SCHOOL OF ECONOMICS AND BUSINESS ADMINISTRATION
MASTER OF SCIENCE IN MANAGEMENT

SUSTAINABLE GROWTH AND EXPANSION STRATEGY IN A GREEK REAL-ESTATE DEVELOPMENT FIRM

Student: Vangelis Simonis
ID: 1102100044

Supervisor: Professor Constantine S. Katsikeas, Ph.D. Arnold Ziff Research Chair in Marketing and International Management at Leeds University Business School, Leeds University, United Kingdom.

SEPTEMBER 2011
Abstract

This study has been conducted in the shadow of the Greece financial crisis. The extremely adverse market circumstances leads to the “dispersal” of the Greek real-estate industry; an industry which contributes to 5% of national GDP. In the shadow of the turbulent economic environment and the collapsed Greek real-estate market, expansion in foreign emerging markets stands as a need/priority; foreign markets that present a sound economic environment and significant real-estate business opportunities. The examples of Greek real-estate development companies who are expanding abroad are very limited, with the majority of them focusing mainly on Greece and a few Balkan countries. Through the combination of the study of the focal firm’s business activities (which consist of the actual operating in Turkey and the opening of two sales-offices in Munich and in Moscow respectively) with the theoretical framework, this study tries to show off the potential benefits of an expansion attempt into foreign prosperous markets.

The findings show that real-estate developers would benefit from the establishment of strong distribution channels and powerful business networks both based on the principles of trust, commitment and co-operation and the formulation of an integrated marketing strategy which places customers’ needs as a priority. The Greek state could contribute to this attempt by creating a stable economic climate, simplifying the real-estate legislation and encouraging Greek universities to create real-estate Master’s programmes. Finally, this internationalization attempt would be too limited without the continuous product improvement. Therefore, this study shows the significant advantages for real-estate developers of the implementation of environmentally friendly building methods and –for first time in Greece- the establishment of an integrated after-sales services policy.
ACKNOWLEDGEMENTS

I would like to thank my supervisor, Professor Constantine S. Katsikeas for his suggestions and helpful recommendations. Although we faced the problem of distance, his contribution to this study was invaluable. Naturally, all errors and omissions of this research remain my own.

Also, I feel the need to express my acknowledgements to Dr. Lida Kyrgidou for her unlimited support and to the International Hellenic University staff that supported me during this process.
### TABLE OF CONTENTS

## Chapter 1: Introduction

1.1. Rationale and purpose of the study
1.2. Key research questions
1.3. Importance of the study
1.4. Organization and structure

## Chapter 2: Literature review

2.1. Introduction to the literature review
2.2.1 Emerging markets
2.2.2. The increasing middle class and the rise of peripheral cities
2.2.3. Competition in emerging markets
2.2.4. Entering an emerging market
2.3.1. Internationalization of small and medium size enterprises
2.3.2. Internationalization theories
2.4.1. Marketing and distribution channels
2.4.2. Marketing networking
2.4.3. Distribution channels
2.5. Green buildings
2.6. After-sales services

## Chapter 3: Methodology

3.1. Research Method
3.2. Strengths and weaknesses of the selected methodology
3.3. Data collection methods
3.4. Ethical considerations
3.5. Issues of Trustworthiness

## Chapter 4: Case study and data analysis

4.1. Background of the company and its projects
4.2. The European real-estate market
4.3. The Greek real-estate market
4.4. The European and Greek summer-house market
4.5. Competitive advantage of the company’s projects
4.6.1 The company’s marketing strategy and distribution channels
4.6.2. Philosophy of the company’s marketing strategy
4.6.3. The target segment of the market
4.6.4. Marketing 4 Ps
4.7.1. The new project in Turkey
4.7.2. Turkey
4.7.3. Istanbul’s residential real-estate market
4.7.4 The new project in Istanbul
4.8. The opening of sales offices in Munich and Moscow
4.8.1. Munich
4.8.2 Moscow
Chapter 5: Discussion and implications

5.1. Managerial implications
5.2. Theoretical implications
5.3. Limitations and recommendations for future research

LIST OF REFERENCES

APPENDICES
LIST OF ILLUSTRATIONS

Graphs

Graph 1: The Uppsala model 8
Graph 2: Maslow’s Pyramid of needs 15
Graph 3: The residential building activity process in Greece 23

Tables

Table 1: Participants 19
Table 2: Property selling price index 23
Table 3: Implementation budgeting plan 36
Table 4: Demographic data of interviewees. 46
Tables 5,6: Istanbul ranks first in Europe in the real-estate development opportunities 48
CHAPTER 1: INTRODUCTION

1.1. Background and purpose of the study

In today’s turbulent economic and social environment, Greek real-estate development firms are heavily affected by the adverse situation of the Greek national economy. Since the Greek house market has almost collapsed, expanding to other countries, with more business opportunities and a sound economic environment has become a priority. The examples of Greek real-estate firms that have developed expansion strategies in other markets in the past are very limited, with majority of them focusing on Balkan countries (mainly in Romania, where the market has also collapsed). It is likely that the extremely limited literature regarding the internationalization steps of Greek real-estate developers is the result of limited business action. Therefore, one of the prime targets of this study is to fill the literature’s gap regarding the internationalization process of Greek real-estate development firms.

Overall, this paper tries to cover the aspects of formulation and implementation of the expansion strategy of a Greek small size real – estate development firm, to fill the literature gap on this issue and to provide specific actions that a real-estate development firm should follow, in order to engage successfully in its internationalization steps and to gain sustainable growth. In light of this, this research proposes the creation of an integrated marketing strategy and powerful distribution channels, the implementation of green building methods and the establishment of an integrated after-sales services policy; elements which would enhance financial performance and customers’ satisfaction.

1.2. Key research questions

1. What are the ideal countries for the company’s expansion and why? This paper tries to identify the benefits that the focal firm would gain by entry to new markets, mainly by a) actual operating in Turkey and b) through the opening of sales-offices in Russia and in Germany. The potential benefits that the firm can gain, by opening small offices-stores in the above countries and the collaboration with reputable real-estate agents are thoroughly discussed.

2. What is the process that the firm should follow in order to expand in these new markets? The researcher tries to cover all the relevant issues regarding the internationalization process and the marketing activities that are involved in it. Great emphasis is placed on the establishment of the distribution channels, the formulation of an integrated marketing plan and the creation of the appropriate business network.

3. What are the basic elements that reinforce the company’s expansion strategy and provide sustainable growth? This paper focuses on the following
strategies that, according to the researcher, will become the basic milestones of the firm's sustainable competitive advantage. These are:

The after-sales service policy: For the first time in the Greek real-estate industry, this paper provides a model for the establishment of an integrated after-sales service policy that will attract new loyal customers to the firm and enhance its financial performance.

The construction and promotion of company's green buildings: The case study provides a model for the promotion of the company’s environment-friendly luxury residences.

4. What are the potential implementation barriers to this effort? The paper identifies some important implementation barriers, mainly caused by lack of human resources, the culture and physical distance, limited financial sources, legislation issues- and provides solutions for them.

1.3. Importance of the study

The importance of this dissertation lies in the fact that very limited research attention has been devoted to the expansion perspectives of Greek real-estate developers. Although Greek real-estate industry contributes to 5% of Greek GDP, there is an apparent lack of academic research regarding this industry. In the shadow of the turbulent economic environment and the collapsed Greek real-estate market, expansion in foreign emerging markets that present a sound economic environment and significant real-estate business opportunities stands as a need and this research tries to apply a holistic approach in this field.

Moreover, there is a personal interest of the researcher in this study, since he is currently working at the Marketing and International Sales department of the focal firm. Through this study, the researcher obtained significant knowledge about the internationalization process, the marketing and distribution channels and the successful implementation of green building methods and after-sales services; this knowledge is translated into strengthening of work performance and personal satisfaction.

1.4. Organization and structure

The structure of the dissertation is the following:

- The second section deals with the review of the relevant literature. The major streams and concepts about internationalization, marketing, distribution channels, green buildings and after-sales services are reviewed.
• The third section presents the type of methodology followed. It includes
details about the process used, the advantages and disadvantages of the
selected type of methodology and the collection of data.
• The chapter under the title “Case Study and Data Analysis” contains
information about the business activities of the focal company in combination
with the presentation and discussion of the outcomes of the interviews taken.
• The last chapter concludes with the discussion of the findings, managerial and
theoretical implications, limitations of the research and directions to further
academic research.
CHAPTER 2: LITERATURE REVIEW

2.1. Introduction to the literature review

The purpose of this research is to apply a holistic approach in formulation, implementation and evaluation of the expansion strategy of a Greek real-estate development company. In order the researcher to carry out this study, it was essential to complete a critical review of the relevant literature. In light of this, three major areas - a) the emerging markets and the growth opportunities they present b) internationalization theories and c) SMEs marketing and distribution channels - and two minor areas - a) green marketing strategy and b) after – sales services are critically reviewed.

2.2.1. Emerging markets

Emerging markets can be divided into the following two categories (Eyring et al, 2011). These are: a) Large emerging markets such as Brazil, Russia, India and China and b) second tier emerging markets such as Mexico, Indonesia, Vietnam, Nigeria, the Philippines, Turkey and South Korea. Douglas and Craig (2011) propose a more detailed approach to the categorization of the emerging markets. According to their approach emerging markets can be categorized in the following three categories:

- Large emerging markets such China, Brazil, Russia and India. In these countries, the development of a country-centric strategy is more feasible.
- Second tier emerging market clusters: a viable market based on geographic proximity, similarity in customers’ interests so that customers, products, ideas, strategies and skills can be developed across more than one of these markets.
- Large rural markets or the urban poor: This category can be found in both the large emerging markets and the second tier emerging markets.

According to Jim O Neill, Head of Goldman Sachs Asset Management, companies have to look for future growth opportunities in the MISTs countries: Mexico, Indonesia, South Korea and Turkey (O Neill’ et al, 2010). Although many of them are characterized by poor infrastructure and high levels of corruption - Nigeria for example- , these countries stand out their for high growth rates, which by far surpass those of USA, Europe and Japan (Hill, 2011).

2.2.2. The increasing middle class and the rise of peripheral cities

When we speak about emerging countries, cities that do spring to mind are a few megacities (Rio de Janeiro, Moscow, Beijing, Mumbai, Istanbul etc), rather than the large number of other smaller cities that present the real opportunity. The single largest commercial growth opportunity globally in the decade ahead is the rise of
cities in emerging markets, because emerging market cities will account for 30% of global private consumption. The middle class that lies between the two sides—the very low and the very high market segment—presents a golden opportunity. The middle class and affluent populations in these cities are rapidly expanding and driving significant changes in the consumption mix. Ahmadabad – Hyderabad in India, Recife in Brazil and Weanling in China are the best examples of this type of city. Consumer demand will rapidly increase as the middle class expands and new infrastructure is added. Real – estate developers prefer to operate in countries with highly developed infrastructure (electricity, road networks, sanitation facilities, telephony etc). Infrastructure is a major challenge for the emerging countries, because it is important for their economic growth and reduces the income inequality. Investments in the field will reach $2 trillion, which is equal to $ 390 billion in annual spending (O’Neill et al, 2007).

A rise in middle class households of more than 70 percent is expected to happen between 2010 and 2015 (Jin et al, 2010). By 2015, 125 million representing 460 million residents in cities of Brazil, China, India, Indonesia, Mexico, Russia, South Korea, South Africa and Turkey will have graduated to the middle class. This is a 70% increase. Once a household enters the middle class, consumption of categories such as luxury goods and home decor increases rapidly. What is important news for the entire real – estate industry is the forecast that by 2030 consumer finance services, including the majority of mortgages and auto loans, will increase tremendously to $ 7 trillion (Jin et al, 2010).

2.2.3. Competition in emerging markets

The competitive environment can make SMEs more vulnerable, as SMEs lack market power in comparison to larger firms. In an international context they face severe competition, as there are more competitors, both global and local (Wong and Merrilees, 2010). Douglas and Craig (2011) propose the following main sources of competition in emerging markets:

- Large MNCs with global presence.
- Medium sized companies that target specific market segments.
- Small local competitors that are the major source of competition. They take advantage not only of the substantial experience gained from operating in these markets and in-depth understanding of local customer attitudes, preferences and behavior patterns, but also from intimate knowledge of local market conditions and contacts with local distributors and agents. They provide the most formidable and difficult challenge and are often highly responsive, because they cover a region or a small area within a country and can therefore react rapidly to new challenges. Also they are usually unpredictable, flexible and difficult to track.
2.2.4. Entering an emerging market

So far, most companies targeted either the low segment by selling great quantities of products or the high segment with adequate quantities of luxury products in high prices (Eyring et al, 2011). This is the case of luxury brands such LMVH, Porsche, BMW, Gucci, Burberry and many others that realized early on the growth opportunities of the emerging markets and decided to enter them. Sheth (2011) believes that it is essential to approach these markets in terms of clusters of cities rather than individual cities. Despite the type of the offering, Every Customer Value Proposition in emerging markets should focus on the following two factors that are extremely important for successfully expansion and sustainable growth (Douglas and Craig, 2011):

- **Affordability**: Trade off expensive features and functions that people do not need for less expensive ones they do need. In spite of the above, the evidence shows that there is plenty of room for real-estate developers who construct small luxury projects (10-15 properties per year) in emerging markets.
- **Access**: Inadequate access is a reason for failure, because the population in emerging markets is much more dispersed than in the West. With the eclipse of traditional services, people tend to use unsafe alternatives. Especially in the real estate industry, where the role of real estate agents is extremely important, the quality of these people affects the buying decision process. In high tier cities where the company plans to operate, access challenges have been solved due to the implementation of effective technology.

Jin et al (2010) provide the following pillars on which the entrance to a foreign market should be based:

- Trying to forecast demand across the cities of the target country (how demand will unfold). This is not a trivial exercise, but a very necessary process and depends heavily on the support of local experts. In the real-estate industry particularly, the contribution of local experts such as real estate agents, lawyers and consultants is significant, since they are key people with market knowledge and powerful connections.
- Developing and testing a small number of go-to market models to serve different types of cities. This refers to the whole of a firm’s value chain (sales forces, distribution relationships, local partner management, logistics, customer service, local marketing, etc)
- Refining the approach: Because emerging markets-cities change so fast it is necessary for the companies operating in these markets, to regularly refine their approach. For example, as income levels rise, more and more marginal cities become attractive targets.

Such an approach involves tailoring the tradeoffs among cost, coverage and control in order to economically serve different city environments. The approach should differ
according to city size, spending levels, proximity to other markets, fragmentation of the local retail environments and other factors.

Overall, the large megacities (like Istanbul, Moscow and Beijing) of the emerging countries are an obvious first choice, especially for manufacturers of expensive products such as luxury properties, but they are quickly becoming saturated. Eyring et al (2011) go on the argument that the highest income tiers of the emerging markets are not big enough to generate high profits. Long-term profitable growth will require a portfolio of target cities and business models together with significant innovation in how companies approach these various markets. Companies that pursue such an approach to developing and implementing their strategy will identify new opportunities for growth. Otherwise, they will see first mover opportunities in the most attractive city clusters taken up by the competition (O Neill’ et al, 2007).

2.3.1. Internationalization of small and medium size enterprises (SMEs)

International competition, innovative world-scale technologies and growing and converging demand have created a new world-wide business landscape and changed the traditional boundaries of companies. The relevant literature points out the complexity of the internationalization process. Although in many cases internationalization can be considered a sequential process, the dominant stream is that the outcome of internationalization involvement is the result of a blend of deliberate and emergent strategies over time (Morgan and Katsikeas, 1997).

A firm’s internationalization is becoming a very important element for future growth and development, although it is a complex process, which requires the existence of careful planning, experience and adequate financial resources. The internationalization process can be defined as a set of business activities outside the national borders that are based on the principles of international marketing. It is process that usually can take place in stages and results in significant changes in the financial performance and the economic activities of a company (Paunovic and Prebezak, 2010).

Internationalization is influenced by a variety of factors such as the decision maker, network, firm characteristics, culture and environment. A deep understanding of these factors will ensure to a better implementation of the internationalization process (Mejri and Umemoto, 2010). Strategic planning, formation of a mid-term vision, marketing, finding buyers, innovation managing, quality dedication, foreign language competence, cash-flow management, information technology and many others are important elements that a firm must possess in order to succeed in its - going global - effort (Hill, 2011).
2.3.2 Internationalization theories

- The Uppsala model or incremental internationalization

A broadly accepted view is that internationalization is a process where firms increase their operations in foreign markets (Johanson and Vahlne, 1978). According to the authors, emphasis is placed on specific knowledge about the foreign market, which is obtained during the process of operating in that specific market. This knowledge or experience influences the decision to move on to the next stages. It is a process that is based on evolutionary and sequential build-up of commitments over time. Learning through the actual operating in foreign market and the experiential knowledge that is gained through this process leads to the reduction of ‘physical distance’ (Morgan and Katsikeas, 1997).

**Graph 1: The Uppsala model**

The literature consists of controversial opinions regarding the Uppsala–incremental internationalization model. Most researchers argue that although a general pattern of internationalization can exist, the concept of sequential process of international involvement is not ‘the rule’ or uniform (Morgan and Katsikeas, 1997). The literature agrees that the Uppsala model is not able to explain the complex international operations of today’s companies. Some weak points of this model are:

- It is based on Scandinavian countries and so lacks empirical validation in other markets
- The speed of moving from one stage to another cannot be justified.
- It does not capture the case of simultaneous internationalization and ignores the frequent example of SMEs that skip a particular stage of the process. For
example, a real-estate developer may skip the two stages in the middle and invest directly in a new project abroad.

- The born global model

Instead of the staged internationalization of organizations, the «born global» model refers to firms that from their inception derive a competitive advantage from the use of resources and the sale of outputs in multiple countries. The ubiquitous internationalization of markets forces new organizations to become global from inception; In this attempt contributes the existence of new technologies, sophisticated communication methods and low-cost air transportation (Oviatt and McDougall, 1995).

Although many industries are characterized by global sourcing activities and by broad networks across borders, the majority of such companies come from the software and the knowledge based industry. Typical examples are Amazon, Google, E-Bay, Skype, YouTube, Facebook etc. It would be extremely difficult for a real-estate developer to internationalize immediately, because of the nature of the product (properties are constructed locally and not overseas and because of the compulsory involvement of the intermediaries

- A knowledge-based model of internationalization

Mejri and Umemoto (2010) suggest that, internationalization, instead of a process, can be considered the result of punctual and independent action. According to their approach, internationalization can be divided into a) pre-internationalization (zero experience), b) novice internationalization (short experience) and c) experienced internationalization. (deep and long experience). According to this approach, there are five factors that influence the internationalization process. These are:

- Market knowledge

Market knowledge has to do with the possession of information about the foreign markets. It is all about the market characteristics such as market size, competition, regulations, customers’ buying power etc. It is a crucial stage and belongs to the pre-internationalization phase. Due to the high risk of the first entry, firms should try to gain detailed information of the market. This phase can be considered the starting point of the internationalization process.
• Experiential knowledge and network knowledge

This is the knowledge that is gained from practice and is therefore very essential to a firm’s internationalization process. It starts in the pre-internationalization stage and continues during the first steps in the process. Morgan and Katsikeas (1997) emphasize that experiential knowledge is one of the leading factors (the other is uncertainty regarding the decision to go global) contributing to a firm’s internationalization process, especially when it takes place through an export development perspective.

Network knowledge is used in the different stages of internationalization. It consists of both social and business networks that are engaged in the internationalization process of the firm. Also, it should be noted that the network built in the pre-internationalization phase plays an important role for the start of the internationalization process. Networking is very important in the real-estate industry as influential connections lead to increasing sales performance and are usually one of the most powerful promotion weapons in real-estate.

• Cultural knowledge and entrepreneurial knowledge

This refers to the understanding of values, manners and ways of thinking of people in that market. Cultural knowledge increases as the company operates in the foreign market and learns how to deal with its foreign partners. According to Pathak (2011), effective management of mixed culture company environments attracts and retains people of all kinds and is considered to be a very important asset; successful companies are able to take advantage of the workforce’s cultural diversity. The knowledge of the existing business opportunities and, more importantly, the way they can be exploited is the essence of entrepreneurial knowledge. Although the recognition of an opportunity requires talent, the greatest challenge is how to take advantage of these opportunities.

Finally, researchers emphasize that knowledge, attitude and motivation of decision-makers in SMEs also play a significant role in the internationalization process of a firm (Johanson and Vahlne, 2003). International experience and the network of relationships of the owner herself are found to strongly influence managerial cognition and thereby internationalization decision-making. Especially in the Greek real-estate development industry, the owners (who are usually the CEO’s) of the companies apply an authoritative promotion strategy: since there is a lack of an autonomous marketing department, all the promotion actions are decided by the owner of the company. This aspect is discussed in the section that follows.
2.4.1. Marketing and distribution channels

The majority of researchers agree that small and medium size enterprises (SMEs) follow a different marketing approach than multinational corporations (MNCs). Small firms have a distinctive marketing style that is often responsive to competition activity. The most influential factor is the personality and the choices of the owner. The literature emphasizes the important role of the owner-manager in a small-medium size company, as her abilities strongly influence the marketing strategy of the company. Since marketing networking is an important element of the internationalization process, the marketing approach and the connections of the CEO play a crucial role in the total performance of a company. Her attitudes affect the success of the process more than the business environment.

In SMEs, marketing is based on common sense: marketing activities are planned and implemented according to their needs and requirements and not on some theoretical framework. At the beginning, marketing strategy has to be simple, reflecting the needs of the organizations. SMEs’ managers tend to implement simple, realistic and intuitive marketing planning over complexity and formality (Carson and Cromie, 1989). Regarding the market research which real-estate developers follow, the relevant literature underscores the contradiction in conventional marketing theory, where the identification of the customers and their needs as a first step of a company’s marketing strategy is one of the core marketing principles. Instead of this approach, real-estate practitioners first decide on the type of project they will create and then look for customers (Ling and Archer, 2008). The example of Greek real-estate developers is indicative: The majority of them do not even have the knowledge of the marketing mix. Instead of the use of the conventional marketing approach, they use word of mouth as a powerful marketing weapon. Greek SMEs owners use their social and business networks for information gathering and testing their new ideas.

2.4.2. Marketing networking

In the past, the literature has focused on distinguishing between formal business networks and informal social networks. A recurring theme in the literature is the use of both formal and informal networks consisting of a person’s social and family context. A deeper understanding of networks in SMEs will only be achieved by examining the content of their links and not only their number. There is a difficulty in developing models of networks in SMEs, because these individual networks are heavily influenced by the personality of the major players (in SMEs the manager director or CEO). It is very helpful to understand the structure of the networks and to examine the network as an analytical construct (Carson et al, 2004).

Three dimensions have been identified in order to help the understanding of networking in SMEs within a marketing content. These are:
The structural dimension, which is defined in terms of sources used that emphasize the physical structure of each marketing network.

The relational dimension, which describes the network linkages and measures the strength of existing marketing networks.

The usage dimension, which is the influence of the marketing network process in SMEs marketing activities. The major concern here is the outcome of manager’s network activities.

2.4.3. Distribution channels

Manufacturers should monitor the delivery process of their products to the final customer. Distributing products to final buyers requires attention as ineffective distribution causes serious problems to manufacturers. When entering a foreign market, a manufacturing firm prefers to work with local distributors who possess wide local knowledge (Kotler et al, 2009). For real-estate developers who wish to gain customers in the foreign country, the support of local real-estate agents can prove valuable.

The key element of a successful collaboration between channel members is the realization that if each member was acting alone, goals would be very difficult to achieve. Marketing networks and distribution channels are considered in terms of strength of the linkages and relational components which determine this strength: basically these are trust, commitment and cooperation (Carson et al, 2004). These elements are interrelated, since the success of cooperative relationships is influenced by inter-organizational commitment that is strengthened through trust.

- Trust

Without trust, business as we people understand it would be impossible. Trust is the element that drives business partners toward mutually satisfaction (Castaldo et al, 2010) and has a significant effect upon the performance of ventures (Harris and Wicks, 2010). Trust is measured in terms of the information shared and confidence in advice received. A relationship based on trust is the most important thing in all type of ventures. As Robson et al (2008) describe «As inter-partner trust grows, partners are increasingly disposed to expand ties and contribute their resources to the joint work...Trust sets in motion structuring and mobilizing forces that alter social properties, enabling the partners to overcome complexity and increase alliance outcomes». Overall, lack of trust translates into poor relationship performance, since partners tend to act in their own best interest (Mohr and Spekman, 1996).

- Commitment

Commitment is defined as the time and effort devoted to maintaining network linkages. In a joint venture or an International Marketing Alliance –IMA (for example
between a Greek real-estate developer and an international real-estate agent and consulting company such as Savills or Sotheby’s) the higher the level of commitment, the higher the level of accommodation in the partnership or venture (Bello et al, 2010). Commitment plays a very important role in establishing cross-border relationships between organizations. In order to succeed in international ventures, it is vital that firms involved in international business understand the overseas market characteristics and employ appropriate international marketing practices. Exporter cultural sensitivity and importer transaction specific investments promote commitment. Exporters who understand and are able to adjust to their importers’ local business practices are rewarded with stable economic transactions and, more importantly, durable relationships (Skarmeas et al, 2002). For example, a real-estate developer who collaborates with a real-estate agent in Moscow should show an understanding of the Russian culture and way of thinking. At the same time the Russian real-estate agent must act responsibly by promoting the Greek company’s projects in the Russian market.

Commitment is a very crucial factor for improving international channel performance. A higher commitment of the business partners enhances the possibility of success (Pesamaa and Hair, 2008). The majority of growth strategies are characterized by peaks and troughs of commitment which are born by the discontinuous emergence of opportunities and threats in the company’s environment. Firms that have established a network of committed overseas distributors enjoy benefits such as enduring performance results, improved prospects for sustained foreign market penetration and continuous development (Skarmeas et al, 2002).

- **Co-operation**

Cooperation is defined as the level of interdependence between SMEs managers and their business partners. It is a very important element in business that should be encouraged, because it creates lasting bonds between partners, contributes to economic growth and accelerates development. The better the personal relationships, the more successful the cooperative strategies (Pesamaa and Hair, 2008).

Exporting manufacturers (in our case the real-estate developers) depend on the feedback that they receive by foreign intermediaries (in our case the real estate agents and consultants). This support usually includes foreign-export market information, promotion of the products, logistics, staff training and business advice (Katsikeas et al, 2002). Mohr and Spekman (1996) suggest that successful cooperation between channel members could be strengthened with the contribution of the following elements:

- **Joint participation in planning and goal setting**: Partners wish to have a voice in the strategy formulation. The example of real-estate developers who do not
implement recommendations made by their dealers (real-estate agents) should be avoided.

- **Communication quality and information sharing:** Information that is exchanged between partners should be on time, accurate, adequate and complete. Critical information must be communicated between them effectively. For example, real-estate developers should inform their channel partners about their strategy and potential changes to it. At the same time they have to strike a balance between sharing enough information, but not so much that their competitive advantage or attitudes are damaged.

- **Joint problem solving:** Conflict resolution methods that focus on joint problem solving affect the relationship positively. Real-estate developers would benefit if they followed a win-win approach with their distributors.

Overall, trust, commitment and cooperation cannot be regarded as autonomous, separate entities. Their combination is a very important element for the establishment of successful marketing networks and distribution channels. The transformation of marketing from a simplistic approach to a sophisticated one is a step-by-step process and any improvement in marketing performance will come as a result of long-term experience. It has to be a holistic approach based on refinement, innovation, image management (this is extremely important in real-estate), product quality and the formation of key strategic alliances (O’Dwyer et al., 2009). This research recognizes the need for the improvement of the products which Greek real-estate developers offer to their customers; thus the constructive contribution of green building methods and after-sales services is analyzed in the following chapters.

**2.5. Green buildings**

Green buildings and green buildings’ marketing strategy are a recently emerged issue in the real-estate development industry. The very limited literature on this subject argues for the high importance of such policies and suggests the potential financial and ethical benefits that a company will gain by adopting a green marketing strategy. The harmful impact of human activity on the environment and the increasing concern about this phenomenon have forced the most responsible real estate developers to construct projects that protect the natural environment and to develop a «green home» marketing strategy.

Green properties marketing mix addresses the increasing consumer demand for green homes in order to achieve social benefits, business effectiveness and ultimately the sustainable development of man and nature as a whole. A green property combines harmony between man, nature and architecture by using natural and artificial means to create a healthy and comfortable living environment (Zhang, 2010). The best
example for such a project is the Costa Navarino project in Greece, where a complex of 50 residences has been constructed with the use of natural materials.

Zhang (2010) suggests two main factors that influence the buying decision of a green home. These are a) money; income is the factor that dominates the purchase process. When actual purchase decision takes place, realism prevails. People with incomes exceeding $5,000 monthly spend more money on environmentally friendly products and services. On the other hand, in China for example, people with a monthly income of less than 1000 Yuan ($156) cannot pay the premium charge for a green home and b) education; the higher the level of education, the wider the acceptance of green residences.

Graph 2: Maslow’s Pyramid of needs. According to Zhang (2010), buyers of green homes belong to the upper two stages of the Maslow Pyramid of Needs, while simple home buyers meet their physiological needs and therefore they belong to first stage (bottom) of the pyramid.
2.6. After-sales services

Service quality is particularly important in the residential real-estate industry because this market is rapidly changing. Developers and agents benefit by asking for feedback regarding the service quality they offer to their customers. The better the real-estate industry communicates with its customers, the higher will be the levels of customers satisfaction (Seiler and Reisenwitz, 2010). Real estate developers should focus on after sales support, since it is the longest-lasting source of revenues and, at the same time, requires relatively small investment. Customer support is the strongest part of a product’s life and it can create extraordinary value for a company’s customers (Cohen et al, 2006).

Although the importance of after sales services is broadly accepted, Greek real-estate development companies are not providing such kind of services. The relevant literature sets up the context and the main steps that a Greek real-estate development company should follow in order to establish a successful after-sales policy and the huge benefits of asking for customer feedback. Throughout the following case study, the benefits (both financial and ethical) from such a strategy will become more apparent to the reader.
CHAPTER 3: METHODOLOGY

3.1. Research method

This report was a qualitative research case study. This approach was adopted in order to combine a theoretical framework with business practice. The purpose of qualitative research is to achieve a holistic rather than a reductionist approach (Bloomberg and Volpe, 2008). According to Voss (2008), case studies can be either practice oriented (a research where the objective is to contribute to the knowledge of one or more practitioners) or theory oriented (research where the objective is to contribute to theory development). Because of the very limited business practice and the lack of international literature regarding this research topic, the researcher tried to contribute to this field by conducting research that would be both practice oriented and theory oriented.

3.2. Strengths and weaknesses of the selected methodology

a) Strengths:
   1) Since there was specific focus on the issue of a real-estate development firm’s expansion process and the main steps for gaining and sustaining sustainable growth, this approach engaged better with the complexity that the topic of the research carried. The selected research design provides the sound of «real life», it is grounded in «lived reality» (Hodkinson and Hodkinson, 2001):
   2) This method helped in the deeper investigation of the experiences and business insights of the people working in the real-estate industry.
   3) The selected approach can facilitate rich conceptual/theoretical development. For example, in this research, the conventional marketing theory bought up against the complex reality (the real-estate developers do not implement the «politically correct» marketing strategy).
   4) The variety and richness of data that emerged contributed to the generation of new ideas such as the promotion of environmentally friendly buildings and after sales policy.
   5) Through conducting research in the field and being exposed to real-life problems, the researcher gained more experience and knowledge of the business practices in the industry.

b) Weaknesses:
   1) There is a difficulty in presenting simply and clearly the complex data that are examined, because of the lack of relevant literature, limited business practice and the non-conventional methods that real-estate practitioners follow.
2) The findings are not easily «generalisable» due to the particular focus on the focal firm and specific countries.
3) Although the researcher tried to be unbiased, some doubts about the approach’ objectivity may arise.

3.3. Data collection methods

The sources of data study were:

- *The literature*: Although there is an important gap in international literature regarding the expansion of Greek real-estate development companies, other relevant literature sources are used in the formulation of this research. More specifically, literature sources regarding the internationalization of SMEs, international marketing, the marketing approach that real-estate developers follow, green buildings marketing strategy and after-sales strategy are considered. To conduct this selected literature review, the researcher used a variety of information sources, including professional journals, books, dissertations and Internet resources. These resources were accessed mainly through EBSCO database and the library of the International Hellenic University.

- *Interviews with practitioners from the real-estate industry, including the management of the focal company*: The interviewees were business people connected with the real-estate industry in Greece and abroad, including the management of the focal company. The researcher tried to contact highly qualified practitioners with long-term experience. Due to the multiple purpose of this research, professionals in a variety of fields were interviewed. The participants were interviewed by phone or in face-to-face meetings. Thirteen out of fifteen agreed to participate, preserving their anonymity. To interview the firms’ representatives, the semi-structured interview was chosen, as it encourages more discussion and allows new issues to emerge (*for more details about participants demographic data please see the Appendix*).

- The majority of questions regarding the internationalization of SMEs were based on the topics used by Johanson and Vahlne (2003), Robson et al (2008), Skarmean et al (2002) and Wong and Merilees (2008). Regarding marketing in SMEs, then were based on the topics set by Carson and Cromie (1989). Finally, interview questions regarding green buildings and after-sales services were based on the works of Zhang (2010) and Cohen et al (2006), respectively.

All these works were both the source of a useful framework and simultaneously provided comparability between this research and previous work. The interviews consisted of a small number of questions (6-10), because of the participants’ tight schedules. Despite the limited time, in three cases the interview process ended in a long and deep conversation.

- *The researcher’s limited personal experience*: The researcher is currently working in the Sales and Marketing Department of the focal company. The
researcher’s contribution involves the combination of a theoretical framework with business practice (mainly the procedures, the insights and facts of the industry, as they were revealed to the researcher).

Table 1: Participants

- 4 managers/CEO’s of Greek real-estate development firms
- 1 manager/CEO of a Turkish real-estate development company
- 2 Greeks and 2 foreign real-estate agents
- 1 real-estate chartered surveyor (member of RICS)
- 1 member of the Hellenic Tourism Agency
- The general director of a Greek Bank’s Real-Estate Department
- A member of the governing board of a Russian real-estate investment fund

3.4. Ethical considerations: The researcher tried to establish the necessary safeguards that protect the rights of participants and include informed consent, protect participants from harm and ensuring confidentiality.

3.5. Issues of Trustworthiness: Significant effort has been put into ensuring that this paper consists of:

- **Credibility:** The researcher focused on the accurate representation of the participants’ perception. All the data described in the case – study are real. It has to be stressed, that the researcher believes very much in the opportunities existing in foreign markets and in the benefits that after-sales policy and the efficient marketing of the environmental friendly buildings can create. The researcher tried to be unbiased in the way participants’ perspectives are portrayed.

- **Dependability:** The researcher tried to provide detailed and thorough explanations of how the data was collected and analyzed. Except for the interviewees’ identity, all the other data is available for review by other researchers.

- **Transferability:** The researcher hopes that this research will make it easy and possible for the reader to match this research context with other contexts.
CHAPTER 4: CASE STUDY AND DATA ANALYSIS

4.1. Background of the company and its projects

The company was established 11 years ago, in 2000. The founder and CEO of the firm, a former merchant, invested in the third “leg” of the Halkidiki peninsula, which is known worldwide as the “Holy Mountain” peninsula, because of the existence of the Orthodox Byzantine monasteries. The founder decided to buy 60,000 m² and to build there a residential community of luxury summer villas. Since 2001, 60 luxury villas right on the beach front have been constructed and sold to domestic and foreign customers.

The prefecture of Halkidiki consists of three peninsulas: Kassandra, Sithonia and Athos (Holy Mountain). The entire area attracts a large number of tourists every year and demonstrates a unique nature with isolated small bays, crystal clear sea, beautiful islands and villages with remarkable traditional architecture. It combines mountain and sea, peace and intense night life, ancient history and contemporary life. The tourist scene is at a high level with luxury hotel complexes, apartments and rooms for rent, camping sites and entertainment.

Despite the world financial crisis and the collapsing real-estate market in Greece, the company decided in 2009 to construct a new complex consisting of 36 luxury summer homes in the same area. The firm is constructing a complex of 15 apartments of 60 m² each, 15 small villas of 95 m² and 6 villas of 120 m². Each property has its own private pool and small garden. The project is taking place on one of the finest beaches of Greece; Komitsa Beach in Nea Rodha. It is located in the third peninsula of Halkidiki and it is essentially an expansion of the company’s previous complex. Due to the depressed economy in Greece, the company decided recently (on May 2011) to engage in the Russian and West European market by opening a sales office in Moscow and in Munich respectively and to operate actual in Turkey by constructing a small complex of luxury villas, using environmentally friendly materials.

Customer care should always be a priority for organizations and after-sales services constitutes a basic element of customer-focused strategy (Cohen, Agrawal and Agrawal, 2006). The management of the firm, recognizing as a first priority the
satisfaction of its customers, establishes –for first time in Greece- innovative after-sales service policy that «accompanies» the company’s properties.

4.2. The European real-estate market

2011 will be a year of changes in the European real-estate industry, a year where the industry will redefine itself. Most people in this industry forecast that this year will see major changes. The words of the banker who participated in this research are characteristic: «Austerity measures in Europe, together with the threat coming from high deficit countries such as Greece, Portugal, Ireland, Italy and Spain compose a very ‘‘pessimistic’’ investment landscape in the real-estate industry, where the basic elements are uncertainty, confusion and fear».

Major real-estate markets present just a few positive economic indicators. There is a high possibility for a double-dip in the UK economy, while the fears for strong economies like those of Germany and France slowing down are increasing. The biggest problem remains the uncertainty regarding the deficit problems that major countries such as Italy and Spain face: an extremely turbulent market will be created if these countries ask for financial aid (PricewaterhouseCoopers, 2011).

4.3 The Greek real-estate market

According to Eurobank Report (2011), in 2010 the investment activity in Greek residential real-estate market decreased dramatically, due to the country’s uncertain financial environment, the limited liquidity of domestic buyers, legislation barriers, bureaucracy and the existence of heavy taxes. These elements refer mainly to Greece and unfortunately are a significant part of the country’s business environment. Domestic real-estate developers and foreign investors face huge difficulties when they invest in the Greek real-estate industry. The member of the governing board of a Russian real-estate investment fund notes: «We do not want to make deals in Greece due to the following factors: The market is inefficient and illiquid (limited transactions take place), there is lack of transparency, and we have to obtain several permits in order to buy just a single property». It is characteristic that if a Russian wants to buy a summer property in Greece, she has to wait approximately 8 months for the permission. Regarding transparency, Greece is a country where properties
have two values – the «objective or the contract» value and the «market or commercial» value. Commercial value is usually much higher than the objective” value. The statement of the English real-estate agent is very relevant «You have to see the faces of West European customers when we say to them that they will pay for example €400,000 for a property in Greece, but the price on the contract will be only €60,000. A lot of them stop the negotiations immediately».

Another barrier for investing in Greek real-estate and particularly in its residential sector is the high taxes. The RICS member real-estate chartered surveyor elucidates on this issue: «23% VAT on properties is very high, especially if you compare it with competitive countries like Turkey». In Turkey the average VAT on the purchase of a property is estimated at 10, 3 % (in some cases is only 3,3%) and this element attracts a lot of foreign investors to the Turkish real-estate industry (Colliers, 2011).

Recently (on 27th September 2011), the Greek parliament voted an extra tax on the majority of Greek properties. For real-estate practitioners, this was a catastrophic movement for the industry. A Greek real-estate developer notes: «This extra tax is the final ‘blow’ to our industry. Why should someone buy a summer property in Greece when she has to pay every year a significant amount of money only for taxes? A lot of people who own a summer property will sell». The statement of a Russian real-estate agent is complementary: «The new and heavy extra taxes on Greek properties discourage the majority of the Russian customers».

In the last 2 years the Greek real estate market has been characterized by (Eurobank Report, 2011):

- A big supply of unsold properties.
- Demand stand-by since buyers are cautious.
- Limited financing by the banks.
- A continuous decrease in the volume of construction activity—especially in residential real estate (graph 1).
- A decrease in property prices (table 1).
Table 2: Property selling price index

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cities</td>
<td>12,4</td>
<td>5,1</td>
<td>1,7</td>
<td>-4,3</td>
<td>-3,9</td>
</tr>
<tr>
<td>Athens</td>
<td>11,7</td>
<td>6,2</td>
<td>0,9</td>
<td>-4,6</td>
<td>-2,8</td>
</tr>
<tr>
<td>Rest of the country</td>
<td>13,0</td>
<td>3,8</td>
<td>2,6</td>
<td>-2,9</td>
<td>-8,3</td>
</tr>
<tr>
<td>Properties’ rent index</td>
<td>4,4</td>
<td>4,5</td>
<td>3,9</td>
<td>3,6</td>
<td>2,4</td>
</tr>
</tbody>
</table>

Source: (Bank of Greece, 2011)

Graph 3: The residential building activity process in Greece in the last five years

Source: Eurobank report (2011)

4.4 The European and Greek summer - house market

The most famous summer destinations in the European region are Spain, South France, Italy, Turkey, Cyprus and recently Montenegro. These countries attract million of tourists every summer who wish to enjoy the mild climate and the clean blue sea. In the last three years, a decrease in transactions concerning the purchase of summer homes in these countries (with the exceptions of Turkey and Montenegro)
has been noted. Buyers are affected by the worldwide financial crisis and there is a big supply of ready-for-sale homes. These two factors are the basic reason for a 15% decline in prices. At this time (September 2011), a huge number of summer-homes (3, 5 to 4 million summer-homes) are unsold (Keates, 2011).

Buying a summer house in Greece seems to be a tangible dream to the West European and North Americans, who seek a different summer experience, away from their countries. These people are interested in summer homes that are located either in popular Greek tourist resorts (Aegean and Ionian Islands, Peloponnesus, Crete and Halkidiki are the most promising destinations) or in traditional villages like those of Mt Pillion, Mt Olympus and Mt Parnassus (Eurobank report, 2011). In the last five years, there has been an average increase of 7% in interest in buying a summer house in Greece. But this demand is theoretical and it is not translated into purchase, since potential buyers are reluctant and are anticipating a significant decrease of 25-30% in summer houses prices, as a result of the country’s financial crisis (Bank of Greece report, 2011).

4.5. Competitive advantage of the company’s projects

The company’s management tries to formulate a competitive advantage that is based on the ability to create innovative projects, to compete successfully with the competition by offering superior quality and to continuously improve its projects. The company’s competitive advantage is located in the following three elements:

1) **Location and construction quality:** The projects are situated on beachfronts where nature meets culture, something that assures the good neighboring and the architectural uniformity of the neighboring plots. The materials that are used are environmentally friendly and are characterized by high quality. The architecture combines the traditional with the modern and ensures the comfortable life of the residents. Each property has at its disposal a large private garden and a swimming pool. The houses are harmoniously combined with the natural environment, since in their construction the dominant characteristics are the wood and the handmade Byzantine-type brick.
2) **Environmental responsibility:** The firm has realized the importance of a green buildings construction process and the favorable consequences of such a policy in sales performance. The RICS member chartered surveyor speculates that: «*Green buildings will be more attractive and marketable in the following years. Despite the ecological perspective, there will be financial benefits for the developers who apply green construction methods*». In the same direction lie the thoughts of the head of the company’s international sales department, who emphasizes the fact that many customers ask for green properties and are able to pay a premium price for them.

As a result from of the firm’s green policy, the new project in Turkey will include the following innovative and environmentally friendly building techniques (James and Hudson, 1998):

- Materials and components will be selected in order to reduce embodied and transport energy.
- In some specific areas will be used recycled materials will be used.
- Use of timber from managed sources.
- Special water conserving installation.
- Natural organic sewage treatment.

3) **Customer care and after-sale services:** The real-estate practitioners interviewed focused on the benefits that an integrated after-sale services policy could have for the image and financial performance of real-estate development companies. The UK real-estate agent notes: «*The majority of our customers demand after-sales services. Developers in the UK and in the Alps provide such services and present a superior sales performance*». The marketing manager of the focal firm agrees that customers appreciate an after-sales policy: «*Even some basic things such as cleaning, childcare and transportation are enough. They do not cost a lot but make an excellent impression on the customers.*''

The focal firm has realized the importance of the protection of the environment and the impact that such a green policy has on its affluent customers, who are willing to pay a premium price for an environmentally friendly home. Consequently, the management of the firm has decided to offer the following after – sales services,
which will be provided to the firm’s client for the first 5 years without extra charge. These are:

- **Transportation services**: Travel to and from the airport, assistance with car and scooter rental.
- **«Ground» services**: 24/7 health care (in collaboration with the local health center), childcare, top-quality gardening, cleaning (4 days per week), cleaning of water tanks, installation of burglar alarms, installation of satellite dishes, telephone systems including lines and fax
- **Property management services**: Protection of the property 24/7, complete management of the property including payment of taxes, utility bills, accounting and other expenses, secretarial services, postal and courier services, keys safekeeping, assistance with insurance companies (life, home, car).

### 4.6.1 The company’s marketing strategy and distribution channels

Greek real-estate developers do not have an integrated marketing strategy. They confine themselves to some promotion techniques such as the use of the Internet, the distribution of their projects’ brochures and the advertisement in newspapers. A Greek real-estate developer states that «we do not have a marketing department. Our basic promotion strategy is confined to sponsorships in avant-garde social events, participation in some real-estate fairs and conferences, and advertisements in newspapers and magazines».

### 4.6.2 Philosophy of the company’s marketing strategy:

The core of the company’s marketing strategy is the promotion of its luxury properties that are «accompanied» with green building techniques and innovative after-sales services. The firm is a real-estate developer who constructs and sells luxury villas, mainly in beachfront locations. It aims at attracting affluent and loyal customers to the brand and at developing products that are «satisfiers» according to Frederick Herzberg’s two factor theory – products that are sources of intrinsic satisfaction (Kotler et al, 2009). The Marketing Director states that «the firm tries to establish stable and favorable
associations with its customers and to keep them loyal to the brand, because brand name and reputation are very important factors in the real-estate industry».

4.6.3. The target segment of the market: The firm targets the upper segment of the market:

- **Company customers**: The customers of the firm are top achievers, people who pursue a high level of life style. They like moving abroad for their vacations, they usually buy the most expensive items (for example a Rolex watch, a Porsche, a 50 foot yacht etc.) and display sometimes conspicuous consumption (they wish to show off their wealth). The words of the Russian real-estate agent are very relevant: «Russians always look for a villa in a prestigious place where other rich and famous people live. Also, Russians really love to show off their new purchases to others». Western European customers (Germans, for example) are usually modest, look for the highest quality and the best value for money and are sensible to environmental protection.

- **Market demographics**:  
  - Until 2009 the company’s customers were in their majority Greek doctors and medium size entrepreneurs between 45 and 70 years old. Their annual net income was estimated between € 350.000 and €3.000.000.
  - After 2009 and until today (September 2011), a major change in the nationality of company customers is noticed. Because of the financial crisis, Greeks have stopped buying expensive summer villas and new foreign customers have appeared. In most cases they are Russian, Bulgarian, Serbian and Albanian entrepreneurs between 35 and 60 years old. Their annual net income is difficult to estimate, because they operate in complex business activities. A moderate company’s research estimated it to be between €1.000.000 and €5.000.000.
  - In the case of the project in Istanbul, the focal firm targets the upper middle income group. These are people who can spend about €6.000-7.000/m² for their house.
4.6.4. Marketing 4 Ps

**Price:** The firm’s pricing strategy offers a marketing master class. The pricing policy reflects the entire value proposition offered: the company is the only real-estate developer in Greece that offers a quality combination of luxury, environmental responsibility and integrated after-sales services. The firm’s CEO states that «prices range between €250.000 for a 60 m² beachfront apartment and €550.000 for a 120 m² small villa with its own private pool. In the case of properties on the Bosphorus, they will cost €950.000 each. After-sales services are included in the price for a five year period and after this expires, a special agreement with the customer will take place».

**Place/Channels:** In May 2011, the company reformed its distribution strategy. In the previous years the company collaborated with almost anybody who saw himself as a real-estate agent. This was an approach with poor results. According to the CEO, «the firm will try to reduce the number of intermediaries in the distribution channel. This new approach is the result of the firm’s attempt to offer better quality and to increase customer convenience and satisfaction’’.

This will be achieved by:

- Opening two sales offices in commercial streets of Munich and Moscow. The affluent customers of these cities are of high interest for the firm.
- Ending the collaboration with a great number of real-estate agents. The firm will try to collaborate only with reputable real-estate agents.
- Decreasing the budget sharply for advertising and sponsorships.

**Real-estate agents:** The majority of real-estate practitioners agree that in many cases, real-estate agents are the «face» of the real-estate developer. Having that in mind, the firm is trying to establish agreements with the most reputable real-estate agents both in Greece and abroad. «We have to establish trust-based relationships with the real-estate agents. They are in touch with the customers every day, so they know customers’ needs better. Small local real-estate agents are not excluded, since many times they can cover one specific area», clarifies the Marketing Director.
More specifically, the real-estate agents that the company collaborates with are:

- In Europe: Savills, Sotheby’s, Knight Frank, Home Hunts, Engel und Volkers, Remax luxury and other qualified local agents in the major cities across Europe (Munich, Berlin, London, Paris, Rome etc)
- In Turkey: Colliers and other local agents.
- In Russia: Knight Frank, Savills and other local agents.

The Internet: The increase in the use of the Internet worldwide has created a very important distribution channel. The UK real-estate agent notes that «the majority of our clients visit our website to see the properties and then place an enquiry. The new real-estate applications in the smart phones are very helpful».

According to the focal firm’s management, the basic Internet distribution channels are:

- **Internet browsing**: When a user searches the Web (in Google, Yahoo etc.) for a summer property in Greece and Turkey by using specific key-words (such as «summer –homes», «Greece summer homes», «Bosphorus homes», «beachfront properties» in Greece etc.) the company’s projects appear in the first 8 places on the Web. This refers to UK, Russian, Greek, Turkish and German sites.
- **The company’s website**: The CEO emphasizes the importance of the website. He believes that «this is the mirror of the company, so we invest a significant amount of money in it». Potential customers can access the firm’s detailed website and find all the necessary information and photos and they can contact the firm’s sales department.

Sales offices: In the next two years, the firm is planning to open two small sales offices in Moscow and in Munich. As the Marketing Director comments on this issue: «We have studied the Zara example and want to apply a similar strategy. Zara uses stores that usually are located on expensive commercial roads (a characteristic example is the ZARA store on the corner of Bond Street and Oxford Street in London,
UK) as core distribution and marketing strategy». The basic reasons for the opening of sales offices are:

- To establish a strong presence in the markets of high interest.
- To come closer to customers.
- To reduce the number of real-estate agents collaborating with the company.
- To gain an international profile.

**Product:** The real-estate agents interviewed believe that «location of a property is an extremely important element. Attractive commercial locations act as magnet to the customers». The firm constructs and sells luxury properties on the sea. These properties are characterized by excellent building quality, classical architecture, innovative green building techniques and —for first time in Greece— integrated after-sales services. These executive properties have a modern feel and are designed to create the conditions for a comfortable way of living and also of aesthetic perfection, of qualitative superiority and of perfect functionality that form the perfect image for a modern property.

**Promotion:** The key element is the selection of powerful and sound promotion strategies. At the same time, the company tries to decrease their advertising campaign in newspapers and magazines. The Marketing Director feels that «they cost a lot and the benefits of such a policy are uncertain. For example, we placed an advertisement in the magazine of Olympic Air, which is distributed in every flight for every destination. This expensive campaign (the annual cost was €50,000) attracted zero customers». Moreover, the firm’s CEO states that «the promotion philosophy now focuses on the highlighting the company’s basic competitive advantages, which are the quality of the properties, the after-sale services and the green building techniques».

The milestones of the firm’s promotion campaign are:

**Direct Mail:** This proved very successful in the past, when the marketing department sent a personal direct mail to people from Thessaloniki, who were considered the main target group. This technique attracted individuals who responded to this
advertising technique and bought a company’s property. The CEO explains: «This was the most effective promotion movement we have ever made. We sent personal mails to wealthy individuals who really liked this sophisticated approach».

**Word of mouth (WOM):** Word of mouth is probably the most powerful promotion weapon. The firm will try to apply the buzz marketing form that creates publicity and generates mystery and excitement about a new product or service (Kotler et al, 2009). The firm’s CEO states that «we focus on a few knowing key people in the target group (usually they are entrepreneurs, doctors, real-estate consultants and bankers) and discuss with them. If these conversations are targeted, these individuals spread the ‘‘good word’’ to their friends and colleagues. The basic target of this technique is to create an elite group of loyal customers». The RICS real-estate chartered surveyor believes that «word of mouth is of huge importance in the real-estate business. People belonging to a specific target group discuss among them».

**Exhibitions and International Property Fairs:** International real-estate exhibitions comprise a conventional method of promotion, since they attract thousands of visitors. One manager believes that «participation in international property fairs is very expensive, but it enhances a firm’s public image. Also, we must not forget that they are an international meeting point of industry people». The company participates in the most exclusive property fairs worldwide, such as the MIPIM International Real-Estate Exhibition and the Moscow International Property Show.

**The Internet and social media:** The firm created a detailed website where the guest can gather all the information about the company’s projects. Also the firm’s electronic brochure can be viewed through the website. The Marketing Director notes that «Facebook and LinkedIn have become an important force in the company’s marketing campaign. Our profile in these two social networks is updated often».
4.7.1. The new project in Turkey

4.7.2 Turkey

Turkey is the 17th largest economy in the world with a population of 80 million people, 40% of which is a young population under 29 years old. Turkey’s GDP has displayed a significant increase in the last 8 years: It climbed from $304 billion in 2003 to $734 billion in 2010. The key characteristics of the Turkish economy in 2011 were the strong growth and the financial recovery. GDP increased by 9.2%, presenting the biggest increase among all European countries (Colliers, 2011).

The Turkish market is characterized by strong domestic demand, whereas investments and consumer spending in the last year have boosted growth. The thoughts of the banker interviewed are characteristic: «The strong economic position will continue to attract investors in the real-estate industry who wish to take advantage of the Turkish government’s low tax policy and the strong domestic demand». Concerning the dangers of an overheating economy, the Turkish Central Bank increased the required reserve ratio, a movement that will probably limit the credit expansion and will have as a result the limitation of the country’s economic growth. Inflation expected at 6.5% for the year 2011; this will create pressure on the interest rates that heavily influence the real-estate industry. (The lower the interest rates, the bigger the increase in home loans.) The banker interviewed states that «in 2010, the residential loans increased by 35%. It is expected that home loans will continue their upward movement, but in a more conservative way».

4.7.3. Istanbul’s residential real-estate market

Istanbul (or Constantinople) is Turkey’s cultural, economic and financial center. With a population of 15 million people (2011), it is the only metropolis in the world that is situated on two continents, Asia and Europe. Istanbul ranks first for new real-estate acquisitions and developments and second for existing real-estate investments among all European cities (Table 2). Real-estate investors are very confident about Istanbul’s perspectives because of Turkey’s underlying fundamentals (PricewaterhouseCoopers, 2011)
The Turkish real-estate developer who operates in the city notes that «we focus on stable investments in areas with beautiful architecture, sufficient social amenities and adequate parking». Since high income people hold back from purchasing very expensive residential properties, developers target now the upper middle income group. «There belong people, who wish to spend maximum €1.000.000 for a property», says the UK agent.

Although Istanbul is located very close to Northern Greece, there is no Greek real-estate developer who operates in this very profitable market. The majority of Greek real-estate developers who decided to internationalize their operations focused mainly on the Balkan countries. The words of a CEO are very characteristic: «We made big mistake by focusing too much on Greece and on Balkan countries like Romania. These markets are now collapsed; customers do not have either the money or the will to buy a property and the banks are afraid to finance new projects. And of course we should not underestimate the inability of the Greek state to establish a stable investment environment».

A manager interviewed notes that ‘we have never thought of operating in Turkey.’ The poor knowledge of opportunities that exist in the Turkish market is stamped by the majority of Greek practitioners’ words, who feel that «we do not have somebody to trust in Turkey. We think that it will prove difficult to co-operate with the Turks». A contrasting approach is suggested by the Turkish developer, who believes that Istanbul’s real-estate market is open to Greek companies. «We want to collaborate with Greeks, in a joint-venture for example. We share a lot of culture elements, so cooperation should be easier than many think», he clarifies.

4.7.4. The new project in Istanbul

The CMO of the company points out the reasons for investing in Turkey: «The strong performance of Istanbul’s real-estate industry, the increasing demand for a house on the Bosporus coast and the poor business activity in the Greek real-estate market, motivated us to enter the Turkish market with the construction of a new project. The complex will consist of 10 detached houses. Each one will be built with the use of environmentally friendly materials and supported by the company’s after sales services policy». The firm will try to co-operate with local people in order to build
and promote the project. As the CEO clarifies, «in Turkey we look to cooperate with local people, who know the market better».

The company’s new residential project will take place on its own private plot of 2,500 m². It is located on the Asian side of Istanbul and has an excellent view and suitable access to the Bosphorus. The complex will consist of 10 detached houses. Each one will be built with the use of environmental friendly materials and supported by the company’s after-sales services policy. They will be 180 m² and will cost €950,000 each. The houses will have direct access to the coast line of the Bosphorus (the plot is in the 2nd line from the coast) and will be ideal both for winter and summer use. (Financial details and timetable regarding the project are described in Table 3.)

4.8. The opening of sales offices in Munich and Moscow

4.8.1. Munich

Munich in Germany is considered as an ideal city for the opening of a company’s sales office. Located in the area of Bavaria, it ranks among the top three wealthiest cities of Germany (the other two are Karlsruhe and Frankfurt). Despite the negative image of Greece that the German media have lately promoted, German tourists prefer Greece for their summer vacations. The member of the Hellenic Tourism Agency states that «German tourists rank second in tourist arrivals in Greece. In 2010, almost 1,000,000 Germans visited Greece».

According to the researchers of PricewaterhouseCoopers (2011), the city offers the most stable investment opportunities in real-estate industry in Europe. The Marketing Director of the focal firm believes that the citizens of Munich are friendlier to Greeks than the rest of the German people, since Greeks have a long-term presence in Munich and share some elements of their lifestyle with the citizens of Munich. Moreover, the firm also targets the Turks who live in the city and may be interested in purchasing a property in Istanbul. The company’s management, inspired by the example of ZARA (Kotler et al, 2009), has decided to open its new sales office near Kaufingerstrasse, on a prestigious and commercial road. The office will be characterized by:
A modern interior and exterior environment
- Easy access, since it will be located in the basement
- Friendly and polite office staff that will focus on the basic elements of German culture: punctuality, quality and preciseness.

4.8.2. Moscow

Russian tourists rank fifth in tourist arrivals in Greece. In 2010, almost 500,000 Russians visited Greece (Greek statistics, 2010). 50,000 Russians visited the area of Halkidiki and 20,000 of them preferred to visit the Mount Athos peninsula. The Russian real-estate agent states that «Russians like Greece. They like the climate, the sea and the fact that Greeks are also Orthodox. Despite the problems that Russians face when they want to invest in Greece, there will always be Russian interest in Greek properties, especially in the residential-summer home sector».

Moscow is the center of Russian’s wealth, the city that displaced New York as the city with the greatest number of billionaires (Wetzel, 2011). In 2008, Moscow was the best city for real-estate investments. The financial crisis of 2009-2010 affected the city which is now rebounding (PricewaterhouseCooper, 2011). Nowadays, the residential real-estate industry focuses on the new luxury construction field and in the development of the city’s new prestigious area, the Moscow City (Knight Frank, 2011). The company will pay great attention to the effective operation of the sales office in Moscow, because:

- Russians are the best customers for luxury homes (Wetzel, 2011).
- They are Orthodox and frequent visitors to the Holy Mountain, so the company’s project in this area may be ideal for them.

The Russian sales office of the firm will be located on a road between Stoleshnikov Lane and Tverskaya ulitsa. These are very expensive commercial roads, which people that belong to the company’s target market use to go shopping (Jones Lang La Salle, 2011). The office will be characterized by:

- a luxury and classical exterior and interior design
- polite and sophisticated staff
• an atmosphere that will enhance the impression that the firm’s projects are a choice of status.

Table 3: Implementation budgeting plan

<table>
<thead>
<tr>
<th>Activities</th>
<th>Start</th>
<th>End</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening of new sales offices (a 2 year process)</td>
<td>1/12/2011</td>
<td>30/11/2013</td>
<td>€500.000</td>
</tr>
<tr>
<td>Construction of the new complex in Istanbul, Turkey (including green building techniques)</td>
<td>01/04/2012</td>
<td>End of 2014</td>
<td>€4.800.000.</td>
</tr>
<tr>
<td>Maintaining website(cost per year)</td>
<td></td>
<td></td>
<td>€30.000</td>
</tr>
<tr>
<td>Website changes for the new project in Istanbul</td>
<td>01/06/2012</td>
<td></td>
<td>€5.000</td>
</tr>
<tr>
<td>After –sales services (cost per year)</td>
<td>1/10/2011</td>
<td>1/10/2016</td>
<td>€100.000</td>
</tr>
</tbody>
</table>
4.9. Implementation barriers

1) **The problem:** Inefficient support and poor results from the collaboration with real-estate agents. A real-estate developer feels that «real-estate agents are our basic distribution channel, but there are a lot of times when we charge agents to sell our properties and they fail to do so». The words of an agent interviewed are characteristic: «We want to help the developers, but usually they do not ask for our feedback when they plan their projects. They see us more as external sales people and less as partners».

**The solution:** An ideal solution to this problem could be the establishment of a cooperation and teamwork climate between developers and agents. It would be very useful, if real-estate developers asked for agents’ advice before they started constructing a project. Needless to say, such an approach would benefit both parties, since they would gain not only profits but also satisfaction.

2) **The problem:** Since the firm is making its first steps in internationalization with the opening two sales offices abroad (Munich and Moscow), the problem of poor selling performance can be identified. The Marketing Director describes this issue: «Personal selling requires specific skills on the part of the sales person. In the case of the foreign sales offices, our employees should possess not only excellent sales skills, but also knowledge of the local culture».

**The solution:** A possible solution to such problems could be the continuous monitoring of salespersons’ performance and the organization of training programs. Also, since the sales offices will be located in Germany and in Moscow, extra emphasis on culture aspects should be given. A good suggestion seems to be the ability of the salesperson to speak the local language fluently.

3) **The problem** Real estate developers usually face legislation barriers such as complicated building laws and legislation vagueness. In the case of the project in Turkey, the firm could face problems with the building permit. This is a very important problem that could be the reason for the suspension of the building works and would have as consequence huge financial damage to the firm.

**The solution:** Careful planning of the project by considering all the legal aspects stands as an effective confrontation of the problem. This requires deep knowledge of
local market legislation and the collaboration with qualified professionals such as lawyers, engineers and notaries. Finally, the firm should very carefully deal with the issue of bribes. Corrupt public officers can create great problems to real-estate developers and require «special treatment».

4) **The problem:** Poor performance of after-sales services and inadequate installation of the green building materials, since this technology is relatively new in the industry. Due to the fact that this is the first endeavor of the company in these fields, there could be unpredictable deviations from the initial planning, which should be recognized and corrected quickly and effectively.

**The solution:** As regards the after-sale services, the solution of outsourcing some of them could face potential problems. For example, customer transfer to and from airport can be easily outsourced to a transportation services company or the cleaning of the properties can be outsourced at a low cost to a professional cleaning company. As for the green building techniques, ordering them from the best suppliers and collaborating with qualified engineers seems to be the ideal solution.
CHAPTER 5: DISCUSSION AND IMPLICATIONS

This study has been conducted in the shadow of the Greece financial crisis. The huge deficit problem, the inefficient and ineffective public sector and the state inability to implement the necessary reformations such as the reduction of public sector expenses, the clampdown on tax evasion and the privatization of public organizations, have created a large amount of uncertainty about the country’s perspectives which, in turn, has led many reputable analysts to speak loudly about a forthcoming big haircut in the value of Greek bonds or, even worse, about the country’s default.

The combination of this turbulent economic environment and the high taxes imposed on the Greek property, have had an extremely adverse effect on the Greek real-estate industry. The housing market has been battered by escalating debts, recent austerity measures and deep uncertainty in the financial markets (Keates, 2011). On 27th September 2011, the Greek Parliament voted an extra tax for every Greek property. This tax is estimated according to the size, the age and the location of each property. The real-estate practitioners interviewed are very depressed, due to the existence of such negative market conditions. It is common belief that property buyers or investors no longer have the motivation to invest in the Greek real-estate industry. Regarding the residential part and especially luxury summer homes, the projections are more frightful, since recent studies show that the current trend is not to purchase new vacation properties and even to sell the existing ones (Roussanoglou, 2011).

This new market reality could be a reason for the Greek real-estate industry to redefine itself. It could become the spark for Greek real-estate development companies, who in the previous ‘‘golden’’ years (2001-2008) operated profitably more in Greece and less in Balkan countries, to open their wings to new foreign markets, where a stable economic climate and significant business opportunities exist. As this study has tried to prove, it would be for the great benefit of the companies if this attempt at internationalization was followed by the establishment of powerful business networks, an integrated marketing strategy, the strengthening of the power and quality of distribution channels and the improvement of the final product offered to the customers. Finally, the Greek state could contribute to this effort, by establishing a sound investment climate, by simplifying the legislation and by encouraging Greek universities to offer Master’s programmes in Real-Estate.

5.1. Managerial implications

1) Establishing an integrated marketing strategy

This study pointed out the lack of an integrated marketing strategy in the Greek real-estate development firms. Marketing is a very important factor in organizations, since it drives the company’s vision, mission and strategic planning. Marketing consists of
the identification of customers’ needs and the delivery of suitable customer-perceived
value offerings to targeted customers. Successful marketing can be achieved only
when all the organization’s operations work as a team with the single target of
delighting their customers (Kotler et al, 2009).

The majority of Greek real-estate developers do not follow the conventional
marketing approach. Instead of this, they first construct the projects and afterwards
look for customers. Organizing an appropriate marketing approach is a process that
involves a crop of crucial decisions such as who the company prefers as its customers;
which of their needs to cover; what products and services to offer; what process to
design; what communications to send and receive; what channels of distribution to
use and what partnerships to develop. The researcher believes that such a marketing
strategy could be of great benefit for developers.

2) Enhancing the power and the quality of the distribution channels and creating a
powerful business network

This study examined the case of the opening of two sales offices in markets which
are of high interest for the focal company. However, such kind of internationalization
strategy cannot be followed by every Greek real-estate developer, because it requires
significant capital investments. The majority of managers interviewed state that they
do not have the adequate financial means needed in order to open sales offices abroad.
This fact strengthens the need for the improvement of the distribution channels
effectiveness and underlines the significant role of intermediaries.

A business network consists of firms that are engaged in a set of close interconnected
business relationships with customers, suppliers and other business partners (Johanson
and Vahlne, 2003). As noticed previously in this study, real-estate agents and
surveyors form the predominant distribution channel of real-estate developers. In
many cases, they are the link between users of capital and providers of capital.
Nevertheless, evidence shows that developers underestimate this point and look upon
agents as external sales people. The researcher believes that both parties would
benefit if they revised their approach and pushed themselves to establish a strong
business network, based on the principles of trust, commitment and cooperation.
Close and lasting relationships would enhance the power of this network. Practically,
that means that developers should involve the agents during the planning of a project
and ask for their advice; agents should listen to the developers’ plans and provide
feedback and market data. These elements appear as major components of a
collaboration atmosphere, which enhances both parties’ financial performance and
satisfaction.

Finally real-estate developers seem to be reluctant to operate in a foreign market
where a different culture exists. Evidence shows that firms operating in foreign
markets are gaining experience of the specific market circumstances and culture; the
longer the operation, the deeper the experience. This experiential knowledge leads to the reduction of «culture and physical distance» and ultimately to improved financial performance.

3) Improving the product by offering environmentally friendly solutions and after-sales services

Sustainability features are ranked in the very top positions on the agenda of real-estate investors and developers (PricewaterCooper, 2011). Foreign professionals interviewed point out that green agenda is proof of making stable investment choices. The implementation of environmentally friendly construction techniques is an issue that emerged in the last few years in the Greek real-estate industry, with the majority of professionals believing that green buildings are the future of the market.

The majority of Greek real-estate developers do not provide after sale services to their customers. Lack of such a policy results in inadequate customer care and customer complaints. According to Cohen, Agrawal and Agrawal (2006) there are three main steps that a company should follow in order to establish an efficient after-sales policy. These steps are: a) Determine after-sales organizational structures: Companies should demonstrate extra skills and knowledge in order to manage after sales service business effectively. A greater interaction between manufacturers and customers must be established together with the use of new technologies, b) create an after-sales service policy: Supply of resources should meet the demand. A combination of materials, people and infrastructure has to be delivered at the right place within an agreed-upon time at the lowest possible cost and c) monitor performance: The after-sales supply chain should be monitored and evaluated continuously, because customer needs change rapidly.

5.2. Theoretical implications

1) Establishing an investment friendly climate: The basic elements that characterize the Greek real-estate legislation are complexity and heavy taxes; as a consequence domestic real-estate developers and foreign investors face immense difficulties, when they invest in the Greek real-estate industry. It is a well-known fact that in Greece there are approximately 200,000 laws regarding the real-estate market and in the UK only 15,000 (Keates, 2011). Additionally, heavy taxes have a dual negative effect, as a) they make real-estate investments expensive and therefore unattractive to investors and b) create difficulties in understanding how the market works.

Finally, a lot of foreign real-estate investments are held up, due to the intervention of state authorities, such us the Central Archaeological Department or the National
Forest Department (Βλάμης and Καλλαμανάκη, 2008). Such problems are enormous barriers for investing in Greek real-estate and it would be very helpful if the Greek state revised the legislation and simplified it.

2) Creating specialized Master’s programmes in Real-Estate: Although the real-estate industry contributes to 5% of Greek GDP (Τράπεζα της Ελλάδος, 2010) there is an obvious lack of higher education courses regarding the real-estate industry. The offering of specialized real-estate Master’s programmes by Greek state universities would equip students with a broad background in real estate investment, appraisal and development. The core modules could cover a wide variety of topics, including real estate finance, valuation, development, market analysis and economics. Such programmes would enable students to participate in the global real estate markets, manage complexity, and position their organizations for achieving strategic advantage and sustainable growth. Last but not least, a class of specialized academics would emerge, who would contribute in a very positive way with their research in the field.

5.3. Limitations and recommendations for future research

1) This study primarily focuses on the expansion strategy of Greek real-estate development firms in emerging markets (with the exception of Munich) such as Turkey and Moscow. Although these countries present important business opportunities the Western countries with their affluent populations should not be ignored by future researchers. Despite the world financial crisis, Western markets such us Continental Europe, the UK, the Scandinavian countries and the US show strong economic indicators (high GDP, high income levels etc.). This is an area for further investigation by future researchers and it may lead to actual operating in these markets.

2) This study focuses on the expansion strategy of a Greek real-estate developer. The investigated areas are the internationalization process, the marketing and distribution channels, the implementation of green building methods and the establishment of an after-sales services policy. Despite the existence of some basic information about the cost of such an attempt, this study does not analyze further financial details. Needless to say, without the adequate financial means any internationalization or product improvement attempt would fail. Therefore, the researcher believes that academic research regarding the financial sector of the expansion strategy in Greek real-estate developers would be of high interest.

END
LIST OF REFERENCES

Articles or papers in periodicals


Books


Websites


APPENDICES

Table 4: Demographic data of interviewees.

<table>
<thead>
<tr>
<th>Participant</th>
<th>Age</th>
<th>Male</th>
<th>Female</th>
<th>Nationality</th>
<th>Education</th>
<th>Experience in real-estate industry (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1</td>
<td>48</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>High School graduate</td>
<td>10</td>
</tr>
<tr>
<td>Participant 2</td>
<td>71</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>Bachelor</td>
<td>45</td>
</tr>
<tr>
<td>Participant 3</td>
<td>58</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>MS’c</td>
<td>28</td>
</tr>
<tr>
<td>Participant 4</td>
<td>39</td>
<td>X</td>
<td></td>
<td>Russian</td>
<td>MS’c</td>
<td>9</td>
</tr>
<tr>
<td>Participant 5</td>
<td>41</td>
<td>X</td>
<td></td>
<td>Turkish</td>
<td>Bachelor</td>
<td>13</td>
</tr>
<tr>
<td>Participant 6</td>
<td>50</td>
<td>X</td>
<td></td>
<td>UK</td>
<td>Ph.D.</td>
<td>19</td>
</tr>
<tr>
<td>Participant 7</td>
<td>43</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>MS’c</td>
<td>10</td>
</tr>
<tr>
<td>Participant 8</td>
<td>37</td>
<td>X</td>
<td></td>
<td>UK</td>
<td>Ph.D.</td>
<td>7</td>
</tr>
<tr>
<td>Participant 9</td>
<td>62</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>Bachelor</td>
<td>32</td>
</tr>
<tr>
<td>Participant 10</td>
<td>59</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>MS’c</td>
<td>36</td>
</tr>
<tr>
<td>Participant 11</td>
<td>53</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>MS’c</td>
<td>18</td>
</tr>
<tr>
<td>Participant 12</td>
<td>50</td>
<td>X</td>
<td></td>
<td>Russian</td>
<td>Bachelor</td>
<td>15</td>
</tr>
<tr>
<td>Participant 13</td>
<td>32</td>
<td>X</td>
<td></td>
<td>Greek</td>
<td>MS’c</td>
<td>5</td>
</tr>
</tbody>
</table>
Questionnaire

For Greek managers and CEO’s in real-estate development firms

- In which countries do you operate?
- What is the current situation in the Greek real-estate industry?
- Are you thinking entering foreign markets and if yes, where?
- What are the problems you would consider if you internationalized?
- Could you describe the market of your products and services?
- Could you tell me something about your customers? Do you know their number? Do you have any key customers?
- Can you explain to me what your marketing strategy is?
- Are you providing your customers with after-sales services?
- Do you implement environmentally-friendly building methods?
- What elements do you consider important for your relationship with real-estate agents?

For real-estate agents

- What are your customers’ views about buying a summer home in Greece?
- What are the key elements they ask for?
- Do they face any problems in the process?
- How could the collaboration with the developers be improved?

For foreign investors (Russian member of the governing board of a Russian fund)

- How do you see the possibility of investing in Greek residential real-estate?
- What are the barriers you face when you decide to invest in Greece?

For the member of Hellenic Tourism Agency

- Can you describe the tourist movement in the last 3 years?
- What are the basic characteristics of tourists in Greece? Where do they come from?

For the Greek banker

- What is the current financial situation in Greece and in Europe?
- What is the situation in the Greek real-estate market?
- Do you recognize some real-estate business opportunities in neighbor markets?

For the Turkish manager/CEO in the Turkish real-estate development firm

- Can you describe real-estate residential market in Istanbul?
- How do you see the possibility of collaborating with Greek companies?
Tables 5.6: Istanbul ranks first in Europe in the real-estate development opportunities (PricewaterCooper, 2011)

EXHIBIT 3-3
City Investment Opportunities: New Property Acquisitions

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Istanbul</td>
<td>6.38</td>
</tr>
<tr>
<td>2</td>
<td>London</td>
<td>6.08</td>
</tr>
<tr>
<td>3</td>
<td>Munich</td>
<td>6.07</td>
</tr>
<tr>
<td>4</td>
<td>Stockholm</td>
<td>5.96</td>
</tr>
<tr>
<td>5</td>
<td>Berlin</td>
<td>5.72</td>
</tr>
<tr>
<td>6</td>
<td>Warsaw</td>
<td>5.73</td>
</tr>
<tr>
<td>7</td>
<td>Hamburg</td>
<td>5.73</td>
</tr>
<tr>
<td>8</td>
<td>Paris</td>
<td>5.67</td>
</tr>
<tr>
<td>9</td>
<td>Frankfurt</td>
<td>5.65</td>
</tr>
<tr>
<td>10</td>
<td>Copenhagen</td>
<td>5.45</td>
</tr>
<tr>
<td>11</td>
<td>Zurich</td>
<td>5.41</td>
</tr>
<tr>
<td>12</td>
<td>Moscow</td>
<td>5.39</td>
</tr>
<tr>
<td>13</td>
<td>Prague</td>
<td>5.33</td>
</tr>
<tr>
<td>14</td>
<td>Helsinki</td>
<td>5.33</td>
</tr>
<tr>
<td>15</td>
<td>Vienna</td>
<td>5.31</td>
</tr>
<tr>
<td>16</td>
<td>Milan</td>
<td>5.31</td>
</tr>
<tr>
<td>17</td>
<td>Lyon</td>
<td>5.31</td>
</tr>
<tr>
<td>18</td>
<td>Madrid</td>
<td>5.00</td>
</tr>
<tr>
<td>19</td>
<td>Rome</td>
<td>4.98</td>
</tr>
<tr>
<td>19 (tie)</td>
<td>Amsterdam</td>
<td>4.93</td>
</tr>
<tr>
<td>21</td>
<td>Barcelona</td>
<td>4.93</td>
</tr>
<tr>
<td>22</td>
<td>Brussels</td>
<td>4.92</td>
</tr>
<tr>
<td>23</td>
<td>Edinburgh</td>
<td>4.89</td>
</tr>
<tr>
<td>24</td>
<td>Budapest</td>
<td>4.39</td>
</tr>
<tr>
<td>25</td>
<td>Lisbon</td>
<td>4.39</td>
</tr>
<tr>
<td>26</td>
<td>Athens</td>
<td>3.92</td>
</tr>
<tr>
<td>27</td>
<td>Dublin</td>
<td>3.63</td>
</tr>
</tbody>
</table>

Source: Emerging Trends in Real Estate Europe 2011 survey.

EXHIBIT 3-4
City Development Prospects

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Istanbul</td>
<td>6.63</td>
</tr>
<tr>
<td>2</td>
<td>London</td>
<td>5.74</td>
</tr>
<tr>
<td>3</td>
<td>Munich</td>
<td>5.73</td>
</tr>
<tr>
<td>4</td>
<td>Warsaw</td>
<td>5.58</td>
</tr>
<tr>
<td>5</td>
<td>Zurich</td>
<td>5.57</td>
</tr>
<tr>
<td>6</td>
<td>Stockholm</td>
<td>5.53</td>
</tr>
<tr>
<td>7</td>
<td>Paris</td>
<td>5.42</td>
</tr>
<tr>
<td>8</td>
<td>Hamburg</td>
<td>5.39</td>
</tr>
<tr>
<td>9</td>
<td>Moscow</td>
<td>5.26</td>
</tr>
<tr>
<td>10</td>
<td>Berlin</td>
<td>5.13</td>
</tr>
<tr>
<td>11</td>
<td>Prague</td>
<td>5.04</td>
</tr>
<tr>
<td>12</td>
<td>Vienna</td>
<td>4.92</td>
</tr>
<tr>
<td>13</td>
<td>Frankfurt</td>
<td>4.88</td>
</tr>
<tr>
<td>14</td>
<td>Helsinki</td>
<td>4.77</td>
</tr>
<tr>
<td>15</td>
<td>Copenhagen</td>
<td>4.70</td>
</tr>
<tr>
<td>16</td>
<td>Milan</td>
<td>4.51</td>
</tr>
<tr>
<td>17</td>
<td>Rome</td>
<td>4.47</td>
</tr>
<tr>
<td>18</td>
<td>Lyon</td>
<td>4.46</td>
</tr>
<tr>
<td>19</td>
<td>Amsterdam</td>
<td>4.27</td>
</tr>
<tr>
<td>20</td>
<td>Brussels</td>
<td>4.18</td>
</tr>
<tr>
<td>21</td>
<td>Budapest</td>
<td>3.74</td>
</tr>
<tr>
<td>22</td>
<td>Edinburgh</td>
<td>3.73</td>
</tr>
<tr>
<td>23</td>
<td>Lisbon</td>
<td>3.64</td>
</tr>
<tr>
<td>24</td>
<td>Barcelona</td>
<td>3.58</td>
</tr>
<tr>
<td>25</td>
<td>Madrid</td>
<td>3.58</td>
</tr>
<tr>
<td>26</td>
<td>Athens</td>
<td>3.07</td>
</tr>
<tr>
<td>27</td>
<td>Dublin</td>
<td>2.45</td>
</tr>
</tbody>
</table>

Source: Emerging Trends in Real Estate Europe 2011 survey.