firms be so expensive that it comes much more inexpensive to manage it by own. On the other hand, wealthy people may buy apartments also as investments and thus order the most simple and cheap finishing for renting purpose. Also the buyers in the lowest price segment may buy the cheapest finishing as their assets are not sufficient for designing and renovating an own one as they neither can afford to live in two places during the finishing time or early finishing. (Boltramovich et al. 2006: 44–45, 86–88.)

By reviewing the results of the research made by Business Link about customer preferences when purchasing an apartment in St. Petersburg the factors such as transportation- and social infrastructure, region and ceiling height are emphasised (Boltramovich et al. 2006: 73). As these factors represent the importance of product characteristics having over 10 % significance in each case among the respondents, it is assumed that the buyers would consider and review these when selecting possible building candidates. They estimate the quality in relation to the prices they are able to pay and thus may prefer some specific quality level although consider another level better. By the quality of aesthetics and style it is indicated that a preferable outlook appearance and common interior areas are meaningful elements. As consumers appreciate colourful, romantic and rather multidimensional finishing materials (Ipid. p. 131) it is expected them to appreciate those kind of elements in façades and common interior areas too. The buildings in economy and comfort classes rarely have imposing appearances compared to higher classes, although some complexes at the top of the comfort class many have. Improved finishing of common areas in the lower classes typically refers to inexpensive decoration with paintings and lights. These variables in addition to the sources used have been commonly advertised to consumers in the real estate catalogues. The review of catalogues also indicated of an importance of parking places, the type of it and typically the more parking places available the more customers are convenient. As well, the possible premises for concierge were highlighted often and thereby included in the study. Concierges are persons guarding the movements at the entrance of each building and usually one is in every staircase. The specific places for the concierge is usually provided by the constructor, but the person itself will be arranged through the housing management that the future dwellers will arrange.

The conditions of dwellings are not necessarily at the level that consumers would be satisfied with. The interviews by Boltramovich et al. (2006: 153) indicate that there have been already formed demands for services that would add more value to the buyers. Hence, characteristics of augmented product seem to be insignificant and emphasises on potential product would have prospective markets. As the consumers vary between each other widely, each price segment has different demands. Whether a customer belongs to a higher price segment, the demands concerning the dwelling are higher and they may not be satisfied with the supply of lower price segments. Thereby, for instance the buildings in the lowest segment contain only some necessary items and not many additional product features. The table 3 summarises the variables selected for the study also indicating the quality dimensions by which the quality is estimated. The main categories of the variables are presented.

When considering the media sources, catalogues consisting of adverts of new buildings are the predominant sources for searching apartments in sell. The catalogues are the most reliable sources even though the corruption in the past years has hindered the advertising in general, but the consumers are even more sceptical towards other advertising media. The Russians have learned that the media is rather unwilling to protect consumers from exaggerated promises and that is why the apartment buyers are more willing to be independent from the adverts and make the assumptions according to their own judgements, based on recommendations of friends and relatives as well as own comparisons of the market. The corruption or unpopularity is common towards real estate brokerages. The brokerages are not trusted because they may also favour some specific constructor when leaving the others for less attention, and they rarely inform any other information than what is seen also in the internet or catalogues. As the Internet is considered as an unreliable media and the usage of it is still rather low, it is not yet considered as extremely significant source for information gathering. Instead, television advertising has particularly low confidence among consumers in Russia. (Boltramovich et al. 2006: 77-78.) After reviewing the situation on the media market in Russia it was clearly concluded to concentrate on real estate catalogues when examining the advertisement of the research subjects.

**Table 3.** Summary of product variables and quality dimensions that will be studied.

Quality dimension	Content of quality dimensions
Product performance	Complex size; apartment variants; ceiling height
Product features	Windows; front doors; premises for concierge; commercial premises; parking; children playground; green/equipped yard
Reliability	Construction material; materials of product features; use of brand manufacturers; finishing materials
Aesthetics / style	Outlook appearance; common interior areas
Perceived quality	The content of the above dimensions are related with the perceived quality on the market discussed in the chapters 6.1. and 6.2. as well as with the overall product characteristics on the given area that are summed up in the chapter of product levels 6.4.2.

### 6.3. Marketing Strategies of Case Companies

#### 6.3.1. Case A

The owner of this object is one of the largest construction firms in St. Petersburg. The base of the firm is in St. Petersburg, but it has business also in four other cities or areas in Russia. It started the business originally in 1989, but in 1992 started to focus on residential construction and since that over 90 buildings have been constructed. The company constructed 10 buildings in 2007, but their square meter area was not available. Already for a few years the number of the firm's construction has been the largest of the city, around 18 % of the entire amount constructed there. This residential construction is the main operating field of the firm although it also constructs commercial premises. At the first quarter of 2009 all together 17 objects are in construction containing elite and business dwellings as well as standard ones. The construction of the object A has been started in 2005 and it is supposed to commission totally at the third quarter of 2009. The firm has a significant recognisability among the consumers on the market, but this reputation is actually relatively contradictory. On the other hand, number of customers purchases an apartment from this company, but on the other hand the consumers do not trust the company much and are not pleasant with the quality and service offered. There are also delays with the firm's constructions fairly often. In any case, the large variety of the apartments and their moderate prices appeal the consumers.



## Product Characteristics and Price

The object A is constructed of one larger building, but with sections of different storeys. All in all, this object has the capacity of 355 apartments which living space are 17 730 m<sup>2</sup> in total. The apartments in the building are both one-, two- and three-room apartments, but customers have also a possibility to customise the layouts according to their own wishes. The sizes of the two-room apartments vary between 63,50 m<sup>2</sup> and 97,40 m<sup>2</sup>, as the average size is around 85,54 m<sup>2</sup> and the average price around 2 210 €/m<sup>2</sup>. The building is constructed of the most popular material, brick-monolithic.

The company seems to be investing in the appearance of the building, the façade is impressive and the finishing of the public interiors is advertised to be improved. The apartments are 2,8 m high and they all are provided with balconies which comfort are improved by their full glazing. The apartments, in addition, have metal front doors meaning they are already reliable and do not have to be changed by customers. Reliability in the object is also sought with a brand lift OTIS and with the windows. The windows are of metal-plastic material with triple-glazing. The construction firm provides the object with built premises for concierges. The yard is planned to be made pleasant with green areas and children playground. There is also a half-underground parking place for 73 cars meaning 20 % of all the apartments. In addition, the object will have a few commercial premises on the first floors. In addition to the product physical characteristics no services are emphasised. The one-room apartments are though full finished, but that service does not have any mentionable focus.

## Advertising Characteristics

The two adverts of the object A remind each other considerably (see appendixes 1 and 2). The size of advert in the catalogue published in August is one page, A4, and the one published in November is smaller, half of the page, A5. Both ones have the same picture of the object that dominates the whole advert by its large size. The adverts have the same map, the descriptions of the technical characteristics and the layout is the same. The advert published in August though contains a longer description of the object informing point by point the surrounding infrastructure. In addition, in this advert is a reference to a possibility to a mortgage loan as it is replaced in the November publication by a possibility for a longer instalment than usually. It could be reviewed that the advert published in August is consisted of three parts. One part contains a computerised picture of the object, another given information of it and the third part

contains the address and the map of the location. The other advert, published in November has also three parts, but only the part containing the text is more limited.

### *Advertising Objectives*

The picture of the objective clearly represents the affective component of the communication objectives by creating feelings of the imposing appearance of the façade. The picture is eye-catching as it covers the largest part of both of the adverts. Instead, the texts of the object are mainly informing of the product characteristics and infrastructure with only a few affective elements in it. Firstly, the text included in the both publications is described shortly with 12 bullets, only the basic information is told. This information covers the main characteristics of the product, exactly those kind of characteristics explained above in the chapter of product characteristics, such as the construction material, number of storeys and variants of room numbers. It is seen that only one bullet includes phrasing or adjectives describing the superiority of the characteristics. The only describing point concerns public interior areas; it is told that the object has “improved finishing of entrance door, halls and staircases”.

The other text that is written only in the publication of August is focused on describing the surrounding infrastructure with six bullets. Two points of them have clearly describing phrases of the superiority of the infrastructure. The other one tells about the area, “excellent and comfortable new district – a city in a city with an own full infrastructure and with a massive and beautiful green park”. In the other one is mentioned; “convenient exit to popular resting places at the Gulf of Finland”. Both the transportation infrastructure (quick exit) and the area (resting place) are expressed in this phrase. The other bullets describe the location, the distance of the public transportation possibilities and commercial- and social infrastructure. These infrastructures are described by a list of e.g. schools, services, shops, furniture shops, supermarkets and shopping centres. Concerning the consumer respond components, this list could be interpreted in two ways. As each point is described one by one the informative cognitive component comes up. On the other hand, the long list may refer to the affective components because of the readers’ possible imagery of the high number of shops and services and thus of lively infrastructure close by. But, because this text about infrastructure and location is lacking of strong feeling and attitude creating arguments, it is interpreted the text having more informative cognitive components than affective ones. As a result, both text parts are consisted of mainly product information with logical arguments. The third part of the advert that is the map

of the location does not actually have elements of image creation. It mainly gives information of the location.

There are no significant elements of persuasions to get customers starting to do actions towards a purchase. For this kind of conative component refers a mention of additional information available on the home-pages or by phone. These are written at the bottom of the page in small font size. As a result it could be analysed the advert containing two different main aspects. The other is the one picture of the building, creating feelings of the imposing appearance of the façade. The other is the text describing the information of the dwelling and it surrounding infrastructure. In conclusion, the advert is mainly consisted of informative elements instead of feeling creating ones. Even though the picture is large, its one-sidedness is not enough to pass all the informative logical elements in it. Moreover, the picture depicts only the façade without giving any other image creating aspects. The advert of November contains the same picture of the complex and product description except the information of the surrounding. In this advert the feelings are created by the picture and by the one describing point “improved finishing of entrance door, halls and staircases”. The elements asking for starting actions are also limited to the contact information and mention of sources for additional information. Therefore, the conative components have the least visible part in the advert of November whereas the cognitive the major and affective components have the middle role. The picture in the advert is large, but in any case the cognitive components have the largest part, because the information received through logical arguments is greater than images through this one photo.

#### *Target Audience and Segmentation*

As it was described in the framework there are different segmentation criteria in marketing and by tight combination of them, the narrowest and targeted target audience may be achieved. The advert of the object A published in August brings out the surrounding infrastructure widely so the target audience includes consumers coming from other areas. The description of the surrounding is in help for them to understand the characteristics of the area, what there is. On the other hand, whether investors are interested in this object, the description will aid them to know these characteristics. Conversely, the advert published in November does include any descriptions of the surrounding, so it is assumed that with that advert are targeted consumers close by knowing the area, or the advert works only as a reminder for consumers who are already aware of the object and its surrounding characteristics.

Demographic segmentation refers to age groups, incomes and family sizes. As the advert is informing of kindergartens and schools nearby it is referring to a segment containing young families with children or families thinking of getting children in the near future. Especially young people or young by mind may be attracted by fitness clubs, movie theatres and beauty centres nearby. There are not references that the object would be targeted especially to older people, because no specific element refers exclusively to them. The park and the shops nearby may attract the older dwellers, but as well they may attract younger ones. The advert neither is particularly targeted to very big families, because the apartments are consisted of one-, two- and three rooms. But in addition to these apartment variations, there is a possibility to customise the room number for those wanting more rooms, but naturally that will be done with extra costs. There are no significant signs of income traits in the advert. It does not highlight prices, discounts or other aspects relating to payments or price. Only reference is a small sign of the possibility for a mortgage considering the advert published in August. But the other advert does not advertise this possibility, but a possibility for a long instalment “an alternative for a mortgage – a long instalment”. These two mentioning are of the same size in both adverts.

The psychographic segmentation is the third variation of segmenting the consumers by their characteristics. The psychographic elements describe the consumers’ lifestyle, attitudes and motives. As the advert brings out the possibilities for leisure time, such as movie theatres, fitness centres, park and leisure district at the Gulf of Finland, it is seen that the advert is attempting consumers rather active in terms of their leisure time. As the close commercial- and transportation infrastructure is rather highly emphasised in the text it targets those interested in active life close home and easy access to other parts. On the other hand, the proximity also supports the segmentation of young families when they are able to do necessary shopping not far away from home and spend more time with the family.

There is a mentioning in the text of a new comfortable and excellent district. This may refer to the consumers’ values wanting to live in a new area without surrounding old worn out buildings constructed some decades ago. The imposing appearance of the façade and the improved interior areas also refer to the value that consumers appreciate little bit exclusivity and thus want their home looking impressive located in a new clean district. As these elements are in a greater role than quality aspects, the audience consider them more important than quality materials.

The advert does not actually deliver to readers the benefits that the buyers would receive when purchasing an apartment in the object A. The building and infrastructure characteristics are though described, but in a way that the reader should by him- or herself detect the benefits received, the advert does not produce the idea how the buyers could benefit. In any case, the biggest benefits this object produces according to the advert are the impressive façade and common interiors, close commercial- and social infrastructure and working public transportation. The benefits produced in the advert published in November are the imposing façade and interiors too, but because the infrastructure descriptions are lacking they can not be considered as benefits in this advert. Secondly, after the façade the buyers would receive benefits with the long instalment period. The advert contains also minor benefits and they have been emphasised even more weakly than the major benefits. These are the new and clean environment as well as the park close from home. In addition, as the one-room apartments are automatically finished, the investors could be interested in purchasing those rooms, or the ones belonging to the lowest price segment. This interpretation fits with the both adverts. Another type to segment consumers by their behaviour is the use occasions. This advert does not deliver situations in which consumers could identify themselves using the product.

In conclusion, according to the advert published in August the target audience is consisted of young families coming further away, appreciating their leisure and close diverse infrastructure. The target audience also gives value to a clean district and their home looking impressive both from the outside and inside in public areas. Additionally to families, the both adverts interest others, e.g. investors that are the most probably unaware of infrastructural characteristics in the area. The target audience of the November advert is also rather aware of the district, because the descriptions of the area is lacking. The awareness may have become from the previous adverts in which the area has been advertised or through some other ways. It could be also understood that this advert works as a reminder of this object for consumers, because it is going to commission rather soon, in a year after the publishing of the advert. The object A has been advertised during the last months and years already and that is why this small advert could be a reminder without deep information.

### *Message Content*

The majority of the message creating attributes is logical arguments with a few effects emphasised emotionality. Emotionality is highlighted by a large picture of the object and by some phrases fulfilling in otherwise rational text. Of these features tell for instance the phrase “excellent and comfortable new district – a city in a city with an own full infrastructure and with a massive and beautiful green park”. Especially the text of the surrounding is filled with some emotional arguments whereas the information of the object itself is basically only facts and thereby very rational. The information of the surrounding is advertised only in the advert published in August 2008 as all the information is lacking in the advert published in November 2008. That is why the latter advert is even more rational than the previous one. The picture in both of the adverts is merely interpreted both rationally and emotionally as it gives information of the outlook appearance, but also delivers emotions of the appearance.

The earlier advert clearly contains two main messages whereas the later, November advert only one main message. In the first one the messages refer to the product, i.e. building and its surrounding. The information of the product highlights the outlook appearance and tells facts of the actual building like building material, storey-heights and parking. Additionally, it concentrates on telling some common information of its apartments such as room number alternatives and window materials. The details of the surrounding concern equally all the three infrastructural aspects: commercial-, social- and transportation and by those are wanted to highlight the closeness of large variant of infrastructural services. Moreover, by the surrounding it is wanted to emphasise the new clean district in which the object locates. At the end, by the main message it is highlighted a fancy, rather qualified building in a modern area, with extensive infrastructural services. In addition to the main messages, as a minor one it is considered communication with the constructor as the firm is represented as “Construction company no. 1”. Conversely, the later advert communicates as main message only of the product, particularly the same information as in the earlier advert, and as a minor one it delivers the same firm-based “Construction company no. 1” – message.

The whole message totality is believable and strong as it concentrates only on couple clearly identifiable messages instead of many weakly emphasised one. The advert of August focus mainly on two message aspects consistently, both having an equally strong emphasis, and the minor message is only slightly brought out. As well, the later

advert is considered to be consistent because of the same reasons. However, it is though questionable whether the consumers believe the minor message of being number one.

### *Positioning Strategies*

The signs that are viewed in the advert of the object A relate strongly to positioning strategies based on product characteristics. As the advert is mostly consisted of rational logical arguments the product characteristics mainly concern tangible physical features. Those characteristics are e.g. highness of the building, apartment sizes and some technical facts of features in the object. In addition, the descriptions of the surrounding in the advert of August are also mostly countable and thus are related to product characteristics although they do not straight concern the product but merely the whole “packet” in sell. As product characteristics may also be intangible are those kinds of features detectable in the advert, as well. This kind of intangible positioning is based on the appearances of the façade and the internal common areas. The outlook appearance is rather strongly emphasised as the picture of it covers around half of the whole advert, but there is only a minor emphasis on the internal areas. Only a one bullet with one sentence describes the improved styling of those areas.

Together with positioning by product characteristics were also discussed positioning by customer benefits when the customer benefits promote the solutions to particular needs. These kinds of benefits are indirectly promoted in the advert published in August and totally excluded in the advert of November. It has been indirectly promoted the benefits of the close, diverse and extensive infrastructural systems as they are more merely told as facts than as clear benefits for consumers. Through the indirect descriptions the readers should by themselves conclude the benefits that they could receive, the advert does not directly and explicitly promote that kind of well-being.

As a second and minor positioning strategy is detected positioning by competitor. The advert promotes the idea of the constructor being the “Construction company no. 1” which is placed on the top of the page under the company name. This emphasis is indirect comparison against competitors as it does not clearly refer to any specific competitor or firm, but in any case compares itself being the leader in some division. It is not promoted for consumers that at which division the company is the leader.

It is understood in short, that there are two main positioning strategies visible in both of the analysable adverts. Those strategies are direct positioning by product characteristics

and indirect one by customer benefits as well as indirect positioning by competitor. Here the product characteristics and customer benefits are considered as one strategy although they may be distinguished from each other as well. Positioning by product characteristics is mainly based on tangible elements that concern both the building, its apartments and the surrounding, but also some intangible features are detectable particularly describing the improved appearance of façade and common interior areas. For supporting the positioning it is also used a minor strategy that compares the constructor with others by being the leader company in some division.

### 6.3.2. Case B

The owner of this object is local, established in St. Petersburg in 1993. The firm does not construct its buildings by itself but works as an employer firm by ordering the construction work from contractors. As a firm's long-term contractor has been working the same constructor building the object F which builds this object B now as well. There is only little information available of this firm, of its last years' activities and success, but at least now the object B is the only work under construction. The constructor is rather small and not well known on the market.

#### Product Characteristics and Price

The object is consisted of several buildings and that is why the commissioning of them is divided into different queues. The first two queues have already been built, the third will commission at the second quarter of 2011 and the last one at the fourth quarter of 2011. These two last queues form the object B that is examined in this study. The object is a large complex. The exact number of apartments in the whole complex is not available, but the survey in the sales office gave an answer of at least 1 500 and for surely even more. The amount of the whole area in the complex is also not known. The object has diverse variants for the apartment sizes; the selections can be made of one-, two-, three- and four rooms as well as the layout can be planned according to the buyers' wishes. The average size of two-room ones is 64,5 m<sup>2</sup> whereas the average price is around 2 072 €

The whole complex is built of brick that is considered long-lasting and the most qualified in St. Petersburg. To the outlook appearance has also been invested in as it is rather imposing as are the public interior areas, the entrance halls and staircases. Moreover, into those areas the constructor will prepare premises of concierges. The



apartments are 2,7 m high and all of them will have glazed balconies and front doors of metal. The window frames of the apartments are metal-plastic and they have double glazing. The lifts in the buildings are not manufactured by a company with a famous brand, although they are supposed to be modern and silent. There will be an open parking place on the courtyard of the complex. The places are reserved for 110 cars, with estimations around 7,3 % of the apartments, but additionally there will be an opportunity to get a place from the neighbour area. The courtyard will also have a children playground and it will be equipped or green and furthermore, commercial premises will be built. The construction company is not offering additional services for the buyers.

#### Advertising Characteristics

The adverts of the object B are exactly the same in the both publications without any difference. The advert is of page size A4 (see appendix 3). It is seen that the advert is consisted of two parts; the other one show a picture of the object with a short description of brick as construction material, and the other part is consisted of a text describing the object.

#### *Advertising Objectives*

As the picture of the object represents the biggest consistent part in the advert it is definitely an eye-catching element. The advert contains a computerized picture of the object and the area surrounding it. The object looks massive against other buildings or subjects like cars and trees which increases the feeling of an massive building. The façade is shown imposing in the picture considering the price class of the object. It could be understood that the picture is producing feelings towards the object, but they may be relatively limited, because the picture is shown only from the outside of the building and there are no other pictures or layouts. In addition, this part contains a text about brick as a construction material. It is situated on the picture. The text tells about the benefits the material produces for the dwellers like a comfortable air in the apartments, independent of seasons and changing weather of the city. This will give information of the material's superiority against the others for those less unaware of it or alternatively it may remind the readers of the material's advantages.

The writing in the other text part is divided into nine bullets and the information in it is written as facts with a couple of affective elements that could create additional feelings

to the readers. The overall information is mainly of the object whereas one bullet tells the distance to metro station and one tells the park locating nearby. The attitudes are attempted to be produced with a phrase “brick complex” in which the word brick is bolded to be highlighted. This may produce feelings of a qualified and strong building, because brick as a construction material is appreciated the most. There are also affective components in other writing points too. In those points are mainly used different adjectives to emphasise the issue advertised. For instance, the diverse variation of the apartments is highlighted with the word “diverse” and the others emphasise fast lifts and the largest forest park. Furthermore, it is informed of the individual planning possibilities of apartments. The conative elements in the advert are insignificant. It is mentioned contact information on the bottom of the page and no other references starting to do actions are referred.

In summary, by the large picture of the object is aimed to produce information of the object’s appearance when completed as well as images of the impressive façade and rather green surrounding. On the other hand, the object is shown only from the outside without supporting apartment layouts or other pictures, so the images received may be limited when the reader has to use many efforts to produce additional images. The text about the brick material gives information of comfortable apartments and thus delivers the idea of quality. For describing the information of the object are used bullets and short incomplete sentences, but some facts are highlighted with stressing elements, such as with adjectives. The adjectives bring additional feelings and attitudes of the object’s superiority. As a result it is understood the text is around half consisted of cognitive components and half of affective ones. Conative components are hardly at all in the advert, except the contact information, and it does not persuade the readers to start actions.

#### *Target Audience and Segmentation*

The overall view of the advert indicates the target group is not limited significantly. The audience is not specifically divided for those planning to live in it, searching for an apartment for some one else, investors or to some another group. Geographical segmentation criteria indicate the target audience knowing the area because there are not much descriptions of the area or a map showing the exact location. It is only mentioned the street name, distance to the metro station and the park name. The trait of family size refers to families of different sizes. No specific room numbers of the apartments are mentioned, but the phrase “in accordance with individual project” describes the

possibility to customise and redesign the apartments in accordance with the needs of the buyers. This means the apartment layout is alterable. The other demographic trait, age, is not clearly distinguishable in the advert either. As the suggestions of the infrastructural characteristics are lacking it is not obvious to explain whether the advert is targeted to appeal young or older consumers and neither other features refer to the age. There are no photos or pictures that could clearly indicate the target audience as the only picture illustrate the outward appearance of the building. Moreover, the references to the level of incomes are invisible as there are no signs of payment conditions or prices. That is why it is indicated the buyer is less sensitive to prices when purchasing an apartment. Of the psychographic criteria are mostly emphasised the appreciations for new technology, quality of construction material and the interest in parks close home.

The characteristics of behavioural segmentation are minor in the advert. The only indication towards benefits is the description of the brick material, but no illustrations of use occasions are brought out. Therefore, the criteria of targeting the audience are mainly based on geographical-, demographical- and psychographic segmentation although it is notable that of the demographical segmentation are exploited only the family size and income traits, and psychographics are not exploited widely. As a result the target audience is consisted of readers knowing at least general characteristics of the area, less sensitive for price and different sizes of families. Additionally, they value technologically new solutions, qualified construction material and green resting place close home.

### *Message Content*

The advertisement of the object B is diverse and has no clear focus on any particular message. As it is seen already from the broad target audience segmentation, it is also used many different effects to create the message of the advert. Mostly the effects form a rational totality for the message, only a couple positively emotional arguments are added into the informative advert to create it more persuasive. By the emotional arguments are highlighted mainly fast lifts, the outlook appearance of the building as well as the assortment of the different kinds of apartments and the possibility to design them. Although the text contains these couple arguments it can not be told that the readers are still able to identify with the elements advertised. The information describes mainly the product, what kind of features the product contains, but also surrounding aspects are brought out. Some information of the product is rather common and some highlights special features of the building or apartments.

All the given information tells different aspects that are actually not in conjunction with each other, even though all of them relate only to two main message contents, product and surrounding. That is because the information inside the concept of product is diverse and is not logically linked with each other. For instance, almost all the nine bullets of the advert relate to different issues: building material, storey-height, features of apartments, parking, services and surrounding. In addition to the information of product, the picture of the complex informs the outlook appearance of the building. That kind of diverse and unsystematic informing does not strengthen the believability of the message as only a few attributes advertised would improve the credibility. It is notable that the advert does not have any clear one or two messages but it concentrates on communicating several aspects of the building and couple of its surrounding. The main emphasis is in any case on the product performance whereas in a rather weak secondary position is the surrounding as the distance to metro station, big park and the look of the area in the picture are brought out.

### *Positioning Strategies*

The positioning strategy of this advert is based on product characteristics that is the most common strategy in general. The advert is covered by information concerning the product, in other words, characteristics of the building and of its surrounding. The information is mainly measurable and thus by the positioning are emphasised tangible characteristics. They are related to written information of technical facts of the building and its apartments as well as to couple features of the surrounding. Besides these, also a few intangible characteristics are visible. They are brought out by the picture of the object and its closest area as well as by a mention of the possibility to affect to apartment planning. The picture indicates an overall outlook appearance of the object which can not be measured by any specific scale. Moreover, the view of the closest area surrounding the building gives an impression whether the area is appealing or not. The other intangible positioning feature is depicted in the text describing the possibility for planning the apartment layout bought. As the positioning of this advert is mainly focused on product characteristics, the other side of this positioning strategy, customer benefits, is not highly emphasised. The benefits of the brick material are brought out directly, but the information of the benefits stays at this one.

Additionally, there same description of the brick material refers to another positioning strategy; it indicates to the strategy by comparisons. The comparison is not made

against any firm, but the construction material is emphasised in relation to other materials. More specifically, the advert informs the superiority of brick as a construction material in St. Petersburg construction market and thus it is seen as comparable positioning.

It is concluded that the object B is positioned as a residential complex with qualified and the best construction material as well as with good technology of present day. Additionally, surrounding elements such as close green park and metro station are brought out, but as minor elements. All in all, these features mostly represent the positioning strategy by product characteristics and customer benefits with also a minor comparable element indicating the superiority of the construction material used. Moreover, the majority of the positioning is consisted of tangible elements especially highlighting technical facts of the building.

### 6.3.3. Case C

This object is constructed and owned by a local firm operating in St. Petersburg. The corporate group was originally established already in 1997 after which it was concentrating on all kinds of forms of real estate business. The firm was involved in constructing or projecting a couple of buildings, but started its totally own constructions in 2002 when the actual construction company was established. Since that it has built four residential objects and over 80 000 m<sup>2</sup> in total of which almost 3 000 m<sup>2</sup> was built in 2007 as only one small building was commissioned. In addition to residential construction business, the firm is operating on commercial construction field and as a real estate brokerage. At the first quarter of 2009 the firm is constructing one building object, which is this object C. It is supposed to be commissioned as a whole at the second quarter of 2011 without previous commissioning as the object C is consisted of only one large building. The constructor is not very known among consumers and the customers of this firm have usually been those already living close to the new constructions.

#### Product Characteristics and Price

The object C is rather large complex consisting of 704 apartments and 62 460 m<sup>2</sup> living areas. The object is formed of one large building with relatively basic appearance as the finishing of the public interiors are. The apartment variants in the object are studios, one-, two- and three-room apartments, but only 6,3 % of them are with three rooms. The

apartments with two-rooms vary between 51,30 m<sup>2</sup> and 66,30 m<sup>2</sup> and as their average size is around 60,5 m<sup>2</sup>. In these two-room apartments the average price per square meter is 2 284 €. The front doors to the apartments are of metal and they are told to be fireproofed. The windows are of metal-plastic with three glasses. As the construction material of the object is used brick-monolithic and it has 25 storeys including a lift manufactured by an unknown firm. Furthermore, the constructor provides built premises for concierges. There are 64 parking places offered for the dwellers comprising 11 % of all the apartments. The places are both covered and open places, but not underground. Finally, commercial premises will cover the first floors. In addition to these product characteristics, the constructor is not actually investing in services. The apartments are neither finished nor can it be ordered from the constructor.

### Advertising Characteristics

Of the object C is no advert in the catalogue reviewed, but to get a view of the constructor's marketing, a brochure of the object is analysed here. The brochure is available at the sales office of the constructor and it is exactly the same in January 2009 as it was in July 2008. The paper size of the brochure is A4 and it is divided to three main parts as the brochure contains four pages (see appendixes 4, 5, 6 and 7). The cover of the brochure shows the façade of the object and little information of the building. The double page of the brochure depicts a two-page layout of one floor in the object, and a map. As the third part is the last page in which are described more information of the object and the surrounding of it.

### *Advertising Objectives*

The cover of the brochure attempts mostly to create association with the object name that is the same as a famous football team in St. Petersburg. A contract between the team and the constructor resulted in an apartment block to be built, with the same name than the team. The name of the object and the logo of the team are mentioned four times in total on the cover page. Next to these references is a slogan "New feeling of life!" The references with the team, the slogan and the façade refer to the use of affective components, because these hardly give information, but associations for a new feeling of life in a new complex linked with the famous team. The given information on this page is the outward appearance of the building when completed, construction material and number of storeys. These two latter ones are described just as facts without additional image creating elements. The appearance is illustrated with a picture.

The second part of the brochure contains a two-page picture of a storey with apartment layouts. It is seen in this picture the different alternatives for the room numbers and layouts. In addition, the sizes of the apartments are told. This picture is both informative and image creative. The viewpoint of this must depend on the reader. With this picture the reader is able to discover the section in which he or she would like to live as well as a possible apartment. As the layouts are rather big, readers receive ideas of the layouts and are able to design their own home in their mind already. Further, the map of the object is not a simple drawn map, but copied from a bigger map with several details. It is marked infrastructural features existing nearby the building such as metro stations, shops, markets, clinics, gas stations, smaller- and main streets and parks. These features will inform of diverse supply around the object which directly works as information and indirectly as feeling creating elements, and hence a reader will create some attitudes towards the area. The name of the football team is brought out twice in this double page.

The last part, the back page, contains more detailed information of the object. The text is rather long, but it is written with complete sentences giving one sort of a story to readers. The use of a story instead of just facts describing the object creates more images and feelings towards the object. As the text is rather long, it contains much information so it is understood that the text covers logical arguments and gives information to the readers, but simultaneously arouse attitudes and feelings. In addition to the story-like description, describing phrases are used to highlight the magnificence of some aspects. For instance, the following phrases are used: "Professional maintenance of the building will... relieve You from concerns of cleaning the staircases and halls, guarantees a quick solution to any common problem..." and "The living section will be connected with a three-floor commercial-entertainment centre and garage with fast lifts, allowing You not to come out from the building to get necessary services and commodities as well as get access to your own car." Otherwise it is explained more detailed in the text the services of the commercial-entertainments centre on the first three floors, guarding services, job description of the professional maintenance, characteristics of the living section such as ventilation system and the benefits of glazed balconies. At the end there is a mentioning of a chapel that will be situated in the building. In addition to the text, there are four pictures on the left side of the page. Three pictures show the dwelling from different angles and one the logo of the football team. The pictures of the dwelling give information of the outward appearance

when completed and simultaneously arouse feelings towards the object. The reference both to the football team and the object name is brought out four times on this page.

The objectives of this brochure are to arouse associations and feelings. The most affective components are the logos and the object name referring to the football team and the text on the back page. The information emphasised in this brochure is firstly the object's linkage to the football team, the alternatives for apartments and the benefits of the commercial-entertainment centre and the services of the professional maintenance. The two latter ones especially attempt to give solutions to consumers' problems. The brochure in addition contains the contact information of the sales office, but does not have any referring elements to start doing actions. But, as in this case the question is about a brochure, may the conative elements be minor because of that. On the other hand, as the object is not advertised in the catalogue the conative elements are very minor in overall.

#### *Target Audience and Segmentation*

The first review indicates the brochure to be rather simple, plain and non-specific, but a closer look will show the target audience of it being limited with several segmentation criteria. There are signs of almost every segmentation criteria concerning to consumer characteristics that have been examined in the framework. As the brochure with rather large font sizes delivers information of the name of the district and metro station and the address as well as illustrates a detailed map, it is targeted to consumers further away from the areas not specifically knowing the characteristics of the area. For instance, the map shows infrastructural characteristics around the object of which consumers from other parts do not know.

Of the demographic segmentation criteria the age trait is displayed the most weakly in the analysable brochure. Or instead, the overall St. Petersburg consumer characteristics should be examined much more deeply to detect at which age are used cars a lot, because gas stations and a parking hall are emphasised, or which age groups are searching for small apartments or close distance of commercial services. On the other hand, these segmentation indications are explained better by other criteria e.g. by lifestyle and values than by age. By the other demographic trait, by the family size it is indicated the object to be targeted to small families. The large picture of one storey layout indicates the audience is limited to consumers interested in small apartments. The apartments are mainly studios and one room apartments, only a few two- or three-room



apartments are shown. Furthermore, there are no descriptions of social infrastructure in which could be mentioned kindergartens or schools and neither the map displays those. Therefore the brochure is targeted to singles and small families, even to couples without children. With the third consumer demographic trait, with the income trait are appealed consumers that are not considerably sensitive to prices. There is only one indication of payment conditions in the brochure, but nothing of prices. It is advertised the possibility for instalment till the end of the construction. The benefits of the instalment depend on the percentage of interest for the remaining sum of money.

The segmentation criteria based on psychographics relates strongly to consumers' values, interests and subculture. They appreciate a close location of multiple services and shops, even so close that the premises are connected to the building. It should be noted that these commercial premises form together a much bigger system than St. Petersburg living complexes usually have, in which only a few commercial premises are provided. In addition to this psychographic element, as a subculture of the target audience is classified an interest in the local football team and football or sport in general. These interpretations originate from the strong emphasis of the object name and references to the football team in the brochure. Moreover, it is detected that the brochure is targeted more to men than women. Firstly, even though the brochure exploits affective components at some extent, remarkably soft elements are excluded. Secondly, men are commonly more interested in football.

There are also signs of behavioural segmentation in the brochure. The marketer attempts to show how their object is able to deliver the benefits the target audience is seeking for. Firstly, it emphasises that living in the object will give a new feeling of life that is a repetition of the slogan. It indicates a possibility for a different life for those searching for some changes and different kind of living form. Secondly, it is emphasised the dwellers would benefit of an easy handling of businesses, because it is possible to handle them by not going out from the building at all. For this is used the phrase "... allowing You not to come out from the building to get necessary services and commodities as well as get access to your own car." Thirdly, the needs for security at home are taken into consideration by a phrase "For guaranteeing Your security it will be installed an entrance control system and guards." As a fourth benefit are considered the advantages of the professional maintenance working in the building. Here it should be although noted that the services will be arranged into every new dwelling complex in St. Petersburg nowadays, but this brochure brings out the benefits of the maintenance separately. As a fifth point it is highlighted the benefits of the glazed balconies. It is told

that "... the uniform glazed balconies not only assure the warmth in Your apartments, but augment the elegant celebratory outward appearance of the building." Of the behavioural segmentation is used the benefit segmentation more than use occasions although they remind each other. It is emphasised how the customers would benefit from living there, but the brochure does not deliver much associations of the occasions in which they use the product sold. As the phrase "... allowing You not to come out from the building to get necessary services and commodities as well as get access to your own car." delivers benefits for the dwellers and it also represents the only sign of an usage occasion. The occasion in this case is the movement to go handling the businesses and as the benefit is the closeness of the premises.

In summary, it is noted that the target audience is limited with several segmentation criteria. Especially the indications for which is used customer characteristics indicate to similar type of target audience characteristics, but the aspects of behavioural segmentation is consisted of indications relating to other directions at some extent. The indications are neither very consisted with each other and contain several different kinds of benefits and information. The consumers do not specifically come from the same area in which the dwelling is constructed but from further away. The audience is consisted of consumers with small family sizes or even singles and they are not very sensitive for prices. The age of the consumers is not limited with special features so the brochure merely targets consumers at different ages, but more men instead of women. Common for the consumers is the value and interest for football, especially towards the local team. Additionally, diverse possibilities for handling own businesses close home is something they appreciate and because of that are perhaps willing to pay more of the apartment. Further, the brochure aims at attempting consumers by highlighting some benefits that are reachable when purchasing this object. Thereby the target audience is seeking changes for their lives and easy handling of businesses close home. The consumers are looking for a home in which their safety is guaranteed as well as the common maintenance in the building provided. Lastly in addition to these, the consumers are also looking for comfortable apartments in which glazed balconies is an advantage. As the brochure does not deliver an image of quality materials the consumers are more interested in other characteristics of the building, particularly of them discussed here.

As the object has not been advertised in the popular catalogue yet, the consumers found some references of it for instance in the internet, must be interested in it already from the beginning. They are ready to reach this brochure from somewhere e.g. from the

sales office. That is why the consumers will familiarise with the brochure deeply which may bypass the first non-specific and insignificant feeling of the brochure that the writer firstly received. Whether the same kind of advertising style would be used in the catalogue, it may not be special.

### *Message Content*

The message of the object C in its brochure is both rational and emotional. The rationality is seen mostly in the text on the back page as well as in the double page in which the picture of the whole floor-layout is depicted. The text includes diverse information of the object and thus it is rather informative. It is although written in a descriptive way with some feelings creating attributes which increases the overall emotionality. The descriptive interpretation mainly derives from the use of full sentences. Emotionality is also brought out by the references with the football team and by the slogan emphasising the new feeling of life in this specific apartment block. Moreover, the floor-layout is also informative telling the regular apartment layouts, - sizes and locations on floors as it also may be interpreted emotionally, illustrating apartments in which the future dwellers could live in. Additionally to the floor layout, the pictures of the building promote both informative facts of the outlook appearance as well as emotional feelings towards it. All in all, the brochure includes more rational logical arguments than emotional effects.

The communication message is mainly related to the product as the product name and its special characteristics are stressed comprehensively. The whole product i.e. the building is highlighted from different viewpoints as the main viewpoints are its name and extensive commercial premises on the first floors. Majority of the rest of the information is also related to product characteristics, but referring to other issues such as apartments, technology used, property services and security. Therefore, by the message are mainly highlighted associations with the local football team and the commercial premises. By these premises are referred especially the new feeling of life that is achievable when living in the complex. The phrase is brought out twice in the advert and thereby it is assumed to represent one message as well. As a result, it is notable the brochure is consisted of several different messages and all the messages relate to the product-concept. Although all the messages, the most and least considerable ones, relate to the product itself, the indications of emotional and rational effects may refer to different directions. For instance, the slogan and linkage with the football team are not clearly brought out in the text as it indicates many other issues that

are not, instead, brought out emotionally. This contradictory and the several messages in the brochure decrease the overall believability of the messages.

### *Positioning Strategies*

It is detected several signs of three positioning strategies in the brochure of the object C. Of the strategies the major emphasis is on product characteristics and especially on tangible elements. The tangible information mainly covers facts of the actual building and secondly facts of apartments. Of the building are told diverse information from highness, parking, safety, materials used to some technical facts, but mostly are emphasised the commercial-entertainment centre that locates on the three first floors of the building. Instead, the focus on apartments is not that considerable as only a few facts of them are told. The apartments receive the strongest emphasis by the layout picture of the size of one double page. This picture delivers factual information of the room sizes and their locations of floors as it delivers more abstract information too. By the picture the readers get a view how the apartments available look like. Other things told of the apartments refer to their technical facts such as ventilation systems and glazed balconies.

In addition to the layout picture, also other signs describe intangible elements in the brochure. By four pictures in total are illustrated the outlook appearance of the building from four different angles. Additionally, the explanation of the colour scheme of the building represents abstract characteristics in the brochure as well as the twice highlighted slogan deliver intangible characteristics of the product. Moreover, the work of the professional maintenance could be considered as intangible characteristics as it is part of the product totality, but it can also be classified as customer benefits as the description presents the benefits that the dwellers will receive. In addition, it is brought out the benefits of a parking place in the same building, as well as of glazed balconies and light-blue–white (the main colours of the football team) tiles. The access to parking place will be easy and the outlook appearance of the building will be harmonious, elegant and celebratory. Additionally, the glazing of balconies will retain the warmth.

Other positioning strategies in addition with product characteristics and customer benefits are identified in the brochure too. Those are based on cultural symbol and price-quality relationship. The cultural symbol is represented by the cooperation with the local football team that is seen in the object name and several references in the brochure. That symbol is something very meaningful for many potential buyers in the

target group and thus delivers important symbolic elements to them. At the end, it becomes a clearly distinguishing factor from competitors. The exploitation of the symbol could also refer to the positioning strategy by user or class of user which specifies e.g. “who should use the product” when the users would be especially the fans of the team. In any case, the question is more about a meaningful symbol for customers and that is why it is classified into that strategy.

Lastly, the third positioning strategy by price-quality expresses the attempt for a higher level of supply than competitors have. The constructor attempts to offer more by its three-storey commercial-entertainment centre as usually the commercial premises are limited to a few stores only on the first floor.

In summary, the positioning mostly concentrates on emphasising the commercial-entertainment centre and the reference with the football team. The centre is brought out especially by strategy of product characteristics and customer benefits and more particularly with descriptions of tangible physical elements. Moreover, the team is highlighted by the strategy of cultural symbol as it indicates sensitive images to the target group. As the extensive commercial-entertainment centre is relatively unique in apartment blocks, it refers of overall uniqueness among real estate constructors and thus of much quality. Intangible elements of product characteristics refer merely to smaller details than to extensive signs of some particular positioning strategy.

#### 6.3.4. Case D

The owner firm of the object D has not been on the market for a long time, it was established in St. Petersburg in 2001. The company has been expanding steadily during the past years and nowadays its financial stability assists the firm in its success. Till the year 2005 it had constructed 10 complexes consisting of all in all 25 buildings. In the year 2007 the constructor built 94 000 m<sup>2</sup> and 100 000 m<sup>2</sup> in 2006. At the first quarter of 2009 the company has six objects under construction. Although this constructor has not been on the market for a long time it has managed to build a good reputation and confidence among the consumers. For instance, the firm is basically constructing panel buildings that generally have the worst quality reputation compared to the other common construction materials. But, because of the firm’s own panel factory it is able to guarantee the quality level in a better way.

## Product Characteristics and Price

The object D is part of a bigger plan and complex, consisting all in all seven big buildings of which six have been already constructed. The project was started in 2002 being the first project of the company. The complex does not remind a typical complex in St. Petersburg when the buildings form together a so called society but it is merely a long queue of buildings side by side along one big street. They do not form a central unity together. As the object D merely represents an individual object it will be discussed separately from the other buildings of the same complex. Moreover, if all the seven buildings constructed along the street side by side were included in the research, the complex would be extremely large. The construction of this particular object D has been started in 2007 and is supposed to be commissioned at the first quarter of 2010. There are all in all 232 apartments in the building which are consisted of one, two, three, four- and five rooms. Together they make 17 167 m<sup>2</sup>. The average size of the two-room dwellings is 62,3 m<sup>2</sup> as they vary between 51 m<sup>2</sup> and 72 m<sup>2</sup>. The average price is 2 640 €

Both the outlook appearance and the inner-hall are imposing; it is told the common interior areas are of special design work. Although the firm is often constructing panel buildings of much quality due to its own panel factory, this object is constructed of brick-monolithic material. All the apartments have glazed balconies and metal-plastic window frames with triple glazing. The front door is told to be of plywood meaning that it is only a temporary and should be changed to a one of stronger material. But on the other hand, perhaps contrary to the customary, the ceiling height is at a relatively low level, it is 2,5 m. The lift that will be installed is modern and silent, but it is not manufactured by a company with a brand. Moreover, there will be reserved premises for concierges in all the staircases as well as some commercial premises on the first floors for shops and other services will be provided. In addition, the underground area of the building is utilised as a parking place. There are 200 places, but those are for all the buildings built by the same constructor along the same street. The constructor attempts also to take care of the convenience of dwellers by building on the courtyard children playground and by making it green. The object D is unfinished as are the most of the constructors' other objects too, although it is clearly seen that the firm is also focusing on finishing services. The buyers have an opportunity to order a finishing work from the constructor.

### Advertising Characteristics

The advert published in August is the only advert analysed here, because the catalogue of November does not have any adverts of the object D. The object D has in any case been advertised several times in summer 2008 with the same advert as this analysable one. This advert is of page size A4 and formed of several, six parts (see appendix 8). One part is consisted of six small real life photos situated on the top of the advert. The second shows a rather large computerized picture of the object when completed. That is the biggest congruent and the most eye-catching part. The third part comprises a text describing the object, its surrounding and infrastructure. The fourth one shows three apartment layouts of two-, three- and five-room apartments and overall square meter areas of the apartments available in the building. The fifth part is consisted of a map in which is shown the location of the object, and finally, the last one contains short information of the object characteristics, completion time and opening hours of the consultation point.

### *Advertising Objectives*

The six small pictures are definitely aimed at creating feelings and emotions towards the object, because they do not contain any information of the actual object nor impulses to start doing actions. The photos show mostly people alone, together with family or friends. The idea is to raise feelings of a happy and comfortable life, and perhaps also luxurious, because there is shown an elegant car in one photo. The consumers reading this advert would identify themselves with the people in the photos and through that with the object. With the photos are associated product characteristics that could be gained when purchasing an apartment in this building.

The second part of the advert also shows a photo, but the façade of the object. This will deliver information of the object, how would it look when completed, but it may also raise attitudes towards the object, positive or negative depending on whether the outward appearance is liked or not. The photo in any case attempts to look spectacular with its decorative outward appearance and large size. Although the building is shown from the outside, an idea of living atmosphere could be gained because of the six small photos displaying residence there.

For the text describing the surrounding and infrastructure are used several affective components creating feelings towards the object. Firstly, the text is written with full

sentences which increase the possibilities to create positive emotions, although the sentences are not absolutely coherent with each other. Secondly, in nine sentences of all 11 are exploited highlighting elements such as adjectives to illustrate the magnificence of the object and the surrounding. Such issues as the view from the uppermost windows, the façade, close resting places, ecological district, social-, commercial- and transportation infrastructure, new technology and the variations for apartments are emphasised with different factors. They are emphasised by factors like their closeness, superiority, glory and newness. For instance, the view from the window is described by a phrase “From the windows in the uppermost floors open wonderful views to the Gulf of Finland” and the construction technology is highlighted with a phrase “The brick-monolithic building will be raised with the use of new construction technology.” The text here clearly delivers information to the readers, but as the information is combined with affective components, the reader is able to receive feelings and emotions towards the object. The structure of the advert is in help for producing the emotions.

The fourth part of the advert contains three layout examples and overall square meter information of the apartments in the object. The layouts give an idea of possible room variations in the object and their size is also proper for imaginations of an own living there. Therefore, it is understood that the layouts represent both informative and image creating elements. Instead, the information of each room’s square meters is seen as cognitive, so that the consumers would be able to know whether the apartment sizes are able to help solving their problems. The fifth part of the advert covers a map describing the object’s location. It is simple map without additional features. As the sixth and final part are classified the short description of the object, the information of the completion time and opening hours of the consultation point. The description of the object is mostly different than written in the other text with surrounding and infrastructure. The issues written here are pointed with five bullets and they explain perhaps the best characteristics of the object, such as the view from the windows, possibility for individual plans of the apartment layouts, and the designed interior areas. The information itself is presented with cognitive logical arguments though the issues advertised may produce emotional feelings. The information of the commission times and consultation points are normal without specific elements.

The main objective in the advert is rising of attitudes and feelings towards the object among consumers, although the information giving is also a significant function in the advert. There are no real features of conative components, because the information of the opening hours of the consultation point can not be discovered as such. As a result, it



is aimed the customers would prefer and like the product as well as receive information of it.

### *Target Audience and Segmentation*

There are several features indicating the advert to be targeted to buyers planning to live in the object. The describing text with components creating feelings and the atmospheric photos strongly support that interpretation. These customers are also targeted from further away by geographical segmentation. The text describing the different infrastructural characteristics is diverse and it rather deeply explains the features on the area. Further, the mention of the district name refers to those consumers coming from other areas, whereas the map and street name illustrate the more exact location. In addition, as the surrounding area and the district is told rather specifically and the city is referred by its name St. Petersburg, it is identified the target audience may consist of consumers also from other cities and perhaps not close to St. Petersburg. The demographic trait of family size refers to families of different sizes as there are highlighted apartments displaying several room numbers. Families with young children are tempted by the photos illustrating life of young people together with children. These temptations are supported by the information of the social infrastructure such as kindergartens, schools and clinics. The descriptions of the surrounding also favour families with children, but as they contain other kinds of information too, the target audience is not exclusively narrowed to them. At some extent, the advert attempts to appeal young adults or young by mind, and also those whose psychographic interests correspond with some of the many appeals in the advert. It is described diversely the benefits of the surrounding area in the text when consumers interested especially in these benefits would also favour the object was the age whatever. As the advert delivers only a minor information of payment conditions, there is a small mention of the possibility for mortgage, the target audience is supposed to have rather high incomes and not very sensitive to prices. Moreover, the overall knowledge of the firm and its positive and qualified reputation also intimate that the prices in this object are rather high.

Elements of psychographic segmentation are used largely. As the photos of the advert indicate happy and joyful dwellers and the text highlight the closeness to resting places and ecological environment of the object, is the target audience narrowed based on lifestyle characteristics of healthy living and relaxation in the nature. They likewise appreciate the value of life, also by valuing life together with family, and prefer an easy

moving and easy life in general. Thereby functioning and close infrastructural characteristics are favoured too. The target customers of this advert belong to the higher price segment and as they are appealed with quality the object characteristics should correspond their requirements.

Pictures and photos are multi-interpretative in general and thus may be interpreted also according to behavioural segmentation criteria, especially the small photos on the top of the advert. They indicate how the dwellers would be benefiting from the residence in the object and moreover, they illustrate the actual use occasion, showing the life when using the product. The photos show how this object would be able to respond to the customers' need of a happy and pleasant residence as well as a little exclusive. Conversely, the text is not directly indicating the benefits or use occasions. It does not indicate exactly how the buyers would benefit from the purchase although it is told widely the comfortable characteristics. Even though the writing contains many affective components, they are merely told as facts of the area and thus they indirectly deliver the benefits. For understanding the benefits the reader has to use more mental work than a more direct way of description.

In summary, for narrowing the target audience are utilised several geographical and psychographic segmentation criteria. By the advert are targeted consumers planning to live in the object advertised. They come from other districts or even from other cities than the ones the object locates. The buyers' income level is rather high considering the level of economy- and comfort classes and thus their requirements for the characteristics of the object are in accordance with the income level. The advert mostly appeals different size of families, even with several members and merely with young parents. The emphasis on psychographic criteria though indicates that also consumers searching for corresponding values belong to the target group. The buyers' age is not significant. The target group is expecting value for their life and thus aim to look an apartment with corresponding living standards. They prefer healthy living in an ecologically clean environment with easy access to areas of relaxation. Furthermore, they value life together with family and close connections of convenient and diverse infrastructural services. All in all the advert is narrowed quite accurately as many different signs indicate to same directions and thus to a customer group with similar preferences.

### *Message Content*

The advert has harmoniously both rational and emotional arguments. The rational arguments are mostly emphasised with emotional effects such as with descriptive positive phrases. Emotionality has also been exploited in the photos depicting happy people and at some extent in the apartment layouts depicting ideas how the future home would look like. By these effects a reader is able to identify him- or herself with the advert especially because several phrases emphasising emotionality have been utilised systematically. For instance, the following phrases describe emotionally emphasised rational arguments “Complex is built... in prestigious area of Primorskiy district.”, “... harmonious and modern appearance of the building...”, “... district – one of the most comfortable in St. Petersburg.” and “... organized public transportation...”. The advert in overall highlights the product and the surrounding by facts of the building, apartments and surrounding characteristics. Of the surrounding are told facts of the nearby nature and its ecology as well as some aspects of the infrastructure in which social and transportation infrastructure have a greater stress than commercial one. Of these information features the nature are highlighted the most. Instead, of the product, that is the building, are informed the outlook appearance mainly by the picture, by facts of materials used and storey-highness, and there are also illustrative information of the apartments with room layouts. As a result, the messages are rational for which are utilised positive emotional emphases greatly. As the main messages are discovered a delivery of ideas of the product by informing common features of it, and descriptions of the surrounding, especially features concerning the nature.

The advert clearly focuses on these two main messages without minor features of other aspects that could be irrational from each other. The believability is increased as all the extensive information concentrates only on these two features, on the building and its surrounding.

### *Positioning Strategies*

It is considered as the main positioning strategy the strategy by product characteristics and customer benefits. It is detectable that the strategy extensively focuses on intangible elements describing the outlook appearance, the surrounding environment and apartments by layouts. The appearance of the object is introduced by a picture of the façade and by apartment layouts giving a view how would the object look like. Of the surrounding are told e.g. the characteristics of the nature, views and closeness to resting

places. These features are not measurable, but in any case describe the product as a whole “package” with building and living surrounding. Instead, tangible elements indicate infrastructural characteristics especially social ones, but also some commercial and transportation infrastructural characteristics are mentioned. Additionally, by measurable characteristics it is introduced factual information of apartments along with the pictures of the layouts as well as by written form of each room-number type.

Further, the customer benefits are especially highlighted by the six photos of people and a car, but also indirectly by descriptions of convenience of the surrounding. The photos promote that the benefits of purchasing an apartment are exclusive, pleasant and happy life in the building whereas the indirectly promoted benefits of the surroundings are ecologically clean surrounding and close resting places.

The photos also promote another positioning strategy than customer benefits, a strategy by use or application. It is though not showed how and when to use the product but mainly illustrated the atmosphere when using the product that is the pleasant and exclusive atmosphere or residence. It should be noted here once more that the question is of an exclusive residence particularly in the economy and comfort price segments in St. Petersburg. This strategy is closely linked to the positioning strategy by user or class of users especially in the analysable advert, because the same photos also deliver features belonging to this strategy. The question in the photos is not about celebrities which identity would be delivered to readers, but the persons in them may in any case deliver appealing personalities and characters as images. The images would be consisted of elements showing appealing life for the target audience when the target audience would further be able to identify with the persons in the photos by absorbing the alluring elements. Moreover, the photos indicate who or what kind of persons would use the product. Those would be youthful families or singles with rather high incomes.

All in all, it is used three positioning strategies extensively in the advert. The strategy by product characteristics is based on a delivery of intangible information of the object, concerning the surrounding and the appearances of the façade and apartments. Besides, the tangible elements focus on infrastructural characteristics and factual information of the apartments. The benefit side of the strategy introduces both directly and indirectly exclusive and pleasant residence in the building in sell. These elements were partly indicated by the six photos. Even though they are small they represent a diverse role as they are placed into two different strategies. Through them are illustrated a convenient atmosphere in the building and who would be the ideal persons to live there. Aaker &

Myers (1982: 137-138) has introduced that especially the positioning by use and application would be the most suitable additional strategy for the main one. Thereby the general view of the positioning is not disorganised even though a third strategy, by user or class of users, is added. The link between these two strategies is close and their content resemble, so thus the overall positioning does not indicate to different directions. In overall, the object is positioned for youthful people as a qualified and exclusive home, in which the exclusivity is visible in both the building and in its surrounding.

#### 6.3.5. Case E

The owner of this object is the only foreign, Western, firm among the research subjects. It has entered the St. Petersburg housing market already in 1988 and is nowadays the largest foreign construction firm in the city having a strong position on the whole market. The firm's major business is residential construction, but in addition it operates in other construction fields, e.g. in commercial and industrial construction. Along with the business in St. Petersburg the firm operates in other areas in Russia. At the first quarter of 2009 the firm has four complexes in construction. The customers of this constructor are mainly those already familiar with the firm's production through some previous experiences. They know the values of the firm which particularly emphasise customers as a primary position as well as the quality and responsibility of manufacturing.

#### Product Characteristics and Price

The object E is consisted of 7 larger building. One large building may have two sections; the building is divided into half and thus contains two sections. Three sections have had their commission already and the rest seven sections are counted for this study. The project of these seven sections has been started in 2007 and all of their commissioning is supposed to be at the second quarter of 2010.

The complex E is a large construction consisting of 7 buildings with 1599 apartments and as the overall area 89 500 m<sup>2</sup>. Some buildings have already been commissioned and the rest will be completed at the second quarter of 2010 comprising 878 apartments. As building material is used both brick-monolithic and panel. The object contains 1-4 room apartments as their average ceiling height 2,7m. The double-room apartments are between 58,25m<sup>2</sup>-70,40m<sup>2</sup> and the average size of them is around 67m<sup>2</sup>. The prices of

the apartments are dependent on the finishing level and commissioning. Around half of the production will be sold without finishing work, only the flattening of the surfaces is done by the construction company whereas the rest will have a full finishing. The average price for unfinished apartments is 2 099 € and for finished ones 2 403 €

The appearance of the building is simple without additional elements on it. It does not, however, remind a typical appearance of to date's Russian dwellings which is much due to the foreign origin of the constructor. The simplicity and modern plainness of the object reminds merely Northern or Scandinavian style. The common interior areas follow the same standard as the outlook appearance that is the simplicity and plainness. The constructor provides the staircases with brand lifts; both OTIS and KONE are used. The firm also prepares premises for concierges. There exists a glazed balcony or terrace in every apartment. The front doors are of steel and the window frames in this object have double-glazing and either of metal-plastic or of wood-aluminium; both materials are used in different parts of the complex. The first floors are occupied for commercial premises. In addition to the features in the building, the constructor provides the dwellers with a green or equipped yard containing children playgrounds. As well, there is a five-storey parking hall comprising 300 parking places, meaning 18,8 % of all the apartments in the complex.

#### *Advertising Characteristics*

Of the object E has been published different kinds of adverts in the catalogues of August (see appendix 9) and November (see appendix 10). It is advertised the whole complex E in the August advert, but the November one advertises only the buildings commissioning at the end of the year 2008. Those buildings are not actually in a major interest in this study and that is why is left for minor consideration. In any case, both the adverts follow the same style for layout; a graphic picture illustrating the complex covers around half of the advert on the top of the page under which is a text describing the object. On the right side of the text is a map showing the location of the object. Thereby, it is depicted the both adverts containing three parts: picture, text and map.

#### *Advertising Objectives*

In overall, the advert of August is informative and thus contains mostly cognitive components. Although the picture of the complex covers around half of the advert, the high emphasis on the information of the complex makes the advert more informative

than attitude creating. The text of the complex is formed of 14 bullets containing only one clearly affective argument: “Apartments in the unfinished buildings... are prepared with improved quality“. All the others contain specifically logical arguments although they are detailed and perhaps attractive for the target audience. There is also some other indications towards affective components in the advert. A mention of Western control of quality indicates the quality standard in the complex which should with other indications emphasise attitude creation of the complex with much quality. In addition to the logical and feelings creating arguments, there are detected conative aspects in the advert. For this kind of aspects pushing towards action indicate a text above the map telling of open showrooms in the complex that are supposed to present to consumers different kinds of apartments with finishing. On the other hand, this text is actually descriptive, describing the possibility for inspection of finished apartments and not much pursue consumers with driving arguments.

As the advert published in August contains mainly informative aspects, they have a minor role in the other advert published in November. In that advert it is mainly concentrated on getting consumers to start actions towards a purchase, which means the conative components are in a large role. It is highlighted that the three buildings of the complex are finished at the end of year and there are showrooms in which it is possible to see apartments with finishing. Additionally, it is advertised a discount of a full payment without instalment arrangements. Especially the first two elements mentioned indicate conative elements although they are written in a descriptive way just as in the case of August advert. Besides of these elements, it is highlighted in the November advert the outlook appearance of the complex by a half a page computerised photo. The photo indicates of the affective components creating feelings of the appearance, but also of cognitive ones giving information of the outlook.

In summary, objectives of both of the adverts differ between each other at some extent. By the advert published in August it is mostly aimed at delivering information of the object whereas the other one prompts consumers towards a purchase. Instead, attitude creating elements have more or less similar role in both adverts and they are pursued mainly in similar way too. The information of the complex is mainly based on facts that are listed by 14 bullets and is not descriptive and do not contain affective components, mostly not at all. That is why the attitude creation is mainly based on the pictures.

### *Target Audience and Segmentation*

In overall, there are not many different segmentation criteria utilised to narrow the target audience in the advert published in August. The most clearly seen criteria belong to the concept of psychographic segmentation as the most visible elements in the advert relate to quality of construction materials and construction work as well as comfortable residential values. Thereby, the target audience appreciates European and Scandinavian quality and elements improving an easy and comfortable life in the complex. With the latter one are related to specific elements improving the comfortableness such as practical heating- and ventilation systems and systems improving safety in the complex. Other segmentation criteria are seen to be left for minor consideration. For instance, as the advert concentrates only informing the quality aspects of the building and apartments, descriptions of the surrounding area is lacking. It may indicate that the advert is targeted for consumers already aware of the surrounding or the surrounding is not wanted to be included together with the quality aspects on purpose. In any case, only the map and address of the complex indicate something of the location that is mainly the exact location in the city without infrastructural descriptions. Additionally, the advert does not show indications of demographic segmentation, at least not very direct ones. As the advert emphasises European and Scandinavian quality, that is more expensive than local one, it is assumed the advert is targeted for consumers including to the higher level of middle class. In addition, signs of family size are non-existent. For instance, the lacking information of room-numbers in apartments, court-yard facilities or infrastructural services does not give exemplifications of that part.

Moreover, there are no direct references of benefit segmentation or use occasions in the advert. The information told describes basically facts of the apartment or building, what they contain, but the information does not deliver ideas of benefits that buyers could gain nor does it illustrate occasions in which the product purchased is used. The consumers should know the level of quality of European and Scandinavian materials and construction work and thus they should also understand the benefits that will be received through high level of quality. Therefore, the benefits of quality are seen, although very indirectly as the benefits are not emphasised separately. From the base of the analysis of the advert, it is notable that the advert is rather neutral by targeting it either to future dwellers or other buyers, because the information told could be interesting for both parties.



The other advert that is published in November covers even broader segments than the earlier advert. This advert is also neutral by targeting it either for future dwellers or others. In other ways, it lacks all the information of the quality descriptions but only informs the open showrooms, discount and finishing buildings and thereby the target audience is mainly consisted of consumers interested in purchasing an apartment soon. Additionally, it is assumed that the target audience is already rather aware of the construction firm and the object in question, because there are no references of product or firm characteristics. That is why it is also assumed that income level of the target audience would resemble with the income level of August advert, at the higher price segment.

It can be seen that the target audiences of the two adverts differ from each other or the later advert works as a so called continuation for the ones advertised in previous catalogues. The segmentation of the advert published in August has been limited to cover mainly psychographic criteria. Although only a few criteria has been utilised to target the audience, it has been done strongly emphasising just certain features, the quality features in this case. By the quality it is referred to materials used, construction work and practical comfortable life. Further, it is presumable that the reader of the advert of November catalogue is aware of these features, because it is advertised only elements that are supposed to convince the readers towards actions. In that advert the target audience is mainly consisted of those planning to purchase an apartment very soon, in the winter 2008/2009.

### *Message Content*

The advertisement of the object E is classified to cover rational message content with a few indications of emotional effects, but without moral contents. As it is filled with logical arguments it includes relevant information of the product so that customers would be able to estimate advantages of the product. The rational message specifically emphasises the product quality, performance and value. Quality is communicated in construction materials and construction work whereas the performance is communicated by the object picture and the logical descriptions of the product. The value of the product is brought out by the overall emphasis on qualified materials, work and additional services. The content of the message is mainly focused on communicating a product that is the building although the building is not communicated as a systematic totality, but it is explained special detailed characteristics of it, mostly related to

apartments. Moreover, those detailed characteristics particularly emphasise the product quality.

Country features are highlighted in the advert of August several times. Country of origin or more precisely area of origin is emphasised in materials used. Of these tell the phrases “floors – laminate from European manufacturers” and “bathroom fixtures and taps from foreign manufacturers”. Particularly by the country of origin are referred national images of materials used as well as the home country of the constructor as the country has a good and strong reputation within construction industry in St. Petersburg. The parent country is brought out in connection with the name of the construction firm especially along with a slogan of the firm. It is also brought out in connection with quality standards of the construction work as the positive building reputation of the home country is wanted to be communicated. Additionally, there are also detectable message contents related to services of safety issues in the advert. Services of finishing the apartments are advertised as well as features of safe residence. For the latter one refer the mentions “steel doors”, “automatic fire alarms” and “doorphone system”. All in all, the message content is rational and it focuses on communicating detailed characteristics of the product quality and -performance. It is brought out particularly the qualified product characteristics and country of origin aspects, but also some features of services offered and safety issues. Emotionality is highlighted with the picture of the outlook appearance. As a result, the advert is rather convincing, because it concentrates on advertising only a carefully narrowed message which increases the believability.

The other advert published in the November catalogue is also rational. The message contents of this advert have all equal emphasis and thus are all classified as main messages. One message highlights the services that the constructor offers that are in this case the discount possibility of full payment and open showrooms. The other message informs the buildings’ commission time that is supposed to be almost immediately. Accordingly, this advert is convincing as it has been focusing to advertise only a couple of issues clearly and simply.

### *Positioning Strategies*

The advert of the object E published in August 2008 clearly positions the object with much quality. Most of the advertised elements explain product characteristics and thus the whole positioning is based on that strategy. The characteristics describe technical facts of the actual building and apartments as well as the manufacturing company or

country of origin. Or more precisely, instead of country of origin it is brought out the European or foreign origin of those manufacturers. Besides emphasising the origins, by product characteristics are emphasised both common and rather detailed information of the building and apartments. The common information exemplifies the highness of the building and apartment ceilings, and manufacturer of the lift. Moreover, as relatively detail information are considered the mentions of soundproofed doors, windows with ventilation, heating system with regulator. The information of the building and apartments are classified as tangible elements as they are measurable. Intangible elements are brought out by the mentions of manufacturing company and areas of origin and moreover by the picture of the building giving consumers a view of the outlook appearance. Besides the strategy by product characteristics, the customer benefits are not directly advertised in the advert. It is assumed that consumers are aware of the quality of European and Finnish construction and materials and thereby consumers are also aware of the benefits of using them. But as the advert merely tell the origins as facts and does not bring out the benefits of them, the benefits are indirectly emphasised.

As a second positioning strategy detected in the advert is the price-quality relationship. It is common that European and Finnish quality in Russia is relatively more expensive to locally produced materials or local firms and that is why the advertising of these origins indicate a level of much quality as well as high prices in the object E. As the advert concentrates on informing the quality issue in product characteristics systematically and extensively, attempts the constructor offer more of its construction than competing firms, especially as additional value. In addition to the origin of the materials used, the advert highlights the origin of the constructor and through that the quality of the actual construction work. Although the advert promotes the high quality, the question is not of comparable advertising when the production would be compared with others. The issues are brought out as straight facts and not highlighting the superiority over others.

Contrary to the advert published in August, the advert of November 2008 represents different positioning. This advert does not promote any specific strategy that have been classified in the theoretical framework as it reminds merely an invitation to see apartments with finishing on the spot. Regardless of that, some indications of positioning by product characteristics and customer benefits are detected. For the first one belongs a picture of the object representing intangible elements, and for the benefits belong the attention on a discount. It is highlighted a 10 % discount that the buyers receive from full payment. On the other hand, the discount is classified as a directly

advertised benefit whereas the benefit of seeing various premises with finishing style represents an indirect one.

As conclusion it is noted that both the adverts utilise the same kinds of strategies, but in different ways, with different message contents. It is utilised in the both adverts positioning by product characteristics and customer benefits, from which the characteristics are emphasised more in the advert of August and the benefits the in latter one. Additionally, a strategy of price-quality relationship is utilised in the advert published earlier. So, in that advert, in which the overall focus of the analyses is, are utilised two positioning strategies clearly. The strategy of product characteristics is based on tangible elements especially on technical facts of the actual building and its apartments. Intangible elements are highlighted by the picture of the building. Moreover, the advert indirectly introduces the benefits of purchasing an apartment that are the benefits of the quality. The second strategy used promotes the high quality of the materials and constructor. At the end, the object E is positioned as a foreign qualified and reliable constructor which buildings are of European and foreign qualified construction materials.

#### 6.3.6. Case F

The owner of the object is local from St. Petersburg, established in the year 1992. Since the establishment the firm has gained a significant experience on building construction and nowadays it is one of the largest ones in the city, built over 1 100 000 m<sup>2</sup> and 66 residential houses until the year 2008. In 2007 almost 64 000 m<sup>2</sup> were commissioned. The main focus is on residential business, but the firm is also operating on industrial field. The firm has four objects under construction at the first quarter of 2009, of which one is the object B in this study. The object F is consisted of three queues and three buildings. The two first queues are finished already and the last one should be commissioned in the fourth quarter of 2009. The firm is the number one in brick production in St. Petersburg, To its values belong the idea of building long lasting buildings for their customers and that is why uses as construction material only brick. By these days the firm has achieved a good reputation among the consumers, because the customers in overall have a strong confidence on brick as a construction material. Additional reputation has been gained through its wide volume of advertising.

## Product Characteristics and Price

This complex has couple of other sections or queues already commissioned and so the object F is the last one. It has all in all 43 963 m<sup>2</sup> as apartment areas. The total number of apartments was not available when it was inquired, but it has been estimated the complex would contain around 600-750 apartments. The apartments are offered as studios or consisting one-, two- or three rooms. The two-room apartments are from 75,3 m<sup>2</sup> to 78 m<sup>2</sup> and it has been calculated the average size for two-room apartments is 75,9 m<sup>2</sup> and the approximately price is 2 385 €/ m<sup>2</sup>. The constructor also tells the public interior areas to be beautiful, but the appearance of the façade looks basic or rather barren. The apartments in the building are 2,7 m high and there are glazed balconies in each one. Moreover, the window frames are of metal-plastic with triple glazing. So, the windows are provided with materials which quality is supposed to be proper, but the front doors are of wood and should be changed before moving in. The lift in the building is from the manufacturer Sherbinskiy that is not considered to be a famous brand manufacturer. There is an underground parking for the dwellers, but during the questioning the total number of the places was not given. The estimated calculations of parking places gave results of 11-17 % of the all apartments. The sales people could not suggest other parking places nearby so it is assumed that at least in the near future no additional parking places will be built. The courtyard of the object will contain a children playground and green or equipped surrounding. In addition, the constructor will prepare places for concierges and special commercial premises for some small shops and services.

## Advertising Characteristics

There were adverts of the object F in both catalogues published in August and November. The adverts are exactly similar with each other; there is not a single difference. The advert is of size A4. The advert is consisted of four main parts (see appendix 11). The biggest part has two real-life photos of the object. The other shows the photo of the already commissioned and constructed buildings and the other shows the object F with its construction phase. Even though the adverts are been published at different times the photo of the construction phase is the same. The second part has a written description of the object and its district. As the third part is classified a map in which is shown the location of the object, and finally the last part displays room layouts for one-, two- and three-room apartments.

*Advertising Objectives*

The photos of the object are the most eye-catching elements in the advert, because they cover around half of the advert. On the other hand, as the photos show the object from outside and the other one shows an unfinished building with its construction phase, the feelings and attitudes given are one-sided. However, public life is seen in the photos, such as people, cars, shops and a bus or tram stop which may create a feeling of a lively infrastructure and atmosphere around the area.

The text in the advert informs mainly of the location of the object F, what kind of building is in question, the infrastructure, the commissioning time and the phone number to the object's consultation point. Mostly the text is written in an informative way with facts and without many affective elements creating feelings or attitudes towards the object. Those few feelings are produced by phrases describing prominent elements of the object and its surrounding. For instance, the variations of the apartments are highlighted by a phrase "big selection of 1,2,3-x room apartments". As well, of the big shopping center is mentioned and of the developing infrastructure. These elements describe firstly the many alternatives for apartments the buyers have, the big shopping centre close home so that the dwellers are able to do shopping nearby and lastly the infrastructure that is going to be developed even more. Another type to create feelings is the mentioning of a brick building, because the consumers in St. Petersburg consider the brick as the most qualified construction material. But this is only mentioned among other texts without separately highlighting it. The transportation infrastructure is brought out by describing the location of the object opposite to the metro station. Instead, the commercial infrastructure is brought out by telling the close location of some shops and services. The information is delivered with cognitive components, but the closeness of these may give a feeling of a lively infrastructure close home and thus conformability. In general the given information of the actual complex is minor. It is told that the building is a 25-storey and the alternatives for room numbers. Moreover, the mentioning of the consultation point at the object and its phone number refers to the persuasion of customers to visit the object and review it closer and get more information. These are though not presented with normal conative aspects that would really attempt consumers to start to do actions, to go there and receive more information.

In overall, the text is written without any bullets as it is consisted of short and incomplete sentences. The way of writing is not very spectacular and thus does not

produce attitudes and feelings as such. These kinds of sentences are for example “There are situated big shopping centre, fitness club, supermarket in the building.” and “District with developing infrastructure.”

The third part of the advert shows the map where the object locates. This is a simply drawn map with streets and the complex. There is also seen a park locating close to the object. The mentioning of the park is excluded from the text, but the info of it is delivered by this map. The fourth part indicates the layouts of the rooms. It is assumed according to the written text that these are only examples of a larger variation. These pictures will give the readers both the information of the alternatives and feelings of their possible future home. The feelings are partly delivered by these pictures as well as the imaginary of the readers mind as these pictures do not have additional elements such as colors and furniture. By this is meant that the reader has to work more with his or her mind in order to receive the feelings of a future home.

In conclusion, it is understood that the advert produces more information than emotions. The information is in any case limited to describe shortly several different aspects, and for those descriptions are hardly used image creating elements. The pictures in the advert illustrate real photos of the objects, but the photo of the object under construction does not give much idea of the complete appearance of the building. The other photo does not give a full understanding of the object, because it shows the building already commissioned. Finally, the elements pushing the consumers into action are in a very insignificant role in the advert if they were seen at all.

#### *Target Audience and Segmentation*

For narrowing the target audience is not exploited many segmentation criteria in this advert and thus the targeting stays rather wide. The geographical segmentation is unclear. It is told the metro station and the street name in which the object locates as well as depicted a map of the location. These are telling the exact location of the object, but do not illustrate the area much for those coming from further away. Also the name of the district has been left out. On the map are illustrated prospects, a park and metro station locating next to the object, but otherwise the map is plain. Additionally, the information of the surrounding and the infrastructure is limited. These signs neither explain the characteristics of the surrounding much and therefore it is understood the target audience coming from close areas or from further away, but knowing the basic characteristics of this area.

As the advert delivers the functional commercial and transportation infrastructure by the photos and short description, it is assumed the object is targeted for consumers without small children. This interpretation is supported by the absence of descriptions concerning social infrastructure with mentions of schools and kindergartens. The two wide and busy streets next to the object are neither appealing considering a residence with children. Moreover, with the infrastructural descriptions are narrowed the segmentation appealing psychographic characteristics. To these characteristics are referred by mentions of fitness club, shopping centre, supermarket and developing infrastructure as they will appeal consumers with specific interest to live next to these services. The description and the supporting photos with lively atmosphere target consumers with urban lifestyle. The consumers are also supposed to give some value for quality construction as it is advertised the building to be constructed of brick material. The age trait of demographic segmentation is limitedly exploited in the advert. On the other hand the advert informs the room numbers of the apartments that are from one- to three-rooms, but the targeting for families with children is unsubstantial and thus the target audience includes families with already older, more grown up children. Thereby, the adults in the family would also be older. It is not indicated strong signs of income traits. The possibility for mortgage is mentioned with a small sign, but otherwise the advert concentrates on informing other question.

The behavioural segmentation is brought out indirectly in the advert. The consumers seeking for an apartment next to commercial services and transportation infrastructure would benefit from the location of this object. The advert does not clearly indicate how the consumers would benefit, but it is indirectly seen from the map and text descriptions. Signs of use occasions are delivered by the room layouts on the page, but on the other hand, narrowing the customer segments by this is not effective as the layouts do not produce a clear situation in which the buyers would be using the specific room. As a result, the target audience is consisted of consumers both the future dwellers and other people, e.g. investors. They are people from the same area, from St. Petersburg or at least are rather aware of different districts there, but not necessarily come from the same area. Their family sizes are not large and the children are already a little older although may still live at home with parents. The consumers in overall are not sensitive for prices. Besides investors, the target audience contains consumers preferring urban lively life with infrastructural services nearby home.



### *Message Content*

In overall, the advert contains a few different message arguments that are emphasised equally strongly in relation to each other. Thereby the main message of the advert is unclear and not absolutely convincing and it may be relevant to discuss of a few messages in the advert instead of one or two. The messages are the most clearly rational, but with a few emotional arguments. These few emotional arguments stress the infrastructure; in the text by highlighting the lively commercial infrastructure and in the photo by depicting transportation traffic next to the building. Emotionality is not though in the main part in the advert, only some rational elements are emphasised more with positive emotional arguments. As an emotional effect could be also classified the illustration of layouts, because the layouts may help consumers to place him- or herself into the dwelling and imagine a future residence or home. As the advert is mainly rational and information should be in the largest part in it, the given information is limited only into a couple superficial descriptions of the building and the surrounding. The information of the building concerns the building highness, apartment sizes, layouts and the outlook appearance that is tempted by the photo, but as the photo is not very imposing it can not be understood to deliver positively emotional associations. Moreover, couple rational features describe the surrounding, its commercial and transportation infrastructure. At the end, the messages comprises basically the building and some of its overall characteristics as well as the infrastructure, both commercial and transportation, although more weakly.

### *Positioning Strategies*

The object F has been positioned clearly by one strategy, product characteristics. There are seen both tangible and intangible elements in the advert as tangible ones represent a larger role in it. By those elements are introduced a few common facts of the building and its apartments such as the storey-height, room-number alternatives of apartments and room sizes by layout pictures. In addition, commercial premises on the first floors of the building are emphasised and slightly the developing infrastructure in the area. On the contrary, intangible elements highlight issues concerning the appearance of the building and further its apartments. The outlook appearance is introduced by two real-life photos in which are shown some infrastructural elements and lively traffic. In addition, the apartments are introduced by three pictures of room layouts. As the strategy of product characteristics has been classified in the theoretical framework together with customer benefits, the benefits are not clearly visible in this advert as only

a few are represented indirectly. It is told some commercial services in the building which indirectly explain the benefit of their closeness to dwellers.

As a result, it is identified the advert concentrating on one positioning strategy, product characteristics. Moreover, the strategy focuses on introducing tangible common information of the building and its apartments. Instead, intangible elements are brought out by pictures of the façade and layouts. In overall, the actual positioning philosophy is unclearly visible in the advert although it has been implemented only one strategy. The unclear positioning is derived from the several message effects, described in previous sub chapter, because focusing on several messages does not deliver a consistent image. At the end, it is understood the object being positioned as a large complex with own commercial premises on the first floors locating in a rather lively area.

#### 6.3.7. Case G

This object is owned by a local St. Petersburg firm belonging to the ten largest construction firms in the city nowadays. It was established in the year 1996. The firm is constantly operating in the city St. Petersburg and in the Leningrad Region in which it has constructed over 50 residential objects and 430 000 m<sup>2</sup> living space till the year 2008. It was commissioned 90 000 m<sup>2</sup> in 2007. In addition to residential building, the firm operates in commercial construction business. At the first quarter of 2009 the firm is constructing in total eight objects in St. Petersburg and in the Leningrad Region. The construction work of the object G has been started in 2008 and as it is consisted of only one building the whole complex should be commissioned at the second quarter of 2010. Up to these days the constructions have mainly being at the second level and the reputation is not very high.

#### Product Characteristics and Price

The complete area of the building is 14 500 m<sup>2</sup> forming together 231 apartments. They are consisted of studios, one-, two-, three and four-rooms. The two-room apartments are from 58,20 m<sup>2</sup> to 81,40 m<sup>2</sup> and their average size is 69,0 m<sup>2</sup>. The apartments' average price per one square meter is 2 139 € The appearance of the object is rather impressive when considering the standard class segment. In that class the possibilities for decorative façades and decorations are limited, anyhow. The outlook appearance is imposing and is has a “waterfall-outlook” because of the buildings' different highnesses. The public interior areas like entrance hall and staircases are instead of

basic style without extra decorations. For public areas the constructor will prepare certain premises for concierges. As the construction material for the object G is used brick-monolithic which is the most popular material for building apartment blocks in St. Petersburg nowadays. The highnesses of the apartments are 2,8 m. They have balconies, but at least not all of them are with glazing. To the apartments the front door is of wood meaning it has to be or should be changed by the future buyers, because it does not guarantee the necessary safety. The windows will be of metal and plastic with double glazing, and they are installed by the construction company. The company also provides the staircases with lifts, but they are not brand-lifts. The first floor of the object is received for commercial premises. There is also a green yard around the building as well as a children playground. Onto the area will be also constructed a half-underground parking place for 56 cars and thus covering 24 % of the apartments.

These characteristics discussed describe the product itself, an apartment as a good. In addition to these the constructor offers possibilities for finishing works. The finishing will not be done automatically to the apartments but it is offered against the buyers orders. The finishing can be designed with the help of the company or they offer their ready-made packages which are consisted of four different price categories.

#### Advertising Characteristics

The advert of the object G is published only in the catalogue of August and there were neither any other advert of the same company in the November catalogue. This advert (see appendix 12) is published in the paper size of A4, but of the size only half, left side, is utilised for advertising the object. The other half covers another advert from the same company. The analysable advert is consisted of three main parts. By the first part it is presented four pictures of which three are of the façade from different angles and one is a map showing the location of the object. Above these pictures is a writing of one sentence in which are told some factual characteristics of the object. The second part contains writings of the surrounding and infrastructure. Finally, in the third part are presented a layout of one floor in which are shown all the apartment layouts and sizes on that floor.

#### *Advertising Objectives*

The pictures show the object from different angles in which the impressive façade is brought out respectively. There are also seen green areas and pedestrian streets in the

pictures. As the pictures are all in all three and they are rather small, the advert does not produce one large eye-catching point, but gives though more diverse information of the outward appearance and the surrounding of the object. In addition, the map of the location also presents couple of green areas and a part of a lake close the building. These pictures are both informative and image creating. The cognitive and informative components are used to bring information of the location and the outward appearance whereas the affective and image creating components are used to illustrate the impressive façade and show the green area with own pedestrian streets and thus comfort.

It is concentrated on to tell the characteristics of the surrounding and the infrastructure in the text part. The text, in addition with the pictures, are both informative and attitude creative. The attitudes are attempted to create by highlighting the area being “the most ecologically comfortable and landscaping neighbourhood”. In addition it is emphasised that a couple of “major shopping centres and hypermarkets are serving on the area”. Further it is explained that “the main transportation roads bypass nearby from the building”. By the superlative adjectives it is certainly stressed the superiority of the area compared to the other areas whereas the description of “main roads” deliver the information that the access from and to the building is easy. There are often big traffic jams in the city and that is why it is important to highlight the comfortable mobility by cars. Information of the area is also brought out by explaining the close location of kindergartens and comprehensive school that will be built there, but for these descriptions are not used additional affective components. Moreover, it should be noted that the full sentences written on the text includes more affective components than short incomplete sentences. The short text above the pictures is telling only couple facts of the object without affective components used.

The third part of the advert covers a layout of one storey and thus several apartment layouts. There are shown studios, one-, two- and three-room apartments. The picture is rather small when thinking that the layouts are not clearly seen in it. It is not clear whether the main idea is to show the different variations and sizes of the layouts or something else. Although the picture gives ideas for the reader of the layouts, it does not give much possibility to see them closer and imagine and ideal home. That is why it is considered here that the picture is mainly informative than image creating. Lastly, when concerning the conative elements in the advert which are supposed to get customers to act towards a purchase, they are minor. On the top and bottom of the page are though written the contact information, but there are no other references of the persuasion.

Even though the advert is only half a page, it contains multiple information and image creating elements. The main elements to create feelings and attitudes are the four pictures of the object and location, the text written with full sentences and the adjectives and superlatives utilised to highlight some features. Instead, the major information-giving elements are also the four pictures, the text and the layouts of the apartments. In overall the information received of the object is not much and in relation to that, the image creating elements are seen a little more in the advert.

### *Target Audience and Segmentation*

The emphasis of segmentation is on consumer characteristics. For the target audience belong consumers from other areas as the writing of the advert is mainly concentrated on describing the surrounding and infrastructural characteristics. By this it is attempted to inform consumers living in other areas of area-specific characteristics. There are informed of social-, commercial- and transportation infrastructures in the advert. In addition, with the street name and closest metro station, the object is localised by the name of the district for those more unfamiliar with the district.

As the advert highlights the kindergartens and future schools in the area the target audience is consisted of families, and by reviewing the room layouts and sizes on the bottom of the page it is interpreted the family sizes are not very big. There are mostly one- or two-room apartments presented and some with three rooms. It is assumed that the parents in the families are rather young, with young children going to comprehensive school and/or kindergarten. The income trait is hardly emphasised in the advert as there is only one mention of the possibility for mortgage on the top of the page. This means the consumers should not be highly sensitive for prices. The psychographic elements in the advert indicate that the target audience value nature and ecologically clean area close home as well as infrastructural services. Additionally, the impressive outward appearance is meaningful for them.

The behavioural segmentation is indirectly seen in the advert and thus it is not strongly emphasised. The target audience will benefit from the closeness of the infrastructural characteristics whether they need those. The information is not, however, delivered as how the consumers would benefit from those issues, but merely they are told as facts of the area. Moreover, use occasions are not brought out in this advert. As a result, the main target audience is consisted of dwellers, more specifically of young families with

children or children in the near future. They may come from other areas than the object locates and are not sensitive for prices and that is why they are merely looking for a comfortable and suitable home. These consumers, moreover appreciate clean environment and nature close home. The quality of the materials is not that significant issue as there are no signs of delivering the quality.

### *Message Content*

For the rationality of the message are utilised emotional effects. Logical arguments of the text are supported with emotional emphases both by specific stressing arguments and descriptive written style and thus the reader is able to identify with the advert rather easily. In addition, the three pictures of the building give a relatively in-depth view of the object from different angles which would increase the level of identification. This identification support even more the picture of a floor-layout with apartment layouts in it. In any case, even though emotional elements are seen rather many in the advert, rational features are the predominant ones as it contains more informative arguments.

The advert emphasises above all the surrounding and the physical product. Of the surrounding are especially highlighted the nature and social infrastructure suitable for children that are kindergarten and schools. In addition, transportation- and commercial infrastructure are linked to the information of the surrounding, but not with as strong emphasis. By the message content indicating product, particularly the outlook appearance of the building, floor layout and apartments are brought out. Through the layout are told apartment and room sizes and their locations on floors. By all these signs it is detectable that the message stresses above all the surrounding especially suitable for families with children, and the product style of the façade and apartments. At the end, the believability of the message or messages is supported by a rather congruent settlement of the advert as it clearly focuses only a couple of issues without additional unrelating arguments.

### *Positioning Strategies*

It is concentrated clearly on one positioning strategy in this advert and so the positioning is based on product characteristics. On the other hand, because of the strong emphasis on surrounding elements the strategy may partly be classified also by surrounding characteristics instead of purely product characteristics. The descriptions of the surrounding are mostly objective and measurable and thus tangible, because the

description focuses mostly on infrastructural characteristics. Moreover, tangible features are also found in the floor layout that is placed on the bottom of the page. It is in major part only informative as it is unclear and the illustrations of the apartments small and that is why consumers receive mainly information instead of possibilities to emotional appeals of the apartments. The layout delivers factual information such as room variants, apartment sizes and their locations on each storey. It is although assumed the layout represents several storeys in the building. Conversely, intangible elements concentrate especially on the issues that are not rationally measurable. Into intangible classification belong the descriptions of the environmental ecology, multiple pictures of the building from different angles and additionally the picture of the imposing façade.

As this advert at large extent focuses on the positioning strategy by product characteristics, the benefit side is in a minor focus and indirectly detectable. Customer benefits of the surrounding elements are not directly indicated to customers promoting the benefits that they could achieve. It is although indirectly concluded the benefits of them which mainly indicate a special suitability of the area for families with children. Besides this, the benefits relating the actual product benefits are totally excluded from the advertisement.

As a result, it is understood the advert is based on one positioning strategy, by product characteristics, or if it could be classified, also partly by surrounding characteristics. The features of the surrounding represent mostly tangible way of descriptions whereas the product, i.e. the building, is positioned by both tangible, such as apartment information, and intangible features, such as the appearance of the facade.

#### 6.3.8. Case H

The owner of this object comes from St. Petersburg, but has not been on the market for a long time. The company was established in 1997 and since that it has managed to built seven residential buildings and altogether over 60 000 m<sup>2</sup>. In the year 2007 were built 23 500 m<sup>2</sup>. Typical for this firm is to build rather small complexes; it has built in average 11-storey buildings with 140 apartments in one building. In addition to residential buildings, the firm constructs commercial buildings and sport facilities. At the first quarter of 2009 four housing objects are under construction. The object H is supposed to be commissioned at the fourth quarter of 2009. The constructions of the firm are actually at the second level on the market, meaning not very qualified. But as

the firm has not been building for a long time and the number of its commissioned buildings is a few, its reputation is not simple to classify.

#### Product Characteristics and Price

The object H can be seen as a continuation strategy for the constructor as it also rather small having 124 apartments which total area is 6 710 m<sup>2</sup>. The object is consisted of one building and thus the whole complex commission at once. The apartments in the object H have one-, two or three rooms. The two room apartments vary between 63,7 m<sup>2</sup> and 67,9 m<sup>2</sup> and their average size is 65,3 m<sup>2</sup>. These two-room apartments are principally sold at the same square meter price 1 889 €

The complex has basic outlook appearance as well as the public interior areas. The balconies are not glazed and the front doors are of material which should be changed in order to guarantee the safety. The window frames of the apartments are metal-plastic with double glazing, and the highness of the ceilings 2,7 m. For the lift have been selected a modern silent one, but it is not manufactured by any famous brand. The building is constructed of brick-monolithic and there will be built commercial premises for the first floors and the staircases will be prepared with premises for concierges. The courtyard of the complex is not specifically equipped or green, but has a children playground in any case. As well, there is no own parking place on the yard area but there will be a many-storey parking hall in the neighbour from which could be bought a place for own car. The constructor offers finishing work as well as apartment designer work, but otherwise the apartments are unfinished.

#### Advertising Characteristics

Of the object H will be analysed one advert from the catalogue published in August (see appendix 13), because there were no adverts of this object in the catalogue of November. The advert can be described merely as one totality instead of consisted of several parts. It is not obvious to detect different parts with specific contents, but there are though some elements that are brought out in the advert. The upper part has a mentioning of the name of the object and the location. Next to it is an egg working as a symbol. Under them are told the characteristics of the object and a rather small computerised picture of the object showing the outward appearance. Furthermore, a text with large font size is written in the middle telling the opportunity of exchanging the old apartment when purchasing a new one in this object. Underneath of these it is indicated



the completion time and payment conditions. Moreover, on the bottom of the advert is a faded photo of a living room.

### *Advertising Objectives*

There are mainly informed the basic information of the building complex and payment conditions in the advert of the object H. This information is written with bullets, four bullets tell about the complex and surrounding and four of the payment conditions and one of the completion time. Most of the information is written with logical arguments, but couple phrases are described with affective components. As examples work the following phrases “Ecologically clean district” and “Convenient transportation service”. Instead, the information of the price and other payment conditions, location and transportation possibilities are presented with logical arguments. Other types of affective components than the text is utilised when the reader is associated with different types of pictures; with the egg-symbol, with the picture of the building and with the photo of the living room. The picture shows the façade of the object that is rather basic in St. Petersburg. But as the building looks relatively small and there are bushes or trees in the picture, specific feelings of a small house with green area are attempted to create. These are supported with the phrase of a clean district.

The photo of the living room with the picture of the house associate the reader of living in that dwelling and as the advert illustrates more than one picture, wider associations and feelings are created for the reader. The associations are attempted to support more with the outstandingly predominant aspect that is the full page wide royal blue background colour. Finally, the advertisement contains the contact information of the constructor, but that is not presented with specific conative elements. Thereby, the advert does not have particular elements to push the customers towards actions as no other kinds of conative elements are provided.

### *Target Audience and Segmentation*

The advert is targeted to appeal consumers in the lowest price segment who still appreciates prestige and cosy feeling of home. The advert informs the surrounding area only a little, and thus it is assumed the consumers would be rather aware of the area. The information of the surrounding covers only the exact location, couple facts of the transportation services and green area. There is no map demonstrating the location of

the object so the only implications of the location are the street name and the name of the metro station.

There are no clear signs of the age group of the target audience in the advert. For instance, as the information of commercial and social infrastructure is lacking, the target age group can not be justified by them. There are neither any other specific aspect indicating the age group. The photo of the living room may although indicate the age by referring them with the furnishing style. The advert neither alludes to family sizes by clear parameters. Instead, the parameters referring to incomes are in a large part in the advert. As it was mentioned, rather many points bring out the payment conditions. They cover information such as inexpensive price and the compensation possibility of an old apartment with large fonts in the center of the advert. This opportunity will reduce the risk and improve financial capacity of some customers who could not be able to buy a new apartment while waiting for the sell of the old one. Thereby, the target audience is consisted of consumers with low incomes or in other way searching for an inexpensive dwelling. Another large segmentation classification is based on the psychographic elements. As these elements refer e.g. to values and interests, it is seen the object is directed to appeal consumers valuing small cosy living complex and pleasant silent area. As there are only a couple mentions of transportation infrastructural characteristics and no commercial or social ones, the feeling of a lively traffic and big amounts of people is nonexistent and thus the silence of the area is distinguishable.

The behavioural segmentation type is at some extent brought out in the analysable advert. As the consumers seek different benefits from product or services they purchase, this advert delivers those benefits as convenient payment conditions. This indicates of the same customer group with low income level. Secondly, the benefits are also brought out indirectly by the mentioning of close and convenient transportation system. These are simply told as facts not indicating directly how the dwellers would benefit of them. The other behavioural segmentation criterion, the use occasion, is also weakly utilised in the advert as the only implication is the photo of the living room alluding of the possible interior at a future home.

In conclusion, it is identified the major segmentation criteria are linked to income trait that belongs to demographic criteria. The other criteria based on geographical- and psychographic features have been also utilised. Conversely, the age and family size traits as well as behavioural segmentation are left rather open and unlimited in the advert, except the benefits of convenient payment conditions of the company. The

advert is targeted directly to future dwellers, to consumers rather aware of the area. The reason of knowing it may be derived from several reasons like the reader may have lived or worked there or perhaps the reader is searching for an apartment for another person living somewhere else. The emphasis on payment conditions such as discount possibilities, inexpensive square meter price and the exchange possibility of the old apartment when buying a new one strongly refer to the lowest price segment of consumers. To the target group also belong consumers appreciating a small living complex and silent living area.

### *Message Content*

As the discussion of the advertising objectives indicated rather high use of feeling creating attributes, positive emotional effects are also in a relevant part in the analysable advert. The emotional effects are mainly utilised in other ways than highlighting logical arguments emotionally. The emotions are brought out by overall outlook appearance of the advert, by the symbol in it and by the photo of a living room. It is also assumed that the photo of the complex is able to deliver emotions even though the appearance is not that imposing. The emotions are mainly delivered through the smallness of the complex as the size is not typical in St. Petersburg, however, desirable.

Conversely, the text is rather rational with only a couple of emotionally emphasised arguments. Those are “ecologically clean district” and “Convenient transportation service”. The economy value of the product is mainly emphasised in the text as well as the product itself. Along with the economy it is also clearly brought out the possibility for compensation of the old apartment. All in all, the main message of the advert focuses on message content of services by highlighting the economy of the apartments through inexpensive payment conditions. By the economy it is focused on the old apartment compensation, payment conditions, price and discount. In addition, as a secondary message is considered the surrounding as some emphasis on that is detectable in the advert. The issues advertised of the surrounding concern the ecology of the area and public transportation. As a result, it is understood the advertisement to communicate of an economy apartment in a convenient and ecological area.

On the other hand, although rather clear couple main messages are detectable from the advert, they are at some extent disturbed by other unrelated arguments which altogether do not increase the believability of the messages. Thereby, it is clear that the advert is not focusing on only certain types of attributes that would indicate to one message but

the attributes all in all indicate around four or five different messages. Of these the majority has a minor role in the whole totality.

### *Positioning Strategies*

In the advert of the object H are detectable multiple positioning strategies and manners to implement them. As the most clear strategy is classified the positioning by price and quality, because the main message of the advert is definitely focusing on advertising the economy of the object. The object is easily associated having a low price, because the beneficial payment systems and the possibility for apartment exchange are emphasised in the advert. The low price is usually associated with low quality and thereby it is seen only a one factual mention of the building, relating to the window frames. That is classified as a tangible characteristic whereas an intangible one illustrates the outlook appearance of the building by a picture. These are the only positioning appeals relating to the actual product as part of the total information relates to aspects concerning the surrounding. Also the aspects concerning the surrounding are consisted of both tangible and intangible elements. The tangible one informs the distance to the closest metro station whereas the intangible ones inform the comfortable overall area and convenient transportation services. In addition to product characteristics, a couple indications of positioning by customer benefits are seen. Those are especially the possibilities for discount of 100 % payment and apartment exchange. Above these were classified as positioning by price and quality, but they are also clearly related to customer benefits. As the third strategy is detected positioning by cultural symbols. As the symbol is determined in this case the egg from which a small plant grows. They are together supposed to represent something meaningful to consumers and distinguish the company or the object from competitors.

There have been utilised all in all three positioning strategies in the advert: positioning by product- and surrounding characteristics and customer benefits, price-quality relationship and cultural symbols. This kind of mixing of strategies could remind the strategy of hybrid bases that was classified by Wind (1982: 81), but for successful mixing a tight unity of the utilised strategies should be created. This kind of tight unity is deteriorated by some unrelated message effects which were discussed in the previous sub chapter concerning the message content. That is why it may be detectable an incoherent hybrid positioning unity and thus a fuzzy image at some extent. In addition, the incoherence is increased by varied utilisation of tangible and intangible elements both in product and surrounding characteristics.

#### 6.4. Product and Price Characteristics in the Market Area

The analyses of the product characteristics of the eight case objects indicated that they have some common similar features as well as differences. Thereby, it is possible to categorise the most common characteristics into different product levels, into core benefit, basic-, expected-, augmented- and potential product. This categorisation is necessary by giving references for future analyses of competitive strategies, because it will be known the basic nature of the given market area. It was also identified that the content of different product levels at some extent differ from the ones explained in the theoretical framework which mainly focused on describing the nature of Finnish house building industry. Those examples in the framework work as exemplifications to illustrate how the product levels appear in the industry, and thereby it is not aimed to make conclusions of the differences between Finnish and St. Petersburg market characteristics. The typical product characteristics of different product levels on the analysable market area are explained in the following paragraphs. As a result, it will be formed a concept of typical product strategies implemented by the research objects. Here it is not yet made a difference between specific objects but discussed the phenomenon in overall. The product strategies of each particular object will be clarified further, together with the discussion of competitive strategies. At first, however, it is summarised the background and general information of each constructor.

##### 6.4.1. Background Information of the Constructors

The firms constructing the research objects have been established between the years 1988 and 2001 in St. Petersburg. The firm building the object D is the youngest one, established in 2001. The oldest firm was established in 1988 and it is building the object E and the second oldest is the firm building the object A, established in 1989. Two firms started their business right after the privatisation process began in Russia. In 1992 the firm building the object F started its business and in 1993 the firm building the object B. The three rest of the firms have been established later in the 1990's. The firm constructing the object G was established in 1996. In 1997 the firms constructing the objects C and H started their businesses (Further on the firms behind the objects will be referred as firm and the object letter). All the objects are owned by different firms, but the object B and F are built by the same constructor, firm F, but the owners are different. All the firms are local from St. Petersburg except the firm E is foreign owned. When it was surveyed the previous constructions of these firms, it was not any certainty to receive the information and that is why there are not complete information of all the

aspects. The firms D, F and G built the biggest amounts of apartment areas in 2007. The firm D built 94 000 m<sup>2</sup>, the firm G built 90 000 m<sup>2</sup> and the firm F built 64 000m<sup>2</sup>. Because the company A has been the number one in the amount of living areas built, it is assumed that it would also belong to this group as it managed to commission 10 objects in that year. The firm H has built 23 500 m<sup>2</sup> and the least were constructed by the firm C, 3000m<sup>2</sup>. In addition, it is known that from the firm B has been commissioned two objects in 2007, but their area is not known. During the first quarter of 2009 the firm A has the most residential objects under construction, all in all 17. Secondly large production has the firm G with eight objects and thirdly the firm D with six objects. The firms E, F and H all have four objects in construction whereas the firms B and C only one objects, particularly these ones in question in this study. A summary of the backgrounds are exemplified in the table 4.

**Table 4.** Summary of the constructors' backgrounds.

	OBJECT							
	A	B	C	D	E	F	G	H
<b>Year of foundation</b>	1989	1993	1997	2001	1988	1992	1996	1997
<b>Local / foreign</b>	Local	Local	Local	Local	Foreign	Local	Local	Local
<b>M<sup>2</sup> completed in 2007</b>	-	-	3 000m <sup>2</sup>	94 000m <sup>2</sup>	-	64 000m <sup>2</sup>	90 000m <sup>2</sup>	23 500m <sup>2</sup>
<b>Objects completed in 2007</b>	10	2	1	-	-	-	-	-
<b>Objects in construction I q 09</b>	17	1	1	6	4	4	8	4

Some of the constructors have achieved to receive popularity among the St. Petersburg consumers, but some are such small companies that are not widely known. Of this sample the constructors A, D, E and F are the most known ones and particularly the firms D, E and F have more clear and positive reputation as the A has a little contradictory one; consumers appreciate its low prices, but are not convenient with the quality. Conversely, the constructors B, C, G and H are smaller ones and not very known.

The research objects are supposed to be commissioned during the years 2009, 2010 and 2011. In 2009 will be completed three and also three will be finished in 2010. The last two objects will be commissioned in 2011.

#### 6.4.2. Product Levels in the Market Area

It was discovered product characteristics of four different product levels as they are classified five levels altogether. As the analyses concentrated on detecting existing elements that are realised in the objects, it is not probable to find elements of potential product as that illustrates all those things that could be created and thus they are not realised yet. It is illustrated typical characteristics of the four first product levels realised in the research objects on the given market area.

##### *The Core Benefit*

The analyses of adverts indicated references of the product level of core benefit describing the fundamental need of customers. As the target audiences of the adverts consisted of both future dwellers and others, especially investors, as the core benefit for customers are classified either a home or an investment. In every case the core benefit is a home, but in most of the cases, in six ones, the core benefit is both a home and an investment.

##### *The Basic Product*

In order to fulfil the core benefit, a basic product is needed as it works as a tool for the benefit. From the analyses it was discovered nine aspects describing this second product level (see table 5). This level is described by basic facts that illustrate what kind of apartment block and apartments are in sell, apartment sizes and alternatives. The objects are divided into two clear size groups. The other one is consisted of rather small dwellings in St. Petersburg market and the other one of much larger complexes. The first group is consisted of three complexes which overall living square meter area is between 10 000 m<sup>2</sup> and 20 000 m<sup>2</sup> and the other group also of three complexes with the area over 60 000 m<sup>2</sup>. The second criterion to measure the complex size is the number of all the apartments in the complexes. As well, by this criterion it is discovered two different groups, the smaller ones and the larger ones. Among the research cases three objects have apartments between 200 and 400 whereas four objects over 600 apartments. As it is seen in the table number 6 the four dwellings are categorised into two different classes (600-800 and 800+) in which two objects represent each class according to the even classification with five classes. It is, although more convenient and clear to combine the last two classes and generalise their number of apartments

being over 600. The dwellings with several hundreds of apartments have a great emphasis in this study, anyhow.

Alternatives of different sizes of apartments explain the variation of the apartments from which the buyers are able to choose a suitable one. The apartment variations in this study have been examined by the room number variants, by average square meter prices of two-room apartments and by variants between the smallest and largest two-room apartments. The most commonly, in three cases, the objects have apartments maximum three rooms, but all these cases also offer in addition to the typical one- to three-room apartments, also studios that the others do not offer. Moreover, the average living areas in two-room apartments typically vary from 60 m<sup>2</sup> to 70 m<sup>2</sup> as it is in six cases. As it is offered different sizes of two room apartments it was also calculated the interval between the smallest apartments to largest ones in each case. This calculation indicates that typically the sizes between smallest and largest vary from 10m<sup>2</sup> to 20m<sup>2</sup>. The last criterion related to apartments in the field of basic product is the ceiling height. The majority, four cases built their apartments as 2,7m high.

The rest of the criteria relate to constructions of the actual apartment blocks, but not to their sizes which were discussed above. Clearly the most common construction material is brick monolithic as it is also in St. Petersburg in overall. Brick-monolithic is used by six cases among the research objects. The objects will be also typically constructed with imposing and impressive outlook appearance as it is in four cases. The common interior areas, instead, are half improved and half basic. These estimations were based on the pictures that are shown in the adverts as well as written information of the exterior and interior. The pictures were compared with each other and thus made the conclusions, and especially the written text informed of the interior areas.

### *The Expected product*

In addition to the basic product customers are expecting some conditions and those are called as expected products. They are additional features for the basic product, but also essential, without them the supply of core benefit and basic product may be unsuccessful. It is explained here the characteristics that were identified among every object, or clearly the majority includes them so that they are not suitable to be categorised into the level of augmented product and do not belong to the basic product either. In addition to bringing out the characteristics, it is explained here the materials used or other features that are connected with the common product character.



It was identified 13 typical product characteristics among the research objects that are some connected to each other and some represent individual characters. Totally new kinds of characters and exceptional from Finnish housing market are the premises for concierges that are provided for the building objects. Additionally, all the objects will have a few commercial premises on the first floors. One feature that many objects inform relate to lifts, its technology or brand. All the objects claim to have a modern and fast lift, but only two of them have a brand lift, so it is more common to include the dwellings with modern, but not brand lifts. It was detected that every case will have a balcony or a so called terrace within the apartments and it is also common to glaze them although this is not done by every one as two of the objects will have non-glazed balconies. As finishing of apartments is not typical in Russia and the apartments are not necessarily prepared with full finishing it was paid attention to certain other characteristics that have been discovered important in previous discussions. All the apartments are prepared with front doors and windows, but their materials and quality may change. As the materials of the doors varied it was classified them as permanent and temporary doors in which the first one means doors that are safe enough that the dwellers do not necessarily have to change to safer ones. These were mostly of metal and one was of steel. The temporary doors are of wood, plywood or of other material that the constructors itself recommended to change. The objects equally, four and four, have these kind of permanent and temporary doors so thereby it was not possible to classify either of them as more common. Instead, the material of window frames are typically of metal-plastic, in seven cases, which means that at least less qualified frames may have deteriorating consequences among customers. Moreover, there are variations with the glazing of windows as both double- and triple glazed windows were identified. As it was with the door materials, also the both glazing types are detected in equal number of objects, four and four.

Expected product level also contains characteristics about courtyards of the objects. All the yards will have a children playground and most of them, seven, are either green, and thus convenient, or in other ways equipped having some arrangements such as benches or other conveniences. By these the constructors aim at building own cosy yards that increases the comfort around the object. Seven of eight objects will have an own parking place. Their types vary equally between an underground - or halfunderground parking, parking hall, covered parking or open parking lots. Only one object does not have any places, but this object is prepared with a parking hall locating at the neighbour dwelling. Usually individual parking places cover 10-20 % of all the apartments in

dwellings. The objects not containing green or equipped yard and a parking place may suffer of a defective position in comparison with others as customers may already be expecting these conditions. Moreover, the customers may neither absorb additional value of these elements as they are not considered as especially unique, and thus do not work as distinguishing factors.

### *The Augmented Product*

The last identified product characteristics relate to the augmented product level at which the differentiation usually happens. It was discovered that almost all the objects have some elements that belong to this level, but some have been investing in them and in this level more comprehensively and clearly than others. The most common way to differentiate the object relates to aspects with finishing and more particularly, to a possibility to order a finishing instead of automatic finished apartments. It is possible to order a finishing in four cases. In other ways, all the additional services, customisation of apartments, inexpensive payment conditions, finishing of apartments automatically and large commercial-entertainment centre are rare and can not be generalised among the research objects.

These rare characteristics refer to the fundamental idea of the augmented product level meaning that the constructors aim at satisfying the customers in a unique way and thus gain competitive advantage. Most of the augmented services offered by the constructors are additional, in other words voluntary, so that customers are able to choose whether they want to utilise the service or not and thus the augmentation does not reserve additional costs. This gives customers a chance to choose a lower price without additional services if they preferred them more than costly value adding features. These services neither reserve customers' assets for further time as their nature requires them to be exploited only in the beginning of the apartment purchase. There is although one exception for this, the object with an extensive commercial-entertainment centre which services and shops customers are able to use also later from the point of time of the purchase. None of the objects promote an augmented product suggested by Levitt (1980: 87), with a systematic program which firstly considers customer benefiting and secondly customer keeping. Finally, table number 5 illustrates the product levels on the market area whereas the table number 6 the product characteristics of each research case.

**Table 5.** Summary of product levels in the market area.

<b><u>CORE BENEFIT</u></b>	
Home & investment	
<hr/>	
<b><u>BASIC PRODUCT</u></b>	
<b>Total m2 in the complex</b> 10 000-20 000 m2 & 60 000 + m2	<b>Ceiling height</b> 2,7 m
<b>Total nr. of apartments in the complex</b> 200-400 & 600 +	<b>Building material</b> B/M
<b>Room nr. in apartments</b> studios, 1, 2, 3	<b>Facade</b> Improved
<b>Average m2 in 2-room apartments</b> 60-70 m2	<b>Interior areas</b> Basic
<b>Interval m2 of 2-room apartments</b> 10-20 m2	
<hr/>	
<b><u>EXPECTED PRODUCT</u></b>	
<b>Premices for concierge</b>	<b>Window-frame materials</b> Metal-plastic
<b>Commercial premises</b>	<b>Window-glazing</b> 2- & 3 glazing equal
<b>Lift</b> Not brand	<b>Courtyard</b> green/equipped
<b>Balcony/terrace</b>	<b>Children playground</b>
<b>Balcony/terrace - glazing</b>	<b>Parking, %</b> 10-20%
<b>Front door</b>	<b>Parking type</b> All types equal
<b>Front door - temporary/permanent</b> equal	
<hr/>	
<b><u>AUGMENTED PRODUCT</u></b>	
<b>Finishing</b>	<b>Discounts</b>
<b>Finishing from order</b>	<b>Other</b>
<b>Apartment layout customisation</b>	

**Table 6.** Product characteristics of each research case

		OBJECT							
		A	B	C	D	E	F	G	H
TIME	Object completion	III q 09	II q 11 & IV q 11	II q 11	I q 10	II q 10	IV q 09	II q 10	IV q 09
	Room nr. in apartm.	1,2,3, x	1,2,3,4, x	studios,1,2,3	1,2,3,4,5, x	1,2,3,4	Studios,1,2,3	Studios,1,2,3	1,2,3
	Total m <sup>2</sup>	16 730 m <sup>2</sup>	-	62 460 m <sup>2</sup>	17 167 m <sup>2</sup>	89 502m <sup>2</sup> total	43 963 m <sup>2</sup>	14 499 m <sup>2</sup>	6 710 m <sup>2</sup>
	Nr. of apartm.	355	over 1 500	704	232	1 599	Est. total 600-750	231	124
Nr.of available apartm., all		3 000 - 3 600 not completed ones							
APARTMENT SIZE	Avg m <sup>2</sup> in 2room apartm.	85,54 m <sup>2</sup>	64,51 m <sup>2</sup>	60,5 m <sup>2</sup>	62,3 m <sup>2</sup>	66,9 m <sup>2</sup>	77,45 m <sup>2</sup>	68,97 m <sup>2</sup>	65,28 m <sup>2</sup>
	Avg m <sup>2</sup> , all objects	68,9 m <sup>2</sup>							
	M <sup>2</sup> from - to	63,52-97,39	62,9-75,9	51,31-66,31	51-72	58,25-70,40	73-82	58,20-81,42	63,7-67,9
	Smallest/largest	58,20 m <sup>2</sup> - 97,39 m <sup>2</sup>							
	Interval m <sup>2</sup> from-to	33,9	13,0	15,0	21,0	12,2	9,0	23,2	4,2
PRICE	Avg price / 2Rapartm	2 206 €	2 072 €	2 284 €	2 640 €	Finish.2403; unfinish.2099	2 385 €	2 139 €	1 889 €
	Avg price, all objects	2 235 €							
LOOK	Building material	B/M	B	B/M	B/M	B/M + P	B	B/M	B/M
	Facade	Improved	Improved	Basic	Improved	Basic - Scandinavian	Basic	Improved	Basic
	Interior areas	Improved	Improved	Basic	Improved	Basic	Improved	Basic	Basic
	Premises for Concierge	x	x	x	x	x	x	x	x
Lift	Brand	Not brand	Not brand	Not brand	Brand	Not brand	Not brand	Not brand	
APARTMENTS	Ceiling height	2,8 m	2,7 m	2,8 m	2,5 m	2,7 m	2,7 m	2,8 m	2,7 m
	Balcony/terrace	Yes, glazed	Yes, glazed	Yes, glazed	Yes, glazed	Yes, glazed	Yes, glazed	Yes, not glazed	Yes, not glazed
	Front door	Metal	Metal	Metal	Plywood	Steel	Wood	Wood	Has to be changed
	Frame materials	Metall plastic	Metall plastic	Metall plastic	Metall plastic	Metall plastic & wood-aluminium	Metall plastic	Metall plastic	Metall plastic
	Glazing	3	2	3	3	2	3	2	2
COURTYARD	Green/equipped	x	x	x	x	x	x	x	-
	Children playground	x	x	x	x	x	x	x	x
	Parking - nr.& %	73 = 20,1 %	110= Est.7,3%	64 = 11 %	200=Est12,1%	300 = 18,8 %	Est. 11-17%	56 = 24 %	No places
	Type	Half-undergr.	Open places on yard	Open & covered	Undergr.	5-storey hall	Undergr.	half-undergr.	Neighbour park. hall
Commercial premises	x	x	x	x	x	x	x	x	
Extra	1-room apartments finished; apartments can be customised	Apartments can be customised; special technology of balcony doors	3-storey commercial-entertainment centre	Finishing can be ordered; uses new construction technology	Finishing material Western/Euro pean;finishing can be customised; finishing can be ordered		Finishing can be ordered - 4 different price-classes	Finishing& apartment designer can be ordered; old apartment compensation	

### 6.4.3. Prices in the Market Area

At this phase when the product characteristics have been categorised it is also relevant to discuss of prices so that a general view of price levels on the market can be formed. It is presented each object's average square meter prices of two room apartments as well as the overall average price of all the objects. Further the price strategies will be analysed by model of price-quality strategies examined in the theoretical framework. The comparison of the prices indicate that the average price among the research subjects in two-room apartments is 2 235 €/m<sup>2</sup>. In comparison, around the same time period the average price in the whole St. Petersburg was 2 397 €/m<sup>2</sup>. Four objects have their prices above the average and five objects have their prices under the average price so by this interpretation it is more common to build dwellings with lower square meter prices than the average. By the comparisons of the prices it is indicated the overall market price in the given competitive area as well as references of competitors product quality. As the prices differ relatively much from each other it is indicated that there exist variations between the qualities and supply. But, before it is possible to do conclusions of the price-quality relationships should the prices be examined in relation to product characteristics which will be conducted further along with the studies of competitive strategies of the objects.

The prices have originally been in roubles and they have been transferred into Euros with an exchange rate 36 that was common average rate in the summer 2008. When counting the average price was taken into consideration the two price categories of the object E as there are constructed both unfinished and finished apartments in the object. That is why nine prices for two-room apartments are concerned here. The table 7 illustrates the prices in an order from highest to lowest and illustrating percentages and completion times. The percentages explain how many percentages the prices differ from the average price. For instance, it is notable that the most expensive object D as well as the most inexpensive one, H, have considerably higher and lower prices compared to the overall average price whereas the others are more tightly grouped around the average price. Moreover, the completion times in the table indicate a referencing reason for the prices as they are supposed to increase continually during the construction process and the objects completing later may thus have relatively lower prices compared with the ones completing earlier. The three most inexpensive objects, H, B and E with unfinished apartments may indicate the economy segment as it was previously estimated the economy class starting from around 2 000 € in the summer 2008. This

interpretation is though trendsetting as original price classes of the year 2008 are not available.

**Table 7.** Square meter prices of the cases.

OBJECT	PRICE	%	COMPLETION
D	2 640 €	18,1 %	I q 10
E finished	2 403 €	7,5 %	II q 10
F	2 385 €	6,7 %	IV q 09
C	2 284 €	2,2 %	II q 11
Average	2 235 €	0,0 %	
A	2 206 €	-1,3 %	III q 09
G	2 139 €	-4,3 %	II q 10
E unfinished	2 099 €	-6,1 %	II q 10
B	2 072 €	-7,3 %	II q 11 & IV q 11
H	1 889 €	-15,5 %	IV q 09

As Kotler (2000: 457) has explained the nine pricing strategies in which are shown the price-quality relationships implemented by each competitor on the market, that model is also examined here (see table 8). When calculating each pricing segment it was planned to set the minimum and maximum prices of the lowest and highest class very close to the real minimum and maximum prices. All in all, there are nine price segments or – strategies of which the lowest class starts with the price 1885 € and the highest class ends up to the price 2650 €, the range interval in each class is 85 €. This range was classified suitable as 85 € equals as much as around 3000 Russian roubles which is already rather much per square meter.

According to the Kotler's theory and the pricing segments there are differences and disperses between the pricing strategies as one object occupies one strategy-segment in most cases. But, one price segment contains three objects indicating that they should have approximately the same kind of quality and they are the most eager ones to compete with each other. Conversely, the objects D, C and H can operate the most easily against each other as they are not competing with the equivalent price and quality, and are also placed in diagonal order in the table. The object D is implementing a premium strategy, object C operates with average price and quality whereas the object

H with opposite strategy that is with low price and quality. There although exist building objects on the market that are the most threatening competitors for the ones mentioned as they have also high or medium quality, but their prices are more inexpensive. The object E has chances to attack D whereas A threatens the object C. Conversely, the model indicates that half of the research objects, F, B, E and G are rather incompetent to compete on the market as they overprice their supply in relation to quality.

**Table 8.** Price-quality strategies of each case.

		P R I C E		
		High	Medium	Low
P R O D U C T Q U A L I T Y	High	2565-2650 D	2480-2565	2395-2480 E
	Medium	2310-2395 F	2225-2310 C	2140-2225 A
	Low	2055-2140 B, E, G	1970-2055	1885-1970 H

This model gives references of the market situation that can be considered when estimating the competition. The information received is though not that obvious before competitors' product characteristics in relation to prices are examined. This model moreover, refers specifically the area under examination, the relationship of particularly these eight objects. Thereby, the most important competitive market area from another building object's viewpoint may already be very different by its characteristics and price levels.

#### 6.5. Advertising Characteristics of the Cases

All in all the analyses of advertisements concluded ten adverts of which eight were published in August real estate catalogue and two in the same catalogue, but published

in November. These two adverts communicated the objects A and E. Of the rest of the objects either were not other adverts in the later catalogue, or they were exactly the same ones as it was the case with objects B and F. Of one object, C, it was not analysed an advert but a brochure, because the object was not yet advertised nor in summer 2008 or in autumn in the same year. In order to know the most common and rare advertisement characteristics they need to be examined at first in relation with each other. The following discussion of the adverts covers ten adverts in total.

#### 6.5.1. Advertising objectives

The objectives of the research objects give equally often information and create attitudes and feelings. It has been detected that one advert contains as much cognitive components as affective ones, and only one advert focuses on behavioural aspects, including mostly conative components, and thus attempts to get customers to act towards a purchase. For adverts containing especially logical arguments is typical that the informative text is written with bullets whereas the ones with aspects of creating feelings are written mainly with full descriptive emotional sentences.

In overall, majority of the analysable adverts, seven of ten, have written the information of the objects with incomplete sentences, usually with bullets and only three with descriptive writing with full sentences. The text in all cases include emotional elements to emphasise the text affectively, but only in four cases are used clearly several elements whereas only a few in the rest six ones. Every advert contains a picture of the object and it is common to depict a half a page picture of the dwelling as it is in seven cases. Especially in informative adverts have been included that kind of large picture of a dwelling. Three cases have either one small picture or couple of small pictures when the dwelling is presented from different angles, and these represent mostly affectively emphasised adverts. Two pictures present a real-life photo in which is shown the closest area around the object and in those photos are seen public life with either trees, streets, cars and people.

There are shown a layout picture of one storey with apartments or couple apartment layouts all in all in four adverts. On the other hand, one storey layout illustrates the apartments unclearly and thus does not produce as much feelings or clear information as the others. Additionally, a map of the exact location of the object is presented in six adverts of which two maps are rather descriptive depicting also other elements in the area than just the location, streets and metro stations. It has been detected that especially



the adverts containing mostly affective components include specific rare features that are not widely utilised in other adverts and thus make them more unique. For this are used elements such as slogan, descriptive map, symbols and real photos of people or other meaningful elements.

The conative elements are in the most insignificant role almost in all the adverts apart from the one aiming at getting customers to act as the main objective. It is informed the contact information of the sales office in these nine adverts and in six ones this information is the only element of conative-type of advertising. Additionally, the three rest of the adverts inform also of the objects' consultation point on the spot in which the consumers may visit and examine the building closer. The table 9 summarises the most typical advertising objectives and table 10 explains the advertising objectives case by case.

**Table 9.** The most typical characteristics of advertising objectives.

<b>Objectives</b>		
Equally cognitive and affective components	One or few arguments emphasised emotionally	Map - not descriptive
Text with bullets	Picture half a page	

**Table 10.** Advertising objectives by each research case.

OBJECT	ADVERTISING OBJECTIVES		
	Cognitive components	Affective components	Conative components
<b>A</b> (August)	<b>Majority of effects;</b> building picture + facts of product characteristics & infrastructure + text with bullets + map	<b>Minority of effects;</b> building picture half a page - imposing facade + rather many arguments emphasised emotionally	<b>Least of effects;</b> contact information + mention of additional information by phone or by home-pages
<b>B</b>	<b>Half of the effects;</b> building picture + couple facts of the building & apartments + surrounding + text with bullets	<b>Half of the effects;</b> building picture half a page - imposing facade & public life + brick building + couple arguments emphasised emotionally	<b>Least of effects;</b> contact information
<b>C</b>	<b>Minority of effects;</b> building pictures + facts of the building - services, commercial centre, materials + map + floor layout	<b>Majority of effects;</b> building pictures from different angles + floor layout + text with full sentences & many arguments emphasised emotionally + references with football team + "New feeling of life" / indirectly - map	<b>Least of effects;</b> contact information
<b>D</b>	<b>Minority of effects;</b> building picture + apartment layouts + facts of the surrounding, infrastructure & building + map	<b>Majority of effects;</b> building picture half a page - imposing facade + 6 photos of people living in apartments + text with full sentences & many arguments emphasised emotionally + apartment layouts	<b>Least of effects;</b> contact information + consultation point
<b>E</b> (August)	<b>Majority of effects;</b> building picture + facts of the building, apartments, materials + text with bullets + map	<b>Minority of effects;</b> building picture half a page + one clearly emotionally emphasised argument + emphasised European & Finnish quality	<b>Least of effects;</b> contact information + possibility to visit open showrooms with finishing
<b>F</b>	<b>Majority of effects;</b> photo of unfinished building + location + transportation- & commercial infrastructure + text with short incomplete sentences + couple facts of the building & apartments + map + apartment layouts	<b>Minority of effects;</b> building picture with public life + couple arguments emphasised emotionally + brick building + apartment layouts	<b>Least of effects;</b> contact information + consultation point
<b>G</b>	<b>Minority of effects;</b> building pictures + facts of the surrounding & infrastructure + floor layout + map	<b>Majority of effects;</b> building pictures from different angles + text with full sentences & many arguments emphasised emotionally + map	<b>Least of effects;</b> contact information
<b>H</b>	<b>Minority of effects;</b> building picture + logical arguments = price & payment conditions + facts of location & transportation possibilities + text with bullets	<b>Majority of effects;</b> small building picture - small building with green plants + couple arguments emphasised emotionally + egg-symbol + livingroom photo	<b>Least of effects;</b> contact information

### 6.5.2. Target Audience and Segmentation

Of the analysable adverts are discovered characteristics of all the segmentation criteria that are discussed in the theoretical framework. Those are connected to consumer characteristics of geographical, demographical and psychographic segmentation as well as consumer responses of benefit sought and use occasion. The most utilised criteria refer to the group of consumer characteristics that is also commonly the most popular segmentation group in overall.

By geographic segmentation five of ten adverts are targeted to consumers living close the object or they in other ways are very aware of the area. Conversely, four are targeted to consumers living further. Moreover, two adverts were detected to focus on both, close and far, because the recipients of these adverts are assumed to know the production already from previous advertisements, and they are only attempted purchase an apartment very soon.

It is discovered that all the adverts contain demographic segmentation criteria. Most of the objects, six of ten, are targeted both to future dwellers and also other people like investors, because the adverts concentrated less on communicating specific features that the future dwellers would especially appreciate. It was detected that four are concentrating on particularly future dwellers. The overall focus on other people than solely future dwellers is also seen in the segmentation trait of age, because the majority, six of ten, of adverts do not concentrate on any particular age group. Most of these objects are the same ones that also focus on targeting other people than dwellers. Young dwellers are on priority target group in three adverts whereas both young and a little older in one advert.

The analyses of family sizes indicated that small families are targeted the most, in five adverts, and both small and large families only in two adverts. Instead, three adverts have left this question open by not informing anything of this issue. Residence with small children is taken into consideration in three cases, with little older children in one case whereas one case indicates the dwellers having no children, because majority of the apartments are such small. Therefore, five cases do not deliver information of the suitability of the object for families with children. These are mostly the same ones that target the object for other people as well as for any age group.

As the last demographic criteria it was analysed the income trait of the buyers. Most of the adverts, six of ten, do not concentrate on issues from which could be estimated the income level and that is why it is assumed the target audience of these objects are not very sensitive to prices, but neither belong to the highest price segment in St. Petersburg. Any pricy or expensive elements are not indicated in these adverts. Conversely, three adverts target consumers from the higher price segment and one from the lower segment.

Psychographic segmentation criteria are widely seen in the adverts, in which some criteria are popularly utilised almost in every advert, but also additional and rare features are seen. For instance, targeting consumers with infrastructural characteristics is the most common and congruent manner among the research subjects. The most commonly it is advertised transportation and commercial infrastructure, in five cases both, whereas the social one is brought out only in three adverts. It is also rare to advertise of all three infrastructural elements in the same advert as only three take into consideration both transportation-, commercial- and social infrastructure. Additionally to infrastructural characteristics, by other features of the surrounding area are attempted to target consumers. In minority of cases, in three of ten, the consumers are targeted by green areas or resting places close home. Also in three cases are utilised an emphasis of an ecologically clean district. Moreover, again in three cases the target customers are interested in spending active leisure time close home and in these adverts are not emphasised any indications of green or clean district.

Majority of the adverts, seven of ten, target customers interested in special outlook appearances of buildings, however, it does not mean that they would appreciate quality materials. Five of ten have rather impressive and decorative picture of a façade and two a picture of a building with Scandinavian style of architecture. Therefore, it is assumed that the consumers in general would be interested in buildings with imposing facades; only three of ten adverts show a building with basic outlook appearance. Half of the adverts deliver information of high quality by the dimension of reliability at some extent, but they are not necessarily the same ones that will build a decorative façade. Conversely, it is detected that the reliability is highly important only in two cases which actually represent the same object. Finally, the target audience of three adverts is interested in other features than reliable materials and thus reliability is not important for the target customer segments.

Almost all the adverts, eight of ten, target consumers by features that are rather individual for each object that other adverts do not promote. By those features the consumers appreciate new comfortable district, individual planning of apartments, comfortable residence in the dwelling, urban lifestyle and inexpensive apartments. In addition, one advert targets consumers interested in football and sport and one consumers appreciating value of life and convenience in overall, both at future convenient home and also in the close surrounding areas.

Behavioural segmentation criteria are not used widely in any of the adverts. Consumers are mostly targeted by indicating benefits or use occasions indirectly, but in four adverts these elements are brought out more directly to consumers, although through only a few aspects. The most common way to utilise segmentation based on consumer responses is an indirect indication of close infrastructural services. Only one advert directly attempts to show how the future dwellers would actually benefit from the closeness of the services as typically they are told just as facts, as it is in six cases. The adverts neither tell the readers how they would benefit from using the green, clean or close resting places even though these elements have also been emphasised in some adverts. As it was also mentioned that half of the objects have an impressive outlook appearance and some improved common areas such as entrance and halls, the adverts do not indicate how these superiorities would respond to customers' needs. One advert promotes that kind of benefits of celebratory appearance even though it is not so special in comparison with the others. In addition, rather many marketers have brought out some reliable materials or works that are used in the constructions. The benefits would be e.g. the long lasting reliability, but they are not brought out directly as the adverts only indicate the materials used as facts. In indirect advertising of benefits the readers should by themselves clarify and understand the benefits of these uses.

On the contrary to indirect advertising of benefits and use occasions, the direct ones represent rather different issues in each four adverts. One advert may contain more than one benefit. It is brought out the advantages for a discount from a full payment in two cases and one case indicates an advantage to compensate an old apartment when buying a new one. The benefit segmentation is clearly targeted in the case in which it is communicated happy and pleasant life in the dwelling, because these features are illustrated by both benefit sought and use occasion. Another that kind of clearly targeted example is indicated in another advert in which the different product characteristics are brought out as real benefits for consumers. Those are e.g. safety, advantages of professional maintenance and glazed balconies. Additionally, it is exploited the

segmentation criterion of use occasion in this advert by indicating how the dwellers would have an easy handling of their businesses when living in the object in question. Except from these two cases mentioned above the segmentation criteria of use occasion is not directly utilised. The table 11 indicates the summary of the typical characteristics of the target audience and the table 12 illustrates main characteristics by each object.

**Table 11.** The most typical characteristics of target audience.

<b>Target audience</b>		
From close areas	Age of children not referred	Appreciate commercial infrastructure close home
Dwellers and others (investors)	Not sensitive for prices, but not the highest price segment	Appreciate impressive outlook appearance
Age not referred	Appreciate transportation infrastructure close home	Reliable materials important
Family size small		

**Table 12.** Target audience by each research case.

OBJECT	TARGET AUDIENCE	
	Consumer characteristics	Consumer responses
A (August)	<b>Geographic;</b> from other areas	<b>Benefit;</b> indirectly - closeness of infrastructure + impressive facade & interiors + clean environment + park close + finishing of one-room apartments
	<b>Demographic;</b> dwellers + others / young small families + small children / not sensitive for prices <b>Psychographic;</b> appreciate active leisure time & all infrastr.close home + new comfortable district + impressive outlook appearance, reliable materials not so important	
B	<b>Geographic;</b> from close areas	<b>Benefit;</b> Directly - brick material / indirectly - metro station and park close + impressive outlook appearance
	<b>Demographic;</b> dwellers + others / different family sizes / not sensitive for prices <b>Psychographic;</b> appreciate individual planning + transp. infras. close home + reliable material + new technology + green resting place + impressive outlook appearance	
C	<b>Geographic;</b> from other areas	<b>Benefit;</b> directly - "new feeling of life" + easy handling of businesses & to carage + safety + services of professional maintenance + warmth + celebratory outlook appearance <b>Use occasion;</b> easy handling of businesses & to garage
	<b>Demographic;</b> men+singles + small families+ couples+ without children / not sensitive for prices <b>Psychographics;</b> appreciate close location of extensive commerc. infras. + interest in football & local football team+ reliable materials not important	
D	<b>Geographic;</b> from other areas, other cities	<b>Benefit;</b> directly & indirectly - happy, pleasant & little exclusive residence / indirectly - closeness of infrastruc. <b>Use occasion;</b> directly - happy, pleasant & little exclusive residence
	<b>Demographic;</b> dwellers / young small & large families+ small children / higher price segment <b>Psychographic;</b> adults young by mind + appreciate close resting places + ecological environment + value of life, convenience + impressive appearance + reliable materials + all infrastr. close home	
E (August)	<b>Geographic;</b> from close or know the district	<b>Benefit;</b> indirectly - benefiting from quality material and work
	<b>Demographic;</b> dwellers + others / higher price segment <b>Psychographic;</b> appreciate European & Scandinavian reliable materials & work + comfortable residence + Scandinavian construction architecture	
F	<b>Geographic;</b> from close or a little further away, but know basic characteristics of the area	<b>Benefit;</b> indirectly - benefiting from close commercial services & transportation infrastructure
	<b>Demographic;</b> dwellers + others / younger or little older small families, children not very young + not sensitive for prices <b>Psychographic;</b> appreciate urban lifestyle + transp. & commerc. Infrastr. close home + reliable materials	
G	<b>Geographic;</b> from other areas	<b>Benefit;</b> indirectly, weakly - benefiting from closeness of the infrastructural characteristics needed + impressive outlook appearance
	<b>Demographic;</b> dwellers / young small families + small children / not sensitive for prices <b>Psychographic;</b> appreciate nature and ecologically clean area close home + all infrastr. close home + impressive outlook appearance, reliable materials not important	
H	<b>Geographic;</b> from close or know the district	<b>Benefit;</b> directly – discount+compensation of old apartm / indirectly, weakly - close and convenient transport. <b>Use occasion;</b> weakly, photo of living room > possible interior at future home
	<b>Demographic;</b> dwellers / income low & lowest price segment <b>Psychographic;</b> appreciate inexpensive apartment + transp. Infrastr. close home + small cosy living complex + pleasant silent area + reliable materials not important	

### 6.5.3. Message Content

The analyses of messages concentrated on discovering congruent effects that together form the most emphasised message-unities. Therefore individual weak attributes that are not in a major role are not considered when interpreting the main and minor messages. It is assumable that communication in overall focuses on delivering only a few special attributes in order to be believable. It is not analysed the content of all the minor attributes separately, but they are although taken into consideration when interpreting whether the advert delivers consistent and believable messages or unclear ones with several unrelating individual attributes. Even though it has been discussed that the three appeals of message content, rationality, emotionality and morality relate to the components of advertising objectives, cognition, affectivity and conativity, they are not perfectly in line between each other. Through the appeals are attempted to discover whether a whole unity of one advert is able to produce more information with logical arguments, beliefs about product benefits, possibility to experience the advert emphatically or finally, whether the ad contains mostly moral communication. On the other words, whether the advert contains mostly information of quality, economy, value or of performance it is systematically placed into a group of rational messages. Some adverts may contain several references of emotional advertising, but their overall contribution do not exceed over all the rational attributes.

As a result of the analyses of message appeals it has been discovered that the majority of the adverts have mostly features of rationality, nine of ten cases. Only one has been classified with more emotional attributes and none with mostly moral attributes. Actually, none of the research cases contain any moral attribute. The information giving in rational adverts is mostly based on simple facts that are delivered to consumers without many emotionally affective attributes. That kind of advertising is rather typical in real estate business as the products that are the apartments, are classified as high involvement products needing relatively much information to be promoted to potential buyers. It is not obvious that an advert with a large picture of a building is emotionally effective if it was the only picture or photo of the building, from one angle, even without an imposing façade. Therefore that kind of picture is not able to deliver special unique competitive associations to consumers as it is also rather common way to show the outlook appearance and thus is not classified straight to emotionally appealed message group. Major part of the adverts, seven of ten, has a picture with emotional effects as the rest are with basic appearance and thus are only informative of the outlook. Although, two adverts indicate emotional effects by presenting the building



object from different angles. Another ways to increase overall emotionality remind the ways of advertising objectives. Emotionality is increased among the research objects by use of descriptive full sentences as it has been in three cases. Besides full sentences, it has been also used arguments emotionally emphasised, but the use of them vary and in most of the cases are brought out only couple that kind of arguments. Also the utilisation of apartment or storey layouts and photos resemble with the advertising objectives; three adverts have emotionally working layouts and two adverts photos either of inside areas or of people.

It was discovered from the adverts one or a few clear main messages and also clear minor messages. All the message contents that were discussed in the theoretical framework were identified in the adverts except contents relating to green building and socially accountable firms or products. One content subject may represent both main message and minor one in one same advert if some attributes indicate clearly being as main message and some other attributes have weaker emphases and are thus clearly a minor message. Moreover, one advert may contain couple of main – or minor messages.

In overall, the most popular main message relates to a product that is a building and the second popular relates to surrounding. In these analyses the product covers information of both the actual building and its apartments. It is discovered that a product represents a main message in eight adverts and surrounding represents a main message only in three. It seems to be more popular to utilise surrounding features as a minor message as it is in five cases and conversely, only in two cases the product work as a minor message. The rest of the message contents classified in the framework are not popularly used among the research cases. A message relating to services represent a main message in two cases as well as also minor messages in two cases. Moreover, it is slightly more popular to refer a minor message with the construction firm than a main message; firm is referred as a main message in one case and as a minor one in two cases. Finally, the last message content discovered in the adverts relate to country features. It has been detected only in one case that the main message is linked with brands and national images. Country features are not seen as minor messages at all and neither the adverts contain any references of green building or socially accountable firms.

When communicating the product marketers the most commonly tell basic or some more detailed facts of the building and its apartments. The facts relate to room numbers in apartments, storey-heights, parking possibilities and materials used. Mostly the marketers inform only these kind of common features, but some additionally more

detailed and specific ones. Secondly, the advertisers base their promoting of product on outlook appearance from which the readers receive both rational information of the outlook and also emotional feelings especially if the appearance is impressive or depicted with couple of pictures from different angles. That kind of pictures are all in all in six adverts as otherwise all the ten analysed adverts inform the outlook appearance by pictures. It seems not to be typical to depict layouts of floors or apartments as only three adverts contain both informative and emotionally affective layouts. Definitely rare is to base the message on product reliability or building name as both is brought out only in one case. But the case basing the message on building name has a more specific aim to brand the whole building, the aim is not only to promote specific detailed information of the building or apartment features.

There is not that kind of larger focus when advertising the surrounding features as it is when basing the message on product features. Or, mostly the messages relate to infrastructural elements, but not necessarily to same kind of aspects. The most commonly a message based on surrounding aspects relate to transportation infrastructure, in five cases. Secondly, the commercial infrastructural aspects are brought out in four adverts, social infrastructural services and closeness to nature are delivered in three cases, but ecology of area only in two cases. Finally, it is also rare to promote of all the three infrastructural characteristics, transportation, commercial and social as only two adverts are focusing on this.

Services were included all in all in four messages of all 25 promoted in the adverts, so they are not widely utilised among the research objects. Both security services and inexpensive payment conditions are both brought out in two cases. Therefore, even rarer is to promote services of professional maintenance, finishing of apartments or open showrooms as each have been communicated only once. Messages relate to the actual construction firm all in all in three cases. One message delivers ideas of both reliable works that the constructor does as well as the firm's reputation that is gained during the years. Therefore the corporate image is supporting its own product- and service concepts. The two other cases refer to same constructor, but promoted in different adverts in which it is delivered the image of being superior over others. As a last point it has been discovered the characteristics of country features. By those features are wanted to promote national images of both the constructor and materials that are used in the construction work.

At the end, the believability and strength of the adverts have been analysed. It has been detected that six of ten adverts deliver rather consistent and strong messages and thus are classified as believable adverts. Two of these adverts belong to the same constructor so in other words the question of convincing messages concern only four building objects in total. The messages in these cases are convincing, because they are rather narrowly limited and even though some adverts contain several messages, they altogether indicate to the same direction. That is why the reader does not receive diverse and unclear messages. Conversely, the rest four adverts are unclear consisting of several small message attributes that may even indicate the information or emotions to different directions and thus the unsystematic classification of those is judged. Moreover, the believability in these cases is decreased by superficial and broad way of descriptions which do not give any special information. The most common message appeals and contents are summarised in the table 13. Furthermore, the table 14 indicates the characters more detailed by each object.

**Table 13.** The most typical characteristics of message content.

<b>Message</b>		
Rational appeals	<b>Minor message;</b> surrounding	<b>Content: Product;</b> outlook appearance & facts of building
<b>Main message;</b> product, surrounding	Good believability	<b>Surrrounding;</b> Transportation infrastructure close home

**Table 14.** Message content by each research case.

OBJECT		MESSAGE			
	Rationality	Emotionality	Main messages	Minor messages	Believability
<b>A</b> (August)	<b>Majority of effects;</b> facts of the building & apartments + surrounding + building picture	<b>Minority of effects;</b> building picture + rather many arguments emphasised emotionally	<b>Product;</b> outlook appearance + facts of building / Surrounding; all infrastr. close home & clean modern district	<b>Firm;</b> “Construction company no. 1”	Believable - It is clearly identifiable only a few messages instead of many weakly emphasised ones.
<b>B</b>	<b>Majority of effects;</b> facts of the building & apartments + building picture	<b>Minority of effects;</b> building picture + diverse apartments + possibility for own apartment design	<b>Product;</b> outlook appearance + facts of the building	<b>Surrounding;</b> distance to metro + big park + look of the area next to the building	No clear focus on any particular message; many unrelated message effects
<b>C</b>	<b>Majority of effects;</b> info from the big picture of the layout + building pictures + facts of the building & apartments	<b>Minority of effects,</b> but extensive; descriptive writing by full sentences + floor layout + building pictures + slogan + football team	<b>Product;</b> extensive commercial premises + product name + associations with football team =branding the building + layouts	<b>Product;</b> facts of the building + slogan / Services property maintenance & security	Several different messages; rational and emotional effects referring different directions
<b>D</b>	<b>Majority of effects;</b> building picture + layouts + facts of the building + apartments + surrounding	<b>Minority of effects,</b> but extensive; many arguments emphasised emotionally + descriptive writing with full sentences+ photos of happy people + apartment layouts + building picture	<b>Product;</b> facts of building + layouts + + outlook appearance / Surrounding; ecology & nature	Kirjoita tähän jotain mitä kirjoitin paperille + lisää D-analysointiin	Believable - It is clearly identifiable only a few messages instead of many weakly emphasised ones.
<b>E</b> (August)	<b>Majority of effects;</b> construction materials & work + building picture + extensive common & detailed product information	<b>Minority of effects;</b> building picture	<b>Product;</b> product quality + facts of building / Firm: reliable + brand /Country features; constructor + materials	<b>Services;</b> finishing the apartments + safety	Believable, although many message contents, all indicate to one direction to carefully narrowed messages
<b>F</b>	<b>Majority of effects;</b> couple superficial descriptions of the building & area + building picture + layouts	<b>Minority of effects;</b> lively commercial & transportation infrastructure + apartment layouts	<b>Product;</b> superficial and common facts of the building + layouts	<b>Surrounding;</b> superficial and common facts of commercial & transportation infrastructure	Almost every effect is emphasised equally strongly in relation to each other, but each effect are highlighted rather weakly
<b>G</b>	<b>Majority of effects;</b> building pictures + layouts + surrounding	<b>Minority of effects,</b> but extensive; many arguments emphasised emotionally + descriptive writing, full sentences + building pictures	<b>Product;</b> outlook appearance / Surrounding; nature + social infrastructure suitable for children	<b>Surrounding;</b> commercial + transportation infrastructure	Believable - It is clearly identifiable only a few messages instead of many weakly emphasised ones.
<b>H</b>	<b>Minority of effects;</b> not many arguments in overall + surrounding + payment conditions + price + discount	<b>Majority of effects;</b> egg-symbol + photo of living room + small building + overall outlook appearance of the advert	<b>Services;</b> economy of the apartments -inexpensive payment conditions + price / inexpensive dwelling comfortable and prestige	<b>Surrounding;</b> public transportation + ecology of the area	Although there are couple of clear main messages,unrelated message effects decrease the overall believability

#### 6.5.4. Positioning Strategies

By the analyses of positioning it was attempted to identify specific strategies that each object utilises in its advert. It was discovered that all the adverts contain a main strategy and some contain one or more minor strategies too. Of all the eight strategies that were discussed in the theoretical framework it was detected attributes of six different strategies whereupon positioning by product class and by social responsibility are totally excluded from the research objects. Only two different main strategies are identified from all the adverts analysed. The most popular strategy is by product characteristics and customer benefits as nine of ten adverts base their positioning on that. Moreover, one advert contains a different main strategy, relating to price-quality relationship. Conversely, the minor strategies form a more dispersed occurrence as six different strategies are utilised in total.

There is not a particularly clear minor positioning strategy as maximum in three adverts are utilised the same strategy. For instance, there is only one minor strategy that is utilised in three adverts, but two of these adverts belong to the same building object. That strategy is based on comparative positioning in which the two adverts indicate the superiority of being a number one constructor, and the third advert indicates the superiority of the construction material that the firm uses. Two strategies, by price-quality and by cultural symbols, are both utilised twice as a minor message. In the other advert the price-quality relationship is illustrated as a diverse and extensive supply that is normally untypical in St. Petersburg construction industry and thus the supply is seen as higher level than at competitors. The other example indicates a use of expensive qualified materials which directly refer to much quality and also to high prices. The strategy of cultural symbols also refers to different kinds of cases that are used in the two different adverts. It is referred in the other advert to a symbol that already has a history and meaning in real life whereas the other symbol refers to a symbolic picture combination.

All the rest of the positioning strategies utilised are discovered only once as a minor strategy. Those are positioning by product characteristics and customer benefits, by use or application and by product user. The two latter ones are exploited by the same object in the same advert.

The information concerning the positioning strategy by product characteristics and customer benefits is diverse and extensive and a few typical and rare attributes relating

to that strategy can be identified. Firstly, the characteristics may be divided into tangible and intangible characteristics of which the tangible ones have the greatest emphasis in most of the cases, in seven of ten. By tangible facts are described mainly the building, apartments and surrounding characteristics and in some cases information of the apartments by layouts. Instead, by intangible facts are described product characteristics such as outlook appearance as it has been displayed in each advert by a photo or couple of photos. In some cases characteristics of surrounding are told in addition to tangible style, also with intangible descriptions. This means that instead of explaining some physical facts of the elements that the surrounding contain, some abstract features of it are been emphasised such as its ecology, nature or the surrounding has been depicted in a photo. Lastly, intangible features are been utilised to illustrate the apartments, by apartment layouts. These layouts are clear and large enough to give the readers a view how the apartments look in addition to measurable information of room sizes.

Customer benefits belong as one part to the same strategy of product characteristics. It seems to be more common that the adverts do not contain features of customer benefits at all or they are indirectly depicted instead of clear direct illustration of the benefits. The benefits are brought out in four cases directly whereas in three cases they are not been discovered either directly or indirectly. Five times the benefits are brought out indirectly, but some of them are additions to direct ones so one advert may contain both indirectly and directly delivered benefits. In general, by this benefit-related strategy are features relating the surrounding the most commonly seen in the adverts, in three cases. Secondly, inexpensive payment conditions have also been advertised as benefits in two cases. More rare advantage is the quality work and materials that a constructor use as it highlighted only in one advert, though indirectly. In addition to these advantages that have been discussed here, there are also seen some other individual and rare benefits in the adverts. Those kinds of attributes have been detected in total five belonging into three different adverts. The typical characteristics of positioning strategies are summarised in the table 15 whereas the table 16 clarifies the strategies by each case.

**Table 15.** The most typical characteristics of positioning strategies.

<b>Positioning</b>		
<b>Main strategy;</b> product characteristics & customer benefits	<b>Product characteristics;</b> emphasis on tangible elements	<b>Intangible elements;</b> building picture
<b>Minor strategy;</b> comparative, price quality, cultural symbol	<b>Tangible elements;</b> building, apartments, surrounding	<b>Customer benefits;</b> indirectly

**Table 16.** Positioning strategies by each research case.

OBJECT		POSITIONING STRATEGY				
	Product characteristics / customer benefits	Price-quality	Use or application	Product user	Comparative	Cultural symbol
<b>A</b> (August)	<b>Main strategy;</b> emphasis on tangible facts of building + apartments + surrounding / Intangible: building picture + common interior areas / Indirectly customer benefits of surrounding				<b>Minor strategy;</b> “Construction company no. 1”	
<b>B</b>	<b>Main strategy;</b> emphasis on tangible facts of building + apartments + surrounding / Intangible: building picture with the closest surrounding + possibility to affect apartment planning / benefits of brick material				<b>Minor strategy;</b> Indication of superiority of the construction material	
<b>C</b>	<b>Main strategy;</b> emphasis on tangible facts of the building & apartments by layout & technical facts / Intangible: layout + 4 building pictures + slogan + colour scheme / Benefits: maintenance services + parking + solutions of facade	<b>Minor strategy:</b> higher level of supply than competitors’: 3-storey centre				<b>Minor strategy;</b> Cooperation with football team, object name & references
<b>D</b>	<b>Main strategy;</b> emphasis on intangible facts: building picture + surrounding+ layouts / Tangible: infrastructural facts + layouts + apartment room nr / Benefits: directly 6 photos → exclusive, pleasant, happy life + indirectly clean surrounding and close to relaxation		<b>Minor strategy;</b> Promoted the atmosphere when using the product	<b>Minor strategy;</b> users youthful families or singles with rather high incomes		
<b>E</b> (August)	<b>Main strategy;</b> emphasis on tangible facts of building and apartmetns: common + detailed facts / Intangible: manufacturing company + areas of origin + building picture / Benefits: indirectly the benefits of quality and good reputation	<b>Minor strategy;</b> used expensive + qualified materials and work technology				
<b>F</b>	<b>Only strategy;</b> emphasis on tangible facts of building & apartments + layouts + commercial premises + developing infrastructure / Intangible: building picture, layouts / no customer benefits					
<b>G</b>	<b>Only strategy;</b> emphasis on tangible facts of surrounding infrastructure + layouts / Intangible: surrounding + building picture / Indirectly benefits of close infrastructure					
<b>H</b>	<b>Minor strategy;</b> emphasis on intangible facts: building picture + surrounding /Tangible; surrounding / Benefits: discount + apartment exchange	<b>Main strategy;</b> focusing on advertising economy of the object				<b>Minor strategy;</b> a picture of egg from which grows a small plant

## 7. SUMMARY AND CONCLUSIONS

This main chapter consists of a summary of the study and its conclusion. Firstly, the viewpoints discussed in the study are briefly recapitulated, after which the competitive strategies implemented by each research case and how they are formed are explained. The last sub-chapter presents implications for marketing strategies that have come to light during the studying process after which the validity of the work is evaluated. Finally, proposals for subjects of further studies are reviewed.

### 7.1. Summary of the Study

The objective of this study has been a comparison of building objects' product characteristics, product quality, price and advertising, through which these objects' competitive strategies can be identified, as seen from the customer interface. In order to identify the strategies, these four functions are analysed in relation to each other and in relation to each object. It will be identified in the next subchapter which building realise the differentiation-, the cost-leadership- or focus strategy, or perhaps an unclear strategy which porter has classified as stuck in the middle. In addition, it is understood which kind of marketing strategies these four functions contain in order that the generic strategies are realised. At the end, it is known how the competitive situation on the given market area is formed.

The theoretical framework focused on clarifying identities of each generic strategy, what are their characteristics and how they are identified according to marketing mix elements of product, price and promotion, or more particularly advertising. This examination gave the tools to analyse the competitive strategies of the eight research subjects and come up with the results achieved. The study has been focusing on high-involvement consumer products as they represent the nature of apartments that is the central product concept in this study. It was discovered that also an apartment consists of different product levels of which the core benefit is fulfilled by a home that the customers receive through a purchase. The basic product thereby refers to the apartment itself and to necessary related elements forming a purchased item, such as the whole apartment block and construction material. The expected product represents those factors working as customers' minimal expectations which have been identified to be dependent on country-specific features. These country specific features were identified



as rather different in the Finnish and Russian markets. Likewise the augmented and potential product levels are highly dependent on market characteristics. With these product levels, constructors are able to differentiate their supply, and potentially highlight these differences in their advertising in order to make the whole concept more unique.

The prices of apartments are highly dependent on the product characteristics and quality levels of building objects. It has been discovered that above all the customers' perceived quality affects their willingness to pay a given price. In addition to this, the house-building industry has been shown to include specific quality dimensions that are the product performance and features, reliability, and aesthetics and style. These quality dimensions are taken into consideration when setting a price which together form the price-quality relationship that customers evaluate.

Advertising usually brings out the three mentioned elements by delivering the information of them to customers. Thereby the adverts reflect products' characteristics, quality level and price. The adverts contain specific signs that can be viewed in their analyses. Those relate to advertising objectives, target audience, message content and positioning strategies. They are decided according to the responses that are desired from customers.

As the examination covers building projects in St. Petersburg, it was necessary to clarify some market characteristics in order that the research can be studied in the right context. Thereby, the empirical part starts with reviews of the market characteristics. At first the analysis gave references how to choose the most potential competitors of all of the 24 constructions. Moreover, it was possible to select the right analysable product attributes according to customers' perceived quality, explicitly the customers of St. Petersburg, so that the estimation of quality levels could be done. The discussion of the market also gave indications about what kind of promotional implementations would be important to examine, and thereby it was decided to focus on advertising aspects. Finally, the discussion of the theoretical framework and the analysis of the market characteristics together indicated the need of further empirical research and later the results.

After the market analysis, the empirical research concentrates on discussing the results of the sample. Firstly, each object's individual characteristics are described after which they are summed up together so that the most common and most-used strategies and habits among the cases can be identified. This enabled the examination of common

market-specific features; characteristics of product levels together with product quality features, price-levels as well as common advertising standards. Thus, it is possible to study each building object's competitive strategy in the following chapter 7.2. The analysis of each object's strategy is essential so that the most important competitors can be selected and future product, price and advertising strategies can be formed in relation to its competitors. On the other hand, the analysis also gives additional reference to the overall market situation in the economy and comfort class in St. Petersburg.

The results indicate that the core benefit of an apartment purchase represents also an investment in addition to a home. The apartment blocks are rather imposing by their appearance and are fairly large consisting of several hundreds of apartments. The two-room apartments instead vary from 60m<sup>2</sup> to 70m<sup>2</sup> and are often 2,7m high. All or almost all cases have some specific product characteristics or quality level that can be classified as expected product. They are premises for concierge, commercial premises, green or equipped courtyard and children playground. The other characteristics on the expected product level can be more easily judged by their quality. Lifts are commonly from an unknown manufacturer, balconies are glazed, front doors are either temporary or permanent, window frames of metal-plastic material with double or triple glazing and there is parking places for 10-20 % of apartments, but all parking types identified are equally common.

The methods for differentiating the cases are narrow on the augmented product level as many cases hardly differentiate their businesses or do it through finishing the apartments. On the other hand, the finishing does not work as an important augmenting strategy in many cases as only one is clearly focusing on that service. Therefore the potential product level includes favourable possibilities for future business strategies. The prices of the cases vary between each other and it is notable how large the gap is between the most expensive and inexpensive dwellings, around 751€m<sup>2</sup>. The overall average price is 2 235€m<sup>2</sup>.

Overall the advertising is rather undifferentiated and only a few have distinguishing advertising compared with the others. The positioning strategy by product characteristics is commonly used as well as described superficial product or / and surrounding facts. Moreover, the advertising is rather rational when emotional effects are not used widely or strongly.

The competitive strategies of the objects are briefly introduced here and discussed more in-depth in the following sub chapter. It has been discovered that the analysable market area in St. Petersburg consists of eight potential competing building objects. The kinds of marketing strategies of these objects can be divided into four groups of competitive strategies. Two objects, B and G, have characteristics of the cost-leadership strategy. Both of them have some distinguishing factors, but not enough in order to classify them as differentiators, because the overall quality level does not reach that level. As the differentiators have been classified the objects A, C, D and E. The strategy of the object A is highly based on its qualified materials used as none of the product characteristics are inferior to the standard levels. The object C has much different strategy than the other differentiators as the commercial-entertainment centre and the reflections with the football team are in a major role. Advertising plays a large role in the strategy of object C, and also object D, which has used many uncommon advertising strategies. The differentiation strategy of object E is instead highly based on reliable foreign and European materials and reliable construction work as well as on the Scandinavian appearance. The last two cases analysed have been classified to implement other strategies than the two major ones. Case H focuses on a narrow target audience at low costs and competes above all with price. Finally, the last object, F, does not have its quality and prices in balance and that is why it is classified being stuck in the middle. The price is around at the same level as the differentiators have, but the quality resemble the cost-leaders'.

It has been discussed in the framework that even the cost-leaders should follow the overall technology development, even though they compete at low costs. The results show that the cost-leaders B, G and H do not have considerably poor technology. Even though as one aim of the study is not to separate the most important competitors, it can be assumed that the objects H and B do not represent those as the strategy of the employer firm is merely to compete with higher quality. It has been explained previously that consumers in St. Petersburg at the higher price segment are ready to pay more for their dwellings, but simultaneously expect attracting attributes with much quality. It would be reasonable to invest in the augmented product level as only some objects contain distinguishable aspects on this level and often, rather simple and narrow ones. It would be ideal if a firm was able to differentiate itself and the object with many aspects, by simultaneously taking care that the strategy would not become too complicated and confusing. There is already demand for added values among St. Petersburg consumers.

This completed study firstly indicates the typical product and quality characteristics in St. Petersburg, what are the customers' minimal expectations as well as the current marketing strategies of the examined cases. Through the examination of marketing strategies, the knowledge of constructors' differentiation strategies has been increased. Secondly, the overall price level of the market area and what kind of quality each case has in relation to its price has been presented. Thirdly, typical advertising strategies based on four strategic questions have been illustrated. Fourthly, the competitive strategies of each case on the market area has been determined, and finally, this study is able to give references of reasonable "holes" in which there is potential to exploit future strategies. The earlier theoretical discussion enables the reasoning of logical potentials by giving references of feasible implementations.

## 7.2. Competitive Strategies of Case Companies

In general, the study indicates that construction firms in St. Petersburg compete in many diverse ways. The firms compete with their building objects' physical appearance, reliability of materials and construction work, price, surroundings, with specific advertising and also with other particular individual product characteristics. It was detected that the value of quality varies considerably in different objects as well as the price. Conversely, the constructors have implemented rather standardised advertising in their objects that is mostly rational descriptions of the building and surrounding infrastructure.

Next, the competitive strategies of each case and the functions how the strategies are implemented are discussed. The study identified two cost-leaders, four differentiators, one focuser and one has stuck in the middle. It is relevant to understand each object's strategy so that the firm is later able to analyse categorically the most important competitors and plan an individualised strategy in relation to those competitors. Moreover, as the functions of each object are not identical, it would not be practical to generalise them and thereby judge the differentiators or cost-leaders having some specific similar functions.

### 7.2.1. Cost-Leaders in the Market Area

Two of the objects, B and G were identified as cost-leaders as their prices are comparably low, their product characteristics and quality are rather standard and in

some cases inferior to the standard level. They may have some aspects referring to distinguishing elements, but they are not adequate enough for judging the objects as differentiators, especially when comparing these objects' distinguishing elements with the ones that are particularly classified as differentiators. The following chapters discuss the strategic functions of the objects and explain their position as cost-leaders.

### *Object B*

Most of the product characteristics identified in object B refer to the same standard characteristics identified in the majority of the objects and only a couple refer to differentiating elements. Two major differentiated and qualified aspects are identified at the basic product level i.e. the brick material representing the reliability dimension, and impressive façade and interior areas representing the dimension of style. However, it has been stated that investments in styling do not necessarily guarantee high performance as the product characteristics and other quality dimensions may not be attractive (Kotler 2000: 291). In other words, even though there is a high investment in styling in the object B, majority of its other characteristics are rather unsubstantial and that is why not classified as a differentiator.

The other improved features of this object refer mostly to smaller, not so comprehensive characteristics. Those are e.g. metal door, balcony doors with special technology and possibility for individual apartment planning. The remainder of the characteristics refer merely to standard levels or even inferior - the windows are double glazed, the lift is not branded, the building complex is relatively large not being the most preferred size, there are relatively few parking places in an uncovered parking lot. On the other hand, the customisation of the apartments and especial balcony doors represent the augmented level as they are classified as an additional service or product technology that is not common among the research objects.

The advertising of the object B follows the cost-leadership strategy that is implemented with the product. The message typically explains the product facts and surrounding features shortly, but on the other hand, it simultaneously highlights some of its qualified elements. But, the structure of describing the issues is not special as it is done e.g. with incomplete sentences with only a couple emotionally emphasised arguments. The product positioning strategies used are also the most typical; positioning by product characteristics and customer benefits. On the other hand, there are also exceptional features of positioning; different kinds of intangible elements are highlighted such as

images of the closest surrounding and possibility to affect apartment planning. In general, as the advert informs only a few issues of the object and they relate to much quality, the message may give a more qualified image of the object than what it really is. With this type of informing, there is an attempt to draw customers' attention away from inferior aspects by highlighting the superior ones. In addition, the advert does not inform facts relating to price and payment condition which increases the image of a higher quality object. However, it is normally common to compete with price if the cost-leadership strategy was in question. (Levitt 1980: 84.)

The average price for two-room apartments, 2 072 € per square meter, is the second lowest, 7,3 % below the average, and thus inexpensive in relation to other prices. This price may be referred as economy class price in St. Petersburg market and thereby the inexpensive price and the standard product characteristics support the classification of the cost-leadership strategy. The object is supposed to have a rip-off strategy according to Kotler's (2000: 457) classification, meaning that its price is relatively high for its quality. The relationship can be examined from three viewpoints; in relation to objects H, E and G, and A. In comparison with object H, the object B has much more quality which explains the higher price (see the discussion of the object H below). Objects E and G represent the same price segment, both having higher prices and attributes that are perceived superior in comparison with object B (see the discussion of E and G below). Especially questionable is object E with unfinished apartments as its price is just slightly higher, but the quality level in many aspects is much higher. Likewise, Kotler's claim may be relevant when comparing the price quality relationship with the object A as it already has much more quality, but the price is rather at the same level as the object B.

### *Object G*

The second object classified as a cost leader is object G because its price is rather low and the product is not superior according to many characteristics. The quality dimensions product performance, style and product features are partly of much quality, but partly also of standard or inferior. The basic product level and the dimension of product performance represent much quality with relatively big apartment sizes, of which the interval between the smallest and largest apartment is also large. The façade is imposing, representing the quality of style whereas the improved parking possibilities represent the quality of product features. The other characteristics are rather standard or inferior. For instance, the balconies are not glazed meaning that the object G does not

fulfil all the expected product characteristics and may be disadvantageous for the sales. No characteristics support the reliability with much quality.

The advertising also represents partly differentiated and partly typical elements. Positioning by product characteristics and customer benefits has been used in which the benefits are indirectly introduced. This strategy also represents the only positioning strategy in the advert. The emphasis is traditionally on tangible facts, but some intangible elements are also found describing the surrounding, especially its nature and ecology. It is set an unusually high emphasis particularly on surrounding features instead of typical building facts. Exceptionally, the text in the advert is descriptive with several emotional arguments and full sentences. Instead of the common way of depicting the facade with one half a page picture, here it is utilised three smaller pictures presenting the object from different angles. There are also differences in targeting the audience as it is inter alia consisted of future dwellers having small children, coming from other areas and appreciating social infrastructure close to home. Moreover, they do not consider quality very important.

The price of object G, 2 139 € per square meter, is 4,3 % below the average, making it the fourth most inexpensive. This object also belongs to the same price segment which is claimed to contain cases with prices too high for their qualities, the other members are objects B and E with unfinished apartments (see table 8). Object A has only a slightly higher price, but also higher quality levels, so therefore object G may have a poorer position. The price and quality level of object G is reminiscent of the classification of “dimensional approach”, where average quality with an average price is offered. Its product characteristics and quality levels are in line with the price so it can not be classified as being stuck in the middle even though is not the cheapest or the most differentiated dwelling (Claver et al.: 2003).

#### 7.2.2. Differentiators in the Market Area

Of the eight research objects it was detected that four implement the differentiation strategy. All of these objects represent their own personality as they are not identical to each other and also three of them have above average prices to support their strategies even more. The objects A, C, D and E are classified as the differentiators. In order to understand each object's strategy, the special characteristics of the building objects are described, especially those functions that are differentiated from the standard habits in the market area.

*Object A*

The differentiation of object A is seen partly on every product level except on core benefit as the object is targeted both for dwellers and others. The supply follows at least the standard requirements on each level, some aspects though containing more quality than normal. Moreover, those aspects that were detected as equally popular (such as permanent or temporary door materials) on the market area, object A contains more quality. The differentiation and quality on basic product level is based on quality dimensions of product performance and style as the variation and sizes of apartments are superior, the outlook appearance and common interior areas are also imposing. Moreover the product features and reliability are represented by relatively many parking places and a branded lift. The services of automatic finishing of single-room apartments and the possibility for apartment customisation represent the augmented product level.

Conversely, the advertising does not support the differentiation strategy as it mainly follows the standard advertising style of all objects, being also the most standard one among all the differentiators. The other advertisement published in November does not support the strategy either as it is highly similar with the advert published in August. Emotionally emphasised arguments are instead often utilised. It is also exceptionally targeted to families with little children from other areas, preferring a new comfortable district without old buildings. The main message of the advert typically conveys the facts of the building and its surroundings, but the minor message does not typically focus on surrounding, but indicates the superiority by the reference of "Construction company no. 1!" Finally, the use of positioning strategies does not differ. The differentiation of this strategy relates to quality aspects which are mentioned, but this is not really emphasised in the adverts. Overall, the advertising contradicts the strategy to some extent as it is highly standardised resembling the characteristics of the cost-leadership strategy.

The price of object A, 2 206 €/m<sup>2</sup>, is relatively low considering its distinguishing position, and is even 1,3% lower than the average price. This rather preferable price-quality relationship supports the attacking position towards object C that is indicated in table 8 (Kotler 2000: 457). It was presented previously that consumers' image towards the constructor is contradictory as the firm offers attractive dwellings, but without much quality. However, here it is stated that the object does have much quality in many aspects. Thus, the constructor may use new technology and some brand manufactures,



but some manufactures may produce unreliable products and the overall construction work may be poor. That would explain the reputation and the inexpensive price.

### *Object C*

The differentiation strategy of object C is not based on quality materials as it is partly the strategy of the other differentiators. The most visible differentiating element is the relatively large commercial-entertainment centre representing an extended expected product level as well as quality dimension of product features. It is expected that dwellings have commercial premises, but not this extensive. Moreover, the exceptionally high volume of small apartments i.e. studios and single-rooms differentiate object C from the others. The apartments represent the basic product level and quality of product performance. Thirdly, the differentiation is made by using a rare advertising strategy. Additionally, a few aspects of quality dimension of reliability are related to object C, but they do not play such an important role as the characteristics mentioned above.

The advertising is differentiated as the text is written with complete descriptive sentences and with several arguments that are emotionally emphasised. It does not highlight common superficial aspects of the building but its business centre through which it is also attempted to brand the whole building. The branding is supported with references of the local football team and through all these, customers are served with special attributes and different values than the competitors' have. Additionally, a descriptive map and small pictures of the dwelling from different angles represent the distinctiveness. The target audience contains consumers of small families or singles interested in football and coming from other areas although it was discussed earlier that the customers of this constructor usually come from nearby areas. On the other hand, as building complex C is rather large and targeted to a specific audience, the constructor may attempt to attract customers also from further away this time. However it is unknown in which kind of places the object is advertised. Are the customers from further away definitely able to receive awareness of the object? Furthermore, it is unusual that the object is also targeted to men. Moreover, the customers do not consider reliability very important. In terms of positioning strategies, the brochure does not differ much from the other adverts. The only rare aspect is the use of direct informing of customer benefits instead of indirect.

According to the distinctive differentiation strategy, the slightly higher price 2 284 €/m<sup>2</sup>, that is 2,2 % above the average, is well justified in object C. The communication supports the differentiation strategy, but some criticism should be considered as the analyses are based on a brochure instead of an advert in a catalogue. In any case, many exceptional solutions and strategies have been used, highlighting the competitive advantages. These solutions differ from object A that has an attacking position towards object C (see table 8) and thereby a competitive advantage may be sustained.

### *Object D*

There are several elements utilised to differentiate object D. Firstly, the differentiation happens on the basic product level, in which the quality dimensions of product performance and style are highlighted. The apartment variants are exceptionally high as even five-room apartments are provided as well as customised apartments. Moreover, the intervals between the smallest and highest two-room apartments is relatively high. The differentiation can also be seen physically, because in addition to the façade, the interior areas are impressive in terms of the quality of style. The reliability is partially, but rather weakly represented, as well as the augmented product level with finishing services.

The second most influencing differentiation strategy is based on advertising as it is highly different from the standard advertising among the research objects. A positioning strategy based on product characteristics and customer benefits is typically the major strategy, but the two minor strategies, by use and by product user, have not been used by any other advert. Additionally, the product benefits are highlighted directly instead of the more common indirect way. Furthermore, the advert has an emphasis on intangible elements instead of tangible ones. The distinguishing position is even more increased by emotional appeals i.e. by photos and descriptive writing with full sentences. Moreover, in addition to the facts of the product, the messages highlight the surrounding nature and its ecology instead of the typical infrastructural characteristics. Finally, the target audience also contains features that are not typical among the objects. Small and large families with small children from areas further away have been targeted. The parents are assumed to appreciate ecology of the surroundings, they are rather young, or young at heart, and from the highest price segment of comfort class.

The price of object D is the highest in the area, 2 640 €/m<sup>2</sup>, and 18,1 % above the average and relatively much more expensive than the second most expensive, object E

with the corresponding percentage of 7,5. It is notable that the price of object E comprises of apartments with finishing. Kotler (2000: 457) has explained that a firm on this primary strategy position has chances to compete in the market if the market consists of three price segments, the two other ones being those with less quality and more inexpensive prices respectively (see table 1). The given market consists of more than three segments when the position of object D providing premium quality and premium price may be disadvantageous, especially when the price difference between object D is relatively large compared to others. Even though the constructor has managed to establish consumer confidence and built a good reputation for itself, it is questionable whether the price-quality relationship and company image are adequate enough for asking a premium price in comparison with the other objects in the same market. For instance, the constructor of object E also has a good and reliable reputation, but offers its products at a less expensive price. A possible reason for the relatively higher price may derive from the object's location next to a metro station. This could also explain the reason for object F's high price as well.

### *Object E*

Object E is very distinctive from its competitors by its quality features of reliability and style forming a complex product that is difficult to copy (Kotler 2000: 291). The style of the façade represents basic Scandinavian design being the only kind of architectural tendency amongst the research objects. In other ways, the differentiation is based on reliability, such as materials used, and on augmented product levels with finishing of apartments. Different materials have been utilised in object E than in the other objects as they represent mainly European or in other ways foreign manufactures, which are also considered as reliable. Likewise, the Western constructor increases the reliability in terms of the overall construction work. The product features also represent either a higher or standard quality, but not inferior compared to other dwellings.

The two advertisements of object E are different from each other and indicate the advertising differentiation from other objects already as such. The adverts of the same building complexes published in different time periods may easily be the same or only with slight differences as it is in the cases of A, B, and F. Additionally, it was detected the adverts overall were largely the same during the review phase in summer 2008. The advert of object E published in August follows the overall advertising standard amongst the research objects', but the major difference is detected in the message content. No other advert limits the message as narrowly as object E does and no other advert

communicates the reliability of materials and work as highly as this one. Additionally, there is a difference in the target audience as the audience of object E especially appreciates the Scandinavian style instead of the traditional decorative one that is constructed in many other objects. The other limitation of the target audience is due to its higher price segment, but otherwise the segmentation is left rather open. Exceptionally, it has not referred to the size of the families at all and neither the preferences of infrastructural characteristics.

According to the price-quality relationship presented by Kotler (2000: 457) the price of object E 2 403 €/m<sup>2</sup>, and 7,5 % above the average price, with finished apartments is low compared to its quality and thus having a preferential position in relation to object D and possibility to attack the object (see table 8). Conversely, the unfinished apartments are claimed to have a high price but low quality, competing together with two other objects in the same price segment. The price is 2 099 € and 6,1% more inexpensive than the average. They should be incompetent by overpricing the quality. This judgement is though questionable as the reliability and style in object E with unfinished apartments are supposed to contain much quality and the product performance and product features standard quality, but in none of the cases inferior. The rather late commissioning may have some influence on the falling of this object into this strategy as the prices still tend to increase.

### 7.2.3. Focuser in the Market Area

There is one object, H, that can be classified as a focuser as it targets its apartments only to relatively few consumers, in other words to a market niche. More particularly, it has implemented the focus strategy at low costs as the average square meter price, 1 899 €/m<sup>2</sup>, is the most inexpensive, 15,5% below the average price. Even though the low price segment has the biggest demand in St. Petersburg object H is the only one targeting this low price segment and with relatively narrow scope. On the other hand, as it has been explained, the focus strategy is suitable for small firms, because they do not have big resources for large investments. Both the product characteristics and quality dimensions represent standard or inferior performance in each analysable aspect, only the small size of the complex is classified as having much quality. Another value adding element is the compensation of an old apartment representing services on augmented product levels as other constructors do not offer a similar service at all.

The advertising of object H differs from other adverts as the structure of the advert uses different kinds of elements to form the totality. Overall, the competitive strategy of object H is focusing, the supply is offered at low costs and the advertising is differentiated. The biggest differences in advertising are seen in the solutions of its positioning strategies and message contents. The main strategy of this advert is exceptionally by price-quality relationship whereas the strategies by product characteristics and by cultural symbol come after that as minor strategies. As well, the message does not typically focus on product characteristics and / or surrounding features but consists of features related to services, to inexpensive payment conditions and economy. This is common for firms competing at low costs. As the economy plays a large role in the advertisement, the target audience is also untypically consisted of future dwellers from the lowest price segment. They do not require impressive façade, quality materials and neither commercial nor social infrastructural aspects close to home.

It is also visible that the quality level and price of the dwelling is much lower than objects' B, E (with unfinished apartments) and G occupying the following price segment (see table 8). The inferior quality level is justified by the low price, and thereby the price-quality relationship in this object is in line with the strategy. No dwelling occupies the next price segment and thereby this object may compete around the current price segment on its own.

#### 7.2.4. Stuck in the Middle –Case in the Market Area

One of the objects, F, represents a product totality in which the price seems to be too high for the quality offered. Diverse researches (e.g. Lim 1994; Murray 1988) have been examining the phenomenon of Porter's stuck in the middle claiming that firms' can successfully pursue different competitive strategies simultaneously. Instead, Claver et al. (2003) explain that the term stuck in the middle is usable when a firm offers an undifferentiated product with relatively high price. The characteristics of object F follow this categorisation and therefore it is judged as being stuck in the middle. Likewise, the map of price-quality relationship places object F into the price segment of overcharging strategy (see table 8).

The price of the object is the third most expensive, 2 385 € per square meter that is 6,7% above the average, but the quality level is almost similar to objects B or G which are classified as the cost-leaders. Some product characteristics are supported with

improved quality, but not too strongly. Firstly, the basic product level is improved by three quality dimensions. The product performance indicates the large variant of two-room apartments, style of the improved interior areas, and reliability of brick construction materials and triple glazing of windows. Finally, product features indicate underground parking. The other elements are both standard and inferior.

The advertising neither supports the high price as it is mostly of a standard style with many rational logical arguments not delivering any special philosophy to consumers. The advert is consisted of only one positioning strategy and typically of product characteristics and customer benefits in which the benefits are actually nonexistent. Moreover, it explains the characteristics of the building and the surroundings superficially making a rather unconvincing message totality. Through the message effects it is, anyhow, understood that the target audience is slightly exceptional, consisted of dwellers with almost grown up children or young dwellers without children, appreciating urban lifestyle at some level, but do not consider fancy outlook appearance as important.

There are though couple of possible explanations for the high price; the opposite location to the metro station, rather close commissioning and positive reputation. However, object A, more inexpensive than the object F has its commissioning even earlier and offer more quality. The quality dimension of perceived quality solves much of the issue; whether a customer prefers a close location to metro and busy traffic around home he or she is ready to pay more for an apartment. The same kind of situation is at object D, which price is relatively high, but locates right next to the metro station.

### 7.3. Implications, Critiques and Future Researches

The ultimate aim of the study does not indicate straight implications of what kind of strategic decisions should be done, because for this kind of implications there should be deep knowledge of the firm's general strategies and potentials against which the guidance would be done. Moreover, there should be background knowledge of untargeted customer segments and their preferred attributes. Therefore the implications indicate the holes which are possible to be fulfilled with distinguishing marketing strategies.

In the theoretical framework has been discussed that it is relatively difficult to differentiate basic consumer products when especially the management of all marketing mix elements counts. However, real estate production contains a complex production process making the differentiation more feasible. Through the analyses of house-building industry was founded that differentiation may happen also on other levels than on augmented one when offering superior than typical characteristics belonging to each level. It may also happen with each product quality dimension and additionally with advertising.

The basic product level indicates diverse characteristics among the research subjects concerning the complex sizes, building material, apartment sizes, room number variants, ceiling heights and appearances of façade and interior areas. As the consumers of St. Petersburg are rather interested in the appearances it seems that investing in style indicates promising interest among them. The results of the expected product level has been summarised in the chapter 7.1. The results specify some common characteristics included in every object and including these elements in the product concept is essential in order to satisfy customers' minimal expectations. But whether it is aimed at improved quality level the more improved quality level should be considered in product management. Therefore a branded lift, permanent doors of steel or metal, window frames of wood aluminium or of metal plastic with triple glazing represent much quality. Moreover, an underground-, halfunderground- and parking halls are the most convenient in sequential order, and the more parking places, the more quality.

As the finishing of apartments is the most common aspect among the research objects on the augmented level, the quality of finishing is one of the most important aspects bringing competitive advantage. Quality and service become as preferential aspects especially during the maturity time of industries as it was clarified in the framework. Furthermore, also other value adding product features may be planned, for instance, no object realise actions relating to customer keeping. This though may be untypical in St. Petersburg housing market if the dwellers do not usually move out from the apartments purchased and the purchase is a life-long investment. However, this kind of customer-keeping idea may have potential for instance as a form of after sales marketing, for some period after the purchase in order to increase the added value.

Setting a price above the average seems to have more potential as there is less supply and there is a considerable price gap between the most expensive and second most expensive price (see table 7). As well, according to the maps of price-quality

relationship (see table 1 and 8) there is potential in the second price category, in “high value strategy” as no object is located in this segment. Setting a price in this segment would have potential in attacking the diagonal strategies i.e. the object D in this situation, because the price is lower, but the quality is still of high value. On the other hand, there is a caution with the object E as it also offers high value quality at a more inexpensive price. Therefore, whether the price is set into this price segment, the supply should be differentiated enough that the object E does not become more attracting.

If the price is set in the segment number one or three, there is more competition as the objects D and E are occupying those segments already. That is why a differentiated strategy from those should be comprehensive in order to succeed well. Another option would be extending the price-quality grading and setting the price higher than the object D has, and thus represent the premium strategy. But, in this situation the product and marketing management should be improved in a way that the product quality would correspond the price. There is already a question whether the price-quality relationship of the object D is in balance, in a negative way, although the object D has a confident reputation among customers. Other interesting options would give the price segments five and six, “medium value strategy” and “good value strategy” as there is only one object in each segment and they are classified as reasonable categories. But again, to make the supply attractive, it should be differentiated from the competitors C and A, or alternatively, offer more quality at relatively less price. The other strategies do not represent reasonable segments as there are already rather many objects and they have been classified as overcharging strategies as well as the lowest “economy strategy” is not in an interest. Likewise, the price segment number eight “false economy strategy” is not interesting even though no object occupies this segment and there is a broad gap between the most inexpensive and less inexpensive price. This is because the quality in relation to the price is commonly less and also represents economy strategy.

The research objects represent rather parallel manners in their advertising between each other and thereby there is a great potential to implement different kind of advertising and differentiate from the others. There is space especially for soft emotional arguments that have recently increased the popularity in adverts of high-involvement products, but still are rarely utilised. Using affective components is recommended as they promote associations and create images and they could be utilised even more strongly than they are now seen in the adverts analysed. The use of conative components is also insignificant when the use would increase the differentiation and potential to get



customers starting to do some actions towards a purchase, specifically towards the object advertised.

The decisions of the target audience are also dependent on other market researchers which concentrate on finding untargeted segments. There is although potential to narrow the audience and use different advertising for future dwellers and different for others such as for investors. On the other hand, the use of benefit segmentation and use occasion in targeting is weak and often indirectly advertised or even nonexistent, so using these criteria would differentiate the targeting. In addition, specific systemic advertising messages narrow the segment reasonably.

The messages analysed are mostly rational and that is why there is potential to exploit emotional and moral effects. Unique associations would increase competitive advantages and they together with a product concept would form a totality that is harder to imitate by others than message with mostly rational facts. The adverts analysed clearly focus on one message, or on several small aspects forming one or two main messages and some minor ones. The most often the main message content refer to the actual product, that is the building, and its surrounding. Whether the product is wanted to be emphasised it may be done by highlighting also other aspects than the basic outlook appearance and common superficial facts as well as the surrounding features may concentrate also on other issues than on broad descriptions of the infrastructural characteristics. The surrounding features may concentrate on issues that are special for the area that do not or rarely exist in the other areas, the others have excluded from advertising or in other ways present them weakly.

There are great possibilities to exploit differentiated positioning strategies. Whether one of the positioning strategies is wanted to be based on product characteristics, intangible abstract elements may be utilised in implementing it as tangible elements are mostly introduced now. Abstract style could inform the product characteristics in softer and more distinguishing ways than the tangible elements do. Moreover, concentration on customer benefits would be distinguishing as they are often only indirectly presented in the adverts or not at all. The classification of Wind (1982: 80) separating the strategy of product characteristics and customer benefits into two different strategies is usable as otherwise the strategy combination is rather confusing. There are also features of using other positioning strategies which are each represented only couple times or less and that is why any other of the strategies presented indicate possible utilisations; by price-

quality, use or application, product user, comparison, cultural symbol, product class and social responsibility.

It has been noticed through examination that the competitive- and marketing strategies are industry-specific and country-specific. The paper of Claver et al. (2003) examined the Spanish housing-building market and examined the quality by apartment finishing aspects. It was not appropriate to use the same quality dimensions in the St. Petersburg market as the apartment finishings do not commonly belong to the product supply. Therefore the suitable country-specific or area-specific aspects for judging the quality had to be determined. For examining the quality, specific dimensions were used which established position in quality estimations. It was, however, noticed that the dimension reliability that was used in the study could be divided into two more clear and appropriate dimensions; into reliability and technology. This can be for instance exemplified by object A as its technology seems to be adequate, but the actual reliability questionable. As well, object D advertises using new construction technology, but that does not give indications of reliability. In addition to these features, it was noticed that the quality dimension of aesthetics is better to be described with style to assist with customer understanding of the advertisement. Style represents more straightforward and clear descriptions of the topics analysed.

Evaluation of qualitative studies is simply a question of how valid the study is. The basis for the validity is the researcher itself and the admittance that he or she is one central instrument for conducting the research. It has been much criticised that qualitative studies are obscure as analysis of sample and evaluation of validity can not be differentiated as clearly as in quantitative studies. Moreover, it has been claimed that traditionally understood study validity and reliability are not suitable for qualitative studies. When analysing qualitative studies the most essential aids are one's own and other researchers' presuppositions, theoretical familiarity with the issue and little every day life rules. (Eskola & Suoranta 1998: 209, 211–212)

The analysis of empirical research have indicated two different kinds of main features. The analysis of product characteristics and price are in a large part based on measurable facts that can be justified according to physical parameters. Instead, the analysis of advertising faces more complicated methods as they are more abstract and mainly based on the researcher's own analytical deduction. As the research consists of multiple analysing methods, the believability of the study should be taken in to account. By believability it is meant whether the researcher's conceptualisations and interpretations

correspond with the research subjects' own beliefs. (Eskola & Suoranta 1998: 212). This definition can be also understood that whether the conceptualisations and interpretations correspond with real life than somebody's beliefs describing this study better as the research subjects are not human beings. It may be asked especially, how the evaluation of product quality has been done appropriately and how the analysis of advertising has been made objectively.

It was possible to evaluate the level of quality in each building object not until the comparisons of each building object was made. This then provided a basis of judgement on the level of quality. The judgements were based on extensive consumer preference research previously conducted. This enabled the St. Petersburg customers' perceived quality to be taken into account as well. This procedure has determined quality rather accurately. Moreover, the adverts were analysed as objectively as possible without providing any subjective judgements. This has been possible by concentrating on the signs that marketers use in the adverts instead of imagery. The interpretations of the signs have been based on previous theoretical discussions. As well, the focus has been only on clear signs excluding complex and hidden ones and those with cultural contexts in order to prevent misleading interpretations. Perhaps some adverts could have indicated new or different kinds of viewpoints, but it is not assumed that they would have been notable or crucial and may have changed the main results. The adverts, however, are mainly clear and explicit.

Showing open and detailed methods with data collection and analysing methods has been attempted which familiarises the reader with the whole research procedure and shows transparency. In addition, the transparency increases the possibility for repeatability. Especially the more complex advertising analyses which have been implemented and described in a detailed way in order to indicate the methods for interpretation. Additionally, the main methods for interpretation have been introduced in the theoretical framework.

There are a few elements which may affect the repeatability of study relating to the house-building industry and market-specific characteristics. Firstly, the analysis is based on advertised features, in other words on expected quality and characteristics, which does not guarantee the quality-level of realised and commissioned construction. The product characteristics and quality may also change later during the construction phase due to unexpected circumstances. Secondly, the real prices may be different than the ones presented here due to payment conditions that each customer chooses. It is,

however, assumed that prices announced by the constructors give accurate references of the price trends as they all offer discounts for their prices in any case. Even though the payment conditions would be taken into account, the relative price difference would not be that great that it would have crucial affects on competitive strategies. Thirdly, as prices tend to increase during the construction processes they would not be the same after the time period the price collection was made. However, as every building object's prices increase it is assumed that the increase happens in relation to each other so that the pricing strategies do not really change. Finally, length of time influences the product supply as many value adding supplementary services such as layout customisation and finishing services can not be implemented close to the commissioning. Availability of apartments and the number of different variations decrease as more are sold.

Generalising the results in a large extent is not as a main aim of the study and thus it is not attempted to defend the scope of the study. The aim has been to identify the competitive strategies with the help of previous researchers discussed in the theoretical framework. Instead, the scope of the sample is identified to be adequate in order to justify the competitive strategies presented. In actual fact more product variables have been taken in to consideration than in the earlier study by Claver et al. (2003) as well as the advertising perspective. The house-building industry and competition in St. Petersburg is intensive and complex even in only economy and comfort classes and therefore of the typical product-, quality- and advertising characteristics in St. Petersburg. Generalisations can not be made based on this study as the eight cases represent such a small sample. Even though the examinations of the product characteristics on diverse product levels and advertising have indicated typical implementations, they mainly represent the characteristics of the cases and can not be generalised. On the other hand, the results of the study provide a new understanding of the construction industry in St. Petersburg and give trendsetting ideas and hypotheses for future studies.

As the work has been focusing on competitors i.e. on other parties, there has been a special attention to ethicality. Kotler (2000: 229) has mentioned that some competitor information gathering techniques involve questionable ethics and they may not be even legal. Thereby it is notable that the information utilised in the study has been collected in open places such as advertisements, internet-pages and sales offices. The sources are popular places for customers to receive knowledge of building complexes in sale so the data has been collected in places that are visible for everybody. Thus it is avoided using unethical sources. Moreover, as the analyses of the study do not contain any secret and

private information of the research subjects and does not speak out of the implementations of the strategies, the hindrances for the case companies are insignificant. (Koskinen et al. 2005: 278.)

As the preliminary study has now been conducted, potential future researchers could deepen the knowledge of the given market area, building objects and overall house-building characteristics in St. Petersburg. One interesting and relevant topic relates to payment conditions of the research objects as they may affect the total price paid by customers or payment convenience as many firms offer instalments for different time periods as well as percentages of interest. There are also other research areas related to the eight cases, for instance their more comprehensive advertising actions, and services such as customer service may be studied. Knowledge of the comprehensive advertising would inform which kind of media with which kinds of actions the competitors are visible. This would also give indications for differentiation. It would be interesting to gather information from the customers' perspective, to see how the eight cases' strategies relate to each other. This kind of study would also give references for a constructor of potential strategies to be implemented. As several researchers (i.e. Claver et al. 2003) have studied the competitive strategies in relation to firm performance, it would not be reasonable to continue this study by that topic. The building objects here represent individual objects of diverse constructors which can not logically be generalised as the constructors' typical strategies; the St. Petersburg constructors may easily build different styles of dwellings which do not follow any typical marketing strategies. As the study represents competitive strategies on one particular area, the study could be conducted on another similar type of area in order to clarify whether they have a similar competitive situation. This would allow improved generalisation of competitive situations and competitive strategies in St. Petersburg and furthermore a comparative viewpoint is achieved. Also a deeper study of St. Petersburg constructors is suggested. A quantitative study of new constructions' product characteristics and advertising or other promotional actions would give a general view of the supply.

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## Interviews

Executive interview, marketing director in house-building company located in St. Petersburg. Various days during June 2008.

Executive interview, marketing director in house-building company located in St. Petersburg. 9<sup>th</sup> of Feb 2009.

APPENDEXES

Appendix 1. Case A, August.

Company name

**СТРОИТЕЛЬНАЯ КОМПАНИЯ № 1**

ЖИЛЫЕ ДОМА



**ДОМ НА СЕРЕБРИСТОМ БУЛЬВАРЕ**

- новый дом строится в Приморском районе на пересечении проспекта Испытателей и Серебристого бульвара
- всего 10 минут пешком до станции метро «Пионерская»
- отличный благоустроенный новый район - город в городе с собственной полной инфраструктурой и прекрасными зелеными массивами - парком «Удальный»
- в районе 3 станции метро - «Пионерская», «Старая деревня» и «Командантский проспект»
- в районе находятся - ясли, детские сады салоны красоты, фитнес-центры, языковые специализированные школы, кинотеатры и все популярные магазины: гипермаркеты «Сезон», «ОКЕЙ», «Метро», «Лента», мебельные центры «Грейт» и «Мебель Сити», магазины строительных товаров «Максимум» и «Старик Хоттабыч», магазин бытовой техники «МВидео», огромные торговые центры у метро «Пионерская» - «Купеческий двор», «Алмаз»
- удобный выезд к популярным местам отдыха на Финском заливе

<ul style="list-style-type: none"> <li>☑ кирпично-монолитный дом</li> <li>☑ 4 подъезда</li> <li>☑ 9-25 этажей</li> <li>☑ в каждом подъезде пассажирский и грузовой лифты</li> <li>☑ 1-2-3-х комнатные квартиры</li> <li>☑ металлопластиковые стеклопакеты</li> <li>☑ однокомнатные квартиры - с полной отделкой</li> </ul>	<ul style="list-style-type: none"> <li>☑ 2-3-х комнатные квартиры</li> <li>☑ под отселены под чистовую отделку</li> <li>☑ улучшенная отделка парадных, холлов и лестниц</li> <li>☑ помещения для консьержа</li> <li>☑ зеленый внутренний двор с детской площадкой</li> <li>☑ подземный паркинг на 73 машины</li> </ul>
--	--

**Адрес: угол проспекта Испытателей и Серебристого бульвара**

**Станция метро: "Пионерская"**



Срок ввода в эксплуатацию:  
III квартал 2009 года

ИПОТЕКА

Подробную информацию смотри на сайте

Internet page

Офисы продаж: 191773, Санкт-Петербург, Мещеряков пр., 90/92  
192006, Санкт-Петербург, Монастырский пр., 180  
190269, Санкт-Петербург, Сапунгольцовский пр., 103

Часы работы: понедельник - четверг с 9:30 до 19:00, пятница с 9:30 до 18:00  
суббота - с 10:00 до 18:00, воскресенье - выходной

Часы работы консультационного центра: 30-й эт., 19-й кв. 19-15-301-Серебристый район - с 11:30 до 19:00, сб - с 11:30 до 17:00, вс - выходной

## Appendix 2. Case A, November.



Альтернатива банковской ИПОТЕКЕ —  
 ДЛИННАЯ РАССРОЧКА

## ДОМ НА СЕРЕБРИСТОМ БУЛЬВАРЕ

Адрес: угол проспекта Испытателей  
и Серебристого бульвара

Станция метро: "Пионерская"



Срок ввода в эксплуатацию:  
III квартал 2009 года

- кирпично-монолитный дом
- 4 подъезда
- 9-25 этажей
- в каждом подъезде пассажирский и грузовой лифты
- 1-2-3-х комнатные квартиры
- металлопластиковые стеклопакеты
- однокомнатные квартиры - с полной отделкой

- 2-3-х комнатные квартиры подготовлены под чистовую отделку
- улучшенная отделка парадных, холлов и лестниц
- помещения для консьержа
- зеленый внутренний двор с детской площадкой
- подземный паркинг на 73 машины

**Офисы продаж:** 191025, Санкт-Петербург, Невский пр., 90/92;  
 196066, Санкт-Петербург, Московский пр., 185;  
 195060, Санкт-Петербург, Сестровский пр., 165

**Часы работы:** понедельник-пятница: с 10.00 до 20.00; пятница: с 10.00 до 19.00;  
 суббота: с 10.00 до 18.00;  
 воскресенье: с 11.00 до 17.00 (Московский пр., 185, Сестровский пр., 165); центральный офис продаж (Невский пр., 90/92) - выходные.

**Часы работы консультационных пунктов:**  
 Понед- с 10 до 18.30, сб-вс - с 11.00 до 17.00 (обед - с 14.30 до 15.00)

Internet page



## Appendix 3. Case B.

# Дом на углу Северного и Есенина

■ **Кирпич** - лучший материал для строительства Петербурга! Его уникальные гигроскопичность и способность дышать создают максимально комфортный микроклимат квартиры, независимо от времени года и изменчивой петербургской погоды, с ее высокой влажностью и редким солнцем.



- 23-25-этажный **кирпичный** комплекс
- По индивидуальному проекту
- Разнообразные планировки квартир
- Металлопластиковые стеклопакеты и сдвижные конструкции балконов и лоджий
- а/м паркинг
- Скоростные бесшумные лифты
- Профессиональная эксплуатационная служба
- Крупнейший лесопарк Сосновка
- 10 мин. до метро "Озерки"

Contact information

Appendix 4. Case C, front page.

<p><b>СТРОИТЕЛЬНАЯ КОМПАНИЯ</b>          Официальный партнер Футбольного Клуба "ЗЕНИТ"</p>	<p>Company name</p>	<p>Company logo</p>
<p>НОВЫЙ          КИРПИЧНО-МОНОЛИТНЫЙ          25-этажный ЖИЛОЙ КОМПЛЕКС          "ЗЕНИТ"</p> <p>НОВОЕ ОЩУЩЕНИЕ ЖИЗНИ!</p> <p>ПРИМОРСКИЙ РАЙОН          пр. Королева д. 7          метро "ПИОНЕРСКАЯ"</p>		



Appendix 5. Case C, double page – left side.





Appendix 6. Case C, double page – right side.

Company name

**АНИЙ**  
Глобального Клуба "Зенит"

Company logo

**ПЛАТЕЖЕЙ  
УПРАВЛЕНИЯ**




**10 ЭТАЖ  
Ю 19**

Phone number

...я по тел.:

## Appendix 7. Case C, back page.

## СТРОИТЕЛЬНАЯ КОМПАНИЯ

предлагает 1-, 2-, 3-комнатные квартиры в 25-этажном жилом комплексе «Зенит».

Комфортабельная жилая часть (большое разнообразие продуманных планировок квартир различных типов) органично совмещена с трехэтажной нежилой частью, включающей в себя все многообразие инфраструктуры обслуживания, дающее новое ощущение жизни:

- супермаркет,
- спортивно-оздоровительный центр,
- ресторан, кафе, паб, а также
- подземный встроенный гараж-паркинг.

Жилая часть будет связана со всеми тремя этажами торгово-развлекательного центра и гаража скоростными лифтами, что позволит Вам, не выходя за пределы здания, получить необходимые услуги и товары, добраться до своей машины.

Для обеспечения Вашей безопасности будет установлена система контроля доступа и охраны.

Профессиональная эксплуатация дома будет обеспечиваться лицензированной обслуживающей организацией, которая избавит Вас от забот по уборке лестниц и прилифтовых холлов, обеспечит быстрое решение любой бытовой проблемы, связанной с жизнеобеспечением здания: электроснабжением, теплоснабжением, водоснабжением и др.

Конструктивно комплекс «Зенит» представляет собой кирпично-монолитное здание с вентилируемыми фасадами, отделанными белой и голубой керамической плиткой, а также с единообразно остекленными балконами, что не только обеспечит тепло в Ваших квартирах, но придаст дому нарядный, праздничный вид.

Украшением и смысловой доминантой комплекса будет церковь – часовня, расположенная на уровне нежилой части.

**Комплекс «Зенит» - новое ощущение жизни!**

**Санкт-Петербурга**

Contact information

Менеджмент и строительство ООО «Зенит» и Футбольный клуб «Зенит» подписали договор о сотрудничестве на срок до конца 2009 года.





## Appendix 8. Case D.



## Дом у Комендантской площади корпус 49



25-этажный кирпично-монолитный корпус – завершающий этап жилого комплекса «Дом у Комендантской площади». Комплекс построен вдоль Комендантского проспекта, в престижной части Приморского района. Из окон верхних этажей открываются прекрасные виды на Финский залив. Для создания гармоничного и современного образа дома проект предусматривает единое фасадное остекление. Близость к курортной зоне с ее пляжами и стремительно развивающаяся инфраструктура обеспечили месту застройки заслуженное признание. По экологической обстановке этот микрорайон – один из наиболее благоприятных в Санкт-Петербурге. В ближайших окрестностях дома – детские сады, школы и поликлиники, современная АТС, несколько торговых центров. Наложено движение муниципального транспорта и маршрутных такси, рядом станция метро «Комендантский проспект». Кирпично-монолитный корпус возводится с применением новейших строительных технологий. В предложении большой выбор квартир. Для автовладельцев предусмотрен подземный паркинг.



- ▣ Видовые квартиры на верхних этажах
- ▣ Индивидуальные планировочные решения
- ▣ Авторский дизайн холла
- ▣ Подземный паркинг
- ▣ Единое фасадное остекление

**Планируемый срок сдачи корпуса 49 – I квартал 2010 г.**

Режим работы консультационного пункта на объекте:  
вторник – суббота с 10.00 до 18.00

**ИПОТЕКА**

**1-комнатные квартиры**  
Общая площадь 36,7 - 44,4 м<sup>2</sup>  
Жилая площадь 16,3 - 21,9 м<sup>2</sup>  
Кухня 9,4 - 10,9 м<sup>2</sup>

**2-комнатные квартиры**  
Общая площадь 51,1 - 71,6 м<sup>2</sup>  
Жилая площадь 27,3 - 39,5 м<sup>2</sup>  
Кухня 8,8 - 10,9 м<sup>2</sup>

**3-комнатные квартиры**  
Общая площадь 84,7 - 93,4 м<sup>2</sup>  
Жилая площадь 46,8 - 58,4 м<sup>2</sup>  
Кухня 10,7 - 15,5 м<sup>2</sup>

**4-комнатные квартиры**  
Общая площадь 116,5 - 174,6 м<sup>2</sup>  
Жилая площадь 65,2 - 82,3 м<sup>2</sup>  
Кухня 9,8 - 21,9 м<sup>2</sup>

**5-комнатные квартиры**  
Общая площадь 121,9 - 138,5 м<sup>2</sup>  
Жилая площадь 80,8 - 92,8 м<sup>2</sup>  
Кухня 10 - 13,9 м<sup>2</sup>



Лицензия № ГС-2-781-02-27-0-7828006547-025027-1 от 27.03.08г. Проектная декларация на сайте компании

Contact information



Company name

## Appendix 9. Case E, August.

Жилой комплекс  
**Командантский квартал**

ул. Парашютная / ул. М. Новикова

- 16-25 этажные дома.
- Высота потолков в квартирах — 2,70 м, в офисах — 3,40 м.
- Балконы и лоджии оборудованы системами раздвижного остекления без тонировки стекол.
- Лифты фирмы «KONE».
- Двери стальные, усиленные со звукоизоляцией.
- Оюа – металлопластиковые двухкамерные стеклопакеты с клапанами для проветривания.
- Система вентиляции с механической вытяжкой.
- Система отопления с терморегуляторами.
- Система домофонной связи.
- Автоматическая пожарная сигнализация.
- Все квартиры корпусов 10 и 11 Г, Д сдаются с чистовой отделкой по стандарту **Company name**
  - стены — окраска вододисперсной краской;
  - полы — ламинат европейских производителей;
  - ванные комнаты и санузлы — кафельная плитка европейских производителей;
  - сантехника и смесители иностранных производителей.
- Квартиры в корпусах 12, 11Б и 9А сдаются с улучшенным качеством подготовки под чистовую отделку. Возможен заказ отделки по стандарту **Company name**
- Возможна установка кухонной мебели и бытовой техники.
- Встроенные помещения на 1 этаже для коммерческого использования.

Открыты продажи в новых корпусах

\* На стройплощадке открыто представительство отдела продаж и демонстрационный зал, где представлены разные варианты чистовой отделки ЮИТ ДОМ.

Режим работы: Пн-Сб с 10 до 19 ч., тел. 448-48-07

Проект реализуется в соответствии с ФЗ №214.  
Проектная декларация опубликована на сайте yildom.ru.

- финский контроль качества
- продажа квартир в кредит

Contact information

Спокойствие качество финское

Company logo



## Appendix 10. Case E, November.

Жилой комплекс  
**Комендантский квартал**  
 Приморский р-н, ул. Маршала Новикова/Парашютная ул.

**Корпуса 9А, 10 и 12  
 ГОТОВЫ В КОНЦЕ 2008 г.**

Сэкономьте до 10%  
 от стоимости квартиры  
 при единовременной оплате

На стройплощадке открыты представительство отдела продаж  
 и демонстрационный зал, где представлены разные варианты чистовой отделки. Режим работы: Пн-Пт с 10:00 до 19:00,  
 Сб-Вс с 11:00 до 17:00.

звоните

Company name

Contact information

Company logo

Спокойствие качество финское

Appendix 11. Case F.



архитектурная студия "Пирамида"

II - III очереди (сланы)



IV очередь

ЗАО "Темп-Проект"

### Жилой комплекс „БОГАТЫРСКИЙ” на Коломяжском пр., 15

Напротив метро “Пионерская”, на углу Коломяжского пр. и пр. Испытателей строится 25-этажный кирпичный комплекс. Большой выбор 1, 2, 3-х комнатных квартир, квартиры-студии. В доме располагается большой торговый центр, фитнес-клуб, супермаркет. Район с развитой инфраструктурой. Открыта продажа квартир в IV очереди. Сдача по очередям: 2006-2009 гг. **ПРОДАЖА МЕСТ В ПАРКИНГЕ** Консультационный пункт. Телефон на объекте



974-3670



1-комнатная квартира



2-х комнатная квартира



3-х комнатная квартира

1 кв. 38 м<sup>2</sup> - 53 м<sup>2</sup>  
 2 кв. 73 м<sup>2</sup> - 82 м<sup>2</sup>  
 3 кв. 104 м<sup>2</sup> - 125 м<sup>2</sup>

**ИПОТЕКА**



БАНК САНКТ-ПЕТЕРБУРГ  
НОМОС БАНК



Company name

Санкт-Петербург, Невский пр., 177

Contact information

Contact information



Appendix 12. Case G.



Company name



ВНИМАНИЕ!!! Последние места в паркинге на ул. Будапешт

Совместная ипотечная программа



БАНК САНКТ-ПЕТЕРБУРГ



Балтийский Банк

**ул. Мал. Десятинная/ ул. Новоутиная**

17-этажный каркасно-моноклитный дом со встроенными помещениями и подземной автостоянкой



Станция метро "Удельная"



КАРКАС  
ОПТИМА





Срок сдачи –  
IV квартал 2009 г.

Новый жилой дом возводится недалеко от условной границы с одним из самых экологически благоприятных и озелененных микрорайонов – Шувалово-Озерки. В микрорайоне работает несколько крупнейших торговых комплексов и гипермаркетов ("Лента", "О'кей", "Бада-Бум").

В квартале, где возводится новый дом, намечено строительство двух детских садов, зарезервировано место для общеобразовательной школы.

В 15 минутах ходьбы находится ж/д станция "Озерки". Главные транспортные магистрали, проходящие недалеко от дома, – пр. Энгельса, пр. Тореза, Выборгское шоссе.





## Appendix 13. Object H.

ОТ ПРОСТОГО — К СОВЕРШЕНСТВУ

Company logo

Contact information

инвестиционно-строительная компания

**ЖИЛОЙ ДОМ  
В КОЛОМЯГАХ**  
ул. Новосельковская/ул. Щербакова

**Кирпично-монолитный дом**

- Экологически чистый район
- удобное транспортное сообщение
- 7 мин. до ст.м. Удельная (на транспорте)
- рассрочка платежей
- стеклопакеты

**ЗАЧЕТ  
ВТОРИЧНОГО  
ЖИЛЬЯ**

Срок сдачи — IV квартал 2009 г.  
Продажа квартир от 65 тыс. руб./кв. м  
Зачет вторичного жилья  
Скидки при 100% оплате

Дом в Коломьягах

Информация в студии продаж  
по телефону: 8 (495) 781-02-27, 8 (495) 780-103, 17-019034-2 от 04.06.2007 г. С разрешительной документацией на строительство можно ознакомиться в студии продаж

Домашнее № 781-02-27-0-7802103217-019034-2 от 04.06.2007 г.

Contact information