An entry strategy to the Danish market for global real estate agent “Re/max”

“When you choose RE/MAX you have the power and support of our worldwide network and the proof is in the results – Nobody in the World Sells More Real Estate than RE/MAX!”

Date: 07.10.2011
Author: Andreas Ærtebjerg Malle
Adviser: Jesper Aastrup
Department of Management, Politics and Philosophy
Copenhagen Business School
Characters: 180.834
Acknowledgements

The author of this thesis wants to give special thanks to two different persons, without these the thesis would have had a different character.

The initial person is Mr. Volker Weisenberger chief of innovative businesses at Re/max. I want to thank him for giving me the opportunity to be involved with a company such as Re/max, and the dialog we had in the preliminary stages of the thesis. Even with the placement of his office in Zürich communication has been outstanding.

The second person is my adviser professor Jesper Aastrup at Copenhagen Business School. The collaboration with the professor has been remarkable, and I am grateful for his participation.
Executive summary

This thesis seeks to develop an entry strategy for Re/max towards the Danish real estate agent market. The thesis concentrates on two different aspects: being the industry and the customer.

The initial analysis of the industry illustrates the failure of a prior entry from Re/max ten years ago. The entry attempt failed due to wrong management decisions regarding the choice of master franchisor. The analysis then explained how different regulations have changes which improve the attractiveness of the industry.

The current market situation was analyzed through the five competitive forces, entry modes and marketing warfare. Combined the analysis presented an unattractive industry with low switching cost and a high competitiveness. The company experience however increases the attractiveness and it was established that a master franchisor is the most suiting entry mode for Re/max. The master franchisor allows Re/max to exploit the brand value and prior experience with the model to increase successfulness. Combining the master franchisor with the multi unit franchising strategy, decrease opportunistic behavior, and generally increase the successfulness of the individual office. The vision for Re/max is to open 100 offices within the Danish market, and the sheer quantity of offices positions Re/max as one of the market leaders. The analysis therefore focused on how the industry would be affected by the entry of Re/max, and also how incumbents can defend their market position. It was illustrated that the four current market leaders will defend their market position at all cost since they do not possess additional markets to redraw to. Their best chance is to establish negative publicity, exploit their position and awareness and then also use possible entry barriers for Re/max.

General it was stated there is no available market share, and Re/max is therefore forced into a direct confrontation with market leaders. Given the advantage for market leaders the analysis changed to a focus on the customer in order to establish a competitive advantage.

The customer analysis was based upon the theoretical framework presented by Woodruff (1997), which focuses on customer value as a source for competitive advantage.

The results of the survey showed that Danish customers value two categories which are the economic factor on both prices and commission, and the second being the personal perception of the individual agent. It is therefore of the utmost importance that Re/max attracts agents with a high
degree of local knowledge in order to price correctly and with experience in order to meet the customer demands.

The results also showed how Danish customers have no knowledge of Re/max, and therefore one of the main hurdles of establishing the company is to create awareness. These commercials need to target the male segment since these are taking the final decision on which agent to choose.

Both analysis where then combined into a three step entry strategy.

In the pre entry stage the main objective is to locate the correct master franchisor. Prior entry attempt showed how important the correct master franchisor is, and it is of the utmost importance that Re/max and the master franchisor align visions of the company. Re/max also needs to start creating awareness in order to attract customers.

The medio state where initial offices are opened Re/max needs to anticipate an intensive competition with the four market leaders. It is therefore required to launch an intensive commercial strategy to reach the same amount of awareness as competitors. It is also required to maintain a strict focus on the delivery of the value providing factors.

In the ultimo entry stage Re/max needs to expand the organization within the industry. Competition will be against nation-wide chains and Re/max needs to be established as such. Commercial strategy needs to be remained in order to attract customers.

The overall conclusion is that the Danish market is not attractive based upon the industry. Re/max therefore has to provide the customers with a higher degree of value on the most important attributes. It is possible however Re/max is not in a situation where success is eminent just by opening offices and employ random agents.
# Table of Contents

Acknowledgements ......................................................................................................................... 2

Executive summary ............................................................................................................................ 3

1 Introduction.................................................................................................................................................... 7

1.2 Company description............................................................................................................................ 7

1.3 Defining the market ................................................................................................................................. 9

1.4 Outlining the problem ............................................................................................................................ 13

1.5 Delimitations ......................................................................................................................................... 15

1.6 Scientific methodology .......................................................................................................................... 16

1.7 Structure of the thesis ............................................................................................................................ 17

1.8 Overall Methodology .......................................................................................................................... 19

1.9 Data validity and reliability .................................................................................................................. 20

2 Theory........................................................................................................................................................... 23

3 The industry.................................................................................................................................................. 24

3.1 Developments in the market .................................................................................................................. 24

3.2 The Five Competitive Forces ............................................................................................................... 28

3.2.1 The Five Competitive Forces, criticism .......................................................................................... 32

3.2.2 The Five Competitive Forces, analysis ............................................................................................ 33

3.3 Entry modes ........................................................................................................................................... 37

3.3.1 Entry Modes analysis ...................................................................................................................... 39

3.4 Marketing Warfare ................................................................................................................................ 43

3.4.1 Marketing warfare, criticism ........................................................................................................... 46

3.4.2 Marketing warfare analysis .............................................................................................................. 47

3.5 Conclusion industry analysis ................................................................................................................ 50

4 The Customer ............................................................................................................................................... 52

4.1 Criticism value theory ............................................................................................................................ 54

4.2 Focus group ........................................................................................................................................... 55

4.2.1 Focus group methodology ............................................................................................................... 55

4.2.2 Focus group subjects ............................................................................................................................ 55

4.2.3 Focus group structure ........................................................................................................................ 56

4.2.4 Focus group analysis .......................................................................................................................... 57
4.3 Survey.................................................................................................................................................... 61
  4.3.1 Research design .................................................................................................................................. 61
  4.3.2 Data collection..................................................................................................................................... 61
  4.3.3 Survey Research Design....................................................................................................................... 61
  4.3.4 Population and sample ....................................................................................................................... 62
  4.3.5 Method of data collection .................................................................................................................... 63
  4.3.6 Motivating the participant .................................................................................................................. 64
  4.3.7 Questionnaire design .......................................................................................................................... 64
  4.3.8 Structure of the questions ................................................................................................................... 65
  4.3.9 Measurements scale ............................................................................................................................ 66
  4.3.10 Interpretation of the survey .............................................................................................................. 67
4.4 Survey analysis ........................................................................................................................................ 69
  4.4.1 Survey results ....................................................................................................................................... 69
4.5 Survey discussion ................................................................................................................................. 78
5 Positioning strategy ................................................................................................................................. 84
6 Conclusion.................................................................................................................................................. 89
7 Bibliography............................................................................................................................................... 92
8 Appendix .................................................................................................................................................... 98
  Appendix 1 - Additional attack strategies .................................................................................................. 98
  Appendix 2 - Additional defense strategies .............................................................................................. 100
  Appendix 3 - Question guide, focus group ............................................................................................... 101
  Appendix 4 - Survey in Danish ................................................................................................................ 103
  Appendix 5 - Translated survey ................................................................................................................ 106
  Appendix 6 – Cross-taps residence and age ............................................................................................. 109
  Appendix 7 - Full results of survey ........................................................................................................... 111
  Appendix 8 – Cross-tap gender specific decisions ................................................................................. 118
  Appendix 9 - Numeric calculations ........................................................................................................... 119
1 Introduction
This master thesis will focus on the real estate agent Re/max, specifically on how the organization can gain entrance to the Danish consumer market. This penetration of the Danish market will have two different areas of attention, which are both centered on positioning. The two different areas are the industry and the consumers. The initial part will focus on who are the competitors in the market, how the competitors are established in the market and how they are able to defend the forthcoming attack on their market share. This discussion and analysis will base on gathering secondary data to illuminate the possibilities, but also to provide a thorough analysis of the limitations within the industry. The second part of the thesis will focus on the customer, and how Re/max needs to position the organization accordingly to attract the highest number of customers possible. This part will mostly be based on primary data gathering both a focus group and a survey will be conducted to analyze which factors are the most important and thus granted the highest value when choosing a real estate agent.

Both parts will then be combined in an overall strategy plan, which allows both aspects to be taken into consideration when choosing an optimal strategy to gain entrance to the Danish market.

1.2 Company description
Re/max was founded in 1973 by Dave and Gail Liniger in Denver, Colorado. Re/max is an acronym for “real estate maximums”, a reflection of the company philosophy that sales agents are encouraged to use their maximum potential within their given market. It also summarizes the company’s vision to be the best real estate company in each given market where the organization operates.

Already from the beginning, the two founders had success with the new company and within the first year the company grew to a team of 42 sales associates. Within the first five years, the company continued to experience growth in the home market and on its fifth birthday the company had more than 1.000 sales associates the western part of the US. In the year 1988 the growth and expansions continued, bringing Re/max into the international market with offices in Canada established by Poltzler and Schneider, and a sales force exceeding 20.000. This made Re/max the largest real estate agent Canada.

\[1\] www.remax.com
By 2009, Re/max had accomplished several milestones within the organization. Re/max had experienced growth and was now established with market share in more than 71 countries, 36 of these located within Europe. The number of employees exceeded 100,000 worldwide based in more than 7,000 offices, which had made Re/max the single largest real estate agent in the world, based upon the number of employees and offices, different markets and global market share. Re/max was the first ever real estate agent to exceed 1,000,000 transactions worldwide in a single year\(^2\).

During this expansion from a small local company to a global market leader, the core competency of the company has been the ability to sell private property over a wide economic range. The prices of the property vary from one-room apartments for approximately 50,000€ to larger properties with prices exceeding several million euro. This wide span of experience gives the organization the knowledge to target a large consumer base within each market of operations. Re/max has been able to gain competency through their ability to attract the top agents from each market, and granting almost double the commission for each sale to the single agent compared to the local competition. It is Re/max’s conviction that this increase in commission manifests into an increase in service for the customer since the larger commission increases the willingness of an agent to sell the property. It is not only the ability to generate income that has led to Re/max’s position in the global market; a strict focus on cost reduction has also been a factor. The ability to execute marketing and positioning strategies has given Re/max an advantage over competitors. Technology changes such as the internet have had a great impact on the industry and how consumers gain access to an agent. Up to 90% of buyers find their property online the Internet has therefore become the commonly used media to establish contact between buyer and seller. By limiting their advertising in other media such as newspapers and billboards, Re/max has reduced costs effectively. Another area where costs have been reduced is the location of the offices, which is coherent with the change in technology. Since the Internet has become the media of choice there is no direct reason why agents should be located centrally in major cities. Both the placement of offices in the outskirts of major cities and a low-cost marketing strategy have provided the opportunity to raise commissions to attract the best agents and still maintain a highly profitable organization\(^3\).

\(^2\) www.remax.com
\(^3\) www.remax.com
The organization structure used today was established when the first international expansion in Canada occurred. The chosen strategy and organizational structure was the key to future franchising possibilities. By selecting this strategic option the company gained the leeway to make minor changes in the Re/max brand within each market to fully utilize their ability to conduct sales. The further global expansion towards the European market have forced Re/max to make minor changes to this strategy since the number of master franchisers has grown exponentially accordingly with the rest of the company. Re/max has thus established regional headquarters to supervise and maintain the company’s interest.

1.3 Defining the market

The average Danish real estate agent operates both in a BtC and a BtB market. This provides the ability to process more property in a relatively small market when measured globally. The market can also be defined as a service industry since no production occurs.

It is also possible to apply other definitions towards the industry with a special focus on the customers. This thesis will focus its discussion on the seller of property, and thereby exclude the discussion of the buyer situation. This definition will be applied since it is the seller who is the most important to focus on when gaining market access. The seller is more interesting since he chooses the agent, whereas buyers decide the on property and settle for seller’s agent.

Market description

Following the definition of the market is a brief description of the current situation. However, before describing the agents market, a description of the real estate market will be conducted. This will be presented in order to provide an overview of the market situation in which the agent operates. It is well known that the financial crisis has had a great impact on the real estate market, both in the number of properties sold and the sales price.
Figure 1 Number of properties sold in Denmark

This graph shows precisely how the numbers of properties sold in the entire Danish market have declined dramatically over the past few years. If the graph were broken down into regions within the industry the same results would be shown for each of the different regions. Even though number of sales within the market is clearly declining, the number of properties for sale is rising. In the summer of 2011, the number reached an all-time high with more than 70,000 listings\(^4\). The large numbers of properties for sale and the decrease in actual sales have directly influenced market prices. The graph below shows that sales in both types of property have declined approximately 50% since 2006. This influences the agent market since fewer properties sold results in less commission for the agents and thus increased industry competition. As mentioned before, not only the number of properties sold but also the pricing of these that have been dramatically influenced.

\(^4\) [http://www.dr.dk/Nyheder/Penge/2011/08/11/110543.htm](http://www.dr.dk/Nyheder/Penge/2011/08/11/110543.htm)
The graph shows how the pricing of both apartments and houses have been greatly reduced due to the financial crisis. The graph is designed such that 2006 is the index 100, making it possible to compare the pricing then and now. Until the second quarter of 2010, prices on apartments have dropped 20% and houses had dropped 10%. The economic forecast suggests that prices will continue to diminish, and some professionals believe properties will not regain their prices from third quarter of 2007 before 2028\textsuperscript{5}.

The situation can there mostly be described as very insecure. The high number of listings and the decline in both sales and prices has a major influence on the situation for agents.

**Real estate agents**

The overall real estate industry has now been introduced and shows how the financial crisis has had an influence on both the amount of property sold and pricing. It will now be followed by a description of the real estate agent market.

![Development in businesses](http://epn.dk/privat/bolig/article2520920.ece)

The above chart shows how the real estate agent industry has developed. The financial crisis has influenced the number of agent offices commensurate with the entire real estate industry. This is a clear indication of how competitive the industry has become, and shows how many agents have had to withdraw from the industry. To elaborate the introduction to the industry, these businesses need

\textsuperscript{5} [http://epn.dk/privat/bolig/article2520920.ece](http://epn.dk/privat/bolig/article2520920.ece)
to be further dissected. The Danish real estate agent market is dominated by four companies: Home, Nybolig, EDC and Danbolig. These four are the market leaders with a combined market share of 56% in 2010\(^6\).

<table>
<thead>
<tr>
<th>Chain</th>
<th>Number of stores</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDC</td>
<td>243</td>
<td>Independent stores</td>
</tr>
<tr>
<td>Nybolig</td>
<td>213</td>
<td>Owned by Nykredit</td>
</tr>
<tr>
<td>Home</td>
<td>172</td>
<td>Owned by Danske Bank</td>
</tr>
<tr>
<td>Danbolig</td>
<td>145</td>
<td>Owned by Nordea</td>
</tr>
</tbody>
</table>

**Figure 4 Market leaders**

There are both similarities and differences between these four. EDC is a composite of 243 independent stores that do not operate with a coherent strategy, but share the same marketing and commercial strategy. The three remaining companies are all fully owned by major banks in Denmark: Home by Danske Bank, Danbolig by Nordea and Nybolig by Nykredit. This gives these companies the opportunity to also provide buyers of real estate with financial loaning opportunities to help further increase their sales.

The general payment to the agency is accomplished through a commission. The commission of the service provided by the agency is generally a percentage of the sales price of the property. The commission varies from agent to agent, however the general commission is nationally around 3% for a house and 4% for an apartment\(^7\). The individual agent earns a percentage of this commission to enhance his willingness to complete additional transactions.

\(^6\) [www.de.dk](http://www.de.dk)

\(^7\) [http://www.konkurrencestyrelsen.dk/index.php?id=15710](http://www.konkurrencestyrelsen.dk/index.php?id=15710)
1.4 Outlining the problem

It has already been stated that the focal point of this thesis will be on establishing Re/max as a main competitor within the Danish market. The willingness to gain entrance to the Danish market creates several management issues for the organization.

![Ansoff growth matrix](image)

*Figure 5 Ansoff growth matrix*

In the article “Strategies for Diversification” from 1957, Ansoff uses his growth matrix to discuss that there are four possibilities for an organization to experience growth. Due to the problem at hand, the focus point of this thesis will be on the market development. Re/max needs to establish itself with a strong position and a relatively large market share to exploit the full potential of the Danish market. The market development strategy, however, leads to management decisions that may affect the chances of success.

One management decision is the positioning within the Danish market. The market is clearly dominated by four Danish companies. This market dominance creates very little opportunity for Re/max to establish itself in the market without creating direct competition with well known and established market leaders. Due to already fierce competition in a declining market, the future competitors of Re/max have already proven they can maintain a strong position in a decreasing market. They have also each established a strong brand value which Re/max will have problems imitating. In a saturated market such as the Danish market, Re/max will be challenged to attract customers and create its own customer base. To be able to attract these customers Re/max needs to focus precisely on what the customers value most to increase the company’s attractiveness and thereby grow in market share.
Another problem for the organization is the scale at which Re/max strives to enter the Danish market. The goal for the organization is to occupy 1,000 agents at 100 offices. Such an entrance would position Re/max as one of the market leaders. If the goal is not reached it will be seen as a failure, and thereby negatively influence the company. This increases the risk and limits the possibility for Re/max to gain access in the Danish market.

The primary issue for Re/max is how to penetrate the Danish market, with a special focus on the consumer needs to gain market share from already established companies.

Based on these problems involving the entrance to the Danish real estate agent market, this thesis will focus on one primary management question with other underlying questions.

**In such a saturated market such as the Danish, how can a global organization like Re/max establish itself as a successful company, as one of the market leaders?**

- **How should Re/max correctly position the company accordingly to the competitiveness of the industry?**
  1. Who are the competitors in the industry?
  2. Which entry mode is suiting for the entry?
  3. How much retaliation can be anticipated from established incumbents?

- **How should Re/max position the organization to create a customer base?**
  1. What do customers value?
  2. Which attributes are the most important?
  3. How well do Danish customers actually know Re/max?

---

1.5 Delimitations

To conduct an entrance strategy for Re/max several delimitations needs to be applied by the author. The thesis is bound by these delimitations to minimize external influence on the process. The delimitations are specific to different aspects of the thesis such as the industry, participants for the primary data gathering and the chosen theoretical framework.

The thesis represents a limitation to the organization since the conclusion will be focused towards the Danish market. Since the focus is solely on the Danish market the conclusion will be as such, and this thesis can therefore not be interpreted as a universal market entrance strategy, and directly transferred onto other markets. This project will focus solely on the Danish market as a new market, and will not, for example, be able to provide Re/max the opportunity to select the most attractive market from several presented.

To further specify the discussion, delimitations need to be applied on the services provided by Re/max. Since Re/max is focused on both private property and commercial property in its original markets, delimitations will be applied to narrow the discussion. For this thesis the focus will be on private property, due to three reasons. The first being that this is the largest market within the industry the second reason is that it is thus the most interesting segment of the Danish market. The third is an elaboration on the first two and involves the history of the company: Re/max was founded with a focus within the private sector: it is therefore also within the private real estate market that the company’s core competencies lay.

The private property market however needs to be dissected with a further delimitation since it includes both primary housing and summerhouses. The summerhouses will be excluded since these represent such a minor part of the total number of properties.

The final delimitation will be set on who provides the service. In the Danish market, both real estate agents and lawyers are capable and legally allowed to provide the service of a real estate agent. The percentile of lawyers specializing within the industry is minimal compared with the number of ordinary real estate agents. The thesis will therefore delimit from focusing on the lawyers as competitors or even as part of the industry. Since Re/max’s goal is 100 offices, the individual lawyer will not be included as a competitor.

---

9 Omsætningsloven af fast ejendom
1.6 Scientific methodology

This master thesis is being written with the interpretive approach (Bloomberg 2005), which has a distinct influence on the conclusions of the thesis. Through the interpretive approach the thesis will not be a direct reflection of the truth, but an interpretation of the trust. Heisenberg (1958) proved in his physics research that it is not possible for the researcher to examine atoms without influencing their path, thus exacerbating the uncertainty problem. These discoveries can be transferred into this thesis as well. It is not possible for the author not to influence the given situation and remain totally objective to the thesis and the problem at hand. The presence of the researcher influences the results given, which is the argumentation why this thesis will only be an interpretation of the truth and not the exact, objective and neutral truth.

These interpretations influence several parts of thesis, the data gathering process and theories applied to the management question.

The authors interpretations alone do not influence the results and thereby thesis conclusions. The results are also influenced by the interpretation by respondents to the primary data gathering. The respondent needs to interpret the questions, however it is not possible to control how each respondents interpret the questions. This interpretation influences the results of the primary data, which influence the conclusion of the thesis. The cultural and the historical experience of the respondents will also influence the data gathering, and decrease or increase the objectiveness of the project. Previous experience within the examined market or products will influence the opinions towards these in a later situation. The respondents can thereby be heavily influenced by a singular experience. One example in the given situation is that customers might not initial be able to envision the attractiveness of a new and fifth competitor on the market.

The cultures from which the respondents originate also have a distinct influence on the possibilities to respond on the survey. The media of the culture can in the same way influence the respondents to given situations. The more powerful the media the more the respondents will be influenced by the opinions, which will influence the answers and thereby the results. In the situation a strong lobby group from the real estate agents could be able to influence the regulatory environment or the media covering the industry.
The respondents are thereby largely influenced by several factors, which influence their interpretations of the world. The scientific approach will then also be an interpretation of truth at hand and not the complete unbiased version.

Even though it is known that the thesis is not a complete cover of the truth it still reflects the current situation acceptable and therefore can be utilized as a basis for further investigation or decision making.

1.7 Structure of the thesis
The structure of the thesis will consist of four different but equally important parts for the strategy. Each major part of the thesis will consist of minor individual elements, each chosen to illuminate a specific aspect of the Danish market entry for Re/max.

The first part of the thesis is a general introduction. This creates both background information on the case company, the industry, and the purpose of the thesis. It also illuminates the research questions in order to be specific with the management problem at hand. The first part will also include the overall methodology approaches. These will give the reasoning as to why each different element has been constructed as such.

The second major part of the thesis is the industry analysis. The industry analysis consists of several different segments that combined provide the thesis with a thorough analysis. The theories will be individually presented and immediately followed by an analysis. Each individual theory has been specifically selected to analyze a certain part of the problem at hand.

The initial part of the analysis will illustrate the development within the industry. It will highlight which elements have changed to either increase or decrease the possibility of success in the current situation.

The project is then followed by an analysis of the current situation. First an analysis with the focus on the industry will be conducted. Since the primary focus of the project is to establish Re/max in the Danish market, it is of the utmost importance to analyze the competitiveness of the industry. This analysis will provide the information needed to position Re/max against Danish competitors.

This industry analysis will be followed by a theoretical discussion of which entry mode will be the most sufficient in the current situation. The focus will be slightly slanted towards franchising since the company is established with such a strategy in every other market it operates on.
The final industry analysis will include a discussion within the marketing warfare framework. This will show how Re/max’s market entry will be considered as an attack on the current market situation, and also provide tools to analyze how the established competitors can defend their market share. This part will complete the industry and competitor analysis.

The third part of the thesis is the customer analysis. The customer analysis will consist of different elements to support the analysis. The preliminary introduction will present and criticize the customer value theory. This is performed because the entire customer analysis will be based upon this theory.

The introduction to the theory will then be followed by a focus group. Prior to the analysis the methodological approach is presented to clarify the reasons of conducting such a primary data gathering. Afterwards an analysis of the given answers follows. As it will be shown the primary objective of the focus group is to provide data to base the questionnaire upon therefore the next element of the project is the survey.

The survey methodology is initially discussed to show the preliminary thoughts on how to gain the number of respondents needed. After the conducted survey, the results of the questionnaire will be presented and analyzed. This analysis will provide the information concerning how Re/max should position themselves towards their future customers.

To follow the industry and customer analysis the results will be combined into the fourth and final major part of the thesis. The results will be united into a three step strategy plan for Re/max to optimize their success in the Danish market. This strategy will contain elements from each part to optimize the success rate and thereby create a sustainable business model for the Danish market.

Lastly there will be several concluding remarks based on the entire thesis, but specifically on the management questions. See the figure below for a complete overview.
1.8 Overall Methodology

To answer the overall problem, different methodologies will be applied to give a thorough analysis and discussion to illuminate different aspects of the entrance towards the Danish market. The industry analysis will be based upon secondary data gathered. This has been chosen to show the development and the current situation within the industry.

The analysis focused on the consumers will however be based on both qualitative and quantitative primary data. The quantitative study will be able provide the author with a broad sense of what the Danish consumers value when choosing a real estate agent. However, to be able to conduct a true study, a preliminary focus group is conducted. The main objective of the focus group is therefore not to provide the author with the final solution, but to provide information to base the questionnaire upon. Since the main objective of the focus group is to gather a base for the questionnaire only, a minor analysis will not conducted. The in-depth analysis will however be based upon the survey conducted. The entrance to the Danish market needs to be focused with a general approach to attract high quantity of consumers. The survey will therefore be able to show a tendency that Re/max should consider when choosing the strategy.
To further increase the value of the data gathered, a review of the final survey will be conducted. The participants from the focus group will be asked to intensively read the survey in order to correct any minor mistakes. It also provides the individuals with the opportunity to give their opinion on if the questions are formulated correctly and the possibilities are the correct accordingly to their answers in the focus group.

Each of the chosen methodologies will be discussed further and more in dept later in the project when each different is being applied. This further discussion will be focused on why these have been chosen and the task of each, but it will also involve the limitations of each methodology.

1.9 Data validity and reliability

To be able to establish as to whether this master thesis is credible we need to discuss the validity and the reliability of the data (Wimmer & Dominick 2006) on which the arguments are based and the final conclusion is made. This discussion can also be referred to as the characteristics of sound measurement (Bloomberg 2008).

Per definition, reliability is the accuracy and precision of a measurement procedure (Bloomberg, 2008). This can be elaborated as to the precision and clarity of the questions in the survey asked, and whether the respondents are consistent and stable in their answers (Groves 2004). In order to increase the reliability two different sampling strategies is used.

However it is hardly relevant to argue the study has a high degree of reliability if the validity is not inherent (Wimmer & Dominick 2006).

To define, validity is to which extent the study measures what the author needs it to measure (Groves 2004). In this particular case, is the survey asking the right questions or have the right questions been left out due to bad planning? This is where the chosen focus group has its advantage. This can be argued since it is not solely the author’s opinion on which is the right questions to ask, but also the focus group’s opinion on which parameter is important when choosing a real estate agent. This increase the validity of the project since the questions asked are more suitable for this project and the focus on the consumer. The validity however is slightly decreased given the opportunity of focus group to answer untruthfully. The participants of the focus group have been specific targeted to try and reduce this possibility.
The review of the survey increases this validity because it provides the author with the information on how the respondents understand each question, to make sure this is correct.

To further increase the validity of the study several other factors are included. The interaction between a focus group and survey is also appropriate to the chosen methodologies. Gummersson (2004) argue that combining both qualitative and quantitative studies provide synergies to further increase the validity and strength of the project. The argumentation results in that Gummersson (2004) believes that combining both methodologies takes marketing to a different level.

The validity is further enhanced by uniting both the focus group and an already conducted study. The oxford study shows how Danish customers select their real estate agent, and this enhances the level of validity of data since it has already been shown what influences the decision process.

The secondary data and the theories applied also provide the project with a high level of validity. The theories are all provided by well established authors and highly accepted in the academic society.

Several internet pages have also been used in the search for information. These were used with caution, since there is no guarantee of the validity of data. The chosen pages www.dst.dk, www.kfst.dk/ and www.de.dk were the three individual pages besides the companies’ own homepages that provided the most information. Since each page is impartial to the thesis, there is no reason why data should be manipulated. The companies’ own homepages www.remax.com, www.home.dk, www.edc.dk, www.nybolig.dk and www.danbolig.dk however might be interested

in slightly manipulating data to be seen in the best light as possible in the competitive market. The data gathered from these pages were reduced as much as possible or validated by a third party.

Even though all these different factors influence the validity and reliability in different ways, the security measurement provides the overall thesis with a high degree of both validity and reliability.
2 Theory
To be able to tackle the issue of how to gain entrance to the Danish market and position the organization accordingly to competitors, several theories will be applied. Each theory will be used to analyze one element of the thesis and combined they thereby provide an overall thorough analysis of the issue at hand.

<table>
<thead>
<tr>
<th>Industry analysis</th>
<th>Consumer Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five competitive forces</td>
<td>Customer Value Theory</td>
</tr>
<tr>
<td>Entry modes</td>
<td></td>
</tr>
<tr>
<td>Marketing warfare</td>
<td></td>
</tr>
</tbody>
</table>

The five competitive forces (Porter 1979) will give an impression of the general situation of the market. The entry modes (Hill & Jones 2001) will clarify which options Re/max has when conducting the entrance and the marketing warfare (Vasconcellos 2005) will be able to analyze the impact on the industry. The customer value theory (Woodruff 1997) will explain what is important for the customers when choosing an agent.
3 The industry
In order to conduct a current industry analysis, the study will start with an examination of how the industry has developed over the past ten years.

3.1 Developments in the market
Approximately 10 years ago, Re/max tried to gain access to the Danish market and establish itself as a market leader within the industry. This market penetration was the focus of much well-placed media attention: Re/max made sure that everyone knew they were coming to take over the Danish market. The entrance, however, was not successful and Re/max had to withdraw after opening only a few offices. The Re/max penetration was so unsuccessful that the company was ridiculed in the media and the industry. There were several different reasons why the entrance had such a horrible result for Re/max.

Re/max tried to gain entrance using their standard entrance form to a new market without trying to align their product to the Danish market. The standard entrance strategy is to establish a master franchisor. In this particular case the master franchiser was Konrad Konradson. The choice in master franchisor however was also one of the main reasons why the entrance was so unsuccessful. In the last planning proceedings and earliest establishing stages the partnership suffered greatly over disagreements regarding payments towards headquarter. The timing of this unsuccessful partnership resulted in the withdrawal from the Danish market due to lack of management. Had the partnership however been successful it would still not have been a guarantee that the entrance would have succeeded. This can be stated due to the legal regulations at the time.

In particular there was one specific law that limited the possibilities of a company such as Re/max. This particular law is “omsætningsloven” §811, which stated that a real estate agent offices could only be owned and managed by authorized real estate agents. This exact law prevented Re/max from attracting additional business partners and franchisors since their search was limited to already established agents. This ability to attract additional agents is further limited by the Danish competition clauses, the “funktionærloven (FUL)” §1812, which provide limitations to certain employees in applying for jobs at competitors. The law is not specific to the real estate agent market, but applies to almost every agent within the market since agents gain knowledge of specific

11 https://www.retsinformation.dk/Forms/R0710.aspx?id=134825
12 http://erhvervsret-hhx.dk/page13.html#Konkurrenceklausuler
portfolios, which would provide them with a competitive advantage when changing jobs. The law was structured such that a real estate agent was prohibited from applying for new real estate agent jobs within a 40km radius from his previous office. The legal regulations therefore doubly impacted Re/max; they had to apply for Danish agents, who were legally bound and not able to commit their interests with Re/max.

These few but very significant factors were the primary reasons why the organization failed as drastically as it did. However, now Re/max wants to try to gain entrance again. The focus will therefore be on the current legal situation, and how it is possible for Re/max to focus on the current regulations to establish an organization in Denmark.

The next part will therefore focus on how the Danish legal regulations have changed and which possibilities this will provide for the organization both in a positive and a negative direction.

In 2005, the Danish government started the initial process of changing two of the current Danish laws with the purpose of creating more transparency, increasing competition and protecting the consumer within the real estate agent market. This was a consequence of the then current situation on the Danish market, which was dominated by distrust towards the industry and extremely high fees. The housing prices were on the rise and the fees for the agents were a commission of the sales prices, which were therefore increasing as well even though their costs were not increasing at the same rate.

On 16 June 2005, the governments’ propositions became law\textsuperscript{13} and the result was a radical impact on the industry. The first law, “omsætnings loven” l.156, made radical changes in three different aspects of the industry:

1. New possibilities for ownership
2. Individual services and greater alternatives within the industry
3. Transparency of prices

All these new changes have a positive influence on the forthcoming entrance of Re/max. The change in regulation opened the possibility for persons other than authorized real estate agents to be the office owners however the daily management still needed to be an agent with the proper

\textsuperscript{13} Omsætningsloven lov l.156 and l.118
training. However, it provides Re/max with the opportunity to attract business partners and possible franchisors from other industries.

The second paragraph of the law focuses on more individual services and was implemented so the consumers have a higher degree of influence when choosing the strategy of the property sale with the agent. It provides the consumer with the possibility to choose individual factors and leave others out in order to reduce costs and only pay for the relevant tools. This change will have a neutral influence on the entrance since Re/max will not be able to provide either a better or worse service than its competitors.

The third change the law imparted is an increase in the transparency in prices. This new law gives the consumer the opportunity to see the individual costs of the services provided. This transparency increases the competitiveness of the entire industry because it is now possible to directly compare individual agents. Due to Re/max’s focus on a low cost strategy, this might provide the opportunity for the company to attract customers by reducing prices that can now be compared among competing agents.

The second law l.118 had different origins and focuses more on creating a more ethically correct industry. Before the introduction of these new changes the consumer had very little opportunity to complain over the agents, which was also the result of the very limited transparency, as it was not possible to control if the customer had been provided with the correct service.

The consumer had the opportunity to complain to “ethical advisor” however this organ gave very limited and small fines. To further develop an ethically correct industry a disciplinary counsel was established with the authority to present owners with fines in the amount of up to 1.000.000 Danish kroner.

Previously it was shown how the FUL§18 limits the ability to attract agents from competitors due to competition clauses. The law still exists and agents are still bound by their obligations, however the law has been eased and instead of being a 40km radius the law is now specific to the given market the employee operated in\(^\text{14}\). This situation gives Re/max the opportunity to more easily attract agents and thereby increase the pace of the entrance.

\(^{14}\) Konkurrencestyrelsen Journal nr.3:1120-0388-206/psoe/Service 31.10.01
The changes presented are just a sample of all regulations but represent the most influential in the current situation. Combined they provide both advantages and limitations for the company at hand to gain entrance to the market. The introduction of “omsætningsloven” 1.156 and the lenient of FUL§18 creates a clear advantage for Re/max since they now have the opportunity to both attract additional franchisors and additional employees to the offices.

The corrections to “omsætningsloven” are not entirely favorable to Re/max due to the structure of the entire law, since the totality of the law still has a major impact on the possibilities within the industry. The core competency of Re/max is to be innovative with an extreme focus on the sale however the Danish law limits the maneuverability of a company within the industry. Compared to markets such as the German, Dutch and English markets, where Re/max is represented, the Danish laws are much more specific and reduce the ability to be innovative.

As it was shown in the market introduction, sales have clearly decreased, which has made it one of the most debated problems in Danish media and politics. Prior to the recently held election several different suggestions had been presented to revitalize sales. The suggestions are focused on reducing cost when purchasing a property. If these suggestions are turned into regulation it might increase the opportunity for Re/max. An anticipated reaction is that the quantity of property sold will increase, which opens a possible window for Re/max to gain entrance to the market.

Even though the market provides limited options for Re/max it has become even more attractive and the focus will now be upon analyzing the industry further to illuminate different possibilities of positioning.

First a five competitive forces analysis will be conducted to further establish the attractiveness of the industry.
3.2 The Five Competitive Forces

The five competitive forces where first published in the 1979 article “How competitive forces shape strategy” by Michael E. Porter. This piece of literature has almost defined an entire generation of strategists in the academic society. Porter stated that there were five forces influencing the competitiveness of the industry, as opposed to prior theories in which the closest competitors were the main and only focus.

The framework stated by Porter has become one of the most applied frameworks by both business people and almost all academic school books; to name a few: The Essentials of Strategy (Johnson & Luecke 2006), Strategic Management Theory (Hill & Jones 2001), Step by Step Competitive Strategy (Francis 1994), Gaining and Sustaining Competitive Advantage (Barney 2001) and Theory of Strategic Management (Jones & Hill 2010).

The general usage of the five competitive forces is to determine the attractiveness of a given industry. Specific to this thesis the five competitive forces will be applied to show the competitiveness of the real estate agent industry. Thereby it is possible to illuminate which factors Re/max needs to overcome in order to execute a successful entry.

Cliff Bowman and David Faulkner (1997) have elaborated on the original five competitive forces and suggested that a simple scale system can be used on each of the five forces: 1 = a weak force, 5 = a strong force. An attractive industry will in this situation be an industry scoring below 12 points. Their elaboration however does not provide a general approach on to how to score the individual forces, and thereby the measurements become subjective, and can have a large influence on the combined score of the analysis.
Entry barriers

The more entry barriers there are to an industry the lower the possibility of new competitors.

There are 6 major sources to barriers of entry.

1. Economies of scale: Economies of scale either force the entrant to aspire for a large scale or accept a cost disadvantage. Some of the main focus points within the economies of scale are production, research, marketing and service.

2. Product differentiation. Customer loyalty creates one of the toughest challenges for entrants. To create brand awareness can be extremely cost heavy but required to establish products in the market.

3. Capital requirements. The required capital needed can create higher entry barriers within the industry since companies cannot afford the financial investment to enter the given market.

4. Cost disadvantages independent of size. The already established companies on the market might have lower knowledge and learning curves given their experience and time on market.

5. Distribution channels. The new products on the market must replace other products in the store, and in the distribution of wholesale.
6. Government policy. The government of the given market has a large degree of control over the possibilities of new entrants. Taxes, regulations, controls, license requirement and other can all influence the attractiveness of a market (Porter 1979).

This situation can change rapidly. New technology, patents, regulation and others can impact the industry dramatically and heighten or lower the barriers of entry (Porter 1979).

**Bargaining power of suppliers**

A supplier group is powerful if:

1. It is dominated by a few companies and is more concentrated than the industry it sells to.
2. If switching cost are high. This will force the buying company to maintain the agreement even profits are reduced.
3. If it is not possible to accept input products from a different supplier.
4. The threat of vertical integration
5. If the buying industry is only a “byproduct” of the suppliers. Then a decrease in sales for the buyer will not have large influence on the supplier. Is it however the main industry for the supplier; their interest increases to maintain a high sales and a powerful agreement (Porter 1979).

**Bargaining power of buyers**

1. The larger volume purchased by a single buyer, the higher the bargaining power of the buyer, since the loss in sales might have a dramatic influence for the company.
2. If the products are standardized. This will reduce switching cost for the consumer since it is possible to find products elsewhere. It is possible for the consumer to play out companies against each other to gain an advantage.
3. If the products bought have a great influence on the consumers’ own products. The more influential the parts bought the more the company will be interested in gaining the most powerful situation to further increase their own profits.
4. The lower the buyer profits the more interested he is in increasing profits
5. If bought products have very little influence on the quality of the finished product.
6. When buyers have the possibility of integrating backwards and establishing a production facility themselves (Porter 1979).
This is relevant not only in BtB but also in BtC industries. The consumers of the product can obtain the same degree of bargaining power over the industry.

**Substitute products.**

Substitutes that demand the most respect and awareness for the industry will most likely come from:

1. An industry with price performance over the industries products.
2. Are produced by industries with high profits. Will open the possibility of new entrants due to attractiveness of market (Porter 1979).

**Rivalry within the industry**

1. If the competitors are roughly equal in size, power and market share.
2. Growth is slow if any. Growth needs to come from competitor’s market share since the market is exaggerated.
3. Low degree of differentiation, which provides the buyers with extremely low switching cost. This also gives the possibility to steal from competitors.
4. Fixed costs are high.
5. Exit barriers are high. This will force companies within the industry to keep competing even when profits are low and ROI might even be negative.
6. If the companies within the industry have different ideas on how to compete (Porter 1979).

This introduction has described the five individual forces that shape strategy and were presented individually. However, these forces also influence each other. This can be described in an example of when buyers’ switching cost is increased, the bargaining power of buyers is reduced and the treat of new entrants is also reduced. This is a result of the buyers being more dependent of their current suppliers, which reduces the attractiveness of new entrants (Porter 2001).
3.2.1 The Five Competitive Forces, criticism

The five competitive forces by Porter (1979) is one of the most influential frameworks in recent time, however the position of such also invites other academics to criticize the framework. The following will present some of these elements in which the framework has been criticized.

The framework is focused on showing the current situation and does not provide a solution to strengthen the position of the organization; it can therefore be classified as a very static model (Grundy 2006).

Other academics have argued that there are additional forces. They have introduced both sixth and seventh forces: the government and complementary goods. The government can introduce regulations that can have a critical impact on the industry. The impact can have both a positive and negative effect depending on the given situation.

Complementary goods can also influence the industry at hand and increase the need for product development or capabilities to meet consumers’ needs. One example is game stations with the complementary goods of game developers. They do not compete however development in one industry requires response from the other, which leads to an increase in sales for both industries (Hill & Jones 2001).

The final criticism of the theory is also focused on the quantity of forces. It is not guaranteed that the five forces are equally important to the industry. Therefore in given situations, some forces might be left out due to their lack of importance (Grundy 2006).

The framework has now been introduced and criticized, and the following will show the conducted analysis towards the industry at hand.
3.2.2 The Five Competitive Forces, analysis

The analysis will focus on the entire industry, and establish a grade for the attractiveness of the industry. The introduction to the theory mentioned how subjective the scale system is, and thereby it will not be applied. The scale of the forces will however be from a weak force to a strong force without numeric values.

Bargaining power of both Buyers and Suppliers

As presented earlier in the criticism of the theory, not in all situations are the five forces of equal importance, and this specific industry is a good example. The industry is a service industry with no production and thus requires no direct suppliers. The bargaining power of suppliers will be merged with the bargaining power of buyers since these are actually the same. The buyers provide the agents with real estate as a supplier however they also buy the service of selling the estate.

The bargaining power is relatively high due to the saturation of the market. This saturation provides the buyers with the opportunity to choose between several agents that provide almost identical solutions. This possibility is further increased by the low switching cost between each of the agents, and the established regulations which provide the consumer with more transparency.

The bargaining power of the combined buyers and suppliers will therefore receive the grade of a strong force based upon the saturation of the market, and the low switching cost between each of the agents.

Threat of new entrants

Threat of new entrants has largely been increased by the legal possibilities of ownership\(^\text{15}\), since it is now possible for non-authorized real estate agents to own an office. This largely increases the number of interested owners and thereby increases the general threat of new entrants. Furthermore, the industry requires very limited financial requirements due to a lack of production facilities, which increases the threat.

The threat of entrance to the industry can however be split into two different scenarios, each with a different threat of new entrants. This divides the market into two different strategic groups with Home, Nybolig, Danbolig and EDC as one group and the rest of providers into another group. The distribution is as such since the four largest operators have a much larger market share than others.

\(^{15}\) Omsætningsloven lov 156
and they operate on the entire Danish market. The others portion of the market is much more
specific to a smaller segment of the industry. The threat of new entrants into the two strategic
groups is very different from each other. The threat for entrance into the smaller suppliers market is
much higher since the cost of establishing is low.

The barriers for one of these minor organizations to experience mobility and growth into a national
coverage organization are very high, since competition with four established market leaders would
be inevitable, which certainly reduces the attractiveness of that segment of the market.

The threat of new entrants into the industry and strategic group of minor incumbents are therefore
relatively high since the establishing cost is limited. It can therefore be stated as a weak force for
the industry, and thereby attract future competitors.

The situation is however very different when choosing to position a company within the strategic
group of nationwide organizations. In the case of Re/max, this is the situation which is required to
gain access to the market. The goal of having almost 100 offices within a few years\textsuperscript{16} positions
Re/max between the two different strategic groups, however it will be in direct competition with the
market leaders\textsuperscript{17}.

\textsuperscript{16} \url{http://borsen.dk/nyheder/boligen/artikel/1/192081/formand_for_de_langer_ud_efter_re-max.html}

\textsuperscript{17} See figure 4
The strongly branded and long-established Danish companies and the market saturation increase the barriers for the entrance, since Re/max will immediately be in direct competition with these.

Another barrier of entry into the Danish industry is the ownership of the major organization. Three of the four market leaders are owned by the largest banks in Denmark. This increases their financial possibilities for defending market share and market position. It also provides the opportunity for the agents to service consumers with loan applications to further increase sales.

The threat of entrants into the strategic group with the four market leaders can be categorized as a strong force due to the competitiveness of the industry, and thereby the threat of new entrants is low.

**Substitutes**

The threat of substitutes can be compared with the situation of bargaining power of suppliers. The substitute products available for the customer are very inadequate. The only substitute product is to complete the sales yourself. The technology has made it easier since the Internet now can be used, and several companies are focused on this segment. On these “sell-it-yourself” websites the seller takes care of the sale and the real estate company only provides the means and the media to establish a connection between buyer and seller. These real estate companies thus reduce costs and reduce the fee from sellers and increase their attractiveness.

---


19 [www.robinhus.dk](http://www.robinhus.dk)
The attractiveness of using such a solution is however limited by Danish regulation. The legal responsibility is in such a situation located at the seller instead of the agent, and thereby it is seller who bears the economic responsibility of hidden defects\textsuperscript{20}.

Given the limited opportunities of choosing a substitute product, Re/max should not anticipate the current market to change greatly and thereby agents are still relevant. The threat of substitutes is therefore relatively indifferent to the entire market situation and should be scored one of the weakest forces in this analysis.

**Rivalry within the industry**

The rivalry within the industry and the strategic group of the major participants is severe. This is based upon the limited growth of the industry and the number of properties sold which has diminished due to the financial crisis. This is further exacerbated by the number of participants since there is no free market share, and growth needs to be gained through a decrease in sales from the competition. These are however not the only influencing factors. The low degree of differentiation between major participants reduces the ability to specialize on one part of the industry. The size of the participants, which is relatively equal,\textsuperscript{21} influences the market since there is no clear market leader to pull the market in a specific direction, but four pulling in opposite directions.

As it can be seen there is severe competition between incumbents within the Danish industry, and therefore it should be established how they each compete. The general competition is through advertisement in Internet, television, newspapers etc. The competition is however also directly on prices on commission. One example is when Home introduced their concept “sold or free of charge”.\textsuperscript{22} This was immediately imitated by competitors within the strategic group in order to diminish the effect of crediting the initiating company and thereby increase the attractiveness of the different companies. This example is general for the industry if one market leader introduces a new concept or uses a new media for commercial strategy it is quickly imitated to uphold the attractiveness of the individual market leaders.

\textsuperscript{20} Omsætningsloven l. 118  
\textsuperscript{21} See figure 4  
\textsuperscript{22} Solgt eller gratis
Given the high degree of competition among rivals, the competitive force is strong and indicates Re/max needs to anticipate that market leaders are reluctant to give up market share.

The five competitive forces analysis showed how that the Danish real estate agent market is not a very attractive market. The most influential factor for the forthcoming entry is the competitiveness of the industry. The saturation of agents in a declining market situation clearly influences the possibilities for Re/max. The analysis can be attributed to the general situation in the industry.

The framework does not include organizational skills that may influence the attractiveness of the industry. Re/max has the benefit of its vast experience in gaining entrance to different markets and establishing its organization as a successful incumbent. This experience might be able to reduce influence from restrictions in the industry and thereby increase the attractiveness. The choice has also already been made at the corporate level and the further analysis will then focus on how to gain entrance.

3.3 Entry modes
The five competitive forces have been used to analyze the competitiveness of the industry, with the result of an unattractive industry. The discussion will now be focused on which entry modes are the most suitable for Re/max to gain entrance to the Danish market. Theoretically there are different opportunities however one is more suitable than the others based upon market possibilities and Re/max’s organizational skills.

<table>
<thead>
<tr>
<th>The different entry modes are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Exporting</td>
</tr>
<tr>
<td>2. Licensing</td>
</tr>
<tr>
<td>3. Franchising</td>
</tr>
<tr>
<td>4. Joint Venture</td>
</tr>
<tr>
<td>5. Wholly-owned subsidiaries</td>
</tr>
</tbody>
</table>

Each of these types of entry provides advantages and disadvantages compared to the others. Each will shortly be introduced followed by a discussion regarding which will be the most suitable in the given situation.
Exporting has two distinct advantages. The first is production facilities do not need to be established and second a faster learning curve will be achieved. It also reduces international production costs since economies of scale can be increased. However, when calculating the cost savings, transportation costs from manufacturing country to new markets needs to be estimated to fully cover all costs. Another drawback can be taxes and regulations towards imported goods, which can increase cost and thereby reduce profits (Hill & Jones 2001).

International licensing is an arrangement where a foreign company buys the rights to produce and sell a product of another company for a fee usually based on sales. This can help reduce costs and risk of entering a market by transferring costs onto the production company. There are, however, several drawbacks to licensing. The company gives up strategic possibilities to coordinate a global strategy, loses control over production and economies of scale, licenses out knowhow that can increase a licensee’s ability to manufacture its own products in direct competition with the given company (Hill & Jones 2001).

Franchising can be similar to licensing but is based over a longer term. In franchising the rule on how to conduct business is very strict and thus limits the franchiser in diversifying the product. This situation also reduces the cost of entry. The drawbacks can again be the limit in coordinating global strategy, however to lesser of a degree than with licensing since the rules are very strict. Another major drawback is the quality control. By franchising out the name and brand the company loses its ability to fully control its product or service. This can result in a major impact on the global situation. If quality decreases in one country the customers will be influenced in other market, which will create a stream of bad publicity (Hill & Jones 2001).

There is not only one possible franchise strategy, but additional parameters to be targeted before the most suitable can be applied. The organization has to choose between a direct franchising strategy, master franchisor or area franchisor. Each of these possesses different opportunities, and is therefore suitable in different situations.

They can also be elaborated by ownership possibilities for the franchisees. The franchising strategy can be completed through a multi unit franchising (MUF) strategy or a single unit franchising (SUF) strategy. The multi unit franchising strategy is defined by allowing franchisors to own additional outlets (Dilder & Windsperger 2010). MUF networks reduce the management problems
since the franchising organization only needs to manage one MUF instead of several SUF (Dilder & Windsperger 2010).

A joint venture is created when two or more participants agree to cooperate with the entrance. There are several advantages to this: lower cost since these will be split and greater ease in gaining permission when operating with a local company. Drawbacks however are: the company loses full decision making capabilities strategic needs change over time and the emergence of opportunistic behavior (Hill & Jones 2001).

The last entry type is the wholly-owned subsidiary. This choice provides the advantage of tight control, reduced opportunistic behavior; the solution can reduce production cost and speed up the experience curve. It is, however, the most costly and thereby the riskiest type of entry mode (Hill & Jones 2001).

3.3.1 Entry Modes analysis
The different types of possible entry modes have just been introduced and the following will then narrow the discussion onto which is the most applicable in the given situation with Re/max and the Danish market.

In the slower growing or declining market acquisitions, franchising is more applicable since the market is saturated and the chance for success via a direct entry is lower. The market knowledge will be transferred towards the organization however the basic decisions will be made by franchisees operating within the industry (Couturier & Sola 2010).

A central feature of the literature is that competition and other economic forces determine what organizational form is optimal (Norton 1988). In the particular situation, the franchising possibility is the most attractive for Re/max. This is based upon several arguments. Franchising is not the riskiest of the different entry modes. Since Re/max already has experienced an embarrassing attempt to gain entrance to the Danish market this will be attractive. By selecting the franchise strategy the economic risk will be reduced, if the same result as earlier should occur. It also provides the opportunity to gain rapid growth and thereby gain a strong position within the market (Preble 1992, Brooke 1986). It is also favored due to the Re/max’s experience with operating an international franchise.
The discussion therefore has to focus on which type of franchising is the most suitable in trying to gain access to the Danish market.

Figure 13 Franchising

This model established by Burton (2000) shows the different opportunities when franchising is the most appropriate strategy of international growth. Direct franchising should only be used when a franchisor establishes few subsidiaries in the host country, which can be used until monitoring costs exceed costs of having an intermediate (Burton 2000). It is therefore not appropriate in the specific situation, since Re/max’s goal is to establish approximately 100 offices in total. It would therefore be an almost impossible task to monitor each of these offices. As the theory argues, less monitoring leads to a clear increase in opportunistic behavior, which then would require even further monitoring (Burton 2000).

The area development franchising is also not the most suitable opportunity.

The area franchisor is not allowed to open additional offices to further enhance a growth situation (Burton 2000). It is therefore not suitable since Re/max’s vision is to gain rapid growth and keep expanding the company within different areas of Denmark.

The master franchisor strategy provides Re/max with a fit and a possible strategy. It would reduce the monitoring problem since the master franchiser would be the only person referring to headquarters. The opportunistic behavior, based upon the agency theory along with franchising, might increase due to other circumstances, however.
The farther away from the monitoring organ an agent operates, the larger the cost of monitoring. By incorporating a master franchisor, headquarters delegates quality control to this person however it also establishes a communication ditch between the market and headquarters. The solution to this distance problem is to formulate the contracts so that they are dependent on the franchisee’s revenue. This would increase each stakeholder’s willingness to optimize the situation (Rubin 1978) and thereby reduce the opportunistic behavior.

Another reason why the master franchising solution might be the most applicable is the already described Danish legal situation. This situation has increased Re/max’s possibilities for finding a master franchisor since this person does not need to have been officially educated as an agent. This is relevant not only for the master franchisor, but also for the individual franchisors within the Danish market. The market for franchisees has therefore largely increased. This might attract franchisers since the risk does not exceed potential growth (Norton 1988).

The choice of master franchising into the Danish market is definitely not without risk even though it provides several advantages and opportunities.

One of the problems with the choice of the master franchisor is that potentially, choosing the wrong master franchisor can have a dramatic impact, as happened ten years ago. The wrong choice of master franchisor was one of the main reasons why the initial entrance failed so embarrassingly. It is therefore of the utmost importance that Re/max find a master franchisor who exemplifies with the same visions, goals and behavior of the organization. The person also needs to posses both experience and market knowledge to acquire the growth and expansion needed to fulfill Re/max’s vision for the company.

It is not only the master franchisor who can reduce the level of success. According to the internalization-advantage theory (Dunning 1995), by owning the operation entirely, the firm maintains total control over marketing, distribution and product decisions. It also exercises strong control over managerial, operational, and quality control as well as physical, tacit, and strategic assets (Contractor and Kundu 1998). By franchising out the brand name the risk increases, since the entire organization can be influenced by a single franchise that can hurt the overall value of the brand. This clearly shows that by choosing a master franchise strategy the corporation loses ability to control and direct every strategic move. The corporations however still experience the risk if the
chosen master franchisor is unsuccessful since it will reflect on the entire organization through loss of brand value and a general negative view of the company.

As the discussion of entry mode shows, the franchising strategy provides Re/max with great opportunities for entrance, however it also possesses difficulties. The discussion can therefore be transferred into the discussion on choosing between the MUF or SUF strategies when franchising. In Re/max’s situation, the MUF strategy might be the more suitable of the two. First, the MUF strategy requires less management involvement since only one franchisor is required (Hussein & Windsperger 2010). This is coherent with the argumentation on why master franchising is appropriate. There are additional reasons why the master franchising MUF strategy is suitable. Another reason is that risk is reduced by allocating additional resources to the already proven MUF compared to the involvement of incorporating additional SUF (Hussein & Windsperger 2010). It can be further elaborated and argued that the growth rate increases given the acknowledgement of a proven MUF (Hussein & Windsperger 2010).

The previous discussion showed how the master franchising strategy combined with a MUF strategy might be the most suitable entry strategy for Re/max, even though it is the same strategy Re/max incorporated last time. This is due to the minor mistakes that had a great impact on the success and should be relatively simple to change, such as finding the right master franchisor.

The discussion will now be followed by a focus on how the entry of Re/max will influence the industry and how the competitors will be able to defend their current situation as market leaders.
3.4 Marketing Warfare

To conduct the analysis of the impact, marketing warfare theory will be applied. The framework will be used to analyze which type of attack the entry is and how the established incumbents can defend their current situation. The theory is based upon traditional warfare, and then transferred into a competitive business environment.

“There are no real differences in real war and competitive war, the only obsolete difference is that in war there are only two parties and in competitive war there are many parties”

(Vasconcellos 2005).

This quote show that there are similarities between the two different types of warfare, however in marketing warfare it must be assumed that several organizations operate within the industry and an attack on one will also affect the rest of the industry.

The marketing warfare theory focuses not only on how to attack different competitors or industries it also provides a tool for the defending organizations and describes how these different types of attacks should be retaliated. The theory can thus be used to provide analysis and discussion on how each organization can adapt to the market changes to become superior and defeat competitors.

In order to proceed with the theory, a definition of an attack needs to be provided to clarify when and how marketing warfare comes into effect.

There are two factors that need to be met before an attack can be defined as such:

1. There is a movement on our part, new area, new industry or new segment within the area or industry
2. The movement occurs on our own initiative (Vasconcellos 2005).

To elaborate, the attack occurs when changes into other segments of the same industry or entrance into a different industry take place, however these changes need to occur on the initiative of the organization. These two factors can be met by six different types of attack into a new segment or a new industry.
1. Guerilla
2. Bypass
3. Flanking
4. Frontal
5. Undifferentiated circle
6. Differentiated circle

Each of these six attack possibilities provide individual opportunities for the attacking party however each also has its limitation, and possibilities for defense. The given situation with Re/max and their goal of 100 offices determines the attack as a frontal attack on the incumbents. It is the sheer quantity of offices that in this situation defines the type of attack. Given the definition of attack frontal attack will be presented with its advantages and limits, and additional attack strategies can be seen in appendix 1.

**Frontal attack**

This type of attack is the most direct however it is also a form of attack where retaliation is expected. The frontal attack can be defined as following.

1. The attacking organization enters a market or segment where the defender operates
2. The market or segment is of value to the defender. (Vasconcellos 2005)

Because of the high value of the market, the defender will use entry barriers and other opportunities to maintain market position and not sacrifice market share.

Because this form of attack will be defended it is very important that the attack is conducted correctly. Frontal attacks should only be conducted one segment at the time otherwise the attacking company’s forces will be spread out too thinly when retaliation occurs.

“An army should not be in a feeble way in several places – but in strength in a few places.” If we divide, we weaken, if we concentrate, we strengthen”. (Napoleon)

This quote states the importance of focusing on only one segment and not spreading out the organizations’ capabilities, since this will result in an unsuccessful entrance. The company needs to focus the attack on the weakest positions of the competitor. (Vasconcellos 2005)
Proceeding was an introduction to the attack strategy, and the following will focus on how the counterpart can operate in order to defend the ongoing attack.

There are essentially eight different defense strategies.

1. Signaling
2. Creating entry barriers
3. Global service
4. Pre-emptive strike
5. Blocking
6. Counter-attack
7. Holding the ground
8. Withdrawal

The eight individual strategies have two similarities: with strategies one, two and seven the incumbents remain in the market and in the other strategies they flee the market. (Vasconcellos 2005)

The situation with the possible defense strategies is similar to the attack strategies; some are simply not an option for incumbents. An example is the four market leaders do not possess the ability to confront Re/max on the international market therefore the ability to conduct a counter-attack is not valid. The possible defense strategies suitable for incumbents will however be individually presented since these represent different opportunities23.

**Signaling**

The most cost efficient battle is the one that never occurs. By signaling a strong and powerful organization on the market the attractiveness of an attack can be limited due to fear of the defending part (Vasconcellos 2005). Signaling can be through the media however it can also be internal in the organization. One example could be to bring in new board members to signal financial strength, and thereby signal willingness to defend the market position at all cost.

---

23 See appendix 2 for additional defense strategies.
**Barriers to entry**

The barriers to entry have some similarities to the signaling strategy. Both are pre-emptive strategies trying to keep the attacking force out of the market. However where signaling is a very verbal strategy, the barriers to entry is much more practically oriented. One example can be long-term supplier contracts that limit the attacking organization’s ability to interrupt current supply chains and thus limit the organization’s opportunities within the market (Vasconcellos 2005).

**Blocking**

By choosing the blocking strategy there are different opportunities to try and block the attack. One opportunity can be swiftly moving within the industry to enhance strength in otherwise vulnerable segments. Another could be maximizing synergies that the attacking organization would be unable to obtain. The final can be reestablishing a strong brand name, which would enhance customer loyalty and thereby reduce the attractiveness of the new incumbent on the market (Vasconcellos 2005).

**Holding the ground**

When holding the ground the organization defends its current market share by using its current situation on the market. The marketing warfare will therefore be focused on marketing, price cutting, promotion and distribution channels etc. When choosing this strategy, the defending company states that it is superior compared to the attacking force within the current market (Vasconcellos 2005).

Even though the marketing warfare theory includes many different possibilities suitable for different situations, the theory still possesses limitations that are possible to criticize.

**3.4.1 Marketing warfare, criticism**

“The only certain about war is that nothing is certain about war” (Winston Churchill)

This clearly states that even though the theory can provide reassurance this is not a guarantee, but more of an educated and theoretical guess as to how the attacker and defender should operate in order to optimize their current situations.

Another point of criticism is that the regular theory is based upon two parties fighting the traditional war, however in business warfare there are not just two combatants but several. It can therefore be
argued whether the given strategies are suitable for marketing warfare or needs to be transformed to be more applicable.

The final criticism of the theory is that it implies that the defending party has to choose one of the eight different options. It however seems possible for the organization to exploit different defense strategies simultaneously to further enlarge their effect: if not simultaneously then at least subsequently in order to fully utilize their defensive potential.

3.4.2 Marketing warfare analysis

The entrance of Re/max has been defined as being a frontal attack on the position of market leaders. Given this situation, there are two primary objectives that need to be fulfilled before the attack can be categorized as such.

1. The attacking organization enters a market or segment where the defender operates
2. The market or segment is of value to the defender.

Both factors are met since all four defenders operate in the entire Danish real estate agent market, and because it is their only market, maintaining a large market share if of the utmost importance. This type of attack further increases the difficulty of the entrance. The Re/max frontal attack therefore needs to be extremely precise and target the consumer in the correct situation. The consumers therefore are the most important element in the success of the entrance.

The entrance of Re/max will have an impact on the industry in a negative direction for already established organizations; it is therefore in their main interest to defend their positions, which can be conducted in several different ways. Even before the entrance occurs competitors have begun signaling a strong position and a superior situation\(^24\). Not only the competitors have signaled a strong position, the CEO of the industry association has expressed his skepticism towards the Re/max entry, and keeps referring to the failure of the earlier attempt. This type of signaling has a double effect, both on the consumer and on agents within the industry. The reference to the failed entrance may keep consumers from choosing Re/max since it creates mistrust towards the company. The signaling of a strong industry with tough competition will keep agents from applying since the guarantee of a successful entrance is limited. This limitation to attract agents can be further increased by market barriers as a defense strategy.

\(^{24}\) [http://epn.dk/brancher/liberale/maegler/article2195699.ece](http://epn.dk/brancher/liberale/maegler/article2195699.ece)
There is one specific entry barrier which can provide incumbents on the Danish market with a clear advantage opposite the entrance of Re/max. The clear advantage that increases the entry barrier is competition clauses. Even though regulation has been eased it still influences the possibility of attracting agents, especially within Denmark’s major cities.

The entrance of Re/max will however not be stopped by verbal signaling and entry barriers. The attack is imminent and incumbents therefore need to focus on a defense strategy for the future attack. Pre-emptive strike, counter-attack and withdrawal are not possibilities for the established organizations. These are not possibilities since market leaders do not possess the knowledge and capabilities to confront Re/max on an international level, and since Denmark is their only market there are no other markets to withdraw to.

There are only two possible defense strategies available for the organizations within the industry, these are blocking and holding the ground. These two strategies are very similar and both focus the warfare on marketing, loyalty and price. Warfare within these parameters, however, enables the defender to establish a competitive advantage over the attacking organization. This is due to the experience in the market. The experience could have established customer loyalty, which reduces the ability for Re/max to establish a strong customer base. Another parameter is warfare within marketing. The established companies already possess a strong marketing channel and a commensurate media presence would require a major financial investment on the part of Re/max. However, the business structure would allow Re/max to exploit marketing experience and financial capabilities from the global organization. The warfare would therefore be approximately equal due to established experience and Re/max’s international experience and financial capabilities.

Another more general rule to why the defender has an advantage is that the attacker needs to change the market whereas the defender needs to maintain the current situation. This provides a defensive advantage since it is much harder to change e.g. customer choice and attract new employees. The entrance company needs to provide additional value towards both consumers and employees to gain a sustainable business model within the new market. It can therefore also be stated that if established companies within the given market are able to supply the same level of value and service to customers they will be able to defend the current situation.

---

25 Funktionær loven §18
In general it can be argued that Re/max needs to anticipate a long and intense warfare with the four market leaders. Such a major event such as Remax’s entry will influence the entire industry and direct competition is therefore unavoidable. Competitors will utilize every possibility they have to either block or defend their own market share in order to remain one of the market leaders. This situation influences the Re/max’s market entry since it shows how accurate Re/max needs to position the organization in order to gain entrance and experience the growth anticipated.
3.5 Conclusion industry analysis

In order to summarize the industry analysis and conduct the conclusion a table provide the overview.

<table>
<thead>
<tr>
<th>Part</th>
<th>Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>1. Ownership possibilities</td>
</tr>
<tr>
<td></td>
<td>2. Competition clauses</td>
</tr>
<tr>
<td>Five competitive Forces</td>
<td>1. Unattractive industry</td>
</tr>
<tr>
<td>Entry Modes</td>
<td>1. Fit between experience and market possibility</td>
</tr>
<tr>
<td></td>
<td>2. Wrong choice of master franchisor</td>
</tr>
<tr>
<td>Marketing Warfare</td>
<td>1. No free market share</td>
</tr>
<tr>
<td></td>
<td>2. Strong competitors</td>
</tr>
<tr>
<td></td>
<td>3. Severe retaliation</td>
</tr>
</tbody>
</table>

Figure 14 Conclusion industry analysis

The development of the market experienced different changes in the law, which is an advantage for Re/max. The law 1.156\textsuperscript{26} is a clear advantage for Re/max since it is now much easier for the company to attract franchisors as these do not need to possess an officially authorized agent education.

The five competitive forces however showed an unattractive market for Re/max. The most influential forces Re/max has to manage are the rivalry within the industry and bargaining power of buyers.

The immense competition and saturation of the market clearly restrict opportunities for Re/max. The future competitors are also well established companies with a relatively secure customer base.

Re/max also faces the trouble of competing within the market where customers can change agent at a low switching cost, so if Re/max is not able to supply the level of service immediately customers will replace Re/max agents with competitors.

The organizational experience of Re/max, however, increases the attractiveness of the market and the discussion was then focused on which opportunities Re/max has to gain entry to the market. The master franchiser strategy is the best fit in this situation, but is also substantiated by legal changes.

\textsuperscript{26} Omsætnings loven 156
The master franchising strategy combined with the MUF would enable Re/max to experience the growth needed in order to meet the objectives of the entry.

Another advantage is Re/max’s experience with the business model as it has been the favorite expansion model since the company was founded. The entry strategy is however accompanied by risk. If the wrong master franchisor is chosen the result might have a similar outcome as the earlier market entry attempt. The other risk is managing the company, if the master franchisor is opportunistic or does not follow the same visions of the company. A Danish failure can impact the Re/max’s global organization and reduce brand value.

After it was established which entry modes are the most suitable, the focus shifted to the marketing warfare aspect. The entrance of Re/max is a direct frontal attack on each of the four market leaders it is in their interest to defend their market positions. The competitors have already begun signaling and establishing entry barriers through competition clauses, which reduce Re/max’s ability to attract agents.

When conducting such a risky frontal attack there is one primary and eminent factor, and that is knowledge. If Re/max does not possess the right information the risk of failure increases. The analysis will therefore now focus on establishing such an information base. Since the industry analysis shows an unattractive market, the focus will be shifted towards the consumer side, since it is believed that on the consumer side Re/max will have the opportunity to differentiate its product to attract customers.

The focus will be on the consumers and which factors provide value to them. This will be conducted so that Re/max can establish the organization with a specific focus on gleaning the most valuable results from the information gathered.
4 The Customer

In order to substantiate the consumer analysis through a questionnaire, the value theory has been chosen. The theory will be applied to measure which dimensions of real estate agents services provide value, and which of these provide the highest amount of value for the consumer. As already shown, the five forces framework displayed a change in industry analysis, and similar change has occurred in the competitive advantage focus. Previously, focus was limited to product development and the superior product had the competitive advantage. A shift is occurring however and superior consumer value as a means to establishing competitive advantage is gaining more focus by companies (Butz & Goodstein 1996).

In order to answer the question focusing on how to position Re/max accordingly to consumers, a definition on consumer value needs to be established. Such a definition is however difficult to establish since there are several different solutions.

“Value is the consumer’s overall assessment of the utility of a product based perceptions of what is received and what is given” (Zeithaml 1988).

“Value in business markets is the perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer form in exchange for the price paid for a product, taking into consideration the available suppliers’ offerings and prices” (Anderson et al 1993).

“Buyers’ perception of value represents a tradeoff between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price” (Monroe 1990).

“Customer value is market perceived quality adjusted for the relative price of your product” (Gale 1994).

“By customer value, we mean the emotional bond established between a customer and a producer after the customer has used a salient product or service produced by that supplier and found the product provide an added value” (Butz & Goodstein 1996).

These are just some of the definitions of consumer value. There are some similarities or consensus between the various definitions. Customer value is linked through a purchase of some product, and some trade-off is established between benefits received and the price of the product paid. Another similarity is that the consumers define which elements provide value and how valuable each
element is. Consumer value can therefore not be defined by companies but needs to be examined through consumer analysis (Woodruff 1997).

Another difficulty when operating with customer value measurements is that customers might express their satisfaction with the given goods but purchase elsewhere (Jones & Sasser 1995). This statement shows how it is not only customer value that determines the decision process but other factors can also have an influence.

In this specific situation, the definition by Woodruff (1997) will be applied to conduct the consumer analysis. His definition is as follows:

“Customer value is a customer’s perceived preference for and evaluation of those product attributes, attribute performance, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations” (Woodruff 1997).

The definition will provide the basis for the analysis, but several other aspects will also be brought into the discussion.

Value theory focuses on how individual parameters can provide additional value to the consumers and thereby increase the attractiveness and competitiveness of the company. Woodruff therefore argues that these parameters can be used to establish superior competitive advantage as a basis for company strategy. Woodruff and Gardial (1996) established the customer value determination (CVD), which was specifically designed for managers of companies to provide a tool for understanding critical answers about their customers, in order to establish a competitive advantage through customer value. Accordingly to the CVD, there are four essential questions the managers need to ask their customers.

1. What exactly do customers value?
2. Of all the things customers’ value, which is most important?
3. How well (poor) are we delivering the value?
4. Why are we doing well (poor) in important dimensions?

This can be elaborated by a fifth question. What are the customers likely to value in the future? (Woodruff 1997) This question is however much more difficult for the customer to answer since the consumer often does not know which parameters will be of value in the future (Butz & Goodsteing 1996, Hamel & Prahalad 1994).
The project will have its focus based in the first and second question. Since Re/max is not established on the Danish market it will not be able to analyze the third and fourth part. It is however very important that Re/max targets the initial questions in order to succeed in their entry.

The focus on customer value has been chosen specific to this situation since Re/max needs to establish knowledge as to which factors the Danish consumers’ value and which are the most important. The knowledge gathered will help Re/max in positioning the organization in the market with an exact focus on creating competitive advantage. It can be considered a strength for Re/max that they are not already established on the market, since this provides a further opportunity to target the most important factors that the customers provide value. Were Re/max already established on the market a discussion on which possibilities were available to change the current business profile would have to be conducted. It would provide limitations on movement within the industry (Day 1990).

As well as the previously introduced theories it is possible to criticize the limitations of customer value theory.

4.1 Criticism value theory

The main opportunity in criticizing the value theory is the discrepancy between the different definitions. Since there is no clear academic consensus on how value is defined, how is it actually possible to use the theory? To choose one definition over another may entail risking that the choice can be incorrect, which would greatly influence the results of the analysis.

Another criticism is also focused on the definitions of the theory. Each different definition is based upon words like utility, worth, benefits and quality (Woodruff 1997) and these are words that are highly subjective and difficult to quantify. The value theory’s definition is therefore based upon other factors which are not clearly defined, and that further reduces the validity of the theory.

However, even though the theory is vague in definitions, the outcome of the results can create a competitive advantage for Re/max and thereby the theory is believed to be valid and suitable for creating an entry strategy.

With the theoretical framework established, the thesis can concentrate on the data gathering to support the analysis specific to the management question number two specifically how to position the organization accordingly to customers.
4.2 Focus group

4.2.1 Focus group methodology

The analysis will be based on two different types of primary data that serve two different objectives. The qualitative data gained through a focus group is used to establish a base for the quantitative questionnaire (Groves et al. 2004). The purpose of the focus group is therefore to provide the author with information on which factors provide value and if some factors provide more value than others. Before conducting such a focus group methodological discussions must be made.

The focus group has been chosen due to its ability to “produce data on social group interpretations, interactions and norms” (Halkier 2008). It is important to be aware of the lack of an opportunity to further examine the individual participant. Another danger of using a focus group is the possibility that some participant might dominate the discussion, and thereby inhibit the expression of others’ true opinions on the subject. The social control of the group would thereby hinder different experiences and perspectives (Halkier 2008). A further problem of using a focus group is that it is staged and thereby does not reflect an exact truth of the participant. It also provides the participant with the ability to lie to better fit in with the rest of the group.

The objective of the group has been established and further methodological reflections to be discussed, who should participate, how many participant and where should it be conducted.

4.2.2 Focus group subjects

When working with a qualitative focus group the selection of participants cannot be random, but participants need to be selected through an analytic and selective process. The group cannot be too homogeneous or too heterogeneous. Too homogeneous a group would not produce the social exchange wanted, and if too heterogeneous too many conflicts will arise (Halkier 2008).

In the selection process, the focus must also be on the composition of the group. Are there age criteria, same or different gender and should they have similar or different social backgrounds? There also has to be focus on whether the participants should know each other or not. The advantage of having participants that know each other is possible easier communication. Since each participant knows each other they are used to communicating and are understood by each other. The advantage of having a group in which participants do not know each other is the reduction of premature social status within the group. By letting the participants know each other they can be held accountable for different views presented in the focus group (Halkier 2008).
4.2.3 Focus group structure

In this particular situation and with the purpose of the focus group I have chosen the participants using different criteria. The group includes participants aged 42-66. This is chosen based upon the definition of customers in the introduction, which showed Re/max needs to target the sellers. The participants within the age group over 42 all own property and thereby are the target group for Re/max. The participants were chosen with a broad education level, income and social status. The purpose of the focus group is to create a broad view of which factors the consumers value from a real estate agent, and therefore the group should include different opinions.

In the recruitment process I have used a convenience sampling to gather participants (Bloomberg et al. 2008). The convenience sampling reduces cost but also reduce reliability of the data collected. It is however suitable for gathering each individual’s position on everyday problems and gather information on a specific problem (Bloomberg et al. 2008).

By using this sampling each participants of my focus group has some level of acquaintance with each other. Since this is not a delicate subject such as politics, economics or religion, the communication should be relatively unheated and uninhibited. According to Halkier (2008) and Groves et. al (2004) a suitable number of participants are six to twelve persons. In this situation eight were chosen to participate.

The following schedule shows the participating group.

<table>
<thead>
<tr>
<th>Jørgen, 66</th>
<th>Grethe, 61</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sold property one time</td>
<td>Never sold property</td>
</tr>
<tr>
<td>Participated in 500 real estate transactions through work</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Henrik, 44</th>
<th>Lotte, 42</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sold property two times</td>
<td>Sold property one time</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lars, 66</th>
<th>Jacob, 42</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sold property two times</td>
<td>Never sold property</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Erling, 62</th>
<th>Marianne, 66</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never sold property</td>
<td>Sold property two times</td>
</tr>
</tbody>
</table>
The focus group is structured to focus on four main areas.

1. What were the deciding factors when choosing an agent for prior sales?

To establish what has influenced the decision in specific situations.

2. What influenced the decision process when choosing an agent?

How are the participants influenced by their network of friends, family or colleagues, commercials in the media or word of mouth? This can be used to develop a marketing strategy.

3. Which factors provide value? And of these, which is the most important. Why are these most important?

This information can be used to position Re/max accordingly.

4. Do existing agents fulfill the needs when choosing an agent?

This can help establish the Achilles heel of established competitors\(^{27}\).

4.2.4 Focus group analysis

The following will provide an analysis of the focus group. As already mentioned, the objective of the focus group is to provide information to base the questionnaire upon. The focus group therefore serves as a pilot study.

The first category of questions was focused on what were the deciding factors in choosing prior agents\(^{28}\). All participants had an opinion and presented different parameters as to why each had been a deciding factor. The general consensus can however be summed into three different categories.

1. Local knowledge
2. Commitment from the agent
3. Personal relationship

The participants had a focus on an agent’s local knowledge since it was believed this had provided the greatest impact on their decision process. The second and third parameters are closely combined, and show that the individual perception of the specific agent had a great impact on the

\(^{27}\) See appendix 3 for question guide

\(^{28}\) See enclosed CD for the recordings of the focus group.
participants’ decision. Combined, the second and third answers were clearly the decisive factors, however individually the local knowledge was the most important in prior sales.

The participants where then asked to focus on if they were about to sell their property, which factors could influence the process. The participants agreed on four different answers.

1. Word of mouth
2. Price of both property and commission
3. Experience
4. Advertisement

The first was clearly the dominant factors presented by Lars, Marianne and Henrik, with acceptance by the others. The information gained through word of mouth would come from neighbors who had prior experience with the given agent. It is thereby possible to achieve a subjective evaluation of the experience to base the choice upon.

The price of both property and commission would also influence the decision as well as experience in the community. Prices would be dictated by the situation of the seller. If time is of the essence, the influence of commission prices is reduced, since a higher commission increases the agent’s commitment and thereby increases the possibility of a fast sale. Every participant also agreed that the real estate agent’s experience is a deciding factor and no one wanted to select a newly established office with no experience. This answer is extremely interesting in the given situation with Re/max. This actually shows that the entrance of Re/max will be difficult since the Danish consumers are reluctant to cooperate with newly established offices.

The results also revealed some parameters that were presented and actually have a very limited influence on the decision making process. Advertisement through television commercials, and signs on sold property have a limited if any effect on the participants. Jørgen however presented that through his work experience it is his belief that others are generally influenced by these commercials. It is therefore to be believed that although it is not important parameters for this group, one cannot conclude this to be the general perception when establishing deciding factors.

---

29 Group recording 8:26 – 9:22 Lars 9:38 – 9:46
The next category of questions was focused on what the participants see as important and thereby provides value for them when choosing an agent. This category established seven parameters that they find the most important.

1. Sale price
2. Commission
3. Realistic price
4. Perception of seller
5. Commitment
6. Professionalism
7. Local knowledge

The seven parameters can be assembled within two categories: numbers one to three focus on price and numbers four to seven focus on the perception of the individual agent. The last category is very similar to the initial questions, which showed that the perception of the agent was the most decisive factor in prior sales.

As a follow up, participants were asked to create a hierarchical structure ranking these seven parameters in order of importance. The participants stated, however, that the ranking can vary and is dictated by the situation of why they wished to sell their property. Here the timeframe was the most decisive factor and would therefore influence all seven parameters of importance. The longer the timeframe for the sale the more the price was influenced by the wish of a higher sales price and the bargaining of a lower commission towards the agent. The personal relationship with the agent is less influenced by the timeframe however, and would still be dictated by the four different parameters established by the group.

The final category of questions was focused on the established companies within the Danish real estate agent market. Given the long time period between interactions with an agent, the participants were not able to establish a base of comparison. The discussion was then transferred into if they would be influenced by negative media coverage in other parts of the country when cooperating with a nationwide chain. The consensus was that it would not be the situation since the perception is that each office is relative individually managed, and thereby not influenced by other offices of the same chain. This shows a high degree of brand loyalty since the participants are not influenced by such situations.
The overall answers provided by the group are coherent with the established market analysis. It shows that entry barriers are actually high not just for nationwide chains but even for individual office due to the focus on the agent’s local knowledge, as provided both by answers in the first, second and third group of questions. This barrier will limit Re/max’s possibilities since the organization not only needs to commit to a frontal attack on the other chains, however the individual office will have difficulties being established and attracting consumers. The entry barriers are not the only force elaborated on by the focus group. The rivalry within the industry is also discussed by the group. Each participant would approach two to three different agents before choosing one, and they could not provide any information upon how the different competitors differentiate from each other. The rivalry is thereby increased since it is believed the agents provide a relatively homogeneous service. The opportunity for Re/max here is to differentiate from the others in order to position the organization correctly. This could also provide the company with additional consumers since the Re/max’s brand would be identifiable for the consumer and increase relationship towards the entire chain and not just the individual office or agent.

The overall conclusion on the focus group is that it provided the needed information to base the survey upon, even though the answers were surprising. The immense influence of personal perception of the individual agent was very surprising, and also the reluctance to operate with a newly started office. These parameters are an obstacle Re/max must overcome by positioning the organization correctly. The parameters will be further illuminated in the survey to understand the general attitude of Danish consumers.
4.3 Survey

4.3.1 Research design
The survey conducted delivers the primary data for the thesis and the basis for much of the consumer analysis. This study demands precise procedures and data specifications (Bloomberg 2008). The following part will describe how the data was collected and thereby how the research was conducted.

4.3.2 Data collection
The advantage of constructing primary data specific to the problem at hand is that it does not need to be transformed to fit the entrance problem. It also increases the validity of the data since no external participants have influence. One disadvantage of conducting a survey is the participants’ potential unwillingness to answer. This includes either face-to-face, interviews, online or telephone surveys. If there are too few respondents the survey is useless, and no analysis can be based upon the answers (Bloomberg 2008). The interviewer also has to be aware of the types of questions; some questions may influence the respondent’s personality, and he therefore may find them offensive (Singer 1984).

<table>
<thead>
<tr>
<th>Questions</th>
<th>Percentage finding the questions offensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions about sex</td>
<td>19.2%</td>
</tr>
<tr>
<td>Questions about income</td>
<td>9.4%</td>
</tr>
<tr>
<td>Questions about alcohol</td>
<td>5.1%</td>
</tr>
<tr>
<td>Questions about drugs</td>
<td>4.2%</td>
</tr>
<tr>
<td>Questions about physical health</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Figure 16 Different offensive questions

This clearly shows that the respondents find several different types of questions offensive, which might influence their willingness to participate, and also their willingness to answer correctly. These sensitive questions have been taken into consideration, and only questions concerning income have been applied to the final survey. It is therefore believed that the single question should not influence the entire study.
4.3.3 Survey Research Design
The two most common approaches to designing a survey are either the observation approach or the communication approach (Bloomberg 2008). The first provides the researcher with the ability to study participant’s behavior, events or processes. The communication approach measures the attitudes, beliefs and expectations of the participants by communication with these (Bloomberg 2008). The communication approach seems most applicable in this given situation since the purpose of the questionnaire is to discover and measure which parameters Danish consumers most value when choosing a real estate agent. The objective is also to measure the consumer’s attitudes towards the already established organizations within the industry.

4.3.4 Population and sample
For the most part, all Danes have at some point in their lives had contact with a real estate agent they can thus all be considered a part of the population. The percentage of the relevant population can be reduced by age. Citizens aged 17 or below and elderly in retirement home are not included since it is believed these do not possess active interest in real estate sales.

Since it is impossible to gain information on the entire population, a smaller sample to generalize the entire market situation will be conducted. The sample needs to be of a certain size to provide this generalization. Anderson and Gerbing (1988) argue that a sample size requires a minimum of 150 respondents to ensure the appropriate measurements. If not, the article stated, the margin for error is too large to transfer conclusions based on a small survey group to the general population. The goal of this survey is to therefore to have at least 150 respondents as a minimum, with considerations made to gain additional respondents in order to create an analysis with more statistical validity.

Stratified sampling could have been chosen to conduct the study and would probably have shown the most representative survey (Bloomberg 2008). The strata should have been the gender, age, income and place of residence to represent the divided group accordingly. It is however nearly impossible for a single researcher to gain the exact number of respondents within each stratum to create correct proportions for analysis. Another type of sampling has therefore been chosen, which does not provide the same statistical accuracy but should increase the number of respondents, and thereby increase the accuracy of the analysis. Two different types of sampling have actually been chosen to gain the target number of respondents. The initial sampling was conducted through the Internet combined with a snowball sampling. Since the population is so broad, the Internet provides
the ability to reach a relatively large number of possible respondents at an extremely low cost. By applying a snowball opportunity for the participants, an even larger number of respondents can be reached. It is however believed that the majority of participants would live in Copenhagen in the age group 18-35; participants from other strata must also be gained in order to limit the influence of this target group. This is believed since it was the author’s own network that was used to launch the Internet snowball sampling, and the network is generally located within Copenhagen and the aforementioned age group.

In order to gain information on the population outside Copenhagen and the age group, a second sampling was established through a face-to-face convenience sample (Bloomberg 2008). To accomplish such a sampling the author traveled to both Århus and Kolding in Jutland and spent several days gaining respondents needed to lower the statistical influence of the snowball data gathering.

Selecting two different sampling types also has its disadvantages since the interviewer is not present when the Internet survey is filled out. It can therefore not be guaranteed that these respondents understand each question in the exact same way as during a personal interview. It is believed, however, that due to the construction of the survey all answers can be combined into an analysis.

4.3.5 Method of data collection

Selecting both the Internet and personal interviews as a method of data gathering provides both advantages and limitations. A clear limitation of the method is the cost. The personal interview method is severely time consuming when compared to data gathering over the Internet (Bloomberg 2008). Even though the personal data gathering is time consuming it does not exceed the cost of hiring professional research agencies, and therefore all personal interviews have been conducted by the author.

One advantage of the personal interview is that the interviewer is able to pre-screen participants in order to gain precise information on the population. Since the target for Re/max is the sellers of property, the age of participants influence the attractiveness of these. Pre-screening is therefore required to gain the valid data.

The personal interview also provides the opportunity to help the participant if he struggles with answering any questions or has minor additional questions to the survey (Bloomberg 2008).
In contrast, the Internet provides the opportunity to use the snowball ability to attract additional respondents, and give these the opportunity to answer the questionnaire when its suits their own time schedule.

4.3.6 Motivating the participant
To motivate the potential participants the personal interview provides the ability to explain the advantage and importance of the survey to the individual participant. Another motivation factor that was used was that a small token was given to each of the participants. This minor gift has not provided the majority of participants, but has given them a good experience when answering the survey, and therefore increased their willingness to answer truthfully.

The Internet participants were not provided with a small gift however each e-mail explained the importance of his contribution to motivate each participant.

4.3.7 Questionnaire design
There are several aspects to be aware of when constructing a questionnaire and the following will focus on some of these pitfalls, which can reduce the respondent’s ability to answer correctly.

One of these pitfalls is the wording of the questionnaire. If the respondent cannot identify the chosen wording he will not be able to answer. To limit the influence of the wording, some measurements have been applied. Each question will not surpass 20 words in order to limit the complexity and the confusion, according to Bloomberg (2008). This is further elaborated in an article by Tourangeau, Rips and Rasinsky in 2000, which illustrates seven problems that can influence the understanding of the survey.

The seven problems illuminate how important the formulation of the different questions is. Even minor mistakes influence the perception of the given question and thereby influence the validity of the given survey. It is therefore a tradeoff between asking precise questions and limiting the complexity. To reduce the limitations and complexity of questions for the respondents the questions will be asked in Danish. It will thereby be easier to fully understand the meaning and then answer the questions. The reader of this thesis will be presented the questions both in original Danish and a translation to English30.

---

30 See appendix 4 for Danish and appendix 5 for English
The number of questions also influences the respondent’s ability to answer. The timeframe of answering the survey should not exceed ten minutes. There is therefore a trade-off between the number of questions and the timeframe of ten minutes (Bloomberg 2008). It is believed that the chosen number of questions provide the information needed to construct the given entry strategy and the result would not vary significantly if the number of questions were doubled.

4.3.8 Structure of the questions
Within the timeframe allowance, a logical approach to the structure needs to be applied in order promote truthful answers by participants. The structure of the survey will follow the structure of the focus group to create a synergy between the two and apply the knowledge gained from the group.

The first category of the survey asks the participant to reveal some personal background information, the second part asks which elements influenced the decision making process with prior sales, the third part asks participants to rank elements according to importance and thereby state which elements create the most value, the fourth part is focused on the competitors and the last part is specific to Re/max.
4.3.9 Measurements scale

To conduct the background information on the participant, two different types of scales will be used. The two different are dichotomous questions and multiple-choice questions. The dichotomous questions only provide two different answer possibilities, whereas the multiple-choice provides several opportunities (Wilson 2006). These questions should be relatively easy for the respondents to relate to since these targets themselves (Brace 2004).

The second part will only include multiple-choice questions, with the possibility to choose numerous factors that influenced the decision process at prior sales.
The third and fourth part of the survey, focusing on the value creation and how competitors supply the value, will be conducted using the Likert-scale with a “agree-disagree” (Brace 2004). This scale is especially appropriate because of its ability to measure consumers’ attitude towards a given problem. The respondents will be presented with a statement and then answer if they agree or disagree with the statement. A scale with equal answer options has been chosen, thus forcing the respondent to supply an opinion. This is justified by the need to gain information on where the value is created for the consumer. It is believed that since the consumers operate so rarely with an agent they would be tempted to answer the neutral solution at almost every question.

The equal opportunities for answers also provide the scale with a balanced positive and negative range. The three negative options range from strongly disagree to somewhat agree and the positive from somewhat agree to strongly agree. It was decided not to make the two endpoints too extreme since this would influence the respondent to answer towards the middle opportunity (Brace 2004).

The fourth category of questions focusing on which elements would influence the decision making process will be a multiple-choice scale. This will allow the respondent to answer not only one element that may influence the decision making process, but provides the opportunity to answer several if needed.

Even though the Likert-scale is suitable for what needs to be measured in this situation, it also brings its limitations. Respondents generally answer to the left of the scale and are more likely to be slightly more positive than negative (Brace 2004). To diminish these limitations of the scale, the negative opportunities have been set to the left. It is however not possible to influence the respondent in order eliminate the slightly positive bias to answers.

The final questions, focused specifically on the awareness of Re/max, are structured by the multiple choice opportunities, which provide the respondents with the ability to choose how well known Re/max is and if the ownership of real estate agent chains has any influence towards their decisions.

4.3.10 Interpretation of the survey

In order to ensure the understandability of the survey, it was reviewed by some of the participants of the focus group and four additional persons. This was done to eliminate misunderstandings and questions that were irrelevant when conducting the survey on a larger scale. The reviewers were asked to base their interpretation on a checklist provided by the mediator.
Several theoretical systems could potentially function as a checklist, such as Sudman and Bradburn (1982) and Grasser et al (1999). The different checklists however are not coherent and provide differences in their lists. There are some similarities that the reviewer needs to control:

1. Unfamiliar technical terms
2. Misleading or incorrect presuppositions
3. Mismatch between the question category and the answer options
4. Difficult to access information
5. Respondent unlikely to know answer
6. Unclear question purpose

The participants of the focus group provided the ability to control whether the correct measurement was transferred from the qualitative study to the survey or if they believed some important elements were left out. The specific topics for this group were question 13 through 17, since the reviewer from the focus group might posses knowledge regarding these compared to a respondent who did not participate in the focus group.

The additional test persons were asked to focus on the entire questionnaire, with a focus on the specific wording and formulation of each question. The testing was conducted with a cognitive interviewing approach, which required the respondent to interpret each question into their own words and describe how he interpreted and understood the given question (Groves 2004).

There were some questions that received remarks and were corrected in interaction with both test groups. The remarks were both on the wording and thereby the understandability of the survey and also the flow of questions. The test groups found the length of the survey appropriate.
4.4 Survey analysis

The consumer survey was conducted with a total response of 463 individuals. This number clearly exceeds the expected number of participants, and it is therefore believed that the results are able to provide data for a thorough analysis. Despite the large number of respondents, one still cannot exclude potential statistical inaccuracy.

4.4.1 Survey results

The following section will cover the results from the constructed questionnaire, methodically going through each category of answers. Within each category, the most relevant answers will be presented to show the dominant representation of the sample.

In order examine the data, several crosstabs have been conducted. These crosstabs on geographical housing and age groups are conducted to show that differences in answers are tolerable, and therefore the analysis can be accomplished by combining all results into one single category.

Background information

The initial part of the questionnaire was constructed to gain background information of the respondent.

The first question regarding gender shows a minor preponderance towards the male side. Fifty-one percent (51.3%) of the respondents were male and therefore the rest female. The difference is of such minor influence it is believed not to influence the analysis.

Question (Q) 2 was age specific and showed what was mentioned earlier, which is that the age groups between 18 – 25 and 26 – 35 are clearly dominant, representing more than 70% of all respondents. This is due to the chosen Internet sampling, which used the author’s network in order to increase the response rate.

Prior to the personal interview sampling, the difference was however much more significant. The interview, however, diminished the difference towards specific age groups it is thereby believed that all answers can be used in further analysis.

---

31 See appendix 6
32 See appendix 7
Q3 show the same expected symptoms as Q2, since 70% of all respondents live in Copenhagen or at least on Zealand. Participants from Jutland were gained though the personal interview method to diminish the dominance of participants from Zealand.

Q4 asks the respondent to reveal his current housing, and shows that 64.3% live in an apartment, and 32.7% live in a house. These results vary from the general population of which 41% live in houses and 39% in apartments. This deviation is a result of the age group bias, since it is believed the relatively young age group represents a preponderance of participants living in apartments.

Q5 shows that the majority of respondents rent their housing (47.4%) however this is closely followed by residential ownership 39.0%.

Q6 shows that 44% live alone and 56% live with a companion.

Q7, which is the final background information question, is regarding personal income before taxes. The answers show that all income groups are represented in the survey. The majority, with only 21.9%, is the income group having an annual income of DKK 300,000 to 450,000, followed closely by all other income groups.

The background information section generally reflected the expected response, due to the chosen sample strategy conducted online. The personal interviews in Jutland limited the dominance of certain age groups, however, as well as the dominance of a certain geographical region. The rest of the background information is also influenced by these differences since it is believed these younger participants have less income than the older age groups.

**Influencing factors**

The initial question in this category focused on how many times an agent had been used to conduct a sale of private property. It show that 67.8% have never used an agent before and only two respondents had used one more than four times. This result is coherent with the background information on age. Since the majority is younger than 35 it is believed that these have had limited opportunity to both own private property and furthermore require an agent for real estate transactions as seller.

---

33 [www.dst.dk](http://www.dst.dk) (boligopgørelse 1.januar 2011)
Q9 – Q11 were only for participants who had already used an agent and focused on the decision making process. The results show that 85.4% had contact with between one and three different agents prior to making the decision. This number of agents contacted is coherent with the results from the focus group, where all participants stated they would contact several agents before the final decision of which agent to choose.

The results from question Q10, focusing on who made the final decision in the household last time, needs to be cross referenced with the gender of the participants. By composing such a cross reference the results clearly show that the decision is male-dominated. The cross tab shows that 90% of male respondents had influence on the final decision\textsuperscript{34}.

Q11 was an open question for which respondents were able to mention two factors that had direct influence in the previous sales. The results are coherent with the focus group and showed that the price level of both the property and the commission were decisive as well as the local knowledge and personal perception of the individual agent.

Q12 was then again relevant for all participants and was designed to show what creates awareness in the real estate agent market. The answers presented show a wide range of influential factors dominated by family experience (67.6%), TV commercials (43.8%) and neighbors’ experience (42.1%). The influence by the family makes sense when looking toward the dominant age groups. Since these respondents have perhaps not gained own experience and knowledge of the market, they lean towards the elder generation and their experience and knowledge.

\textsuperscript{34} See appendix 8
Value creation

Q13 is specifically designed to extract knowledge of what the Danish consumer finds important and thereby values. The measurement has been created by semantic denotation. However, to make even more precise statements, the semantic denotation will be converted into numeric values. This enables us to compare the values across participants regardless of the number of respondents to the specific question.

<table>
<thead>
<tr>
<th>Semantic value</th>
<th>Numeric value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree (meget uenig)</td>
<td>- 2</td>
</tr>
<tr>
<td>Disagree (uenig)</td>
<td>- 1,5</td>
</tr>
<tr>
<td>Somewhat disagree (delvis enig)</td>
<td>- 1</td>
</tr>
<tr>
<td>Somewhat agree (delvis enig)</td>
<td>1</td>
</tr>
<tr>
<td>Agree (enig)</td>
<td>1,5</td>
</tr>
<tr>
<td>Strongly agree (meget enig)</td>
<td>2</td>
</tr>
</tbody>
</table>

Figure 18 Converting semantic value into numeric value. The decision of not including a neutral option is to force an opinion from respondents, as described in the framework.

Converting the data gathered creates problems particularly when the answers are centered toward the middle of the options. The problem is especially pronounced if the spread of the numeric values is greater since the extremes will clearly influence the results even though the answer possibilities are fairly similar. These numeric values have therefore been chosen to limit the influence of this problem so that a high degree of validity of the data remains. The absolute value scale will therefore be from -2 to 2, depending on how much the participants value the given factor. See appendix 9 for the complete calculations.

By knowing the numeric value of each specific question, it is possible to implement these into a graphical overview to show the most valuable factors for the participants.
Figure 19 Value creation

The graph above from Q13 illustrates which features the Danish consumer’s value and which they do not value. As can be seen, several different factors provide the consumer with a high degree of value however these can all be categorized into two different groups: economics and the personal perception of the individual agent. The results can therefore be argued as coherent with those of the focus group since these categories were also the most important to those participants. For the problem at hand, it is especially important to recognize that Danish agent office ownership and the placement of offices provide a very limited value. This opens an opportunity for Re/max within the market and the general strategy of the company by establishing offices in low rent communities.
To further illuminate how much value was gained by each factor, the graph above shows how many respondents had a positive and negative attitude towards the measurements in Q13. This clearly shows that even though the value provided is not the highest possible, over 90% of respondents had a positive attitude towards the statement. It can therefore be stated that these value-providing statements are general to the entire population.

**Established companies on the market**

Questions 14 to 16 focused on the already established markets leaders on the Danish market, in an effort to gain information of the consumer’s attitude towards these.

The diagram shows the answers from Q14 specific to the knowledge of the four dominant nationwide chains. All answers are centered on the 0-axis, which means that Danish consumers have knowledge about these chains but that knowledge is very limited. This can be explained the respondents’ potential lack of having operated with an agent, so consumers have some knowledge regarding cooperation with real estate agents, but not intimate knowledge.
Q15 was then targeted to measure how the consumers have gained their knowledge concerning the four market leaders.

As the answers show, the knowledge is gained from different attributes, however it is dominated by TV commercials. It is also interesting to see how much awareness is created by the visibility of the offices. The 13% who answered others were generally focused on the experience from friends and family, since 50% of the answers within the “Others” group were specific to this. When comparing these answers to question 12, it is surprising as to how little the placement of the offices influences the consumers, regardless of how much awareness it creates for the organization. It also directly influences the Re/max’s strategy since Internet commercials have such a restricted awareness creation.

Q16 was still focused on the four market leaders and specific to their products. The same calculations as in Q13 were used to create numeric answers.

---

35 See appendix 9 for calculations
As it can be seen, the answers vary, but all are relative centered on the 0-axis. It is interesting to see that even though the four incumbent real estate agent chains supply similar products, respondents find that the products offered are generally adequate. As an elaboration, it is surprising that consumers find the products adequate, however, it can be seen that Danish consumers do not actually understand the implied or actual difference in the products supplied.

Since the results are so centered on the 0-axis, below graph shows what percentage had a positive and negative answer to the different options.

This diagram show that almost 80% of consumers answered positively towards the highest scoring attitudes. When associating these attitudes towards prior questions, it is surprising to see how positive the consumers are toward the location of offices. It was stated earlier that the location does not influence the decision process, but provides awareness and now it is also seen that consumers find these locations as useful and acceptable.
General perceptions of real estate agents

Q17 was specifically designed to gain knowledge on the perceptions of real estate agents in general.

![Figure 25 General perceptions of agents](image)

As it can be seen, the answers here are also very centered on the 0-axis. It is however interesting and surprising that consumers believe the agents focus primarily on their own interest and are still competent. This is illogical since these are almost counterparts to each other.

Re/max

The final two questions, 18 and 19, were specific to the company at hand. Q18 was focused on whether the Danish consumer possesses knowledge of Re/max.

![Figure 26 Knowledge of Re/max](image)

As the results clearly show, Re/max is definitely not known by the Danish consumers. This represents a concrete problem for Re/max when establishing the organization within the Danish real estate market. The lack of knowledge can be compared to the focus group where all participants stated that they were not interested in cooperating with a newly established organization. The
problem for Re/max is therefore not only to gain awareness, but also to create experience that in turn attracts customers.

The final question 19 was specific to whether American ownership would influence their decision process.

The results show that Danish consumers are not directly influenced by the ownership of a nationwide chain. Thirty-six percent answered that it does not influence their decision and a combined 50% argue it has some interest to use an American owned chain.

4.5 Survey discussion

The answers to the questionnaire have now been described and the following is a discussion based upon the questionnaire with a value oriented view.

As shown in the preliminary criticism of consumer value theory, several different definitions are accepted in the academic society however the base of the discussion will be on the definition by Woodruff (1997):

“Customer value is something perceived by customers, rather than objectively determined by a seller.” (Woodruff, 1997)

This specific definition has been chosen since it is possible to use the questionnaire to decipher what the consumers perceive as value providing. The theory is also suitable to the problem at hand regarding the market positioning Re/max. Since the problem at hand is to position Re/max to gain
the highest chance of success, consumer value theory can be applied. Given that Re/max can apply this accordingly they would be able to gain a competitive advantage and market the corporation specific to the most valuable attributes of the Danish consumer.

To conduct such an analysis based upon information gleaned from the survey, it is assumed that attributes stated as important by the consumers can be translated into having the same amount of value for the general Danish consumer.

To create more specific base for the analysis, the discussion will have its roots in the customer value determination framework from Woodruff (1997).

![Customer value determination](image)

Since the content of the framework was illuminated in the prior methodology paragraph, it will not be further introduced. Instead, the discussion will have a focus on the first two questions in the framework. Because of Re/max’s current lack of presence in the Danish market it will therefore not be possible to discuss how Re/max is currently performing within the industry. The two major questions will be processed methodically: first, discussing what is providing value, and second, which of these factors are the most important.
**General value**

The purpose of this part of the discussion is to uncover which factors the consumers actually value when choosing a real estate agent. The results of the survey showed that there are actually three different categories that the consumers value.

The first category of consumer value is not directly established by the agent themselves but is focused on earlier experiences. Questions 11, 12 and 15 show that the consumers are largely influenced by the experience of family members and neighbors. Results from questions 11 and 12 are dominated by answers focused on the family experience as part of the decision process the last time when choosing an agent. This value creating category however limits the possibilities of Re/max due to several reasons. Even though Q13 statement five and Q19 show that chain ownership is not an influence factor in the decision process, it limits Re/max’s opportunity to attract customers based upon earlier experiences both from neighbors and family members. The solution to this concrete problem is to keep potential agents as close as possible to their prior community. Since the experience is focused more on the particular agent and less on the company, keeping the agents as close to their previous market as possible could attract customers. Keeping agents close to their markets leads to the second category of value.

The second part is a combination of answers within question 13. The combination of the two first statements regarding commission and pricing on the house combined with statement 8 focused on transparencies in prices can be combined into an economic approach. As the results showed, over 95% of respondents had a positive attitude towards transparency in house process and commissions, and thereby can be stated as severely value providing. As a combination to the prior category, keeping agents in their local community can provide Re/max with an advantage. The agents would be familiar with the pricing, and have a great deal of knowledge regarding the local community, which also provides value to the consumer.

The third part is also based upon the results from question 13 and the last five statements. These are all centered on the perception of the individual agent and the chemistry between agent and seller. Similar to the prior category, over 95% of respondents found it important and thereby value creating. This could actually become an advantage for the business strategy of Re/max. Re/max’s has always followed the strategy of attracting the very best agents within each market by granting

---

36 Is it important the company is owned by Danes
the agent with a higher percentile of the commission than the competing real estate agencies. When attracting the very best, the opportunity to gain a successful chemistry and relationship with clients increases.

These three categories are the ones that provide the singular highest value for Danish consumers. When translating this into the framework question 2, which of these is the most important factors? The second and third categories are the most important since these are categories in which Re/max can directly influence its ability to provide this value. The experience and reputation category will be gained through time in the Danish market and a large quantity of transactions. However, Re/max cannot directly influence the time span which is required to gain such a reputation in the Danish market. This is the reason why this is less important than the other two categories.

The other two categories are the most important since these are the ones providing most value for the largest quantity of the population. It is therefore very important for Re/max to establish the company with a significant focus towards these two categories. As question 9 shows, 73% of consumers contact more than one agent before deciding. When being one of these contacted agents, Re/max has to exceed in both categories to gain a competitive advantage. Since Re/max already lacks attractiveness due to little experience and reputation on the market, it needs to dominate the most influencing factors in the decision process, which are the economic possibilities and personal perception of the individual agent.

Since Re/max is currently not established on the market, questions three and four cannot be targeted in the discussion. Question five, focusing on what the customers would value in the future, can however be estimated due to the responses of the survey. The discussion can however only be an estimation since consumers often do not know what they will value in the future (Woodruff 1997). It is also not possible for the specific company to dictate the future value of the customers. The majority of the respondents (74.7%) are within the age group 18-35. It can therefore be believed that these results are not only valid currently but will remain relevant for the near to medium-term future.

This future perspective however leads to another appropriate usage of the customer value theory. It is not a onetime solution to gaining a competitive advantage. Future value trends have to be systematically anticipated even with the limited amount of control.
Figure 29 Translating customer value into action

The figure shows how the customer value theory evolves through time. Once customer value parameters have been established and given the according importance they can be individually targeted. Afterwards these parameters form a base to create a customer value strategy upon. This overall strategy needs to be translated into different processes and then implemented into the given company. The importance and the future perspective is then to track and keep monitoring differences in customer value to maintain a specific focus on the parameters of the utmost importance. In the case with Re/max, the survey conducted pre-entry has created a base of “customer value learning”, which will be followed by a “value delivery strategy”. The value strategy has to be further conducted and expanded *medio* the entrance towards the Danish market. Re/max has to gather the information to fully utilize the customer value determination framework. During this data gathering, it is important to focus on the entire framework but specifically to gain knowledge on whether customer values have changed or remained static. It is then also of the utmost importance to gain knowledge on questions three and, in order to maintain a specific focus on gaining a competitive advantage by providing the best service within the most important parameters. The timeframe of obtaining this data is of the utmost importance. Re/max has to obtain this data as soon as possible to control if the most value providing categories, economic and personal perception, are being delivered by the individual agents. The timeframe is important
because if the value is not being provided the strategy has be immediately transformed into different procedures and processes, to then specifically target the value providing categories to gain the competitive advantage.

Since it is almost impossible to forecast what customers will value in the future, Re/max is forced to establish the company with a dynamic approach. Given the possibilities of value changes, Re/max needs to be able to react accordingly and thereby remain a market leader within the value orientated strategy. Given that future changes are impossible to forecast, it is thus also unrealistic to gain knowledge on where the change may occur and the timeframe in which a change could take place. Some changes occur slowly with minor changes whereas others occur rapidly and have a major impact on the entire industry. One primary concern within the industry is government regulations. As the industry development analysis showed, government regulation can immediately influence the positioning opportunities in the industry. Given the extreme number of properties for sale, the industry needs to anticipate new government regulations. Since Re/max will become the newest organization within the industry, it is very important that the company remains as dynamic as possible to change accordingly with industry changes.

A more general approach also needs to be taken into consideration. As the questionnaire showed, the majority of respondents contact several agents before making the final decision. It can therefore be stated that the company should adopt the objective of becoming one of the most contacted agencies even though the final decision is based upon the individual agent.

The customer analysis has now been finished and will be followed by an entrance strategy for Re/max into the Danish real estate market. The strategy will be based upon both the industry analysis and the customer analysis in order to include as much information as possible and increase the likelihood of a successful entry strategy.
5 Positioning strategy

In order to position the organization appropriately in the Danish market, the strategy should be divided into three different stages: the initial pre entry, a medio entry and ultimo entry. The strategy will contain these parts since each strategic decision needs to be prepared within a differing timeframe. The three stages are separated as following: Pre entry is prior to the opening of offices, medio entry is after the opening of initial offices and ultimo entry occurs when several offices are opened and further growth is needed. Within each timeframe, the strategy will be divided to express the different needs from both industry and customers. Initially, each objective within a given timeframe will be presented.

The overall objective for Re/max is to differentiate the organization in order to both attract franchisors, individual agents and customers. The concentration needs to on delivering a high commission to agents, and providing additional value towards customers in the economic category and in the perception of the agents compared to the four market leaders.

Pre entry

The objective for the pre entry stage is to position the organization correctly by management decisions in order to improve the chances of success when gaining entrance into the Danish real estate agent market. The decision targets both possibilities within the industry and strategic positioning versus customers.

The initial part of the strategy towards the Danish market is to acquire the master franchisor. The earlier entry attempt showed how dramatically choosing the wrong master franchisor can influence the success of the entry. It is therefore very important for Re/max to find the correct person, one who possesses both knowledge and experience. The changes in the given government regulation allow Re/max to widen the search outside the industry to find the most suitable partner.

During the preliminary stage of the entry the search for individual real estate agents should begin. The need for attracting the very best agents will affect the company in two different aspects. The first is it supports branding the company to customers as being the organization with the very best, thereby attracting a larger quantity of customers. The second aspect is the attractiveness for future agents. By positioning the organization with the very best agents the organization will become more attractive. Re/max has to appeal to agents to draw these towards Re/max, away from the established
and well known competitors. By offering a larger share of the commission towards the individual agent, Re/max would be positioned to agents as the economically most attractive nationwide chain.

The industry analysis clearly showed an unattractive market. Thus, it can be stated that no matter how Re/max positions the company, it will be considered a frontal attack and retaliation from the four market leaders must be anticipated.

There are two major areas where the competitors will be able to target their defense on market share. The initial area is to try and establish a negative publicity of the company. This would initially worry customers from choosing the organization with such a low awareness. The second area is to match commission increase offers from Re/max on an agent level in order to avoid attrition. By limiting the quantity and quality of agents that Re/max is able to bring on board, the success and the timeframe of the entry would be largely negatively influenced to the market leaders’ advantage.

The second management decision targeting the Danish customers is the placement of Re/max offices. The general Re/max strategy is to place offices in low rent neighborhoods to reduce costs, and thereby reduce commissions to sellers and attract a larger volume of customers. This general strategy however needs to be diversified toward the Danish market based upon the survey. As question 15 showed, 56.8% of Danes know the different chains from their visible and centrally located offices. Question 19 showed that Danish consumers have a very limited knowledge of Re/max as a company, which forces Re/max into creating a substantial amount of awareness even in the preliminary stages of the entry. Even though in question 13 the majority of consumers are not influenced by the placement of the office, question 16 shows the majority find the four established chains as placed correctly. The need to create the substantial amount of awareness therefore forces Re/max into the placement of centrally located offices.

The awareness problem from question 19 needs to be specifically targeted as early as the preliminary stages. Due to the timeframe, Re/max should target low cost advertising possibilities such as the Internet. Question 12 and 15 show that this has the least amount of influence, however, the purpose at this stage is not to influence the decision process, but to create some awareness. This should not be the only type of commercial strategy used to establish awareness. Re/max should also consider placing informational ads in newspapers since these create a high level of awareness even though cost exceeds the Internet commercial strategy. It is critical that Re/max creates awareness
even before opening preliminary offices to attract customers. These are not the only opportunities for Re/max. Given the lack of potential customers’ knowledge, Re/max needs to use all possible occasions and media outlets to further enhance awareness.

By using media to establish attention Re/max needs to be exceptionally cautious and maintain a high degree of integrity. Question 12 showed how a third of the consumers are directly influenced by negative publicity in the media. This can also be referred to Question 19 and be argued to be even more influential to a company such as Re/max. Due to the extremely low knowledge of the company, even minor negative media would have dramatic influence to the successfulness of the entry. The brand value will simply would not be able to carry the company through such a situation. This is further elaborated by the focus group, which stated they were not interested in using a new company, and combined with negative media publicity additional customers would be reluctant to cooperate with Re/max.

The timeframe prior to entrance is critical to the success of the forthcoming entry. The most important items are finding the correct master franchiser and start creating awareness.

**Medio entry**

The *medio* entry strategy should be implemented following the opening of preliminary offices. The overall objective within this timeframe is to gain growth and expand within the market.

The situation with competitors is expected to be intense, and market leaders will use every option to negatively influence Re/max’s market entry. It is therefore very important in this particular timeframe that Re/max is patient and stays clear of negative publicity. It is anticipated that market leaders will defend their positions with all means necessary. One other option of retaliation is price cutting. By lowering commission prices to sellers, incumbents would be able to provide a higher degree of value to the single customer.

Re/max’s general commercial strategy is usually only based on the Internet however this has to be changed. The lack of knowledge forces Re/max into using other media in order to increase Danish consumer awareness of the company and its offerings.

Re/max needs to invest heavily in a commercial strategy to largely influence the consumer awareness of the company. This strategy would further elaborate on the minor commercial strategy in the pre entry stage. Re/max needs to utilize all media and be as public as possible to be able to
The strategy needs to be focused on the TV commercials since the survey showed this is the most influential media. The strategy needs to be targeted specifically toward the male population since a crosstab between the survey gender question and who makes the final decision last time when operating with an agent shows that this is the male area of expertise within a typical household.\footnote{See appendix 8}

The customer value theory also has to be reestablished to analyze how well the preliminary offices are delivering on the value providing parameters. Re/max needs to have an immense focus on this approach in order in create a competitive advantage over the four market leaders. In order to fully utilize the competitive advantage Re/max needs to be as dynamic as possible in order to adapt to potentially changing customer demands.

**Ultimo entry**

The final objective of the entrance is to establish the organization as one of the market leaders within the industry.

The commercial strategy can be diminished when the same level of market awareness as the market leaders has been reached. This will allow Re/max to reduce cost however it cannot be completely abolished, since the four market leaders will likely keep enhancing their awareness on the market through commercials. Another minor change could be to relocate offices to reduce cost after awareness is gained through the centrally located preliminary offices. The cost savings attained by the change in location, however needs to be reallocated in other commercial possibilities in order to increase or at least maintain the same amount of awareness. The strategy should however be kept by initially locating the office in the center of the community to establish a base before relocating towards less attractive commercial areas.

As well as in the pre and medio entry timeframe strategies, Re/max needs to fully maintain their focus on consumers and industry change. Any growth of Re/max will keep intensifying the competition with market leaders. Re/max should therefore keep choosing the customer value theory approach to maintaining a competitive advantage. This requires that Re/max continues to pay attention to consumer changes and what consumers perceive as providing value in their real estate agent. Meanwhile, attention should also be directed towards market changes and technology
innovation. It is important for Re/max to exploit any innovation possibilities to further enhance its position on the current market, and also not lose possible market share towards the market leaders.
6 Conclusion

Through thorough analysis and discussion, it is possible to conduct general conclusions regarding the forthcoming entry for real estate agent Re/max into the Danish market.

The initial part of the analysis showed how government regulations have changed, which Re/max can exploit. These changes are specific to the ownership and competition clauses. Both these new regulations establish a more positive vision of the Danish market for the company. The further analysis conducted through the five competitive forces framework, however, showed that Re/max may be entering an unattractive industry.

The analysis showed the severe competitiveness of the industry and that it is dominated by four established market leaders. These own 60% of the market, and will therefore become the largest competitors for Re/max. The unattractiveness of the industry is further enhanced by the low switching cost for customers, and thereby a high degree of bargaining power for sellers.

The entry has already been decided at the corporate level, and the analysis was then concentrated on how to position the company accordingly on the market.

The focus was therefore not whether the Danish market is attractive, but how to compete in an unattractive industry. The initial part of this analysis was centered on which entry mode was most applicable. The analysis discovered that the master franchisor is the most applicable model for Re/max. It is the most applicable model due to several reasons. This is the strategy that Re/max has used with success in the past when establishing locations in other countries. Re/max therefore possesses a great deal of experience with the model. The master franchiser combined with the MUF opportunity also reduces opportunistic behavior from franchisees and lowers communication processes.

The attempt ten years ago, however, was established through the same entry mode and was so unsuccessful that the company was ridiculed in the media. It is therefore of critical that Re/max finds the correct master franchisor. The regulations have positively influenced this process as Re/max is now able to search outside the industry. The master franchisor needs to posses both market knowledge and leadership experience to be able to attain the expected growth. Re/max also needs to align company visions and goals prior to working with the master franchisor in order to eliminate any strategic differences.
Since it has been established how Re/max should gain the desired entry, the analysis then specified as to how the industry would be influenced by a new incumbent.

The analysis was based upon the marketing warfare framework and it showed that the sheer quantity of the planned entry is a frontal attack on the four market leaders’ position within the industry. Since the entry is considered a frontal attack, severe retaliation must be anticipated. The retaliation has already begun through negative publicity in certain media. Another possibility of blocking the entry is intensifying competition clauses, thereby reducing Re/max’s ability to attract the very best individual agents from competitors. Intense retaliation needs to be expected throughout the entire entry process since it is market leader’s main market, and therefore they will not willingly surrender market share to a new incumbent.

There is no opportunity for Re/max to position the company to avoid a major retaliation from competitors, the focus of the project was therefore transferred onto the customers and how Re/max should position the organization to attract a significant number of customers to meet the strategic entry objective.

The customer analysis was based on customer value theory presented by Woodruff (1997). The base of the framework was established upon two types of primary data: a qualitative and quantitative study. The initial part of the analysis was the construction of a focus group. The primary objective of the focus group was to provide data to base the quantitative study upon. The focus group exhibited that the two most influential attributes are the economics of a real estate transaction, both pricing on property and sales commission paid to the agent and second, the personal perception of the individual agent.

The questionnaire was then constructed with a total of 464 respondents. The conclusion of the survey is that Danish consumers mainly value the economic possibilities and the personal perception of a single agent, which is coherent with the focus group.

Overall the conclusion of questionnaire showed that Re/max has opportunities, but critical challenges must be overcome in order to guarantee a successful entry. One major obstacle is that Re/max is not known by Danish consumers at all. It is therefore of the utmost importance that Re/max launches a major commercial strategy to enhance the awareness of the company.
It can also be concluded that the current suppliers do not entirely meet consumers’ demands on the most valuable attributes, which creates an opening for Re/max to establish the company, and thereby create a competitive advantage. Re/max therefore has to target economics and perception of agents to be able to increase the level of success in their entry.

The success of the entry depends on Re/max’s ability to supply higher value in the most important attributes. Re/max must then remain concentrated on the customer value determination. The precise focus should be on how well or poorly the organization is supplying these attributes, and then followed by a discussion on why the situation is as such.

The positioning strategy of the thesis showed which factors of the entry need to be targeted specific within the timeframe of the entry. Through this three step timeframe it can be concluded that Re/max has the opportunity to establish the organization within the Danish market, however minor strategic mistakes or changes within the industry can have dramatic influences on the success.

The overall conclusion is therefore that Denmark is not an attractive industry to enter, however with a specific focus a successful entry is possible. It requires patience, timing and stubbornness to compete within the industry.
7 Bibliography

Articles


Anderson J.C & Gerbing D.W 1988 Structural equation modeling in practice: a review and recommended two-step approach. Psychological bulletin 103 (3)


Brooke, M. Z., 1986 A Review of strategies and operations, International management:

Burton, Fred., Cross, Adam, R., Rhodes Mark, 2000, Foreign Market Servicing Strategies of UK Franchisors: An empirical Enquiry from a transactions cost perspective, Management international Review

Butz, Howards. & Goodstein, Leonard 1996, Measuring customer value: gaining the strategic advantage. Organizational dynamics


Couturier, Jerome & Sola, Davide 2010, International market entry decision: the role of local market factors, journal of general management Vol.35 No. 4


Grasser A, Kennedy T, Wiemer-Hastings P, & Ottati V. 1999 The use of computational cognitive models to improve questions on surveys and questionnaires” Cognition in survey research

Grundy, Tony 2006, Rethinking and reinventing Michael Porter’s five forces model, Wiley InterScience, Strategic change 15

Gummersson Evert 2004, qualitative research in marketing: Road-map for wilderness of complexity and unpredictability. European Journal of marketing Vol. 39


Hussain, Dildar & Windsperger, Josef 2010, Multi-Unit Ownership Strategy in franchising: Development of an Integrative Model, Journal of marketing channels

Jones, Thomas & Sasser, earl 1995, Why satisfied customers defect, Harvard business review


Porter, Michael 1979, How competitive forces shape strategy, Harvard Business Review


Preble, J.F., 1992 The Case of U.S. Fast-food franchisors, journal of global marketing

Rubin, P.H., 1978 The theory of the Firm and the Structure of the Franchise Contract. Journal of law and economics,

Singer, E. 1984 public reactions to some ethical issues of social Research: attitudes and behavior, Journal of consumer Research


Woodruff, R. & Gardial, S.F 1996, Know your customer: new approaches to customer value and satisfaction, MA Blackwell

Books

*Business Research Methods 2\textsuperscript{nd} European edition*

Bloomberg, Boris. Cooper, Donald. Schindler, Pamela 2008

Mcgraww-Hill

ISBN-13 0978-0-07-711745-0

*Competitive and corporate strategy*

Cliff Bowman and David Faulkner (1997)

Times mirror international publishers limited

ISBN: 0 2562 1423 9

*Fokusgrupper*

Halkier, Bente 2008

Forlaget samfundslitteratur

*Gaining and sustaining competitive advantage second edition*

Jay Barney (2001)

Pentice Hall


*Marketing research – and integrated approach. 2\textsuperscript{nd}*

Wilson, A. 2006

Prentice hall
Pricing: making profitable decisions
Monroe, Kent 1990
Mcgraw-Hill
ISBN 0070427828

Step by step competitive strategy
Francis, Dan 1994
Routledge
ISBN: 0-415-08698-1

Strategic management theory
Hill, Charles & Jones, Gareth (2001)
Fifth edition
Houghton Mifflin

Strategy moves
14 complete attack and defense strategies fr competitive advantage
Jorge A. Vasconcellos (2005)
Prentice hall
ISBN 0 273 70167 3

Survey errors and survey cost
John Wiley and sons Inc
ISBN: 0-471-67851-1
Survey methodology


John Wiley and sons Inc

ISBN: 0-471-48348-6

The essentials of strategy


Harvard business school publishing

ISBN 978-1-59139-822-6

The psychology of survey response

Tourangeau, R. Rips, L. Rasinski,K 2000

Cambridge, Cambridge university press

Theory of strategic management 9th edition

Jones, Gareth & Hill, Charles (2010)

South-west Cengage Learning:


Questionnaire Design how to plan, structure and write survey material for effective market research

Brace, I. 2004

Kogan page

ISBN: 0 7494 4181
Internet

www.de.dk

www.dst.dk

www.Remax.com

www.home.dk

www.edc.dk

www.nybolig.dk

www.danbolig.dk

http://www.kfst.dk/
8 Appendix

Appendix 1 - Additional attack strategies

Guerilla attack

The guerilla attack can be specified into four different types of attack, however the general approach for a guerilla is to be small enough not be a direct and frontal attacker. This is of the utmost importance since a larger guerilla could be considered a direct competitor which would enhance the threat of a strong retaliation from the defending organization. The four different types is a following.

1. Product guerillas
2. Client guerilla
3. Need guerillas
4. Location guerillas

Bypass attack

The most famous bypass attack was executed throughout the Second World War, when the Americans were bypassing the Japanese main force and focusing on supply lines instead (Vasconcellos 2005).

As well as the guerilla attack there are two different factors that needs to be fulfilled to define an attack as a bypass.

1. Attack is upon a (market) area where competition is not present; but
2. Our presence in that area alarms or even disrupts competition (Vasconcellos 2005).

To clarify these two elements which needs to be fulfilled to define a bypass attack it is an attack into a smaller segment which do not create a direct encounter with the defending organization. Two main criteria for a bypass attack is a low growth rate and profit rate. This will keep the market leader away from the segment If the profit rates are to high the market leader will try to establish entry barriers (Vasconcellos 2005). The entry barriers established will greatly reduce the attractiveness of this smaller market and will therefore reduce the possibilities of a bypass attack from competitors (Vasconcellos 2005).

Flanking attack
Flanking attack is riskier since you directly attack a segment of the market leader however the segment cannot be over 15% of the turnover. If the market segment is more than 15% of the total revenue it will no longer be defined as a flanking attack, but as a frontal attack on the competitor.

When choosing which segment to attack the theory can be combined with the Boston consulting group matrix. In order to gain the highest possible effect the order should be first dogs, then question marks, the cash cows. In this order there will be limited defense from the established incumbents and therefore will lead to a higher success rate. The stars of the matrix are left out since these can be argued as the main market, and will then be classified as a frontal attack

**Undifferentiated circle**

By attacking through an undifferentiated circle instead of attacking market leader or superior organization the attacking company focus on the smaller and more specialized providers within the industry. In return market leaders will properly not retaliate and therefore there will be less completion from these, however the attack on the more specialized providers will be frontal and these will therefore defend. The market will also be decreased, and therefore not be the optimal position for a company. In this case the attacker should find a minor segment with few specialized providers to limit the retaliation.

**Differentiated circle**

This last type of attack is also the most risky and difficult of them all. The differentiated circle attacks different segments within different geographical areas. The major threat of such an strategy is to spread the focus to thin and thereby not be effective enough in any of the segment which would lead to not only one defeat, but to a total defeat. The reward can however if succeeded provide the organization with and instant growth in different markets which might lead to economies of scale and thereby a strengthening of the current situation.
Appendix 2 - Additional defense strategies

Global service

The focus of global service is to expand our current product or service to be able to provide more goods to customers. This will both create economies of scale and limit the number of customers for the attacking organization since it will be more attractive for consumers only to collaborate with one organization (Vasconcellos 2005).

Pre-emptive strikes

This strategy needs to occur before the attacking part gains access to the market. It therefore requires both speed and knowledge. The essential in this strategy is that instead of being attacked the organization shifts the roles and becomes the attacking part. The speed is needed to plan the attacking faster than the opposing organization can force their entrance to the market. It also requires knowledge about the forthcoming attack, since the attack can be a deception with the purpose to spread the organizations resources (Vasconcellos 2005).

Counter attack

The strategy is very similar to the preemptive strikes however in the counter attack situation the defending organization have already been attacked and instead of doing battle on their market a counter attack will move the position of the current war to their market. The counter attack can have different outcomes. One being the preliminary attack will be retracted to focus on defending another can be a market exchange. When choosing this defense strategy it is of the utmost importance that the counter attack will focus on a market of importance otherwise primary attacking force will gain the main market and counter attacking part will only gain a minor market (Vasconcellos 2005).

Withdrawal

When choosing the withdrawal strategy it should not be compared to giving up. It will however redirect resources towards other markets which might even show more growth opportunities. In some situations withdrawal is not an opportunity is the company only operates with one product or service within one market (Vasconcellos 2005).
Appendix 3 - Question guide, focus group

The focus group is structured to focus on three main areas.

5. Which factors provide value? And of these which is the most important. Why are these most important?
6. Does existing agents fulfill the needs, when choosing an agent?
7. What influence the decision process when choosing an agent?

Presentation of administrator

Who am I?

Why is this important?

How will the results be used?

Introduction of each participant

Name, Age, work, Times operating with an agent, current ownership

Tell about last time you used an agent.

- What were the deciding factors of your choice?
- Which advantages / disadvantages did the agent possess?
- How many agents did you contact?

Value part

1. Which factors provide value? And of these which is the most important. Why are these most important?

National chain, well know organization, knowledge of the market, price, fastest sale, transparency, price differential products, placement of offices, the most apps on media.

Create a hierarchical structure to show which elements provide the most value.

- This is important since it will create a base of which factors the participants find important and thereby value when choosing an agent.
2. Does existing agents fulfill the needs, when choosing an agent?

Based upon experiences and general knowledge of the subject. This should be compared with the already established hierarchical structure of what brings value.

What is your perception of the different chains, and what are the differences?

- These will be compared with results of the first part to create a comparison, and show the strength and weakness of Re/max future competitors. It will also provide information on a possible position for Re/max.

3. What influence the decision process when choosing an agent?

Is it friends and family (word of mouth)? Earlier experience, commercials, news, closest, first hit on Google, signs that which agents sell the same type of property

- This is useful to create a commercial strategy since re/max needs to target the influential part of the choice.
Appendix 4 - Survey in Danish

Baggrunds information

Q1: Køn? Svar muligheder: mand, kvinde

Q2: Alder? Svar muligheder: 18-25, 26-35, 36-45, 46-55, 56-65, 66-


Q4: Nuærende boligforhold? Svar muligheder: Lejlighed, Hus, Land ejendom

Q5: Ejerforhold af nuærende ejendom: Svar muligheder: leje, andel, ejer

Q6: Civilstatus: Svar muligheder: single samboende kæreste gift

Q7: Husstandsindkomst før skat: Svar muligheder: Under 150.000, 150.000-300.000, 300.000-450.000, 450.000-600.000, 600.000-800.000, over 800.000

Tidligere salg af ejendom

Q8: Hvor mange gange har du tidligere benyttet en ejendomsmægler ved salg af bolig? Svar muligheder: 0, 1, 2, 3, 4, over 4

Påvirkning

Q9: Hvor mange mæglere kontaktede du ved sidste salg? Svar muligheder: 1, 2, 3, 4, over 4

Q10: Hvem tog den endelige beslutning i jeres husstand ved salg af ejendomsmægler: Svar muligheder: hovedsagelig dig selv, overvejende dig selv, overvejende din partner, hovedsagelig din partner

Q11: Ved sidste salg af ejendom nævn 2 faktorer dom havde indflydelse på dit valg.

Q12: ved kommende salg af bolig hvad kan gøre dig opmærksom på mæglere? Svar muligheder: TV kampagner, reklamer i aviser, Internet reklamer, skilte på ejendomme, naboers erfaringer, families erfaringer, tidligere erfaring med kæde, nærmeste mæglers kontor, negative omtale i medier.

Hvilke faktorer tillægges værdi

Q13 Hvor enig er du følgende udsagn: når jeg vælger ejendomsmægler.

Er prisen på ejendomsmægler salæret vigtigt

Er værdi fastsættelsen af boligen vigtig

Er det vigtigt mægleren tilhører en nationalt dækkende kæde

Er det vigtigt ejendomsmægleren er en fremtræden person i lokalområdet
Er det vigtigt det er en dansk ejet virksomhed

Er det vigtigt der er gennemsigtighed så jeg kan se hvad jeg får ofr salærer

Det et grundigt lokalkendskab vigtigt

Er erfaring fra lokalt samfund vigtigt

Er mit personlige kendskab til mægleren vigtig

Er min personlige opfattelse af mægleren vigtig

Er samspillet imellem mægler og sælger vigtigt

Er det vigtigt med mæglersynlige engagement

**Det danske marked er domineret af fire store kæder ”Nybolig, Danbolig, Home, EDC”**

Q14 hvor godt kender du de fire kæder? Svar muligheder: intet kendskab, mindre kendskab, moderat kendskab, stort kendskab

Q15 hvor kender du kæderne fra? Svar muligheder: TV reklamer, Internet reklamer, Reklamer i aviser, tidligere erfaringer, skiltning på solgte bygninger, synlige kontorer, andet

Q16 hvor enig er du følgende udsagn om de fire national dækkende kæder?

De leverer ens produkter

Deres produkter er fyldestgørende

Der er fuld gennemsigtighed på markedet

De leverer produkter jeg fuldt forstår

Deres kontorer er placeret korrekt

**Generel opfattelse af ejendomsmæglere**

Q17 hvor enig er du i følgende udsagn omkring ejendomsmæglere

De fokuserer primært på egne interesser i forhold til sælgers

Jeg har en generel mistillid til mæglere

Jeg mener generelt mæglere er kompetente
Re/max

Q18 har du kendskab til Re/max: Svar muligheder: intet kendskab, mindre kendskab, moderat kendskab, stort kendskab

Q19 vil du være interesseret i at benytte en amerikansk ejet kæde? Svar muligheder: det har stor interesse, det har moderat interesse, det har mindre interesse, det ønsker jeg ikke
Appendix 5 - Translated survey

Background information

Q1: Gender? Answer options: male, female

Q2: Age? Answer options: 18-25, 26-35, 36-45, 46-55, 56-65, 66-

Q3: Where do you live? Answer options: Copenhagen, Zealand, Southern Jutland, Middle Jutland, and Northern Jutland

Q4 What type of housing do you live in? Answer options: Apartment, house, country property

Q5 What is the current ownership status? Answer options: rent, owned, cooperative apartment

Q6 Civil status? Answer options: live alone, live with a companion, married

Q7 Household income before taxes? Answer options: under 150.000, 150.000-300.000, 300.000-450.000, 450.000-600.000, 600.000-800.000, over 800.000

Prior sales

Q8 How many times have you used an agent to sell property? Answer options: 0, 1, 2, 3, 4, more than 4

Influence

Q9 How many agents did you contact the last time you sold property? Answer options: 1, 2, 3, 4, more than 4

Q10 Who took the final decision last time? Answer options: primary yourself, mostly yourself, mostly your partner, primary your partner

Q11 at the last sale, which two factors, influenced the decision? Answer options: open question

Q12 In a future sale what create awareness of the given agent? Answer options: TV commercials, Internet commercials, Newspapers, Neighbors experience, Family members experience, signs on sold property, earlier experience with a chain, negative publicity in the media.
**Which factors provide value**

Q13 how much do you agree with the following statements?

The commission is important

The pricing of the house is important

It is important the agent is part of a nationwide chain

It is important the agent is a prominent person in the local community

It is important the company is owned by Danes

It is important the agent present different opportunities for sale

The placement of the agents office is of importance

It is important with transparency to see what is gained for the commission

A thorough knowledge to the local community is important

My personal perception of the agent is important

The chemistry between agent and seller is important

It is important to see the agent’s commitment

Answer options: strongly disagree, Disagree, Somewhat disagree, somewhat agree, Agree, Strongly agree

**The Danish market is dominated by four chains (Home, EDC, Nybolig, Danbolig)**

Q14 How well do you know each of these four chains?

Answer options: No knowledge, Minor knowledge, Some knowledge, Great knowledge

Q15

Where do you know these chains from?

Answer options: TV commercials, Earlier experience, Signs on sold property, Their offices

Q16

How much do you agree with the following statements concerning the four chains?

They deliver similar products?

Their products cover every need?
There is complete transparency on the market?
I fully understand their products?
Their offices are placed correctly?

Answer options: Strongly disagree, Disagree, Somewhat disagree, somewhat agree, Agree, Strongly agree

**General perception of agents**

Q17
How much do you agree with the following statements focused on real estate agents?
They focus primary on their own interests instead of sellers?
I have a general mistrust towards real estate agents?
I believe agents to be competent

Answer options: Strongly disagree, Disagree, Somewhat disagree, somewhat agree, Agree, Strongly agree

**Re/max**

Q18
Do you know Re/max? Answer options: No knowledge, Minor knowledge, Some knowledge, Great knowledge

Q19
Would you be interested in using an agent owned by an American chain?

That has great interest, That has some interest, That has a minor interest, I do not wish to use such an agent, National ownership has no influence on my decision
Appendix 6 – *Cross-taps residence and age*
Cross-taps of regional answers compared to average rating in order to conduct a common analysis

This graph shows that there is no significant difference between residency and the average rating.

This graph shows that there is no significant difference between residency and the average rating.
The graph shows that the different age groups do not significantly deviate from the average rating.
Appendix 7 - Full results of survey
The following is the full results of survey.

<table>
<thead>
<tr>
<th>1. Kan?</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mænd</td>
<td>51,3%</td>
<td>208</td>
</tr>
<tr>
<td>Kvind</td>
<td>48,7%</td>
<td>225</td>
</tr>
<tr>
<td>answered question</td>
<td>463</td>
<td></td>
</tr>
<tr>
<td>skipped question</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Alder</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 25</td>
<td>31,1%</td>
<td>144</td>
</tr>
<tr>
<td>26 - 35</td>
<td>43,6%</td>
<td>209</td>
</tr>
<tr>
<td>36 - 45</td>
<td>8,4%</td>
<td>40</td>
</tr>
<tr>
<td>46 - 55</td>
<td>2,0%</td>
<td>4</td>
</tr>
<tr>
<td>56 - 65</td>
<td>4,1%</td>
<td>19</td>
</tr>
<tr>
<td>65 -</td>
<td>3,2%</td>
<td>15</td>
</tr>
<tr>
<td>answered question</td>
<td>463</td>
<td></td>
</tr>
<tr>
<td>skipped question</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. I hvilken region af Danmark er du bosiddende?</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hovedstaden</td>
<td>38,3%</td>
<td>176</td>
</tr>
<tr>
<td>Sjælland og øerne</td>
<td>34,3%</td>
<td>158</td>
</tr>
<tr>
<td>Sydjylland</td>
<td>8,3%</td>
<td>38</td>
</tr>
<tr>
<td>Midtjylland</td>
<td>10,7%</td>
<td>49</td>
</tr>
<tr>
<td>Nordjylland</td>
<td>8,5%</td>
<td>30</td>
</tr>
<tr>
<td>answered question</td>
<td>460</td>
<td></td>
</tr>
<tr>
<td>skipped question</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Nuævendes boligforhold</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Løjighed</td>
<td>84,3%</td>
<td>295</td>
</tr>
<tr>
<td>Hus</td>
<td>12,7%</td>
<td>150</td>
</tr>
<tr>
<td>Land ejendom</td>
<td>3,1%</td>
<td>14</td>
</tr>
<tr>
<td>answered question</td>
<td>359</td>
<td></td>
</tr>
<tr>
<td>skipped question</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
5. Ejerforhold af nuværende ejendom

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lige</td>
<td>47.4%</td>
<td>219</td>
</tr>
<tr>
<td>Ansigl</td>
<td>14.1%</td>
<td>55</td>
</tr>
<tr>
<td>Ejr</td>
<td>29.0%</td>
<td>180</td>
</tr>
</tbody>
</table>

Answered question: 462
Skipped question: 1

6. Civilstatus

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>44.9%</td>
<td>203</td>
</tr>
<tr>
<td>Samboende kærede</td>
<td>34.3%</td>
<td>158</td>
</tr>
<tr>
<td>Gt.</td>
<td>22.1%</td>
<td>102</td>
</tr>
</tbody>
</table>

Answered question: 461
Skipped question: 2

7. Husstandsindkomst før skat

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 125.000</td>
<td>23.1%</td>
<td>96</td>
</tr>
<tr>
<td>155.000 - 325.000</td>
<td>10.2%</td>
<td>88</td>
</tr>
<tr>
<td>350.000 - 450.000</td>
<td>21.9%</td>
<td>108</td>
</tr>
<tr>
<td>450.000 - 620.000</td>
<td>14.6%</td>
<td>50</td>
</tr>
<tr>
<td>600.000 - 900.000</td>
<td>14.3%</td>
<td>54</td>
</tr>
<tr>
<td>over 900.000</td>
<td>10.2%</td>
<td>46</td>
</tr>
</tbody>
</table>

Answered question: 458
Skipped question: 5
### 8. Hvor mange gange har du tidligere benyttet en ejendomsmægler ved salg af bolig

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>67.5%</td>
<td>383</td>
</tr>
<tr>
<td>1</td>
<td>17.1%</td>
<td>77</td>
</tr>
<tr>
<td>2</td>
<td>10.0%</td>
<td>45</td>
</tr>
<tr>
<td>3</td>
<td>3.8%</td>
<td>17</td>
</tr>
<tr>
<td>4</td>
<td>1.1%</td>
<td>5</td>
</tr>
<tr>
<td>Over 4</td>
<td>0.4%</td>
<td>2</td>
</tr>
</tbody>
</table>

**answered question**: 449  
**skipped question**: 14

### 9. Hvor mange mæglere kontaktede du ved sidste salg

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28.6%</td>
<td>38</td>
</tr>
<tr>
<td>2</td>
<td>34.6%</td>
<td>46</td>
</tr>
<tr>
<td>3</td>
<td>22.6%</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>9.8%</td>
<td>13</td>
</tr>
<tr>
<td>Over 4</td>
<td>6.9%</td>
<td>9</td>
</tr>
</tbody>
</table>

**answered question**: 133  
**skipped question**: 330

### 10. Hvem tog den endelige beslutning i jeres husstand ved valg af ejendomsmægler

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoveddragtig dig selv</td>
<td>46.6%</td>
<td>62</td>
</tr>
<tr>
<td>Overvejende dig selv</td>
<td>30.1%</td>
<td>40</td>
</tr>
<tr>
<td>Overvejende din partner</td>
<td>18.5%</td>
<td>22</td>
</tr>
<tr>
<td>Hoveddragtig din partner</td>
<td>5.3%</td>
<td>11</td>
</tr>
</tbody>
</table>

**answered question**: 155  
**skipped question**: 330

### 11. Ved sidste salg af ejendom nævnte minimum 2 faktorer som havde størst indflydelse på dit valg?

<table>
<thead>
<tr>
<th>Response</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>122</td>
</tr>
</tbody>
</table>

**answered question**: 122  
**skipped question**: 301
12. Ved kommende salg af bolig hvad kan gøre dig opmærksom på mejleren? flere kan vælges dog max 4

<table>
<thead>
<tr>
<th></th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tv kampagnes</td>
<td>44.0%</td>
<td>154</td>
</tr>
<tr>
<td>Reklamer i annoncer</td>
<td>37.6%</td>
<td>122</td>
</tr>
<tr>
<td>Internett reklamer</td>
<td>30.3%</td>
<td>110</td>
</tr>
<tr>
<td>Skilt på ejendomsmæde med salget</td>
<td>26.6%</td>
<td>111</td>
</tr>
<tr>
<td>Nabøres erfaringer</td>
<td>26.0%</td>
<td>102</td>
</tr>
<tr>
<td>Familles erfaringer</td>
<td>22.7%</td>
<td>83</td>
</tr>
<tr>
<td>Tidligere erfaring med en kæde</td>
<td>33.3%</td>
<td>130</td>
</tr>
<tr>
<td>Nærmeste mejler kontor</td>
<td>20.0%</td>
<td>22</td>
</tr>
<tr>
<td>Negativ omtale i medier</td>
<td>22.2%</td>
<td>130</td>
</tr>
</tbody>
</table>

13. Hvor enig er du i følgende udsagn: Når jeg vælger ejendomsmejl er mellemme mellemme,

<table>
<thead>
<tr>
<th></th>
<th>Meget enig</th>
<th>Uenig</th>
<th>Debatværd</th>
<th>Debatværd</th>
<th>Enig</th>
<th>Meget enig</th>
<th>Rating Average</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Er prisen på ejendomsmælger kvalitetigt</td>
<td>0.4% (1)</td>
<td>0.0% (9)</td>
<td>3.0% (11)</td>
<td>18.0% (61)</td>
<td>45.7% (159)</td>
<td>30.2% (156)</td>
<td>5.06</td>
<td>320</td>
</tr>
<tr>
<td>Er værdi til salgsprisen af boligen vigtigt</td>
<td>0.2% (6)</td>
<td>0.3% (11)</td>
<td>1.2% (4)</td>
<td>16.0% (57)</td>
<td>49.6% (160)</td>
<td>34.6% (155)</td>
<td>5.10</td>
<td>351</td>
</tr>
<tr>
<td>Er det vigtigt mejleren tilhører en nationalt uddannede familie</td>
<td>9.5% (32)</td>
<td>21.1% (71)</td>
<td>15.8% (63)</td>
<td>26.8% (100)</td>
<td>18.5% (62)</td>
<td>5.4% (18)</td>
<td>3.43</td>
<td>360</td>
</tr>
<tr>
<td>Er det vigtigt hjælperen er en familien i lokalområdet</td>
<td>10.5% (49)</td>
<td>26.3% (98)</td>
<td>20.0% (71)</td>
<td>26.3% (98)</td>
<td>8.8% (30)</td>
<td>3.0% (12)</td>
<td>2.90</td>
<td>370</td>
</tr>
<tr>
<td>Er det vigtigt at der er en dags ejer udstyret</td>
<td>10.3% (44)</td>
<td>21.2% (74)</td>
<td>18.6% (63)</td>
<td>18.6% (63)</td>
<td>18.0% (64)</td>
<td>7.7% (26)</td>
<td>3.29</td>
<td>379</td>
</tr>
<tr>
<td>Er det vigtigt mejleren præsenterer sig for flere salgs mellemme</td>
<td>0.9% (1)</td>
<td>2.9% (11)</td>
<td>3.2% (12)</td>
<td>23.8% (81)</td>
<td>49.0% (162)</td>
<td>20.8% (70)</td>
<td>4.90</td>
<td>340</td>
</tr>
<tr>
<td>Er mejlerens præsentation af kompetence</td>
<td>10.3% (50)</td>
<td>23.2% (92)</td>
<td>22.1% (75)</td>
<td>26.3% (96)</td>
<td>18.6% (61)</td>
<td>3.0% (9)</td>
<td>3.10</td>
<td>328</td>
</tr>
<tr>
<td>Er det vigtigt ejer præsenterer sig for flere salgs mellemme</td>
<td>0.0% (0)</td>
<td>0.0% (2)</td>
<td>1.5% (5)</td>
<td>4.0% (12)</td>
<td>42.0% (142)</td>
<td>67.9% (162)</td>
<td>5.90</td>
<td>338</td>
</tr>
<tr>
<td>Er det vigtigt mejleren præsenterer sig for flere salgs mellemme</td>
<td>0.0% (2)</td>
<td>0.9% (10)</td>
<td>5.0% (55)</td>
<td>15.5% (151)</td>
<td>31.5% (155)</td>
<td>5.01</td>
<td>357</td>
<td></td>
</tr>
<tr>
<td>Er et grundigt lokalenskab vigtigt</td>
<td>0.0% (1)</td>
<td>1.5% (5)</td>
<td>5.5% (18)</td>
<td>17.1% (58)</td>
<td>40.5% (136)</td>
<td>37.6% (130)</td>
<td>5.02</td>
<td>340</td>
</tr>
<tr>
<td>Er min personlige opfattelse af mejlerens samarbejd vigtigt</td>
<td>0.0% (5)</td>
<td>1.5% (5)</td>
<td>5.5% (18)</td>
<td>17.1% (58)</td>
<td>40.5% (136)</td>
<td>37.6% (130)</td>
<td>5.02</td>
<td>340</td>
</tr>
<tr>
<td>Er en samtykke mellem salger og mejler vigtigt</td>
<td>0.0% (0)</td>
<td>0.0% (0)</td>
<td>1.5% (5)</td>
<td>12.4% (42)</td>
<td>44.4% (151)</td>
<td>41.5% (141)</td>
<td>5.26</td>
<td>340</td>
</tr>
<tr>
<td>Er det vigtigt mejleren præsenterer sig for flere salgs mellemme</td>
<td>0.0% (0)</td>
<td>0.0% (0)</td>
<td>1.5% (5)</td>
<td>3.2% (10)</td>
<td>38.4% (134)</td>
<td>50.3% (173)</td>
<td>5.40</td>
<td>340</td>
</tr>
</tbody>
</table>
14. Hvor stort er dit kendskab til den enkelte kæde

<table>
<thead>
<tr>
<th></th>
<th>Hjem</th>
<th>Mindre kendskab</th>
<th>Nogen kendskab</th>
<th>Stort kendskab</th>
<th>Rating</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hjem</td>
<td>6,2% (25)</td>
<td>32,0% (127)</td>
<td>43,0% (153)</td>
<td>18,8% (86)</td>
<td>2,69</td>
<td>334</td>
</tr>
<tr>
<td>Eco</td>
<td>6,4% (16)</td>
<td>30,0% (132)</td>
<td>43,7% (145)</td>
<td>12,2% (40)</td>
<td>2,62</td>
<td>332</td>
</tr>
<tr>
<td>Nærligg</td>
<td>6,4% (25)</td>
<td>36,5% (132)</td>
<td>42,3% (142)</td>
<td>9,6% (32)</td>
<td>2,53</td>
<td>324</td>
</tr>
<tr>
<td>Danfølgi</td>
<td>11,4% (38)</td>
<td>42,3% (142)</td>
<td>30,0% (132)</td>
<td>9,6% (32)</td>
<td>2,44</td>
<td>334</td>
</tr>
</tbody>
</table>

15. Hvor kender du kæderne fra

<table>
<thead>
<tr>
<th></th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tv reklamer</td>
<td>78,3%</td>
<td>203</td>
</tr>
<tr>
<td>Internet reklamer</td>
<td>53,3%</td>
<td>112</td>
</tr>
<tr>
<td>Reklamer i aarhus</td>
<td>54,3%</td>
<td>194</td>
</tr>
<tr>
<td>Tidegave artægter</td>
<td>36,0%</td>
<td>131</td>
</tr>
<tr>
<td>Skiltning på solgte bygninger</td>
<td>56,0%</td>
<td>106</td>
</tr>
<tr>
<td>Gyldne kontorer</td>
<td>56,0%</td>
<td>101</td>
</tr>
<tr>
<td>Andet (angiv venligst)</td>
<td>13,4%</td>
<td>46</td>
</tr>
</tbody>
</table>

answered question 336
skipped question 127
16. Hvor enig er du i følgende udsagn omkring de fire nationalt dækkende kæder?
(Home, Nybolig, Danbolig, EDC)

<table>
<thead>
<tr>
<th></th>
<th>Uenig</th>
<th>Uenig</th>
<th>Delvist uenig</th>
<th>Delvist enig</th>
<th>Enig</th>
<th>Megl enig</th>
<th>Rating</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>De leverer ens produkter</td>
<td>5,5%</td>
<td>4,6%</td>
<td>14,3%</td>
<td>42,2%</td>
<td>29,8%</td>
<td>7,6%</td>
<td>4,17</td>
<td>315</td>
</tr>
<tr>
<td>Deres produkter er fyldegenerende</td>
<td>2,0%</td>
<td>4,8%</td>
<td>18,1%</td>
<td>40,5%</td>
<td>28,8%</td>
<td>3,2%</td>
<td>4,04</td>
<td>310</td>
</tr>
<tr>
<td>Der er fuld gennemsnitlig på markedspladsen</td>
<td>8,0%</td>
<td>22,4%</td>
<td>20,1%</td>
<td>30,1%</td>
<td>14,1%</td>
<td>1,8%</td>
<td>3,09</td>
<td>312</td>
</tr>
<tr>
<td>De leverer produkter jeg fuldt forstår forstår</td>
<td>5,1%</td>
<td>15,1%</td>
<td>33,9%</td>
<td>33,8%</td>
<td>14,1%</td>
<td>1,9%</td>
<td>3,39</td>
<td>312</td>
</tr>
<tr>
<td>Deres kontorer er placeret korrekt</td>
<td>3,5%</td>
<td>9,3%</td>
<td>16,7%</td>
<td>41,2%</td>
<td>20,4%</td>
<td>3,9%</td>
<td>3,06</td>
<td>211</td>
</tr>
</tbody>
</table>

answered question: 317
skipped question: 166

17. Hvor enig er du i følgende udsagn omkring ejendomsmaglere

<table>
<thead>
<tr>
<th></th>
<th>Uenig</th>
<th>Uenig</th>
<th>Delvist uenig</th>
<th>Delvist enig</th>
<th>Enig</th>
<th>Megl enig</th>
<th>Rating</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>De taler om primært på egne interesser i forhold til sagerne</td>
<td>9,2%</td>
<td>7,0%</td>
<td>27,1%</td>
<td>42,2%</td>
<td>18,8%</td>
<td>7,0%</td>
<td>3,88</td>
<td>359</td>
</tr>
<tr>
<td>Jeg har en generelt positiv til maglere</td>
<td>9,2%</td>
<td>16,1%</td>
<td>29,6%</td>
<td>31,9%</td>
<td>11,2%</td>
<td>5,5%</td>
<td>3,43</td>
<td>320</td>
</tr>
<tr>
<td>Jeg mener generelt maglere er kompetente</td>
<td>9,2%</td>
<td>9,7%</td>
<td>18,7%</td>
<td>40,9%</td>
<td>25,3%</td>
<td>2,4%</td>
<td>3,91</td>
<td>320</td>
</tr>
</tbody>
</table>

answered question: 329
skipped question: 154
18. Har du kendskab til Re/Max

<table>
<thead>
<tr>
<th>Kendskabsniveau</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intet kendskab</td>
<td>91,9%</td>
<td>368</td>
</tr>
<tr>
<td>Mindre kendskab</td>
<td>0,0%</td>
<td>22</td>
</tr>
<tr>
<td>Moderat kendskab</td>
<td>1,2%</td>
<td>4</td>
</tr>
<tr>
<td>Stort kendskab</td>
<td>0,3%</td>
<td>1</td>
</tr>
</tbody>
</table>

answered question: 335
skipped question: 120

19. Vil du være interesseret i at benytte en amerikansk ejer kaede

<table>
<thead>
<tr>
<th>Interessegruppe</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Det har stor interesse</td>
<td>5,6%</td>
<td>18</td>
</tr>
<tr>
<td>Det har moderat interesse</td>
<td>21,0%</td>
<td>72</td>
</tr>
<tr>
<td>Det har mindre interesse</td>
<td>23,4%</td>
<td>78</td>
</tr>
<tr>
<td>Det ønsker jeg ikke</td>
<td>15,0%</td>
<td>52</td>
</tr>
<tr>
<td>Nationalt ejerskab er ligegyldigt for mig</td>
<td>26,0%</td>
<td>120</td>
</tr>
</tbody>
</table>

answered question: 333
skipped question: 130
Appendix 8 – *Cross-tap gender specific decisions*

The graph shows the decision-making process, and it is showed how this is a male-dominated decision.
Appendix 9 - Numeric calculations

How much do you agree with the following statement: When choosing an agent.

The price on commission is important
Strongly disagree 2,9%, Disagree 0% Somewhat disagree 3,8%
Somewhat agree 17,9%, Agree 45,7% Strongly agree 32,1%
Score ( -2*0,0029) + ( -1,5*0) + ( -1*0,038) + ( 1*0,179) + ( 1,5*0,457) +
( 2* 0,321) = 1,46

It is important the agent is a prominent person in the local community
Strongly disagree 14,4%, Disagree 26,2% Somewhat disagree 20,9%
Somewhat agree 26,2%, Agree 8,5% Strongly agree 3,5%
Score ( -2*0,149) + ( -1,5*0,262) + ( -1*0,209) + ( 1*0,262) + ( 1,5*0,085) + ( 2* 0,035) = - 0,43