

The Property Investing Business in Sydney, Australia



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Management Summary

This is the research report of the property investing business in Sydney, Australia. The research has focused on the organisations of Mr. E. Reurts. The first organisation is Micah Finance Solutions, second Penrith Loans, and third Norwest-Finance. Reurts is the principal of all the three firms. The organisation focuses on clients who want to invest in property. The purpose of investing in property is to create a financial secure future. However, the organisation is not well present in this industry.

The goal of this research is therefore to improve the presence of the organisation in the property investing business. The purpose of the organisation is to secure the long-term growth and certainty of the organisation. However, the problem is that the organisation has to limited expertise to decide if the current strategy is sufficient for a sustainable future. Therefore the research problem is:

"What is the right strategy for the organisation to obtain a competitive advantage with a profitable positioning in the investment business?"

I have divided this research problem into separate research questions. First, how does the external environment of the organisation look like? Second, how attractive is the property investing business for small enterprises? Third, which factors do people find important for their decision to invest in property? Fourth, what are the opportunities and threats for the organisation? Five, what are the strong and weak points of the organisation? Finally, what is the right way to segment the market, and to target and position the organisation in the market?

The process of this research consists of five steps. The first step was to identify and formulate the research goal and problem. The first chapter is a result of this phase. The second step was the development a theoretical framework. You can find the theoretical framework of this research in chapter two. The third step was to obtain all the necessary data. The third chapter of this report contains the methodology of this research. The fourth step is to analyse the gathered data. I have presented the analysed data in chapter four. The fifth step was to set up the conclusion of this research and write the research report. This report is a result of this step.

One of the results from the swot-analysis is that the current business model is not efficient. In addition, personal contact, flexibility and expertise are the strong points of this organisation. However, high reliance on the owner and suppliers is a weakness of the organisation. The development of a strong product offer is an opportunity for this organisation. Finally, one of the main threats for this organisation is the rise of E-business in this business.

There are several strategic options to improve the presence of the organisation in the property investing business. The first option is to continue businesses on the current manner. With this option, the organisation will consolidate its position. The second option is to intensify cooperation with business partners. With this option, the organisation will collectively compete against competition. The third option is to change the current businesses. With this option, the firm restructures its organisation.

The conclusion of this research is that the organisation must create one product and service, change into one organisation, and target one particular segment to achieve competitive advantage over competition. In addition, the vision of the organisation is the creation of a unique and valuable position.

After this research report, the organisation must perform actions to implement the strategy proposal. First, the organisation must develop one organisation instead of three different small firms. This will improve the efficiency and effectiveness. Second, the organisation must develop a strong product offer with emphasis on continuous service. This will improve the quality of the product offer. Third, the organisation must focus itself on customers needs and on one particular segment. This will improve the general quality of the organisation.

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I would like to start with Erik Reurts because without him this project would never have occurred. He has given me the opportunity to do this research in Australia. I am grateful for his support, comments, patience and faith in me. Martin Stienstra has been my supervisor from day one. He helped me, amongst other things, with a letter of application, research proposal and preparation of going abroad. I would like to thank him for his time, support, confidence and suggestions. Efthymios Constantinides have played an important role in the academic basis of this research. I am grateful for his comments, suggestions, reading and rereading. Furthermore thanks to the International Office of the University of Twente, especially for their financial support.

Chapter 1: The Property Investing Business

In this first chapter, I will present the topic of the bachelor graduation project as well as the organisation it applies. First, I will start with a short introduction to the project and the organisation. Second, I will present the goal of this research as well as the research problem. Finally, I will present the research process of how to carry this project through logical steps.

1.1 Introduction:

This is the report for my bachelor graduation project. I have made this report in order of Mr. Erik Reurts. The research is in Sydney, Australia, where his company is situated. For my own development, I have chosen to do this project in a foreign country. This bachelor graduation project means the end of my bachelor, and here I combine all the experiences I have gained so far. A bachelor graduation project means doing research within a business environment. At the end of this research, I will come with proper recommendations for future businesses.

Micah Finance Solutions, Penrith Loans & Norwest-Finance (Micah, Penrith, Norwest, n.d.):

After a letter of application and a long discussion with Reurts, the principal of all these companies, his organisation became interested in my services. All these three organisations are very small. Therefore, the organisation could use my time and resources to investigate the possibilities within property investing. Reurts established his first organisation in 2001, and today Micah Finance Solutions is still a small organisation. The organisations are based in Penrith and this is a suburb of Sydney. The organisations were formed out of the desire to provide a better quality of service for people with financial questions. However, for ease of use I will see these three companies as one organisation. This will advance the research process.

Reurts is a member of the Mortgage & Finance Association of Australia (MFAA). This is a leading association, which provides services within the mortgage and finance industry. Reurts is Dutch by origin and born and raised in North Holland. Since 1998, he is living in Australia. Originally, he worked for a telecommunications company. However, after a few years he started looking for a new adventure. After retraining, he started working in the finance & investment industry. Currently he has eight years of working experience in this industry.

The organisation is specialised in the areas of “finance” and “investing”. With “finance”, it is all about getting the right loan or financial solution. Included are home-, business- and commercial loans. Finance also includes debt reduction and cash flow control. The organisation gives financial advice to clients in regards, which loan best fits to their situation. Finance is the core activity of the organisation. “Investing” is the other area. The goal of investing is to create a financial secure future. The organisation tries to make sure that clients still have an income when they retire. The goal is that clients can spend money without relying solely on the retirement pension of the government. The organisation focuses on investing in property or real estate. However, currently is the organisation not well presented in this area. According to experts of the property investing business, a retirement by the government is for most of the people not enough. Therefore, people need to think about their future and make sure that they have enough money. In other words, people need to invest to secure their financial future. Therefore, this research focuses on the property investing industry. In this business is the organisation active. Clients are people, families and business owners who want to invest.

1.2 Problem statement:

In this part, I will present the goal of this research as well as the research problem.

Research goal:

After meetings and discussions with Reurts, together we have decided to do a research about how the organisation can expand her presence in the property investing industry. The organisation has to limited resources to attempt a research by itself. Amongst other things is the organisation specialised in “investing”. However, the organisation is in this area not well presented. Therefore, I will research which possibilities the organisation has in this industry. Other activity of the organisation or areas

where the organisation is present is not relevant for this research. The goal of this project is to improve the presence of the organisation in the property investing industry.

Research problem:

The objective of my research is to find out the right strategy for the organisation. With this strategy, the organisation wants to secure the long-term growth and certainty of the organisation. The research has focused on the organisation of Reurts and the property investing industry of Sydney. The problem is that the organisation has to limited expertise to decide if the current strategy is sufficient for a sustainable future. Therefore the research problem is:

“What is the right strategy for the organisation to obtain a competitive advantage with a profitable positioning in the investment business?”

The above identified goal and problem are central to this research report. I will start this research with an external analysis. This external analysis refers to the macro and meso environment of the organisation. The emphasis is on the external analysis because an internal analysis is only interesting when there are possibilities for the organisation to do business in the property investing business. In addition, I will do a survey where existing and potential clients are included. However, I will do an internal analysis of the organisation as well. This internal analysis refers to the capabilities of the organisation. These steps will finally result in an analysis of the strengths and weakness of the organisation and an analysis of the opportunities and threats for the organisation. The swot-analysis will end with a confrontation matrix. With the help of this matrix, I will determine the strategic options for the organisation. In my opinion, organisations should have their own segmentation, targeting and positioning strategy. To perform this process through logical steps I have split up the research problem into separate smaller research questions:

- *How does the external environment of the organisation look like?*
- *How attractive is the property investing business for small enterprises?*
- *Which factors do people find important for their decision to invest in property?*
- *What are the strong and weak points of the organisation?*
- *What are the opportunities and threats for the organisation?*
- *What is the right way to segment the market, and to target and position the organisation in this industry?*

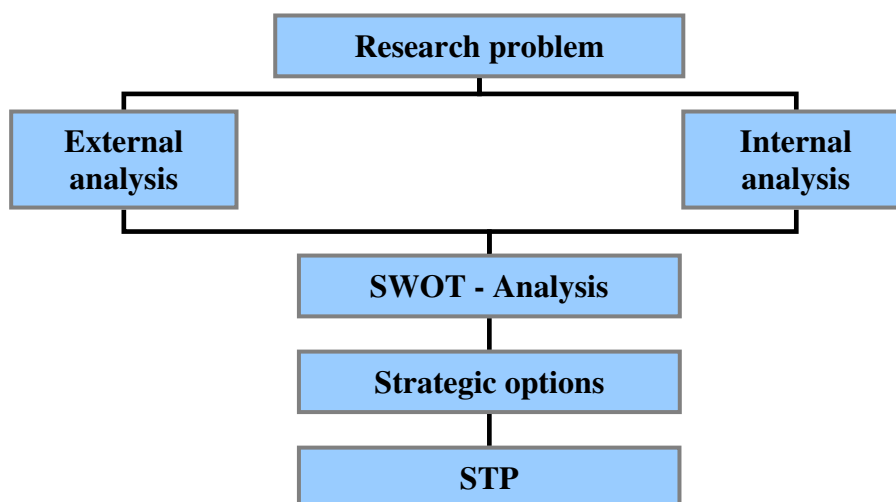


Figure: progress of research

1.3 Research process:

For this research design is the book of Babbie (2004) as well as the research process model by Saunders, Lewin and Thornhill (2006) used. The basis of this research is descriptive data. Descriptive research is about one case, one person, one organisation or one location. In this case, it is about an organisation in the property investing business of Sydney. This research will be both qualitative as well as quantitative. Data will come from experts of the property investing business or alternatively come with the help of a survey (Babbie, 2004).

All researchers begin with the wish to do a research (Saunders et al., 2006). My wish is to determine the right strategy for the organisation. In addition, I want to finish my bachelor. In this first chapter, I will clarify the research topic and formulate the research goal and problem.

The second chapter of this research will be the theoretical framework. I will do a literature study to find relevant tools and instruments. I develop this framework by critically reviewing literature and maintain relevant concepts. This theoretical framework will provide an ideal view about the world. I will use these tools and instruments to get an answer on research questions.

The third chapter of this report will be methodology. Methodology refers to the methods that I can apply in this research. Therefore, the third chapter describes which data types are used, how to obtain valid data and which gathering methods are used. This research obtains qualitative as well as quantitative data. In-dept interviews for example are a source of qualitative data and gathering information via surveys is quantitative data.

The fourth chapter of this report will be the presentation of data and information. However, I will first analyse the obtained data because not all information is relevant for this research. Thus, I will maintain only the really important and relevant information. In addition, I use data as input for tools and instruments. Furthermore, with the help of these tools and instruments is the data analysed.

The final chapter of this report is the conclusion of the research problem. In addition, I will present the recommendations to the organisation and a reflection of this research. The conclusion consists of strategic alternatives for the organisation. With these alternatives, the aim is that the organisation can obtain a competitive advantage with a profit making position in the property investing business. This research will finally end with a proposal for one particular strategic alternative.

Chapter 2: Theoretical Framework

In this chapter, I will present the theoretical framework. All the concepts, tools and instruments that I will use present I here. Furthermore, made clear is what the influence of each instrument is on the specific research question. In the chronological order of research questions, are the tools and instruments presented.

- How does the external environment of the organisation look like?

For analysing the external environment of the organisation, I will use the concept of Steiner and Steiner (2003). This tool describes the general and task environment. Because I am not familiar with the property investing industry, it appears to be wise to explore this unknown environment. Besides that, knowledge of the environment is important because this gives the organisation insight in changes of the market and opportunities or threats to the organisation. The general environment is on a national level and consists of economic, technological, political, legal, cultural and natural environments (Steiner & Steiner, 2003). In addition, the general environment affects the organisation indirectly. Economic represents the overall economic health of a country or region. Technological represents the scientific and technological advancements in the industry and society. Political includes the state and local government policies and political issues. Legal includes the domestic and foreign laws governing how organisations operate. Cultural represent elements as attitudes, beliefs and opinions of the population. Natural represents all living and non-living things as vegetation, animals, microorganism, air, water and climate. The task environment will give me information about the direct environment of the organisation. This environment consists of customers, competitors, suppliers and the labour force (Steiner & Steiner, 2003). In addition, the task environment affects or influences the organisation's operations and performance directly. Customers are people and organisations who acquire goods and services from the organisation. Competitors are other organisations in the same industry or organisations that provide products to the same customers. Suppliers are people and organisations that provide the raw materials that the organisation uses. Labour force is the people that are available for hiring by the organisation. Finally, Steiner and Steiner provide me an instrument to explore the property investing industry. In addition, I will gain knowledge and understanding of the environment.

- How attractive is the property investing business for small enterprises?

To find out if the property investing business is attractive for small enterprises I will use the instrument "the five competitive forces that shapes strategy" (Porter, 2008). These five forces determine competitive rivalry and therefore the attractiveness of a market. This instrument is a classical framework for industrial analysis and strategy development. Therefore, I will use this tool to determine the attractiveness of the property investing business. In particular, if this industry is interesting for small organisations like the company of Reurts. According to Porter (2008), the drivers of profitability are the same in every industry. To understand the profitability, you must analyse the industry's underlying structure. Understanding the five forces and their underlying causes reveals the roots of industry profitability. Defending against the competitive forces and shaping them in a firm's favour is crucial to strategy (Porter, 2008). I will now present the five forces that shape strategy.

Threat of new entry (Porter, 2008): new entrants to an industry bring new capacity and a desire to gain market share. The threat of entry depends on the heights of barriers that are present, and the reaction that entrants can expect. There are seven important barrier sources, namely: supply-side and demand-side economies of scale, customer switching cost, capital requirements, incumbency advantages, unequal access to distribution channels and restrictive government policy. The reaction newcomers can expect depends on: how established companies previously respond, when industry growth is slow, whether there are resources to fight back or cutting prices (Porter, 2008).

Power of suppliers (Porter, 2008): powerful suppliers capture more of the value for themselves by charging higher prices, limiting services or shifting costs to participants. A supplier is powerful if: it is concentrated, the suppliers depends not heavily on the industry for its revenues, participants face

switching cost in changing suppliers, suppliers offer products that are differentiated, if there is no substitute, or if the supplier is integrated towards the market (Porter, 2008).

Power of buyers (Porter, 2008): powerful customers can capture more value by forcing down prices, demanding better quality or service, and by playing participants off against each other. Customers are powerful if they have negotiating influence, if they are price sensitive or if they are using their influence to put pressure on the prices. Customers have negotiating influence if there are few buyers, standardized products, can produce their own products, or face few switching costs. Customers are price sensitive if the product represents a large amount of money, the customer has a low income, the product has little effect on the buyers cost structure, or if the quality of the product is little affected by its price (Porter, 2008).

Threat of substitutes (Porter, 2008): a substitute performs the same or similar functions as another product. If a product does not distance itself from substitutes, it will suffer in profitability because substitutes place a ceiling on prices. It could distance itself by marketing, performance or other ways. The threat of substitute is high if it offers an attractive price-performance trade-off or if the switching cost to a substitute is low (Porter, 2008).

Rivalry among existing competitors (Porter, 2008): includes price discounting, new product introductions, advertising campaigns, and service improvements. The degree of rivalry depends on two factors, first on the intensity, which companies compete and second on the dimension, which companies compete. The intensity is greatest if competitors are numerous, industry grows is slow, exit barriers are high or rivals are highly committed to the business. Competition on dimensions is for instance price competition. And price competition is likely to occur if products are nearly identical, fixed costs are high and marginal costs are low, production capacity must be expanded or the product is perishable (Porter, 2008).

SWOT – Analysis:

- What are the strong and weak points of the organisation?
- What are the opportunities and threats for the organisation?

To determine the strong and weak points of the organisation as well as the opportunities and threats for the organisation I will use the SWOT tool. Internal analysis of the company will determine the strong and weak points of the organisation. In addition, external analysis of the environment will determine the opportunities and threats for the organisation. The SWOT framework suggests that firms should make use of their internal strengths while exploiting external opportunities. Nijssen and Ligthart (1999) provide a manual about how to do a swot-analysis. However, there are some problems with using the SWOT tool right. Previous research by Hill and Westbrook (1997) has resulted in a list of possible problems. The most important are: differences in application, organisation blindness, lack of critical judgment, and no distinction between internal and external analyse. A swot-analyse is about specifying the objective and identifying the internal attributes and external conditions that are favourable or unfavourable for achieving this objective. The manual of Nijssen and Ligthart (1999) consists of five steps:

1. Identify Strengths and Weaknesses as well as Opportunities and Threats.
2. Develop a matrix.
3. Review the matrix.
4. Adjust the matrix.
5. Identify strategic attention points.

The first step is doing the internal as well as the external analysis. Internal analysis is to analyse the strong and weak points of the organisation. In addition, external analysis is to analyse environmental opportunities and threats. First, I will start with the external analysis to decide if the property investing industry provides possibilities for the organisation to do businesses in this industry. An internal analysis is only interesting when there are possibilities at the market. However, the second step is the development of a matrix. In this matrix is every strength, weakness, opportunity and threat presented. The third step is critically reviewing the results of the internal and external analysis. The fourth step is

adjusting the matrix. The final step is identification of strategic attention points. The presence of negative clusters in the matrix implies strategic problems, and the presence of positive clusters implies strategic opportunities.

According to Barney (1995), there are more tools for analysing environmental opportunities and threats than for internal analysis. For example, the earlier mentioned five forces model is a tool where the emphasis lies on the meso environment. Therefore, the external analysis of the environment will come from the tools of Steiner and Steiner (2003) and Porter (2008).

The swot-analysis includes as well an internal analysis. An organisation cannot create sustainable advantage by simply making use of environmental opportunities and threats. It depends on the unique resources and capabilities of an organisation when making use of environmental opportunities and neutralizing environmental threats.

According to Barney (1995), a firm's internal strengths and weaknesses include all the financial, physical, human, and organisational assets. An organisation must answer several questions to identify their resources and capabilities: first the question of value, second the question of rareness, third the question of imitability, and finally the question of organisation.

An organisation's resources and capabilities must add value to the company by exploiting opportunities and/or neutralize threats. However, some attributes may have benefit to the organisation in the past, environmental changes can really change this (Barney, 1995). Valuable but common is not a source of competitive advantage. Attributes need to be rare to be a source of competitive advantage, however this does not mean that common resources are not important (Barney, 1995). An organisation that possesses a valuable and rare attribute can obtain a temporary competitive advantage. However, this attribute needs to be difficult to imitate. When organisation attributes are valuable, rare, costly, or difficult to imitate then those resources can be a source of sustainable competitive advantage (Barney, 1995). In order to exploit its resources and capabilities must an organisation organise its structure to realize its potential (Barney, 1995).

The confrontation matrix is a result of the earlier SWOT - analysis. However, the confrontation matrix goes beyond the swot matrix. The goal of a confrontation matrix is to identify strategic alternatives based on a swot - analysis. Each intersection of the confrontation matrix will get a score based upon a questioning. The result of this process is a weighted overview with points of attention for the organisation. A cluster of scores indicates these attention points. Assigning scores goes according to the following questionings (Mulders, 2007):

1. Opportunity and Strength: is this strength responsible for exploiting this opportunity?
2. Opportunity and Weakness: is this weakness responsible for preventing to make use of this opportunity?
3. Threat and Strength: is this strength responsible for preventing this threat?
4. Threat and Weakness: is this weakness responsible for preventing to defend against this threat?

Three answers are possible by each questioning (Mulders, 2007):

1. A positive score when the answer is yes.
2. A negative score when the answer is no.
3. No score if there is no relationship.

- What is the right way to Segment the market and to Target and Position the organisation in the market?

I will divide the market into smaller segments, to recognize segments with unmet needs and profitable opportunities. After that, would decide which segment the organisation should actively pursue. Finally, a unique selling proposition for the targeted segment is developed. These steps are the segmentation, targeting and positioning process. In my opinion, every sales organisation should go through this process. The goal of this is to find out how the sales organisation can deliver value to their customers.

Segmentation:

Each market can divide into several segments. Customers have roughly similar needs, but these needs differ from segment to segment. Segmentation must be ongoing because markets, technologies, competitors and customers needs never stop evolving (Kumar, 2004). To uncover the various segments I will need segmentation variables. These variables will maximize the differences between segments and minimizing the differences within each segment. Kotler (2002) identifies four variables in segmenting consumers: geographic, demographic, psychographic and behavioural. With geographic is the market divided into geographical areas such as nations and regions. Demographic involves dividing the market into groups based on variables as race, age, sex, education and income. Psychographic is dividing people into groups based on their social class, lifestyle or personality characteristics. Behavioural variables are measures on how clients respond. However, in this research I confine myself to the demographic variable. Economic, marketing or opinion research make frequently use of demographic data. Therefore, I will only use demographic data in this research.

Targeting:

Targeting is the process of deciding which market segments the company should actively pursue to generate sales. According to Kotler (1999), has an organisation two options in this process. One, a company can decide to focus on one segment or single segment marketing. Two, a company can decide to focus on multiple segments, each receiving a different offering. Focussing on different segment is multi segment marketing. Single segment marketing has three advantages: One, the company can more easily identify and meet the individual needs and wants. Two, the company face fewer competitors in a well-defined segment. Three, the company enjoys a good chance of becoming supplier of choice. However, single segment marketing runs the risk that the segment becomes less popular, or on the opposite side attracts to much competition.

Next to the decision of focussing on one or more segments, an organisation has to decide how to target the chosen segments. A firm can choose between three strategies: undifferentiated, differentiated, and concentrated marketing (Kotler, 2002). Undifferentiated marketing: the organisation goes after the whole market with one marketing offer. Differentiated marketing: the organisation goes after several market segments, developing a unique marketing offer for each segment. Concentrated marketing: the organisation goes after one market segment and develops the ideal marketing offer.

Whether a firm chooses a concentrated or a differentiated strategy, it must identify the best segments to serve. According to Kotler (2002), a market segment is worth consideration when it satisfies the following two criteria:

1. The segment is attractive in its own right. Several factors can contribute to making a market segment attractive: competitive intensity, growth rate, size of the market, scale economies, etc.
2. The firm processes the factors required to succeed in that segment. Strengths factors include knowledge of consumer/market, profitability, market share, price competitiveness etc.

Positioning:

For each target segment, the company will have to position, offering it so that customers appreciate how the company differs from competitors. Positioning is the place the offering is occupying in the customers mind relative to competing offers (Kotler, 2002). The effort is to implement the key offering benefits and differentiation in customer minds. An organisation must design a marketing mix to create the planned positions. Market targeting and therefore positioning should based on the attractiveness of the segment and the strengths of the organisation. The positioning task consists of three steps (Kotler, 2002):

1. Identify possible competitive advantages.
2. Select the right competitive advantages.
3. Communicate and deliver the chosen position.

Next to these three steps, it is important to determine the difference between physical goods and services. By placing attention to this difference, positioning of the organisation should occur better and more effective. Services are different from products because they are first sold, then produced and

consumed at the same time. Another different element is that a service customer participates in the process (Kotler, 2002). However, for more information about the marketing of services I will refer to the appendix.

- "What is the right strategy for the organisation to obtain a competitive advantage with a profitable positioning in the investment business?"

The final step of this research is to define a strategy. First, I will introduce the importance of strategy for organisations. Second, I will determine what strategy actually is. Third, I will give my personal view of strategy and competitive advantage. Finally, I will present the elements of strategic management.

Strategy is crucial for the long-term survival of organisations. In addition, strategy is important for achieving optimal performance of the firm. According to Porter (1996) is strategy not the same as operational effectiveness. Operational effectiveness is performing similar activities better than competitors are. However, effectiveness is necessary, it is not sufficient. A company can outperform rivals only if it deliver greater value to customers or create comparable value at lower cost. The essence of strategy lies in the activities an organisation performs. In addition, the essence of positioning is choosing activities that are different from competitors (Porter, 1996).

Johnson, Scholes and Whittington (2006) basic definition of strategy is the “long-term direction of an organisation”. However, their fuller definition of strategy is: “strategy is the direction and scope of an organisation in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders’ expectations”.

Strategy or strategic decisions are concerned with the long-term direction of an organisation. In addition, strategic decisions are concerned with the scope of an organisation’s activities. For example, should an organisation concentrate on one area of activity or should it have many. Strategy is also the search for strategic fit with the environment of the business. It is important to achieve the correct positioning of the organisation. For example, should the organisation expand geographically or try to find a particular niche in a market. In addition, strategy can as well be seen as creating opportunities or providing competitive advantage by building on organisation’s resources and competences. However, strategy is not only affected by the environment and capabilities of the organisation. Also by the values and expectations of those who have power in and around the organisation. Finally, strategic decisions are normally trying to achieve some advantage over competition (Johnson et al., 2006).

I believe that strategy is complex and consists of different elements. The definition of strategy by Johnson et al. (2006) consists as well of different elements. In addition, they indicate for each element their influence. In addition, the definition by Johnson et al. (2006) is far more complex than the definition of Porter (1996). Therefore, I agree with the definition of strategy by Johnson et al. (2006). However, for each organisation has this definition different meaning. For example, the aim of fulfilling different expectations of stakeholders is less relevant for small organisations. The manager is likely to be the most influential stakeholder in small organisations. The organisation in this research consists of one man and no one has more influence than he does. Therefore, all the parts of the strategy definition have different weights in different situations. Finally, competitive advantage is in my opinion the unique resources, activities, or processes of an organisation.

Operational control is what managers are involved in for most of their time. It is vital to the success of a strategy, but is not the same as management of strategy. According to Johnson et al. (2006), has strategic management three main elements. It includes understanding the strategic position of the organisation, strategic choices for the future and turning strategy into action. Strategic position is concerned with the impact on strategy of the environment, organisation capabilities, and stakeholders. Strategic choices, involves understanding the underlying bases for future strategy and the options for developing strategy. Turning strategy into action is concerned with ensuring that strategies are working in practise.

Chapter 3: Methodology

I need data to come with a proper and valid solution to the research problem. First, I will present the research methods that I will use in this project. Second, I will present the process of developing a valid questionnaire.

3.1 General:

Data is crucial in this research, because for the use of tools and instruments I need much information. According to the Free Management Library (n.d.), is the usual methodology for marketing research: desk research, in-dept interviews with experts and customers, and surveys.

I will use the tool by Steiner and Steiner (2003) for exploring the external environment of the organisation. The external environment is the total sum of all surroundings around the organisation. In particular, I will use this tool to analyse the macro environment of the organisation. Macro environment are the major external and uncontrollable factors that influence an organisation decision, and affects its performance and strategies. I need many information and data for analysing this environment. One possible source is data via desk research. Desk research has many advantages, for example low costs and fast availability. Those are the main reasons why I prefer desk research for the analysis of the macro environment. Desk researching consists of secondary data and that is data that already is been gathered by someone else. There are different sources for desk researching. For example, internal sources of the organisation, publications of governmental institutions, or professional magazines.

In addition, for analysing the meso environment I will use the five forces tool by Porter (2008). This environment has internal factors that are close to the company and have direct impact on the organisations strategy. The meso environment is part of my external analysis of the organisation. In addition, I will use this tool to determine the attractiveness of the property investing business. The attractiveness of the industry depends on the size and ease of making profit, in comparison with the risks involved, that an industrial sector offers. One possible source of data in this analysis is by in-depth interviews with industry experts. Interviewing is a method that includes a small number of participants. Interviews are not measurable and researchers are looking for this type of data for forming impressions (Free Management Library, n.d.). An in-dept interview with market experts is a qualitative research method. I prefer in-dept interviews because this will give me much information in a short period and there is more time for discussions. One of the interviewers is the owner of the organisation. Other interviewers are industry experts A. Habbouchi and P. Scahill.

Furthermore, for analysing which factors people find important for investing in property I will use a survey. With factors, I mean the distinguishing characteristics of the organisation or advisor who is concerned with the investment. A survey is a gathering of a sample of data. This method of data collection is desirable because the needs and wants of customers are one of the most important factors in providing products and/or services. I will use two types of surveys: face-to-face surveys and mail surveys. Face-to-face surveys have the biggest response rates and enable more complex interviewing. With this method, the rate of incomplete answers or misunderstandings is the lowest. However, this research method is relatively slow. Therefore, an email survey is also included. With this method, approaching many participants at the same time is possible. In addition, mail surveys are not so expensive. However, mail surveys have also some disadvantages, for example: low response rate, and long duration of data collection (Babbie, 2004).

For the swot-analysis, I will use all previous collected information and data. In addition, I will use the concept of Barney (1995) for the internal analysis. The internal analysis determines the strengths and weaknesses of the organisation and this includes all the financial, physical, human and organisational assets. The collection of data for this analysis is occurring by in-dept interviews with the owner of the organisation. Reurts is only person at the organisation and therefore I only have an interview with him about the internal strengths and weaknesses of the organisation. However, the swot-analysis is above

all analysing the gathered data. Therefore, I need tools and instruments to perform this analysis. Nijssen and Ligthart (1999) as well as Mulders (2007) provide me tools for developing a swot- and confrontation matrix. A matrix is a two dimensional table in which the elements appear at the intersections of rows and columns. The confrontation matrix will bring strengths, weaknesses, opportunities and threats together for a careful comparison.

The end of this project consists of the segmentation, targeting and positioning process. This process occurs with the help of Kotler (1999) and Kotler (2002). Segmentation is a collection of a population into segments with similar characteristics. Targeting is the selection of customers to whom the organisation wishes to sell its products or services. Positioning is to make a brand engage a distinct position relative to the competing brands.

In addition, the development of a strategy and different strategic options is the final step of this research. This occurs with the help of Porter (1996) and Johnson, Scholes and Whittington (2006). Strategy is the long-term direction of an organisation. A strategic alternative is the choice between exclusive and distinct possibilities.

All these concepts of scientific literature provide me a basis for a satisfying solution to the research problem. That is the main reasons why I use this literature at the end of my research. Moreover, both final steps are for the most part desk researching. The other input will come from the results of the swot-analysis.

3.2 The Questionnaire:

A questionnaire is a document with questions, which have the goal to provide information for analyse. Questionnaires are interesting because it is an inexpensive way to gather data from a large number of respondents. Participants are people who fill in the questionnaire. You should consider a questionnaire in the following circumstances: first, when money and time is limited. Second, when privacy of participants needs to be protected. Third, when statements need to be confirmed (Georgia Tech, n.d.).

There are six steps for designing a questionnaire, according to the University of Georgia (Georgia Tech, n.d.):

1. Defining the objectives of the survey
2. Determining the sampling group
3. Writing the questionnaire
4. Testing the questionnaire
5. Administer the questionnaire
6. Interpretation of the results

The first step is to determine the goal of the survey. A questionnaire without a clear goal is going to be overlooking important issues and is wasting the time from participants (Georgia Tech, n.d.). The objective of this survey will be to find out participants understanding of investing. In addition, what their view is on a “balanced portfolio”. Furthermore, which factors are important for participants with property investing.

The second step is to determine the sample group. The sample group will consist out of people who live in Sydney and have enough money to invest. This target population is relative big therefore a sample will be used.

The third step is writing the actual questionnaire. There are two types of questions in questionnaires, open or closed questions. Open questions have no predetermined set of responses. Closed questions, however, have a predetermined set of responses. Whether questions are in open or closed format, there are several points that need to be considered: no leading questions, no embarrassing questions, no hypothetical questions, and prevent a prestige bias (Georgia Tech, n.d.). The construction of a questionnaire is also important according to Babbie (2004). Researchers need to think about the way participants can answer. In addition, they should spread out the questions on the whole questionnaire. The main problem in designing a questionnaire is making it understandable for all participants (Babbie, 2004). Participants of this survey may tick on what is applicable and the questionnaire consists of open and closed questions. Furthermore, the order of questions will have no influence on answers.

The fourth step is to test the questionnaire and solve problems. Researchers need to observe a few testing questionnaires and from the feedback review the questionnaire (Georgia Tech, n.d.). The help of Reurts and suggestions of test participants will review this questionnaire.

The fifth step is to administer the actual questionnaire. I will send the questionnaire by email and hold face-to-face surveys.

The final step is the interpretation of results from the survey. However, later on this project is this done.

Sampling:

The process of selecting certain observations is sampling (Babbie, 2004). Generalizing from a sample to a larger population is probability sampling. This involves the idea of random selection. There is also non-probability sampling. Reliance on available subjects is a situation for non-probability sampling. Therefore, in this research I will make use of non-probability sampling. However, this sampling method is risky. Therefore, I will also make use of judgemental sampling. With this method, a researcher judges which units are useful or representative for his research. In my opinion, existing clients of the organisation are representative and useful. Because of that, I will email existing clients and ask them to fill in a questionnaire. The idea of using different samplings methods is to increase the representation and validity of this research. Furthermore, a sample of forty to fifty participants is enough to find interesting results (Verschuren & Doorewaard, 2000). Therefore, the goal of this survey is to get this amount of participants.

Non-response:

The higher the degree of non-response the more questionable results are. Non-response is the reason why reliability of data is threatened. The expectation is that the face-to-face survey has the highest response rate. In addition, the mail survey will have a low response rate. According to Dijkstra & Smit (1999), the two main reasons for non-response are refusal and unapproachable. Refusal is caused by disinterest and unapproachable can be decreased by more options to react. Give participant more options will reduce inapproachability in the mailing list. Therefore, they can choose between an online version or use the attached document. However, non-response is still not avoidable. Furthermore, there are three ways to handle missing data (Babbie, 2004). One, exclude cases with data missing. Two, treat missing data as one of the available responses. Three, analyse missing data to interpret their meaning.

Chapter 4: Data and Information

In this chapter, I will present the information and data that I have found during this research. The presentation of this information will occur in the chronological order of the research questions. First, I will start with an analysis of the external environment. Second, I will present the results of the survey. Third, I will present the internal analysis of the organisation. Fourth, I will use all previous information and data in the SWOT-analysis of the organisation. Finally, this chapter will end with identification of strategic options for the organisation.

4.1 General and Task Environment:

In this part, I will analyse the external environment of the organisation. The environment is relevant because I am not familiar with the property investing business. I will analyse the macro environment, with the help of Steiner and Steiner (2003). With the aid of this instrument are both the general and the task environment described. First, I will present the general environment. Second, I will present the task environment. I will introduce all the relevant parts of the meso environment, but later on, are parts of this environment more detailed described. The research question that stands central in this part is:

How does the external environment of the organisation look like?

General environment:

Economic:

The Gross Domestic Product of Australia has been growing the last few years to 674, 6 billion Dollars. This places Australia in 17th place on the world rank. However, the state of New South Wales has been growing at a slower pace than the Australian economy, according to the Australian Bureau of Statistics (ABS, n.d.). Economic growth in New South Wales was the slowest of all states with 1, 4% in 2005 - 2006. According to the CIA fact book, the GDP per capita is 33.300 in 2007 and this level has been growing since 1999. However, the Consumer Price Index is also rising, rising 4, 2 % through last year to March 2008 (CIA, n.d.).

The Australian Bureau of Statistics publishes as well much data about the economy of Australia (ABS, n.d.). The total annual amount invested in housing since 2002 is annually growing. More information about housing is that the construction of new houses is currently almost on the same level as five years ago. This means a gap between supply and demand. Therefore, the house prices in the eight large cities have been growing since 2005 (ABS, n.d.). The purchases of new houses between 2002 to the end of 2007 are growing. From 2007 onwards, this trend has changed and now there is a rapid decline. In contradiction to this, the purchases of established houses, since 2004 is still growing. In addition, the number of home mortgages since 2004 is growing (ABS, n.d.). All these numbers and figures are quite favourable to the organisation. However, the rapid decline in purchase of new houses is disturbing.

The main responsibility of the Reserve Bank of Australia's (RBA) is monetary policy (RBA, n.d.). The main objective of the Bank is to achieve low and stable inflation over time. To accomplish this, regularly reviews the RBA Australia's interest rates. Other objectives are maintaining financial stability, stability of the currency, and economic welfare (RBA, n.d.). Since reaching a low interest rate of 4, 25 % in 2001, has official interest rates been rising (RBA, n.d.). Increases of 0, 5 % in 2002 and 2003, 0, 25 % in 2005, 0, 75 % in 2006, 0.5 % in 2007 and 0.5 % so far in the year 2008. These rising interest rate has resulted in the highest level in twelve years. The RBA is hoping that this will slow down the economy, to bring the inflation back under the target range of three percent. However, the cost of loaning for people is now extremely expensive. The high inflation rate as well with the high interest rates is unfavourable for the property investing industry.

According to experts of the property investing business (interview expert, 5 May, 2008), the supply of houses is lower than the demand of homes. According to the expert, this shortage is not soluble on the short term. Furthermore, the house prices are doubling every seven to ten year historically. In addition,

the capital cities are growing hard as well as the Australian population. This results in the further concentration of Australia. According to the law of supply and demand, the price of products will move to a new equilibrium. This will result in rising house prices and rental revenues. Therefore, the market developments are favourable for the property investing industry. This holds an opportunity for the organisation because rising house prices means interesting returns on investments in the future.

Technologically:

Australia is a highly developed Western country, with easy excess to the Internet, telephone, television or radio everywhere. People are becoming more self-educated and can compare services or products because of the rise of Internet. Internet has increased the competition as well as transparency between businesses. Furthermore, there is the trend of doing self-research by the Internet and this is occurring according to an expert (interview expert, 12 May, 2008). The only Internet activity of the organisation is having a standard business website. Nevertheless, more important, intermediaries between real estate and buyers could disappear through the rise of Internet. With the aid of Internet, an organisation can remove all intermediaries in the property investing industry. The organisation of Reurts is for example an intermediary. Therefore, E-Business could wipe out intermediaries and this holds a threat for the organisation.

Political:

Australia is a market liberal society, places considerable faith in the market, and is highly protective of individual property rights. According to Burke (1999), is it in any analysis of the Australia market important to recognise the federal system of government. This means that most of the laws are state or local government based. Australia has a lean welfare system by international standards, with pensions and benefits providing the minimal safety (Burke, 1999). For example, superannuation is part of the Australian retirement system. By law are employers required to pay nine percents of the employee's wage into a fund. Over the period of an employee's working live are these contributions invested (Australian Government, n.d.). Nevertheless, according to an expert of the industry (interview expert, 20 June, 2008) superannuation is for most of the people not enough to live from. Therefore, people take the initiative to arrange their own retirement. Since 1 July 2005, employees are able to choose their own fund (ATO, n.d.). This is an opportunity for the industry because people can now use their superannuation to buy real estate.

Legal:

Home ownership, supported by a wide range of tax advantages and by government support programs is interesting (Aussie Property, n.d.). First, there is a distinction between the house and the ground where the house is on. To the opinion of the Australia government, a house is nothing worth over forty years and therefore a house is completely deductible. Thus, new houses are fiscal more attractive then old houses (interview expert, 20 June, 2008). There are three key taxes for property investing: income tax, capital gains tax, goods & services tax.

Income tax is tax levied on the taxable income and not the total income. Taxable income is your gross rental income from all properties and less with any allowable deductions. Common deductions are interest on loans, costs of maintenance, and depreciation on furniture and equipment. For depreciation is a special report needed (DEPRO, n.d.).

Capital gain is tax levied on profits made on the sale of the asset. Only when the sale prices exceeds the purchase price, are you required to pay taxes (interview expert, 20 June, 2008).

Goods & Services Tax (GST) where introduced on July 2000. The rate of GST is set at ten percent and this is charge upon the value of the goods and services consumer's purchase. However, collected rents, interest on loans, or governmental services are free of GST.

Land Tax is an annual state tax, based on the ownership and usage of land. On the total value of land is land tax levied. In addition, the tax rates and thresholds vary from state to state (NSW Office of State Revenue, n.d.). However, in this research is only the state New South Wales relevant. In general, the owner's place of residence or land used for primary production is extent from land tax. A consumer is liable for land tax if he or she owns a holiday home, investments properties, company units, commercial units, and vacant land. Only the value of the land is taxable, not the value of any

improvements as buildings. Since the introduction in 1956, have landowners benefited from a tax-free threshold. No tax is payable when the value of land is less than a certain amount (NSW Office of State Revenue, n.d.).

Cultural:

The majority of Australian households aspire to have their own home (Burke, 1999). The “Australian dream” is the belief that home ownership can lead to a better life and is the expression of success and security (Wikipedia, n.d.). Before moving to home owning is renting used as a staging post. Therefore, people only are renting for a relative short period. However, there is evidence that suggest this statement is changing (Burke, 1999). Like all industrial societies is Australia affected by globalisation. Therefore, they need to restructure their international competitiveness. This means that the market has been under regulation, privatisation and greater dependence on private and free markets (Burke, 1999).

Natural:

The population of Australia is about 21 million people and this number is growing (ABS, n.d.). The ABS expects that the capital cities will even grow harder. This results in the further concentration of Australia’s population. However, Sydney and Melbourne will remain the two most popular cities. In the year 2004, 4, 2 million people where living in Sydney. The city expected to grow to 5, 6 million people in 2051 (ABS, n.d.). The capital city of the state New South Wales is Sydney. As many developed countries, Australia is also ageing. The older age group is making up an increasing proportion of the population. For example, the median age of the population is projected to increase from 36,4 years to 41,7 years in 2021 (ABS, n.d.).

Conclusion General Environment:

How does the external environment of the organisation look like?

The economic, technologically and legal environment are the most important sub environments from the macro environment.

In the economics is the Reserve Bank of Australia important because they determine the interest rates. Furthermore, the property business is developing favourable because house prices and rental revenues are rising. Rising house prices means interesting returns on investments and this is an opportunity for the industry. However, the high interest rates and the rapid decline in the purchase of new houses are disturbing and therefore unfavourable for the industry.

One of the threats for the organisation is the rise of Internet. The organisation is an intermediary between real estate and investors. However, this threat is currently not occurring. Nevertheless, the Internet can take over their role as intermediary. Thus, the technological environment holds a threat for the organisation.

The fiscal system of Australia is an important driver for property investing because there are wide ranges of tax advantages. For example, building new houses is fiscally more attractive. Therefore, the government and the legal environment are favourable for investing in property and home ownership.

In my opinion, the other environments are less important. Nevertheless, some developments are interesting. The most important are: further concentration of the population, strong aspires for home ownership, the necessity of arranging your own retirement, and the changes in the superannuation law. These developments contain opportunities and threats in different degrees for the organisation.

Task environment:

Customers:

The target group for the organisation consists of people, families and business owners who are willing to invest in real estate. First, there is a group of young adults with a relative low income. According to an expert (interview expert, 28 April, 2008) is this segment an interesting group. Second, there is the large middle class. However, here is the competition the most intensive. All these people have a good income and therefore they are attractive for competitors (interview expert, 26 May, 2008). However,

recently there were some changes in the superannuation law (interview expert, 20 June, 2008). People can now use their superannuation to get a loan. Moreover, this has attracted newcomers to the industry. Therefore, this is a new segment in the property investing business. These law changes are at the same time favourable as well as unfavourable for the organisation. Clients have now one source extra to get money. On the contrary, new competitors are attracted to the property investing business.

Competitors:

The organisation is a so-called “financier”. In this industry, there are thousands of these businesses. However, the big competitors in this industry are offering full solutions to their clients, including tax advice, mortgages, and properties. Therefore, these competitors offer a more complete offering in comparison to Reurts. In addition, their broad product offer is not the only competitive advantage as well as their capital and brand advantages. Thus, the big competitors with their different sources of competitive advantage are a threat to the organisation. This competition consists of ten players, for example, the OzInvest and The Investors Club (interview expert, 21 April, 2008). The products of these competitors are comparable however with a small degree of differentiation. For example, OzInvest offers a lease back guarantee (OzInvest, n.d.). The guarantee means that clients always get their rent. The Investors Club is distinguishing herself with the idea of “members helping members”. Each member is sharing his ideas with other members (TIC, n.d.).

Suppliers:

Investrite, Breakfree Corporation, and Scahill & Co Pty Ltd are working together with Reurts. They are business alliances of the organisation. In the property investing business, a triangle can be identified of “property”, “finance” and “tax”.

“Property” consists of a real estate agent, solicitor, and a developer. Property is one of the elements that determine the success of an investment. The investment is about the right location, the right house and the right size. In this element are Breakfree Corporation and InvestRite present (interview expert, 21 April, 2008).

“Tax” is the least powerful according to Reurts (interview expert, 21 April, 2008). Tax is about giving the right advice to an investor, by an accountant, concerning taxes. The business partner of Reurts in this element is Scahill & Co Pty Ltd.

“Finance” contains all those organisations who are involved in providing loans and mortgages. In addition, the organisation is present in this element. In this element are three different levels. The first level consists of the financial institutions. There are about 50 players and examples of them are ANZ, BankWest and Westpac. On the second level are the aggregators. This level consists of 10 to 12 players and an example is the National Brokers Group. An aggregator is an intermediate and deals with all those firms on the third level. Finally, the third level is the companies who use the loans that banks provide them. The third level consists of thousands of organisations and therefore they cannot deal with the first level without the help of an aggregator (interview expert, 21 April, 2008).

Labour force:

There are no other personnel working in the organisation of Reurts. He is the founder, owner, manager and only advisor at the same time. This is a weakness of the organisation because it is impossible to have all the necessary knowledge with just one person. Therefore, when the organisation wants to grow in the future they have to deal with the labour market. Now is the labour market quite favourable. For example, unemployment rates are at the lowest level in 15 years (ABS, n.d.). However, the low unemployment has driven up the wages as well (Bloomberg, n.d.). According to the ABS, the average education level is improved.

Conclusion Task Environment:

How does the external environment of the organisation look like?

The customers, competitors and suppliers are the most important sub environments from the meso environment.

Suppliers are important because the organisation could not exist without them. Therefore, the organisation relies heavily on suppliers. Furthermore, the financial system is hard to comprehend. The high reliance on suppliers is a threat to the long-term survival of the organisation.

Customers and competitors are as well important environments. The big competitors with their different sources of competitive advantage are a threat to the organisation. Customer is an important environment because it is possible to identify multiple segments with different degrees of competition. In addition, there is recently a new customer segment added because of law changes. However, the impact of this law change is not well known. It could mean at the same time an opportunity to the organisation or a threat to the organisation.

Finally, the labour force is the least important sub environment. It is a weakness of the organisation that there are no other persons working.

4.2 Property Investing Industry:

In this part, I will determine the attractiveness of the property investing industry. I will use the instrument 'the five competitive forces that shape strategy' (Porter, 2008). Some elements are similar to the earlier analysed task environment. However, I will analyse the meso environment more detailed in this part. Thus, I will determine the attractiveness of the industry and in particular for small organisations.

How attractive is the property investing business for small enterprises?

The first competitive force that I will analyse is "threat of new entry". Selling properties on the short term is difficult and takes considerable time (interview expert, 28 April, 2008). Thus, switching costs are present for costumers. The real big competitors are offering services on large scales. Most of them are offering insurances that protect investments. However, small companies cannot afford these insurances. Therefore, supply-side economies of scale exist in this business. Big competitors make their products possible by for instance advantages in capital, brand and size of production. Not long ago there have been law changes in the property investing industry (interview expert, 28 April, 2008). Since November 2007, people can use their superannuation for getting loans or mortgages (interview expert, 20 June, 2008). According to an expert, superannuation loans will gain in popularity over time as people get to know and understand how it works. This law change has attracted new entries to the industry. Therefore, threat of new entry is serious presented in this industry. Generally, newcomers make high investments in promotion and advertisements. However, most of the people are waiting to see what this can mean for them. In addition, experts are asking themselves to what extend these newcomers are serious competition.

The second competitive force that I will analyse is "power of suppliers". There are multiple suppliers in the property investing industry.

Suppliers of tax services have the least influence in this business. There are no companies concentrated at the top, no differentiated products, and nobody is integrating towards the industry. Thus, tax suppliers have little power. However, there is no real substitute for tax advice.

Suppliers of property have more influence in this industry. First, they offer differentiated products and services. Second, competition is integrating towards the industry. For example, OzInvest offer a product that combines tax advice, loans and property. However, no single firm concentrated at the top, no switching costs for customers, and the existence of a substitute is limiting their influence. In addition, there are thousands of these companies present in this industry.

Suppliers of finance are the most powerful in this business. There are three different levels present in the organisation of finance. The first level and the second level have the most power because this industry is heavily depending on them. Customers depend on banks for their loans and there is no substitute for this. However, banks depend as well heavily on incomes that customers provide them. The second level consists of intermediaries between customers and banks. It takes to much time for the banks to deal separately with every customer. Therefore, banks are not integrating towards the market but aggregators full up their gap. The third level consists of thousands of customers that purchase the loans and mortgages. However, there are quite a few requirements for these customers. For example, tests of expertise or membership to the MFAA.

The third competitive force that I will analyse is "power of buyers". Customers in this business have negotiating influence. First, there are relative few customers because it is expensive (interview expert, 7 May, 2008). Second, customers need the money to invest. According to an expert (interview expert, 12 May, 2008), to invest in real estate a client need to have an income above \$ 40.000 annually. Third, customers become more experienced with investing by the help of Internet. Now have consumers the same access to information as professionals. Nevertheless, some forces are limiting their negotiating power. For instance, integrating towards the investment decision is difficult for customers because they do not have the professional expertise (interview expert, 7 May, 2008). Furthermore, competitors are competing with each other on uniqueness and than have customers generally less negotiating influence.

Price sensitive is depending on several components. For example, the product that clients are buying represents a considerable fraction of their costs and this makes clients more price sensitive. However, there are other reasons why customers in this business are not price sensitive. First, the product has effect on their other costs. A property could pay itself by many times when it raises. Second, customers have enough money because otherwise they could not invest. Third, buyers are generally less price sensitive when the quality of service is important. Profitable investments depend on the quality of advice that organisations are offering to customers.

The fourth competitive force that I will analyse is "threat of substitutes". Shares are the most important substitute for investing in property. This is the only other option when customers want to invest. According to experts (interview expert, 5 May, 2008), 70 to 80 percent of the Australian consumers is doing businesses on the stock market. Property could distance itself from stocks by an attractive price-performance trade-off. However, performance is depending on the economic market and future confidence. When confidence in shares is low, then are people generally more attracted to property (interview expert, 5 May, 2008). The stock market could distance itself by relative low switching costs. Property is usually less easy to sell than shares or stocks. Therefore, shares and stocks are an attractive substitute for real estate. According to another expert (interview expert, 7 May, 2008) however, shares and stocks are not a threat but rather a complement good. Two different investment options will spread the risk for an investor. With an investment portfolio has a client always more investment options. For example, this could be a combination of property and shares. Finally, a substitute to the organisation is the Internet. Intermediaries between real estate and investors could disappear through the rise of Internet. Therefore, E-Business could be a substitute for the organisation itself.

The final competitive force that I will analyse is "rivalry among existing competitors". There are about ten big competitors in this industry. According experts, these competitors are roughly equal in size, power, and there is no real market leader. Therefore, competitors find it hard to avoid competition. Experts decide and predict future market developments based upon forecasts and market cycle movements (interview expert, 7 May, 2008). Furthermore, the experts expect that the market in Sydney will grow in the coming years. In addition, there is a trend that people are more renting. Nevertheless, there are many "cowboys" in this industry. These companies arise suddenly and make good profits, but disappear as even quickly (interview expert, 7 May, 2008). Besides, changes in the law have attracted newcomers to the industry. Therefore, threat of entry in this industry is present. In this industry is each organisation competing on his uniqueness. In addition, mass production is not necessary because fixed costs are high. Property is perishable because real estate could lose value. However, clients hope that their investment will grow. Therefore, in this business is price competition less likely to occur.

Conclusion Five Forces:

How attractive is the property investing business for small enterprises?

Threat of entry: supply-side economies of scale exist in this industry. For example, the different types of insurance. These economies of scale are a threat to the organisation. The other sources of barriers

are less relevant. However, changes in the law have attracted newcomers. These newcomers are a threat for the industry. This example administer that threat of entry is always possible.

Powerful suppliers: the banks and non-banks on the first level are the most powerful. Customers depend heavily on them for loans. However, banks as well dependent on customers for their own incomes. Furthermore, these financial institutions are under the supervision of the Reserve Bank. Therefore, they cannot abuse their power. Thus, powerful suppliers are present but they are no threat for the organisation.

Buyers with power: customers in this industry have negotiating influence and therefore they have some power. In general are powerful customers a threat to an organisation. However, the customers in this industry are not price sensitive. The price of a property is subsidiary to the forecast that their investment could grow in the future. Thus, power lies by the customers but will not abuse their power. Furthermore, in the quality of the advice lies an opportunity for the organisation.

Threat of substitutes: shares are the most important substitute for this business. However according to experts, shares and properties are complements. Therefore, shares and stocks are not a threat but rather an opportunity for the organisation. Nevertheless, the Internet is a threat for the organisation. E-Business could take their place over and therefore this is a substitute for the organisation.

Rivalry among existing competitors: existing competitors find it hard to avoid competition because they are equal in size and power. In addition, there are cowboys in this industry. However, in almost every industry is rivalry present and therefore rivalry among competitors is not a threat for the organisation.

The conclusion is that some forces influence the property investing industry. First, newcomers are a threat to the organisation. Second, economies of scale by big competitors are a threat to the organisation. Third, E-business is a threat to the organisation. Nevertheless, there are as well some opportunities for the organisation. First, creating an excellent quality of service and advice is an opportunity to the organisation. Second, shares and stocks are an opportunity when the organisation offers this as a complement good. The conclusion of this part is that there are enough opportunities for small organisations to survive in this industry. However, there are as well threats present in this industry who limit the long-term security of the organisation in this business. Nevertheless, the future could look promising when the organisation makes use of the opportunities and defend against the threats.

4.3 Survey: Property Investing Business

In this part, I will present the results of the survey. First, I will start with how many participants have cooperated and how to handle the cases of missing data. Second, I will present the most important results and implications of this survey. The complete results of this survey as well as the questionnaire itself are present in the appendix. The research question that stands central in this part is:

Which factors do people find important for their decision to invest in property?

All together have forty-one participants cooperated with this survey. Twenty-five participants where located in the East of Sydney and hereby is reliance on available subjects and direct contact used. Another sixteen participants where recruited by a mailing list. The mailing list consists of ninety-two people and they where all existing clients of the organisation. Therefore, the non-response rate is eighty-three percent.

In this survey, have the questions two, three and four the highest degree of missing data. However, this questions where contingency questions and the goal of these questions were to hold the questionnaire relevant for all participants. Therefore, all these cases of missing data are excluding from analysis. The question of family income has as well two cases of missing data. All the other questions have none or one case of missing data. Therefore, I have decided to exclude all cases of missing data from analysis.

The results and their implications:

In the first part is a distinction made between participants that have invested at least once in their lives or participants who never have invested. In the second part is the opinion of all participants

represented, including people who have never invested. In this part, I present the most important results and their implications. In the appendix are the full results presented.

The survey has made clear that many people in the Sydney are thinking about investing. Approximately two-third of the participants has invested in property, shares, or other investment options. In addition, more than half of these people will invest again in the future. About a quarter have no opinion about this. Less than twenty percent of the people will never invest again. Therefore, when people have ever invested the possibility of investing again is high. Their main reasons for investing where: securing a financial comfortable future, providing a retirement income, investing for capital growth, or increase current income. Moreover, the two most important reasons where: securing a financial comfortable future and investing for capital growth. The main reasons for not to invest where: the financial risk, no money, spending their money elsewhere, or not having thought about this possibility. Do not have the money and spending money elsewhere where responsible for fifty percent why people do not invest. The organisation cannot mean anything for people when they do not have the money. However, when people spend their money elsewhere the organisation can change their minds. This counts as well for people that have not thought about the possibilities to invest. Demonstrating consumers the possibilities and advantages of investing is an opportunity for the organisation.

In this second part is the opinion of all participants represented. For participants where their three most important factors of investing: the purchase price, the possible financial gain, and the safety of an investment. These three factors represent more than seventy percent of the answers. The four major qualities of an advisor where: personal contact, experience or expertise, ongoing advice & information, and the product that the advisor is offering. These four qualities represent more than eighty-six percent of the answers. According to the participants, experience or expertise, and ongoing advice & information are the two most important qualities. However, personal contact and the selling product are as well important. Nevertheless, the most important quality remains the experience and expertise of the advisor. Therefore, the organisation needs to improve continuously their expertise. In addition, improving the qualities of the advisors is as well an opportunity for the organisation. Improving this quality is important because customers value this.

Before I go further, I will first give a short explanation about the product “balanced portfolio”. In a balanced portfolio has a client different investment options. This could be a combination of property and shares or other investment options. In this option is property something for the long-term and characterized by relative low risk. In addition, shares would be something for the short-term and characterized by relative high risk. In this way, clients can create a portfolio where they are not depending one investment. Spreading of risk across different investment options is one advantage of this possibility.

Seventy percent of the participants viewed the idea of this product offer as very important or important. Only twenty-one percent found a balanced portfolio not important or just slightly important. In addition, ten percent of the participants had no opinion about this product. The preliminary conclusion is that most of the people found this balanced portfolio an important tool. However, the results needs to be further analysed. Participants who found it important have indicated different advantages. In their opinion the four most important advantages are spreading of risk in case one investment option is demising, creating income as well as capital growth, spreading of risk across different markets, and the possibility of switching to other investment options. Sixty percent of the people would consider a balanced portfolio in the future or uses already a balanced portfolio. Only thirteen percent of the participants will not use this product. However, also a large group does not have an opinion about this product. Perhaps this indicates the complexity of the product offer and that a balanced portfolio is not selling itself. Therefore, there is an opportunity for the organisation (and the advisor) to explain and emphasize the importance and advantage of using a balanced portfolio. Nevertheless, the results of the survey show that it is worth for the organisation to think about offering this product.

Conclusion Survey:

Which factors do people find important for their decision to invest in property?

The factors that people find the most important for their decision to invest are the purchase price, the possible financial gain and the safety of the investment. In addition, experience or expertise of the advisor and ongoing advice & information are the two most important qualities that an advisor must have. Besides, improving the current qualities of the organisation is an opportunity for the organisation. Most of the people found a balanced portfolio very important or important. Therefore, the development of a strong product offer is an interesting opportunity for the organisation. However, there is an important role for the organisation to emphasize the advantages of the product offer.

4.4 SWOT-analysis:

This part of the chapter is the second phase of this research. Here are the strong versus weak points of the organisation and the opportunities versus threats for the organisation determined. First, I will start with an internal analysis. Second, I will present the external analysis. All previous information and data serves as input for both the internal and external analysis. Finally, I will determine the SWOT matrix as well as the confrontation matrix. The two research questions that stand central in this part are:

- What are the strong and weak points of the organisation?
- What are the opportunities and threats for the organisation?

A swot-analyse is about identifying internal and external factors that are favourable or unfavourable for achieving an objective. The objective of this research is what the right strategy for the organisation is to obtain a competitive advantage in the property investment industry.

The Internal Analysis:

According to experts, in comparison to large organisation have small organisations often other sources of advantage. Large organisations have often strengths as economies of scale. However, small organisations have the ability to change quickly from direction without many consequences. Flexibility is as well an internal strength of this organisation. In addition, personal contact is also an internal strength. Both advantages are a result of the size of the organisation. For example, it can step into new markets or step out without many consequences. Alternatively, the level of personal contact between a client and the advisor is often higher by small organisation. Customers are not send form one department to another or from one advisor to the other. However, these attributes are valuable they are not a rare source of advantage. Therefore, flexibility and personal contact are an important capability of the organisation but not a sustainable competitive advantage.

Furthermore, the organisation and the owner are eight years in business. This experience and knowledge of the industry is an advantage to the organisation. In particular, they have an advantage in comparison to entries of the market. Thus, experience is an internal strength of the organisation. Nevertheless, this attribute is valuable it is not a rare source of advantage.

In my opinion, the organisation is now not well organised. Three different businesses are focusing themselves to the same market. Originally, the idea was to differentiate with geographical committed names. Nevertheless, these three firms do exactly the same business activities. Therefore, the organisation would be wise to change the current business model into one central organisation. In this way, the organisation can fully realize its potential and exploit its internal resources and capabilities.

Again, the organisation is very small and consists of one worker. Therefore, the organisation depends heavily on the presence and expertise of the owner. Besides, the organisation has few financial resources. The organisation is doomed to failure when the owner is ill because he has all the necessary expertise. The organisation has business alliances to solve this shortage of expertise. Nevertheless, the high reliance and few resources are a weakness of the organisation.

Analysis of the meso environment show that the organisation relies heavily on suppliers. For most of organisations is it impossible to survive without many of these suppliers. However, the organisation could replace some of the suppliers. For example, the organisation can learn how to give tax advices. Therefore, reliance on multiple suppliers is a weakness of the organisation. In addition, high reliance is a threat to the long-term survival of the organisation. The danger exists that the organisation will disappear because it is dispensable.

The External Analysis:

Analysis of the meso environment shows that shares are an important substitute for property investing. However, some experts see shares as well as a complement good. In my opinion, shares and stocks are an opportunity to the organisation. The survey shows that the development of a strong product offer is an interesting opportunity. You could both opportunities combine. For example, the product 'balanced portfolio' combines real estate with shares. However, when the organisation develops such a product offer there is an important role for the firm to explain and emphasize the advantages and possibilities of this product.

Furthermore, the survey shows that ongoing advice & information of advisors is highly rated. In addition, participants view experience and expertise of the advisor as important. Therefore, improving the quality of advisors and the service is an opportunity for the organisation. Improving these qualities is important because customers value this.

Analysis of the macro environment shows that the market now is favourable. Multiple numbers and figures are favourable to the property investing industry. For example, rising house prices and rental revenues, the concentration of Australia's population, strong aspires for home ownership, and different tax advantages. Thus, the market is favourable and this is an opportunity for the organisation. However, the highest interest rate in recent years is unfavourable.

Furthermore, the external analysis shows that there have been law changes. Since November 2007, people can use their superannuation for getting loans and mortgages. These law changes have attracted newcomers to the market. However, experts are asking themselves to what extend these newcomers are serious competition. Nevertheless, in the future it could mean a threat to the organisation.

E-business and the rise of Internet is one of the threats for the organisation. E-business can take over their role of intermediary between real estate and investor. Fortunately, this development is not yet occurring. Nevertheless, the macro environment analysis shows that this could happen in the future. Therefore, E-business is a threat to the organisation.

Furthermore, big competitors with their economies of scale are a threat to the organisation. These organisations profit from their supply-side economies of scales. For example, the different types of insurance. One of their main advantages is that they have a very expensive product offer. Thus, large competitors with their economies of scale are a threat to the organisation.

<u>SWOT MATRIX:</u>		
	<i>Helpful:</i> <i>To achieving the objective</i>	<i>Harmful:</i> <i>To achieving the objective</i>
<i>Internal:</i>	<u>Strengths:</u>	<u>Weaknesses:</u>
<i>Attributes of the organisation</i>	<ul style="list-style-type: none"> ○ Personal contact: ○ Flexibility ○ Experience 	<ul style="list-style-type: none"> ○ Business model ○ Reliance on owner ○ Reliance on suppliers ○ Financial resources
<i>External:</i>	<u>Opportunities:</u>	<u>Threats:</u>
<i>attributes of the environment</i>	<ul style="list-style-type: none"> ○ Strong product offer ○ Shares ○ Quality of advisors and service ○ Favourable market 	<ul style="list-style-type: none"> ○ E-business ○ Economies of scale competitors ○ Newcomers

CONFRONTATION MATRIX:

		Opportunities				Threats		
		Strong product offer	Shares	Quality of advisors and service	Favourable market	E-business	Economies of scale competitors	Newcomers
Strengths	Personal contact	++	+			+		
	Flexibility	++	++	+		+		+
	Experience	+			+			-
Weaknesses	Business model					--	--	--
	Reliance on owner		-	-		-		
	Reliance on suppliers						--	
	Financial resources		-	-		--	--	

Conclusion SWOT-analysis:

- What are the strong and weak points of the organisation?
- What are the opportunities and threats for the organisation?

The analysis has resulted in identification of strong versus weak points of the organisation and opportunities versus threats to the organisation. The swot-matrix is a result of this process. To identify the strategic attention points I will make use of the confrontation matrix. The organisation needs to make use of these attention points when she wants to realise its goals. Finally, I will identify the strategic alternatives that this organisation has.

The following internal attributes or external conditions are helpful or harmful for the organisation:

Personal contact, flexibility and experience are the internal strengths of this organisation. Thus, the organisation needs to make use of these advantages. The development of a strong product offer and make use of shares is an important point of attention. Flexibility ensures that the organisation can easily step into these new opportunities and without many consequences. The organisation has a limited share in the property investing business. Thus, it is time to search for new possibilities to increase their share. However, the organisation has no experience with shares. In addition, the high reliance on the owner and low financial resources are limiting the challenge to implement shares in the product offer. There are too little resources to hire somebody with knowledge of shares. Furthermore, a new product combined with the high level of personal contact can increase the product offer quality. Thus, some conditions of the organisation are limiting the opportunities and other forces are advancing opportunities.

In addition, the current business model is not efficient. Therefore, another point of attention is that the business model needs to change in one central organisation. Three firms do the exactly same business activities. Thus, the current businesses need to change. The creation of one organisation will increase the efficiency and effectiveness of the organisation. When the organisation realise this change is solves one of the weaknesses of the organisation. In addition, the reliance on the owner is very high because the organisation consists of one person. Therefore, this is another weak point of the organisation. However, given the low financial possibilities it is difficult to decrease this reliability.

Economies of scale by big competitors are a threat that is difficult for the organisation to solve. The internal strengths of the organisation do not defend the organisation against this threat. For example, big competitors have even more experience. Furthermore, some of the weaknesses of the organisation have caused this threat. The low financial resources and high reliance on suppliers contributes to this threat. By business alliances is the reliance on suppliers decreased. However, on the long-term the organization needs to get this expertise themselves. Improving the financial resources is only possible when the organisation gains more market share. Another challenge for the organisation is improving the quality of advisors and service. However, the high reliance on the owner and low financial resources is as well limiting this challenge.

The favourable market is a positive development for the property investing business in general. However, law change is disturbing the industry. Newcomers that profit from this law change are a threat to the industry and in particular to this organisation. The organisation share in the market is low and newcomers can even decrease this market share. However, the main threat for the organisation is possibly coming from the rise of E-business in this industry. The internet could take over their role of intermediary in this business. It is hard to defend against this future development because the organisation is this small. However, personal contact with clients will remain a strong point in this business. Furthermore, the organisation is flexible enough to go along with the E-business. Therefore, the organisation can use the internet to optimize its own service. Nevertheless, the organisation needs to monitor this E-business development. In this way, the organisation can neutralize a possible threat. However, about this issue is first more information needed.

Strategic alternatives:

The central goal in this project is to improve the presence of the organisation in the property investing industry. There are several options to outperform competition. Therefore, I will first identify different strategic alternatives for the organisation. In this part, I will give a general idea about the strategic alternatives that this organisation has. In the final chapter, more detailed information about the selected option.

The first option is to continue businesses on the current manner. In this alternative, the organisation consolidates its position. It will continue to make use of personal contact, flexibility and experience. The organisation will use these internal strengths to defend against threats and make use of opportunities.

The second option is to intensify cooperation with business partners. In this alternative, the organisation is collectively competing against competition. As mentioned earlier the financial resources of the organisation are very limited and with this option, the organisation hopes to grow along with the business alliances.

The third option is to change the current businesses. In this alternative, the firm restructures its organisation with the aim to grow in the future. The goal of this restructure is to solve the weaknesses of the organisation. In this option, the organisation changes into one organisation and limits reliance on owner and suppliers.

4.5 Segmentation, Targeting & Positioning:

In this final part, the central goal is to find out how the organisation can deliver value to their customers. First, I will start with segmentation of the market. Second, is determined which segments the organisation should pursue. Third, I will develop a unique position for the organisation. Finally, I will end with the conclusion to the following research question:

What is the right way to Segment the market, and to Target and Position the organisation in the market?

Segmentation:

In this report is much information about the market and organisation presented. The segmentation process is occurring on behalf of this data. Income is a demographic variable. Other variables are as well interesting but not as relevant as income or money. The higher the income the more interesting a person is for the investing business. Income or money is far the most important variable for investments. Therefore, I will use income as my segmentation variable for determining possible clients for property investing.

According to experts, most of the competitors are targeting customers above \$ 50.000 annually. This is particularly true for large competitors. However, according to Reurts (interview expert, 2 June, 2008) people above \$ 40.000 are already interesting for his organisation. Therefore, here exists an income gap that is interesting for the organisation. It appears that competition in this income gap is less hard than overall. Therefore, it is interesting to separate the market into income segments and eliminate those segments where competition is the highest. This results in the following segmentation:

Income:

- Less than \$ 50.000 annually
- \$ 50.000 - \$ 70.000 annually
- \$ 70.000 - \$ 90.000 annually
- Over \$ 90.000 annually

Income standards were chosen in consultation with Reurts and are here to separate the market into reasonable segments. Below an income level of \$ 40.000 are no possibilities to invest in real estate. However, consumers between \$ 40.000 and \$ 50.000 annually are interesting for the organisation. The second segment is the middle class of the Australian society. In addition, the third segment is approximately twice the average income of Australian citizens. Above an income of \$ 90.000 annually

is a segment with rich people. Naturally, they have the most possibilities to get into the property investing business.

Targeting:

In this process is decided which segments the organisation should actively pursue. Targeting one segment would be wise because the resources of the organisation are very limited. However, the organisation runs the risk that the chosen segment becomes less profitable. Therefore, spreading the risk over more segments would be wise as well. Next to the decision of focussing on one or more segments, has the organisation to decide how to target the chosen segment. When the organisation focuses itself on one segment then the organisation needs to choose a concentrated marketing strategy. For focussing on multiple segments, is the differentiated marketing strategy the best choice. Before I decide how many segments the organisation should pursue, I will identify the options the organisation has in more detail:

Option A is to focus on one particular segment where the competition degree is relative low. In this option, I recommend to focus on an income above \$ 40.000 but still under \$ 50.000. An income gap exists in this recommendation. In addition, the competition seems to be less hard in this segment than overall. Furthermore, young adults are interesting for the organisation. Young adults have the high possibility to grow in their income levels. Besides, it is easier to maintain existing clients on the long-term then to attract customers in the higher income standards. Competition will be more intense when their incomes grow, however the organisation has the main advantage that they are already cooperating with these clients. Furthermore, this target group is as well interesting for future E-business companies. Young adults are very familiar with Internet and use this tool everyday.

Option B is to focus on multiple segments and to compete with existing competition. The organisation can decide to compete with competitors and to focus on income standards above: \$ 50.000 annually. In these segments, have many people possibilities to invest in real estate. However, these segments are very interesting for any organisation. The old people will not be very interesting for this business. These people have or should already have built up their retirement. Otherwise, these people are investing for the relative short term and then are properties not interesting for them. Therefore, people older then sixty or perhaps even fifty-five are not part of option B.

All the income segments have some things in common for the organisation. For example, the geographic area is the region of Sydney. Furthermore, the gender does not matter. Most often are people building up their retirement for both the individuals. Having children or not could be relevant, but this depends on the situation. Some families have will have no part left of their income because of children. In addition, for other families it will mean an extra reason to invest, for instance to secure their education possibilities. Each of the identified options is interesting for several reasons. For example, option B has the largest market. However, option A has the lowest competition degree. Therefore, both options have arguments for and against.

Positioning:

In this process, I will identify possible competitive advantages, select the right advantage, and communicate the chosen positioning.

First, I will identify possible competitive advantages of the organisation. The SWOT-analysis shows that personal contact is a strong point of the organisation. According to the experts, one-on-one conversations are important in this business. However, personal contact is not the only advantage of this organisation. Expertise and flexibility are as well strengths of the organisation. The survey shows that ongoing advice & information, expertise, or the product could be possible advantages of the organisation. However, it is impossible to differentiate on expertise because an organisation positioning should be unique and different to its competitors. Expertise of advisors is an advantage where many competitors are competing on. Continuous ongoing advice & information by advisors is an important factor according to the survey. This quality is both unique and not used by competition. Therefore, ongoing advice & information is a possible competitive advantage for the organisation. The

organisation could develop a service that meets this need. Furthermore, shows the survey that developing a good product offer is important. However, most of the competitors are competing with their product offer.

Second, I will select the right competitive advantage. As previously mentioned could ongoing advice & information as well as the product be an important strength of the organisation. In my opinion, the organisation should offer a product that combines different investment options. This can combined with a service of ongoing advice & information. This complete product offer combines the strong points of a strong qualitative product and ongoing advice & information. In this way, the organisation is offering a unique bundle of competitive advantages. However, the organisation should only promote one key benefit to their targeted market. Accordingly, the organisation should differentiate itself by focussing on ongoing advice & information. In my opinion, this advice will result in competitive advantage for the organisation in comparison to competition.

Third, is communicating and delivering the chosen positioning. However, establishing a position takes a long time. Therefore, the organisation needs to handle a strategy for the long-term. When the organisation has developed the product and service, it must take care to maintain the positioning through consistent performance and communication. The positioning should be the offer of an investment portfolio with ongoing advice & information as differentiation. In my opinion, this offers a unique bundle of advantages that will create a competitive advantage for the organisation. In addition, this product offer is interesting for many clients in the property investing industry. However, communicating the positioning and competitive advantage is difficult for the organisation.

Conclusion Segmentation, Targeting & Positioning:

What is the right way to Segment the market, and to Target and positioning the organisation in the market?

The segmentation process where occurring on gathered data and the variable income. This process has resulted in different income degrees. One of the implications is that below an income level of \$ 40.000 are no possibilities to invest in property. Furthermore, competitors are focussing themselves above an income of \$ 50.000. Therefore, competition is the hardest above this degree. The segmentation process has resulted in an income gap. For the organisation are people already interesting above an annual income of \$ 40.000 but below \$ 50.000.

The targeting process has resulted in two different options for the organisation. Option A is to focus on one segment where competitors are not present. Option B on the other hand is to focus on multiple segments and compete with the competition. I recommend the organisation to choose for the first option. This is the best option for several reasons. First, financial resources of the organisation are limited and this makes it difficult to pursue multiple segments. Second, in a niche segment is competition lower and there is the possibility to become supplier of choice. Third, with single segmentation the organisation will gather knowledge of specific needs and wants. Thus, option A is the most interesting for the organisation. Therefore, my advice is to go after one single market segment and to develop the ideal offering.

The positioning process has resulted in the advice to offer an investment portfolio with ongoing advice & information. The organisation could differentiate itself in comparison to its competitors with the service of ongoing advice & information. In addition, the investment portfolio wills higher the product offering quality. In this way, positioning of the organisation is different from competition. Furthermore, the organisation should ask a premium price for the product and service, because, price is a key signal to quality in clients minds. In addition, clients are increasingly demanding accessibility based upon their needs and time schedules. Therefore, the organisation should provide greater access to its services by using the Internet or expanding hours. However, I will present the rest of the recommendations in the next chapter. The conclusion of this part is that the chosen positioning is option A and the competitive advantage will be the service of ongoing advice & information.

Chapter 5: Conclusion / Recommendations / Reflection

The goal of this research was to improve the presence of the organisation in the property investing business. The problem was that the organisation has too limited expertise to decide if the current business strategy is sufficient for a sustainable future. Therefore, the research problem was:

"What is the right strategy for the organisation to obtain a competitive advantage with a profitable positioning in the investment business?"

In this final chapter, I will first present a strategy proposal. Second, I will present the recommendations for the organisation. Finally, I will give a reflection on the research process.

5.1 Conclusion:

The strategic options that this organisation has is to continue the current business, intensify the cooperation with business alliances, or to change the current business. In my opinion, the organisation should choose for change and optimize the current organisation. To obtain competitive advantage this organisation must perform actions on different levels.

The first action is to determine the vision of the organisation. A business vision is the desired future state of the organisation. The vision of this organisation should be the creation of a unique and valuable position. In addition, the organisation needs to deliver value to their customers and business activities should be different from competitors.

The second action is to determine the strategy of this organisation. Strategy is the long-term direction of an organisation and this needs to be in line with the vision of the organisation. The long-term direction of this organisation should be to obtain a profitable competitive advantage. Therefore, the organisation should concentrate on one particular niche and one activity. Especially, the earlier identified targeting and positioning of the organisation. In addition, the organisation needs to change into one central organisation. Thus, one of the steps that the organisation needs to perform is creating one organisation instead of three different firms. This new organisation needs to perform the same activities as the old firms however no longer with a geographic committed name. Furthermore, the organisation must develop a strong product offer with emphasis on continuous service. My advice is to offer an investment portfolio with ongoing advice & information. All these proposed changes will result in improving the capabilities of this organisation.

The conclusion of this research is that the organisation must create one product and service, change into one organisation, and target one particular segment to achieve competitive advantage over competition.

With these strategic actions, the organisation can obtain a competitive advantage in the property investing business. In addition, I prefer this strategic option above others for several reasons. First, doing nothing does not bring this organisation any further. Second, combining the different firms into one firm will improve the efficiency, effectiveness and brand of the organisation. Third, specializing and focusing on one segment will improve the knowledge of customer needs and perfecting the product offer. Fourth, reliance on suppliers will further increase when the organisation intensifies cooperation. Fifth, the organisation needs to secure the long-term growth in order to continue in this industry. Therefore, continue the current way of doing business is no option. The organisation must choose for change and optimize their organisation.

Finally, the third action is to implement the chosen strategy. Turning strategy into action is the responsibility of the organisation. If the strategy is working in practice depends as well on the owner. He is the most influential stakeholder and his values and expectations can differ from my strategy proposal. Nevertheless, in the next part more information about concrete actions or recommendations to implement the strategy.

5.2 Recommendations:

In this part, the recommendations for the organisations are presented. The goal of these actions is to implement the strategy proposal. In my opinion, the organisation can obtain a competitive advantage in this industry when she implements the following major recommendations. The last few recommendations have a supporting function towards the first recommendations.

Internal analysis shows that the current model of organisation is not efficient. Therefore, the first step must be the development of one central organisation instead of three different firms. Amongst other things, this will improve the brand of the organisation. For example, after the change are all the marketing efforts directed to one organisation. However, with the development of an organisation is it important to have the new vision and strategy in mind.

The survey shows that it is important to have a qualitative good product offer. Therefore, the second step must be the development of an investment portfolio in combination with continuous service. This will improve the quality of the product offer. The organisation can differentiate itself with a service of ongoing advice & information. In addition, it is important to price both the product as well as the service appropriately.

The third step is to adopt a client orientation and target the market. The organisation must focus itself on customer needs instead of competitors. In addition, creating long-term customer relationship based upon customer satisfaction. Targeting of the market should occur as described in the segmentation, targeting, and positioning process. Thus, the organisation must focus one particular segment.

It is important that the organisation gather the expertise concerning the proposed product offer. For example, gathering information about other investment options such as shares. The organisation can hire additional people or learn it herself.

The strategy should have a horizon of at least a decade. Continuity allows the organisation to build and tailor capabilities and skills that fits to its strategy. Finally, the strategy will provide structure, meaning, and direction to the organisation. By future actions of the organisation is it important to have this strategy in mind.

Furthermore, the organisation should gather continually information about the market and customers. With this knowledge, the organisation can improve its product and services to meet the needs and wants of future clients. The organisation can do researches like this more often or hold surveys by existing clients.

In addition, one of the threats in this business is the rise of E-business. The organisation can use the Internet to optimize its service. However, it is important to research first what the client want with the use of Internet. For example, gathering knowledge about property investing or the whole supply chain online. Clients are current increasingly demanding accessibility. The organisation needs to follow this development and turn E-business in a strong point of the company instead of a threat.

Finally, the organisation must monitor the implementation steps. For example, measure the progress of strategy implementation. Control of the process is necessary to assess effectiveness and modify strategy if required. The organisation can control this process more easily if every action step and goal is on paper. The organisation can subsequently determine if she is not deviating from her original planning and ideas.

In my opinion, the organisation will gain competitive advantage if she acts upon these recommendations. Implementing all the recommendations is difficult. However, if the organisation succeeds the benefits will be profitable and long lasting.

5.3 Reflection:

This research was in order of Mr. E. Reurts and his business. The research process has occurred in Sydney, Australia. This process has started in week 16 and ended in week 26. During this time, I had weekly meetings with my contact person at the organisation. This period has resulted in the first version of the report. Next to the meetings with the organisation, I have spoken with two other experts, namely: Mr. A Habbouchi and Mr. P. Scahill. From September to November, I have worked on the final version of this report.

In general, the whole research process went well in my opinion. In addition, the organisation was satisfied with the outcome of this project. In my opinion, I have come with a proper solution to the research problem. However, not everything went as planned, because during the research process, there were some changes as well. For example, the research questions have changed multiple times. In addition, there are also other instruments and tools used as planned. Furthermore, the sequence of the research planning has also changed during this project. I think most of these changes can explain by my lack of experience with these kinds of projects. Therefore, I think that the next time the preparation and the research itself would occur much more easily. I realise now more than before that the preparation of a research is the foundation. Therefore, the next time I will take the preparation more seriously. Furthermore, by doing this project in a foreign country I have not made it easier on myself. The distance and supervision by my University supervisors was large and therefore I had some delay. However, I have no regrets. The fact that I did this research abroad is also an experience of a lifetime.

The tools and instruments that are used are often no more than ten years old. Therefore, I think these tools are still useable in today's global competitive world. However, I have also used some classical instruments, for example, the "five competitive forces". This tool is commonly known by many people and used for decades. However, the question is justified if they are not too old fashioned. I think they are not because they still are used. Scientists and Universities are still referring to these tools in their researches and colleges. Nevertheless, I agree that they are not completely up-to-date to today's environment.

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Appendix:

Questionnaire market research: Property Investing

Introduction:

I am a student from Europe, who is studying business administration. For my study I must do research on property investing in the Sydney region. Because of this, I have decided to hold a questionnaire and I am asking for your help. The focus of this research is two fold:

- 1. First to find out your understanding of investing and which factors are important to you.*
- 2. Second, what your view is on a 'balanced portfolio'.*

I am asking for your help with this questionnaire. I will keep the data from this research confidential. Its aim is to further improve the understanding of property investing. Please tick what is applicable and thank you in advance.

Section 1: Importance of investing & factors influencing investment decisions

1. Have you ever invested in property, shares, options...? If 'No' please go to question four.
 - ☐ Yes
 - ☐ No
2. Would you invest again in the future?
 - ☐ Yes
 - ☐ Perhaps
 - ☐ No
3. What is or was the goal of your investment? (Multiple answers possible)
 - ☐ Securing a financially comfortable future
 - ☐ Providing a retirement income
 - ☐ Saving for kids education
 - ☐ Investing for capital growth
 - ☐ Investing for passive income
 - ☐ Increase current income
 - ☐ Other, namely.....
4. When question one was 'No': what holds you back from investing? Otherwise, go to the next question. (Multiple answers are possible)
 - ☐ The (financial) risk
 - ☐ I haven't got the money
 - ☐ The time involved
 - ☐ I have chosen other investments
 - ☐ I don't understand investing
 - ☐ I spend my money elsewhere
 - ☐ I have never thought of this possibility
 - ☐ Other, namely.....
5. Which factors are most important for your decision to invest? (Please select at the most three answers.)
 - ☐ The purchase price of the investment
 - ☐ The ongoing costs of the investment
 - ☐ The possible financial gain of the investment
 - ☐ The safety of the investment
 - ☐ The quality of the service

- ☐ The reliability or trust of the advisor
- ☐ The service package or product that the advisor is offering
- ☐ How quick I can get my money out again
- ☐ Tax advantages
- ☐ Other, namely.....

6. Which qualities of an advisor are important in your eyes? (Please select at the most three answers)

- ☐ Personal contact
- ☐ Experience or expertise of the advisor
- ☐ Ongoing advice and information
- ☐ Service of the organisation
- ☐ The product or service package that the advisor is offering
- ☐ How long the company exists
- ☐ Other, namely.....

Section 2: Investing using a “balanced portfolio”

In a balanced portfolio, a client has multiple investments. This could be a combination of property, superannuation and shares/derivatives. The intention of a balanced portfolio is to spread the risks and to increase the safety of your investments.

7. How do you view the importance of a balanced portfolio?

- ☐ Very important
- ☐ Important
- ☐ Slightly important
- ☐ Not important
- ☐ No opinion

8. If you have answered important above, please indicate the advantage to you of a balanced portfolio. (Multiple answers are possible)

- ☐ Spreading of risk in case one of the investment option is diminishing
- ☐ Possibility of creating income as well as capital growth
- ☐ Spreading of risk across different markets
- ☐ Possibility to be actively involved (shares/options) vs. low active involvement (property)
- ☐ Possibility to switch to other options, depending on market conditions
- ☐ Possibility to invest with small (shares/options) and large (property) amounts
- ☐ Other, namely.....

9. If you currently do not have a balanced portfolio would you consider this (in the future)?

- ☐ Yes
- ☐ No
- ☐ No opinion
- ☐ I already have a balanced portfolio

10. What is your gender?

- ☐ Male
- ☐ Female

11. What is your age?

- ☐ 18 - 30 year
- ☐ 31 - 45 year
- ☐ 46 - 60 year
- ☐ Older then 60 year

12. What is your combined family income?

- ☐ Less then \$ 45.000 annually
- ☐ \$ 45.000 - \$ 60.000 annually
- ☐ \$ 60.000 - \$ 90.000 annually
- ☐ Over \$ 90.000 annually

13. What is your family situation?

- ☐ Single
- ☐ Single with children
- ☐ Living together
- ☐ Living together with children
- ☐ Other, namely

14. The space below of is for any comments

I would like to thank you for taking the time to fill in this questionnaire. If you have any questions or remarks please contact me: joey_termeer@hotmail.com

Results survey: Property Investing

$N = 40$

“No” answers excluded

Q 1

Have you ever invested in property, shares, options... If the answer is “No” please go to question four.

Yes	#27	68%
No	#13	33%

$n=40$

Q 2

Would you invest again in the future?

Yes	#17	57%
Perhaps	#8	27%
No	#5	17%

$n=30$

Q 3

What is or was the goal of your investment? (Multiple answers are possible)

Securing a financially comfortable future	#17	29%
Providing a retirement income	#9	16%
Saving for kids education	#3	5%
Investing for capital growth	#13	22%
Investing for passive income	#4	7%
Increase current income	#8	14%
Other, namely	#2	3%

$n=58$

Q 4

When the answer of question one was “No”: what holds you back from investing? Otherwise, go to the next question. (Multiple answers are possible)

The (financial) risk	#3	17%
I haven't got the money	#5	28%
The time involved	#1	6%
I have chosen other investments	#0	0%
I don't understand investing	#2	11%
I spend my money elsewhere	#4	22%
I have never thought of this possibility	#3	17%
Other, namely	#0	0%

$n=18$

Q 5**Which factors are most important for your decision to invest? (Please select at the most three answers)**

The purchase price of the investment	#18	18%
The ongoing costs of the investment	#7	7%
The possible financial gain of the investm...	#30	30%
The safety of the investment	#23	23%
The quality of the service	#1	1%
The reliability or trust of the advisor	#8	8%
The service package or product that the ad...	#2	2%
How quick I can get my money out again	#6	6%
Tax advantages	#4	4%
Other, namely	#0	0%

n=99**Q 6****Which qualities of an advisor are important in your eyes? (Please select at the most three answers)**

Personal contact	#15	16%
Experience or expertise of the advisor	#30	31%
Ongoing advice and information	#22	23%
Service of the organisation	#5	5%
The product or service package that the ...	#15	16%
How long the company exists	#6	6%
Other, namely	#1	1%

n=96**Q 7****How do you view the importance of a balanced portfolio?**

	very important	
1	#12	30%
2	#16	40%
3	#5	13%
4	#3	8%
	not important	
no opinion	#4	10%

n=40**Q 8****If you have answered important above please indicates the advantage to you of a balanced portfolio. (Multiple answers are possible)**

Spreading of risk in case one of the inves...	#17	27%
Possibility of creating income as well as ...	#12	19%
Spreading of risk across different markets...	#12	19%
Possibility to be actively involved (share...	#4	6%
Possibility to switch to other options, de...	#10	16%
Possibility to invest with small (shares/o...	#6	10%
Other, namely	#1	2%

n=63

Q 9**If you currently do not have a balanced portfolio would you consider this (in the future)?**

Yes	#15	38%
No	#5	13%
No opinion	#11	28%
I Already have a balanced portfolio	#9	23%

n=40**Q 10****What is your gender?**

Male	#23	59%
Female	#16	41%

N=39**Q 11****What is your age?**

18 - 30 year	#12	30%
31 - 45 year	#9	23%
46 - 60 year	#14	35%
Older than 60 Year	#5	13%

n=40**Q 12****What is your combined family income?**

Less than \$ 45.000 annually	#9	24%
\$ 45.000 - \$ 60.000 annually	#15	39%
\$ 60.000 - \$ 90.000 annually	#6	16%
Over \$ 90.000 annually	#8	21%

n=38**Q 13****What is your family situation?**

Single	#13	33%
Single with children	#2	5%
Living together	#13	33%
Living together with children	#7	18%
Other, namely	#4	10%

n=39

Marketing of professional services:

The characteristics of a service are intangibility, inseparability, variability and perishability (Kotler, 2002). Service intangibility means that services cannot be seen, tasted, felt, or smelled before they are bought. As a result, the clients want to reduce uncertainty by looking for signals of service quality. Furthermore, a service cannot be separated from the service provider. How the service provider is perceived is used in judging the quality of the service. The implications of variability in services are twofold: because mistakes can happen, an organisation needs to develop processes that minimize these mistakes. However, even with the best preventive systems mistakes occur. As a result, a service organisation should anticipate where mistakes are most likely to occur. Finally, perishability of services means that they cannot be stored for later sale or use.

Marketing of services involves the right mix of various elements, including the following: (Kotler, 2002). First, what important is the quality level that clients experience when dealing with the advisor. Second, a service organisation cannot be effective unless it is committed to its clients needs at a level that create services that meet and exceed client's expectations. Third, information is the basis for building solid marketing, because knowledge is power. Fourth, equating marketing with promotion is a common and serious mistake. Fifth, strategic planning is an important tool in adaptation to a changing competitive environment. Six, service organisations must identify segments that it can serve the best. Seven, when clients believe that the exchange exceeds their expectations, the exchanges in the future are more likely to continue. Eight, an organisation must price the attractive service appropriately. Because, price is a key signal to quality in clients mind. Finally, clients are increasingly demanding based upon their needs and time. Organisations must provide greater access to their organisation using Internet, expanding hours of operation etc (Kotler, 2002).