



Addis Ababa University School of Commerce

Department of Marketing Management

**FACTORS INFLUENCING MARKETING
EFFECTIVENESS OF THE REAL ESTATE INDUSTRY IN
ADDIS ABABA**

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A thesis submitted to the Graduate Studies of Addis Ababa University
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Award of Master of Arts Degree in Marketing Management

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LETTER OF CERTEFICATION

This is to certify that Aschalew Dessie carried out his thesis on the topic entitled “factors influencing the marketing effectiveness of the real estate industry in Addis Ababa”. This work is original in nature and is suitable for submission for the award of Master of Marketing Management.

Certified by

Research Advisor: Temesgen Belayneh (PhD)

Signature: _____

Date: _____

**FACTORS INFLUENCING MARKETING EFFECTIVENESS
OF THE REAL ESTATE INDUSTRY IN ADDIS ABABA**

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Internal Examiner

Signature

Date

External Examiner

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LETTER OF DECLARATION

I, the under signed, declare that this thesis entitled “factors influencing the marketing effectiveness of the real estate industry in Addis Ababa” is the outcome of my own effort and that all the sources of materials used for the thesis have been duly acknowledged.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

Name: Aschalew Dessie

Signature: _____

Date: _____

CONTENTS

PAGE

LETTER OF CERTEFICATION	i
LETTER OF DECLARATION	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
ACRONYMS	viii
ABSTRACT.....	ix
ACKNOWELDGMET.....	x
TABLE OF CONTENTS.....	iv
CHAPTER ONE	1
Introduction.....	1
1.1. Background of the study	1
1.2. Background of the Organization.....	2
1.3. Statement of the problem.....	3
1.4. Research Questions.....	5
1.5. Objective of the research	6
1.6. Significance of the Study	7
1.7. Scope and limitation of the study	7
1.8. Organization of the study.....	8
CHAPTER TWO	9
Review of Related Literature	9
Introduction.....	9
2.1. Theoretical Review	9
2.2. Empirical Review	14
2.3. Variables /Determinants of real estate marketing effectiveness	15
2.4. Conceptual Framework.....	19
CHAPTER THREE	20
Research Design and Methodology	20
3.1. Research approaches.....	20
3.2. Research design	20
3.3. Sources and instrument of data collection	20

3.4.	Population of the study	21
3.5.	Sampling design and sampling technique.....	21
3.6.	Sample size determination	22
3.7.	Procedure of data collection	22
3.8.	Methods of data analysis	22
3.9.	Validity and Reliability of the Instruments.....	22
3.10.	Ethical Consideration.....	23
CHAPTER FOUR.....		24
Results and Discussion		24
4.1.	Responses	24
4.2.	Reliability of the Survey Instrument.....	25
4.3.	General Characteristics of the Respondents	26
4.4.	Overview of Respondent Rating.....	28
4.5.	Marketing Effectiveness Level	31
4.6.	Discussion of Results.....	33
CHAPTER FIVE		36
Summary, Conclusion and Recommendation.....		36
5.1.	Summary and Conclusion.....	36
5.2.	Recommendation	38
	Reference	39
	Appendix	42
	Interview questions.....	47

LIST OF TABLES

Table 3.1: Sample size distribution across companies -----	21
Table 4.1: Over all sample response rate -----	24
Table 4.2: Reliability test by dimensions -----	25
Table 4.3: Respondents demographic characteristics -----	26
Table 4.4: Respondents Occupation -----	27
Table 4.5: Respondents' monthly income -----	27
Table 4.6: Real estate firm -----	27
Table 4.7: Descriptive Statistics (construction quality) -----	28
Table 4.8: Descriptive Statistics (the price of the villas) -----	29
Table 4.9: Descriptive Statistics (Brand reliability) -----	29
Table 4.10: Descriptive Statistics (Location) -----	30
Table 4.11: Descriptive Statistics (Sales person credibility) -----	30
Table 4.12: Descriptive Statistics (Marketing Effectiveness) -----	31

LIST OF FIGURES

Figure 2.1: Conceptual framework.....	19
Figure 4.2: Result of Hypothesis.....	32

ACRONYMS

EIA – Ethiopian Investment Agency

MOUDC - Ministry of Urban Development and Construction

FEACC - Federal Ethics and Anti-Corruption Commission

ABSTRACT

Real estate marketing is an exchange of economic and social structure people and groups satisfy their needs and wishes by constructing, supplying and interchanging real estate products and services. Thus, marketers of the industry should always understand the main factors that influence the real estate market. The main objective of this study is to investigate the key factors that influence the marketing effectiveness of the real estate companies operating in Addis Ababa. The study used both quantitative and qualitative research approaches and information gathered from both primary and secondary sources. It is made by taking samples of real estate customers from six pioneer and most experienced real estate companies selected among 380 operating in A.A using purposive sampling technique. The representatives of the study were taken from Addis Ababa and a total of 380 questionnaires were distributed and 365 were returned. But, during data cleaning 359 were valid and used for statistical analysis. And willing company managers from three of the selected companies are interviewed. The researcher applied descriptive statistics technique to analyze the data and data sorted coded, computed and analyzed using the statistical package for social science software (SPSS). The frequency, percentage, mean, standard deviation and graphic representations are made. By developing a conceptual model that contains five independent variables and one dependent variable this study tried to investigate the major factors that will influence the marketing effectiveness of the industry. It was hypothesized in this study that quality of homes, price fairness, brand reliability, location convenience, and sales person credibility significantly influence marketing effectiveness of the industry in Addis Ababa. The findings of the study showed that a positive and significant effect relationship between the dependent variable and all the independent variables.

Key Words: Real estate Marketing, Marketing Effectiveness, Brand, Price ...

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CHAPTER ONE

Introduction

1.1. Background of the study

Housing should, as a living environment, guarantee the availability of full-fledge dwelling unit, infrastructure networks (such as roads, water supply, sewerage disposal system, energy supply, telephone service, etc.) and community facilities (such as shops, school, health centers, assembly halls, children play grounds and recreational places etc.). In pre-industrial rural communities, where the cultural level did not require such modern facilities, housing usually meant a simple hut (Yusuf, 2009).

Real estate is land and anything fixed, immovable or permanently attached to it such as appurtenances, buildings, fences, fixtures, improvements, roads, shrubs and trees (but not growing crops), sewers structures, utility systems and walls. Title to real estate normally includes title to air rights, mineral rights and surface rights which can be bought, leased, sold or transferred together or separately (Yusuf, 2009).

Market is basically a creative corporate activity involving the planning and execution of the conception, pricing, promotion, and distribution of ideas, products and services in an exchange that not only satisfy customers' current needs but also anticipates and creates their future needs at profit (Philip K., 2010).

Real estate marketing is an exchange of economic and social structure people and groups satisfy their needs and wishes by constructing, supplying and interchanging real estate products and real estate services (Knirsch, 2000).

Addressing a housing problem is embroiled with macroeconomic imbalance, political and legal framework, household's affordability and investment capacity of a given country. It also requires a long term projection and assessment considering even the effect of global dynamism. Real estate development is intrinsically linked with land; hence the mode of land ownership affects its operation. The issue of socialization places real estate development as an urban activity. Therefore, the history of real estate development in Ethiopia is related with urbanization and urban land ownership (Yusuf, 2009).

1.2. Background of the Organization

One of the most prominent trends in Ethiopia over the last decade has been the explosion of the real estate industry and its impact on the economy as a whole (Emergent global Ethiopia). Real Estate and Construction are two of the 18 sectors taken together accounted for 15% of GDP in 2008/09, with real estate comprising 9.1% and construction comprising 5.8%. According to GDP sector data, real estate and construction sector grew in real terms by an annual average of 14.1 and 10.4 % per year respectively in the past five years to 2008/09. This is somewhat above the average annual growth rate of real GDP during this period (11.4%), indicating a rise in the share of these activities within the overall economy (Access, 2012).

Data on investment registrations at the EIA /Ethiopian Investment Agency /2010/, which give a measure of new investor intentions; provide another metric of observing trends in the real estate sector. On this score, for the decade-long period, namely considering new investor intentions in 2001 versus that in 2009 (Birr 2.2 billion versus Birr 17.6 billion), the annual average growth amounted to 49%. But the projects which have become operational and those that are under implementation are very small in number when compared to the total number of projects approved with the period specified. In this regard, only 11% of projects approved become operational while only 3.3% were under implementation.

The growth of the Ethiopian real estate market is evidenced markedly in the past two decades more than any other sector in the economy. It was after 1992 investors in real estate, renting and business activities have been steadily increasing. The number of certificate issued for real estate development was a mere 33 in 1987 E.C. This steadily grew to 121 in 1993 E.C., and jumped to 1,734 in 1994 E.C. The highest recorded figure for real estate development was in 1998 E.C. when 2,328 projects were licensed. This is a clear manifestation of how much the demand for the real estate development, renting & business activities has been increasing over the years. Addis Ababa accounts for more than the two third of the increase in the demand for urban land for real estate development. A.A share out of about 5,000 projects licensed in real estate development in the country over the last 15 years was some 3,390 or 67% (Yusuf, 2009).

1.3. Statement of the problem

Consumers may be highly involved when the product is expensive, risky, purchase infrequently, and highly self-expensive. More complex decisions usually involve more buying participants and more buying deliberation. These buyers will pass through a learning process, first developing beliefs about the product, then attitudes, and then making a thoughtful purchase choice (Philip K. 2010).

Housing is one of the major problems prevailing in Addis Ababa. Even though there is a development recently in supply by both the government and private real estate companies, there is still huge gap between housing need of Addis Ababa residents and the supply. With an estimated increase of population by 400,000 every year in A.A, the required marginal housing need will be more and more than the available supply estimated (UN HABITAT, 2010).

According to UN HABITAT, 2010, Ethiopian real estate has been booming for this decade, although the market is based mainly on Ethiopian Diasporas & high class. In contrast to excess housing needs and inadequate existing supply, unaffordable prices by most of the households, construction quality & failure to deliver as per the contract also affect customer satisfaction.

Despite the promising growth, the sector is facing challenges and discontents are raised from the stakeholders i.e. customers, real estate developers and concerned government offices. Extremely long delivery times (sometimes as long as 6 years), poor quality, high price and lack of infrastructures are problems of the current real estate sector in Ethiopia.

This day's real estate home buyers are highly dissatisfied and losing confidence and trust with most of the Ethiopian real estate developers. They are at risk of losing their deposits. Customers who paid deposits to some real estate companies took the company's founders and major shareholders to court for failing to deliver their homes on time despite collecting the full price of the homes they agreed to build and hand over. We can see the case of Access, May, Meketa and Ayat real estate companies as an incidence (Tadeos, 2012).

On the other hand, the real estate developers also complain about the situation in the market due to the supply and price of land; as land in Ethiopia is the property of the state and can generally be acquired only on the basis of lease which has its own shortcomings particularly affecting the real estate sector. Availability and cost of material, lack of supporting

infrastructure, shortage of skilled man power, high labor turnover, narrow target group of customers, lack of support from the government side, unexpected changes in land-use regulations, property right policies, and city standards, etc. are also the problems from the developers' side (Fortune Newspaper, 2012).

In general, the real estate sector in Ethiopia seems showing red light and encounters various draw backs which are hindering its growth and resulting in the country to suffer from the inefficiency and ineffectiveness of the sector since a large amount of resources, energy and time is invested in it.

1.4. Research Questions

The main research question is;

- What are the key factors that influence the marketing effectiveness of the Real Estate Industry in Addis Ababa?

Sub research questions;

- Does quality of real estate homes influence marketing effectiveness?
- Does the price fairness of homes influence the marketing effectiveness?
- Does brand image & reliability affect marketing effectiveness?
- Does convenience of location of villas influence the marketing effectiveness?
- Does sales personnel credibility contribute for marketing effectiveness?
- What are the other marketing related gaps exist within the industry?

1.5. Objective of the research

1.4.1. General objective

Broadly this study assesses the key factors that influence the marketing effectiveness of the real estate companies operating in Ethiopia, especially in Addis Ababa.

1.4.2. Specific objectives

In order to demonstrate the main objective of the study, there should be clear and precise specific objectives. Accordingly, the study has the following specific objectives:

- To evaluate the influence of quality of real estate homes on marketing effectiveness.
- To analyze the effect of price fairness of residential villas on marketing effectiveness.
- To assess the impact of brand reliability on the marketing performance.
- To identify the effect of convenience of location of the villas on marketing effectiveness.
- To assess the impact of sales personnel credibility on the marketing performance.
- To discover other gaps, exist within the industry related with marketing effectiveness.

Hypothesis:

To assess factors influencing the real estate market effectiveness, the researcher proposed to test the following hypothesis from the research objective:

- H1:** Quality of homes has a significant effect on marketing effectiveness.
- H2:** Price fairness of homes has a significant effect on marketing effectiveness.
- H3:** Brand reliability expected to relate positively with marketing effectiveness.
- H4:** Location convenience of homes has a positive impact on marketing effectiveness.
- H5:** Sales person credibility has a significant relationship with marketing effectiveness.

1.6. Significance of the Study

The researcher believes that the research will have the following importance for different stakes:

- To the **researcher**: it will enable to acquire & enhance knowledge regarding the concept of real estate marketing besides partial fulfillment of M.A Degree.
- To **readers & other** interested groups: it will create awareness and provide a clear picture regarding the real estate market in Ethiopia.
- **For companies & practitioners**: it will provide direction & suggest improvements as per the findings about the key factors that contribute to marketing effectiveness real estate companies operating in A.A.
- **For new real estate companies**, who are going to join the sector: It will give enough insight about the business.
- For the **government** policy makers and the business society: It will help serving as an input for policy decisions about the sector.
- **To other researchers**: it will encourage & motivate to go for further studies on similar topics serving as a reference. It will also have some importance in narrowing the unfilled gap in the existing literature.

1.7. Scope and limitation of the study

Scope of the study:

For a complete judgment of the business all the real estate companies operating in the country ought to have been considered and it needs a full investigation of demand and supply that requires too much time and resources above the researcher's capacity. However, in order to make this paper manageable, the researcher restrict in major real estate companies operating in the capital, Addis Ababa. This geographical scope limitation is not only chosen because of time, access and cost restriction, but also it is believed that considerable numbers of real estate companies are available in A.A and can be an indication for the up country ones too.

With regard to data collection even though there are over 5,000 licensed real estate companies in Ethiopia, the target population of operational real estate companies is about 11%. And the research will only cover the private residential real estate companies operating in Addis Ababa.

Limitation of the study:

Conceptual Limitation: There are no enough researches done about the issue

Methodological Limitation: When sample selected the researcher only select aged & successful companies. This may not consider the situation of newly emerging companies.

Geographical Limitation: In order to make this paper manageable, the researcher restricts in a few number of major real estate companies operating in the capital, Addis Ababa.

1.8. Organization of the study

This paper is organized in five chapters. The first chapter deals with Background of the study, Statement of the problem, Objectives of the study, Basic Research questions, Hypothesis of the study, Operational definitions, Significance of the study, and Scope of the study. The second chapter deals with Review of related literatures, Review of Conceptual & Empirical Literatures and Conceptual Framework. The third chapter discusses the methodology (design of the research; Population and sampling techniques, Sources and instruments of data collection, Procedures of Data Collection, Methods of Data analysis, Reliability and Validity and Ethical Considerations). In the fourth chapter, presentation, analysis, interpretation and summary of major findings discussed. The last chapter, chapter five summarizes the findings, conclusions and recommendations.

CHAPTER TWO

Review of Related Literature

Introduction

This chapter deals with theoretical & empirical reviews and contains concepts & theories regarding the real estate marketing to provide relevant literature in the field and to come up with a suitable conceptual framework. The theoretical framework of this study focuses on the concept of real estate market. And the empirical review section covers research findings and articles previously done on the area.

Based on theoretical & empirical review of the literature and the relationship between research variables, conceptual framework and model developed at the last part of literature review.

2.1. Theoretical Review

A market is the set of actual and potential buyers of a product. These buyers share a particular need or want that can be satisfied through exchange relationships. Marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. In a narrower business context, marketing involves building profitable, value laden exchange relationships with customers. Hence, marketing is defined as the process by which companies create value for customer & build strong relationships in order to capture value from customers in return (Philip K. 2010).

The demands of specific real estate products and services result from fundamental physiological needs but also from attempt to recognition and self-realization. Wishes are often desires for satisfaction of individual needs. In having a few desire people's wishes are various. Needs or wishes may produce demand, provided that there is readiness for purchase, for renting or for claiming service. That is why real estate market doesn't only have to analyze possible needs and wishes of customers but also to find out how many people or institutions are actually willing or capable of satisfying them (Knirsch, 2000).

Market strategies have become a significant function of success in today's competitive business environment for any sales based business company. The meaning of market is not only selling the product; it also encompasses company's orientation on customers need (Philip K. 2006). According to a number of market authors, the degree to which an organization demonstrates a market orientation will determine the effectiveness, with which the market concept is implemented by that organization and the degree to which the results will impact on the firm's performance (Byron and J. Paliwoda, 2001).

Real estate sector in global sector is developing day by day and correspondingly the profitability of the sector is rising therefore, it is critical to improve real estate market strategies. The market of real estate is an important issue for the seller, as it may affect market costs, the selling price and the market time of the property. Superior performance by a successful firm mandates that both market-oriented (an orientation toward creating value for the customer and the firm by meeting customer needs) and entrepreneurial-oriented (an innovation focused- orientation) activities take place (Ihtiyar, 2011).

The success or failure of real estate industry is dependent on many interrelated factors: economic conditions, demographics, transportation, management expertise, government regulations and tax policy, climate, and topography. Regarding to the real estate developers the objective of those engaged in the real estate industry is to create value by developing land or land with attached structures to sell or to lease or by marketing real estate parcels and interests (www.encyclopedia.com, 2016).

Marketing effectiveness: While Narver and Slater (1990) limit the scope of marketing performance to profitability measures, Kohli and Jaworski (1990) suggest both business performance outcomes such as profitability, market share and sales growth, and other desirable consequences such as customer satisfaction; repurchase employee job satisfaction, team spirit and organizational commitment.

Marketing effectiveness is related to organization performance in terms of market share growth, Profit ratio, sales growth, or customer satisfaction (Ho, 2011). A firm's profitability ratios are used to determine how well the firm performs in the market. If an organization is able to perform well in terms of market share or profit ratio, it can be concluded that the organization is doing well in marketing performance. Besides the numeric measures, the

increase in customer satisfaction can be related to an increase in marketing performance. If customers are satisfied with the services or products provided, customers' retention rate will increase.

Several arguments link marketing effectiveness to improvements in marketing and firm performance. First, the mere fact that some output will be measured has a positive effect on results. It encourages greater attention to the activities to be measured ("what gets measured gets done"). Second, it has been suggested that marketing's contribution to the achievement of strategic goals is underrepresented in firms that do not measure marketing performance. Third, it has been argued that MPM should lead to learning, which should enable improved marketing decisions and, consequently, improved performance. (António G and Joaquim C, 2013)

Organizations need to measure several factors in order to get a real idea of how the organization is performing and where they might intervene. Today's competitive environment requires marketing that is both effective and efficient, if organizations want to achieve their market and financial goals (Antonio d Gama, 2011).

Marketing Metrics: Researches point to a variety of marketing metrics. Clark (1999) identifies about 20 measures, Ambler and Riley (2000) tested a total of 38 measures, Davidson (1999) considers ten important measures of marketing effectiveness and Meyer (1998) notes hundreds. However, Clark (1999) suggests we should make better use of existing measures rather than formulate new ones. Ambler and Kokkinaki (1997) have summarized marketing metrics in six categories: financial, competitive market, consumer behavior, and customer intermediate, direct customer and innovativeness measures.

- ❖ Financial performance measures are hardly obsolete (Woodburn, 2004). They can offer a total performance measurement (Tangen, 2003) by reducing numerous inputs and outputs to the same currency. As long as financial profits are the goal of most organizations, then decisions need to be validated in financial terms.

Financial evaluations probably have more power to drive change than any other performance measure; even though they are poor indicators of what changes should be made. Woodburn 2004, adds that marketing also has an impact as financial performance through its income generating capacity. Of course, in most situations, financial assessment will involve income as well as expenditure. Ambler (2000) argues

that financial metrics are usually the first type to be employed to evaluate marketing performance. The financial measures include turnover, contribution margin and profit.

- ❖ Competitive market measures define the extent to which an organization acquires market share over competitors, advertising and promotional share of the market. Gray et al. (1998) suggest that market share can be an important determinant of profitability in the medium to long term. They state that large market share is both a reward for providing better value and a means of realizing lower costs.
- ❖ Consumer behavior measures define the extent an organization penetrates consumers, gains consumer loyalty and has a better customer gain.
- ❖ Customer intermediate measure defines brand recognition, satisfaction & purchase intention.
- ❖ The direct customer measure defines distribution level, profitability of intermediaries and service quality.
- ❖ Finally, innovativeness defines the frequency to which an organization launches new products and the revenue achieved thereof.

Characteristics of Real Estate Market

Conversion: Real estate involves development or redevelopment of land or land use. It is a land in its developed form. It is a land and all permanent improvements on it, including building. Raw land that is not put to use of any kind has no value, but it is a resource with latent use value (Berhanu, 2004).

Durability: Real estate is durable since the buildings can last for many years while the land it stands on is indestructible. Land is fundamental for real estate business. In the absence of adequate land reserve, a real estate developer will lose opportunities and its business may have to be suspended. Available land in urban areas is becoming increasingly scarce and expensive. Real estate firms with no land reserve in an urban area will find themselves in a bad position.

Resource intensive: Real estate development is resource intensive. Finance is the most critical element of successful property development. The funds needed for the development of a real estate project are considerable and are used mainly for land acquisition and construction (Vera, 2000).

Expensiveness: Real estate development is an expensive activity; in most cases it requires borrowing funds. Real estate developers could start their operation by acquiring raw land or may buy an already serviced land from land lords. Depending on the situation, the cost of development may include land cost, land development cost (surveying, preparation of subdivisions plan, approval, servicing), actual building construction cost, disposal costs (broker fee), and cost of borrowed money. It follows from this that the existence of an efficient loan finance system is critical for real estate development (Berhanu, 2004).

Lengthy and involved process: Real estate development involves long contractual process with numerous participants from various business sectors. The production process in real estate involves number of lengthy activities such as; site acquisition, site survey and formation, securing planning consent, arrange financing, design construction and marketing (Vera, 2000).

Risk: Various risks like, changes in governmental policies, changes in interest rates and changes in the market environment will surface (Berhanu, 2004).

Complicated process: To succeed in real estate development, much preparation is required including acquiring a deep understanding of relevant public policy, physical planning, municipal regulations, market conditions, site appraisal, economic evaluation, financial requirements, contractual procedures, building design, construction technique & market strategies. Additionally, professional approach to project management is necessary to coordinate schedule, quality & cost (Vera, 2000).

2.2. Empirical Review

Al-Nahdi, et al, (2015) study factors affecting the real estate market is enormously important. The study investigates the factors influencing Saudi inhabitants to purchase real estate. The study examines the effect of Attitude, Location, Living Space, Public Service, Reference groups namely (Friends Influence, and other Reference Group) on the intention to purchase real estate. Based on 220 questionnaires collected, the results show that Attitude had a positive effect on the intention to purchase real estate, while the Location, Living Space, Public Service, and Reference groups had no effect on the relationship between independents and the customers' intention to purchase real estate among Saudis.

Yannis Arvanitis (2013) conducted a study on African Housing Dynamics: Lessons from the Kenyan market. He put key conclusions & recommendations include use of alternative building solutions: the market needs to be educated to accept different building solutions which are more suitable cost-wise to reaching medium/lower income segments. Local government support helped to allow for effective supply of off-site infrastructure & land servicing (i.e. development of trunk infrastructure, water & sanitation, etc.) needed to support real estate.

Alexander Preko, Samuel Kwami Agbanu, & Mawuli Feglo (2014) conducted a study on service delivery, customer satisfaction and customer delight in the Real Estate business. It indicated as businesses now focus more on how to create customers, retain and maintain customers through quality service delivery, customer satisfaction and customer delight. The purpose of the study was to identify whether customer delight and customer satisfaction depend on service provided by an organization. The study revealed that service delivery is significant to customer satisfaction and customer delight. Further findings in the study also revealed that there is a positive correlation between service delivery and satisfaction, and satisfaction and customer delight. It is therefore recommended that, the Elite Kingdom should move away from the basic understanding of customer satisfaction to delighting customers which might pave the way for repeat purchase among customers of the organization.

James A. Kahn (2008) conducted a study on drives housing prices. The paper developed a growth model with land, housing services, and other goods that is capable of explaining a substantial portion of the movements in housing prices over the past forty years. Under certainty, the model exhibits a balanced aggregate growth, but with underlying Sectorial

change. The paper introduces a Markov regime-switching specification for productivity growth in the non-housing sector and shows that such regime switches are a plausible candidate for explaining both qualitatively and quantitatively the large low-frequency changes in housing price trends. In particular, the model shows how housing prices can have a “bubbly” appearance in which housing wealth rises faster than income for an extended period, then collapses and experiences an extended decline. The paper suggested that the current downturn in the housing sector was triggered by a productivity slowdown that may have begun in 2004, an event that could reasonably have been viewed as highly unlikely by investors and mortgage issuers in the early part of the decade.

2.3. Variables /Determinants of real estate marketing effectiveness

A. Quality & features of homes and marketing effectiveness

Product quality is a critical element for consumer decision making. Consumers always compare the quality of alternatives with regard to price within a category (Jin & Yong, 2005). According to Davis et al. (2003), perceived quality is directly related to the reputation of the firm that manufactures the product. Perceived quality is also regarded as the degree to which a product provides key customer requirements and how reliably these requirements are delivered. Product quality is conformance to requirements encompassing the features and characteristics of a product that satisfy stated needs (Russel & Taylor, 2006).

As stated on the literature one of the major complaint area among Ethiopian real estate customers is a poor quality of homes. Construction quality relates with usage of strong construction materials, construction equipment and up to date technological facilities and it also includes quality of sanitary, electrical and finishing works.

Construction quality, design and features of real estate homes become one of the main competing factors among real estate companies to win customer intention and it is the main reason for customers to choose a real estate company. Thus, quality is from the major factors that influence marketing effectiveness.

H1: Quality of homes significantly influences marketing effectiveness positively.

B. Price fairness and marketing effectiveness

There is a significant amount of research that proves price consciousness as an important variable in purchase decision making (e.g. Lichtenstein et al., 1993; Estalami & Lehman, 2001; Moon et al., 2006; Campbell, 2007).

As stated on the literature due to expensiveness of real estate homes, the majority of the real estate home buyers in Ethiopia are from the Diasporas and high class. The price of real estate homes is even beginning to match or exceed the levels seen in African countries with much higher income than Ethiopia. Even it doubled and tripled in a span of few years.

If the home price be fair enough and affordable by the households, it will help to get better number of potential buyers from the residents and this will have led to effective marketing. Thus, marketers are expected to offer homes for customers with affordable price that can make their company profitable and assure marketing effectiveness.

Besides the price of the homes; payment schedule and trustworthiness to pay the down payment are also reasons for customers to choose a real estate company.

Therefore, Price has been one of the most hypothesized, tested and confirmed influencing variable of buying behavior and thus affects marketing effectiveness.

H2: Price significantly influences marketing effectiveness.

C. Brand Image & Reliability and marketing effectiveness

Researchers have also been focusing on brand equity as one of the influential factors of market. For instance, Mahalingam & Kumar (2012) found out that in addition to product quality, brand awareness is also the most important factor in buying behavior. Brand awareness is said to precede all other steps in the buying process (Rossiter & Prey, 1987).

Brand image on the Ethiopian real estate business is especially related to delivery reliability of homes. Most of the real estate firms who secured land for real estate development are not operating in full capacity in which some put the bare land without any construction not even a fence, some started construction only for the sake of securing the land and some other even transferred the land illegally to third party.

As stated on the literature, only 11 % of projects approved become operational while only 3.3% were under implementation. This problem is further aggravated by the long construction periods and this in turn led to extremely long delivery time (sometimes as long as 6 years). Due to such failures to deliver homes as per the contract this day's real estate buyers are highly dissatisfied and losing confidence and trust on most of the Ethiopia real estate developers. Now most of the Ethiopian real estate companies are trying to restore their lost trust from potential buyers and begun delivering finished houses.

Since brand image & reliability is one of the reasons among home buyers in choosing a real estate company it has a direct influence on marketing effectiveness.

H3: Brand image & reliability have a significant influences marketing effectiveness.

D. Location convenience and marketing effectiveness

Availability at convenient locations is vital for choice of a brand. According to Lin and Chang (2003) convenience of a brand has a significant impact on consumers' brand choice of any product.

Location convenience is one element of marketing mix that will help to attract customers and influence their decision of buying a product. It is not only about `where the product to sell is located?`. Rather it includes:

- Availability of infrastructure,
- Convenience for transport,
- Availability of facilities like health center, shopping area, recreational places and other social services,

On top of these, the researcher believes that location convenience is one of the reasons for customers to choose a real estate company and contribute for marketing performance. Hence, accessibility is hypothesized to influence marketing effectiveness.

H4: Location convenience significantly affects real estate marketing effectiveness.

E. Sales personnel's credibility and marketing effectiveness

Credibility is all about keeping the promise made by the sales personnel during personal selling. Personal selling is a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product or service or to act upon an idea. While considering personal selling it is important to underline on sales skills which has a significant impact on the sales performance.

Thus sales personnel of the company shall be well trained and skilled enough to convince customers, collect customer feedback on a continuous basis to know about customer feelings and shall keep the promise made for their customers.

Since customers take sales personnel's credibility as one of the reasons to choose a real estate company, it is related with and affects marketing effectiveness.

H5: Sales personnel credibility has positive influence on marketing effectiveness

In general, even though the five variables listed above are the major factors that will influence marketing effectiveness of the industry the supply and cost of land, shortage of finance, availability and cost of construction materials, lack of supporting infrastructure, shortage of skilled man power, high labor turn over, narrow target group of customers, lack of experience with in the sector, lack of support from the government side, negative image of the sector due to the poor delivery promises, etc. are also affecting the marketing effectiveness of Ethiopian real estate industry.

2.4. Conceptual Framework

Based on the related literature review the conceptual framework was developed. The framework shows the variables of the study which include Marketing strategy implementation, Brand image, Quality of real estate homes, Pricing, Sales personnel credibility, Location convenience of homes and Advertisement as the independent variable that affect the marketing effectiveness (dependent variable).



Figure 2.1: Conceptual framework (by the researcher, 2018)

CHAPTER THREE

Research Design and Methodology

This chapter deals with the research design and methodology that are used to achieve the objective of the study. Research approaches & methods, sources & instruments of data collection, population of the study, sampling procedure & technique, sample size determination, procedure of data collection and method of data analysis, and reliability and validity of the study discussed.

3.1. Research approaches

The researcher uses both qualitative and quantitative research methods. A qualitative research is applied to get insight and understanding of the situation about the real estate market in Ethiopia. A quantitative research method on which the researcher has collected quantitative data through close-ended questions using questionnaire, is also used to examine the variables of the study: that are quality of homes, price fairness, brand image, sales personnel credibility, and location convenience of homes as independent variables and marketing effectiveness as dependent variable. The questionnaire had thirteen questions in total divided into 2 sections.

3.2. Research design

This research uses descriptive research design to describe the situation in the real estate marketing in Addis Ababa. Due to different constraints depth analysis of large number of sample becomes unattainable. Thus, Deductive approach is used to undertake this research.

3.3. Sources and instrument of data collection

Information gathered from both primary and secondary sources. From the primary data sources survey questionnaire and interview used. Both close and open ended questions are included in the survey questionnaire which is designed to gather information. The real estate market effectiveness measured using five attributes. These include quality of homes, price fairness, brand image, sales personnel credibility, and location convenience of homes. And a five-point likert scale, ranging from 1 to 5 used. i.e., **1 - Strongly Disagree, 2 - Disagree, 3 - neutral, 4 - Agree, 5 - Strongly agree**. Some marketing & sales managers from chosen real estate companies are deliberately selected & interviewed.

Secondary data are taken from journals, articles, newspapers and research papers written about real estate marketing in general and real estate sector in Addis Ababa in particular.

3.4. Population of the study

There are over 5,000 total licensed real estate companies in Ethiopia. Among them 3,400 are found in Addis Ababa but only 380 are operational projects, among which most are very young and not yet completed any sales up to now. Thus the target population for this research is 380 real estate companies operating in Addis Ababa.

The selected samples fill out the survey questionnaire and willing company marketing/sales managers are interviewed to get insight about the situation of the real estate marketing.

3.5. Sampling design and sampling technique

The researcher uses purposive sampling system to choose six real estate companies among 380 that are under operation in Addis Ababa by their market share information, years of experience, and volume of customer list data base. Accordingly, the researcher chooses Ayat, Sunshine, Gift, Flintstone, Noah, and Ropack real estate companies.

Based on this, the researcher randomly identified 380 customers from the six selected real estate companies and five managers from three of these companies as sample respondents for the research. The detail sample for the research is depicted under the table below:

S.N	Real estate company	Questionnaire distributed	Questionnaire collected	Percentage of collected
1	Ayat	110	101	28.1%
2	Sunshine	90	87	24.2%
3	Gift	60	59	16.4%
4	Flint stone	70	69	19.2%
5	Noah	20	14	3.9%
6	Ropack	30	29	8.1%
<u>Total</u>		<u>380</u>	<u>359</u>	<u>100%</u>

Table 3.1: Sample size distribution across the six real estate companies

Respondent's rate can easily be calculated from the above table using the following formula:

$$\text{Respondent Rate} = \frac{\text{Total Questionnaire Collected}}{\text{Distributed Questionnaire}} = \frac{359}{380} = \mathbf{0.9447 (94\%)}$$

3.6. Sample size determination

The sample size determination will be based on the following calculation & sampling formula:

$$P = q = \frac{1}{2} = 0.5 \quad e = 0.05 \quad z = 1.96 \quad N = 600$$
$$N = \frac{z^2 pq N}{e^2 (N-1) + z^2 pq}$$
$$= \frac{(1.96)^2 * 0.5 * 0.5 * 600}{(0.05)^2 * (767-1) + (1.96)^2 * 0.5 * 0.5} = \underline{384}$$

3.7. Procedure of data collection

Questionnaires distributed to Ayat, Sunshine, Gift, Flintstone, Noah, and Ropack real estate customers, and marketing/sales managers also interviewed from the same companies in order to find out their attitude towards the real estate marketing.

3.8. Methods of data analysis

Information gathered both in qualitative and quantitative methods. Hence the qualitative data collected by interviewing willing marketing and sales managers of the real estates. The quantitative data are collected from the customers of the six real estate companies mentioned above through questionnaires. Data sorted, coded, computed and analyzed using the statistical package for social science software (SPSS). Appropriate statistical analysis used according to respective objective. The analyzed data presented by using tables and graphs. The questionnaire contains two parts. The first part is organized based on the respondent demographic information and the second part based on the research objectives. Furthermore, primary data collected through interview and questionnaire and secondary data from related literature. Based on descriptive data analysis techniques frequency, percentage, mean, standard deviation and graphic representation made.

3.9. Validity and Reliability of the Instruments

Reliability Test:

This study used Chronbach's alpha to assess the internal consistency of variables in the research instrument. Chronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to ZikmundEtla (2010), scale with coefficient alpha between 0.6 and 0.7 indicate fair reliability so for this study a Chronbach's alpha score of 0.70 or higher is consider adequate to determine reliability.

Validity Test:

Validity test was done as it indicated the extent to which difference found with measuring instrument reflecting true differences among those being tested. In order to ensure the quality of the research design content and construct validity of the research was checked. Construct validity establishing correct operational measures for the concepts being studied (Yin 1994). The literature review was conducted and thoroughly examined to make sure that the content of measuring is relevant to the study and experts' opinions were taken.

3.10. Ethical Consideration

Informed consent was sought from the management of the selected organizations before the commencement of this research initiative. Approval for this study was obtained from Addis Ababa University School of commerce, department of marketing management. And formal consent was obtained from each participant/sampling unit before data collection was commenced. The researcher tried to protect the rights of the respondents by ensuring that none of them were named during the research and they were selected to participate without compulsion.

CHAPTER FOUR

Results and Discussion

This chapter has two parts. It covers the data collected from interviewing five marketing and sales managers of three real estate companies (i.e. Ayat, Sunshine, and Gift real estates), on the various points of real estate marketing practice in general and on their respective firm in particular. And also detailed analysis were made from the data collected through questionnaire from the customers of six selected real estate companies (Ayat, Sunshine, Gift, Flintstone, Noah, and Ropack) in order to determine the key factors contributing to the real estate market effectiveness and it is illustrated using tables.

The researcher used the descriptive statistic method and mean scores and standard deviation are employed to show respondents rating on factors affecting real estate market effectiveness.

4.1. Responses

Out of the total 380 self-administered questionnaires distributed to real estate customers, 365 of them were filled and returned, out of them 359 (94.5%) were usable and the rest only 6 (5.5%) of them were incomplete and non-usable questioners.

Table 4.1: Over all sample response rate

Sample	Frequency	Percent
Total distributed questioner	380	100%
Returned questioner	365	96%
Incomplete and non-usable questioner	6	5.5%
Total usable questionnaires considered for analysis	359	94.5%

Source: own survey, 2018

The preliminary data collection from the real estate customers was the major challenge in the course of this research. To sample the customers, the researcher selected project sites from the sampled real estate in which, they all are located in different neighborhood sites.

4.2. Reliability of the Survey Instrument

Reliability is a measure of construct that out comes be assessed with relatively little measurement error. To test the reliability of the questionnaire a pilot survey was used. In pilot test 40 questionnaires were approached and collected from the apartment customers. The internal consistency (the reliability of the constructs) of each of the attribute dimensions or factors affecting marketing effectiveness of the real states are tested. We applied the Cronbach's Alpha reliability analysis. Cronbach Alpha is a coefficient of reliability used to measure the internal consistency of the scale. The results showed that the Cronbach Alpha coefficients for all the dimensions are more than 0.7 indicating that the reliability of the instrument is high.

Table 4.2: Reliability test by dimensions

Cronbach's Alpha	No. of Items
.802	25

Source: own survey, 2018

The value of good alpha is 0.7 or more (Hair et al., 2010); however, at the early stages of research, it can be accepted at the level of 0.5 or 0.6 (Churchill, 1979). The statistical analysis of this study shows that Cronbach's alpha is greater than 0.7 that was 0.802 (80.2%) for 25 item (variable), indicating that the reliability of the instrument is very good.

4.3. General Characteristics of the Respondents

Table 4.3: Respondents` demographic characteristic (Gender, Age & Education level)

		Frequency	Percent	Valid Percent	Cumulative Percent
Respondents' Gender					
Valid	Female	125	34.8	34.8	34.8
	Male	234	65.2	65.2	100
	Total	359	100	100	
Respondents' age					
Valid	18-28 year	67	18.7	18.7	18.7
	29-39 year	181	50.4	50.4	69.1
	40-50 year	80	22.3	22.3	91.4
	> 50 years	31	8.6	8.6	100
	Total	359	100	100	
Respondents' Education background					
Valid	Elementary Complete	44	12.3	12.3	12.3
	High School Complete	155	43.2	43.2	55.4
	First Degree	133	37	37	92.5
	Postgraduate & Above	27	7.5	7.5	100
	Total	359	100	100	

Source: own survey, 2018

The demographic characteristic of the respondents is shown in the table above. The gender distribution is 65.2% male and 34.8% females.

Majority of the real state customer respondents 181 (50.4%) fall in age group of 29-39 years followed by 80 (22.3%) those aged 40-50 years, 67 (18.7%) of them fall under age 18-28 and 31 (8.6%) fall in > 50 years. Most of the respondents are in age of over 29 years.

In terms of level of education, 7.5% of them have Masters` Degree, 37% of the respondents have Bachelor Degree, 43.2% of them have completed high school and 12.3% of the respondents have completed elementary. The result shows that most of the respondents are relatively educated.

Table 4.4: Respondents Occupation

Respondents' occupation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Company Owner	189	52.6	52.6	52.6
	Private Employee	116	32.3	32.3	85.0
	Government Employee	54	15.0	15.0	100.0
	Total	359	100.0	100.0	

Source: own survey, 2018

Respondents, who are running their own business (company owner) constitutes 52.6%, followed by private employee 32.3% and 15% government employee. This may also be a good incident to show that how the market is based mainly in customers having better occupation.

Table 4.5: Respondents' monthly income

Respondents' monthly income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 15,000	15	4.18	4.18	4.18
	From 15,001 to 20,000	45	12.53	12.53	16.71
	From 20,001 to 25,000	159	44.29	44.29	61.00
	Above 30,000	140	39.00	39.00	100.00
	Total	359	100.00	100.00	

Source: own survey, 2018

The table indicates that above 80% of the respondent's monthly income over 20,000. This indicates that the real estate customers have relatively high monthly income.

Table 4.6: Real estate firm (according to No. of respondents)

Real estate firm the respondents purchase home from					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ayat real estate	101	28.1	28.1	28.1
	Sunshine real estate	87	24.2	24.2	52.4
	Gift real estate	59	16.4	16.4	68.8
	Flint Stone real estate	69	19.2	19.2	88.0
	Noah real estate	14	3.9	3.9	91.9
	Ropack real estate	29	8.1	8.1	100.0
	Total	359	100.0	100.0	

Source: own survey, 2018

From the sampled customers of selected real estate's Ayat real estate constitutes 101 (28.1%), Sunshine real estate 87 (24.2%), Gift real estate 59 (16.4%), Flint Stone real estate 69 (19.2%), Noah 14 (3.9%) and Ropack real estate 29 (8.1%). It indicates that the firms got fair distribution and the data are collected from respondents of all the selected firms.

4.4. Overview of Respondent Rating

Descriptive analysis with analysis of mean, standard deviation of the indicator variables (independent variables) and dependent variable of marketing effectiveness on price, quality, brand reliability, location, and sales person credibility of real estate's considered as outcome variables, thus by giving preliminary understanding of respondents' view on the real estate's price, quality, location, delivery reliability & sales person credibility. All items were numbered from left to right for coding purpose with lower rating indicate negative and higher rating indicate positive.

The mean & standard deviations of respondents on real estate market presented in tables below:

Table 4.7: Descriptive Statistics (construction quality)

Descriptive Statistics					
	N	Mini mum	Maxi mum	Mean	Std. Deviation
Quality of construction material/ equipment make a difference on your choice or decision	359	1	5	3.83	.860
Usage of up to date technological facilities matters a real estate company	359	2	5	3.20	.632
Finishing works influence you from whom to buy	359	1	5	1.79	.806
Construction quality is the reason for you to choose a real estate company	359	1	5	3.90	.779
Valid N (listwise)	359				

Source: own survey, 2018

The result shows that the majority of respondents are agreed that most of the elements under construction quality have impact on their decision when they choose Real Estate Company.

Table 4.8: Descriptive Statistics (the price of the villas)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Payment schedule of the company matters your decision when choosing a real estate co.	359	1	5	3.76	.927
Trustworthiness to pay down payment influence your decision when you choose a co.	359	1	5	3.67	.961
Price of villa influences your decision when you choose a company	359	1	5	3.85	.887
Price is the reason for you to choose a real estate company	359	1	5	3.70	1.130
Valid N (listwise)	359				

Source: own survey, 2018

The result indicates that the mean range for the price of the villas is high, near to 4 and it indicates that customers are agreed that all the elements related to price fairness of villas highly influence customer decision when they choose a real estate company.

Table 4.9: Descriptive Statistics (Brand reliability)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Reliability influences your decision when you choose a company	359	2	5	3.20	.632
Delivery time as per the contract matters when you choose a real estate company	359	1	5	3.75	1.044
Brand image is the reason for you to choose a real estate company	359	1	5	3.35	.818
Valid N (listwise)	359				

Source: own survey, 2018

The mean range for the brand reliability is between 3.20 - 3.75 which is above average (i.e. above 3). This implies that most of the respondents are agreed that all the elements under brand reliability of the real estate companies are among critical factors that greatly influence customer decision when they choose a real estate company.

Table 4.10: Descriptive Statistics (Location convenience)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Availability of infrastructure in the neighborhood influences your decision when you choose a company	359	1	5	3.25	1.044
Convenience for transport is one of the big deals when you buy home	359	1	5	3.30	.967
Availability of facilities such as health center, shopping, recreational and other makes you to choose a real estate company	359	1	5	3.46	.953
Location is the reason for you to choose the real estate company	359	1	5	3.20	.920
Valid N (listwise)	359				

Source: own survey, 2018

The above table shows that the mean range for the location convenience is fall in between 3.20 - 3.75 which is above average (i.e. above 3). This implies that most of the respondents are agreed that the elements related to location convenience of the real estate homes are among factors that influence customer decision when they choose a real estate company.

Table 4.11: Descriptive Statistics (Sales person credibility)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Sales persons of the company keeps the promise they made	359	1	4	2.48	1.041
The sales persons are well trained	359	1	4	1.86	.872
Sales persons of the company collects customer feedback	359	1	4	1.87	.842
Sales person`s credibility is the reason you choose the real estate	359	1	5	1.81	.867
Valid N (listwise)	359				

Source: own survey, 2018

The above table shows the mean range for the sales person credibility is between 1.81 and 2.48 which implies that sales person`s credibility does not matter as of the other factors for the real estate customers when they choose a company.

4.5. Marketing Effectiveness Level

According to Kotler (2006), satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands & advertising, and buy other products from the company. Dissatisfied consumer responds differently. Bad word of mouth often travels further and faster than good word of mouth. It can quickly damage consumer attitudes about a company and its products.

Table 4.12: Descriptive Statistics (Marketing Effectiveness)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Quality of home influences your decision when you choose a company.	359	1	5	3.13	.954
Price of homes influences your decision when you choose a company.	359	1	5	3.09	.897
Brand reliability influences your decision when you choose a company.	359	1	5	3.59	1.023
Location of homes influences your decision when you choose a company.	359	1	5	3.95	.810
Sales person`s credibility influences your decision when you choose a company.	359	1	5	3.66	1.136
Company`s Overall marketing performance is the reason for you to choose a real estate company	359	1	5	3.36	1.099
Valid N (listwise)	359				

Source: own survey, 2018

The table shows that the mean range for most of the factors is above average. This implies that the respondents are agreed that all the factors influence marketing effectiveness positively.

On the bases of the finding of this study the hypothesis is set regarding the dimensions (factors) affecting overall marketing performance of the real state were discussed.

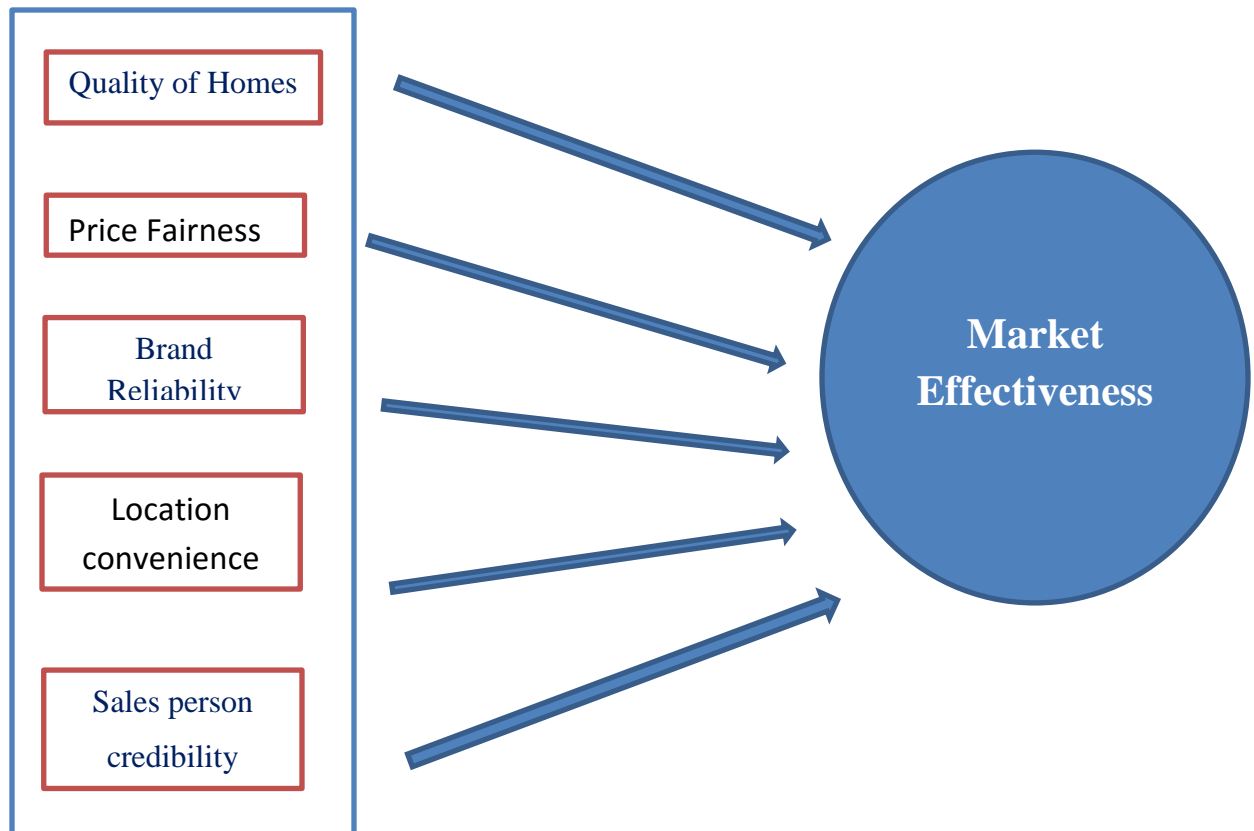


Figure 4.2: Result of Hypothesis Source: own survey, 2018

- H1:** Construction quality of the villas has a significant and positive relationship on customer satisfaction; therefore, this hypothesis is not rejected.
- H2:** Price of the villas has a significant and positive effect on customer satisfaction; therefore, this hypothesis is not rejected.
- H3:** Brand image & reliability has a significant and positive relationship on customer satisfaction; therefore, this hypothesis is not rejected.
- H4:** Location convenience has a significant and positive relationship on customer satisfaction; therefore, this hypothesis is not rejected.
- H5:** Sales person credibility has a significant and positive relationship on customer satisfaction; therefore, this hypothesis is not rejected.

4.6. Discussion of Results

Even though, it is risky and takes a longer time to get the return on investment, it is a very good business to invest in. The key points revealed in this study can be summarized as follows:

- ❖ The high housing demand in all income groups, the technology and engineering focused education programs, international organization and institutions, the government revitalization programs in the inner city slum villages, the large scale construction of infrastructure in every part of the country, and other opportunities gives the sector a huge potential to be exploited and to benefit the actors of sector & the country at large.
- ❖ There are a complicated issues and deficiencies in the business, delivery defaults, quality problems, disputes between customers and developers.
- ❖ From the customer response in this study, it is understood that most of the respondents agreed that the brand reliability of the real estate companies is one of the critical factors that greatly influence their decision to choose a real estate company.
- ❖ Although the effect is not big as of the price, brand & quality; most of the respondents agreed that location convenience of homes & sales person's credibility also influence their decision to choose a real estate company. Thus, delivery reliability and price of the villas are the most important attribute to influence marketing effectiveness that the respondents are strongly agree with.
- ❖ Another important point addressed in the research is the narrow targeting of the private real estate sector of Ethiopia, on which the developers only focus on the very high income group of the local market and the Diasporas living in different parts of the world. This is the result of the very high price of the villas, town houses and apartments which is unthinkable for most of middle & upper middle income group of customers.
- ❖ The majority of the respondents believed that the Government should play a great role in controlling the real estate sector to ensure that the customers are guaranteed for the money they paid in advance, facilitate bank loan facility for sector and strictly guide and encourage real estate sector investment.
- ❖ The customers suggest the real estate developers to reform their performance especially in the aspect of construction quality, price and delivery reliability of homes. The private real estate sector mostly targets the upper income group the urban population.

Interview Results

- ❖ The developers agreed on the backward construction technology and procedures, shortage of skilled man power in the sector, lack of project management skills and inexperienced real estate investors are also significantly affecting growth of the sector.
- ❖ In this study the real estate developers mentioned the factors that could differentiate them from their competitors. These include brand recognition and trust worthiness, experience in the sector, skilled and energetic management and staff member, best location for the real estate sites, financial strength and complementary sister companies and affiliated businesses. For example:
 - Ayat real estate is supplied with construction materials & equipment's from its marble & gravel manufacturing & construction machinery rental sister companies.
 - Gift real estate also have Gift trading plc, gift nail manufacturing, Gift construction plc and Gift property management sister companies.
- ❖ Some of the real estate developers formally & informally pull and gather the feedback from their customers through established marketing research section which periodically undertake customer satisfaction survey and report to the concerned divisions and departments, while others receive comments and complaints when reported by customers to the sales office or head offices.
- ❖ The interview result indicated that the prices are generally high even sometimes extremely high as compared to the living standards and average income of the majority of the urban population. This clearly indicates that the private real estate firms operating in Addis Ababa targets only high income group.
- ❖ Even though the payment terms differ from one developer to another, the payments are made at different milestone of the construction progress starting from the signing of the contract up to handing over and submission of documents necessary for transferring title deeds. But the advance payment is mostly from 20-30% and the remaining 70%-80% will be prorated at different stages of the first or second slabs (for G+ buildings), completion of roofing, completion of finishing work, & finally at handing over.
- ❖ The developers plan to deliver the residential apartments and villas within 15 months - 36 months and enter the contracts with their clients accordingly but almost all the real estate developers are blamed for late delivery.

Challenges

The developers mentioned that they are unhappy, the sector is full of challenges, customers are dissatisfied with the sector performance, and the government is also discontented. Some of the various causes for all these poor performances are: -

- ✓ Supply and cost of land
- ✓ Shortage of finance
- ✓ Cost and supply of construction materials
- ✓ Shortage of skilled manpower and employee turnover
- ✓ Narrow target group who can afford the high prices
- ✓ Negative image of the sector due to the poor delivery promises
- ✓ Lack of experience of the real estate sector
- ✓ Lack of support from the government

Opportunities

Despite the challenges in the sector there are still opportunities which can be utilized for the benefit of the customers, developers, government and the society at large. This includes;

- ✓ Increase urban housing demand at an alarming rate as the population of the major cities is increasing with migration and high birth rate.
- ✓ There is economic development under the country. Private real estate sector has tended to high end market i.e. high income group of the local population and the Diaspora who have believed to have willingness & ability to purchase expensive homes.
- ✓ The large scale construction of infrastructure in every part of the country such as roads, rail way, and hydroelectric power projects which in turn facilitates real estate operation.
- ✓ Addis Ababa becoming an international city attracting international institutions like embassies, NGO's and aid agencies, and the like.
- ✓ To sum up, there are lots of opportunities for the real estate sector, but this fact is conditional on the major challenges mentioned above.

CHAPTER FIVE

Summary, Conclusion and Recommendation

This chapter summarizes the findings or outcomes of the study and provides possible solutions or recommendations in order to solve the problems. The first section of this chapter is dedicated to conclusion part and based on these findings, recommendations are summarized.

5.1. Summary and Conclusion

The study revolves around influential factors that affect the marketing effectiveness by taking the case of the real estate companies operating in Addis Ababa city. By considering different theoretical and empirical researches conducted by different authors, five variables were sorted and discussed. Each factor contains different statements, a minimum of three statements and a maximum of six statements. The respondents were asked to give their argument for likert scale type question. Their response was investigated through using mean, standard deviation, correlation and regression.

The objective of the research was to analyze the real estate market effectiveness and major factors that will contribute for it. This study was undertaken by reviewing secondary data written on related topics and collecting and analyzing primary data through interview questions and survey questionnaires. The primary data is collected from five marketing/sales managers of three real estate firms namely Sunshine, Gift and Ayat through interview and self-administered questionnaires were distributed to 380 customers from six selected real estate firms from which 359 are collected analyzed.

Accordingly, the data analysis performed using both qualitative and quantitative methods and the findings show that the real estate sector is creating dissatisfaction for all the participants. The developers are frustrating with the situation in the sector due to various challenges such as cost and supply of land, lack of finance, cost and shortage of supply of construction materials, shortage of skilled man power and high labor turn over, narrow target group of customers who can afford and lack of government support. The customers on the other side are disappointed with the late delivery and price affordability of the villas.

The price of the real estate homes is extremely high as compared to the living standards and the average income of the majority of the urban population. This clearly indicates that the private real estate firms target only high income group.

Customers had lost trust on real estate companies due to some bad incidents at some real estates and delivery dalliance i.e.: many cannot deliver homes as per the agreement period. Thus now a day customers are very sensitive for reliability issues even beyond any other factors.

5.2. Recommendation

Possible solutions or remedies are proposed in this section in order to solve or reduce some problems. The Ethiopian private real estate sector has a short life i.e. less than two decades and within the short time it passed through lots of up and downs.

- ❖ Even though the government is now planning to address the lower and middle income group of the market through various low cost public housing projects it is not enough compared to the high housing demand in the urban centers. Therefore, the private real estate sector should focus on low and medium income level group of customers & deliver homes with affordable price, and this can be realized if the land acquisition and construction expenses can be reduced.
- ❖ The developers should look for alternative construction materials and efficient construction technologies which in turn increase profit margin, minimize the delivery time horizon, improve construction quality & reduce selling price leading to address larger target market of middle & lower income groups of urban population.
- ❖ Prior to entering the real estate sector, the developers should first ensure that they have financial, human & capital resources that are enough to stay competitive and profitable.
- ❖ Since lack of finance restraining development of the sector, financial system & policies should be revised to incorporate a bank mortgage loan & project funding scheme.
- ❖ The developers shall gather the feedback from their customers on a consistent basis that will help them to know their customers need and offer as per their need.
- ❖ The developers should also have train and motivate their sales persons so that they can get prospects trust. The sales persons are direct reflection of the company and the profitability depends on their performance. In order to get trust from customers the sales persons should be trustworthy and creative.
- ❖ Government should play a great role in controlling the real estate sector to ensure that the customers are guaranteed for the money they paid in advance, facilitate bank loan facility for sector & strictly guide and encourage the sector.
- ❖ In general, the government, developers, financial institution, construction and other affiliated business sector should collaborate to improve the real estate sector and to create a win-win situation for all the participants and the country at large.

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Appendix

Questionnaire for Customer

Dear Respondents,

The purpose of this questionnaire is to obtain data for a research project conducted by Aschalew Dessie on a topic `Factors influencing Real Estate Marketing effectiveness` in a partial fulfillment of the requirements for the award of an MA degree.

The major objective of the study is to investigate the key factors affecting the Real estate marketing.

Your cooperation in filling out the questionnaire carefully and genuinely, therefore contribute towards getting ride off the fundamental and deep rooted Real estate marketing problem in Addis Ababa.

The researcher in this regard, assures you that all the information you provide will be confidential and is to be used only for research purpose. Thank you for your cooperation in advance.

Instruction

- a) No need to write your name
- b) Put \surd or X in the boxes for questions with alternative.
- c) Write your answer for questions which needs explanation in the space provided.

Part - I

General Information

1. Gender

Male

Female

2. Age

18-28 29-39 40-50 > 50

3. Marital Status

Single Married Divorce

4. Education Level

Elementary Complete High School Complete First Degree

Second Degree Other _____

5. Occupation

Government employee Private employee

Company owner Other _____

6. Monthly income level

Below 15,000

From 15,001 to 20,000

From 20,001 to 25,000

From 25,001 to 30,000

Above 30,000

Part - II

Specific Information

1. The real estate firm you Purchased your home from

- Ayat real estate
- Sunshine real estate
- Gift real estate
- Flint Stone real estate
- Noah real estate
- Ropack real estate

2. Questions related to construction quality

Construction Quality	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Quality of construction material/ equipment make a difference on your co choice decision					
Usage of up to date technological facilities matters a real estate company					
Finishing works influence you from whom to buy					
Construction quality is the reason for you to choose a real estate company					

3. Questions related to price fairness

Price fairness	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Payment schedule of the company matters your decision when choosing a real estate co.					
Trustworthiness to pay down payment influence your decision when you choose a co.					
Price of villa influences your decision when you choose a company.					
Price is the reason for you to choose a real estate company					

4. Questions related to brand image & reliability

Brand reliability	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Reliability influences your decision when you choose a company.					
Delivery time as per the contract matters when you choose a real estate company.					
Brand image is the reason for you to choose a real estate company					

5. Questions related to Location

Construction location	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Availability of infrastructure in the neighborhood influences your decision when you choose a company.					
Convenience for transport is one of the big deals when you buy home					
Availability of facilities such as health center, shopping, recreational and other makes you to choose a real estate company					
Location is the reason for you to choose a real estate company					

6. Questions related to sales person credibility

Sales person's credibility	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Sales persons of the company keeps the promise they made					
The sales persons are well trained					
Sales persons of the company collects customer feedback					
Sales person's credibility is the reason for you to choose a real estate company					

7. Questions related to marketing effectiveness

Marketing effectiveness	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Quality of home influences your decision when you choose a company.					
Price of homes influences your decision when you choose a company.					
Brand reliability influences your decision when you choose a company.					
Location of homes influences your decision when you choose a company.					
Sales person`s credibility influences your decision when you choose a company.					
Company`s Overall marketing performance is the reason for you to choose a real estate company					

Thank you for your Cooperation!

Interview questions

1. What are the different offerings of your company?
2. How do you position your offerings?
3. What are the price and payment schedule of your offerings?
4. How do you segment and target your market with respect to demography, income group, geography, etc.?
5. What are your competitive advantages that differentiate you from your competitors?
6. What are the promotional mixes that your company uses to reach its target market?
7. Do you have customer feedback & complaints gathering system? If you have, do you actually use the feedback as an input to improve your service?
8. What are the challenges that the current real estate sector in general and your company in particular facing?
9. What opportunities does your company see in the Ethiopian real estate industry?

Thank you for your Cooperation!