

# Factors that Affect Second-Hand Real Estate Marketing Strategy

**Praputhson Piakson**

*Faculty of Business Administration, Bangkok Thonburi University*

**ABSTRACT:** Today, real estate businesses are competing with each other very aggressively. Particularly, the second-hand real estate businesses have to plan their strategies in order to differentiate and satisfy the consumer's need. This research aimed to study factors that affected second-hand real estate marketing strategies. As for research instrument, a structured survey questionnaire was used to collect data from respondents who were interested in purchasing second properties whose personal factors including gender, age, education, income, purchasing experience and purchasing purposes were also analyzed.

The research findings pointed to the following strategies: (1) Product Strategy – There should be some offering of ready-to-move-in second hand properties with a special reference to good feng shui and trustworthiness of the project; (2) Pricing Strategy – The price should be specified clearly and remain on a one-price standard without any hidden costs and should allow some negotiation; (3) Selling Strategy – The details of the property and owner should be available and responsive when contacted; (4) Promotional Strategy – Online and offline advertising channels should be used. Especially, Youtube and large bill boards with stand-out messages are strongly recommended. In sum, the research provides appropriate marketing strategy for second-hand real estate.

**Keywords:** Second-hand real estate business, marketing strategy

---

## 1. INTRODUCTION

Nowadays, the real estate sector is somewhat an indicator of progress and development of the country. This is because the real estate sector drives the economy which connects many business sectors together such as construction and supplies, electrical appliances, transportation system development, information technology and so forth. This also comprises various dimensions of employment in the labor market. As the global economic downturn remains affected by the Coronavirus pandemic and political stability, most governments have introduced different solutions for the real estate sector. This includes tax exemption, reduction in property ownership transfer and cooperation with financial institutions to ease the financial burdens of the consumers. The interest rate has been reduced in order to drive the economic and market liquidity to encourage the consumers to purchase real estate properties. As a result, the real estate sector has been growing constantly.

In Thailand, the competition in the real estate business has been aggressive continuously. Mostly large and small-scale real estate developers have to modify their marketing strategies to keep up with the current competition where most developers must meet the consumer's demand. These firms are studying and developing marketing strategies as such concrete enough to match the consumer's purchasing power and

demand. Comparing brand new and second-hand real estate properties, the difference in price is around 20-30% [1].

As a result of Covid-19 pandemic, the growth of real estate properties has decreased dramatically. Most property developers have accelerated the sale volumes by offering discount of 50-70% for their complete brand-new projects. This has affected second-hand real estate businesses adversely and thus the second-hand property business owners have to understand the need of the consumer even more in order to differentiate themselves from both brand-new and second-hand real estate properties, while bearing maintenance costs of the second-hand properties as well as increasing land taxes.

Accordingly, there was a need to conduct a study of factors that affected second-hand real estate marketing strategy so that property developers can utilize to achieve the sale target effectively.

## 2. OBJECTIVES OF RESEARCH

1. To study factors that affect second-hand real estate marketing strategy
2. To provide approach for developing second-hand real estate marketing strategy

## 3. CONCEPTUAL FRAMEWORK

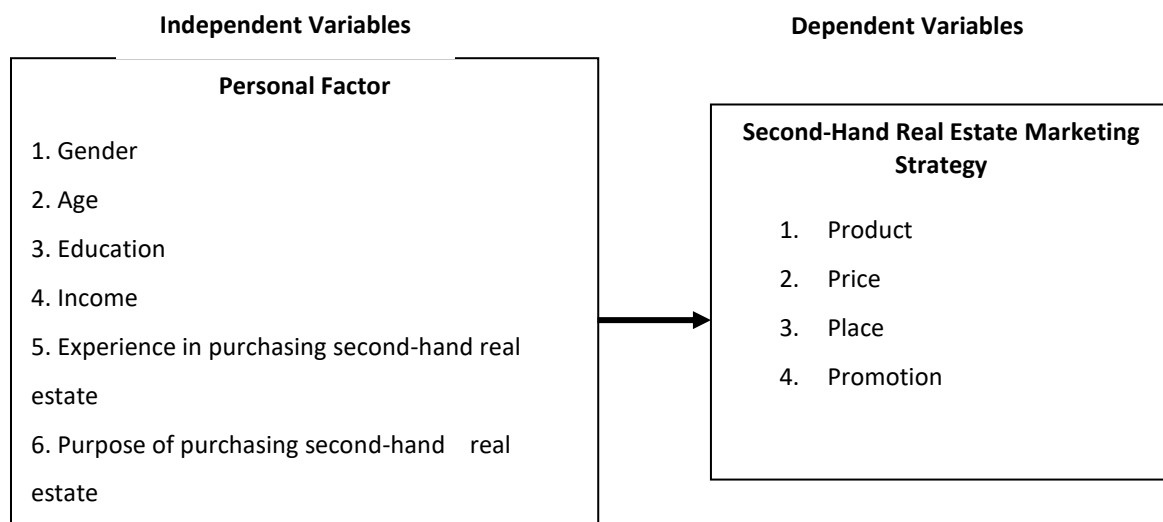


Figure 1 - Conceptual Framework

## 4. CONCEPTS AND THEORIES

### 4.1 Second-Hand Real Estate Marketing Strategy

defines marketing as [2] "Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer or user in order to best satisfy consumers and accomplish the firm's objectives". He proposes the marketing mix namely 4 P's as follows:

- (1) Product - This is what is to be sold that satisfies the need of the consumer by which the business must plan on developing the product that matches the need in the market;
- (2) Price – This is the price that is accepted by the target segment and can compete in the market by which the business must establish a clear objective of pricing such as price penetration, profitability or market share;
- (3) Place – This is the channel of product distribution directly and indirectly where some intermediary or middleman may play some role; and

- (4) Promotion - This involves some communication process to the target segment. It is a method of informing the customer about the product offering, purchasing persuasion or reminding in which a certain period of time is allowed for decision making.

#### **4.2 ATTITUDES**

Attitudes refers to a set of view point [3,4] describes that attitude is feeling and opinion of a person towards external surrounding that may be or may be not accepted, which is in line with what [5] assert. They assert that attitude implies like or dislike and satisfaction or dissatisfaction that a person reacts to some stimuli. Indeed,[6] premises that attitude involves the stage of readiness of a person whether or not the person will show some behavior to support or go against some particular matter.

specify that the attribute of a person that can differentiate his or her knowledge, [7] thought and belief from that others are gender, age, education and economic status. This is even expanded by Social Categories Theory [8] that it is possible to classify people's behavior according to their behavior: people who behave in a similar way tend to react to similar stimuli.

The concept of Real Estate Cycle [9] premises that a real estate involves in four phases: (1) Expansion phase, (2) Contraction phase, (3) Recession phase, and (4) Recovery phase all of which can help in developing marketing strategy for real estate business. [10] describes that value of a brand new real estate as opposed to a second-hand real estate is a ratio of 1:2.2. This means the second-hand real estate market appreciates in terms of availability and market value owing to price and location advantages. It is predicted that there continues to an increase in consumer demand in the future.

classifies real estate into five categories depending upon [11] the difference in purchasing purposes which are: (1) Real Estate for Agriculture, such as land for agriculture, (2) Real Estate for Living such as housing projects including attached and detached houses, (3) Commercial Estate such as office building, stores and parking building, (4) Industrial Estate such as small factory and industrial park, and (5) Real Estate for Recreation such as resort and holiday homes or apartments and condominiums.

conducted some study on some approach for making a decision to purchase a town house from Legal Execution Department of entrepreneurs who purchased second-hand town houses and discovered that there were three steps of purchase decision making. The first step took place before the auction which involved product information search.[12] The second step took place during the auction which involved preparation of main documents in compliance with the Department. And the last step took place when a buying contract was submitted to extend the payment period; when the remaining period for the last instalment is complete, ownership transfer is made, tax and fee have been settled and repair has been made and ready for the buyer to move in. Note that [13] conducted a study on attitude and behavior of buyers of detached houses at each age in Bangkok and found that most buyers at different ages had similar attitudes towards pricing and distribution channel strategies.

#### **5. METHODOLOGY**

- (1) Research Method – The study on factors that affect second-hand real estate marketing strategy was quantitative in nature using descriptive statistics.
- (2) Population and Sample – The target population of the study was consumers who wished to purchase second-hand real estates and those who already purchased some second-hand real estates. Since the population was unknown, [14] was used to calculate the ideal sample with an error of 0.05 at significance level of 95% and thus a sample was equal to 400 respondents.
- (3) Research Instrument/ Data Collection – A structured survey questionnaire was used as the main research instrument to collect data which derived from an extensive review of theories, concepts and related literatures in conjunction with review of marketing plans of second-hand real estate entrepreneurs in the market. The questionnaire consisted of two main parts which are: (3.1) Demographics including gender, age, education, income, purchasing experience and purpose of purchasing second-home real estate, and (3.2) Opinion about second-hand real estate marketing strategy using five-pointed Likert Scale.

- (4) Index of item objective congruence (IOC) – IOC was used to calculate validity by statistical experts including two marketing experts and one second-home real estate expert. The result fell into the range between 0.60 and 1.00 which complied to the principle as established [15].
- (5) Test of reliability of the research instrument – Cronbach's Alpha was used to test the reliability of the questionnaire of which the value came to 0.83 which complied to the general rule of thumb of Cronbach that an alpha of 0.70 or above was good [16].
- (6) The range as introduced [17] was used as follows: 1.00 - 1.50 = Least, 1.50 – 2.50 = Low, 2.51 – 3.50 = Moderate, 3.51 – 4.50 = High and 4.51 – 5.00 = Very High.

After data were collected from 400 respondents, the research involved the following process:

- (1) Descriptive statistical analysis – This process involved description of the samples regarding personal factors, behavior and marketing mix. The descriptive statistics consisted of frequency and percentage which were used to describe attributes of the respondents), while mean and standard deviation were used to explain opinion about second-hand real estate marketing strategy.
- (2) Inferential statistical analysis – This process involved analysis of the remaining data.
- (3) Conclusion and Suggestion.

## 6. DATA ANALYSIS AND RESULTS

**Descriptive Statistics:** As for personal demographics, they consisted of gender, age, education, income, purchasing experience and purpose of purchasing second-hand real estate which can be described as follows. The majority of the respondents were female (57.50%); aged 31-40 years (50%), 41-50 (30%) and 51-60 years (20%); earned a master degree (62.50%), a bachelor degree (22.50%) and a doctoral degree (15%); earned 30,000 Baht per month (15%); some of whom had no experience in purchasing any second-hand real estate (60%) and some had some experience in purchasing a second-hand real estate (40%); and some of whom had the purpose of purchasing second-hand real estate to live by themselves (45%), some purchased the second-hand real estate to commercialize and invest (35%) and purchased to save as the asset (10%).

**Table I Mean and standard deviation of the marketing mix related to purchase decision making for a second-hand real estate.**

Marketing Mix (4 P's)	Mean	S.D.	Level of Decision Making
1. Product	3.84	1.06	High
2. Price	4.29	0.96	High
3. Place (Distribution Channel)	3.64	0.97	High
4. Promotion	3.63	1.03	High
<b>Total</b>	<b>3.85</b>	<b>1.00</b>	<b>High</b>

According to Table 1, it was high in overall. All the marketing mix including product, price, place and promotion were high.

**Table II Findings from A Comparison of Marketing Mix (4 P's) for Purchase Decision Making for Second-Hand Real Estate and Personal Factors (p-value)**

Marketing Mix (4P's)	Gender	Age	Education	Monthly Income	Purchasing Experience	Purpose of Purchase
1. Product	4.465**	24.430**	34.493**	44.532**	14.489**	2.850**
2. Price	5.607**	25.921**	20.451**	25.395**	23.738**	15.205**
3. Place (Distribution Channel)	6.924**	11.902**	9.820**	19.747**	43.494**	10.219**
4. Promotion	4.283**	18.408**	17.365**	28.670**	31.381**	14.392**

\*\*\* P < 0.01, P < 0.05

Table 2 showed that the comparison between marketing mix (4 P's) for purchase decision making for second-hand real estate and personal factor including gender, age, education, monthly income, purchasing experience and purchasing purpose discovered that they were different at significance level of 0.01.

## 7. RESEARCH DISCUSSION

### Personal factor that affects marketing mix of second-hand real estate

- (1) **Gender** – Female consumers needed to be confident with the quality and move-in readiness of the second-hand real estate. They were interested in value for money and price. They were satisfied with the convenience and speed of contact. The public relation was so clear that they knew what product was offered. Whereas male consumers looked for some specific representation particularly accurate and consistent information through personal email address, for example. This was in line with [18,19] in relation to factor that determined decision making for purchasing second-hand real estates that buyers with different gender planned to buy second-hand real estate differently.
- (2) **Age** – Consumers aged 31-40 years wished to purchase second-hand real estate for living mainly. They were interested in selling via online catalogue application on mobile phone. Consumers aged 40-50 years or over were interested in purchasing second-hand real estates from the Legal Execution Department more than other channels of distribution, whereas consumers aged 51 years or over were interested in purchasing the estate directly from the owner.
- (3) **Education** – The majority of respondents had a master degree and preferred to purchase from the owner who advertised via Facebook, while other respondents who had a bachelor degree or equivalent preferred to purchase from the owner who published the information via Youtube and respondents who had a doctoral degree preferred to purchase from the owner at the business fair.
- (4) **Income** – The majority of respondents earned 40,000 Baht per month and wanted the seller to pay for the ownership transfer fee, while respondents who earned 50,000 Baht wanted the seller to reassure about the return on investment and those who earned 30,000 Baht wanted the seller to be open for negotiation respectively.
- (5) **Purchasing experience of second-hand real estate** – Consumers who had some experience in purchasing second-hand real estates preferred the estates from reputable and trustworthy projects. They were interested in purchasing second-hand real estates that were repossessed by some financial institutions or some firms that managed non-performing assets. This behavior was different from consumers who did not have any experience in purchasing second-hand real estate who preferred to purchase a second-hand real estate that was ready to move in, with an access to loan from different banks and reassurance on return on investment.
- (6) **Purpose of purchasing second-hand real estate** – Consumers who had purpose to purchase second-hand real estates for commercialization and investment were interested in empty real estates located in the heart of the city. They were interested in purchasing a lease from the seller who could transfer the ownership right when ready. They shared similar viewpoint with those who had purpose of purchasing the estate as an asset: they were interested in channel of selling including catalogue and brochure. They were satisfied with one-on-one communication and new selling channels that allowed easy access as well as presentation of complete information.

### 7.1 APPROACH FOR PLANNING ON SECOND-HAND REAL ESTATE MARKETING STRATEGY

- (1) **Product** - A second-hand real estate could become more valuable if they were improved and ready to move in. The estate should have good feng shui, trustworthiness and should be located in the outskirt area. The attitude towards the second-hand real estate was very high. This was in line with [19] that factors that affected purchasing behavior of second-hand real estate of people in Bangkok and outskirt area the most were refurbishment and the buyer was able to move in and specifically the estate should have good geographical location and warrant some feng shui belief. [20] did a research on feng shui of the accommodation and discovered that the feng shui of where people lived could refine the fate of relevant people. Following feng shui principle correctly, the prosperity would come to the people who live in the estate [21]. Feng shui is a type of science that most people believed and can apply to their personal lives

which could be incorporated into the reputation of the project and as a result affected the purchase decision of consumers. In fact, feng shui helps reinforce the trustworthiness of the project [22].

- (2) **Price** – Second-hand real estate entrepreneurs should allow buyers to negotiate. When the transaction took place, the seller should take care of the transfer fee and find some loan with special interest rate from different banks for the buyer. All groups of consumers had very high attitudes towards the marketing strategy regarding purposes of purchasing for commercialization and investment and prospect for investment including value for money and investment such as rental rate and resell value[23].
- (3) **Place/Sale Channel** – Endorsing a second-hand real estate by the owner of the land title document reassured trust, as it was found that the consumers had very positive attitude. Online catalogue application with quick response on mobile phone was considered a good selling strategy. As for intermediary, Legal Execution Department and broker or agency also affected very positive attitudes of consumers [24]: a second-hand real estate is a choice for those who dreamed to have their own houses, though the owners tended to be those who faced severe debts.
- (4) **Sale Promotion** – Advertising and public relation via online platforms were very necessary for marketing communication to the consumers today. According to the research findings, it was revealed that a proper video presentation of the estate tended to attract buyers. The sellers should publish their announcements via Youtube, Facebook, Google as well as bill boards with large fonts. Distributing brochures in the area, advertising via newspapers and magazines as well as selling at booth stands at different exhibitions that created sense of buying urgency could be a good selling technique. All of these sale promotions affected purchase decision highly which was in line with [25] who recommended that digital marketing consisted of digital technologies and techniques for doing public relations for brand and product particularly the consumer journey including information search, evaluation and search process.

## 8. LIMITATION AND FUTURE DIRECTION

Designing marketing strategies requires some careful study of target market, product development, price offering, marketing channel and marketing promotion that match the market demand in order to attract the consumers from the competitors more effectively.

## 9. REFERENCES

1. Thansettakit, New houses dump the prices and smash second-hand real estates: a penetration for foreign billionaires. Retrieved on March 31st, 2020 Available at: <https://www.thansettakij.com/content/432149>
2. McCarthy, E. J., Basic Marketing: A Managerial Approach, Homewood: R.D. Irwin. (1971).
3. Royal Academy, The Royal Academy Dictionary, 2011, Honorable Mention His Majesty On the occasion of the auspicious ceremony Celebrating the 7th Cycle Birthday Anniversary 5 December 2011. Bangkok : The Royal Institute.(2013).
4. Munn, N. L., Introduction to Psychology. Boston: Houghton Mifflin. (1971).
5. Murphy, G., Murphy, L. B., & Newcomb, T. M., Experimental social psychology. New York: Harpe.(1973).
6. Kendler, H. H., Basic Psychology. New York: Appleton-Century-Crofts. (1963).
7. Berelson, B. & Steiner, A. G., Human behavior: An inventory of scientific findings. New York: Harcourt, Brace & World. (1964).
8. DeFleur M. L. & Ball-Rokeach S.J., Theories of mass communication, London: Longman. (1996).
9. Boonpromkul, P. & Nhamyarn, A., Predictor of declining Thai real estate business.Business Administration, Depart of Commerce and Accounting, Thammasat University. (2018).
10. Agency for Real Estate Affairs., How much do you know how much the real estate market is worth each year. Retrieved on March 31<sup>st</sup>, 2017 at.
11. Pornchokchai, S., Thai Real Estate Management. (5th Edition). Bangkok: Thai Real Estate School. (2017).
12. Nanticha Khanthawijarn, Decision-making guidelines for buying townhouses from the professional auctioneer group of the Legal Execution Department for those with a pre-owned housing real estate business. Chulalongkorn University. (2012).

13. Injaiuar, S., Attitude and choice selection behavior of detached house of people at each age in Bangkok. Post-Graduate Thesis. Department of Development, Innovation and Real Estate. Thammasat Design School, Thammasat. (2016).
14. Cochran, W.G., Sampling Techniques, Wiley, New York. (1963).
15. Rovinelli, R. J., & Hambleton, R. K., On the use of content specialists in the assessment of criterion-referenced test item validity. Dutch Journal of Educational Research. (1977).
16. Cronbach, L. J., Essentials of psychological testing. (5th ed.). New York: Harper Collins Publishers. (1990).
17. Boonchom Srisaard, Preliminary research. 8<sup>th</sup> edition, Bangkok: Suwiryasan. (2010).
18. Premkamol, S., Factors affecting purchasing decision of second-hand real estate: a study of factors and buyer behavior of second-hand real estate. Post Graduate Thesis in Economics. (2009).
19. Ariyabanditkul, N., Factors affecting buyer behavior of second-hand real estate in Greater Bangkok. Pathumthani University Academic Journal, 4(2), pp159-164. (2012).
20. Tipsas, P., Feng shui in architecture. The Journal of the Royal Institute of Thailand, 37(2), pp. 182-191. (2012).
21. The Journal of the Royal Institute of Thailand, Vol. IV. December. (2012)
22. DDProperty. (2020). How Thai people look at "Real Estate Market" recently. Retrieved on March 31st, 2020 Available at: <https://forbesthailand.com/news/property/>
23. Assawadilokrit, M. & Jedjamroenchai, V., Factors affecting second-hand real estate. Burapha Journal of Business Management, Burapha University, Vol.10 January – June. (2021).
24. Treerapongpichit, B., Second-hand real estate management. Bangkok. (2009).
25. Niveditta, B. & Padmavath, G., Digital, social media, and Facebook marketing: A brief overview of its development and. Imperial of Interdisciplinary Research. (2017).

#### **INFO**

***Corresponding Author: Praputhson Piakson, Faculty of Business Administration, Bangkok Thonburi University.***

***How to cite this article: Praputhson Piakson, Factors that Affect Second-Hand Real Estate Marketing Strategy, Asian. Jour. Social. Scie. Mgmt. Tech.2022; 4(1): 237-143.***