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Addis Ababa University

School of Commerce

Department Marketing Management

Graduate Program Unit

**Effect of Product Differentiation on Market Share in the Ethiopian Real Estate Industry:
Evidence from Addis Ababa, Ethiopia**

By:

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A Thesis submitted to school of graduate studies of Addis Ababa University, college of business and economics, school of commerce for the partial fulfillment of the requirement for the degree of masters of Arts in marketing management.

Advisor: Mesfin Workneh (PhD)

Addis Ababa, Ethiopia

June, 2022

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DECLARATION

I, Getachew Birhanie, hereby declare that the thesis work entitled “**Effect of Product Differentiation on Market Share in the Ethiopian Real Estate Industry: Evidence from Addis Ababa, Ethiopia**” submitted in partial fulfillment of the requirements for Master of Arts (MA) in Marketing Management to Addis Ababa University School of Commerce, is the outcome of my own effort and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University

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STATEMENT OF CERTIFICATION

This is to certify that Getachew Birhanie carried out his project on the topic entitled “Effect of Product Differentiation on Market Share in the Ethiopian Real Estate Industry: Evidence from Addis Ababa, Ethiopia” under my supervision. This work is original in nature and is suitable for submission for the award of Degree of Master in the Department of Marketing Management.

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TABLE OF CONTENTS

Contents

ACKNOWLEDGEMENT	i
LIST OF TABLES	v
LIST OF FIGURES	vi
LIST OF ACRONYMS	vii
<i>ABSTRACT</i>	viii
CHAPTER ONE	1
1 INTRODUCTION	1
1.1 Background of the study.....	1
1.2 Background of the Real estate industry in Ethiopia.....	3
1.3 Statement of the problem	5
1.4 Basic Research Questions.....	8
1.4.1 General research question.....	8
1.4.2 Specific research questions.....	8
1.5 Objectives of the Research.....	8
1.5.1 General Objective	8
1.5.2 Specific Objectives	8
1.6 Significance of the study.....	8
1.7 Delimitation/ Scope of the study	9
1.8 Limitation of the study.....	10
1.9 Definition of terms.....	10
1.10 Organization of the paper.....	12
CHAPTER TWO.....	13
2 REVIEW OF RELATED LITERATURE.....	13
INTRODUCTION	13
2.1 Theoretical Review.....	13
2.1.1 Real Estates.....	13

2.1.2 Competitiveness.....	17
2.1.3 Product Differentiation.....	18
2.1.4 Market share	24
2.2 Empirical Review.....	25
2.2.1 Product quality and market share	25
2.2.2 Product design and market share	27
2.2.3 Brand image and market share	28
2.2.4 Product innovation and market share	30
2.3 Conceptual Framework.....	32
CHAPTER THREE	33
3 RESEARCH METHODOLOGY.....	33
INTRODUCTION	33
3.1 Research Philosophy.....	33
3.2 Research Approach.....	34
3.3 Research Design.....	35
3.4 Data type and sources.....	36
3.5 Target Population.....	36
3.6 Sampling procedure.....	37
3.6.1 Sample Size	37
3.6.2 Sampling Techniques.....	37
3.7 Data Collection Gathering Instruments	38
3.8 Data Analysis Techniques.....	38
3.8.1 Survey Questions.....	38
3.8.2 Interviews	39
3.9 Validity and Reliability.....	39
3.9.1 Validity	39
3.9.2 Reliability	39
3.10 Ethical consideration.....	40
CHAPTER FOUR.....	41
4 RESULTS AND DISCUSSION.....	41

INTRODUCTION	41
4.1 Data Editing and Coding.....	41
4.2 Descriptive Analysis.....	41
4.2.1 Reliability of the Survey Instrument.....	41
4.2.2 Demographic Profile of Respondents.....	42
4.3 Relationship between Product Differentiation and Market Share.....	46
4.3.1 Correlation Analysis	46
4.4 Regression Analysis.....	49
4.4.1 Assumption Testing for Regression Analysis.....	49
4.5 Multiple Regression Analysis.....	54
4.6 Hypothesis Testing and Interpretation of Results.....	59
4.7 Discussions of the Results.....	60
CHAPTER FIVE	66
5 SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS....	66
INTRODUCTION	66
5.1 Summary of Findings.....	66
5.2 Conclusions.....	67
5.3 Recommendations.....	70
5.4 Directions for Further Studies.....	71
REFERENCE.....	73
APPENDIX I	i
APPENDIX II.....	vi

LIST OF TABLES

Table 2.1 Major Differentiating Variables	19
Table 4.1 Reliability test by dimensions	42
Table 4.2 Demographic Characteristics of the respondents.....	43
Table 4.3 Descriptive Analysis of the Variables	45
Table 4.4 Correlation between independent and dependent variables.....	47
Table 4.5 Multicollinearity test	52
Table 4.6 Regression model summary of product differentiation variables	54
Table 4.7 ANOVA of Market Share	56
Table 4.8 Summary of Coefficient on Market Share	57
Table 4.9 Summary of the overall outcome of Research Hypotheses	60

LIST OF FIGURES

Fig 2.1: Conceptual framework of the study	32
Figure 4.1 Normal P-P Plot	50
Figure 4.2 Histogram	51
Figure 4.3 Scatterplot	53

LIST OF ACRONYMS

ECA: Economic Commission for Africa

EIA: Ethiopian Investment Agency

MOUDC: Ministry of Urban Development and Construction

NICs: Newly Industrialized Countries

ROI: Return on Investment

TNCs: Transnational Corporation

ABSTRACT

The aim of the study was to examine the effect of product differentiation on market share of real estate industries in Addis Ababa City. By taking the research objectives and questions into considerations, both quantitative and qualitative research approach, and both descriptive and explanatory research design were used. The study was delimited to random and purposive sampling techniques. Quantitative data was collected using a structured questionnaire which has been developed and distributed to a sample of 384 customers of the five real estate industries. With a response rate of 95.05%, 365 questionnaires have been returned and were valid for data analysis. The quantitative data were analyzed by using descriptive and inferential analysis. The findings of descriptive statistics have shown that the mean score of product differentiation variables i.e. Quality of homes, product design, innovation of homes and brand image inclined to agreement level. Data also collected through interviews from marketing managers and sales person. All independent variables have the significant correlation with the dependent variable “Market share”. In this case, relatively quality of homes had a higher strong relationship with market share. Likewise, the empirical findings of the multiple regression indicated that, all of the predictor variables i.e. quality of homes, product design, innovation of homes and brand image have a positive and significant effect on the market share of real estate industries. The results also revealed that these independent variables were significant joint predictors of market share. The independent variables jointly explained 80.4% of the variance in market share. Finally, recommendations were made for real estate developers based on the findings of the study.

Key words: *Quality of Homes, Product Design, Product Innovation, Brand Image, Market Share*

CHAPTER ONE

1 INTRODUCTION

The introduction chapter explains the purpose of this research. It consists of the background of the study, statement of the problem, objectives of the study, research questions, significance of the research, scope of the study, limitation of the study, definition of terms and organization of the study.

1.1 Background of the study

The ever escalating openness in globalization and the rapidly changing economic and business environments, accelerate elimination of entry barriers and trade liberalization which create tremendous opportunity to foster market share of the business industry. The pursuit of competitive advantage is at the root of organizational performance and as such understanding the source of sustained competitive advantage has become a major area of study in the field of strategic management (Porter,1991).

Competition is the state within a market setting where firms work and set strategies to gain advantage or greater success over each other (Pearce and Robinson 2007). Porter (1979) highlighted cost leadership, differentiation and focus as generic competitive strategies used by business industries. According to the empirical findings of this scholar, competition in an industry is characterized by rivalry among existing firms, threat of substitutes, buyer bargaining power, supplier power; and entry barriers or threat to entry .

Scholars and pioneers asserts that many real estate industries across developed, Newly Industrialized Countries (NICs) and developing countries have increasingly adopted different competitive strategies to increase their market share resulted from the increasingly turbulent environment associated with the growth of sophisticated technologies and product differentiation. In Principles of Marketing (1999), authors Gary Armstrong and Philip Kotler note that differentiation can occur by manipulating many characteristics, including features, performance, style, design, consistency, durability, reliability, or reparability. Differentiation allows a real estate industries to target specific populations and customers thereby increase market share of the industry.

Housing, as a living environment, should guarantee the availability of full-fledge dwelling unit, infrastructure networks which include roads, water supply, sewerage disposal system, energy supply, telephone service, internet access etc.; and community facilities including shops, school, health centers, assembly halls, children play grounds and recreational places etc. The urban dweller cannot also use the privacy of forests or bushes for human waste (Yusuf, 2009).

Psychologist Abraham Maslow (1954), contemplated that people who have difficulty of achieving very basic physiological needs (such as food, shelter, etc.) are not capable of meeting higher growth needs. 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. According to business dictionary, 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.

Real estate marketing is an exchange of economic and social structure people and groups meet and 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, social and legal framework, household's affordability and investment capacity of a given region or country. It also demands a long term projection and assessment considering even the effect of global dynamism. Real estate development is intrinsically correlated with land; hence the mode of land ownership affects its operation. The issue of socialization places real estate development as an urban activity.

Ethiopia's rapid population growth rate and rapid rate of urbanisation continues to put substantial pressure on housing, especially among the poor. Lower income households face two main barriers to owning homes: lack of affordable and quality housing stock, and the difficulty of obtaining housing finance. Empirical finding substantiates that, even as there are no proper or updated information on new houses constructed or new residential construction permissions issued every year, World-Bank 2019 file propose that call for brand spanking new city housing a characteristic of recent city family formation and the need to improve the present housing stock in a way exceeds the contemporary delivery of housing. Accordingly, an estimated 1.2 million housing backlog exists only in the capital city, Addis Ababa, with a projected demand of 655,800 housing units during 2015-2025, far exceeding the estimated annual supply of housing of about

165,000 units nation-wide. The unmet housing demand is estimated at approximately 1.2 million. (Hone Mandefro, 2019). The government's Integrated Housing Development Program (IHDP) makes the biggest contribution to the housing stock in the country, followed by houses privately built by individuals.

As most of the literatures seem to agree that marketers think product quality, product design, brand image and product innovation significantly affect the market share of the companies. Despite many empirical research conducted on these area across many countries, little is known on the case of Sunshine, Tsehay, Gift, Noah and Hayat real estate industries in Ethiopia, Addis Ababa market.

The rapidly changing real estate landscape in Addis Ababa is one of the more visible aspects of the extended period of growth currently experienced in Ethiopia. From large residence development sprouting at the city outskirts to rising new office complexes and government built condominiums being constructed in center city location, there is no shortage of new facilities to demonstrate change in this area.

Despite all these new construction activities, Addis Ababa like most developing capitals retains large swathes of informal and slum like settlement scattered across the city. Still, over the past decade, the sub city of city dwellers that are now part of the formal real estate market has expanded from a small base and is likely to do so for the foreseeable future (Access capital, 2012). This paper thoroughly analyzes how market share is affected by product quality, product design, product innovation and brand image while looking for a residential home in Ethiopia.

1.2 Background of the Real estate industry in Ethiopia

One of the most prominent trends witnessed in the economic sector of Ethiopia over the last two decade has been the explosion of the real estate industry contributed tremendous impact on the economy of the country. As per Ministry of Urban Development and Construction (MUDC) estimates, individually constructed formal housing, cooperatives, and housing constructed by private land developers make up approximately 18.3% of the complete housing stock across Ethiopian cities. empirical studies indicate that 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%. Real estate developers purchase a piece of land or a building

to develop it out for the profit of business industry. They raise finance for the site they purchase and development costs through a combination of their own cash, equity investors cash, joint venture partner arrangements and finance market products that include commercial finance, development finance and so forth. They also employ, control and manage a team of specialist consultants to secure all the statutory consents required that includes planning, building control to add residual value to the site via development gain or hire others to do so on their behalf. On the other hand, a construction companies are only active over the pre-construction, construction, testing and commissioning, completion, handover and operation stages where they have successfully bidden /tendered for a project, and won (Borg et.al, 2020).

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 even 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 Capital Research, 2012).

The residential real estate market in Addis Ababa is evolving into a varied mix of extensive government-built condominiums that consider (ostensibly for lower-income groups), mid-market developments by housing cooperatives, and largely high-end homes built by real estate developers and/or homeowners themselves. (Access Capital Research, 2010)

It was after 1992 investors in real estate, renting and business activities have been steadily witnessed and show an increasing trend. The number of certificate issued and offered for real estate development was a mere 33 in 1995. This steadily raise to 121 in 2001, and jumped to 1,734 in 2002. The highest recorded figure for real estate development was in 2006 when 2,328 projects were licensed. This is a clear indication and 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). Based on the 2015 Ministry of Urban Development and Housing (MOUDH) data, the formal and informal sector of housing supply accounts for 69.8% and 30.2%, respectively. Within the

formal sector; housing supply by the real estate developers was only 0.4% while 49.6% and 19.8% were supplied by the government and individuals (cooperatives and lease), respectively.

According to the Council of Ministers Regulation on Investment Incentives and Investment Areas Reserved for Domestic Investors (Regulation No. 84/2003) real estate developers are supposed to benefit from incentives in the form of simplified and transparent investment and business licensing procedures by the Ethiopian Investment Agency (EIA) or the Addis Ababa City Government Investment Agency.

According to the sector report of access capital (2010), the real estate business in Addis Ababa has both challenges and opportunities which affects the market share of the business industry. Land policies, the scarcity and cost of construction material, infrastructure, and financing are among the challenges witnessed which in turn affect the market share, profitability, revenue and rate of return on investment. On the other dimension, city-center commercial developments; residential developments including apartments focused on middle income groups; new developments based on novel and cheaper construction materials; and commercial parking developments are witnessed opportunities. Hence, this study would assess the effect of product differentiation on achieving increased Market Share.

1.3 Statement of the problem

One of the major problems witnessed across developed, Newly Industrialized Countries (NICs) and developing countries associated with rapid global population growth is lack of residential homes. Housing can be considered as both economic and social responsibilities of safeguarding members of a society have a home to live in.

Abrham Maslow (1943), argued residential homes as basic needs and laid as a foundation for other hierarchical developments yet it's one of the severe challenges in the global cities and towns though the scenario is aggravated in developing countries. Addressing a housing problem wherever is not a simple task, as many think, as it is embroiled with macroeconomic imbalance, political, socio-cultural 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 unavoidable global dynamism.

To meet the needs and demand of these rapid population growth and to maximize the market share, revenues, return on investment (ROI) and profitability of the company; transnational corporations (TNCs), private and governmental companies allocate a huge capital on the real estate investment and undergone a win-win legal competitive battles in the real estate industry . Now a days, government policy also encourages asset developers through the facilitation of developed land, strengthening the system for ensuring property rights, supporting the developers to utilize local materials, marketing and establishing opportunities of debate for sustainably solving problems and encouraging the investors.

For the rapid development of real estate industries, the existence of competitor companies to maximize their market share, revenue and profitability which leads high return on investment (ROI) are very vital. For product and brand managers in particular, the sense of urgency associated with the gains and losses of market shares for the product/brand in their charge may be likened to what winning or losing of a war front means to generals or the general staff. Because, market shares command the attention of business managers as key indices for measuring the performance of a product or brand in the marketplace.

Addis Ababa the continental headquarter (AU), the diplomatic capital of Africa and the capital city of Ethiopia experienced high rate of urbanization and very rapid population growth resulted from fast population growth rate which intensifies the demand of housing. To address these huge demand of homes, evolution and expansion of competent real estate companies in the real estate industry is unquestionable. Ethiopia is urbanizing rapidly, although it is still a mainly rural country.

According to Africa Housing Finance Yearbook (2021), the country's urban population is increasing by 4.7% a year, with 21.6% of the population classified as urban in 2020. As revealed in 2019 by the UN Economic Commission for Africa (ECA), urbanization in Ethiopia is also another growing trend and is estimated to triple, with urban population projected to exceed 42.3 million by 2037. Hence, the demands of this growth have not been matched by access to jobs, services and housing. The UN HABITAT (2010), stated that Ethiopian real estate has been booming for this decade, though the market is based mainly on Ethiopian diasporas & high class

which paves ample opportunity to the real estate companies to create competitive marketing strategies and maximize their market share.

However, one of the major problem that should be studied is how companies or firms in the legal win-win competitive battles enable to maximize their market share which paves direction towards companies' revenue, profitability and return on investment (ROI). According to Yan and Azadegan (2017), the aim of product development for an organization is to expand the company market share and meet the customer's expectations. He further noted that this objective can be achieved both in the short and longer term, with the aim of increasing the firm's performance by increasing market share, generating more sales and obtaining sustainable competitive advantage.

Despite the promising growth, the real estate industry facing problems and discontents that challenges the market share of the industry which are raised from the stakeholders, real estate developers and concerned government offices. Supply and price of land , availability and cost of material, lack of supporting infrastructure, shortage of skilled man power, lack of support from the government side, unexpected changes in land-use regulations, are among the problems pointed out from the developers' side. Ethiopia's housing sector is characterized by substantial shortages, both quantitatively and qualitatively. The demand for brand new housing far surpasses the pace of housing supply within the country. Compared to the sub Saharan African countries, Ethiopia shows one in every of the most levels of urban population living in informal settlements (World Bank, 2015).

Ample empirical research investigations towards real estate industry have been studied across developed, NICs and developing countries including Ethiopia associated with different dependent and independent variables.

However, regardless of the stated practical problems, the effect of product differentiation on the market share is not adequately studied in developing countries in general and in Ethiopia in particular. Therefore, the empirical and practical gaps stated above substantiate the need for undertaking a study on the determinant variables of product differentiation (product quality, brand image, product design and product innovation) which have an effect on market share in the Ethiopian real estate industry.

1.4 Basic Research Questions

This study was tried to answer the following general and specific questions.

1.4.1 General research question

Does product differentiation affects the market share of the real estate industry?

1.4.2 Specific research questions

- Does quality of real estate homes affect market share of the real estate industry?
- How does product design affect the market share of the real estate industry?
- Does brand image affect the market share of the real estate industry?
- Does innovation of homes influence the market share of real estate industry?

1.5 Objectives of the Research

1.5.1 General Objective

The broad objective of this study is to empirically investigate the effect of product differentiation on market share of the real estate industry.

1.5.2 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 examine the effect of quality of real estate homes on market share of real estate industry.
- To explore the effect of product design on market share of real estate industry.
- To investigate the effect of brand image on market share of real estate industry.
- To explore the effect of innovation of homes on market share of real estate industry.

1.6 Significance of the study

As the real estate market is growing rapidly in worldwide, an understanding of the effect of product differentiation on market share of the real estate industry is very crucial.

Accordingly, the study will avail tremendous benefits to different internal and external stakeholders of the industry.

To the researcher: it will enable to acquire & enhance knowledge regarding the concept of real estate marketing.

For companies & practitioners: it will provide direction & suggest improvements as per the findings about the key factors that contribute to market share real estate companies operating in.

Shareholders

The investors will know how product differentiation takes into consideration to gain the competitive advantage and increased market share of the company.

For new real estate companies It will give enough insight about product differentiation market strategy to maximize their companies market share.

For the government policy makers and the business society: It will help serving as an input for policy decisions about the sector.

General public

The general public will be informed about product differentiation aches in which an entity can undertake social and environmental activities aimed at improving on the quality of life in the community, workplace, market place and generally giving back to society.

Expected contribution to knowledge

The study will add knowledge to the existing body of research literature relating to product differentiation and market share .

Therefore, this study will have a tremendous significances which fills the gap or the void in the related literatures and can be used as a reference and base for further related literatures.

1.7 Delimitation/ Scope of the study

For a comprehensive judgment of the business industry 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 would 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.

Although there may be several factors which affect the market share of real estate industry, the research delimits to specific variables of product differentiation. Accordingly, product differentiation encompasses quality of the product, innovation, performance, conformance, durability, reparability, style, brand image and design of which the variables which would be measured in this research delimits to product quality, product design, brand image and product innovation.

When sample selected the researcher would select among only aged & successful companies in terms of total revenue through purposive sampling. This may not consider the situation of newly emerging companies.

1.8 Limitation of the study

Every research has certain limitations throughout the course of the investigation, therefore it is necessary to acknowledge them. There is limitation with regard to sample size and sampling technique used. This research is limited by the fact that a small sample of participants was selected compared with the very large customers of real estate industries of Addis Ababa. While the researcher investigate the effects of product differentiation on the market share of real estate industry, only four variables (quality of homes, product design, innovation of homes and brand image) are taken which excludes other product differentiation variables.

1.9 Definition of terms

Conceptual and operational definitions of terms are substantiated as follow .

Product Differentiation: Product differentiation is the introduction and adoption of unique, distinctive characteristics or features to a product to ensure a USP (unique selling proposition) of the product. According to Kotler et al. (1996) worth explanation, differentiation substantiated as an act of designing a set of meaningful differences to distinguish the company's offer from competitors' offers.

Product Design: Product design defined as both the art and science of putting the technological, financial, operational, and emotional pieces together to the internal and external part of the product in order to create a differentiated product. According to (Schifferstein, 2008;) design implies to the form characteristics of a product that provide utilitarian, hedonic, and semiotic benefits to the user.

Product Quality: A Product quality is the collection of features and characteristics of a product that contribute to its ability to meet given requirements. Product quality is conformance to requirements encompassing the features and characteristics of a product that meet and satisfy stated needs (Russel & Taylor, 2006)

Brand Image: The set of beliefs about what the business industries' or company' brand is and what it stands for that exists in the customer's mind as a result of associations with company and companies' name. It is embedded in the memory of consumers and will be reflected in consumer's buying behavior (Diallo et al., 2013).

Product Innovation: Innovation is defined as a compulsory component of competitiveness that encompasses the production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and the establishment of new management systems. Innovation groups by field of activity (Prystom, 2012) can be presented as follows: main innovations (technical and technological innovations), including modern solutions innovations used in construction activities (project implementation, operation, sustainable construction, passive houses, lofts, new building materials), process innovations(energy-efficient windows, gas condensing technology, galvanic cells, photovoltaic, heat pumps recuperation, and organizational innovations).

Market Share: refers to the portion or percentage of a market earned by a company, business industry or an organization. In other words, a company's market share substantiated as its total sales in relation to the overall industry sales of the industry in which it operates (De Loecker et.al, 2020)

Transnational Corporations: Are firms that operate business more than one countries. Transnational corporations (TNCs), are defined as corporations that engage in foreign direct investment (FDI) and own or control value-adding activities in more than one country and become key players in the global economy, together with their strategic subunit alliances (Safari et.al, 2020)

Newly Industrialized Countries: are countries that undergone rapid technological and industrial developments. The Newly Industrialized Country are created by economists and political scientists to describe countries with economic development that falls between the classifications of First World and developing like the 'four East Asian Tigers' South Korea, Singapore, Hong Kong and Taiwan (Jin, B. 2004).

1.10 Organization of the paper

The research structure was organized into five chapters: Chapter one focuses on the background of the study, problem statement, objective of the research, research questions, research hypothesis, significance of the study, limitation and scope of the study, definitions of terms and organization of the paper. The second chapter emphasizes the theoretical and empirical reviews of literatures extracted from different books, articles, journals and websites related to; and hypothesis formulation and conceptual framework on the subject matter under the study which is product quality, product design, brand image and product innovation and its effect on market share of real estate companies. In chapter three, detail of methodology followed to achieve results is outlined. It incorporates research philosophy, research approach, research design, population and sample, source of data, data collection method, data collection instrument, data analysis method, validity and reliability, ethical considerations. Chapter four on data presentation, analysis, Interpretation, and discussion of the findings of the study. Chapter five focuses on summary, conclusions, recommendations and directions for further studies that were drawn from the findings of the study.

CHAPTER TWO

2 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, product differentiation and market share. And the empirical review section covers research findings and articles previously done on the study area. In light of the theoretical & empirical review of the literature and the relationship between the dependent and independent research variables, conceptual framework and model developed at the last part of literature review.

2.1 Theoretical Review

A theoretical framework can be defined as a collection of interrelated ideas and thoughts based on theories. It is a reasoned and empirically accepted set of prepositions which are derived and supported by data or evidence. This section would offer the theoretical framework founded on the resource based view theory and competence based theory.

2.1.1 Real Estates

From the broader spectrum, real estate defined differently among different scholars and stakeholders from the point of their paradigm perspectives and understandings. Real estate refers to land and everything made permanently apart thereof, and the nature and the extent of one's interest there in (Business Dictionary, 2006).

Modern definition emphasizes that a real estate refers to the land and fixtures together, as distinguished from real property, referring to ownership rights of the land itself. A contemporary definition from investors perspective; real estate is a term that encompasses land along with anything permanently affixed to the land, such as building, specifically property that is stationary or fixed in location (Thomsett and Thomsett, 1994).

Real estate can also be defined as a property comprised of land and the buildings on it as well as the natural resources of the land including uncultivated flora and fauna, farmed crops and

livestock, water and minerals. Real estate includes entities such as residential homes, raw land and a variety of forms of income property, including warehouses and stores, offices and apartment buildings and condominiums. Through considering what makes them common, authors define real estate as land that is identifiable and tangible. They further included all fixtures, improvements and buildings that are permanent to the land are to be considered as real estate (Rassman, 2000).

Generally real estate business industries have played a tremendous contribution to a country's economic growth and development as a result of a corresponding growth in the demand for materials, labor inputs and backward and forward linkage affects in the economy.

2.1.1.1 Basic Types of Real Estate

Broadly there are two types of real estate operations under which many segments are found. The first is residential real estate which include the multi-family and single-family segments. The second is commercial which encompasses land, retail, industrial such as industry agglomeration, agricultural such as green revolution, office and other special purpose sub branches.

Properties are categorized into two income property and speculative property. Income property incorporates residential and commercial properties that are leased out and expected to provide returns primarily from periodic rental income. On the other dimension, residential properties include single family properties (houses, condominiums, cooperatives, and townhouses) and multifamily properties (apartment complexes and buildings). Here, commercial properties include office buildings, shopping centers, warehouses and stores, and industry agglomerations, green revolution. On the other hand, speculative property typically includes raw land and investment properties that are expected to provide returns primarily from appreciation in value due to location, scarcity, and so forth, rather than from periodic rental income.

Speculative properties, offer their owners a chance to reap significant financial rewards but carry also the risk of heavy loss. For instance, rumors may start that a new multimillion dollar plant is going to be built on the edge of town. Land buyers would jump into the market, and prices soon would be bid up. The right buy–sell timing could yield returns of several hundred percent or more.

2.1.1.2 Real Estate Market

Market is the set of actual and potential buyers of a product. 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. Hence, marketing is defined as the process by which companies create value for customer and build strong customer relationships in order to capture value from customers in return (Philip K. 2010).

The starting points of real estate market is associated with the different human needs and wishes. Demands of specific real estate products and services result from fundamental physiological needs and from attempt to recognition and self-realization. Wishes are always desires for satisfaction of individual needs. For example, a young family father is in need of a house and rents a three or four room apartment; another wants acceptance and recognition and thus buys a luxury pent house (Knirsch, 2000). In having a few desire people's wishes are different associated with different backgrounds. Needs and wishes are permanently formed and alerted by society and create demand, provided that there is readiness for purchase, for renting or for claiming the company's product or 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).

A real estate market has to be regarded in amore differentiated way to foster the competitive advantage and market share of industry. From the broader point of view there are five types of different parts of real estate markets. These are residential, commercial, industrial ,agricultural and special property. Empirical studies rigorously advocated that effective market is a key to survival, growth of sales volume, and foster market share of the business industry in today's competitive business environment. The meaning of market is not only selling the product, it also encompasses company's orientation on customers need (Philip K. 2006).

2.1.1.3 Characteristics of Real Estate Market

Empirical research studies substantiated that conversion, durability, resource intensive, complicated process, lengthy and involved process, risk and expensiveness are the characteristics of real estate market.

Conversion: Real estate involves development or redevelopment of land or land use. 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 asset for real estate business. Available land in urban areas is becoming increasingly scarce and expensive.

Resource intensive: Real estate development is resource intensive of which finance is the most vital 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 which require comprehensive dimensional costs including 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 and integrated participants from various business sectors. The production process in real estate involves number of time taking activities such as; site acquisition, site survey and formation, securing planning consent, arrange financing, design construction and marketing (Vera, 2000).

Risk: Various risks associated with economic, political, legal and socio cultural dimensions such as changes in governmental policies, changes in interest rates and changes in the market environment will surface (Berhanu, 2004).

Complicated process: real estate development demands and considers much preparation 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. The successful accomplishment of projects from simple to multi organizational and multinational

oriented, tangible to intangible, local to global and ancient to present where advanced, sophisticated and skyrocketed technologies spread to the legal battles, are the cumulative result invested up on a wide scoped knowledge areas from different academic disciplines under which effective and efficient integrated management encompasses across the project life cycles. Therefore, professional approach to project management is necessary to coordinate and integrate knowledge areas from different disciplines to manage the schedule, quality & cost (Vera, 2000).

2.1.2 Competitiveness

In today's rapidly changing economic and business environments, organizations compete for customers, revenue, market share, profit and return on investment through products and services that meet customer's needs. The pursuit of competitive advantage is at the root of organizational performance and as such understanding the source of sustained competitive advantage has become a major area of study in the field of strategic management (Porter, 1985, 1991; Barney, 1991). Competition in the market is a phenomenon generally growing, especially in emerging market situation which advances the market share of business firms.

Competition phenomenon is driven by macroeconomic policies to speeded up consumption, which attracts, by itself, an increase in production; in other words, the category of economic phenomenon of competition is found in the tendency of companies supplying natural response to rising demand. Accordingly, business firms employ a comprehensive marketing strategies in the business industry they operate to achieve increased market share, revenue, profitability and return on investment of which product differentiation is among the vital.

Competitive advantage

Competitive advantage is the process of identifying a fundamental and sustainable basis and foundations from which to compete. Empirical studies substantiated that competitive marketing strategy draws heavily on military strategy. Accordingly, many strategic principles can be traced to the analogy of the market place as a battlefield with competitors as enemy forces. It could be argued that Sun Tsu's the Art of War (a classic work defining ancient military tactics and philosophy) provides as much of an insight into the principles of modern-day strategic marketing as it does to military campaigns.

The competitiveness of a product in the market is determined through customers' attitude toward its attribute; the more desirable the attributes of the product are, the more potential market share

it has in the market (Beggs et al., 1981). Therefore, competitive advantage is the backbone of any marketing strategy to boost the market share, profitability, revenue, ROI and performance of the business industry.

2.1.3 Product Differentiation

As globalization leads to more intense competition among manufacturing organizations, with increase in customer demands, these organizations tend to seek competitive advantage by producing products with more valued features, such as product quality, product flexibility or reliable delivery (Baines and Langfield-Smith, 2003). As such, a product differentiation strategy would provide greater scope for these organizations to achieve increased market share and ultimately foster the performance of the organization in the real estate company.

In Principles of Marketing (1999), authors Gary Armstrong and Philip Kotler substantiated that differentiation can occur by manipulating many characteristics, including features, performance, style, design, consistency, durability, reliability, or reparability. Hence, product differentiation allows a company to target specific populations and thereby increased market share.

Form the broader point of view product differentiation can be in form of service differentiation, people differentiation, image differentiation, quality differentiation, and innovation. To compete in a tough global environment, faster delivery, greater reliability, better quality and more variety of product are vital to the business industries through handling their supply chain effectively and efficiently. Technological development that speeded up product varieties is taking place at a very fast pace (Li and Lin, 2006)

Table 2.1 Major Differentiating Variables

Major Differentiating Variables					
	Product	Service	Personnel	Channel	Image
Differentiation Variables	Form	Ordering ease	Competence	Coverage	Symbol
	Features	Delivery	Courtesy	Expertise performance	Media Atmosphere
	Performance	Installation	Credibility		Events
	Conformance	Customer training	Reliability		
	Durability	Customer counseling	Responsiveness		
	Reparability	Maintenance and repair	Communication		
	Style	Miscellaneous			
	Design				

Source: Kotler (2009)

Porter (1985) argued that differentiation is the only source of competitive advantage in an economy where only certainty is uncertainty. The creation, adoption and adaption of differentiation strategies means that institutions can be able to resist competitive pressures from both local and international markets, enabling them to improve and offer better quality products/ services to create a competitive advantage and thereby adhere the market share of the company.

2.1.3.1 Product Quality

2.1.3.1.1 Definitions of Quality

A number of researches and scholars have tried to define the term quality comprehensively from the paradigm perspective they embrace. Quality is defined in terms of filling the gap between expectation and perception of the users which implies quality as the interaction between the customer and the product/ service provided by the business industry, since the customers see the product/ service quality through comparing their expectations of the product/ service associated with the actual performance. From strategic perspective, it can be defined as an essential working strategy largely understood in the consumers’ expectations in and outside whether these expectations are explicit or implicit.

Quality can also be seen as the mark for using any product or service that has to meet the consumers' expectations. From the broader spectrum, quality can be generalized as a standard of correspondence between the actual performance of the product or service with the customers' expectations or the difference between the customers' expectations and their realization of the product's or service's actual performance (Andersen, 1994).

2.1.3.1.2 Concepts of Product Quality

Product quality is the collection of features and characteristics of a product that contribute to its ability to meet and satisfy a given requirements. There are three views for describing the overall quality of a product. First is the view of the manufacturer, who is primarily concerned with the design, engineering, and manufacturing processes involved in fabricating or producing the product that has to be delivered to the consumer. Second is the view of the consumer or user, substantiated as a high-quality product is one that well satisfies and meets their preferences and expectations. This consideration can incorporate a number of features, some of which contribute little or nothing to the functionality of the product but are significant in providing customer satisfaction. A third view relating to quality is to consider the product itself as a system and to incorporate those characteristics that pertain directly to the functionality of the product. This approach as abridge includes overlap of the producer and customer views (Kotler, 2005).

Quality control is the collection of approaches, methods and techniques for checking that a product or service is produced and delivered according to given requirements. This incorporates comprehensive issues such as the development of specifications and standards, performance measures, and tracking procedures, and corrective actions to maintain control. Concurrent engineering, quality function deployment, and total quality management (TQM) are modern management approaches for improving quality through effective planning and integration of design, manufacturing, and materials management functions throughout an organization.

According to ISO 9000:2000 standards (cited in McGraw-Hill Concise Encyclopedia of Engineering (2002), quality is the ability of a set of intrinsic characteristics to satisfy requirements. In the absolute, for private sector business industries it is not really a question of

exhaustively meeting client expectations ("zero defects") but rather of meeting and satisfying them better than the business industries or organizations that they compete with. In the public sector, quality reveals whether or not public funds are being used expertly in providing a service that is adapted to citizens' expectations (Grunert, 1995).

Hence, improving both internal and external quality allows a company to work with its beneficiaries in the best conditions, which translates into a relationship of trust and gains that are both financial (increased profits) as well as personal (clarification of roles, needs and the product/service; employee motivation) in nature. According to Kotler (2005), quality is one of the marketer's major positioning tools. Quality has a direct impact on product performance; hence, it is closely linked to customer value and satisfaction.

Total quality management (TQM) is an approach in which all business industry's or company's people are involved in constantly improving the quality of products, service and business processes through offering rapid and constructive feedbacks. When applied in context of customer satisfaction, however, total quality principles remain a requirement for success. Today, most companies taking a return on quality approach, viewing quality as an investment and holding quality efforts accountable for bottom-line results (Grunert, 1995). Thus, many companies today have turned customer driven quality into a potent strategic weapon. They create customer satisfaction and value by consistently and profitably meeting customers' needs and preference for quality.

In summary, product quality as one key ingredient of product differentiation allows business firms to offer superior value and maximize their market share in the intense competitive business markets that should be reason enough to make quality a top priority in a business strategy.

2.1.3.2 Brand image

Brands are arguably one of the major symbols of postmodern societies and economies that makes the company different from the competitors. They are present in our everyday life and penetrate, and influence several of its spheres: from economic, social, cultural, sports, even religious

dimensions. The American Marketing Association (AMA) defines brand as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”.

Brand image is the consumer perception and beliefs about a specific product thereby motivate consumers to purchase it. It is embedded in the memory of consumers and will be reflected in consumer’s buying behavior (Diallo et al., 2013). When it is increasingly embedded in the memory of consumers, a brand will become more close to the consumer’s choice.

The emerging brand impression in consumer’s memory increases along with the increasing number of consumers to experience the brand (Rubio et al., 2014). Furthermore, when brand association is interconnected strongly, the brand image that is formed will also become more powerful. On the other hand, brand image refers to the ideas, feelings, and attitudes that consumers create about a brand (Maurya and Mishra, 2012).

Accordingly, a brand represents a sum of attributes, benefits, beliefs and values, aggregated by past experiences, associations, and future expectations which enormously boost the market share and profitability of the business industry.

2.1.3.3 Product design

Product design defined as both the art and science of putting the technological, financial, operational, and emotional pieces together to the internal and external part of the product in order to create a differentiated product. According to (Schifferstein, 2008;) design refers to the form characteristics of a product that provide utilitarian, hedonic, and semiotic benefits to the user or customer. Today, in the electronic companies like Apple achieve record profits during a major recession because of leadership in design (Michaels, 2010).

Providing customers with highly customizable designs is perceived by many as the way to increase customers fulfillment (Mithas et al., 2016). Other researchers argue that the solution to increase market share is in diversifying the offered products (Schoenwitz et al., 2017). However, studies indicated that giving customers unrestricted freedom, whether in customizability and/or in variability, may lead to customers’ confusion (Chernev et al., 2015). As such, it is suggested

that the objective incorporation of customers' demands during the design-evaluation process increases the likelihood of customers buying the offered product and, as a result, increases the profit and the market share of that company (Li and Azarm, 2000).

Dirisu, Iyiola and Ibidunni (2013), substantiated that a good product design can be a point-of-difference in the marketplace aiding consumer acceptance through its ease of use, durability, reliability or packaging, thereby serves as a source of competitive advantage which in turn intensifies the market share of the business industry.

Accordingly, the potential of a new house design in the market attracts customers from the function, hedonic (devoted to pleasure), and ergonomics perspective that causes for maximized market share and profitability of the real estate industry.

2.1.3.4 Product innovation

In the postmodern era where sophisticated and advanced technologies accelerated worldwide, the adoption and creation of new product have become increased across many industries which foster the growth of sales volume and market share.

The competitive advantage created by a product innovation manifests itself in the speed and magnitude of market acceptance. In the longer term, the sustainability of the competitive advantage is reflected by the market share in which the innovative product is able to maintain against follower products launched by competitors. Lages et al. (2009), emphasizes on the role of innovation in the enlargement of a firm's market share through product differentiation targeted at various market segments.

Engaging in product development and innovation can seriously drive performance in any business industries and organisation. Because, the empirical findings indicated that progressive organizations must see product development and innovation as critical to their existence and competitiveness. Therefore, investment in sustainability considerations such as "green" compounds of buildings have tremendous advantage on direct economic benefits (long-term cost savings or increase in employee productivity) or indirect economic benefits (reputation, retaining loyal workforce, minimizing risk by preparing for future tightening of regulations) for market

based actors, or non-economic benefits (ethical behaviour) for actors with soft budget constraints.

Incumbents that regularly are among the first to introduce important incremental product innovations or frequently adopt important innovations introduced by their competitors will tend to maintain and improve their position in the market thereby maximize the market share of the business industry (Freeman, 1982; Foster, 1986).

Empirical studies has shown that product development and innovation initiatives are not just enough to secure that rewarding market share. Rather, a much more comprehensible alignment of factors, drive the product development objective to meaningful utilization of resources.

By contrast, incumbents that do not introduce important incremental product innovations eventually suffer declining market share and ultimately tend to exit the industry, either by shutting down their businesses or by selling them to other firms.

According to the empirical studies, product innovation witnessed several downsides due to a number of factors. Firstly, it can be costly with associated costs outweighing the benefits. Secondly, innovation and other initiatives can be duplicated by competitors. Thirdly, customer needs change with time and the basis of differentiation can become less important as customers focus on other attributes.

Generally, product innovation play an immense role to gain competitive advantage through sustainable growth of the industry, increasing the target customers and enable the business industry to achieve the increased sales volume and market share.

2.1.4 Market share

Ample empirical research findings substantiate how market share of the business industry associated with revenue, profitability and return on investment. Market share refers to the portion or percentage of a market earned by a company or an organization. In other words, a company's market share is its total sales in relation to the overall sales in the industry in which it operates.

The growth of market share of a business industry have played a tremendous role on multidimensional growth of the industry. Because, consumer choice underlies the process of market-share formation, market-share models are useful in planning the marketing mix for a brand in light of competitive forces, market-share models deal with market response over time as

well as over geography and over competitors, and market-share models have been used extensively to analyze the effects of retail promotions.

According to Patrizia Investment Company (2014), the highest return on average annual basis in England's investment market for the period 1982-2013 is from shares and properties, more specifically residential properties. Empirical findings rigorously substantiate that market-share models should be competitive, descriptive as well as predictive, and profit-oriented. The profit-oriented goal of market share analysis urges us to ask how the firm's allocations of resources to aspects of the marketing mix produce bottom-line results. It reminds us that maximizing market share is not the same as maximizing profits.

O' Regan Nicholas (2002), has shown that firms with increased market share are likely to have higher performance and in particular achieve enhanced financial performance, greater customer satisfaction and retention.

Therefore, profits will increase in line with relative market share. This relationship has influenced marketing thinking, promoting actions aimed at increasing market share as a route to profitability. Market share played a critical role for the increased RIO. Because market share is strongly related to profitability, a basic strategic issue for top management is to establish market-share objectives. These objectives have much to do with the rate of return that can reasonably be budgeted in the short and long runs, as well as the capital requirements and cash flow of a business. Several studies view building market share as conducive to superior financial performance.

2.2 Empirical Review

2.2.1 Product quality and market share

Scholars argues that the improvement of the product quality of the firm enables the company to charge a higher price thereby increase profitability and market share.

The business community has embraced the goal of improving product quality with an almost religious fervor. Ninety-three percent of American firms have the business community has embraced the goal of implemented some form of quality improvement program to ensure

customers satisfaction and increase market share and profitability of the company(Rust and Oliver 1994).

Others, criticize as sort of feedback effects do increasing price and gaining market share have on quality. Prior research has highlighted the reinforcing effect of increased price-that is, higher prices connote a higher quality image (Scitovsky, 1945) but the effect of increases in market share on perceived quality has generated two divergent streams of thought. One stream emphasizes the positive effects of market share on consumers' perceptions of quality. According to Caminal and Vives (1996, p. 222), on the basis of market signaling in the presence of imperfect information literature, state that "a higher current market share can be interpreted by future consumers as a signal of higher relative quality and will tend to increase future demand." They substantiate that this creates additional incentives for firms and business industries to compete for market share as they attempt to influence consumers' perceptions of quality in or retain market share (in particular, ownership of the "market leader" title) and have used their market share position as the focal point in their promotion and advertising.

The work performed to study the positive signaling effect of market share is complementary to that on positive network externalities, that is, when the utility of a product or service rises with increases in the number of other individuals and customers using that same product (Katz and Shapiro, 1985). Even without consumer knowledge of market share, market share can influence quality through the creation of positive network externalities. Another stream of thought, however, emphasizes the negative effects that increased market share may have on perceived quality, namely, consumers perceive quality to decrease as market share increases. Just as positive network externalities exist, so do negative ones. Widespread popularity can strain scarce resources and diminish perceived quality.

Generally, the above empirical studies portray that product quality of real estate homes i.e. 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 as one of the main competing factors among real estate companies to win and attract customer intention and it is the main reason for customers to choose a real estate

company. Thus, quality is from the major factors that increase the market share of the real estate marketing.

H1: Quality of homes significantly influences market share positively.

2.2.2 Product design and market share

Drawing from diverse academic disciplines such as marketing, industrial, and engineering, authors conceptualize design as being composed of three distinct product-level dimensions function, form, and ergonomics.

According to Dirusu, Iyiola and Ibidunni (2013), product design is the totality of features that affect how a product looks and functions. Hence, a well-designed product offers both functional and aesthetic benefits to consumers, which could be a source of differentiation serve as the increased source of market share of the business industry.

On the other dimension scholars argue that new product design development demands effort, time, and talent and still the risks and costs of failure are high. A new product may fail for many reasons. Most often, companies fail to offer a unique benefit or they underestimate the competition.

In a recent studies, Boztepe (2007), described utilitarian value as the functional usefulness of a product and its ability to facilitate the accomplishment of a task. A design that provides strong utilitarian benefit will be reliable, safe, and convenient to use. The hedonic element captures two interrelated types of product experience suggested by Desmet and Hekkert (2007) and Chitturi (2009). The first reflects the aesthetic appeal of the product and its ability to please one or more of our senses. Although visual aesthetics are most commonly studied, researchers are now examining other sensory elements of design including scent and touch. Meetings with design practitioners are critical to keeping abreast of design trends and the latest design development technology.

Siniavskaia (2017), conducted empirical study on custom and spec home market shares in USA. The study indicates that from 74 % of the single-family houses built speculatively in 2016 the customers preference on designs what is already available in the market was little. While this

practice gives builders a significant advantage that stems from the opportunity of mass standardization and building, which reduces the construction cost and increases the builders' profit, it may jeopardize sales rates if the offered designs are not appealing to customers. Providing customers with highly customizable designs is perceived by many as the way to increase customers fulfillment thereby enhance the market share of the company (Mithas et al., 2016).

On the other dimension, other researchers argue that the solution to maximize market share is in diversifying the offered products. However, giving customers unrestricted freedom, whether in customizability and/or in variability, may lead to customers' confusion (Chernev et al., 2015). Therefore, there is a need to develop approaches and methods that enable builders to deliver designs that are capable of efficiently incorporating customers' demands (Warren-Myers and Heywood, 2018). Hence, it is suggested that the objective incorporation of customers' demands during the design-evaluation process increases the likelihood of customers buying the offered product and, as a result, increases the profit and the market share of that company

The above worth and substantial empirical justifications of the researcher offer enormous ideas related to product design as characteristics of a product that provide utilitarian, hedonic, and semiotic benefits to the customers.

Hence, H2: Product design has a significant relationship with market share.

2.2.3 Brand image and market share

Driven by the competitive environment in the real estate, marketers have realized that creating a favorable brand image is a key to attract large customers and win larger market share in its market niche. An understanding of brand image can provide better foundation for developing a more effective marketing program. Companies and business industries have to look for ways to attract and retain customers in the sustainable and long run to attain the basic business goals of survival and growth. This implies that companies and business industries with a loyal customer portfolio resulted from its brand image have an important competitive advantage due to repeated purchase behavior, willingness to recommendation to others, emotional attachment and price tolerance.

Reichheld and Sasser (1990) conduct an empirical study on 14 industries and postulated that successful reduction of customer loss by 5% may trigger an increase in market share and profitability as high as 25–95% suggesting that small changes in loyalty and retention can provide large changes in profitability which is resulted from strong brand image. McEnally and Chernatony (1999) also substantiated that brand concept was developed by the management while the consumer received the message from the management and form brand image in the memory. In light with this, the management sees the brand in one way, which is a perceived concept, and the customers also see the brand in their own way, which is also a perceived image. When there is substantial difference on these two perceptions, it implies that the brand image marketing problem is present. For instance, in the fashion industry, an inappropriate brand image strategy could make a brand fail in that increasingly competitive business environment. A designer label, a private label or even a little brand name, they are different on the level of the product exclusivity, perceived quality and reliability; but they are all talking about image marketing, and would like to use brand as a tool to seize larger market share in their market niche.

Jacoby and Chestnut (1978), further emphasize the importance of customer loyalty for companies and business industries with the following statement; “The success of a brand on the long term is not based on the number of consumers that buy it once, but on the number of consumers who become regular buyers of the brand.” Therefore, long-time customer commitment, in other words, loyalty, brings long-term profit to the companies.

Hence, it is possible to concluded that brand image is a significant determinant of repeat purchase and recommendation to others thereby increased the market share of the company. Despite the relation between satisfaction and loyalty, some experts have mentioned that in some cases, more than 50% of satisfied customers switch to another alternative (Jones and Sasser, 1995). To fill this gap, some scholars considered the importance of the role of brand image in the formation of loyalty.

Famous brand of apartment led to strong numbers in sales and twice higher selling price compared to former apartment without any brand (Choi, 2012). However, after introducing a strong concept of branded apartment products in the market, construction companies faced

another obstacle of enhancing brand equity such as brand loyalty and repurchase for stable and long-term profits.

Based on the above arguments, the purpose of this research is to investigate the relationship between brand image and market share in real estate industry. Thus, ensuring market share, positively perceived brand image become more important in that competitive environment to keep sustainable growth.

Since brand image is one of the reason among home buyers in choosing a real estate company it has a direct influence on market share.

H3: There is significant and positive association between brand image market share

2.2.4 Product innovation and market share

As global competition intensifies, sophisticated technological advancement accelerates, and product life cycles shorten, product innovation is increasingly becoming an important quality in the pursuit of business excellence and an important competitive strategy. When businesses employ differentiation strategies, product innovation is the key focal point which not only benefits the company's market share, and the growth of its sales and profits, but it also makes it more difficult for competitors to imitate it.

Incremental product innovation is a critically important competitive factor in established business industries. Firms in the business industry often benefit by bringing incremental innovations to market even though the new products may cannibalize the sales of existing profitable products thereby increase the sales volume of the company and enhance the market share and profit of the business industry. It is also possible to substantiate that the more often an industry incumbent was among the first to introduce important incremental product innovations the greater its market share in the industry, while adopting innovations that had been introduced by competitors had a small positive relationship with greater market share. Competitive entry is likely to affect the market share of firms that have already introduced the new products. In most cases, the more firms that offer similar products, the less the market share of any one business will tend to be. Empirical research findings pointed out that innovative firms tend to have a larger market share and better economic performance than those that are non-innovative (Irani et

al., 2004). He further connoted that continuous improvement and innovation are considered to be the 'lifeblood' of companies.

According to (Prystom, 2012) innovation groups by field of activity can be broadly substantiated as follows: main innovations (technical and technological innovations), including modern solutions innovations used in construction activities (design, project implementation, operation, sustainable construction, passive houses, lofts, new building materials), process innovations(energy-efficient windows, gas condensing technology, galvanic cells, photovoltaic, heat pumps recuperation, and organizational innovations).

A survey conducted by the Gallup International Institute (1992) revealed that 65% of Americans, 59% of Germans, and 31% of Japanese express their willingness to pay a green premium on an eco-safe products which amplifies green consumers to receive psychological benefits from buying an environmentally friendly product.

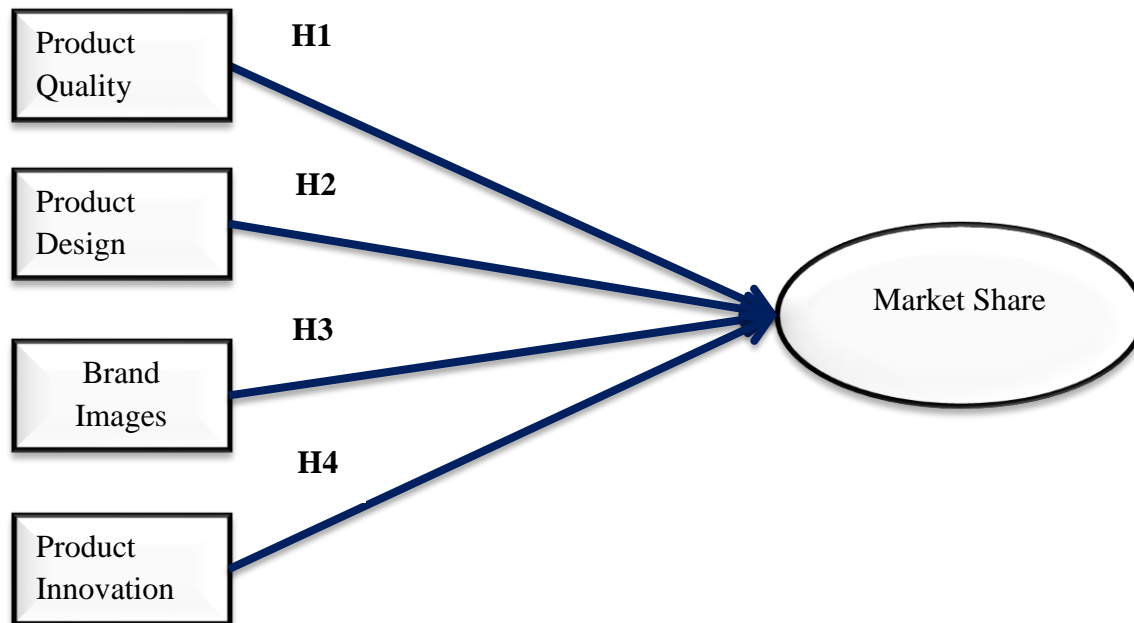
Generally, in the current strongly competitive business environment, innovation has become both the dominant quality that businesses pursue in their search for excellence, market share, sales revenue and the achievement of profit targets which is the leading factor resulting in product differentiation. Thus, firms that introduce important incremental innovations achieve greater market share with the positive impact being greater the earlier the products are introduced.

H4: There is a positive relationship between product innovation and market share.

2.3 Conceptual Framework

Based on the related theoretical and empirical related literature review the conceptual framework developed. The framework shows the variables of the study which include quality of real estate homes, brand image, product design, and product innovation as the independent variables that affect the market share of the real estate companies (dependent variable).

Fig 2.1: Conceptual framework of the study



Source: (The researcher, 2022)

CHAPTER THREE

3 RESEARCH METHODOLOGY

INTRODUCTION

This chapter contains discussion on various methodological techniques that would be used in the study. The section presented details of the involved research approach, research design, describes the research methods, sampling techniques and the instruments that would be used in the data gathering, collection procedures and analysis methods.

3.1 Research Philosophy

From ancient to present a vibrant and vigorous school of thoughts have been portrayed and developed among philosophers and scholars regarding the research philosophical methodologies adopted and employed while researchers find solutions to problems, discover new facts, innovate and invent a specific products. They apply different research philosophies and methodologies, research design and research approach depends up on the epistemological view of the world they embrace, the field of study they encompass and the paradigm perspective they overwhelmed.

Scholars argue that, the difficulty in conducting research today is heightened by the incoherent classification of research philosophies such as epistemology, ontology, axiology and doxology and the quantitative-qualitative dichotomy debates, in a way that those who made it are unlikely to be affected by it. A number of empirical studies (Saunders et al., 2009; Ritchie and Lewis, 2013; Guba, 1990; Guba and Lincoln, 1989) have used different research methodologies, descriptions, categorisations and classifications of research paradigms and philosophies in relation to research methods with overlapping emphasis and meanings.

Arguments, debates and contrasting views arouse among scholars on different philosophical thoughts such as a rational view of society as the basis of modernism and a radical change perspective as post-modernism. On the other dimension they argue that science involves either a subjective or an objective approach to research, and these two major philosophical approaches are delineated by several core assumptions concerning ontology (reality), epistemology (knowledge), human nature (pre-determined or not), and methodology. For instance, Ritchie and Lewis's (2003) noted that ontological perspective include realism; materialism, critical realism,

idealism and relativism; and the epistemological perspective include positivism and interpretivism.

Saunders et al.'s (2009) and Guba and Lincoln (1994) indicate a perspective that views philosophies (i.e. positivism, realism, interpretism, and pragmatism) from an ontological, epistemological, axiological perspectives. These philosophies are not entirely different rather they all share a common set of assumptions, and their commonalities identify these philosophies as examples of broader philosophies.

Whilst the scholars battle out on the foundation of philosophies or paradigms to research approach, Johnson and Onwuegbuzie (2004) argue that the differences in epistemological beliefs and logic of justification do not dictate what specific data collection and analytical methods to utilize, therefore, should not prevent the exploitation of any methods. In light and support of this, Guba and Lincoln (1994) connoted that the rooting of approaches is secondary to paradigm and do no limit the use of either qualitative or quantitative from any research paradigm.

According to the above worth empirical studies and arguments arouse among the scholars, an empirical research investigation would apply different methodological philosophies to find solutions for the identifiable problem, discover new facts, innovate and invent a specific products. What matters is addressing the research question, through scientific, systematic and empirical investigations and there by solve the identifiable problems, discover the facts, innovate and invent the products and make it fruitful for the social, economic, political, legal and environmental benefits to the society.

3.2 Research Approach

The study employed mixed research approach. Qualitative research is a means of exploring and understanding the meaning individual or group ascribe to a social or human problem and those who engage in this form of enquiry support a way of looking at research that honor an individual style, a focus on individual meaning and importance of rendering complexity of a situation (Creswell John w. 2009).

A quantitative research method on which the researcher would collect quantitative data through close-ended questions using questionnaire, would also use to examine the variables of the study:

that are quality of homes, product design, brand image, product innovation as independent variables and market share as dependent variable.

The objective of quantitative research being applying mathematical models to natural phenomena and use measurement that provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships (Saunders, et al., 2016), this can further will use to assess the contribution of product differentiation in relation to increased market share.

Mixed research methods involve the philosophies assumption, the use of qualitative and quantitative approach, and the mixing of both approach in the study. Thus its more than simply collecting and analyzing of both kind data: it also involves the use of both approaches in tandem so that the overall strength of the study is greater than either qualitative or quantitative research (Creswell John W. 2009).

3.3 Research Design

According to the empirical study of Burns & Bush (2002), research design can be used for three purposes. These are descriptive, exploratory, and explanatory. A research design is a framework encompasses the procedures as well as the procedural framework necessary for obtaining the data and information needed to structure and solve a research problem (Zikmund, 2013). Descriptive research ‘paint a picture’ using words or numbers and present a profile, a classification of types, or an outline of steps to answer questions such as who, when, where and how (Neuman, 2006). While exploratory studies are common in the initial stages to gain a better understanding of the problem with an in-depth investigation by breaking down a broad problem into smaller and well-defined sub problems.

Accordingly, the research design which employed in this study were descriptive and explanatory research design because it tried to investigate how and at what level product differentiation would affect the market share of real estate companies. Descriptive studies are conducted to answer who, what, when, where, and how questions and measures association (Carl McDaniel, 2010). Explanatory studies investigate whether the value of one variable causes or determines the value of another variable, in an attempt to establish linkage between them and generally

measures the level of impact of the independent variables on the dependent variable (Carl McDaniel, 2010).

3.4 Data type and sources

The study use primary data and secondary literatures.

Primary data would be collected through interviews and questionnaires with the respective organization. A questionnaire is one of the most widely used data collection consisting of a set of questions (items) intended to capture responses from respondents in a standardized manner (Saunders et.al, 2016). Secondary literatures are collected from relevant journal articles, books and similar researches, official government document, magazine, company profile, internet and related research paper.

The independent variables that appeared in the questionnaire, which would be used to generate the primary data, include product quality, product design, product innovation and brand image that may affect the dependent variable of market share of the real estate industries which has also been included in the questionnaire.

3.5 Target Population

A population can be defined as all people or items (unit of analysis) with the characteristics that one wishes to study. The unit of analysis may be a person, individual, organization, country, object, or any other entity that researchers wish to draw scientific inferences about (Kelley, Clark, Brown, & Sitzia, 2003).

A population is the full group of potential participants to whom the researcher wants to conduct the research for the study (Saunders, et al. 2003). According to Saunders, et al.(2016), target population indicates the population that is the actual focus or target of the research inquiry.

Nowadays 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. Therefore, the target population for this research were 380 real estate companies operating in Addis Ababa. The selected samples would fill out the survey questionnaire and willing company marketing/sales managers would be interviewed to get insight about the market share of the real estate marketing. The target

population of this study would be residence of the five real estates who are found in Addis Ababa.

3.6 Sampling procedure

3.6.1 Sample Size

Including all population would not be possible. So determining sample size is unquestionable. Researchers normally work to a 95 percent level of certainty. This means that if a sample was selected 100 times, at least 95 of these samples would be certain to represent the characteristics of the target population (Saunders et.al 2016). The confidence level states the precision estimates of the target population as the percentage that is within a certain range or margin of error. The sample size for this research would be determined by the sampling calculation method suggested by Cochran (1977) inferring to the infinite number of population and confidence level at 95%.

$$n_o = \frac{Z^2 pq}{e^2}$$

Where, n_o = Sample size

Z = the selected critical value of desired confidence level

p = is the estimated proportion of an attribute that is present in the population

q = 1-p

e = is the desired level of precision

$$n_o = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2} = 384.16$$

Hence, the result from calculating the sample size is 384.16 samples which mean that the appropriate sample size for this study should be at least 384 samples.

3.6.2 Sampling Techniques

The researcher would employ purposive sampling method to choose five real estate industries among 380 that are under operation in Addis Ababa by their market share information, years of experience, and volume of customer list data base. With purposive sampling researcher need to use judgmental sampling to select cases that will best enable to answer research question(s) and to meet research objectives. For this reason it is sometimes known as judgmental sampling (Sauders et.al, 2016). Hence, the research would use purposive sampling method. Accordingly, the researcher chooses Sunshine, Tsehay, Gift, Noah and Hayat real estate industries.

Simple random sampling technique (lottery method) would be employed for equal chance of selection and avoiding subjectivity. Simple random sampling which is also referred to as probability sampling, is a method of selecting participants so that every member of the population has an equal chance to be selected (Creswell, 2015).

Based on this, the researcher randomly identified 384 customers from the five selected real estate companies which would be taken as sample respondents for the research; and five marketing managers and 5 sales persons expertise from the five of these real estates would be purposefully interviewed.

3.7 Data Collection Gathering Instruments

Data would be collected by using close-ended questionnaires which are self-developed by the researcher. From the primary data sources survey questionnaire and interview are used. Close ended questions employed in the survey questionnaire which is designed to gather information.

The semi structured questionnaire had two parts. The first part of the questionnaire is about demographic characteristics of respondents which includes gender, age, educational background and monthly income. Part two contains the main parts of the questionnaire which determines the market share Ethiopian real estate industry.

The real estate market share would be measured using four attributes. These include quality of homes, product design, brand image, and product innovation. 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 would be deliberately selected & interviewed.

3.8 Data Analysis Techniques

Data analysis refers to examining what has been collected in a survey or experiment and making deductions and inferences (Kombo & Tromp, 2006).

3.8.1 Survey Questions

Descriptive and inferential statistics methods were used to describe and interpret the result of the study. Mean, standard deviation and frequency percentages would be used to summarize sample population characteristics obtained through the questionnaire. The inferential statistics indicators

that would be used for the research are correlation and multiple regressions. The data entry and analysis would be performed by using statistical software.

3.8.2 Interviews

The data obtained from marketing & sales managers from interview of the chosen real estate companies would be analyzed qualitatively to strength the quantitative analysis.

3.9 Validity and Reliability

3.9.1 Validity

Validity refers to the extent to which a test measures what we actually wish to measure. Content validity is the extent to which a measuring instrument offers adequate coverage of the topic under study (Kothari, 2004). The validity of the study, therefore, would be ensured through content validity method by taking an advice from the advisor and an experienced person on the topic under study and adopting questionnaires from previous researcher would increase its validity.

3.9.2 Reliability

Reliability is broadly defined as the degree to which measures are free from error and therefore yield consistent findings (Saunders, et al., 2016). There are different methods through which reliability can be computed like test-retest reliability, internal consistency reliability, and equivalent forms reliability. In this empirical investigation, questionnaire reliability would be checked by using internal consistency method to measure the correlation between each item in the questionnaire.

There are a variety of methods for calculating internal consistency, of which one of the most frequently used is Cronbach's alpha (Saunders, et al., 2016). It consists of an alpha coefficient with a value between 0 and 1. Values of 0.7 or above indicate that the questions combined in the scale are measuring the same thing (Saunders, et al., 2016). Therefore, reliability checks for questionnaires could be used by using Cronbach's Alpha statistic method to ensure internal consistency by using pre-testing method. The fundamental reason for carrying out pre-testing is to ensure whether the instruments are going to serve the purpose for which they would be assigned.

3.10 Ethical consideration

In order to avoid any ethical issues, the information obtained from questionnaires would be used for the dissertation purpose. The ethical policy of companies regarding their information would be respected. All the contributors to this research would be informed with all the details regarding the survey.

Approval for this empirical study would be obtained from Addis Ababa University School of commerce, department of marketing management. And formal consent would be obtained from each participant/sampling unit prior data collection would commence. The researcher would try to protect the rights of the respondents by ensuring that none of them are named during the research and they are selected to participate without compulsion.

CHAPTER FOUR

4 RESULTS AND DISCUSSION

INTRODUCTION

This chapter presents the data analysis and discussion of the research findings. The data analysis was made with the help of Statistical Package for Social Science (SPSS v. 26). The data obtained from the main data collection were subjected to descriptive statistics analysis, comparing mean analysis (i.e. ANOVA) and other analyses (i.e. correlation analysis and multiple linear regressions).

4.1 Data Editing and Coding

Once the primary data was collected, prior to the analysis, the questionnaire was reviewed and it was to certify that if questionnaires were filled appropriately. Any incomplete or missing responses were rejected from the subsequent analysis. The steps which stated in the data analysis section such as coding, eliminating coding and data entry error, known as “clearing the data”, Rubin & Babbie (2010) was performed in this empirical investigation.

In order to make the collected data suitable for the analysis, all questionnaires were screened for completeness. All returned incomplete questionnaires were considered as errors and removed from the survey data. Accordingly, out of the 384 distributed questionnaires, 373 were collected. During data editing, the collected questionnaires were checked for errors and 8 incomplete questionnaires were identified and discarded. Therefore, 95.05% of questionnaires were found to be valid and used for the final analysis i.e. 365.

4.2 Descriptive Analysis

4.2.1 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 42 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 market share of the real state industries are tested.

The researcher 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 revealed that the Cronbach Alpha coefficients for all the dimensions are more than 0.7 indicating that the reliability of the instrument is high.

Table 4.1 Reliability test by dimensions

Measures/ Variables	Cronbach’s Alpha	N ^o of Items
Quality of Homes	0.796	4
Product Design	0.790	4
Innovation of Homes	0.787	4
Brand Image	0.817	4
Market Share	0.786	6

Source: Survey Result, 2022

4.2.2 Demographic Profile of Respondents

The samples of this study have been classified according to several background information collected during the questionnaire survey. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as proportion of males and females in the sample, range of age, monthly average income and education level of respondents with the Ethiopian real estate industry.

Table 4.2 Demographic Characteristics of the respondents

Variable		Total Respondents	
		Frequency	Percentage
Gender of Respondents	Male	212	58.1
	Female	153	41.9
	Sub Total	365	100
Age Group	18-29	65	17.8
	30-44	142	38.9
	45-65	124	34.0
	Above 65	34	9.3
	Sub Total	365	100.0
Monthly Income (in ETB)	Below 15000	30	8.2
	15,001- 20,000	75	20.5
	20,001 -30,000	120	32.9
	Above 30,000	140	38.4
	Sub Total	365	100.0
Highest Educational Level	Primary	21	5.8
	Secondary	46	12.6
	TVET	83	20.3
	Degree	132	36.2
	Master & Above	83	25.2
	Sub Total	365	100.0

Source: Survey Result, 2022

Table 4.2 shows the demographic profile of 365 respondents. In terms of gender, 58.1 % of the respondents were males while the remaining 41.9 % were females. This shows that a considerable percentage of male and female respondents offered responses associated with product differentiation and market share that avoids extreme gender differences though males exceeds by 16.2%.

Regarding the age of respondents, the sample population is largely dominated by the age group of 30-44 (38.9%) followed by the group within the age group of 45-65 (34%). The rest of the respondents consist of adults in the age group 18-29 (17.8%) and those above the age of 65 (9.3%). This implies that most of the sample respondents are the age groups ranged from 30-65 (72.9%). This points out that the majority of real estate customers and are aged between 30 to 65 who are economically active and the labor force of the country thereby they offer insightful responses associated to product differentiation of the real estate companies and market share.

As depicted from the above table, the largest group of population account for those that earns a monthly income of more than 30,000 ETB (38.4%) followed by those that earn between ETB 20,001 and less than 30,000 (32.9%). The third group that account for 20.5% earning a monthly net income between ETB 15,001 and ETB 20,000 and 8.2% account for those that earns less than ETB 15000. Therefore, this result implies the majority of the respondents' monthly income enables the purchasing power of customers through taking product differentiation variables in to account that strengthen the quality of responses.

In terms of education, the largest of the population comprises BA/BSc degree holders, which accounts 36.2% of the total respondents, followed by those who hold educational level MBA/MSc degree which weights of 25.2% and also there are 20.3% of respondents who have TVET. The rest percentage, 12.6% and 5.8% are accompanied of respondents who have secondary and primary school complete respectively. Therefore, this result implies that the majority of the respondents were possessed a high level of education and have knowhow/understanding about the product differentiation concepts and offers a competitive advantage to the organization. The more educated the respondents are, the more they have access to different options and alternatives to search, evaluate and decide to purchase from available real estate industries.

4.2.3. Descriptive Analysis of the Variables

Descriptive statistics were employed to describe the basic features of the data in a study. It provides simple summaries about the sample and the measures. The researcher employed descriptive statistics to present quantitative descriptions in a manageable form; each descriptive statistic reduces lots of data into a simpler summary (Gelman, 2007).

Respondents were asked to rate their insight on a five-point Likert scale ranging from 1 being “Strongly Disagree” to 5 “Strongly Agree” for product differentiation and market share dimensions. Accordingly, the result of descriptive statistics (mean and standard deviation) of each variable is presented in the table below.

Table 4.3 Descriptive Analysis of the Variables

Descriptive Statistics			
	N	Mean	Std. Deviation
Quality of Home	365	3.7034	.70727
Product Design	365	3.5973	.67845
Innovation of Home	365	3.5603	.67388
Brand Image	365	3.5548	.73572
Market Share	365	3.5781	.58789
Valid N (listwise)	365		

Source: Survey Result, 2022

Associated with the objectives of interpretation of the above descriptive data, the researcher adopted measurement scale intervals or range from Poonlar Btawee, 1987 as cited by Hailu Demissie (2013). According to Btawee, mean scores ranging from 4.51 to 5.00 consider as “excellent or very good”, 3.51- 4.50 as “good”, 2.51-3.50 as “average or moderate”, 1.51-2.50 as “fair” and 1.00-1.50 as “poor” (Hailu Demissie, 2013).

In light with these parameters, as it has shown in the above table 4.3, all the research variables fall in the category of the range between 3.51 and 4.50 which means respondents have a good opinion (agree) on that the product differentiation variables have an effect on the market share of the real estate industry. Likewise, all variables scored relatively low scales of standard deviation which tells us that the data are narrowly spread. This implies that the respondents have a close opinion regarding each variable of the study.

4.3 Relationship between Product Differentiation and Market Share

4.3.1 Correlation Analysis

Correlation analysis was employed to examine the associations between each of the quality of homes, product design, product innovation and brand image of product differentiation and market share. A correlation refers to a quantifiable relationship between two variables, and the statistic that provides an index of that relationship is called a correlation coefficient r , which is a measure of relationship between two interval or ratio variables (Akroush, 2003).

Pearson correlation analysis was used to offer evidence of convergent validity. The correlation coefficient is scaled so that it is always between -1 and +1. When r is close to 0 this implies that there is little relationship between the variables and the farther away from 0, r is, in either the positive or negative direction, the greater the relationship between the two variables.

We have a correlation coefficient of 1 if there is perfect linear relationship with positive slope between the two variables; on the other dimension, if there is positive correlation, whenever one variable has a high (low) value, so does the other. We have a correlation coefficient of -1 if there is a perfect linear relationship with negative slope between the two variables; A correlation coefficient of 0 implies that there is no linear relationship between the variables (Valerie and McColl, 2005).

In order to determine the most influencing factor market share towards Ethiopian Real Estate Industry, relationship between all variables was determined through correlation analysis before proceeding to regression analysis.

Table 4.4 Correlation between independent and dependent variables

Correlations						
		Quality of Home	Product Design	Innovation of Home	Brand Image	Market Share
Quality of Home	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	365				
Product Design	Pearson Correlation	.597**	1			
	Sig. (2-tailed)	.000				
	N	365	365			
Innovation of Home	Pearson Correlation	.484**	.701**	1		
	Sig. (2-tailed)	.000	.000			
	N	365	365	365		
Brand Image	Pearson Correlation	.453**	.634**	.791**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	365	365	365	365	
Market Share	Pearson Correlation	.735**	.797**	.737**	.719**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	365	365	365	365	365

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Result, 2022

Bivariate Correlation substantiated that whether the relationship between two variables is linear (as one variable increases, the other also increases or as one variable increases, the other variable decreases).

Accordingly, the results of the correlation analysis indicate that all of the product differentiation variables are positively and strongly related to market share. According to Cohen (1998), strength of correlations can be interpreted as follows.

Strength of correlation

$r = .10$ to $.29$ small effect (weak)

$r = .30$ to $.49$ medium effect (moderate)

$r = .50$ to 1.0 large effect (strong)

Hence, quality of homes, product design, product innovation and brand image have a strong, positive and significant correlation with market share ($r=0.735^{**}$, $p<0.01$, $r=0.797^{**}$, $p<0.01$, $r=0.737^{**}$, $p<0.01$ and $r=0.719^{**}$, $p<0.01$) respectively. These results imply how important the product differentiation has a great role in the market share of the company.

The results revealed that the independent variables (predictor variable) have positive correlation with the dependent variable. Accordingly, it is possible to conclude that there is a positive, significant and strong correlation or relationship between product differentiation and market share of the industry so that any improvement in one of the dimensions will positively affect to market share.

Sig (2-Tailed) value:- This value connotes that whether there is a statistically significant correlation between two variables or not. If the Sig (2-Tailed) value is greater than .05, the researcher can infer that there is no statistically significant correlation between two variables. This implied that, increases or decreases in one variable do not significantly relate to increases or decreases in the second variable.

On the other dimension, if the Sig (2-Tailed) value is less than or equal to .05, the researcher can conclude that there are a statistically significant correlation between two variables. This implies that, increases or decreases in one variable do significantly relate to increases or decreases in the second variable (Pedhazur, 1982). Accordingly, as indicated in the above correlation table, the numbers next to Sig. (2-tailed) implies that all are (.000). The convention revealed that, if this value is less than .05, then the correlation is considered to be significant (meaning that the researcher can be 95% confident that the relationship between variables is not due to chance).

Consequently, the researcher can connote that there is a significant correlation between the independent variables (predictor variables) and dependent variable.

4.4 Regression Analysis

Regression is a technique conducted to predict the value of a dependent variable using one or more independent variables (Albaum, 1997). Regression analysis is a statistical tool for the investigation of relationships between variables. The investigator usually seeks to ascertain the causal effect of one variable upon another.

The researcher also typically investigate the “statistical significance” of the estimated relationships, that is, the degree of confidence that the true relationship is close to the estimated relationship (Malhotra, 2007). In light with this study, the researcher was tried to test the assumptions before proceeding the regression analysis.

4.4.1 Assumption Testing for Regression Analysis

The test of assumptions could be done because the violations of the assumptions affect consequent use of multivariate statistical methods (Hair et al., 2006). According to Hair et al., (2006), several assumptions regarding the utilization of multivariate statistical tools, namely normality, homoscedasticity, linearity, and multicollinearity should be applied before performing any multivariate analysis. Consequently, the researcher has tried to confirm that the obtained data truly represented the sample and obtained the best results.

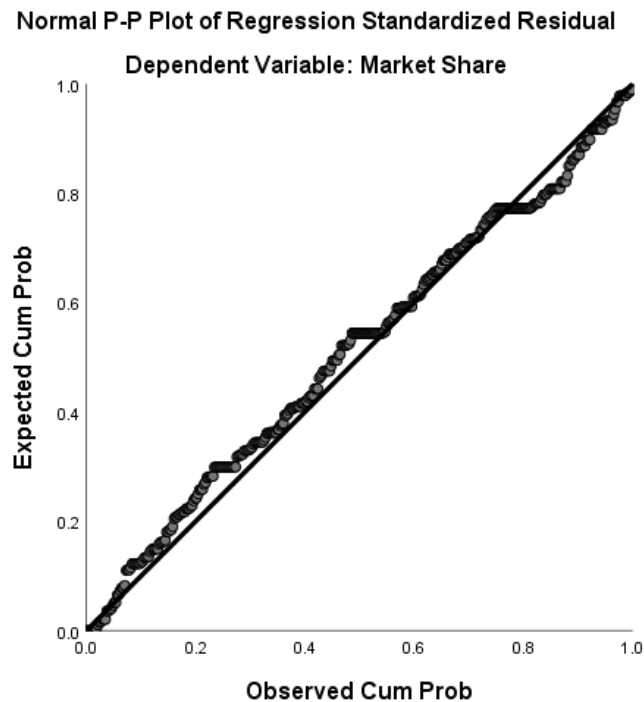
4.4.1.1 Normality of the Error Term Distribution

In light with this assumption, a check for normality of the error term is conducted by a visual examination of the normal probability plots of the residuals (Malhotra et al., 2007). Malhotra et al. (2007) suggested that normal probability plots are often conducted as an informal means of assessing the non-normality of a set of data. According to Hair et al. (1998), the plots are different from residuals plots in that the standardized residuals are compared with the normal distribution.

Generally, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal (Hair et al., 1998). If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Malhotra et al. (2007) forwarded that the correlation coefficient will be near unity if the data fall nearly on a straight line. The correlation coefficient will become smaller if the plot is curved.

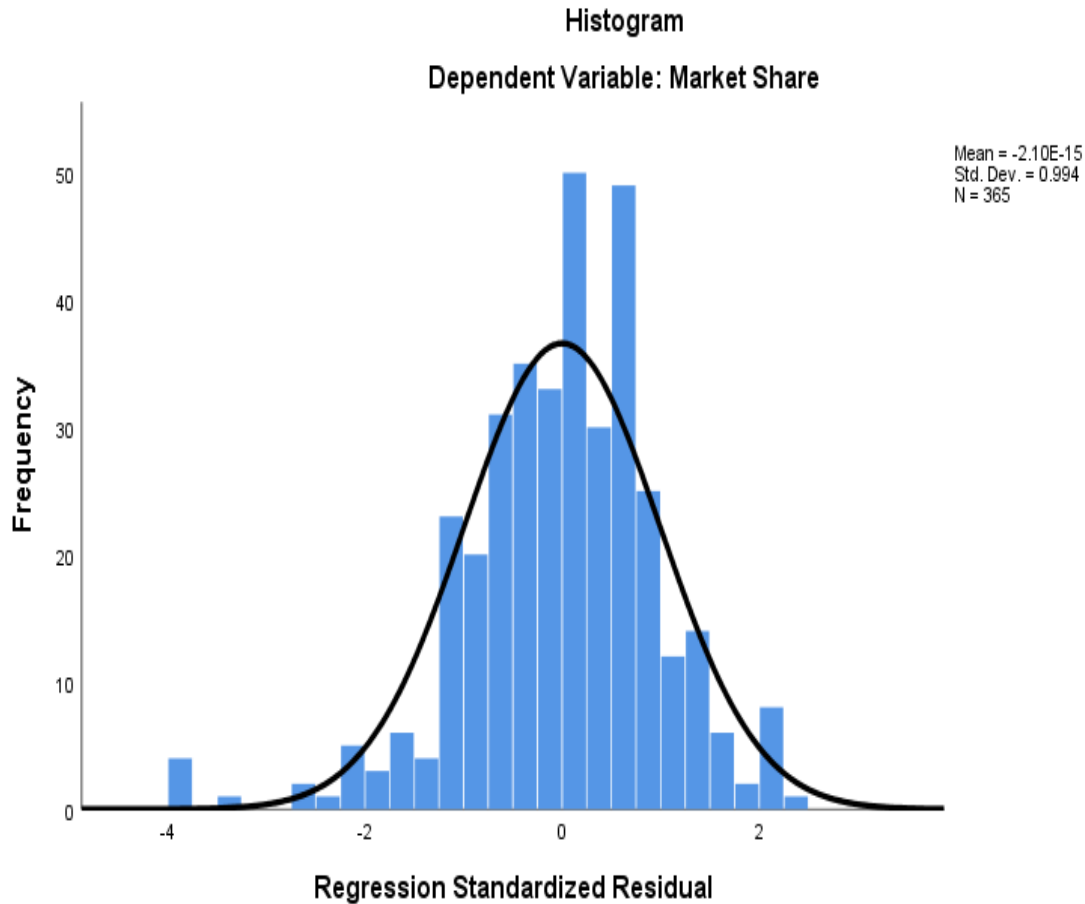
The normality probability plots were plotted to investigate normality. The P-P plots were approximately a straight line instead of a curve. Accordingly, the residuals were deemed to have a reasonably normal distribution, as suggested by Hair et al. (1998).

Figure 4.1 Normal P-P Plot



According to Hair et al. (2006), histogram is another method to use for comparing the observed data values with a distribution approximating the normal distribution. It is argued that the histogram of the research variables supports the expectation for the normal shape distribution of data. The following figure 4.2 shows the histogram generated for the study variables.

Figure 4.2 Histogram



4.4.1.2 *Multi-collinearity Test*

Multicollinearity is observed when two or more of the independent variables are highly correlated such that certain mathematical operations are impossible. According to Hair et al. (2006), the correlation between independent variables was such that multicollinearity is not a concern because multicollinearity will be created while results of the correlation coefficients are above 0.80 and to be considered very high. However, according to Pallant, (2007), there are two general procedures for assessing collinearity, including tolerance and variance inflation factor (VIF). The data will be absent of multicollinearity while VIF is less than ten, and tolerance value of greater than 0.10 but less than one (Robert Ho, 2006). Accordingly, as indicated in table 4.5 below, the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.582 to 3.046 and Tolerance value ranging with 0.328 to 0.632.

Likewise, as indicated in table 4.4 of correlation analysis, the results of the correlation coefficient between independent variables were below 0.8. Consequently, the assumption of multicollinearity has not been violated.

Table 4.5 Multicolliniarity test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Product Quality	.632	1.582
	Product Design	.412	2.429
	Innovation of Home	.328	3.046
	Brand Image	.389	2.573

a. Dependent Variable: Market Share

Source: Survey Result, 2022

4.4.1.3 Independent errors

For any two observations, the residual terms should be uncorrelated (or independent). This eventuality is sometimes explained as a lack of autocorrelation. This assumption can be tested with the Durbin–Watson test, which tests for serial correlations between errors. Specifically, it tests whether adjacent residuals are correlated. According to Field (2005), the test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated. As indicated in table 4.6 below, the Durbin-Watson test result is 2.293 which is closer to the acceptable standard of 2.0 shows that there is no autocorrelation problem in the model.

4.4.1.4 Linearity

According to Hair et al., (1998), the linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable. In light with this sense, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the independent variable. Hoekstra et al., (2014) suggested that the linearity assumption can easily be checked using scatterplots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the

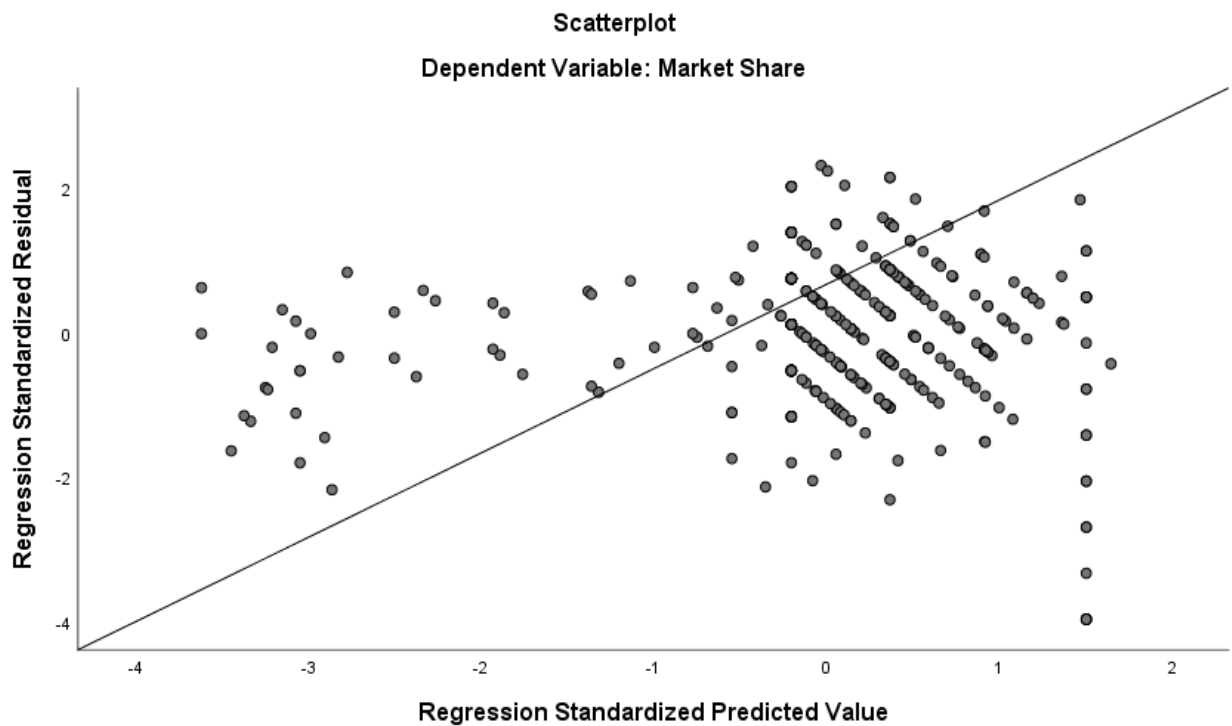
independent variable/s. The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from figure 4.3.

4.4.1.5 *Homoscedasticity (Equal Variance)*

Hair et al. (2006), forwarded that Homoscedasticity relates to the assumptions that dependent variable explaining equal levels of variance across the range of independent variables. He argued that the test of homoscedasticity is required because the variance of the dependent variable being explained in the dependence relationship could not be focus in simply a limited range of the independent values.

In light with Hair et al. (2006), this study tested the homoscedasticity for metric variables using scatterplot. Scatter plots of standardized residual was administered for all the variables and the outcomes from the data were shown in figure 4.3. In effect, the scatterplot revealed that the pattern of data points does not contain any exact patterns and thus had not violated the assumptions (e.g., no discernible patterns of residuals were indicated).

Figure 4.3 Scatterplot



Source: Survey Result, 2022

4.5 Multiple Regression Analysis

According to Field (2005), linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable.

On this empirical investigation, multiple linear regressions was employed in order to determine the explanatory power of the independent variables (quality of homes, product design, innovation of homes and product innovation) to identify the relationship and to determine the most dominant variables that influenced the market share. The researcher employed the significance level of 0.05 with 95% confidence interval. The reason for using multiple regression analysis was to investigate the direct effect of product differentiation variables on the market share. Table 4.6 shows the model summary of the regression analysis.

Table 4.6 Regression model summary of product differentiation variables

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.897 ^a	.804	.802	.26169	2.293
a. Predictors: (Constant), Brand Image, Quality of Home, Product Design, Innovation of Home					
b. Dependent Variable: Market Share					

Source: Survey Result, 2022

The regression model from table 4.6 presents how much of the variance in the measure of Market Share is explained by the underlying product differentiation variables. Furthermore, to explain R, R², adjusted R² and Durbin–Watson in detail:-

R: reveals the value of the multiple correlation coefficients between the predictors and the outcome, with a range from 0 to 1, a larger value indicating a larger correlation and 1 representing an equation that perfectly predicts the observed value (Pedhazur, 1982). Accordingly, the model summary (R=.897^a) revealed that, the linear combination of the four independent variables (quality of homes, product design, product innovation and brand image) strongly predicted the dependent variable (Market Share).

R Square (R^2): reveals the proportion of variance that can be explained in the dependent variable by the linear combination of the independent variables. This means, R^2 is a measure of how much of the variability in the outcome is accounted for by the predictors. According to Pedhazur (1982), the values of R^2 also range from 0 to 1. The linear combination of Product Differentiation variables or predictors' i.e. quality of homes, product design, product innovation and brand image explains 80.4% ($R^2 = 0.804$) of the variance in Market Share and the remaining 19.6% is explained by extraneous variables, which have not been included in this regression model. In other words, 80.4% of the variation in the Market Share is explained by the changes in the aforementioned independent variables while the rest 19.6% is explained by other factors

Adjusted R Square (R^2): The adjusted R^2 offers some idea of how well the model generalizes and its value to be the same, or very close to the value of R^2 . According to Pedhazur (1982), it adjusts the value of R^2 to more accurately represent the population under study. The difference for the final model is small (in fact the difference between R^2 and Adjusted R^2 is $(0.804 - 0.802 = 0.002)$ which is about 0.2%.

This shrinkage substantiate that if the model were derived from the population rather than a sample it would account for approximately 0.2% less variance in the outcome.

Durbin-Watson: The Durbin–Watson statistic investigates that whether the assumption of independent errors is acceptable or not. Field (2005), as the conservative rule suggested that, values less than 1 or greater than 3 should definitely raise alarm bells. Therefore, the desired result is when the value is closer to 2, and for this data, the value is 2.293, which is so close to 2 that the assumption has almost certainly been met.

Table 4.7 ANOVA of Market Share

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	101.148	4	25.287	369.242	.000 ^b
	Residual	24.654	360	.068		
	Total	125.802	364			
a. Dependent Variable: Market Share						
b. Predictors: (Constant), Brand Image, Quality of Home, Product Design, Innovation of Home						

Source: Survey Result, 2022

The ANOVA table indicates the overall significance/ acceptability of the model from a statistical perspective (Pedhazur, 1982). As indicated in table 4.7, the p-value is less < 0.05 i.e. 0.000^b which reveals the variation explained by the model is not due to chance. Accordingly, the above ANOVA table indicates the acceptability of the model. As shown in table 4.6, the investigator can connote that R , R^2 , and Adjusted R^2 employed for the multiple regression predict the Market Share based on the linear combination of product differentiation independent variables is statistically significant.

F-Ratio: F ratio decides whether the model is a good fit for the data. The F-ratio is computed by dividing the average improvement in prediction by the model (MSM) by the average difference between the model and the observed data (MSR). According to Pedhazur (1982), if the improvement due to fitting the regression model is much greater than the inaccuracy within the model, then the value of F will be greater than 1 and SPSS calculates the exact probability of obtaining the value of F by chance. The F-ratio for the above model is 369.242, which is very unlikely to have happened by chance.

Table 4.8 Summary of Coefficient on Market Share

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.320	.086		3.708	.000
	Quality of Home	.301	.024	.362	12.333	.000
	Product Design	.288	.031	.332	9.147	.000
	Innovation of Home	.130	.037	.149	3.538	.000
	Brand Image	.182	.031	.227	5.849	.000
a. Dependent Variable: Market Share						

Source: Survey Result, 2022

From table 4.8 all of the regression coefficients (Beta Coefficients) between the independent variables and dependent variable have positive values. Consequently, there is no inverse relationship between the product differentiation variables and market share.

In light with this, the regression table indicates the overall significance or acceptability of the model from a statistical perspective. As the significance value of F statistics indicates a value of (.000), which is less than $p < 0.05$, the model is significant which reveals that the variation explained by the model is very unlikely to have happened by chance.

As stated earlier, this study aims to identify the most contributing independent variable in the prediction of the dependent variable. Accordingly, the strength of each predictor (independent influencing the criterion (dependent variable) can be investigated via standardized Beta Coefficient. The regression coefficient substantiates the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable has, offers the more support to the independent variable as the more important determinant in predicting the dependent variable.

According to Table 4.8, the standardized coefficients for the four independent variables Quality of Homes, Product Design, Innovation of Homes and Brand Image are 0.362, 0.332, 0.149 and 0.227 and their significance levels of .000 for all which are all less than 0.05. This indicates a significant relationship between the independent variables and the dependent one.

According to the regression equation established, taking all the four product differentiation variables into account constant at zero, market share of the real estate industry will be 0.320

The data findings analyzed also indicates that taking all other independent variables at zero, a unit increase in quality of home will lead to a 0.301 increase in market share; a unit increase in product design will lead to a 0.288 increase in the case industry market share; a unit increase in Innovation of home will lead to a 0.130 increase in market share of the case company and a unit increase in brand image will lead to a 0.182 increase in market share of the case industry.

Since, coefficients of the predictor variables are statistically significant at less than five percent; alternative hypotheses related to all four dimensions of market share were accepted.

From the above table we can have the following general formula for the study. The regression equation was

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \dots\dots\dots(1)$$

$$Y = \alpha + \beta_1 QH + \beta_2 PD + \beta_3 IH + \beta_4 BI + e \dots\dots\dots(2)$$

$$Y = 0.320 + 0.362QH + 0.332PD + 0.149IH + 0.227BI + e \dots\dots\dots(3)$$

Where: Y= MS i.e. Market Share (Dependent Variable)

α = Intercept

$\beta_1, \beta_2, \beta_3$ and β_4 = Coefficients of the line

X_1 = Quality of Home

X_2 = Product Design

X_3 = Innovation of Home

X_4 = Brand Image

e = Sampling error

The regression model from table 4.8 above result reveals that keeping other variables constant 0.362 unit increase in Quality of Home will bring a unit increase in the Market Share of

Ethiopian Real Estate Industry. A 0.332 unit increase in Product Design will have a unit increase effect on Market Share of Ethiopian Real Estate Industry. 0.149 unit increase of Innovation of Homes will have a unit increase effect on Market Share of Ethiopian Real Estate Industry. A 0.227 unit increase of Brand Image will have a unit increase effect of Market Share of Ethiopian Real Estate Industry.

4.6 Hypothesis Testing and Interpretation of Results

Hypothesis testing is based on standardized coefficients beta and P-value to test whether the hypothesis is rejected or not.

Hypothesis 1: Quality of homes significantly influences market share positively.

The results of multiple regression as presented in Table 4.8 illustrate quality of homes significantly influence market share of the industry with a beta value of 0.362, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that quality of homes significantly influences market share positively is supported by the data set.

Hypothesis 2: Product design has a significant relationship with market share

The result of multiple regressions as presented in Table 4.8 illustrate Product design has a significant relationship with market share with a beta value of 0.332, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that Product design has a significant relationship with market share is supported by the data set.

Hypothesis 3: There is significant and positive association between brand image market share

The result of linear regression as presented in Table 4.8 substantiates, there is significant and positive association between brand image market share with a beta value of 0.227, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that there is significant and positive association between brand image market share is supported by the data set.

Hypothesis 4: There is a positive relationship between product innovation and market share.

The result of linear regression as presented in Table 4.8 illustrate, there is a positive relationship between product innovation and market share with a beta value of 0.149 , at 95% confidence level. From this the researcher concluded that the alternative hypothesis that there is a positive relationship between product innovation and market share is supported by the data set.

Table 4.9 Summary of the overall outcome of Research Hypotheses

Hypothesis	Analysis used	Findings		Results
H1	Multiple Regression	$\beta=0.362$; $P<0.05$	Positive Significant	Supported
H2	Multiple Regression	$\beta=0.332$; $P<0.05$	Positive Significant	Supported
H3	Multiple Regression	$\beta=0.227$; $P<0.05$	Positive Significant	Supported
H4	Multiple Regression	$\beta=0.149$; $P<0.05$	Positive Significant	Supported

Source: Survey Result, 2022

4.7 Discussions of the Results

This study was aimed to examine the effect of product differentiation on market share of real estate industry . Under the umbrella of product differentiation; quality of homes, product design, innovation of homes and brand image were selected as a product differentiation dimensions as indicated in literature review section.

As indicate in the above table 4.9, all of the regression coefficients (Beta Coefficients) between the product differentiation and market share have positive values. Hence, there were no inverse relationships between the product differentiation variables and market share. The brief discussion on each hypothesis is given below.

Quality of homes is the strongest predictor or has the most significant effect on the market share of the real estate industry because it has the highest Beta coefficient result ($\beta = 0.362$; $p<.05$).

The Beta Coefficient result of 0.362 signifies that for a 1 unit change in the independent variable (Quality of Home), the dependent variable (Market Share) will change by 0.362 units. To achieve this purpose, buildings are designed, planned, constructed, managed based on standards and specifications established by governments, professionals, and experts, who are supposed to have adequate knowledge of user's needs and expectations (Piyush et al., 2016).

It is apparent from this result that, quality of home is a decisive factor that affects the market share of the real estate industry. Today, most companies taking a return on quality approach, viewing quality as an investment and holding quality efforts accountable for bottom-line results (Grunert, 1995). Thus, many companies today have turned customer driven quality into a potent strategic weapon.

Therefore, from the result, it can be said that investing on quality of homes helps real estate industries to ensure long-lasting customers, increasing sales, increasing profitability, creating brand awareness, and satisfying customers so that increases the market share of the industry.

The second strongest predictor is Product Design ($\beta=0.332$; $P<.05$). The Beta Coefficient result of 0.332 signifies that for a 1 unit change in the design of home, the market share will change by 0.332 units. Some literature theoretically and empirically focuses on the product design and industry's market share. Dirisu, Iyiola and Ibidunni (2013), explained that a good product design can be a point-of-difference in the marketplace aiding consumer acceptance through its ease of use, durability, reliability or packaging, thereby serves as a source of competitive advantage which in turn intensifies the market share of the business industry.

Accordingly, the potential of a new house design in the market attracts customers from the function, hedonic (devoted to pleasure), and ergonomics perspective that causes for maximized market share and profitability of the real estate industry.

Therefore, from the result and some empirical findings, the product design has the positive significant effect on the market share of the real estate industry.

Brand Image ($\beta=0.227$; $P<.05$) is the third strongest predictor of market share identified in this study. Famous brand of apartment led to strong numbers in sales and twice higher selling price compared to former apartment without any brand (Choi, 2012).

The emerging brand impression in consumer's memory increases along with the increasing number of consumers to experience the brand (Rubio et al., 2014).

Hence, from the results, it can be said that effective design of homes can improve the market share of real estate industry.

The findings revealed that the innovation of home factor ($\beta=0.149$; $P<.05$) is the fourth strongest predictor of market share. The result of the study indicated that the Beta Coefficient result of 0.149 signifies that for a 1 unit change in innovation of home variable, the dependent variable (market share) will change by 0.149 units. Innovation is the basic factor and driving force behind the company's development. As indicated by Annemarie van Doorn, director of the Dutch Green Building Council, the problems concerning sustainability need to be answered now and the transition towards a more sustainable built environment is something that cannot wait any longer (Vastgoed Journaal, 2020).

From the result it can be said that, innovation of home is very important as it is a part to ensure sustainable development and speed up the market share of the real estate in the competitive industries. In today's entrepreneurial and competitive global economy, it is essential to adopt and adapt innovation strategies on real estate industries to ensure sustainable development of the real estate industry and to foster market share.

Interview Results

In this study the marketing managers forwarded that strong constructional materials, equipment's and technology, quality of the product after the sale (technical quality), quality of the processes (functional quality) are vital determinants for the quality of homes. They further explained that quality in construction is often seen as quality that meets certain requirements and quality expressed through customer satisfaction which enhance the purchasing decision of customers. Quality within requirements shows the degree to which a construction product meets the design specifications. Hence, using strong constructional materials, equipment's and technology, play an enormous role for the increased market share of the company.

Their response strengthen by the mean score for quantitative analysis of respondents to the variable of quality of homes is 3.7034 which is inclined to agree.

The sales person forwarded that quality of homes are very important to the complete satisfaction of customers which increase the their purchasing decision which in turn maximize the market share the industry. Quality of homes intensifies reliability, trustworthiness and credibility between customers and the industry which enhances the reputation of the industry. Product quality is conformance to requirements encompassing the features and characteristics of a product that satisfy stated needs (Russel & Taylor, 2006). From the quantitative analysis, quality of homes is the strongest predictor or has the most significant effect on the market share of the real estate industry because it has the highest Beta coefficient result ($\beta = 0.362$; $p < .05$) which intensify their justifications.

Regarding the real estate's product design marketing managers explained that building designs have a great role on the market share of the real estate due to the fact that the architectural, functional, ergonomics and aesthetic designs of homes have remarkable significance to pull customers. They further forwarded that considering much more qualitative and tactile elements of architecture during the design process such as materiality, geometry, daylight, views, and spatial flexibility to cater to both functional, regulatory and permitting, as well as aesthetic needs have numerous function to meet customer needs. These design features includes diagonal intersections, building curvature, setbacks, and podium extrusions. Providing customers with highly customizable designs is perceived by many as the way to increase customers fulfillment (Mithas et al., 2016). Their response is supported by the mean score for quantitative analysis of respondents to the variable of product design which is 3.5973 inclined to agree.

The sales person forwarded that homes architectural, functional, ergonomic and aesthetic design have ample contribution to attract customers and enhance their purchasing decision which in turn amplify the market share of the real estate.

This is supported by the quantitative analysis that Product Design ($\beta=0.332$; $P<.05$).

In this study the real estate marketing managers mentioned product innovation encompasses creating healthy workplace and living, ranging from air purity, innovative constructions contribute to new ways of constructing Real Estate, enhancements in construction materials, buildings with the aim of making Real Estate more efficient, sustainable innovations (construction) focus on aspects such as energy-savings, water-efficiency, green compound developments, usage new building materials, provision of infrastructures and energy-efficient technologies that could differentiate them from their competitors. As indicated by Annemarie van Doorn, director of the Dutch Green Building Council, the problems concerning sustainability need to be answered now and the transition towards a more sustainable built environment is something that cannot wait any longer (Vastgoed Journaal, 2020). The quantitative analysis of mean score associated with product innovation is 3.5603 which supports the interviewee's response.

The sales person forehanded that these innovation attributes create strong customer attraction which have enormous role for their purchasing decision and satisfaction that in turn leads to increased market share of the company. The quantitative findings revealed that the standardized coefficient associated with innovation of home is ($\beta=0.149$; $P<.05$) the fourth strongest predictor of market share which strengths the interviewees' result .

On the aspects of brand image marketing managers have clarify that brand image have played an enormous position to enhance the comprehensive competitiveness of real estate industry. They further intensified that building strong brand image, brand loyalty, brand awareness and perceived quality is a key to win larger market share in its market niche, to attract and retain customers in the long run, and to brings long-term profit to the companies.

The sales person on this regard elucidate that dimension of brand image prompt firm's performance of the industry, enhance the comprehensive competitiveness of the industry, create a competitive advantage and to expand its customer which increase the purchasing decision, profitability and market share of the industry. It is embedded in the memory of consumers and will be reflected in consumer's buying behavior (Diallo et al., 2013). The emerging brand impression in consumer's memory increases along with the increasing number of consumers to experience the brand (Rubio et al., 2014). Furthermore, when brand association is interconnected

strongly, the brand image that is formed will also become more powerful which leads the increased market share of the industry (Lau & Phau, 2007)

The quantitative findings revealed that standardized coefficient of Brand Image ($\beta=0.227$; $P<.05$) is the third strongest predictor of market share identified in this study that support the interviewees' result. Famous brand of apartment led to strong numbers in sales and twice higher selling price compared to former apartment without any brand (Choi, 2012).

Their response is intensified by the mean score of quantitative analysis of respondents associated with brand image which is 3.5548.

From the broader instance, the interview result indicated that product differentiation variables (quality of homes, product design, innovation of homes and brand image) have great effect to accelerate and amplify the industry's competitive performance, profitability and ROI which in turn heighten the market share of the real estate industry. The quantitative analysis revealed that the standardized coefficients for the four independent variables Quality of Homes, Product Design, Innovation of Homes and Brand Image are 0.362, 0.332, 0.149 and 0.227 respectively and their significance levels of .000 for all which are all less than 0.05. This indicates a significant relationship between the independent variables and the dependent one which support the interviewee's response.

CHAPTER FIVE

5 SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INTRODUCTION

The researcher has empirically investigate the Effect of Product Differentiation on Market Share of Real Estate Industry in this study. This chapter presents the major findings of the study, conclusions, recommendations, and limitations and suggestions for future research. Accordingly, the first section of this chapter described the findings of the study that presents a brief summary, and the conclusion drawn from it. The Last section of this chapter reveals the recommendations for the findings and highlights the direction for further studies.

5.1 Summary of Findings

- ❖ Regarding the demographic characteristics of the respondents and general information:
 - ✓ The majority of the respondents were male (58.1 %) and the rest 41.9 % were females.
 - ✓ With regard to Age groups, out of the total respondents, 30-44 age groups comprises (38.9%) followed by the age group of 45-65 (34%). The adults in the age group of 18-29 and the olds in the age group above 65 years comprise 27.1%.
 - ✓ Regarding the monthly income, the largest group of population earn a monthly net income of more than 30,000 ETB (38.4%) followed by those that earn between ETB 20, 001 and less than 30,000 (32.9%). The respondents whose monthly income are between ETB 15,001 - ETB 20,000 and less than ETB 15000 comprises 28.7%.
 - ✓ With respect to educational level majority of the respondents (36.2%) comprises BA/BSc degree holders, followed by MBA/MSc degree holders which weights of 25.2% while TVET, secondary and primary school complete comprise 38.7%.
- ❖ The average descriptive statistics for market share (dependent variable) result has shown that the mean score was above the midpoint i.e. 3.5781 of the Likert scale which implies that it inclined to agree.
- ❖ The result of independent variables of descriptive statistics has shown that the mean score of product differentiation variables (independent variables) i.e. quality of home, product design,

innovation of home and brand image has been 3.7034, 3.5973, 3.5603 and 3.5548 respectively.

- ❖ The result indicated that the highest mean score from the independent variable is 3.7034 for quality of homes and the lowest mean score is 3.5548 for brand image. Therefore, the market share of the real estate industry had better intensified on quality of homes as compared to the rest independent variables.

- ❖ The result of the correlation analysis has shown that, the four independent variables: “quality of home, product design, innovation of home and brand image” have the strong correlation with dependent variable “market share” with 95% confidence interval & at 0.01 p-value 2-tailed, by scoring a Pearson Correlation Coefficient “R value” of 0.735**, 0.797**, 0.737** and 0.719**.

- ❖ Even though all variables were highly correlated with the dependent variable, there was the difference in their strength of the relationship. Accordingly, product design had the highest strong relationship with market share than the rest three variables i.e. $r=0.797^{**}$ at the $p \leq 0.01$.

- ❖ Finally, the regression analysis result revealed that all independent variables were statistically significant at p-value <0.05 . The score of the coefficient correlation determination (R^2) is 0.804 which indicate, 80.4% of the variability of overall market share was explained by the four independent variables of product differentiation. The other variables that were not considered in this study contribute about 19.6% of the variability of market share. In this study, the Beta weight score indicated that the effect of Quality of Homes, is greater than other independent variables. Accordingly, the study model fits regression equation become
$$Y=0.320+0.362QH+0.332PD+0.149IH+0.227BI+e$$

5.2 Conclusions

It is unquestionable fact that the ultimate goal of any business industry is to be successful and maximize profit through different marketing strategy. Companies today operate in an increasingly turbulent and very dynamic environment. However, there are also numerous challenges that are arising by the day. To mention a few, heightened competitive rivalry, the win-win legal battle among market leader competitors, increasing awareness and change in needs and

wants of customers and the increasing regulatory pressures are some of them. To overcome the mounting challenges and ensure sustainable growth, market share and profitability, there is an urgent need to adopt purposeful product differentiation strategies that are focused around customers' needs and there is a need to implement them effectively. And it's a no hidden fact that product differentiation strategies determine the success or failure of a business industry.

In line with this, a number of empirical researchers identified the profound relationship among the company efforts paid to product differentiation and the overall market share .

Accordingly, the researcher undertook the appropriate scientific study with the objective to examine the effect of product differentiation on market share.

Based on this empirical study, the following conclusions are drawn out of the research findings: The study found that the independent variables (the selected product differentiation variables) have the significant effect on market share of real estate industry. Each one has its unique contribution and effect to the market share of the real estate industry. This also shows the tremendous importance of product differentiation to maximize the market share of the business industries. Business industries' market share is proportionately depends and goes with the product differentiation applied. Therefore, from this empirical finding one can conclude that, when high-quality products are produced, product innovation are adopted and adapted , product designs are advanced and brand image and reputation developed by business organizations, there will higher market share of the industries which in turn maximize sales volume, profitability, ROI, and overall performance.

Correlation analysis was conducted to analyze the relationships between variables; the correlation matrix revealed that all coefficient of correlation of independent variables were positively and strongly correlated with the dependent variable. Further multiple regression analysis was also conducted to verify if the independent variables have the effect on market share. To put in a nutshell the outcome of this empirical study: The first hypothesis which state that quality of homes significantly influences market share has the positive significant effect on

the market share of the real estate industry is confirmed (p-value <0.05; $\beta=0.362$). This variable is very important as it is a part of the bigger product differentiation strategy that allows marketing managers and/or owners to further evaluate the quality of their products. Therefore, quality of homes have ample contribution to the business industries through creating sustainable competitive advantage and fulfilling the needs and wants of customers thereby increase their purchasing decision.

The second hypothesis which states that product design has a significant relationship with market share of real estate industries is confirmed; because the P-value of the product design is (P-value <0.05; $\beta=0.332$). The result of this study shows that the product design has the effect on the market share of real estate industries. This is because customers evaluate product attributes such as quality, features, design, and styles, either rationally or emotionally before buying. When there is conformity between the features and the needs satisfaction of the customer, there is the tendency to share to their friends and positive word of mouth relationship. Therefore, from this one can conclude that the product design has the positive significant effect on the market share of real estate industries.

The third hypothesis states that brand image has significant and positive association on market share of the real estate industry is confirmed; because the P-value of the brand image is (P-value <0.05; $\beta=0.227$). Strong and reputable brand image have important competitive advantage due to increase the purchase decision, willingness to recommendation to others, rational and emotional attachment, positive word of mouth relationship and price tolerance among customers.

Therefore, from this one can conclude that the brand image has the positive significant effect on the market share of real estate industries.

The fourth hypothesis which states that the product innovation has the positive relationship on the market share of real estate industry is confirmed because the P value of the product innovation is (P-value <0.05; $\beta=0.149$). The effect of product innovation on market share is very

significant, in that product innovation plays an immense role to gain competitive advantage through sustainable growth of the industry, increase the target customers and enable the business industry to achieve the increased sales volume.

Entrepreneurs have highly utilized product innovation as the competitive advantage due to the fact that product innovation by itself manifests the speed and magnitude of market acceptance. In the longer term, the sustainability of the competitive advantage is reflected by the market share in which the innovative product is able to maintain against follower products launched by competitors.

5.3 Recommendations

In today's business environment where there is increasing competition, globalization pressures, increasing customers' needs and wants, and the edge of information technology, organizations have to respond radically and adjust themselves by coming up with product differentiation strategies that set them apart from the competition and ensure their success. In light of the research findings and conclusions drawn on this study the following recommendations are suggested as being valuable to the real estate industries.

Real Estate developers should develop product differentiation strategies so that it can give tailored service to their customers and serve them better according to their needs and wants that have immense advantages to increase the market share and profit of the industry.

Real Estate developers should have consideration to the power of quality of homes, strong construction materials and efficient construction technologies which are key to ensure sustainable competitive advantage and market share over the large competitive environment.

Real Estate developers and TNCs should adopt and adapt sustainable innovation of homes, infrastructure, and up to date technological facilities to gain competitive advantage through sustainable growth of the industry, increasing the target customers and enable the business industry to achieve the increased sales volume and market share and revenue.

Design of homes is also another important element which strongly predicts the market share of real estate industries. Hence, real estate developers should increase the design of homes that

meets the architectural, emotional, functional and ergonomic needs and wants of customers which in turn increase their purchasing decision and satisfaction.

Nowadays, customers have become more demanding and more particular about what they want. Hence, in order to get the competitive advantage, TNCs, shareholders, real estate owners and/or managers should focus primarily on the needs and preferences of current and potential customers and serve customers efficiently in order to have a superior performance.

Real Estate Developers should have consideration to the power of building strong brand image, brand loyalty and brand awareness which are a key to win larger market share in its market niche, increase the purchase decision, willingness to recommendation to others, rational and emotional attachment, positive word of mouth relationship and price tolerance among customers.

From the broader spectrum, the government, TNCs, 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.

5.4 Directions for Further Studies

The approach and empirical findings of this study provide a platform for a variety of future research efforts. Even though the empirical study conducted on the bases of a selected real estates and small sample size, a potential area of future research could be undertaken using comprehensive real estate industries and bigger population of companies that enable to make a comparative analysis.

It is also fruitful to examine the research model in this study in a wide range of business industries which will be helpful for generalization purposes. Hence, a potential area of future research is to examine the research model among and between several business industries to examine the relationship between product differentiation and market share.

Future researches could also study the effect of other product differentiation variables and market share and market share as a moderate variable to profitability. Moreover, mediating factors affecting the relationship between product differentiation and profitability are not included in this study. According to Martinez-Peria and Mody (2004), the extent that market

share gets by the business industry translated into market power, business industries with higher shares of the market may be able to charge higher rates on sale, reap economies of scale, thus boosting revenues and profitability.

This provides an opportunity for a research endeavor including these moderators.

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APPENDIX I



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY!

Addis Ababa University
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Addis Ababa University

School of Commerce

Marketing Management Graduate Program

Questionnaire for customers

Dear Respondents,

This questionnaire is intended to be used as primary data for master's thesis of my MBA in school of commerce at Addis Ababa University on "Effect of Product Differentiation on Market Share in the Ethiopian Real Estate Industry". As a customer of these real estates, your participation in this study will be valuable and greatly appreciated. Information gathered will be treated with the utmost confidentiality and will not be used for any other purpose.

Please feel free to contact me for further information at any time through:

e-mail: gtechethio@gmail.com

Instruction

- There is no need to write your name
- Put “√” in the box to the point which mostly reflects your idea.
- Many thanks and compliments for your cooperation.

Part 1. Demographic Profile

Please tick the appropriate answer for each of the following questions.

I. Gender

1. Male
2. Female

II. Age

1. 18- 29 years
2. 30 - 44 years
3. 45 - 65 years
4. Above 65

III. Monthly Average Net income (in ETB)

1. Below 15000
2. 15,001- 20,000
3. 20,001 -30,000
4. Above 30,000

IV. Highest level of education attended

1. Primary Complete
2. Secondary complete
3. Diploma (TVET)
4. Degree
5. Master &Above

Part 2. Research Related Questions

Direction: Please indicate your level of agreement and/or disagreement to the statements given under the following items by ticking the appropriate choices on the **five-point Likert scales** provided, **Strongly Disagree; Disagree; Neutral; Agree; and Strongly Agree**

1. Questions related to construction quality

NAME	QH	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
QH1	I decided to bought the home because usage of strong construction material and construction equipment.					
QH2	I choose to buy the house after confirming the completeness of all the necessary facilities in the house.					
QH3	I decided to buy the house because the actual performance of the house meets my expectation.					
QH4	I decided to buy the house because of the intrinsic construction quality.					

2. Questions related to product design

NAME	PD	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
PD1	I was very curious about functional design of the house while I prefer the real estate company.					
PD2	Architectural design is the reason you choose the real estate company.					
PD3	I seriously looked the ergonomic house design while I decided to buy the house.					
PD4	I look the aesthetic appearance of the house while					

	I buy real estate.					
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3. Questions related to product innovation of homes

NAME	IH	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IH1	Usage of up to date technological facilities is the reason I prefer the real estate company.					
IH2	Provision of sustainable infrastructure causes my preference of real estate company.					
IH3	Energy-savings and water-efficiency of the house is the reason I prefer the real estate company.					
IH4	Sustainable innovations of generating “green” compounds of buildings causes my choice of real estate.					

4. Questions related to brand image

NAME	BI	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
BI1	Brand reputation is the reason for me to choose a real estate company.					
BI2	I purchase my home because, the real estate’s unique products came to my mind quickly.					
BI3	I purchase my home because, I am familiar with its services and products of the real estate.					
BI4	I purchase the house because, I think it’s the best real estate brand.					

5. Questions related to market share

NAME	MS	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
MS1	I prefer the company from competitors because usage of strong construction material and construction equipment.					
MS2	I decided to buy the house from competitors because of the actual performance of the house meets my expectation.					
MS3	The functional design of homes influence my priority to the company.					
MS4	The Architectural design of homes made me to give priority to the company.					
MS5	Sustainable innovations of generating “green” compounds of buildings allows me to choose the company as priority.					
MS6	The real estate’s unique products that came to my mind quickly allows me to give the priority from competitors.					

APPENDIX II
ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

DEPARTMENT MARKETING MANAGEMENT

Dear interviewee,

I am conducting a research which shall be submitted in partial fulfillment of the requirements for Master’s Degree in Marketing Management. The purpose of this study is to understand “Effect of Product Differentiation on Market Share in the Ethiopian Real Estate Industry: Evidence from Addis Ababa, Ethiopia”. Therefore, this is to kindly request you to take some of your precious time to see the interview guide and be prepared in advance. Your honest and accurate response will make this study more valuable. Your responses are only meant for academic purpose and have a vital role in the real estate industry and will be kept confidential. Please read carefully and give your opinion.

Thank you in advance for your time!

General Information

Name of the company: _____

Position and Field of the respondent: _____

1. What are the quality of homes of your company?
2. How do you describe the role of using strong construction material and construction equipment for maximized market share of the company?
3. What are the real estate designs of your company?
4. How do you associate the building designs of homes for increased market share of your company?
5. What makes your product unique from other competitors so that goes quickly to customers’ mind and cause for increased market share of the company?
6. How do you describe the role of brand image on the increased market share of the company?
7. What innovation attributes cause for increased market share of the company?
8. What are the role of sustainable innovations of generating “green” compounds of buildings and community infrastructure for increased market share of the company?