

Effectiveness of Applying Marketing Tools in Real Estate Trading

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Abstract. The aim of this paper is to evaluate the effectiveness of marketing tools used by real estate agents in Krakow. Based on a diagnostic survey and questionnaire surveys, as well as subject of article sources, a cross-sectional analysis of various marketing tools, the frequency of their application and the effectiveness of marketing activities was performed. The collected empirical material and analysed literature allowed the formulation of the following conclusions: a) the most commonly used form of real estate promotion is online advertising and the use of classified advertisement websites, b) social media play a big role and its importance will be constantly growing allowing for the effective reaching of targeted groups of customers, c) modern methods of real estate visualisation are not practiced by real estate agencies in Krakow, despite the fact that certain benefits for entities implementing them have already been recognised the need to prepare high-quality photographic descriptions of properties in the case of preparing marketing offers has been noticed. The essence of real estate marketing in recent years has changed radically. Until recently, customers searching for real estate used to deal directly with a specific real estate agent, in the belief that this is the only way to contact the seller. Currently, the connection between sellers and buyers is mainly possible via the Internet. Therefore, promotion through social media, an agency website or advertisement websites is crucial and brings the need to compete. The proper presentation of the physical characteristics of a property turns out to be significant in such announcements. This should be done by professionally-made high quality images, projections and a properly prepared description of the property. Unfortunately, among the analysed cases, it turned out that the photographs were of low quality, often not presenting all rooms of the presented property. Property descriptions are laconic, which reduces the attractiveness of the offer and video materials promoting properties are quite rare, not to mention so-called virtual walks. The conducted research has shown that in the majority of analysed real estate agencies in Krakow only a small number of marketing tools is being used. The visible revolution in the development of modern communication technologies has led to consumers behaving differently than when using traditional marketing tools. In order to be successful in building a competitive advantage in the real estate market, modern marketing activities should be applied more widely across the community, offering open communication that will attract the attention of the potential client. This should be performed by applying of such tools as: virtual walks, showing three-dimensional projections, photographs taken by a drone, virtual reality, open house or home staging.

1. Introduction

The real estate market, like any other, is currently dealing with intense competition, Filar 2012 [1], Kotler 2005 [2], Plukis 2017 [3], Stachura 2007 [4]. This causes the necessity of using various marketing measures by entities which deal in brokering real estate transactions [6]. The essence of real estate marketing has been undergoing such a great deal of change in recent years, both with the aim of



attracting the attention of clients, as well as in terms of building a trustworthy brand, that it has become necessary to considerably expand the marketing toolset used in the real estate trade sector.

The initial research hypothesis of the article is an assumption that real estate agencies that operate in Krakow use marketing tools that are effective. Meanwhile, the main research problem is an attempt at determining the specific marketing tools used in real estate trading and an assessment of their effectiveness.

The method used in the study that had been performed was a diagnostic survey, and the main tool of work was a survey questionnaire, due to a high degree of standardisation. The questionnaire was composed of 25 closed, multiple-choice questions, and was distributed among employees of Krakow's real estate agencies in May 2017. 48 employees of these agencies took part in the study.

2. Marketing methods in the real estate market

Requirements concerning knowledge of the expectations and desires of clients lead to a situation in which the marketing operations of entities that participate in real estate trading are currently broadly used [7]. They are based on the traditional marketing mix formula, with the greatest emphasis being put on promotional efforts, while the other elements of this concept are being used to a much lesser degree [8]. Promotion itself has become such a significant element of the marketing mix because it is a form of company-client communication [9, 10]. Advertising, thanks to which information about a product or service is being delivered to potential buyers, enticing them to specific behaviours, is an essential element of promotion. The tools that serve this purpose can be divided into: home staging, local advertising and online advertising [11]. However, promoting listings through social media is having a greater and greater significance.

The MLS system is also becoming popular - it makes it possible to offer listings multiple times, which is a form of cooperation between real estate agencies. The main advantage of this system is quicker selling. It enables the secure exchanging of listings from a database between the system's members, who are professional real estate brokering agencies [12]. Another system that is used in real estate trading as a marketing tool is so-called customer relationship management, or CRM [13]. It covers not only the easy and effective monitoring of communications with clients, but also a series of different aspects, including not only sales, but also post-sale services. This enables not only the attracting of clients, but also maintaining them, which is extraordinarily essential. E-marketing is gaining in greater and greater significance, especially its specialised forms like SEM - search engine marketing, which is composed of two elements, SEO, which is a process of the optimisation of a website in terms of its visibility in search engines, and PPC, which is a form of paid advertisement, thanks to which, after entering an appropriate phrase into a search engine, we can see a link labelled as "sponsored link" [14].

3. Characteristic of entities and analysis of the results of the study

As it has already been mentioned in the introduction, 48 employees of Krakow's real estate agencies participated in the study. In the first phase of the study, the respondents were meant to disclose the number of employees in their real estate agency. On this basis. The authors determined that in Krakow there were primarily relatively small agencies, employing less than 5 persons, which constituted 42% of all answers. Entities employing between five and ten persons constituted 33% of Krakow's real estate agencies. The share of agencies employing between 10 and 15 employees amounted to 15%, while only 10% of agencies employed more than 15% persons. The relatively small number of real estate agency employees influenced the amount of branches in Krakow. The clear majority of agencies had only 1 branch (54%).

The next task placed before the respondents was rating, on a scale of 1 to 6, the frequency of using selected marketing tools, with a value of 1 indicating that a tool is not used at all, while a value of 6 - one that is used the most often, on a regular basis. The respondents were also to rate the effectiveness of the aforementioned tools in the same manner, also on a six-point scale, where a value of 1 signified the least effective tool and a value of 6 - the one with the highest effectiveness (Figure 1, Figure 2).

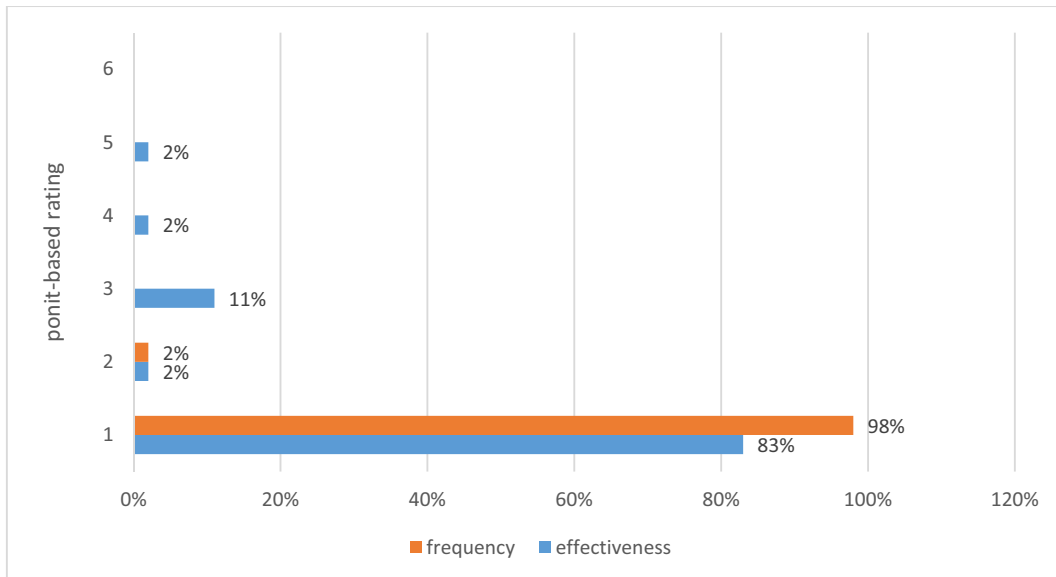


Figure 1. TV advertisement rating structure (in %)

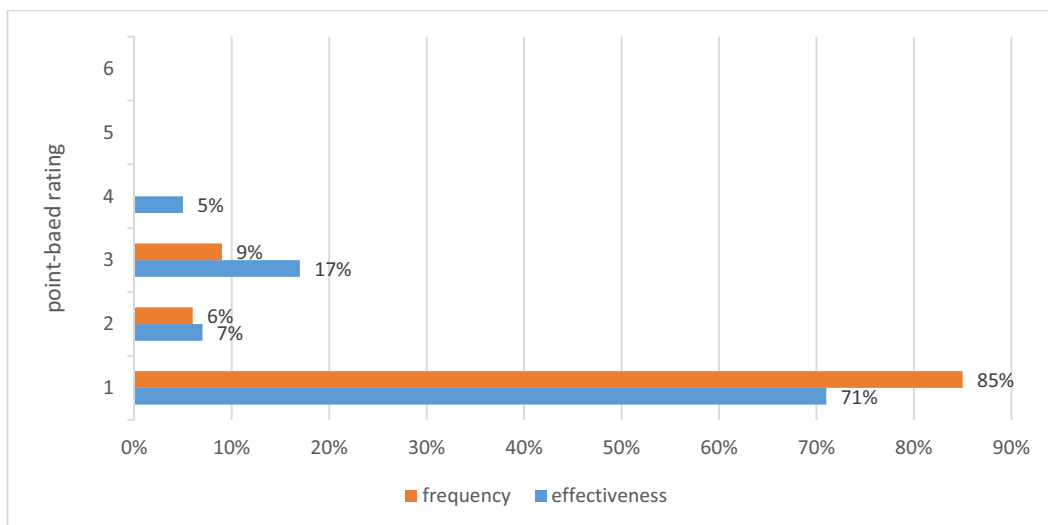


Figure 2. Radio advertisement rating structure (in %)

The use of print media advertisements was characterised by a relatively low frequency and poor effectiveness. Almost half of the respondents did not use them at all (47%), while 46% reported print media advertisements to be ineffective. Personally performed advertising over the telephone was graded better. Most of the answers, taking into consideration use frequency, had a rating above 4 (63% of the respondents used this tool often). The effectiveness of use, when comparing personal advertising over the telephone to print media advertisements, was also higher. As much as 59% of the respondents rated this method as effective, while 21% of this group - as the most effective method (figure 3, figure 4).

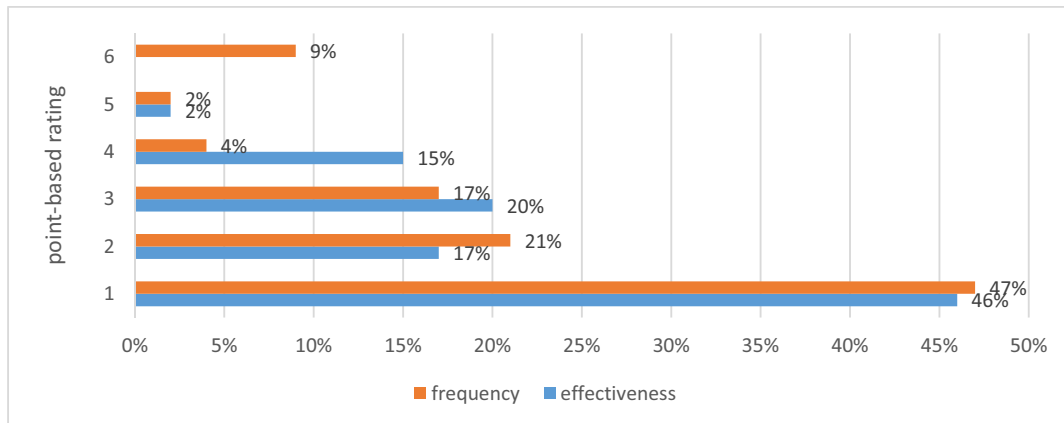


Figure 3. Print media advertisement rating structure (in %)

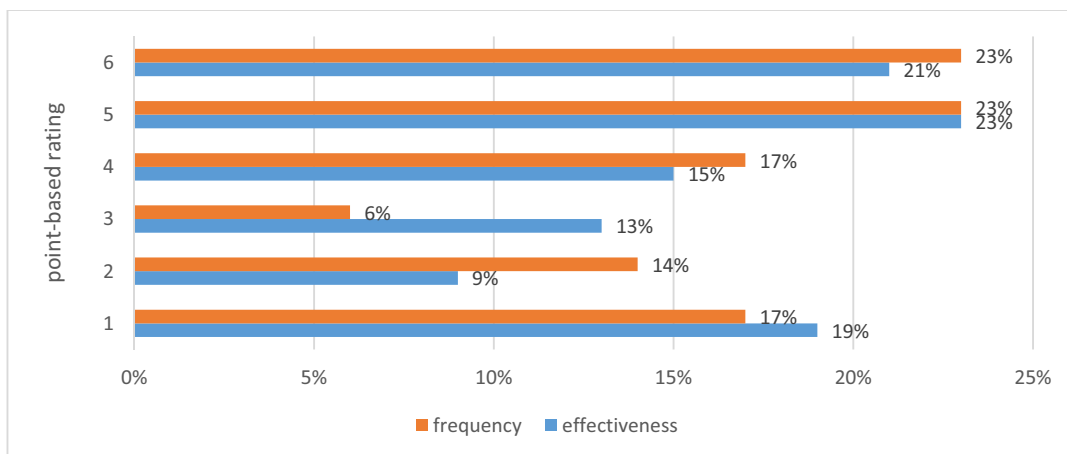


Figure 4. Rating structure of personal advertisement over telephone (in %)

According to respondents, participation in real estate fairs was characterised by a low use frequency and a low effectiveness (35% and 37% of 1-point ratings). External advertising, however, was seen as a more widely used and more effective form of promotion, according to the respondents (figure 5, figure 6).

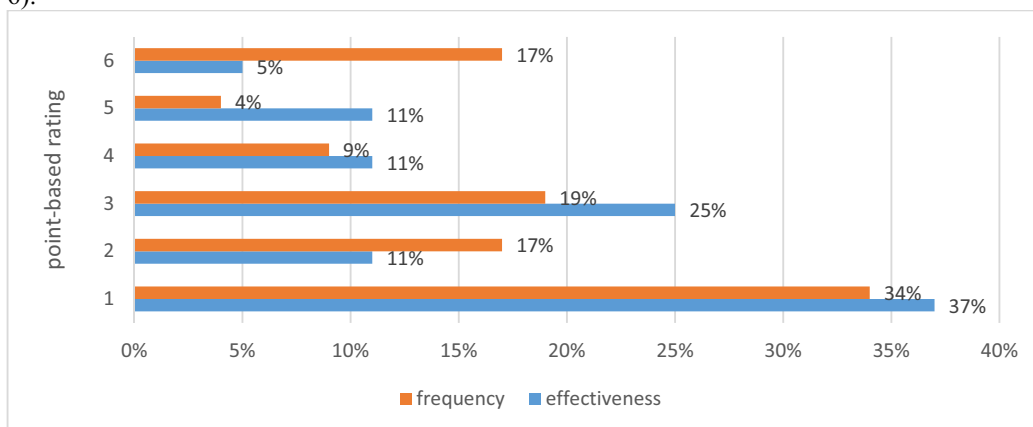


Figure 5. Rating structure for participation in real estate fairs (in %)

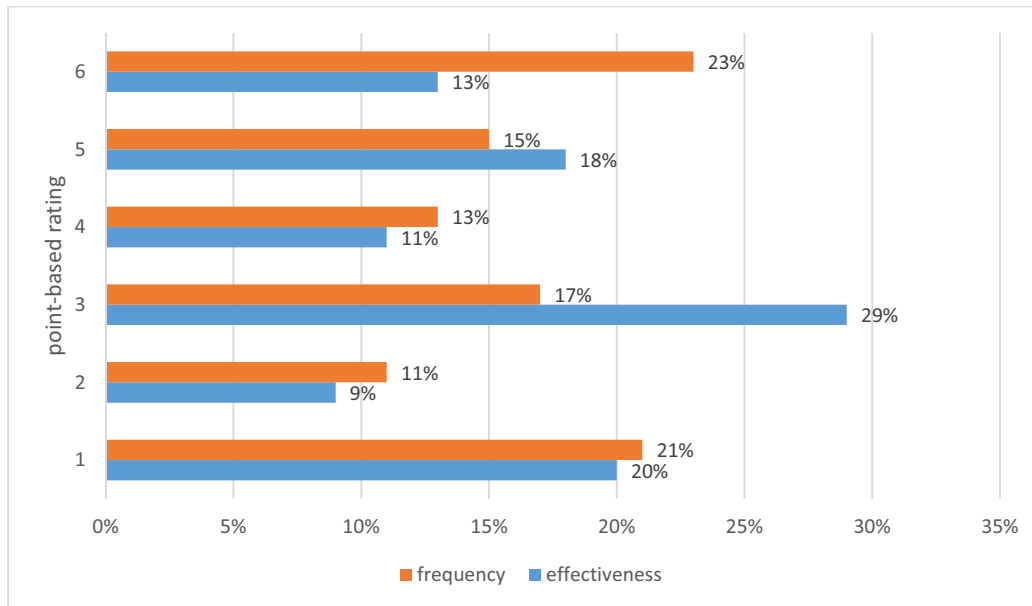


Figure 6. External advertising rating structure (in %)

In terms of promoting real estate, the respondents rated the use of their agencies' websites very highly in terms of their frequency of use (82% used websites regularly). Despite a high frequency of use, the websites of agencies were reported to have a relatively low effectiveness (32% 6-point ratings). In terms of effectiveness, flyers, brochures and advertisements on notice boards were rated much less favourably. Most of the ratings were in the 1-3 range (58% of answers). This form of promotion was also reported to be used relatively less often - almost 50% of ratings ranging between 1 and 3 (figure 7, figure 8).

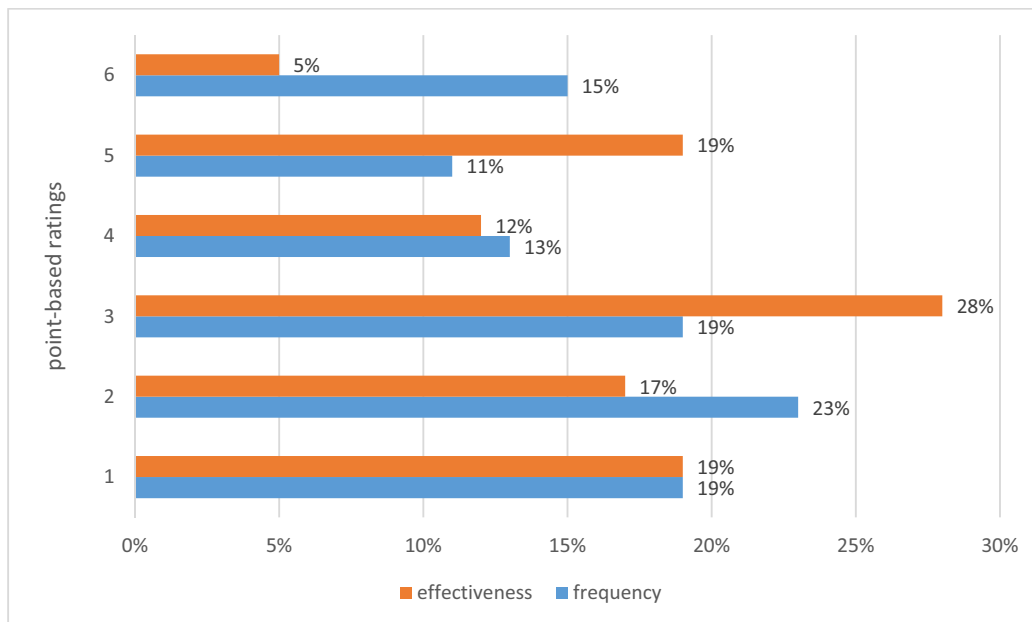


Figure 7. Flyer/brochure/advertisements on notice boards rating structure (in %)

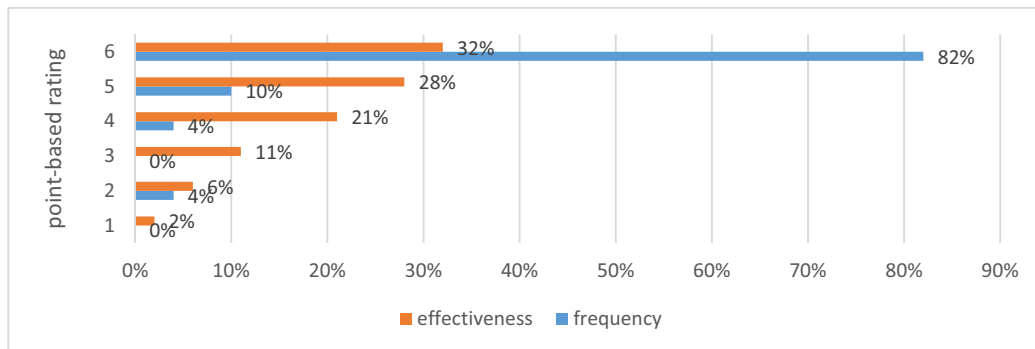


Figure 8. Real estate agency website rating structure (in %)

The incomparably most often used form of promoting real estate was online advertising, as well as the use of classified advertisement websites - with 61% and 68% ratings at 6 points, respectively. The widespread use of these methods also resulted in the highest effectiveness reported thus far. Classified advertisement websites were rated 6 points by 94% of respondents, while the general term online advertising was given the highest rating by 71% of respondents. (figure 9, figure 10).

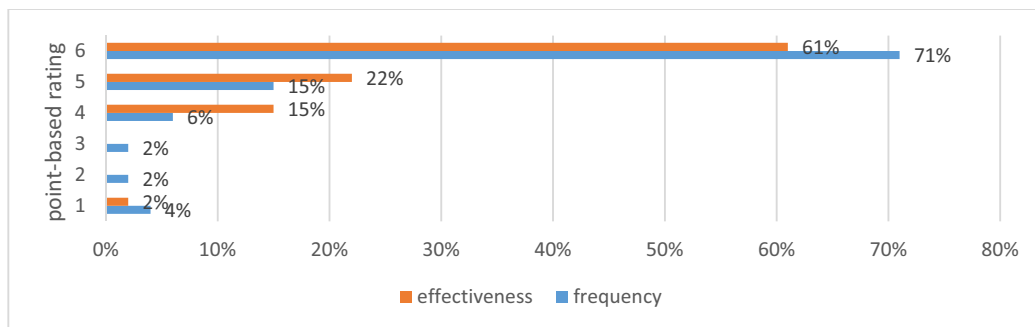


Figure 9. Online advertisement rating structure (in %)

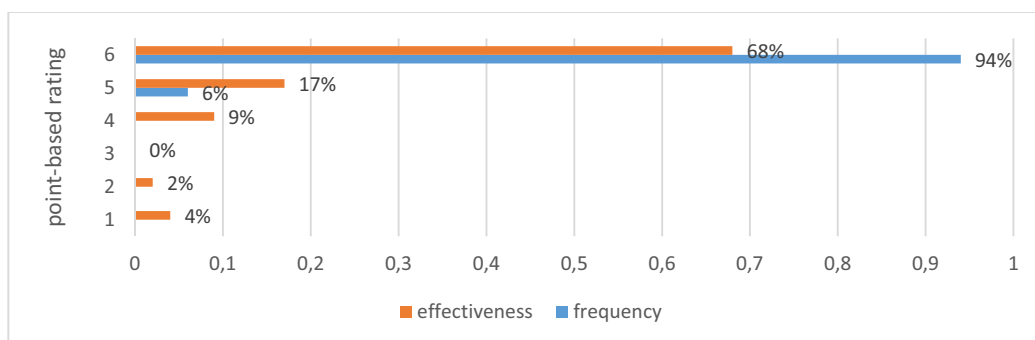


Figure 10. Classified advertisement websites on the Internet rating structure (in %)

Social media activity was also reported to generate interest - 72% of respondents rated it between 5 and 6 points. Individually searching for clients was also reported to be a relatively common method of promoting real estate - with 58% ratings being in the 5 to 6 range. Both of these forms feature similar effectiveness. An effective rating of 6 was given in the vast majority of cases (figure 11, figure 12).

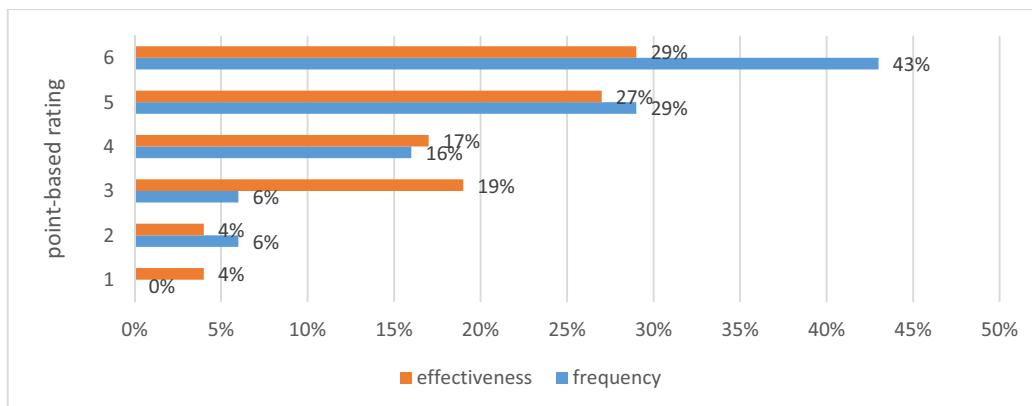


Figure 11. Social media activity rating structure (in %)

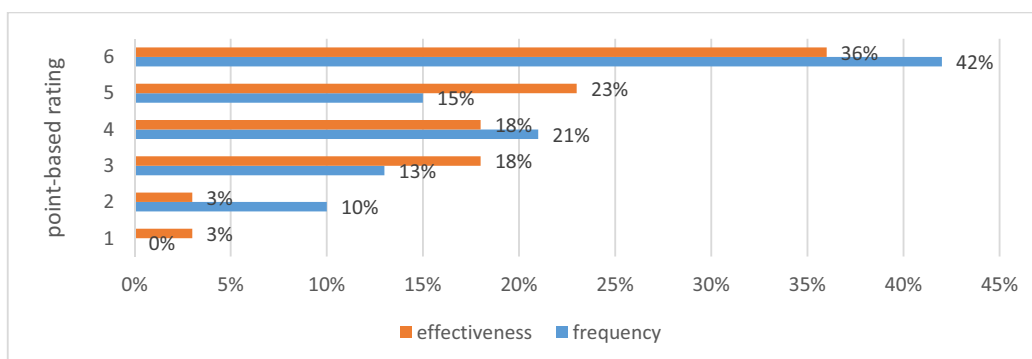


Figure 12. Individual search for clients rating structure (in %)

When answering the questions about the use of marketing tools, 47% of the respondents replied that they used a CRM system, while 31% also used a MLS system. However, 22% of Krakow's agencies used neither of these tools (figure 13).

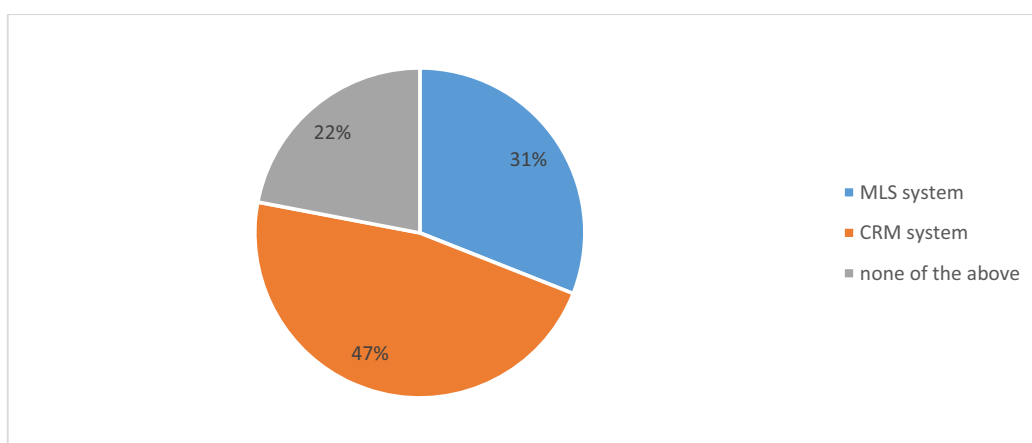


Figure 13. Structure of the types of marketing tools used by agencies (in %)

Another marketing tool that was investigated was home staging. It was reported to be a regularly available service among 54% of respondents, while 29% of respondents reported not using this tool at

all. The remaining answers included statements such as "sporadically", "sometimes" or "depending on the need", as well as "cooperation with companies that perform home staging" (figure 14).

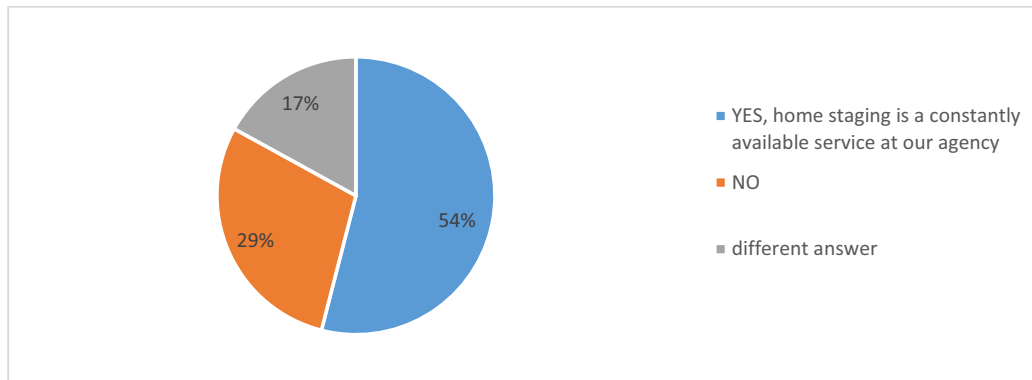


Figure 14. Home staging use structure (in %)

So-called content marketing also plays a significant role. The most often used content of said marketing among Krakow's real estate agencies was reported to be posts published through social media channels (54%) as well as articles or news posted on a company blog or on social media. Other content created by real estate agencies included various types of guides, e.g. on the subject of the real estate market (24%) and video materials (22%). Reports (17%), iconographics (13%), case studies (11%) or various types of webinars (4%) were much less common. Among the reported answers, 17% of the respondents stated they did not use any of the described content marketing elements.

The frequency and effectiveness of the use of various forms of promoting real estate analysed above proves that online advertising and the use of classified advertisement websites is the most effective and the most commonly used tool. It is for this reason that questions about placing advertisements about real estate on external classified advertisement websites such as otodom.pl, olx.pl received a 100% positive answer rate. The next question made it possible to determine which of the available websites were used the most often by Krakow's real estate agencies. The leading classified advertisement website was reported to be otodom.pl. Such websites like gratka.pl, olx.pl and Morizon.pl were also reported to be very popular (Figure 15). The results of the analyses are in line with a study done by the PBS research institute about classified advertisement website user satisfaction. Clients were reported to contact up to 54% of the agencies from these websites more than five times a week, one to five times per week in the case of 29% of respondents, while 14% of respondents were not able to determine how often clients contacted them thanks to online advertisements posted on the abovementioned websites.

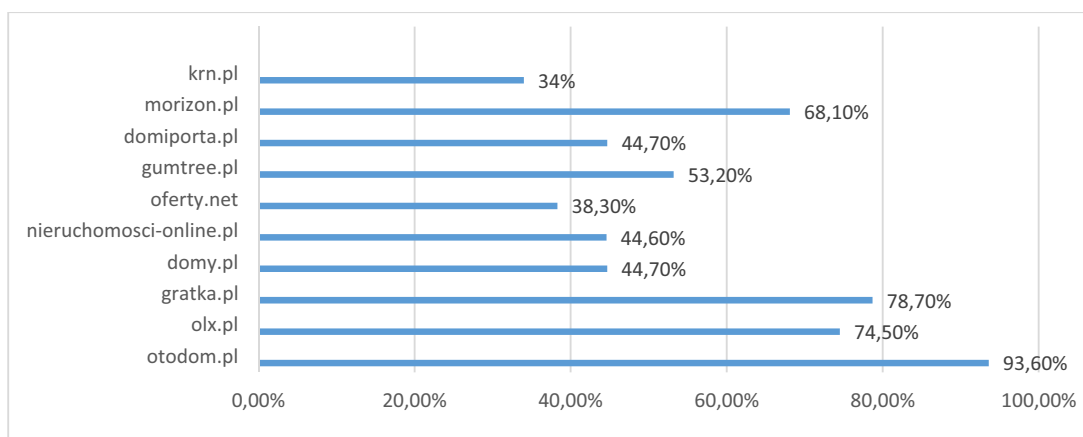


Figure 15. The most often used classified advertisement websites (in %)

A website is treated like a company's showcase. It should contain the information that is most often requested, presented in a clear, legible manner. Almost 100% of the surveyed real estate agencies presented a list of properties on offer, as well as a phone number and e-mail address of the agency. Information about real estate agents (their profiles) and a visible access to social media channels (64%) was rarer. The remaining information contained on websites has been shown in table 1.

Table 1. Content of the websites of real estate agencies

Information contained on the website:	Answers of the respondents:
List of properties	98%
Agency phone number and e-mail address	96%
Information about real estate agents (their profile)	64%
Visible access to social media channels	64%
Financial calculators, e.g. associated with mortgages	45%
Access to a thematic blog with original posts concerning the real estate sector/real estate market news	38%
A precise description of the procedure of purchasing/selling real estate or of other services offered at a real estate agency	34%

The study indicated that the lack of investment in home staging was a result of a low amount of exclusive contracts. 73% of respondents provided such an answer among the group that had declared not using this marketing tool in a previous question. The remaining causes included a reluctance to increase costs (17%) and being convinced that interior design and general impressions were of no particular significance (11%). Sporadically, the cause of not employing home staging was reported as the lack of a dedicated employee, as well as the opinion that it was a form of misleading clients.

4. Conclusions

The study of Krakow's real estate agencies concerning the effectiveness of the use of marketing tools by said agencies performed by the author indicates that many different marketing tools were being used in real estate trading practice. The frequency of using said tools, however, did not go hand in hand with their expected effectiveness.

The material that had been gathered made it possible to formulate the following conclusions: the respondents reported that the highest effectiveness in terms of influencing clients in a manner that directly translated into transactions was provided by marketing instruments such as: online advertising and classified advertising websites. Conversely, the methods characterised by the lowest effectiveness were radio and television advertisements. The essence of real estate marketing has undergone an immeasurable change, which constitutes a challenge for Krakow's real estate agencies, and following these changes, especially in the development of new technologies and communicating with clients, has a significant influence on building a competitive advantage.

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