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Marketing Communication Strategies of Off-Plan Homes

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Abstract:

Buying a home is considered one of the most expensive purchases an individual can ever make and a lot of effort is required in making the right choice. This study aims to explore marketing communication of off-plan homes – these are homes under construction and being sold in advance of its completion, highlighting an implication for informed choice-making and trust in marketing communication. Content of off-plan advertisements in two countries were thematically analysed. Computer-generated images are often used, showing the development superimposed into the skyline of the city. Developments have their brand identities as an effort to highlight distinct personalities, however there were differences in the use price and location as an appeal. Disclaimers were absent in some advertisements. Taking into consideration the nature of those properties which may not be ready until years, information to convey trust and assurance is important, and information should be true and not misleading.

Keywords: real estate, new homes, advertisement

Introduction

Buying a home is considered a major financial decision, one of the most expensive purchases an individual can ever make (Mercadante, 2017). Due to the increasing population and demand for living spaces, developers are selling off-plan homes – these are homes that are being sold in advance of its completion (Galliard Homes, 2018). While we acknowledge the complex and multi-faceted due diligence that buyers usually invest before buying houses, this study focuses on the advertising strategies adopted by developers to market their off the plan homes. These homes are still under construction and consumers are buying it based on trust of the information provided in the advertisements, unlike already built houses that prospective buyers can go visiting and have a tour, computer-generated images (CGIs) are used to present the homes. The overarching aim of this study is to reveal the advertising strategies being used by developers to sell these off-plan homes through a comparative study of new homes marketing in London, United Kingdom (UK) and Ho Chi Minh City (HCMC), Vietnam. The study opens a new avenue of research into consumer behaviour in making a highly-involved decision, such as buying a new house, pricing strategies, buying on trust and the reliance on marketing communication.

Background

Urbanisation has led to demands for more living spaces, and new houses are being built to meet up with these demands. London is considered one of the world's most cosmopolitan and culturally diverse cities, as there are over 300 languages spoken in this city, more than any other city in the world (London.gov.uk, 2018). It is the fastest growing region in the UK with all-time high of almost 8.8 million inhabitants with almost two thirds of the increase is due to net immigration from abroad (Prynn, 2017). Meanwhile, HCMC, though not the capital of Vietnam, is the largest metropolitan city and the country's economic and financial centre. Accounting for one-third of Vietnam's GDP, this dynamic city of over 10 million inhabitants is widely seen as one of the fastest growing markets for technology and manufacturing in Asia-Pacific and the top emerging property market in the region (Indochina, 2018). There has been increasing demand for quality homes from the vastly increasing middle and upper class as well as the influx of foreign investors, having driven the property market, particularly in the high-end and luxury segment. The role of marketing communication is promoting these developments cannot be ignored, particularly in acknowledgment of the cultural similarities and differences between these two countries. According to the Hofstede model of national culture, UK is amongst the highest of the individualist society while Vietnam is a collectivistic society. The national culture has also been known to affect advertising strategies (Pineda et al, 2015). Advertising from Western countries tends to depict higher levels of individualism (personal success, and independence) than those from non-Western countries (Han & Shavitt, 1994). The advertising appeals used in these contexts are also known to be different. Rational appeal is predominantly used in an individualist culture and emotional appeals in a collectivist culture (Aaker & Williams, 1998). Theoretically, in the context of national culture, advertising appeal and the highly involving nature of house purchase, this study adopts the theory of emotional appeals in highlight involving products (Mogaji, 2018) which explores consumers' attitude towards emotional appealing advertisements. Buying a home is considered a major financial decision, likely to be the best long-term investment most people ever make (Lambert, 2014), which further justify the need to explore how these investments are being advertised, the advertising appeal and information presented to prospective customers..

Methodology

Content of off-plan homes advertisements in London and HCMC were thematically analysed. For London homes, 525 advertisements from Homes and Property, a weekly supplement in London Evening Standards was collected and for HCMC homes, 202 advertisements from Saigonese Businesspeople (Weekly and Weekend editions). Advertisements were collected between January and December 2017. The advertisements were digitally converted to PDF using an Optical Character Recognition (OCR) scanner, and then editable and searchable data in PDF format were exported to NVivo10 for the thematic analysis. There were familiarisation and immersion with the data, by

reading the advertisements repeatedly to have a better understanding of how the developers are communicating with prospective buyers.

Results

CGIs are often used, showing the development superimposed into the skyline of the city. Developments have their logos and names as an effort to highlight distinct personalities that may differentiate their developments from others. Though some of the houses are not yet available, there is a sense of urgency in some of the marketing strategies that aims to make prospective buyers feel they need to decide and buy or they may lose out. Developers were presenting these houses as exclusive and worth spending the money on. The location and views are flaunted to entice prospective buyers. In London, they offered the ultimate unrestricted view, while in HCMC, developers are offering a unique riverside location, a magnificent and unobstructed view of skyline and the river. Quality of view, which is a general unobstructed view to surroundings, is considered an environmental criterion of valuation as a pleasant view could considerably increase the price of a house, up to about 50% (Damigos & Anyfantis 2011), and it is not surprising that developers flaunts this on their advertisement. Developers in both cities were keen to display awards and accolades they have received in their advertisements, perhaps with the intention of communicating trust, credibility and assurance that the houses bought off-plan will be delivered in time. With these similarities, some differences were also identified. London's developments were predominantly sold around the underground and train stations; however, this was not same in HCMC. There is no involvement of government schemes in HCMC, unlike in London whereby the Government supports the prospective buyers with 40% deposit. This is also presented as a marketing strategy to appeal to prospective first time buyers. Disclaimers in the advertisements were also observed: London developers informed prospective buyers that the CGIs were for indicative and illustrative purposes only and may not be the true reflection of what they will buy; this was however absence in HCMC ads, an indication of their advertising regulations.

Implications for Theory and Practice

The content of the new homes' advertisements in London and HCMC were thematically analysed to gain insight into marketing strategies developers to reach out to prospective buyers. Theoretically, the present study extends the emotional appeal theory from financial services to real estate marketing, contributing to knowledge about advertising strategies of marketing a high involving product. The complex decision-making process in buying a house is acknowledged, however advertisements still plays an important role in the decision making. Though rational appeals may have been considered suitable for high involving purchase, our studies found that emotional appealing strategies which involve building symbolic appeal or creating an image of the product user (Shimp and Andrews, 2013) were used in marketing new homes. However, rational appeals were also included in advertisements of London homes. This also reiterates earlier studies that rational appeals are predominantly used in an individualist culture (Aaker & Williams, 1998). For example, price, which is considered as a rational appeal in advertising, is often displayed in London homes, but rarely in HCMC. The findings in this study contain important implications for industry professionals and researchers especially with regards to marketing a high involving product. Reassuring the customer is of great importance and it is not surprising also that there are developers highlighting their recognition and accolades to reinforce the trust in their brand. Taking into consideration that these houses are still being built and they may not be ready until years, information to convey trust and assurance is important. In terms of the facilities provided in the house, the room sizes and the pricing, presented information should be true and not misleading or over promising.

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