

## EFFECT OF DIGITAL ADS ON REAL ESTATE SECTOR

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### Abstract

Digital technology continues to revolutionize media distribution – be it the rapid growth of DTH or the digital cable, or increased digitization, and this has enabled wider and cost effective reach across the world in diverse markets. There has been increased proliferation and consumption of digital media content through different media. Accordingly, online advertising spends have seen a spurt in growth viz-a-viz spends on traditional media. Internet Marketing utilizes the power of electronic commerce which refers to any market on the internet. The Indian real estate sector has come a long way and is today one of the fastest growing markets in the world. The total realty market in the country is expected to touch US\$ 180 billion by 2020. . Real estate in India has found new contrivance for marketing and pushing sales and revenues, called real estate digital marketing. Indian customers are excessively using Internet to search and research before buying high value item especially real estate. In India, when you have more than 200 million users online, which is the creamy layer of India's marketplace consisting of high-net-worth individuals to middle class and lower-middle class, and then no real estate company in India can afford to ignore Internet's role as a marketplace and marketing funnel. Now, real estate companies in India are exploiting digital marketing to reduce their marketing spends on traditional media, and enhance their outreach, effectiveness, and conversion rate. With such a major chunk of digital marketing through digital advertisements proves that real estate has approved its efficacy and relevance. This paper tries to attempt to see the importance of digital advertisement in real estate sector and its impact on the growth of that industry.

**Key Words :** Digital Advertisements , Traditional Media , Effectiveness , Conversion Rate.

### Introduction

There is no doubt that the development of digital is empowering individuals and transforming industries in India in a rapid way. India has more than 270 million Internet users and the number is growing exponentially. Real estate marketers are switching over to digital marketing to maximize margins and minimize marketing expenses as real estate industry continues to jostle with falling sales, drying cash flows, high interest rates, devaluing rupee and soaring input costs.

As per the Indian Brand Equity Foundation report on the Indian Real Estate industry, Real Estate is India's second largest employment generation sector after agriculture and contributes about 6.3 per cent to India's gross domestic product (GDP). Foreign direct investment (FDI) in Indian Real Estate is expected to touch US\$ 25 billion in the next 10 years from its current US\$ 4 billion while the sector's projected annual revenues is expected to be US\$ 180 billion by 2020. This enormous growth potential seems to have lured a good number of startups to the industry. The real estate in India is highly fragmented, capital intensive in nature and is yet to receive an industry status. The sector has close linkages with the economy and therefore is highly cyclical in nature.

Real estate has definitely come a long way, and thanks to technology, it is set to grow at a very fast rate in the coming years. This is because buyers are equipped with knowledge than they were before, and they are therefore more likely to conduct research on their own as opposed to relying on real estate agents. Agents are still relevant, but not as much as they were before, since with the coming of real estate digital signage, buyers have just the information they need right at their fingertips. This therefore reduces the role of agents to a certain extent, and they therefore have to operate side by side with real estate digital signage, or they will be completely outdone and replaced.

Real estate companies have recognized the impact that having a huge online presence has, when it comes to reaching out to buyers and increasing brand awareness. Interactivity is also now prevalent in this industry, since most people own at least a smartphone or a tablet. Companies therefore have to present their digital ads in a way that allows interaction and direct engagement with people. This is because this is the only way to grab their attention, and introduce to them what you have, since there are like a thousand other real estate companies doing the same thing. Your real estate digital signage content therefore has to stand out, which may be achieved by individual engagement in your ads. Very few people if any are likely to respond or give their attention to a real estate digital advertisement which seems to be communicating to the masses in general. Real estate is also about convincing people, and using real estate window display systems offers the perfect platform.

Another notable trend is the use of social media, which is a very powerful advertising tool, and the most interesting thing is that it is also the least expensive. Smartphones and tablets make it easier to share your digital advertising content to social

media. If you have good content, such as a creatively done video, it will be shared out in social media and the next thing you know is that your video is trending, which may be considered as hitting a jackpot because of the tremendous benefits that you are deemed to gain.

### **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 Rs 625 crore. That being said, it is on the rise.

The Indian home buyer has changed over the years – 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. Another interesting insight from Jigyasa from ATS Greens was about their affordable housing projects which range between 7 to 12 lakhs. He pointed out that more than 50% of the buyers for this project interact with them over email. So, the question real estate companies need to ask themselves is which medium – digital, OOH, TV or print gives them better ROI.

### **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 Wants 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 three fold 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 be 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 Google research about the comparison for Print v/s Digital Media is shown as below:

	PRINT ADS	GOOGLE ADS	ASSUMPTIONS
Advertising Spend	Rs. 7,00,000	Rs. 7,00,000	The print ad costs have been considered based on the cost of 1/4th page advertisement in a national daily
Visitors to the website	420	10000	Assuming Rs. 70 per click for targeted Google ads & 0.66% reach to the target segment in case of print ads
No. of leads	130	400	Assumed 30 web leads & 100 call leads for print ads and a traffic to lead conversion rate of 4% for Google ads
No. of site visits	32.5	100	Assumed 25% conversion of leads into site visits
Buyers (Final Conversion)	3.25	10	Considered 10% of site visits to final conversion

ROI comparison for Print v/s Digital media

A 1/4<sup>th</sup> page 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 the 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 developers site.

### **Who are Playing Now in the Ground?**

Most of the startups in the digital space seem to have invested a lot of time and attention in Web Design and User Experience to differentiate themselves from the bigger and more established players.

**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.

**RealtyCompass** 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.

**Metroplots**, also started out of Chennai in 2009, has witnessed good success in 3 major markets of Chennai, Bangalore and NCR where it currently operates and is on an ambitious expansion spree to 20 more cities. They have a strong online interface which offers investors an array of options to choose from while looking for deals and have also created a proprietary SAAS tool called Sales Desk to enable builders & agents grow their business.

All startups in the space have been actively using social media platforms to build their brands and engage and acquire customers in an attempt to revamp the industry.

Facebook seems to be the favorite tool with all startups to interact with their customers and promote their services. Housing.co.in, now Housing.com has over 236,000 likes, Commonfloor over 115,000 while HomeShikari, RealtyCompass and PropTiger have about 25,000, 22,600 and 10,000 each.

Amongst the other platforms, Twitter seems to be used more than the rest with **Commonfloor** being the most active of this pack with over 6500 Tweets and 3500 followers. Metroplots with over 3000 tweets and Proptiger with over 2800 seem to be catching up.

The use of Google+ and LinkedIn as social media platforms is just beginning to catch up while YouTube as a marketing platform has not been used much by either of these startups, with PropTiger being the lone exception. PropTiger has begun uploading videos of the projects listed with them on YouTube and currently has over 40 videos.

With big players such as Magicbricks and 99acres already established in the space, these startups are taking their Web Design, User Experience and social marketing strategy seriously and working on capturing a big chunk of this growing market.

### **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 a social media ad. 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**

The biggest benefit of going digital is the ability to target the right audience and measure the impact. So, depending on the project, one can identify the right digital channels and target the right demographics to get results. Several challenges lie ahead as the real estate industry goes through a paradigm shift in their marketing strategies. Digital marketing is predominantly being used by every firm out there and is proving to be an extremely successful means of spreading awareness and creating a brand value. The same is true for the real estate businesses. The evolution of technology, particularly in recent years, has been swift and comprehensive. By anyone's observation, smartphones and tablets have changed the way people interact and communicate; this has and will continue to impact on the way property is marketed and the information available at a buyers' fingertips.

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