

Effectiveness of CRM in Organized and Unorganized Real Estate

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Abstract

Facts information and data relating to customers are collected, tabulated, classified and maintained for various real estate business activities. Such data are used for the benefit of business as and when required, this is called customer relationship management (CRM). CRM is crucial for satisfying customers need and for redressing their complaints. Through generating customer satisfaction via effective CRM customer loyalty can be enhanced and brand image is built. An effort has been made in this research to assess the level of satisfaction from CRM of organized and unorganized real estate firms among managers of these firms. Eleven aspects of CRM namely comprehensive information, fast implementation, managing the referrals process, leads generation, call centre support, document management system, sales deal, defaulter analysis tracking, loyalty management, easy-to-use and data security were studied from managers' perspective.

Key words: customer relationship management, managers' perspective, comprehensive information, fast implementation

Introduction

India real estate market is of approximately 170 billion US Dollar. This is divided in four major areas namely housing, retail, hospitality and commercial. Demand for both the office spaces and residential spaces are rising in metro, urban and semi urban areas across the nation. India's demographic and economic diversity provide opportunities for a growing real estate market.

CRM is one to one marketing strategy intends to develop customer loyalty through strong relations. Prior to the present noteworthy business innovation, business offices did everything physically. With the advancement of technology, software are being used for many activities of CRM.

Customers of real estate are becoming more & more demanding and less tolerant. Customers compare their experiences against best-in-class expectations. Managers expect efficient CRM for closing sales deal on time and referrals. So the CRM effectiveness was measured from managers' perspective.

In a research Arora B. found that Indian real estate sector is believed to offer foreign investors an attractive opportunity for investment and lead to rapid expansion in FDI and international trade. There is a bright future in the real estate sector in the Indian economy, apart from all the risks involved in investing in real estate markets.¹

Mittal has revealed that Indian real estate has huge potential demand in almost every sector especially commercial, residential, retail, industrial, hospitality, healthcare, etc.²

De Wit, I., & Van Dijk investigated the determinants of direct office real estate returns by analyzing rents, capital appraisals, and total returns. It was explored that gross domestic product, inflation, unemployment, vacancy rate, and the available stock all have an effect on real estate returns.³

Zineldin M. studied the quality and customer relationship management which were implemented as a competitive strategy in the Swedish banking industry. Total quality, functional quality, and technical quality are denoted as the three quality dimensions of CRM.⁴

In a research on progress in customer relationship management adoption Meadows M highlights significant cross-sector differences in some aspects of Customer Relationship Management practice and adoption. Consequently, organizations in different sectors are likely to start from different positions in terms of their readiness to adopt Customer Relationship Management.⁵

Hypothesis

There is no significant difference between satisfaction from CRM of unorganized & organized real estate from managers' perspective.

Source of data collection

50 managers from unorganized real estate and 50 managers from organized real estate firms were selected for collection of data & information relating to research. They were selected from Mumbai and Mumbai Metropolitan Region Development Authority (MMRDA) region.

Research Method

Real estate managers' perspective on eleven CRM aspects namely comprehensive information, fast implementation, managing the referrals process, leads generation, call centre support, document management system, sales deal, defaulter analysis tracking, loyalty management, easy-to-use and data security was measured. On 10 point scale rating managers' were asked to express their level of satisfaction relating to each aspect of CRM.

Findings of research

1. Manager's satisfaction level relating to comprehensive information provided by the CRM system of unorganized real estate was 50%. Less than desired information is provided by CRM.
2. Manager's satisfaction level relating to comprehensive information provided by the CRM system of organized real estate was 87.80%. It is highly satisfactory.
3. Manager's satisfaction level relating to fast implementation by the CRM system of unorganized real estate was 46.40%. CRM is quite slow to respond.
4. Manager's satisfaction level relating to fast implementation done by the CRM system of organized real estate was 58.40%. CRM implements data at less than desired pace.
5. Manager's satisfaction level relating to management of referral process by the CRM system of unorganized real estate was 53.40%.
6. Manager's satisfaction level relating to management of referral process by the CRM system of organized real estate was 69.60%.
7. Manager's satisfaction level relating to lead generation by the CRM system of unorganized real estate was 54%. Less than desired leads are provided by CRM and many a times useless enquires also come.
8. Manager's satisfaction level relating to leads generation by the CRM system of organized real estate was 66.60%. There is lack of meaningful leads in the competitive market.
9. Manager's satisfaction level relating to call centre support in unorganized real estate was 48%. Call centers are sluggish & unprofessional.
10. Manager's satisfaction level relating to call centre support in organized real estate was 78%. Consistent support of call centre is reasonably available.
11. Manager's satisfaction level relating to document management system of CRM of unorganized real estate was 64.20%. It is still less than desired level and improvement is expected.
12. Manager's satisfaction level relating to document management system of CRM of organized real estate was 81.80%. Organized sector is better in making good use of documents.
13. Manager's satisfaction level relating to contribution of CRM system in sales deal was 50.80%. CRM does not substantially contribute in sales deal.
14. Manager's satisfaction level relating to contribution of CRM system in sales deal at organized real estate was 66.20%. Managers of organized sector are fairly satisfied with the contribution of CRM system in sales deal.
15. Manager's satisfaction level relating to defaulter analysis & tracking provided by the CRM system of unorganized real estate was 77.60%.
16. Manager's satisfaction level relating to defaulter analysis & tracking provided by the CRM system of organized real estate was 90.20%. It helps in regular cash inflows.

17. Manager's satisfaction level relating to loyalty management by the CRM system of unorganized real estate was 50.40%.
18. Manager's satisfaction level relating to loyalty management by the CRM system of organized real estate was 66.80%.
19. Manager's satisfaction level relating to easy to use CRM system of unorganized real estate was 49.20%. Managers find CRM system not easy to use.
20. Manager's satisfaction level relating to easy to use CRM system of organized real estate was 63.80%. Organized sector is little better yet a lot need to be improved in CRM to increase ease of use.
21. Manager's satisfaction level relating to data security of CRM system at unorganized real estate was 60.20%. Data security from all types of leakage, damage and hacking need to be improved in the competitive and dynamic market.
22. Manager's satisfaction level relating to data security in the CRM system of organized real estate was measured 88.40%.

Table 1

Overall satisfaction from CRM of unorganized & organized real estate

(From managers' perspective)

CRM Aspect	Unorganized Sector	Organized Sector
Comprehensive information	50%	87.80%
Fast implementation	46.40%	58.40%
Managing the referrals process	53.40%	69.60%
Leads generation	54%	66.60%
Call Centre support	48%	78%
Document management system	64.20%	81.80%
Sales deal	48%	66.20%
Defaulter analysis tracking	77.60%	90.20%
Loyalty Management	50.40%	66.80%
Easy-to-use	49.20%	63.80%

Data security	60.20%	88.40%
Average	55%	74.33%

The overall average of eleven customer relationship management aspects is summarized as ahead in table 1.

Table showed the overall satisfaction from CRM of unorganized real estate firms was 55% while the satisfaction from CRM of organized real estate firms was 74.33%. It clearly shows that satisfaction from CRM of organized sector is better than unorganized sector from managers' perspective. Though it is also noteworthy that from the managers' perspective it is also not pleasant in both the sectors and the improvement is desirable in both.

Z test was also done to ascertain the significance of difference between satisfaction from CRM of unorganized & organized real estate from managers' perspective.

$$|Z| = \frac{P_1 - P_2}{\sqrt{P_0q_0\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}}$$

$$|Z| = \frac{0.7433 - 0.55}{\sqrt{0.64665 \times 0.35335 \left(\frac{1}{50} + \frac{1}{50}\right)}}$$

$$|Z| = 2.02$$

The calculated value of Z was 2.02 which is more than table value of Z at 5% level of significance (1.96). So the calculated value of Z does not lie in acceptance region hence Hypothesis is rejected and there is significant difference between satisfaction from CRM of unorganized & organized real estate from managers' perspective.

Conclusion and suggestions

Managers' satisfaction from CRM of organized real estate firms was significantly better than satisfaction from CRM of unorganized real estate firms. On following points both organized and unorganized firms need to improve on CRM-

1. Efforts should be made to provide vast, pertinent, comprehensive, prompt and timely information relating to customers in order to cater them well and boost the sale.
2. References and recommendations made by the customers need to be efficiently utilized by the CRM so that prospects conversion into sale can be high.

3. Such a CRM system need to be developed that meaningful and convertible enquires and leads can be generated both in organized and unorganized sector. Proper filtered data need to be provided of interested customers only.
4. All the leads must be properly attended and responded by the call centers in organized as well as unorganized sector.
5. All the documented should be systematically managed in such a manner that can be retrieved easily through CRM system software, especially in unorganized sector.
6. CRM system must maintain & encourage loyalty among customers in dynamic scenario. Regular updates need to be provided. Good relations must be maintained with previous customers as they may again patronize or recommend others.
7. Latest CRM software that is easy to operate & safe need to be installed so that data and information can be classified properly and retrieved whenever required.

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