



Marketing Practices and Performance of Selected Real Estate Investment Trust (REIT) Companies Towards Sustainable Real Estate Industry Framework

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ABSTRACT

The pandemic has disrupted the marketing of the real estate investment trust (REIT) companies in the Philippines. The study assessed the marketing strategies of selected REITs during the pandemic on the aspects of product, price, place, promotion, people, physical evidence and process or the 7Ps of marketing. The marketing strategies were compared to what was implemented. It inferred whether these strategies contributed to sustainability, and whether they had significant connection. Post-pandemic marketing framework was suggested to increase sales and to sustain REIT business after the pandemic.

Keywords: *Marketing Strategies, Marketing Framework, Real Estate Investment Trust, Sustainability*

I. INTRODUCTION

The real estate industry is one of the most dynamic industries in the world. The industry is tied with the basic needs of the people which is the place of residence or the housing need. The industry also provides places of businesses such as office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, warehouses and other sorts of buildings. This industry poses one of the most studied aspects in business management and administration.

In the Philippines, the growth of the real estate industry has been continuous, even with the pandemic. By the end of 2019, Bondoc (2019) reported that the 2020 Property Outlook by Colliers, one of the leading real estate consultancy firms, observed “key adjustments in the strategies of property players in the past 12 months.” The report showed the adjustments like development of more co-living projects as developers and commuters adjust to the worsening traffic in Metro Manila. The other adjustments were ramped up launch up of middle-income condominium units, aggressive land banking and office construction outside the capital region, and exploration of the possibility of non-traditional mall tenants. The report of Colliers concluded that “overall, we see the Philippine economy’s upward growth trajectory being sustained by massive public infrastructure spending. The government spending-backed economic growth should further stoke the property sector.

The real estate investment trust (REIT) companies have persevered during the pandemic using different marketing strategies. It is this gap that the paper would like to look into. Knowing how the REIT companies adjusted and survived during the pandemic will provide huge insight to how other REIT companies can sustain their business in this time of economic recovery.

Mustafa (2019) stated that real estate is a means to serve human beings as a shelter and is a focal point of the living of family members. Beyond this, it is a shelter to protect the humans from the threat resulting from the environment and providing the physical means to survive. Real estate is one of the prominent necessities of human beings along with nourishment, dressing and sheltering in a safe manner as well as provides these means in a safe style and with physical integrity. Real estate has sociocultural significance along with its physical significance as well. Baik and Kim (2018) conducted an in-depth analysis of various acts and sources of information acquisition in the process of diverse transaction experiences among the parties of real estate transactions. The analysis results of information sources in the process of real estate transactions revealed that the sources of information acquisition and the reasons behind them can vary according to the types of items in the real estate transaction.

II. RESEARCH METHOD

This research uses quantitative approaches. Quantitative researchers follow a postpositivist worldview and are predominantly interested in collecting and analyzing numerical data with structured methods. The quantitative approach to gathering information focuses on describing a phenomenon across a larger number of participants thereby providing the possibility of summarizing characteristics across groups or relationships. This approach surveys a large number of individuals and applies statistical techniques to recognize overall patterns in the relations of processes. Importantly, the use of surveys can be done across groups. (Tashakkori & Newman, 2020).

The respondents are the selected real estate brokers and salespersons, and real estate managers/ owners in Metro Manila. The sampling for the real estate brokers and salespersons were through quota sampling. Two-hundred (200) respondents from this group participated. As getting responses from owners is difficult, and the managers are lesser than the brokers and salespersons, convenience sampling is used. The owners and managers are considered upon their availability and acceptance to the survey requests.

A 4-point Likert scale is used to assess whether the marketing aspects are highly implemented or not implemented. Indicators for each variable are developed based on the literatures. The instrument was validated by PCU professors, and was tested for reliability for at least 0.8 level of confidence result using Cronbach-alpha, with the result at 0.91.

III. RESEARCH AND DISCUSSION

3.1 Factors In Real Estate Marketing

There are many marketing strategies available for REIT companies. But a more comprehensive approach IS in looking at the extended marketing strategies. The extended marketing strategy is composed of product, price, place, promotion, people, process and physical evidence.

Product refers to the products sold by the REIT companies. These include office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, and warehouses among others. In order to sell, the marketing aspect will concentrate on the structural stability, architectural elegance, layout and space, and amenities. One of the more sensitive aspects of marketing is price of the real estate products. Marketing strategies must showcase honesty in providing the actual purchase price, the value-for-money, payment schemes, financing schemes, and possible investment options and opportunities.

The actual place where the REIT products are located play a crucial role in their marketing. When doing marketing, it is necessary to show the actual location of the real estate products, the safety situation, accessibility to transport facilities, access to markets, and the amenities surrounding the location. The promotional aspect provides the actual communication of the company to the prospective buyers. All forms of media are expected to be devoted in the strategy. The strategy must comprise of providing the details of the real estate products, colorful printouts of brochures, having interactive websites, having round-the-clock telephone and online personnel ready to answer queries, and renting billboards at strategic locations.

People in marketing are the workhorse of the marketing strategies. A real estate marketing manager must hire people who are motivated, who have the licenses from the government to deal in real estate transactions, who are properly trained in interpersonal communications and preferably foreign languages, and who are trained to properly dress up properly including knowing the proper posture, show of confidence and projecting of confident appearance. The process aspect shows how the marketing team provide convenience and protection to the customers. The process includes responsiveness to the questions of the customers, protecting the data of the customers, maintaining security of financial details, proper sales documentation, and feedback to customers. Physical evidence refers to the place where the company does the marketing. It includes the ambiance, showrooms, the people, and the ready documents for transactions.

3.2 Extent of Marketing Practices of Real Estate Investment Trust

Product strategies of selected REIT is assessed as implemented on the areas of providing the overall features in the marketing of the real estate, presenting the durability, strength and structural stability, showing off the architectural elegance, explaining the unit layout and the space, and supplying all the possible amenities. Talpau (2018) indicated that product policy occupies a central place in the marketing mix because it constitutes the support of the other three components of the mix. Any organization must aim to produce only goods and services desired by the public to which it is addressed, both in terms of tangible features (color, size, functionality etc.), as well as in terms of the intangible ones (transport, after-sales services).

Price strategies are assessed as implemented in clearly explaining to the potential buyers or customers the total cost for purchase, clarifying the “value-for-money” features, differentiating the various payments schemes, providing the possible financing schemes, and enlightening the customers of the possible investment options and opportunities. Thabit & Raewf (2018) contend that pricing is a very critical decision zone as it has its impact on the need for the product and also on the profitability of the organization.

Place promotion is assessed as moderately implemented due to mobility restrictions during pandemic. The moderately implemented factors are showcasing the real estate assets, explaining to the customers about the safety situation and community environment, portraying the units as accessible, expounding on the location, and showing access of the real estate asset to entertainment areas, tourist travel sites and other luxury facilities. Gherasim & Gherasim (2018) stated that selling products is the process that confirms the existing reason for any company producing goods.

Knowledge of this process involves a series of quantitative and qualitative assessments related to: sales volume (at a time or in a certain period), the means by which products reach the beneficiaries, the time required to transfer, stocking of finished products, production expenses incurred from the time of the end of the production until the product reaches the beneficiary etc.

Promotion strategies are highly implemented in providing all the details of the real estate assets, printing out colorful and detailed brochures, designing and investing in interactive Internet website, having ready customer telephone and online representatives, renting billboards and large posters to market the real estate assets. Sriram, et. al. (2019) showed that many organizations rely on their online websites to attract new customers, while still retaining their existing ones. E-commerce websites provide consumers with flexibility in terms of time, price, and space, during their purchases. In the online environment the concept of the marketing mix remains the same, except that the characteristics and functions of each factor are dynamic, suiting the online marketplace.

People, process and physical evidence strategies are highly implemented. Gladka & Fedorova (2019) suggested to develop taking into consideration external personnel marketing strategy and internal one. Noormoradia, (2017) discussed physical evidences include an environment that indicates some services, and firm and customers cooperate and facilitate tasks.

3.3 Analyses and Impact of Marketing Strategies

The marketing strategies are almost similar, but not highly similar, as the pandemic curtailed freedom of movement and full marketing strategies. The demographic profile of category, age, gender, education, and years in real estate industry are not moderating factors for marketing practices, sustainability as to return on investment, and earning per share. The marketing strategies have more impact to sustainability as the pandemic had limited sales compared to the current recovery period. Grouped according to profile, the respondents do not show significant differences in the assessment of the marketing strategies. However, high relationship is observed between marketing strategies and marketing performance of the selected Real Estate Investment Trust (REIT) companies.

IV. CONCLUSIONS

1. Marketing strategies during the pandemic are implemented in the aspects of product, price, place, promotion, people, physical evidence and process.
2. The pandemic has served as big factor in the changes in the marketing strategies of real estate investment trust companies. The strategies are not optimized to the ideal marketing situation.
3. Respondents have the same perception on marketing practices, sustainability as to return on investment, and earning per share when grouped according to profile.
4. The marketing strategies during the pandemic had modest effect to sustainability during pandemic.
5. Respondents have the same view of the marketing strategies of REIT regardless of profile.
6. Marketing strategies and marketing performance are highly connected.
7. Enhanced marketing framework is desired during this time of recovery after pandemic.

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