

Brand Concept and Brands in the Real Estate Business

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Summary

In this paper, the main results of the “Brands in the Real Estate Business” research project are described. The objective of the study was to develop brand thinking for the real estate business. Information was gathered by benchmarking domestic business parks and one international science park area. The study concentrated on office buildings. Further, the issue of brand concept structure was explored. First, brand concept, brand development and brand benefits are considered. Next, a brand concept structure solution for the real estate business is described. It is emphasized that branding is always a strategic issue. Then, it is explained that the main components of the real estate brand concept are: location, services, performance and image. In conclusion, the key characteristics of the implementation process are presented.

Brand concept, location, performance, services, service concept, image

1. Introduction

Internationalization and increasing competition are raising demands for business and service concepts development. Business managers require improving competitiveness and companies have to catch the attention of markets which leads on investments. Image, primary and secondary markets have a leading role in brand thinking. Brand concepts attaching to business strategy is a centre-stage in business strategy development and business activities.

The number of brand related research and development has remained low in the real estate business. Real estate is a customer-orientated service business industry. Each tenant’s core business is supported by the performance, properties and services of the building. Enhancing brand thinking means practically focusing on operational quality and producing mass-built unique products and services. Brand is always a strategic issue and brings continuity to business in general. Multiform and singular clear brands are both available in the real estate business.

What does brand thinking bring to the real estate sector? Improving competitiveness is vital for real estate companies. The need for profitability makes it necessary to focus on main resources and core competencies. Overall, it can be said that a brand is a way of getting better rental income from property.

2. Development of a Brand Concept

2.1 Development of a Successful Brand

Estimation of the brand concept’s value is difficult. Measurable quantities attain in purchasing and selling.

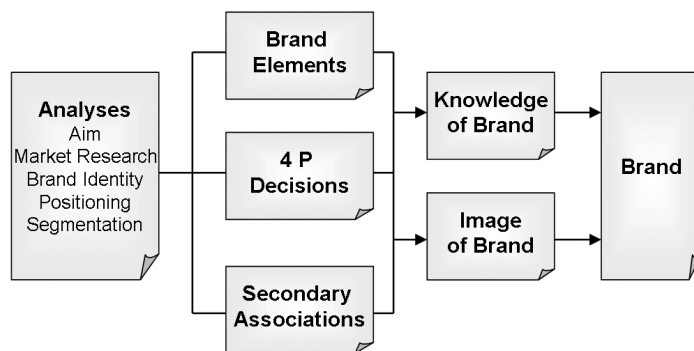
The identity, dissimilarity and assets comprise of business know-how, actions and strategy. Products are easier to copy than services. In many cases, services are the core of a brand. Surprisingly, there are not so many valuable service brands. Qualified and motivated personnel are a cornerstone of a successful brand concept development. Organization achieves better results if everyone believes in same values. Developing work includes lots of strategic analysis and drafts of strategies.

Brand development is highly united to a feeling of appearance. In practical terms, this means that it has to be distinct from competitors and satisfy customers. Differentiation reaches the highest level when the strengths and weaknesses of the business and its competitors are taken into consideration.

2.2 Phases of Development

Brand development always requires lots of creativity and individuality [1]. Mere knowledge of theory will not guarantee the success. Implementation process to business strategy and everyday operations can sometimes override theory. Customer orientation has a leading role in active real estate business [2]. Cautions behind customer's purchase behaviour are essential for quality and value control.

The first phase of Customer Based Brand Equity Model (see Fig. 1) is execution of analyses. Aim definition and market research provide the basis for brand-related strategic decisions. Knowing customers, competitors, present brand and backing organizations is necessary when improving quality. A brand is the set of associations related to it. These represent why the brand exists and offer a promise of customer satisfaction.



The identity includes unique group of merged images and defines the goals, purpose and self-image of a brand. [4]

Positioning is related to a brand identity and it specifies brand's advantages for a consumer. [4]

Segmentation is used for splitting markets into the homogeneous marketing communications segments containing consumers, customers or companies with similar needs and behaviour. [4]

Fig. 1 Customer Based Brand Equity model. [3]

Brand element, target and content identifying are done in the second phase. This includes also brand-related decision making. Brand elements are visual or verbal information that identifies the product. A successful brand can be defined as: "a name, a symbol or a combination of them" [3].

The brand concept is a blend of many flavours. Lists of elements are presented in many sources, for example, customer loyalty, recognition, merged positive and desirable images, and perceived high quality [5]. Other definitions are more general. For example, the value of a brand depends on two things: recognition of a brand and its intensity, suitability and uniqueness of the images associated with it [1].

Managing secondary associations is also included to the means of brand development. Secondary associations are brand-related images which got their origin from other brand element, for instance a region or other company. Secondary associations are worth of utilizing if those are widely recognized and highly respected [4].

Knowledge of a brand is either recognition or recalling and matter of substance is to expose customer to brand elements. Image is an impression of a brand in a customer's mind based on associations aroused [4]. Successful brand concept has intensive, favourable and unique associations, which are often the result of company's advanced brand culture.

3. Brand Concept in the Real Estate Business

3.1 Different Points of View

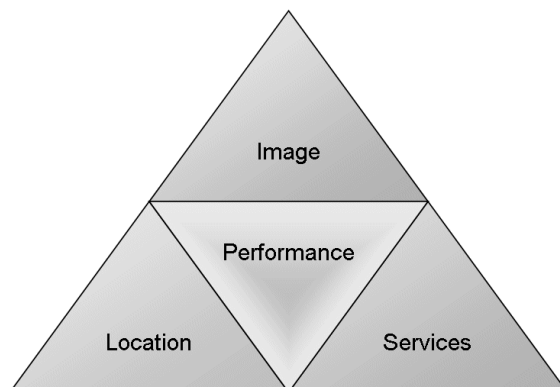
The real estate sector builds up from sub sectors with different orientations. The way a brand concept is structured depends on the point of view. This study focused on three perspectives: regional development, property ownership and real estate development.

The term, brand management, is often replaced with the term, brand leadership. This is a result of a change in the business culture, where formal management is replaced with informal leadership. One main communication skill is the capability to do teamwork.

Benchmarking is a continuous, systematic process for evaluating products, services and work processes or organizations that are recognized as representing the best practices, for the purpose of organizational improvement. [6] Some of the results in the next section were gathered by benchmarking in domestic business parks and an international science park area. The essence of benchmarking process is a balance of borrowing from the best practices and fitting to own needs. At the organizational level, benchmarking is a change management tool that gives a vision of present. Moreover, it can guide development of correct characteristics. It reveals strengths and weaknesses, is applicable to internal, external, functional and generic purposes. Also, it is a key factor for the utilizing systematic and structured approach. The successful use of benchmarking, like all tools, means allocation of resources for result planning, reporting and interpreting.

3.2 Structure of a Brand Concept

The structure of brand concept was originally presented in the project “Customer Needs in the Real Estate Business” in VTT [2]. Four main components of the brand concept are: location, services, performance and image (Fig. 2).



Structure is "an iceberg" standing on location, performance and services. Image is the tip of the iceberg giving the final value for a brand.

Main components of the structure are explained in the following section. During the study, services were noticed to have a key role. Accordingly, more attention was paid to services.

Fig. 2 Structure of the real estate brand concept.[2]

3.3 Main Components of the Brand Concept

3.3.1 Location

Location is the result of business strategy and defines brands regional expectations. In terms of growth, location is an important factor. It is a combination of physical and operational location. Location of company's head quarters is normally a compromise between functional and operational location. In every case, the most suitable solution is unique. It depends on company's business strategy and where the identity of the company is defined. Identity can be, for example, centre or growth area orientation and rent level correlates with identity. The general level of rents is higher in centre areas. Positioning and segmentation are tools for selecting most suitable combination of tenants.

Physical location means entities of site, traffic connections and immediate surroundings. Important issues in physical location are a central position and functional traffic connections. A good solution is, for example, a

location at the nodal point of public transportation, short distance to main market area and major roads running next to building. Traffic culture defines how much consideration needs to be given to motorists. For example, how parking should be organized. Internationalization sets up limits for distance to international airport.

Interaction and economical efficiency form together operational location. Size of the real estate has a major influence on operational location. It brings customers and competitor closer to each other and simultaneously raises interaction to higher level and creates possibilities for synergy. Sustainable development leads to combining business and education areas.

3.3.2 Services

Offered services are the conclusion of different expectations. Recently, business culture has changed more and more to a service orientation. The significance of services has increased. Now, service business is a solid part of the real estate business and a brand too. The core of a real estate owner, service provider and developer brand leans firmly on the service concept. World-class service providers are also taking steps into domestic service markets in Finland. Tenants demand various and extensive service concepts and a favourable service concept is often a key for signing a lease contract.

Service production is normally done by a specified service provider. Practically this means a centralized service arrangement and having the same staff responsible for functionality and development. Services depend also on location identity.

Service concepts of the buildings can be classified many ways. Strongest trends are the march of communication services, the growing respect of staffing services and the increasing convenience and experience by added value services. The study introduces owner-user separation in a service concept of an office building (Fig. 3).

Services in office building		
Owner services	User services	
	Company services	Staffing services
Real estate management	Basic services	Working time services
Financial management	Office and support services	Added value services
Information management	Communication services	
	Added value services	
	Spatial services	
	Consultation services	

Fig. 3 Services in office building

Owner services include real estate management, financial management and information management services. User services have two main groups: company and staffing services. Company services consist of basic services, office and support services, communication services, added value services, spatial services and consultant services.

Basic services enable business in the property. Flexibility and formability are noticed as valuable assets. Content in office and support services vary from business to business. Ten years ago, communication services were part of those but recently they have become a cornerstone of the whole business. In information society, the role of Internet and electronic communication are essential. Synergy is a key to creativity and cooperation between companies. It is common that tenants have shared meeting rooms and spatial services give higher status for image. Tightened competition in the markets has an effect also on

investments and usage of consultant services has decreased.

Staffing services are appreciated because work efficiency increases when the wellbeing and satisfaction of personnel are maximized. There is two parts in staffing services: working time services and added value services. Also, small details can increase dramatically work motivation. Building developers lean more on immediate surroundings, with offices being located next to commercial centres wherever possible.

Offered service concepts in the office buildings are very similar and the differences remain mostly in the way services are provided. A recommended point of view is consumer orientation. Tenants are satisfied when they don't need to put extra effort on service. A problematic area in service lifetime is the continuity of development work, where far too many pauses in the development work are noticed.

3.3.3 Performance

Performance describes how well the facility performs in its intended use. The main categories are: property performance, user performance, cost efficiency and eco efficiency. Property performance includes issues like indoor environment, service life and damage risk, flexibility, security, satisfaction, accessibility and availability.

User performance concentrates on service performance and service production performance. Cost efficiency clarifies the efficiency of space utilization and service production. Eco efficiency is applicable in particular cases, for example, if an old factory is renovated into an office.

Bigger differences in performance are noticed when comparing two buildings from different eras. Compared to a traditional office building, the business park concept has advances in space layout. Especially, shared spaces are more common and can create a greater prestige.

3.3.4 Image

Images are a broad way to marketing a company and its products towards target segments. It builds up from brand elements: product and communication, and knowledge of brand and images. In the business, much effort is invested in brand elements, for instance, slogans and names are used in marketing. Product and communication is a combination of marketing arguments and communications. Knowledge of a brand consists of images aroused and secondary associations.

Brand development takes time and effort. Normally, positive results are not achieved over a night. Appreciation is the final result of a systematic brand development. Is there some quick ways for higher marketing influence? It is always possible to join two smaller brands together and market a composite brand. Sometimes this arouses international interest for two smaller domestic brands. However, everyone must remember that there are no shortcuts and best way is hard work.

4. Conclusions

First, the brand concept was considered. It was stressed that brand concept is at the centre of an effective real estate business strategy. It was explained that the value of branding is hard to estimate because of its feeling of appearance and uniqueness. It was argued that differentiation reaches its highest level when the strengths and weaknesses of the business and its competitors are taken into consideration.

Next, the brand development and benefits were considered. In particular, it was stated that the successful brand concept has intensive, favourable and unique associations. In the Customer Based Brand Equity Model, the first phase is execution of analyses gathering together knowledge of customers, competitors, present brands and backing organizations. Secondly, brand elements, target and content were identified. In general, it was shown that brand concept is essentially a combination of many matters and a customer must be exposed to all brand elements.

Then, the brand concept structure solution for the real estate business was described and the key characteristics of the implementation process were presented. The need to replace formal management with informal leadership was emphasized. Benchmarking was use as a tool to reveal strengths and weaknesses of the brand concept's structure.

The four main components of the brand concept were described as location, services, performance and image. Location was a unique compromise between functional and operational location. Important issues of functional location were: a central or nodal point position, traffic connections, public transportation, private

motorists and international airport. Interaction and synergy were detected important in operational location. In the course of time, the significance of services has increased. A favourable service concept can lead to the signing of a lease contract. There are many ways to classify service concepts. Strongest trends are noticed in communication services, staffing services and added value services. In this study, the owner-user separation for the office building services was introduced. In general, the offered services are the conclusion of different expectations.

Services can be divided to owner and user services. Flexibility and formability are nowadays essential. In the user services, there are two groups: company and staffing services. It was clarified that communication services are the foundation of business. Creativity and cooperation between companies are taking steps farther. In many office buildings there are common spatial services. It is also a trend, that staffing services are merely appreciated. It was noticed that building developers lean more on immediate surroundings. It can also be said, that offered service concepts in the office buildings are very similar. Biggest differences remain in the service providing practices. During the study it was also detected that the continuity of development work has been mentioned as a weakness in the service lifetime.

Performance describes how well the facility performs in its intended use. Issues to consider in the performance are: property performance, user performance, cost efficiency and eco efficiency.

It has been presented that much effort must be invested in brand elements. In the branding process, the main components of image are: product and communication, knowledge of brand and images. One must remember that a brand must wake up images and secondary associations in viewers mind.

In conclusion, brand development takes lots of time and effort. However, everyone in the organization must know that there are no shortcuts and the best way to success is hard work.

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