

BRANDING

your way through a

RECESSION

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Branding may not be high on the list of priorities in these challenging times but Barbara shows that this may require a rethink. She was one of 31 graduates from the IAVI/DIT BSc (Hons) Property Studies course in 2009. The following article is an extract from her dissertation.

Is selling houses any different from selling margarine



Ask a margarine salesman in the Second World War how to sell a product that simply was not there. When there was no margarine left to sell, Stork continued to advertise. Stork margarine survived the rations. Stork was one of the only companies to continue to advertise in the U.K. throughout the war. Stork survived long after the war, becoming an iconic brand in the great world of margarine.

What can estate agents learn from this humble margarine's success? Surprisingly, a lot.

History has shown that businesses that survive boom-and-bust cycles have consistently invested in branding - even when finances were scarce.

Ireland's current business environment is one of uncertainty. Budgets have been cut-back in all sectors. With the property market currently facing challenging times, estate agents may question the relevance of branding.

The dissertation on which this article is based looked at branding from an estate agent's point of view. What is branding and how can estate agents use it? Why should an estate agent invest in branding in a recession?

Branding is a subject that many estate agents shy away from. It's seen as something that marketing departments or franchises do. All estate agents can use branding to improve their business, big or small. Branding applies to large companies, members of franchises or affinity groups and the individual sole trader. A brand can offer reassurance and trust. Under financial pressure, a vendor will seek to reduce the risk of choosing the wrong agent.

Businesses need to consider the image that they would like to project of themselves. Ways of making this 'projection' include signage and websites. Branding can be used effectively on a low budget. Offices and staff are of key importance.

Property booms and slumps are cyclical. By investing in their brand, estate agents are investing in their long-term success. Businesses that weather this storm will be more competitive in future.

What is branding and where did it come from?

Branding is no new concept.¹ In fact, it dates as far back as Greek and Roman times. Shopkeepers hung pictures above their shops so the illiterate could identify their speciality.²

Bakers branded their batch so that purchasers would know who made it. A bad loaf gave a bad reputation.

Over time, branding grew. Cattle were branded, criminals were branded, even tomato soup was branded. Today's iconic brands have survived the test of time. Fine examples are Guinness, Campbell's soup and Coca Cola.



(Est. 1759)



(Est. 1860)



(Est. 1892)

In the 1980's, the subject of branding became quite controversial. Hostile takeovers and 'Dawn Raiders' made news headlines. ³ Companies were buying up major brands paying enormous prices way beyond quoted share prices. The best known example was Nestlé's bid for Rowntree. Nestlé paid £2.5 billion, six times the company's reported asset value. Did Nestlé pay this huge figure for a secret chocolate recipe?



What Nestlé recognised in Rowntree was the strength of their brand, the power of goodwill.

Branding defined

Brands offer added values over and above those of competitors. Added value is a feeling consumers have that the brand offers more than competitors. "The successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, sustainable added values which match their needs most closely". de Chernatony ¹

Brands are not confined merely to a product or indeed a service. Since the 1980s, definitions of brands have evolved to cover political parties, public utilities, individuals and even countries. ⁴

Brands play an integral part in marketing strategy. It can provide a foundation from which other advertising can work. ⁵

According to Garrett Kinsella of KDNINE Advertising & Marketing, estate agents have been slow in adopting branding as a business strategy. There was less of a need for estate agents

to differentiate in the '70s, '80s and subsequent boom years. The property market has been traditionally territorial and based on family connections. *"As markets decline investment in branding will become more important for a lot of people, particularly estate agents. A good brand will be reassuring to the consumer"*

Why should an Estate Agent be branded?

Enormity of the transaction: Selling a home is regarded as one of the most stressful processes in a lifetime. For vendors, the outcome of the transaction may have long-lasting financial effects. In choosing an estate agent, a vendor is putting their financial fate in the hands of one company or individual.

As Kinsella points out, *"It's a big decision for most people. Even if the house is small, it's probably the biggest purchasing or selling decision of their life"*.

Intangibility: What an estate agent provides is a service, not a good. It cannot be touched or felt. A service cannot be evaluated by consumers prior to purchase. For example, a consumer cannot sample a haircut or try out a surgical procedure. ⁶

Estate agents are not to be trusted!

Trust: Whether fact or fiction, public opinion of estate agents tends to be, in general, negative. This perception was supported by the findings from consumer focus group research done for the dissertation on which this article is based. Strong brands increase customers' trust of the invisible. The greater the perceived risk associated with the purchase of the product, (good or service), the more important is the need to use brand as a risk-reducing device.

You're only as good as your last deal!

Reputation: For estate agents, a good reputation is paramount. It is the basis of the gaining the next instruction.

As another part of the research for the dissertation, a selection of principals of estate agency firms were asked **"what do you think is most important to clients when choosing an estate agent?"**

One Principal replied *"I think its back down to reputation, professionalism, particularly in the market that we're in now"*.

Differentiation: It is vital for any business to stand out from

the crowd. It must be different from competing brands, be better in some recognisable way. Creating a unique strong identity and the identification of values of the business are vital in order to differentiate from competitors.

Kinsella advises "The first step is to stand for something. The second step is probably to be different".

Consistency: A service is ultimately delivered by people who by definition are 'heterogeneous' or different from each other. It is difficult to ensure that the same standard of service will be delivered by two different people in a company. Consistency is a key element of branding.²

Added Value: Branding can aid an estate agency by elevating the service above the commodity level. It is why a vendor is prepared to pay more for the services of one estate agent than another.⁷

Brand Recognition, Brand Recall and Brand Association

One Principal stated "...ultimately we're all after the one thing. We're all after name recognition". The consumer should recognise the brand, remember it and have positive feelings towards it. "I think it should be a reflection of who and what you are". One focus group participant stressed just how important this is. "If there one was one sign I didn't recognise, I probably wouldn't go with them".

Brand Identity vs. Brand Image

A **Brand Identity** is how a business would like to be seen. An estate agency can try to project an image of itself through advertising and marketing. How the consumer interprets this, however, may be entirely different. Identity represents the firm's reality while image represents the perception of the consumer. The gap between 'company reality' and 'consumer perception' has to be minimised or eliminated.⁸

Consistency is crucial. Through various promotional strategies, the brand concept has to be stressed. This will facilitate recognition and recall of the brand instead of competitor brands. A communication strategy that is inconsistent will dilute the brand.

The differences between brand identity and brand image are shown in Box 1

Box 1. Brand Identity and Brand Image

Brand Identity	→	Brand Image
Source/company focused	→	Receiver/target audience focused
Created by managerial activities	→	Created by perception of the consumer
Encoded by 'brand originator'	→	Decoded by 'brand receiver'
Identity is sent	→	Image is received/perceived

Nandan⁹

How an Estate Agent can implement a Brand Identity

According to Grace and O'Cass¹⁰, the following areas should be examined when formulating a Brand Identity:

- Brand name
- Office
- Staff
- Stationery
- Signage, brochures and advertisements
- Slogans
- Website
- Sponsorship

A strong name is vital, whether it is a family name or a company name. When opening a second office in a new location, a Principal of an affinity group said "Branding is crucial because I would find it very difficult to trade just as a sole trader under my own name".

The strength of name of an organisation is important in establishing trust. Slogans can be highly effective as a communication of brand identity if done so correctly. Slogans can aid brand recall and create positive brand associations if correctly executed.¹¹

Investment in high quality signage and websites is very important. Both are main points of contact when a prospective purchaser is carrying out an information search on a property. When considering brand communication, organisations should concentrate on giving their brand a personality.

Interestingly, the focus group also revealed that householders who receive flyers assume that if an area was targeted in a leaflet drop, the company must have potential buyers for that area. Furthermore, it was agreed by some that more attention would be paid to flyers if photos of negotiators were featured on them. "At the height of it, I was getting flyers in my door every week... 'Thinking of Selling or Buying?' But not recently".

Website: A website that is easy to navigate is an effective brand communication point. Estate agents lose out when consumers

look up the 'Big Two' (MyHome.ie and Daft.ie) portal sites. It is worth investing in an up-to-date site.

Word-of-Mouth: There are few other businesses that word-of-mouth is as important to as estate agency. As the Principal of the stand-alone firm stressed, *"our business is run on word-of-mouth"*. Kinsella warns that *"...word-of-mouth can destroy a brand in an astonishingly quick period of time"*.

Staff: Staff play a vital role in the brand success of a company. One Principal stressed the importance her staff are to her business' brand. *"They are everything, everything."* Consistency in telephone manner and staff interaction with the consumer is vital.

According to Kinsella, *"people are a point of contact, people do represent the company and by implication they do represent the brand. Every point of contact should be reflective of the brand"*

The Irish Property Market

Figure 1 shows the changes in house prices and rents in Ireland between 2003 and 2009

Figure 1: Changes in House Prices and Rents 2003 – 09.¹²



From Boom

According to the ERSI Permanent TSB House Price Index, national house prices rose by 9% each year from 1996 to 2006.¹³

- National house prices increased by 270% between 1996 and 2006 – compared to a total rise of just 30% in the consumer price index.
- The average cost of a house in 1996 was €75,000. Ten years later (2005) the average cost had increased to €280,000.

- In one year (1998) average national prices grew by 30%.
- A third of the current total number of houses in Ireland (547,000 houses – known as ‘the housing stock’) was built in the last ten years.

To Bust

In the background of a global banking crisis, Ireland’s economy has suffered deeply. The Irish Property Bubble has officially burst.

According to the latest Permanent TSB / ESRI House Price Index (31/08/09), house prices have now fallen from their height of February 2007 by 24%.

What would be a good branding strategy for the next few years?

"I would say, being alive next year! Keep the head above water and just keeping it tight..... I think all business strategies are out the window at the moment".

When asked, all Principals cited cutting costs to survive as a necessity. Views varied, however, on how to do so. One Principal hinted that these cut-backs might extend to staff. *"Consolidate whatever we can. ...this might mean letting certain staff go."* In contrast, another Principal said *"My strategy also is to see if I can retain my key staff"*.

Another Principal took a more long-term view on business strategy. Having been in business for many years, he has seen economic ups-and-downs before. *"You want to make sure that when business is being done, you're the guy that people are going to do business with."* *"...if there are five or six brands of estate agents, it's the one or two that you remember that will get the decision when the market picks up"*

Kinsella gives solid advice for estate agents to reinforce their brand in a recession. Branding can be done effectively on a tight budget. *"...if you don't have enough to do local press advertising, you show it in your stationary... spend the money on your materials and the way you present yourself.....whatever money you have, make it count"*.

Benefits of Branding for different types of estate agency firms

Box 2 shows the findings of the research done in the dissertation which forms the basis of this article. It shows how different types of estate agency business can benefit from branding

Box 2. Types of Estate agency business and benefits of branding

Type of Business	Benefits
• The Stand-Alone Business	– Differentiation – Brand Association
• Franchise/Affinity Group Member	– Brand Recognition – Market Penetration
• Large Company	– Trust – Perceived Quality of Service

The Principal of the stand-alone business recognised that she would not be able to compete against the larger companies. Therefore her strategy was to differentiate herself as a niche business. *“I always thought I would not win if I was going up head-to-head against the big four or five.”* She, however, did not want to be confined to the regulations attached to a franchise.

The Principal of the affinity group firm used branding to break into a new market.

“I needed to have a recognisable name over my door from the word go”.

The Principal of a stand-alone business was asked if he thought that he could compete against the branding efforts of franchises and/or affinity groups over the next few years?

He replied *“Some (businesses) were bigger than me and I was bigger than some. Then the franchises came along. We were all going to invest heavily. Those of us that made the decision to invest in franchises were going to have to invest in that and those that wanted to remain independent were going to have to re-invest in their own business so they could be seen to stand out from the franchises. Five years into the cyclewe found that we were all back at the same level again.”*

Conclusion

The property industry is cyclical. There tends to be ‘booms’ and ‘busts’, even though some are more pronounced than others. People in businesses should realise this. Estate agents who weather the present storm should be more competitive in future.

Businesses instinctively adapt their strategy to cutting costs so that they survive a market downturn. There is strong logic,

however, in working to maintain a brand. Brands yield many benefits. This is particularly so in estate agency where trust and a personal connection are critical.

History has shown that businesses that survive boom-and-bust cycles have consistently invested in branding. Some of the world’s biggest brands have seen many market highs and lows over the years. What does a can of tomato soup, a pint of the black stuff or, indeed, a humble block of margarine have in common? They are all still here.

Estate agents are no different. By branding their way through a recession, estate agents are investing in their long-term success. Branding can contribute to an estate agent’s survival in a fallen market and success in a recovering one.

Full thesis title: *‘Irish Estate Agents: The Importance of Being Branded in a Transition Market.’* Thesis submitted in part fulfilment of the IAVI/DIT BSc(Hons) in Property Studies, 2008.

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