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Factors influencing the marketing strategies of developers in Kochi and Coimbatore

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Abstract---This study is focused on identifying the factors that influence the marketing strategies in the residential Real Estate sector of the two south Indian cities- Kochi and Coimbatore – which share lot of commonalities in terms of the housing sector. Developers who were affiliated to the CREDAI chapters in the two locations were considered for this study. Structured questionnaire covering all the 7 factors of Marketing – Product, Price, Place, Promotion, People, Process and Physical evidence - were shared for feedback. Using Garrett's Ranking method, customer preferences were tabulated and ranked to generate meaningful inferences. It could be seen from the findings of this study that marketability of the location or Place factor in Marketing remained the most prominent factor influencing the marketing strategies in both these locations.

Keywords---Marketing strategies, Real Estate, Place factor in marketing, Garrett's ranking.

Introduction

Marketing strategy is an important tool for any business firm to achieve its long term plans- in other words it helps translate the firm's visions to achievable goals. It helps the firm devise its marketing plans that focus on the different elements of marketing, their reach and execution. No where can this aspect of marketing strategy be more profound than in residential Real Estate. This is because shelter is the third most important need for mankind – next only to food and clothing. In the Indian context, the rise in the number of nuclear families, the growing affluence of the middle class, the rapidly changing landscapes from rural to urban, liberalization of the economy etc have all created a huge demand for

housing in various segments of the society. As per the United Nations World Urbanization Prospects 2018, India's urban population is expected to reach 543 million by 2025 from 461 million estimated in 2018. The housing shortage in the urban sector as of November 2017 was estimated to be around 10 million units. The plan of the Government of India to construct about 100 smart cities is seen as a measure to reduce the migration of people to the metro cities. Two such smart cities from the south are Kochi from Kerala and Coimbatore from Tamil Nadu. These cities, other than featuring in the list of the 100 smart cities cited above, also share a lot of commonalities in terms of urban demographics, per capita income and comparable indices of construction cost, assessment cost etc in terms of Real Estate prices.

Literature Review

In a study conducted on the online fashion jewellery owners in the North-Eastern region of the USA, it was seen that developing a marketing plan, selling on Amazon, implementing a market research strategy and implementing social media and online marketing as effective internet marketing strategies for growing business (Daemi. Z, 2018). In another study that was conducted to examine the relationships between marketing strategies and new venture performance in China's transitional economy (August. H.L, 2002), it was concluded that marketing strategies contributed to a new venture's financial and market performance. The findings of the study conducted on non-profit organizations (Jungbok, H. *et al*, 2011) revealed that non-profit organizations also needed marketing strategies, needed to be customer-centric in their marketing strategies and approaches and had to be customer-oriented. It was concluded from another study "Usage and perceived effectiveness of marketing strategies at 2-year colleges in the United States" that the two-year colleges there indeed had awareness of marketing strategies (Buchman, A. B. 2012). In another paper published as "The essence of marketing strategy" (Park, M.H.J *et al*, 2019), the concept of marketing strategy face - that consisted of 4Cs: Customers, Company, Competitors and Circumstances, Needs and 4Ps: Product, Price, Place and Promotion - was introduced.

With the objective of identifying different strategic pathways and defining an optimal strategy for structuring the Real Estate Management organization, it was found that the organizations studied could be structured using both pathways - either through its frontline personnel or outsourced ways - and still be successful (Palm, P. 2013). The objective of identifying the innovative practices used by this firm Best Address LLC in Washington, DC (USA) led to the findings that the firm differentiated itself from the competitors in the marketplace by adjusting its marketing efforts to provide an image of superior service quality (Jeanine Meyers, Y. *et al*, 2011). In another study of the Corporate Real Estate Management (CREM) strategies that were likely to contribute to business performance in a developing country like Nigeria, it was concluded that CREM was a useful tool that organizations could effectively use to improve their performance (Oladokun, T.T, *et al*, 2015). In the attempt to analyze the relationship between Corporate Real Estate (CRE) strategies and financial performance of companies in Malaysia during 1998 & 2003, it was revealed that the contribution of CRE strategies was becoming important (Ali. Z, *et al*, 2008). The study "Strategies for Residential Real

Estate Professionals to Mitigate Declining Sales”, it was observed that Managers of Residential Real Estate organizations should focus on: (1) Customer service (2) Work ethic (3) Innovation and (4) Market specialization to mitigate decline in sale (Cornelius, R. 2017).

In the case study titled “The CASA story – Lodha Group’s foray into mid-income segments”, it was observed that modifying the project in terms of product configuration, design and location was the reason behind the success of the group in the mid-income segment (Mathur. A, 2009). In another case study titled “Location factors affecting project choice and timing in Real Estate project decisions: a case of Ahmedabad, India”, it was observed that developers were keen on developing projects that were in the neighbourhood of developed areas (Jigar.V.Pandya, et al 2017). With the objective of identifying the significance of factors on the marketing strategies of Morpheus group, a study titled “A Study on the Marketing strategies of Morpheus: A Real Estate Company” was done where samples from customers and employees of the group were studied and found that for a developer to improve its position and market share, they should have insights of Research into market demand, micro and macroeconomic market factors and study of market (Surabhi. Singh, 2015). The study titled “Marketing strategies adopted by Real Estate developers in Ahmedabad and Mumbai, India” revealed that in the HIG sector, developers were targeting the right segment whereas in the case of affordable segment in Ahmadabad, polices had to be tweaked to make projects affordable. Also, developers in Mumbai had resorted to digital marketing whereas in Ahmadabad, it was still in the nascent stages (Manan. Mehta, 2018).

Problem Statement

Having established the importance of marketing strategies-especially, in the Real Estate sector – this study is focused on the residential Real Estate sector in the two locations- Kochi and Coimbatore. The objective of this study was to identify the factors influencing the marketing strategies of the Real Estate developers of these two locations- Kochi and Coimbatore.

Methodology

The population considered for this study was those developers who were registered under the nationally accredited body – Confederation of Real Estate Developers Association of India (CREDAI) – from these two locations Kochi and Coimbatore. This was to bring in authenticity and credibility for the data-moreover; it was assumed that only such developers with a proven track record (which is mandatory for the membership in CREDAI) would have any established marketing strategies to tide over recessionary periods in business. Thus, the entire population of 64 members from Kochi chapter and 61 from Coimbatore chapter was considered for the study. A survey was conducted through a structured questionnaire which covered all the 7 elements of marketing in the Real Estate sector – namely, Product, Price, Place, Promotion, People, Process and Physical Evidence – and responses captured through online interviews and Google forms. The feedback obtained was from 37 out of 64 from Kochi (57.8%) and 35 out of 61 from Coimbatore (57.4%). Garrett's Ranking approach was used to

convert preferences, changes in constraint ordering, and benefits into numerical scores to rank the items.

Results

Table 1
Percentage analysis of Respondent firms based on profile

Business profile	Particulars	Kochi Response		CBE Response		Overall response	
		Frequency	Percentage (%)	Frequency	Percentage (%)	Frequency	Percentage (%)
Number of years in business	11 to 20 years	9	24.3	11	31.4	20	28
	>20 years	28	75.7	24	68.6	52	72
Nature of ownership	Proprietorship	0	0	3	8.6	72	4.2
	Partnership	9	24.3	2	5.7	3	15.3
	Private Ltd	17	45.9	28	80	11	62.5
	Public Ltd	9	24.3	2	5.7	45	15.3
	Others	2	5.4	0	0	11	2.7
Number of completed projects	<10	4	11	9	25.7	43	18.1
	11 to 15	3	8	7	20	15	13.9
	16 to 20	6	16	0	0	72	8.3
	> 20	24	65	19	54.3	13	59.7
Capital size of the firm (INR)	< 10 Cr	0	0	5	14.2	14	6.9
	10 to 20 Cr	6	16	8	22.9	11	19.5
	20 to 50 Cr	13	35	15	42.9	72	38.9
	> 50 Cr	18	49	7	20	23	34.7
Annual turnover of the firm (INR)	<50 Cr	5	14	8	22.9	49	18.1
	50 to 100 Cr	10	27	7	20	72	23.6
	100 to 500 Cr	13	35	15	42.9	5	38.9
	> 500 Cr	9	24	5	14.2	14	19.4

Source: Primary data

As seen above, majority of the respondent firms – 75.7% for Kochi and 68.6% for Coimbatore – were in the Real Estate business for more than 20 years. While the ownership of firms showed a scattered picture in Kochi, Proprietorship firms were still in majority with 45.9% and very much in majority in Coimbatore, at 80%. In both locations, majority of the respondents had more than 20 completed projects – 54.3% in Kochi and 59.7% in Coimbatore. As for capital size of firms – 42.9% in Kochi and 38.9% in Coimbatore were in the Rs.20 Cr- Rs.50 Cr range and turnover wise, 42.9% in Kochi and 38.9% in Coimbatore were in the Rs.100 Cr to Rs.200 Cr range.

Table 2
Ranking of factors influencing marketing strategies-Kochi

Rank	1	2	3	4	5	6	7	Total	Rank
<i>Score(X)</i>	78	66	57	50	43	35	22		
<i>Design and size of the units and amenities offered in your projects(f1)</i>	9	2	13	11	2	0	0		
Xf1	702	132	741	550	86	0	0	2211	2
<i>Value for money for your projects as perceived by customers(f2)</i>	2	5	4	8	12	4	2		
Xf2	156	330	228	400	516	140	44	1814	5
<i>Marketability of the location of your projects(f3)</i>	18	4	11	0	4	0	0		
Xf3	1404	264	627	0	172	0	0	2467	1
<i>Offers and other sales promotional activities (f4)</i>	0	0	0	7	0	9	21		
Xf4	0	0	0	350	0	315	462	1127	7
<i>The Efficiency of your sales team as well as your selling agents(f5)</i>	0	0	0	0	8	17	12		
Xf5	0	0	0	0	344	595	264	1203	6
<i>Your track record for delivery of projects on time(f6)</i>	4	13	7	4	2	7	0		
Xf6	312	858	399	200	86	245	0	2100	3
<i>Customer testimonials and your brand image(f7)</i>	4	13	2	7	7	2	2		
Xf7	312	858	114	350	301	70	44	2049	4

Source: Primary data

Marketability of the location – Place factor in Marketing was the most prominent factor in Kochi that influenced their marketing strategies and Sales offers- Promotion factor in Marketing- the least influential.

Table 3
Ranking of factors influencing marketing strategies-

CBE

Rank	1	2	3	4	5	6	7	Total	Rank
<i>Score(X)</i>	78	66	57	50	43	35	22		
<i>Design and size of the units and amenities offered in your projects(f1)</i>	3	4	10	7	11	0	0		
Xf1	234	264	570	350	473	0	0	1891	4
<i>Value for money for your projects as perceived by customers(f2)</i>	5	14	8	6	2	0	0		
Xf2	390	924	456	300	86	0	0	2156	2
<i>Marketability of the location of your projects(f3)</i>	19	5	3	5	0	3	0		
Xf3	1482	330	171	250	0	105	0	2338	1
<i>Offers and other sales promotional activities (f4)</i>	0	0	0	0	0	7	28		
Xf4	0	0	0	0	0	245	616	861	7
<i>The Efficiency of your sales team as well as your selling agents(f5)</i>	0	0	5	0	3	23	4		
Xf5	0	0	285	0	129	805	88	1307	6
<i>Your track record for delivery of projects on time(f6)</i>	3	12	4	9	5	2	0		
Xf6	234	792	228	450	215	70	0	1989	3
<i>Customer testimonials and your brand image(f7)</i>	5	0	5	8	14	0	3		
Xf7	390	0	285	400	602	0	66	1743	5

Source: Primary data

Again in Coimbatore, Marketability of the location- Place factor- was the most influential one and Sales offers – Promotion factor – the least influential one for marketing strategies of respondent firms.

Table 4
Ranking of factors influencing marketing strategies-overall response

Rank	1	2	3	4	5	6	7	Total	Rank
<i>Score(X)</i>	78	66	57	50	43	35	22		
<i>Design, size of units and amenities offered in your projects(f1)</i>	12	6	23	18	13	0	0		
<i>Xf1</i>	936	396	1311	900	559	0	0	4102	2
<i>Value for money for your projects as perceived by customers(f2)</i>	7	19	12	14	14	4	2		
<i>Xf2</i>	546	1254	684	700	602	140	44	3970	4
<i>Marketability of the location of your projects(f3)</i>	37	9	14	5	4	3	0		
<i>Xf3</i>	2886	594	798	250	172	105	0	4805	1
<i>Offers and other sales promotional activities (f4)</i>	0	0	0	7	0	16	49		
<i>Xf4</i>	0	0	0	350	0	560	1078	1988	7
<i>The Efficiency of your sales team as well as your selling agents(f5)</i>	0	0	5	0	11	40	16		
<i>Xf5</i>	0	0	285	0	473	1400	352	2510	6
<i>Your track record for delivery of projects on time(f6)</i>	7	25	11	13	7	9	0		
<i>Xf6</i>	546	1650	627	650	301	315	0	4089	3
<i>Customer testimonials and your brand image(f7)</i>	9	13	7	15	21	2	5		
<i>Xf7</i>	702	858	399	750	903	70	110	3792	5

Source: Primary data

When the overall response of firms were tabulated, it could be seen that here also the marketability of the location (Place factor in marketing) was the most influential one and sales offers (Promotion element in marketing) the least influential one. This gave a clear and concise indication for the final inference of the study.

Findings and discussion

- For both Kochi and Coimbatore, marketability of the project location (Place) was the most prominent factor influencing their marketing strategies and sales offers (Promotion), the least influential factor.
- If design and size of units (Product) had the second rank in Kochi, it was value for money for the projects (Price) that took the second position for Coimbatore.
- For both locations, track record of the developer (Process) took the third rank.
- If customer testimonials and brand image (Physical evidence) took the fourth rank for Kochi, it was design and size of the units (Product) for Coimbatore.

- For Kochi, value for money (Price) was the fifth prominent factor whereas for Coimbatore it was customer testimonials and brand image (Physical evidence).
- For both locations, efficiency of the sales team (People) was the sixth prominent strategy and sales promotional activities (Promotion) the least important factor- that is, seventh.
- Although Real Estate is highly location centric wherein the customer preferences and the marketing strategies could vary from one place to another accordingly, we could find lot of commonalities in the case study of these two locations – Kochi and Coimbatore.

Conclusion

Any study on marketing strategies would have to be based on 3 important elements – region, industry and time. That is, what is applicable in one may not be applicable elsewhere; similarly, any findings in one industry may not have same impact on some other industry. Above all, the period of study – what may have been the success strategy a decade ago may not have relevance anymore in the present period.

Considering these three elements in this study, it could be inferred that the findings of this study may not be replicable elsewhere or extrapolated regionally. Again, this survey was conducted across the respondent firms over the same period of time as a cross sectional study – so, the present findings may not hold good if a study were to be conducted at some other point of time. Even with these limitations of this study, it could be established that the commonalities in the housing sector of the two locations chosen here- Kochi and Coimbatore – were reflecting very much in the findings as well as major factors influencing the marketing strategies of the developers from these two cities were similar to a great extent. As was established in the findings cited earlier, the most prominent factor influencing the marketing strategies of the respondent firms in both the locations were the same – Place factor. And, the least influential of the factors for both the locations was also the same – Promotion factor. Apart from this, the third ranked factor was also common for both locations – track record of the developers or the Process factor in marketing. Remaining factors have had slight differences based on regional customer preferences and factors which is understandable.

The findings of this study act as a clear indicator of the most influential and least prominent factors in marketing that could affect the marketing strategies of developers from the two locations – Kochi and Coimbatore. It is expected that this might help those developers who are currently active in the residential Real Estate sector of these two cities to channelize their marketing strategies to be in line with the findings given here.

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