IMPACT OF DIGITAL MARKETING AND E-COMMERCE ON THE REAL ESTATE INDUSTRY

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Abstract

In this paper, we would explore how e-commerce, the World Wide Web in particular, is distressing the real estate industry. Real estate is a promising set up to study e-commerce because it is an information-intensive and information-driven industry. The transactions are based on high value and asset-specificity with many market-intermediaries like agents and brokers who connect buyers and sellers rather than buying or selling themselves and experiencing an on-going IT related changes. We analyze the real estate transaction to suggest where IT might change the process of selling or buying a house and discuss several current ventures in this area. This analysis suggests that thee-commerce is eroding the long-enjoyed information monopoly of real-estate agents and these applications have the potential to dramatically change the current practices in the real-estate industry, including the elimination of agents.

Keywords: *Property Hunt, Real Estate, Electronic Commerce, World Wide Web, Electronic Markets, E-Commerce*

Introduction

In this project, we explore how e-commerce, is affecting the real estate industry. Real estate is a promising setup for studying e-commerce because it is an information-intensive and information driven industry; transaction-based, with high worth and asset-specificity; with many market-intermediaries (brokers and agents who connect sellers and buyers rather than buying or selling themselves); and experiencing an on-going information technology (IT) related changes. We analyze a real estate transaction to suggest where IT may change the process of buying and selling a house. This analysis suggests that e-commerce is eating-away the long-enjoyed information monopoly of real-estate agents and e-commerce applications have the potential to rigorously change current rehearses in the real-estate industry, including the disintegration of agents. However, these agents and real-estate firms are market intermediaries connecting sellers and buyers but rarely buying or selling themselves. If the value added by the agents is only a source of information, their position is weak if sellers and

buyers develop new ways to find one another. The way IT can be used to disintegrate the traditional broker and agent is of main interest here, as it possibly impend the traditional relationship between agents and home owner.

Present Scenario

In a recent report by Assocham, it was reported that Real estate firms throughout India spend about Rs 2,500 crore annually on publicity across different media and digital marketing apparently accounts for about 25 per cent with a share of about Rs625 crore. That being said, it is on the rise. The Indian home buyer has changed over the year's – younger, tech savvy but still carry out extensive research through the online media. 25 years back when they started, the average buyer's age was over 50. Of course, the financial markets and availability of loans was not easy then and hence the buyers needed a lifetime of savings to buy a house. Fast forwarding to today, the fastest growing segment of buyers is between the age of 30 to 45 and some even in their mid-twenty's. Easy availability of loans and with the ability to pay over a course of 15 or 20 years has driven consumption. Guneet Singh, Head of Consumer Marketing for Google India pointed out a recent study by Google and Zinnov which showed that more than half of home buyers are influenced by their online research, so it's not a segment that can be ignored.

Types of Digital ADS Using in Real Estate

Due to slowdown, property developers are cutting back on advertisement expenditure incurred on traditional marketing modes of print media like newspaper, banners, flex prints, brochures, flyers and others to enhance brand visibility and lure potential customers and are instead shifting to newer technologies through marketing tools like search engine optimization, search engine marketing apart from realistic photography, 3D visualizations, interactive walkthroughs and other gesture based effects including plenty of textures and objects to add a more natural look to their projects. Besides, realty developers are also shifting to web via social media, blogs, forums, review sections and real estate portals to engage with potential customers' especially urban youth as they spend over half of their online time on social networks.

What Google Want to Say

More than half of the real estate purchase decisions in India are influenced by Internet research, according to a study commissioned by search giant Google. As per the study, the overall influence of Internet on real estate transaction value of both residential and commercial property including rentals amounts to $ 43 billion, with $ 31 billion for residential and $ 12 billion for commercial. "This phenomenon of researching online for real

estate information before making a decision is not limited to metros but also extended to buyers in tier II cities," Google India Industry Director Nitin Bawankule told reporters in New Delhi. The study is based on a survey conducted by consultancy firm Zinnov across 15 cities in India, with over 6,000 respondents, along with real estate related search query trends on Google.

The number of real-estate searches on Google had seen a threefold growth in the last three years. The primary reasons for researching online were easy access to in-depth property information and market trends (60 per cent), large comparison options (52 per cent), easy access to contact details of owners and developers (49 per cent) and financing and document processing information (43 per cent).An increasing number of people are also using their mobile devices to search for properties online. "Mobile queries (those originating from mobile phones) are doubling every year and about 40 per cent of total searches came through mobile phones,"

Impact of Digital ADS on Companies

ROI Can is in the Form of Lead Generation or Brand Building:

Since real estate companies have always spent on mass media, they have never had a ROI approach to their digital advertisement marketing. On the other hand, digital marketing is driven by ROI. Culturally Indians have a trust deficiency compared to the West. This means, that ROI cannot be just about lead generation, while digital can give three times better ROI. Brand building needs to be an important goal for the digital marketing efforts. A 1/4thpage advertisement in a newspaper costs about Rs. 7 lakhs, which is bound to target one million or more audience. However, the conversion rate is surprisingly low. One print ad worth Rs. 7 lakhs results in about 400 website visits, out of which about 130 leads are generated. In the end, the company gets only 3 to 4 buyers for the properties at an average. In comparison, Google ads, with the similar investment of Rs. 7 lakhs results in about 400 leads which convert into more than 10 buyers.

Building Trust and Reputation:

Companies need to build a community on social media to create the trust. For example, project updates to showcase that the timelines are being met can be a great way to build trust with existing customers. A 360 degree walk through of the project on the other hand can be a good way to build trust in prospective customers. While consumers research online, they do see reviews of previous customers and this is when online reputation management becomes important.

Information: Companies need to use their website and social media to communicate the right information on a regular basis to their customers to retain them.

Analytics Can Make or Break the Sales Funnel: While digital is more measurable than any other medium, it is important for real estate companies to use the analytics for key actionable. For example, using sales and marketing automation systems, the real estate companies can identify what the top leads that the Pre Sales team can follow up with. Analytics tracked over a few weeks (or months) can throw up data on which source of digital advertisement is working better for which projects. This can be then be used to take decisions on marketing spends for future projects. In the absence of analytics and data points, it's difficult to optimise campaigns. Real time tracking now helps in taking quick decisions which can impact the sales funnel.

Social Media Strategy Perspective: Buying a home and talking about real estate prices is a popular topic over coffee. The Real Estate Industry in India, and Chennai in particular, is growing rapidly with new developments in the heart of the city and many suburbs becoming a part of the city. Developers and Aggregators provide a lot of information online to increase awareness of their new projects and help us make the right purchase decision.

Impact of Digital ADS on Customers

Easy Access:

Customers are getting the accurate, in depth and updated information on the developers and aggregators.

Large Comparison Options:

Customers are getting the option for comparing with different developers with the statistics they are getting thorough online.

Easy Access to Contact Details of Owners and Developers:

Customers are getting the information about the contact details then and there, so thereby reaching to a conclusion within no time.

Financing and Document Processing Information:

The information pertained to financing and the assistance towards the funding, processing everything is available through online. As in a regular way the customers are getting tired to understand the terms and conditions for getting this assistance.

Emotional Visualization:

About 45 per cent of respondents said they have started using 3D walkthroughs and renders for promotion as it helps the customers visualize what they are buying.

Customer Inquiries:

Customer is getting all their doubts getting cleared through the chatting facilities and the 360 degree video presentation available in most of the developer's site.

Housing.com, For instance, has an excellent interface with the property-search button in the centre. The interface is map based and all property-search results turn out as places on a map. It also has a Shortlist button enabling the user to shortlist options and come back to them later to take a final call. While they have scored well with their interface, what sets them back is the fact they have yet to garner a large number of listings, leaving the user with very few options to choose from.

PropTiger differentiates itself by providing a portfolio tracking tool which enables the end user to know the status of their property investment in terms of pricing, construction progress, project and locality updates, price trends and market talk, which is intended to help them decide the right time to sell their property.

HomeShikari, a TTK services company started in 2011 and currently operating only for properties in Bangalore, is trying to crack the real estate problem by shunning the brokerage model and embracing complete transparency. HomeShikari too allows the user to search for properties via a map-based interface and has worked on a neat ad-free website with a good user

Experience.

Realty Compass claims to be a consumer centric property portal focused on providing the consumer with the information of every new project in the city. Started in July this year and based out of Chennai with a presence in 4 cities in South India, they are looking to expand rapidly to 10 cities pan-India.

Future and the Benefits

The interest has started building among the digital agencies, real estate companies and marketing professionals. And why not, considering how digital media has revolutionized marketing for real estate developers. It is true that real estate is something which you purchase after physical verification, but the first step in the purchase funnel starts with a Google search or a click on social media ads In fact; the next step of narrowing down on choices is made online.

Challenges

The Challenge is Stiff Competition in the Real Estate Industry:

The biggest challenge for the real estate companies is that in this highly competitive space, the brands are looking forward to boosting their digital presence and generating leads. In order to enable the real estate companies to establish a digital identity and leverage upon it, they need foolproof innovative digital marketing strategies with lead generation at the center-stage.

Conclusion

Real estate is information based business, and consequently, is deeply affected by information technology. The accelerating rate of change can be seen when studying firms in the area as well as the consumers it serves. The information technology revolution that is in escapable penetrating all sides of industry is propelling the real estate. The technology enabling the accruing and conveying of information expands in efficiency, speed and boundary-spanning daily. This may throw entire industries into turmoil; some become redundant while completely new ones emerge. New approaches to work, information, knowledge, IT and organization structure are essential requisites to survive in this new environment. Current advances in computer technology, low-cost transmission of transactions easily crossing continents in seconds, as well as the growth of the World Wide Web have placed a lot of pressure on the real-estate industry and challenge customary assumptions about real estate transactions. Due to the universality of the Internet,

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