

Factors Having Impact on Marketing and Improvement Measures in the Real Estate Sector of Turkey

Ali Ihtiyar , Serdar Durdyev and Syuhaida Ismail

Abstract—Marketing is an essential issue to the survival of any real estate company in Turkey. There are some factors which are constraining the achievements of the marketing and sales strategies in the Turkey real estate industry. This study aims to identify and prioritise the most significant constraints to marketing in real estate sector and new strategies based on those constraints. This study is based on survey method, where the respondents such as credit counsellors, real estate investors, consultants, academicians and marketing representatives in Turkey were asked to rank forty seven sub-factors according to their levels of impact. The results of Multi-attribute analytical technique indicated that the main subcomponents having impact on marketing in real estate sector are interest rates, real estate credit availability, accessibility, company image and consumer real income, respectively. The identified constraints are expected to guide the marketing team in a sales-effective way.

Keywords—Marketing, marketing constraints, Real estate marketing, Turkey real estate sector

I. INTRODUCTION

EFFECTIVE marketing is a key to the survival and growth of any sales based business company. That is why marketing strategies have become a significant function of success in today's competitive business environment. The meaning of marketing is not only selling the products, it also encompasses companies orientation on customer needs. Quite often companies forget their competitors while they focus on satisfaction of the customers, however good marketing strategies require close attention to both customer and competitors; therefore companies should build up their marketing strategies based on customer fulfillments and maneuvers of competitors [1].

Real estate sector in global market is developing day by day and correspondingly the profitability of the sector is raising, therefore it is critical to improve real estate marketing strategies. In an earlier study [2] concludes that 'to dominate real estate sector with traditional marketing strategies seems impossible'. He also suggests that customer-oriented modern marketing strategies should be developed.

The way of marketing of real estate is an important issue for the seller, as it may affect marketing costs, the selling price and the marketing time of the property [3]. To this effect, several studies have examined different factors affecting

marketing in the real estate sector. For example, [4] examined the role of listing price in real estate marketing, which has an affect on a time of finding a buyer. Another study carried out by [2] where he stated that there are several factors constraining marketing strategies in real estate sector. The most significant one is that there is no standard in the real estate sector of Turkey. Also he emphasised on the importance of the branding and globalisation in marketing of the real estate sector.

While the past studies gave emphasise on various factors affecting marketing at different levels of real estate industry, the factors are not prioritised in terms of their relative levels of impact. This study aims to contribute to filling this gap by focusing on identifying and prioritising marketing constraints to real estate sector, since addressing these constraints will provide much-needed improvements in marketing strategies in the industry. This study will seek to obtain experienced-based feedback on marketing constraints. This will help to achieve triangulation of the research information for a more reliable outcome.

II. OVERVIEW OF TURKEY AND TURKISH REAL ESTATE SECTOR

Turkey has good opportunities in real estate investments for household and is developing day by day, which has demonstrated a remarkable growth after 2003. Turkish real estate sector comparing with other countries in the world has adversely affected from the global economic crises in 2008 [5], which is in the other words named as 'mortgage crises'. Struggling for the full membership of European Union (EU), political and economic stability, and increasing in direct and portfolio investments are some of the main factors which cause the growth in whole economy [6]. In addition, the population of Turkey, which is the 17th largest in the world, is about 72.6 million. According to the Turkish Statistical Institute, Turkey has a remarkable increase in the number of households since 1960 from about 5 million to 15 million [7].

Since the banking crises in 2000 – 2001, housing finance market of Turkey has changed, which caused an increase in residential loans during the period of 2001 – 2009 [8]. According to the records of the Central Bank of Turkey, there was a significant growth in mortgage loans by the end of 2009 comparing with the end of 2001, which are 19.7 billion and 33 million, respectively. The financial stability is the main reason for Turkish citizens to choose the finance sector to be a household, which is therefore cause steady decline of the interest rates.

A. Ihtiyar was with Istanbul University, Istanbul, Turkey (e-mail: alihtiyar@hotmail.com).

S. Durdyev is with the Universiti Teknologi Malaysia, KL, 54100 Malaysia (phone: +60 12 6741267; e-mail: serdarytu@gmail.com).

S. Ismail is with the Universiti Teknologi Malaysia, KL, 54100 Malaysia (syuhaida@ic.utm.my).

As mentioned before, there is a significant growth in Turkish economy, which therefore affects all sectors in positive way, especially real estate sector, because the products of the real estate sector are the best tools for an investment.

III. RESEARCH METHODOLOGY

The study relied on feedback on the key real estate marketing constraints from the credit counselors, real estate investors, consultants, academicians and marketing representatives as the source of the primary data. Therefore descriptive survey method was chosen as the most suitable research method [9]-[10]. As mentioned adopted research methodology in this study was descriptive survey which comprised pilot interviews and questionnaire surveys at the qualitative and quantitative data gathering stages, respectively. At the qualitative data stage fifteen pilot interviews were conducted in Istanbul – three interviewees each from among the target population – to identify the marketing constraints in the Turkey real estate sector and to evaluate the relevance of additional insights gained from the literature to the Turkey context. The constructs generated during the pilot interviews were used to design a structured but open-ended questionnaire, which was subsequently pre-tested to ensure its clarity and relevance.

At the quantitative stage of this study the original intention was to use random satisfied sampling techniques to collect representative samples from the sampling frames comprising the membership directories of The Association of Real Estate Investment Companies (GYODER), the Istanbul Real Estate Agents Association (ISTEMDER), the Marketing and Marketing Researches Association (PPAD). However, due to privacy issues to obtain the membership directories was not possible. The researchers therefore resorted to the use of online search engines to obtain a list of three hundred comprising fifty of each group of target population in the four major cities of Turkey, namely, Istanbul, Ankara, Izmir, and Bursa. Emails were sent to the proposed participants with a link to the questionnaire online requesting them to respond by completing the online survey within a specified timeframe. The twenty to twenty five minute responses to the online survey involved a five-point Likert scale rating, but with provision for further inputs on additional constructs which were not included in any given subset.

A. Data Analysis

To analyse the rankings of the respondents the multi-attribute analytical technique was used. This method was recommended in past studies [9], [11] as the appropriate analytical method to group rankings of the variables in a given set and involved the evaluation of the Mean Rating (MR) for each constraint factor under a subset. The MR indicates the average ranking point for the collective rankings made for each factor in the subset. (1) shows the formula for the MR as provided by [9].

$$MR_j = \sum_{k=1}^5 (R_{p_{jk}} \times \%R_{jk}) \quad (1)$$

Where:

MR_j = Mean Rating for constraint factor j;

$R_{p_{jk}}$ = Rating point k (ranging from 1- 5);

$\%R_{jk}$ = Percentage response to rating point k, for constraint factor j.

IV. DISCUSSIONS

A. Survey Responses

Out of a total of three hundred email invitations, only seventy-three usable feedbacks were received by the cut-off date; this represented about twenty five percent usable response rate. The seventy-three useful responses were from real estate consultants (24%), marketing representatives (24%), real estate investors (21%), credit counselors (19%) and academicians (13%).

The demographic profiles of the participants showed that the majority (63%) had at least fifteen years work experience in the real estate industry, sixty one percent of the respondents occupied high-ranking position in their organisations as directors, owners or managers. The responses were therefore from highly experienced respondents who had the authority to make important decisions. This also adds to the quality and reliability of the feedback, though the findings could not be generalised beyond the data points due to the non-representation of the target population.

At the online questionnaire survey stage, the relative levels of impact of the broad categories and the sub-factors in each category were ranked by the respondents to determine the significant and non-significant factors. Table 1 shows the results of the most significant factors under each category.

TABLE I
THE MOST SIGNIFICANT SUB-FACTORS HAVING IMPACT ON REAL ESTATE MARKETING UNDER EACH BROAD CATEGORY

Broad Categories	The Most Significant Sub-factors
1 Macro Economic Factors	Interest Rates
2 Financial/Price Related Factors;	Real Estate Credit Availability
3 Real Estate Physical Factors;	Accessibility
4 Marketing Related Factors;	Company Image
5 Consumer Related Factors	Consumer Real Income

B. Macro Economic Group

The relative levels of impact of the sub-factors under this category of real estate marketing constraint are analysed in Table 2. Results show that interest rate has the most impacting factor on real estate marketing in Turkey. Interest rate has a significant effect on housing prices [11], which will affect real estate marketing stage. Another study, [13] found that interest rate changes have a greater impact on the housing market in variable rate debt countries, than in countries with smaller homeowner sectors utilizing fixed-rate debt. The next most influencing factor ranked by the respondents is whole

economic growth. This also concurs with the results of research report of The Association of Real Estate Investment Companies [5] that level of growth in the economic activities affects the real estate demand in positive way.

TABLE II
RANKING CONSTRAINTS UNDER MACRO ECONOMIC GROUP

Macro Economic Factors	^a Levels of Impact					^b MR
	VH (5) %	H (4) %	M (3) %	L (2) %	VL (1) %	
1 Interest Rates;	38	39.4	9.8	7.1	0.0	3.92
2 Whole Economic Growth;	23.9	47.9	21.1	1.4	1.4	3.79
3 National Condition of the Sector;	22.8	47.1	21.4	2.8	1.4	3.74
4 Inflation;	28.5	25.7	31.4	4.3	5.7	3.54
5 2nd Hand Real Estate Prices;	19.7	32.4	35.2	5.6	4.2	3.49
6 Exchange Rates;	9.8	42.3	23.9	19.7	0.0	3.30
7 Short Term Fluctuations of Prices in Real Estate Market;	14.5	24.6	43.4	10.1	4.4	3.26
8 Global Condition of the Sector;	15.5	32.4	26.7	15.5	2.8	3.21

C. Financial/Price Group

Table III illustrates the ranking of the ten sub-factors in the group related to financial/price group. The results show that credit availability was ranked as the most important constraint to marketing in real estate sector with the highest MR of 3.80. [14] supports this result, citing that in some countries mortgage credit availability is a barrier to home ownership, therefore it can affect marketing period in real estate sector.

TABLE III
RANKING CONSTRAINTS UNDER FINANCIAL/PRICE GROUP

Financial/Price Factors	^a Levels of Impact					^b MR
	VH (5) %	H (4) %	M (3) %	L (2) %	VL (1) %	
1 Real Estate Credit Availability;	28.9	43.5	14.5	8.7	0.0	3.80
2 Credit Prepayments;	23.1	42.1	24.6	7.3	0.0	3.72
3 Mortgage Finance;	30.4	34.8	13.1	15.9	1.5	3.64
4 High Land Prices;	27.5	30.4	24.6	10.1	1.5	3.55
5 M2 Unit Price;	20.5	35.3	29.4	7.4	1.5	3.49
6 Consumer Confidence on Interest Rate;	15.9	40.6	27.5	8.7	2.9	3.45
7 Effects of Changing in Real Estate Regulations;	14.4	30.4	30.4	15.9	0.0	3.17
8 Speculations in Sector;	8.7	34.8	34.8	13.0	1.5	3.14
9 Other Costs Apart from Normal Cost; Letting Fee, Consultancy Fee, etc.	13.0	17.4	34.8	30.4	0.0	3.00
10 Insurance;	5.8	13.2	47.1	29.4	1.45	2.84

D. Real Estate Physical Condition Group

Analysis of the sub-factors under the physical conditions related category of real estate was carried out in Table 4. It was found accessibility has the greatest impact on marketing of real estate. This result aligns with the findings of [15] where the factors affecting the price structure of real estate were examined, such as accessibility and socio-economic factors. Location of the real estate was ranked as the second most influencing sub-factors with MR value of 3.88. This result concurs with the similar findings of [16] that the locational characteristic of the real estate has the most significant influence on house price.

TABLE IV
RANKING CONSTRAINTS UNDER REAL ESTATE PHYSICAL CONDITION GROUP

Physical Conditions Factors	^a Levels of Impact					^b MR
	VH (5) %	H (4) %	M (3) %	L (2) %	VL (1) %	
1 Accessibility;	46.4	27.5	14.5	4.4	0.0	3.94
2 Location of the Property Intended to Buy;	49.3	20.3	17.4	4.4	0.0	3.88
3 Safety of the Location;	33.3	36.2	18.8	4.4	0.0	3.77
4 Facilitating Goods;	28.9	34.8	23.2	5.8	2.9	3.68
5 Quality of Materials Used during Construction Implementation;	23.2	34.8	30.4	2.9	2.9	3.55
6 Project Design;	17.6	44.1	22.1	8.8	1.5	3.50
7 Environment: Furnishings, Colours, Layout, and Noise Layout.	20.3	34.8	30.4	7.3	2.9	3.49
8 Warranty;	14.5	15.9	40.6	15.9	5.8	2.96

E. Marketing Group

With the highest Mean Rating (MR) of 3.78, company image was found to be the most influential marketing constraint factor under marketing broad category in Table 5. This result is supported by work of [17] who found that company image has a significant impact on marketing success of the construction company in housing sector in Turkey.

TABLE V
RANKING CONSTRAINTS UNDER MARKETING GROUP

Marketing Factors	^a Levels of Impact					^b M R
	VH (5) %	H (4) %	M (3) %	L (2) %	VL (1) %	
1 Company Image;	30.8	35.3	23.5	5.8	0.0	3.78
2 Price Strategies;	31.8	40.6	11.6	8.7	1.5	3.75
3 Consumer Satisfaction;	36.2	23.2	26.1	7.3	0.0	3.67
4 Target Consumer Population;	21.7	43.5	20.3	7.3	1.5	3.59
5 Selling Channels;	17.4	40.6	27.5	7.3	1.5	3.48
6 Competitive Power;	18.8	37.7	27.5	8.7	1.5	3.46
7 Communication Tools and Advertisement Strategies;	17.4	39.1	28.9	7.3	0.0	3.45
8 Marketing Planning;	14.5	31.8	33.3	14.5	0.0	3.29

9	Marketing Research;	17.4	31.8	26.1	17.4	1.5	3.29
10	Promotions;	18.8	24.6	33.3	15.9	1.5	3.26
11	Level of Experience of Marketing Department;	14.5	30.4	31.8	11.6	4.4	3.17
12	Service Quality After Selling;	20.3	18.8	33.3	18.8	1.5	3.16

F. Consumer Group

Under the broad category of the consumer factors real income of consumers ranked as the most significant sub-factor having impact on real estate marketing, which is presented in Table 6. This result agrees with [18], he found that house prices are affected by real income of the consumers. Rising in consumers' income will affect house prices in positive way.

TABLE VI
RANKING CONSTRAINTS UNDER CONSUMER GROUP

Marketing Factors	^a Levels of Impact					^b MR
	VH (5) %	H (4) %	M (3) %	L (2) %	VL (1) %	
1 Consumer Real Income;	51.5	22.1	13.2	5.8	1.5	3.99
2 Credibility of the Consumer;	33.8	36.8	14.7	5.8	1.5	3.74
3 Consumer Reason of Purchasing; (Investment or need)	32.4	23.5	25.0	10.3	2.9	3.54
4 Type of Consumer;	22.1	33.8	32.4	4.4	0.0	3.51
5 Consumer Lifestyle;	19.1	27.9	32.4	13.2	1.5	3.32
6 Consumer Profession;	14.7	33.8	27.9	11.7	4.4	3.21
7 Family Population of Consumer;	14.7	25.0	36.7	14.7	2.9	3.16
8 Consumer Marital Status;	14.7	27.9	30.8	16.2	4.4	3.15
9 Consumer Educational Level;	8.9	23.8	34.3	23.8	2.9	2.94

G. Broad Categories

Table VII indicates the ranking at the level of broad categories. Results showed that all the five broad categories are significant; having achieved MR values greater than the threshold value of 2.5. Financial/price related category was ranked as the most important constraint to marketing of real estate sector in Turkey. According to the results companies should implement new marketing strategies based on housing prices, as well as physical condition of the property will play a key role. Comparing with other broad categories, marketing related one was rated the least significant category. This result is justified, because in Turkey real estate consumers mostly care about the price, location, and flexibility of the payments and affordability of the property.

TABLE VII
RANKING CONSTRAINTS UNDER BROAD CATEGORIES

Marketing Factors	^a Levels of Impact					^b MR
	VH (5) %	H (4) %	M (3) %	L (2) %	VL (1) %	
1 Financial/Price Related Factors;	33.8	44.1	11.8	2.9	2.9	3.90
2 Real Estate Physical Factors;	26.1	46.4	17.4	4.4	1.5	3.78
3 Consumer Related	30.4	36.2	24.6	2.9	0.0	3.77

Factors							
4	Macro Economic Factors	18.8	44.9	28.9	1.5	1.5	3.65
5	Marketing Related Factors;	14.5	37.7	37.7	5.8	0.0	3.48

V. CONCLUSION

Marketing is the key factor for the companies in a real estate sector in Turkey. As part of the aim, this study has identified the key marketing constraints in the Turkey real estate sector and has prioritised them according to their levels of impact. Forty-seven sub-factors have been identified under five categories, which are constraining marketing strategies in real estate sector. The results of analyse using the multi-attribute analytical technique, the most significant marketing constraints were found under each of five broad categories, which are interest rates, real estate credit availability, accessibility, company image and consumer real income, respectively.

It is believed that by focusing on the relative levels of impact of classified and prioritised constraints, the marketing team could be guided more efficiently in their efforts.

REFERENCES

- [1] S. P. Schnaars, *Marketing Strategy*. New York, 1991, pp. 13-15.
- [2] O. Cengel, "Emerging Techniques in the Real Estate Sector and Current Implications," *Istanbul Ticaret Universitesi Sosyal Bilimler Dergisi*, 9, pp. 125-131, 2006.
- [3] A. Yavas, and P. Colwell, "A Comparison of Real Estate Marketing Systems: Theory and Evidence," *Journal of Real Estate Research*, 10, pp. 583-599, 1995.
- [4] A. Yavas, and S. Yang, "The Strategic Role of Listing Price in Marketing Real Estate: Theory and Evidence," *Real Estate Economics*, 23(3), pp. 347-368, 2003.
- [5] The Association of Real Estate Investment Companies (GYODER), *The Turkish Real Estate Market after the Global Crises and Prognosis 2015 Real Estate Research Report*, 2010.
- [6] Y. Coskun, "An Analysis of the Strengths and Weaknesses of the Turkish Real Estate Market," in *2010 Proc. European Real Estate Society Conference Paper*, Milano, 2010.
- [7] Turkish Statistical Institute (TurkStat), <http://www.turkstat.gov.tr/Start.do?sessionId=4DqMTGjZJVGF28QtJN9gQHLsXnpnPNGJRp5Gb1RQs0JID6GTZs9w!-37914210>, 2010, Accessed 14 June 2011.
- [8] M. Kiyilar, and A. Hepsen, "Analysing the Housing Market Structure in Romania and Turkey under the Global Financial Crises Effect," *Annales Universitatis Apulensis Series Oeconomica*, 12(1), pp. 416-425, 2010.
- [9] S. Durdjev and J. Mbachu, "On-site Labour Productivity of New Zealand Construction Industry: Key Constraints and Improvement Measures," *Australasian Journal of Construction Economics and Building*, 11(3), pp. 18-33, 2011.
- [10] D. R. Cooper, and P. S. Schindler, *Business Research Methods*, 9th Edition, McGraw-Hill/Irwin, New York, 2006.
- [11] C. Chang, and G. Ive, "Rethinking the Multi-attribute Utility Approach Based Procurement Route Selection Technique," *Construction Management and Economics*, 20(3), pp. 275-284, 2002.
- [12] T. Y. J. Wong, C. M. E. Hui, and W. Seabrooke, "The Impact of Interest Rates upon Housing Prices: an Empirical Study of Hong Kong's Market," *Property Management*, 21(2), pp. 153-170, 2003.
- [13] C. Memery, "The housing system and the Celtic Tiger: the state response to a housing crisis of affordability and access," *European Journal of Housing Policy*, 1(1), pp. 79-104, 2001.
- [14] M. Ball, "Improving Housing Markets. RICS Leading Edge Series," http://www.rics.org/site/download_feed.aspx?fileID=3535&fileExtension=PDF Accessed 10 June 2011, 2003.

- [15] A. Adair, S. McGreal, A. Smyth, J. Cooper, and T. Ryley, "House Prices and Accessibility: The Testing of Relationships within the Belfast Urban Area," *Housing Studies*, 15(5), pp. 699-716, 2000.
- [16] S. Selim, "Determinants of House Prices in Turkey: Hedonic Regression Model," *Dogus Universitesi Dergisi*, 9(1), pp. 65-76, 2008.
- [17] G. Arslan, S. Kivrak, and M. Tankisi, "Factors Affecting Marketing Success for Construction Companies in the Housing Sector," *Conference Paper, 5th International Conference on Construction in the 21st Century (CiTC-V)*, Istanbul, Turkey, May 2009.
- [18] R. T. Pettinger, "Factors that Affect House Prices in UK. http://www.uk-houseprices.co.uk/housing_market/factors_affecting_prices.html, 2010 Accessed 01 June 2011.