

**EFFECTIVENESS OF ADVERTISING RESIDENTIAL HOUSES IN NAIROBI**

**BY:**

**DAVID IRIMU**

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE  
DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA),**

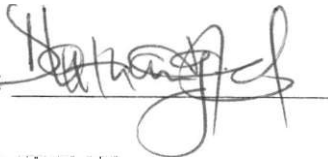
**SCHOOL OF BUSINESS**

**UNIVERSITY OF NAIROBI**

**OCTOBER: 2011**

**DECLARATION**

This is to declare that this research project is my original work that has not been presented to any other University or Institution of Higher Learning for examination.

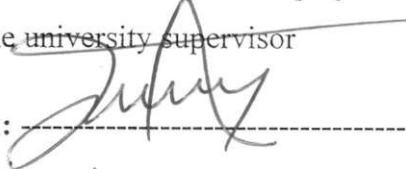
Signed: 

Date: 7/11/2011

U A V H J i x v x l v i L

**D61/8836/99**

This is to declare that this Project has been submitted for examination with my approval as the university supervisor

Sign: 

Date: 

**DR. RAYMOND MUSYOKA**

**LECTURER**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**UNIVERSITY OF NAIROBI**

## **DEDICATION**

This research project is dedicated to my Son. Jason Timothy Inmu. who gi  
tremendous happiness as I watch him grow up.

## **ACKNOWLEDGEMENT**

This research project bears the support of many people whom I cannot fail to recognize. My Supervisor and friend Dr Musyoka. thank you very much for the guidance and wisdom which I treasure very much. To my fellow students, for their positive influence through the entire study period and last but not least my family for their support and believing in me through this academic journey.

TABLE OF CONTENTS

**DECLARATION.....ii**

**DEDICATION.....iii**

**ACKNOWLEDGEMENT.....iv**

**LIST OF TABLES.....viii**

**ABSTRACT.....ix**

**CHAPTER ONE: INTRODUCTION.....1**

    1.1 Background of the Study.....1

        1.1.1 Advertising.....3

        1.1.2 Real Estates in Nairobi.....4

    1.2 Statement of the Problem.....5

    1.3 Research Objective.....7

    1.4 Importance of the study.....7

**CHAPTER TWO: LITERATURE REVIEW.....9**

    2.1 Introduction.....9

    2.2 Advertising message Appeals.....9

    2.3 Products Advertisement characteristics.....11

    2.4 The need for advertisement.....12

    2.5 Mode of Advertising.....14

        2.5.1 Television advertising.....14

        2.5.2 Radio advertising.....15

        2.5.4 Press advertising.....15

        2.5.5 Billboard advertising.....15

        2.5.6 Mobile billboard advertising.....16

2.6 Advertising effectiveness.....	16
2.6.1 Creating Awareness.....	17
2.6.2 Advertising Conviction.....	18
2.6.3 Enhancing Conviction.....	19
2.6.4 Ad Source (Credibility).....	19
2.6.5 Appeal.....	20
2.6.6 Product Involvement.....	20
2.6.7 Attitude Formation.....	21
2.7 Intentions and Behavior.....	22
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>	<b>24</b>
3.1 Introduction.....	24
3.2 Research Design.....	24
3.3 Target Population.....	24
3.4 Data Collection.....	25
3.5 Data Analysis.....	25
<b>CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION.....</b>	<b>26</b>
4.1 Introduction.....	26
4.2 General information.....	26
4.3 Advertising the residential house-.....	28
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</b>	<b>35</b>
5.1 Introduction.....	35
5.2 Summary of Findings.....	35
5.3 Conclusions.....	36
5.4 Recommendations of the study.....	37
5.5 Recommendation for further study.....	38

<b>REFERENCES.....</b>	<b>39</b>
<b>APPENDICES.....</b>	<b>43</b>
Appendix I: Questionnaire.....	43
Appendix ii; List of Registered Valuers and Estate Agents in Nairobi.....	47

## LIST OF TABLES

Table 4. 1 Gender.....	26
Table 4. 2 Age brackets of the respondents.....	27
Table 4.3 Level of education.....	27
Table 4. 4 Working period.....	28
Table 4. 5 Type of residential house advertised.....	28
Table 4. 6 Whether advertise the residential houses.....	29
Table 4. 7 Extent to which company uses medium of advertising.....	30
Table 4. 8 Factors influencing advertising of houses to the market.....	31
Table 4. 9 Advertising residential houses to the Customers.....	31
Table 4. 10 Advertising effectiveness of company's residential houses.....	32



## **ABSTRACT**

The main aim of all business organizations is to make profits and a merchandising concern can do that by increasing its sales at remunerative prices. This is possible, if the product is widely publicized to the final consumers and users and through convincing arguments by persuading them to buy it. The main objective of the study was to determine effectiveness of advertising residential houses in Nairobi region.

The study used a descriptive survey approach in collecting data from the 59 staff working in all the registered valuation and real estate agency firms in Nairobi region. A questionnaire was used as primary data collection instrument which included closed and open ended questions which sought views, opinion, and attitude from the respondents which could not have been captured by the closed ended questions. The questionnaires were administered through drop and pick method to the marketing manager or proprietors of the real estate firms. A content analysis and descriptive analysis was employed to analyze the primary data.

From the findings, the study concluded that residential housing companies and owners in Nairobi region need to advertise their residential houses so as to create awareness and selling of the residential houses using mobile billboard advertising, internet sites radio and television, billboards along the highways, train stations, on benches at bus stops or at property sites as a medium of advertising.

The study also concludes that companies need to consider the factors of location of the house, nature of the houses, availability of advertising channels, cultural aspects and cost of advertising as they would greatly influence the effectiveness of advertising of the residential houses to the market. The study finds that the company should adopt proper and effective modes of advertising in order to increase the effectiveness of advertising of the residential houses.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Organizations are set to achieve various targets within a stipulated time as outlined in their strategic plans. According to Lovelock and Wirtz (2004) organizations exist to attain certain missions for undefined period of time. In order to exist in the business for a long period of time, organizations must look for effective and efficient ways of doing business activities to achieve organizational objectives. Kotler (2006) argues that due to environmental dynamism and competitiveness, the struggle for survival and succeeding in the business has become more difficult and challenging. The growth trend and nature of the residential sector with the competitive environment brought several and special problems in marketing residential houses (Mattila, 2000).

Advertising has been seen as a tool to assist consumers through a challenging decision making process. The residential houses characteristics of tangibility, separability, imperishability and ownership influence consumer behaviour at a number of levels. Advertising ranks among the major tools of promotion in general and awareness in particular. The purpose of advertising is to deliver a message, usually in order to sell a product or service (Applegate, Konsynski and Nunamaker, 2002). In most cases, it is beneficial to deliver an organization's message to as many potential customers as possible. With several dozen million people connected worldwide, the Internet has become an excellent medium for advertising an organization's products and services. The advertiser offers multimedia delivery of information, including graphics, pictures, sound, video, and animation, all of which can be changed easily and frequently to reflect changes in the business or service offerings. Businesses can tailor the advertising to suit seasonal promotions and can update information, such as pricing. Businesses can also provide interactive services such as electronic mail, on-line registration or ordering, and payment through credit facilities (Mortimer, 2005).

The typical research paradigm involves a forced exposure to some advertising message followed by some measure of consumer response. If one accepts the proposition that people do things to

and with advertising, the identity of independent and dependent variables is less obvious. Indeed, any response to advertising, including that of simply attending, may be contingent on a host of other factors. When people select that to which they attend, the act of attending becomes a powerful determinant of advertising response. The traditional paradigm for examining the effects and effectiveness of advertising has served various professions well, but it is incomplete in an increasingly interactive context. This suggests that there is a need for a new paradigm for the measurement of advertising effects (Applegate, Konsynski and Nunamaker, 2002).

Growing incomes and large numbers of people moving to urban centres are fuelling demand for housing across all asset classes and construction is the economy's fastest growing sector in the second quarter of 2010. Kenya's population of 38.6 million is increasing by a million annually and the City authorities are expanding its boundaries to outlying towns to ease pressure as evidence by creation of the Ministry of Nairobi Metropolis. Kenya's economic growth is expected to reach about 6% in 2011 compared with a projected increase of 5% this year. More and more property investors are seeking confidence from the recent change of political power in Kenya. Reaping rewards from this is the nation's real estate industry. A stable government has prompted many buyers and investors from overseas to shop for a retirement home or a second home in Kenya.

The country's economic fortunes are also showing positive signs of growth as more foreign investors pump in significant funds into its real estate market. As real estate investment opportunities increase in Kenya, there are more jobs and business opportunities being created as well, lowering the unemployment rate (Kendall, 2004). Other factors affecting real estates in Nairobi includes Investment incentives, Improving Infrastructure, Beautiful Coastline, Plenty of game reserves and attractions, Low Property Prices and good rental market. Advertising of residential houses in Kenya should therefore be dynamic and interactive. Advertising of the various residential houses may differ depending on the unique situation of the individual business. The effectiveness of advertising differs from anticipated outcomes as consumers and marketers respond and adapt to changes in their own environments (Mattila, 2000). This suggests that research on advertising should focus on the dynamic processes by which consumers

and marketers incorporate advanced technologies into their reciprocal communications. Kotler and Keller, (2006) have proposed adaptive structuring theory, an extension of structuring theory (Mortimer. 2005), to explain the interplay between the structures of technology, relevant actors, and changes in technology and behavior that arise from such interplay. In Nairobi demand for property is intense. Certain up market areas of the city have seen property prices increase by up to fifty percent in the 2008 and 2009 .To meet the current demand for houses in Nairobi; Real Estate firms should adopt effective advertising approaches in selling houses.

### **1.1.1 Advertising**

Advertising is paid, non-personal communication that is designed to communicate in a creative manner, through the use of mass or information-directed media, the nature of products. Services, and ideas (Kendall, 2004). It is a form of persuasive communication that offers information about products, ideas, and services that serves the objectives determined by the advertiser. The two most common approaches used in advertising to influence consumer behavior might be described as value-expressive (image) or symbolic appeal and utilitarian (functional) appeal (Applegate, Konsynski and Nunamaker, 2002).The image strategy involves building a "personality" for the product or creating an image of the product user . The image strategy is part of what Burke, Raymond and Thomas. (1999) refer to as "transformational advertising." This advertising strategy may be directly linked with several tracks of research in consumer behavior. These include product symbolism (Stewart and David. 1996)

lie image appeal involves informing consumers of one or more Key benefits that are perceived to be highly functional or important to target consumers. Rossiter and Percy (1987) referred to this as informational advertising. This strategy also feeds into several research tracks in consumer behavior, such as benefit segmentation, hard-sell appeal, multi-attribute attitude models decision-making, conjoint measurement and perceptual mapping (Schmidt and Spreng, 2000)

Advertising may influence consumers in many different ways, but the primary goal of advertising is to increase the probability that consumers exposed to an advertisement will behave or believe as the advertiser wishes (Stafford and Stafford. 2003). Thus., the ultimate objective of advertising is to sell things persuasively and creatively. Advertising is used by commercial firms trying to sell products and services; by politicians and political interest groups to sell ideas or persuade voters by not-for-profit organizations to raise funds, solicit volunteers, or influence the actions of viewers; and by governments seeking to encourage or discourage particular activities, such a wearing seatbelts, participating in the census, or ceasing to smoke. The forms that advertising takes and the media in which advertisements appear are as varied as the advertisers themselves and the messages that they wish to deliver (Schmidt and Spreng, 2000).

The word advertises originates from the Latin term *advertere*. which means to turn toward or to take note of. Certainly, the visual and verbal commercial messages that are a part of advertising are intended to attract attention and produce some response by - the viewer. Advertising is persuasive and virtually impossible to escape (Mortimer. 2005). Newspapers and magazines often have more advertisements than copy; radio and television provide entertainment but are also laden with advertisements; advertisements pop up on Internet sites; and the mail brings a variety of advertisements. Advertising also exists on billboards -along the highways and train stations, on benches at bus stops, and on the frames around car license plates. In shopping malls, there are prominent logos on designer clothes, moviegoers regularly view advertisements for local restaurants, hair salons, and so on, and live sporting and cultural events often include signage, logos, products, and related information about the event sponsors. The persuasiveness of advertising and its creative elements are designed to cause viewers to take note (Nowak. Cameron and Krugman, 2003).

### **1.1.2 Real Estates in Nairobi**

Kenya's economic revival has seen the construction and real estate sector grow very rapidly and the sector is projected to grow annually by 16.7 percent on average, its GDP rising from 2.3

percent in 2002 to 4.2 percent in 2007 according to the Economic Recovery Strategy for Employment and Wealth Creation government report. (Schmidt and Spreng, 2000).

Investor interest in residential real estate development has continued to soar, with the latest reports indicating that monies flowing into the sector over the last five years have more than tripled. A report by Central Bank of Kenya, in conjunction with the World Bank, indicates that investment in real estate residential sector grew to Sh61 billion as of May this year, compared to Sh9 billion five years ago. In addition, the number of actual mortgages taken up by individuals and organizations, without putting the figures loaned, grew from 7,834 to 13,803 over the same period, a demonstration of the great potential and growing interest in the sector.

The report confirms a trend of increased level of interest in people owning houses, as opposed to renting (Housing Finance, a mortgage financing company 2005). The government aims to continue developing housing finance, as well as provide the legal framework to promote further housing development. In the country's quest to provide affordable shelter for everyone, there are many construction projects, which need investment. Over the last 20 years, Kenya's urban housing has found itself in a state of disrepair, which has had the knock-on effect of creating informal settlements. Residential property prices in Kenya slowed in real terms in the second quarter of 2011 when rising inflation hit buyers' hard, according to the latest Hass Consult real estate index. The company, which conducts the only property pricing index in east Africa's largest economy, said average house prices rose by 1.9% in the second quarter compared with 4.4% in the first quarter. 'Where houses sellers pushed asking prices up by 4.4% in the first quarter of this year, the average rise across all types of properties was just 1.9% between April and June,' said Farhana Hassanali, property development manager at Hass Consult. 'It is reflecting an increase that was below inflation and thus a fall in house prices in real terms,' added Hassanali (Njihia, 2011)

## **1.2 Statement of the Problem**

The objective of all businesses is to make profits and a merchandising concern can do that by increasing its sales at remunerative prices. This is possible, if the product is widely publicized to the

final consumers and users and through convincing arguments by persuading them to buy it. Publicity makes an item or an idea known to people. It is a general term indicating efforts at mass appeal. Advertising denotes a specific attempt to popularize a specific product or service at a certain cost. It is a method of publicity. It is always intentional, openly sponsored by the sponsor and involves a certain cost. It is a common form of non- personal communication about an organisation and/or its products idea or service that is transmitted to target audiences through a mass medium. In common parlance the term publicity and advertising are used synonymously.

Advertising plays a vital role in selling residential houses investor interest in residential real estate development has continued to soar, with the latest reports indicating that monies flowing into the sector over the last five years have more than tripled (Schmidt and Spreng, 2000). A report by Central Bank of Kenya, in conjunction with\*the World Ba'nk. indicates that investment in real estate residential sector grew to Sh61 billion as of May this year, compared to Sh19 billion five years ago. In addition, the number of actual mortgages taken up by individuals and organizations, without putting the figures loaned, grew from 7,834 to 13.803 over the same period, a demonstration of the fantastic potential and growing interest in the sector (Housing Finance, 2005). Returns from real estate investment in Kenya outpaced those from investments in stocks over the decade since 2000, a study by a Kenyan fund manager showed earlier this year. Building and construction as well as agriculture drove an estimated 5.1% expansion of Kenya's economy in 2010 (Njihia, 2011)

Various studies on marketing strategies have been done, for instance Maina (2001) conducted an empirical investigation of aspects of culture and their influence on marketing strategies in the beverage industry in Kenya and found out culture greatly influence adoption of marketing strategies in organizations. Gaceri (2003) carried out a study on the attitude of consumers towards retail media advertising and found out that consumers had not embraced retail media advertising as an effective mean to be inform on the certain products . Waweru (2003) carried out a survey on the extent to which soft drinks advertising slogans influence brand preference and found out that slogans used in advertising greatly influenced brand preference particularly in soft drinks advertising , Wamarema (2006) investigated the influence of image advertising on

consumption of beer in Nairobi focusing on a case of EABL and found out that image advertising influenced consumption of products such as drinks while Makau (2008), investigated a case of effectiveness of advertising on brand preferences focusing on case of Coca Cola brands and found out that effectiveness in advertising plays a great role in brand preferences in manufacturing companies . This does not respond specifically to the effective of advertising in selling residential houses in response to high demand of the houses. There is no known study to the researcher that has sought to bridge this gap. This research study is motivated to fill this gap in knowledge, by trying to conduct a study on the effectiveness of advertising in selling residential houses in Nairobi. The study therefore sought to answer the questions to what extent does effective advertising lead to selling of residential houses in Nairobi.

### **1.3 Research Objective**

The objective of the study is to determine effectiveness of advertising residential houses in Nairobi region.

### **1.4 Importance of the study**

The findings of the study would be significant to Real Estate Firms because they will be able to understand the effectiveness of advertising residential houses as a marketing strategy in real Estate sector and look for means of enhancing the performance while addressing the limitations

The study will help the Government in ensuring best advertising practices are adopted. This will involve determining how resources will be allocated. This will include ensuring ethical issues are addressed and that real estate firms do not engage in unhealthy competition that may create conflict in as far as marketing of residential houses is concerned.

The study will also be important to other parties like the Development partners like World Bank who provide support to the country. Other interested parties include the Institute of Certified Public Accountants of Kenya (ICPAK), Institution of Surveyors Of Kenya (ISK) and International Organization of Supreme Audit Institutions (INTOSAI) which require professionalism and best practices among its members.



The study will be valuable to the academicians and researchers in Kenya as it will go a long way in contributing to the existing body of knowledge on effectiveness of advertising as a marketing strategy in selling residential houses. The study would provide the background information to research organizations and individual scholars who would want to carry out further research in this area. This will facilitate individual Researchers to identify gaps in the current research and carry out research in those areas.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

A large body of literature is available on business to business advertising focusing largely on the advertising content and its effectiveness (Levitt, 1983), comparisons and variations in advertising and promotional expenditures in consumer, industrial and service markets (Harris and Attour, 2003), the type of advertising such as copy, length and readership. Other works have reported on business to business advertising can be improved documenting the state of a given type of practice (Stevenson, and Swayne 1988) or making comparisons between practices in different media or markets (Solberg, 2000).

#### 2.2 Advertising message Appeals

The message strategy, also referred to as the appeal, is the general overall approach that the advertisement adopts. Despite an array of terminology there is general agreement that there are two types of message appeal. The first of these appeals is of a rational nature. This has been defined by Khanh and Hau, (2007) as a presentation of factual information in a straightforward way, characterized by objectivity. Mai. (2005) refers to this rational approach as informational advertising. Denning, (2006) categories it as the functional congruity route, which they define as the match between the beliefs of the product utilitarian, attributes and the consumer's ideal attributes. They suggest that the functional congruity route is similar to the central processing route in the Elaboration Likelihood Model (ELM) (Keegan, 2008). Such an offering is generally consumed inconspicuously and therefore self-image is not important (Lin, 2001).

The second appeal type is of an emotional nature and has been associated with such feelings as adventure, fear, romance and status (Garreston and Burton, 2005). Mortimer, (2005) refer to this emotional approach as the self-congruity route which is defined as the matching of the product's

value-expressive attributes and the consumer's self-concept and likened to peripheral processing in the ELM. An important feature of many self-congruity products is that they are consumed publicly and therefore the matching of the brand and consumer image is paramount. This type of appeal has also been defined as transformational where the brand is linked with a positive and enjoyable experience (Rossiter and Percy, 1997).

There is also agreement that the type of appeal needs to match the product type for maximum effectiveness, that a rational appeal is more effective for a utilitarian product whereas an emotional approach is suitable for value-expressive or experiential products (Stern and Resnik, 2001).

A body of research by Stafford and colleagues has tested the effectiveness of rational and emotional appeals in terms of attitude to the advert, attitude to the service, level of recall and patronage intention. They have found that the rational approach is more effective in all respects for both experiential services and utilitarian services thereby disputing the matching theory (Stafford and Stafford, 2001).

The debate continues with the findings of a more recent study by Harris and Attour, (2003) which suggests that a documentation strategy, which could be classified as a rational approach, is more effective in the advertising of hedonic or experiential services than utilitarian, which is a complete reversal of the matching theory. They argue that consumers are more motivated to search for information when the consumption of the service is going to give them pleasure. Some support for this proposal is provided by Mortimer (2005) who found that high involvement experiential services were perceived by consumers to be high in importance as well as interest and thereby information search was not at a lower level than for high involvement utilitarian services, as had been predicted.

Although the argument for emotional advertising for services is gaining pace it still lacks a strong empirical underpinning (Mattila, 1999). For example Kotler and Keller, (2006) propose that transformational advertising is more likely to be used for services, due to the intangibility of

services which leads to the tendency of services advertisements to concentrate on building brand image. They refer to the work of Kubacki and Skinner. (2006) which found that transformational advertising was more prevalent in services advertising than in goods advertising. However a closer look at the results indicates that only 40 per cent of the service advertisements were adopting a transformational approach and that no indication of effectiveness was provided.

Three main reasons have been put forward to explain the inconsistent results on the matching theory. First, effectiveness has been measured in a number of different ways i.e. recall, persuasion and key message comprehension (George. 2005). Second, rational and emotional appeals are being classified differently. A number of researchers have utilized comprehensive list of 42 rational and emotional appeals and it is this list that is incorporated in this study. However, there is little which has been adopted in other studies acknowledging the lack of a recognized model for emotional advertising content, created another list, which again added new definitions. Third, there may be other product characteristics which have an influence of the appropriate appeal, e.g. maturity, product homogeneity (Stewart, David and Furse, 1996)

### **2.3 Products Advertisement characteristics**

Changes in industrial or business to business advertising practices over time have been less examined. Changes to advertising practice can occur in several ways. First and foremost it may be that the types of goods and services available to meet consumers' needs have changed through stages of the product life cycle. These can be the results of changes in technology, for example there has been an increased use of complex marketing research techniques that previously were unavailable (Burke, Raymond and Thomas 1988).

There are also social cultural changes that impact on what is marketed, for example there has been an increase in the use of environmental marketing appeals resulting from the increased importance placed on environmental issues (Denning, 2006). Of course, in the business to business context new marketing technology has also resulted in new goods and services, for example web design services are something that may be of interest to most organizations, but did not exist 15 years ago.

Products or services offer different benefits to people and are different, therefore, in their meanings and goals to people. It is intuitive that the appeal cannot fit all product types or all consumption goals. For instance, it has been found that different products (such as feeling versus thinking products according to the FCB Grid) are particularly suited for some advertising appeals such as humor in the USA. Krugman, (1997) pointed out that the effectiveness of value-expressive as opposed to utilitarian appeals is a function of such product-related factors as product differentiation, life cycle, scarcity, conspicuousness, and consumer-related factors, such as involvement, prior knowledge, and self-monitoring. As a consequence, appeals which are used to demonstrate the benefits and values of different products could be differentially effective in inducing desired responses from consumers (Weitz. and Bradford, 1999).

Therefore, different product types could potentially moderate the effectiveness of advertising message appeals. A product which offers benefits to both the individual and the group, such as the camera, can be advertised with an individualistic appeal (such as those emphasizing individual creativity with the use of camera) as well as with a collectivistic appeal (such as those showing people in a social setting enjoying the occasion and the camera). Due to the cultural differences discussed above, we have argued that a collectivistic appeal would probably fare better in a collectivistic culture, whereas an individualistic appeal would typically perform well in an individualistic culture. However the latitude of choice in advertising themes can be limited in the case of personal products (such as toothbrush or razor) that offer only personal benefits. Regardless of the cultural contexts in which such products may be advertised, it would be less appropriate to use collectivistic appeals with such products since the consumption of such products typically happens in a private setting and there is little social consequences associated with the consumption of such products (Denning, 2006).

#### **2.4 The need for advertisement**

Consumers may attend to advertisements for a variety of reasons. Attention alone is not sufficient to make the advertising successful. Advertisements that are interesting, entertaining, and even irritating can attract attention; however, such advertisements may not result in the

consumer attending to or understanding the intended message of the advertiser. Assuring that consumers attend to and understand the intended message rather than peripheral characteristics (such as a joke or song) requires careful crafting of the advertising message. Advertising research has demonstrated that the message must be clear and meaningful to the consumer; if the consumer does not comprehend the message, it will not have the desired effect (Melewar, Turnbull and Balabanis, 2000). Thus, it is important when creating the advertisement to understand how consumers think about products and product benefits and to use language that the consumer will understand. It is also important that the product and the product message be the focal point of the advertisement. Most of the time or space in the advertisement should be devoted to the product and the product message should be well integrated within the advertisement. Advertising that consists primarily of creative clutter and does not focus on the product is unlikely to be effective. Longer advertisements tend to facilitate better information processing, but the benefit of a longer advertisement may not always be sufficiently large enough to justify the additional costs of a longer advertisement (Stern and Resnik 2001).

An especially important issue in the creation of advertising is related to understanding how much information consumers want about a given product. For some products, consumers may want a great deal of information and may wish to exert a great deal of effort in processing the information. In many cases, however, especially for products of relatively low cost, consumers do not want very much information and are unwilling to process more than a modest amount of product information. In fact, consumers may differ with respect to the amount of information processing they are willing to do even for the same product. Thus, the advertiser must understand how much information individual consumers' desire and how much variability exists among consumers with respect to their willingness to process information. Such an understanding not only indicates how much information to put in an advertisement, it also suggests which media may be most appropriate for delivering the message. Complex messages are generally better delivered in print advertising, while simple messages can generally be delivered on television or radio (Harris and Attour, 2003).

## **2.5 Mode of Advertising**

Advertising is no more just another aspect which organization might consider or even ignore for your business (Stern and Resnik 2001). The success of every service, product or entrepreneurship depends on the kind of advertising campaigns adopted by the owner. With gradual advancement of technology quite a number of mediums have come up which you can use for advertising purposes. In fact outdoor advertising helps a great deal in catching the eyes of millions of people (Vaughn, 2006).

### **2.5.1 Television advertising**

The TV commercial is generally considered the most effective mass-market advertising format as is reflected by the high prices TV networks charge for commercial airtime during popular TV events. The annual Super Bowl football game in the United States is known as the most prominent advertising event on television. The average cost of a single thirty-second TV spot during this game has reached US\$3 million (Nowak. Cameron and Krugman, 2003). The majorities of television commercials feature a song or jingle that listeners soon relate to the product. Virtual advertisements may be inserted into regular television programming through computer graphics. It is typically inserted into otherwise blank backdrops or used to replace local billboards that are not relevant to the remote broadcast audience. More controversially, virtual billboards may be inserted into the background where none exist in real-life. This technique is especially used in televised sporting events. Virtual product placement is also possible. Infomercials: An infomercial is a long-format television commercial, typically five minutes or longer. The word "infomercial" combines the words "information" and "commercial". The main objective in an infomercial is to create an impulse purchase, so that the consumer sees the presentation and then immediately buys the product through the advertised toll-free telephone number or website. Infomercials describe, display, and often demonstrate products and their features, and commonly have testimonials from consumers and industry professionals (Schmidt and Spreng, 2000).

### **2.5.2 Radio advertising**

Radio advertising is a form of advertising via the medium of radio. Radio advertisements are broadcast as radio waves to the air from a transmitter to an antenna and a thus to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials. While radio has the obvious limitation of being restricted to sound, proponents of radio advertising often cite this as an advantage (Vaughn, 2006).

### **2.5.3 Online advertising**

Online advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Examples of online advertising include contextual ads that appear on search engine results pages, banner ads, in text ads, Rich Media Ads, Social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam (Solberg, 2000)

### **2.5.4 Press advertising**

Press advertising describes advertising in a printed medium such as a newspaper, magazine, or trade journal. This encompasses everything from media with a very broad readership base, such as a major national newspaper or magazine, to more narrowly targeted media such as local newspapers and trade journals on very specialized topics. A form of press advertising is classified advertising, which allows private individuals or companies to purchase a small, narrowly targeted ad for a low fee advertising a product or service. Another form of press advertising is the Display Ad, which is a larger ad (can include art) that typically run in an article section of a newspaper (Turley and Kelley, 1997).

### **2.5.5 Billboard advertising:**

Billboards are large structures located in public places which display advertisements to passing pedestrians and motorists. Most often, they are located on main roads with a large amount of



passing motor and pedestrian traffic; however, they can be placed in any location with large amounts of viewers, such as on mass transit vehicles and in stations, in shopping malls or office buildings, and in stadiums. The *RedEye* newspaper advertised to its target market at North Avenue Beach with a sailboat billboard on Lake Michigan (Kubacki and Skinner 2006).

### **2.5.6 Mobile billboard advertising**

Mobile billboards are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by clients, they can also be specially equipped cargo trucks or, in some cases, large banners strewn from planes (Levitt, 1983). The billboards are often lighted; some being backlit, and others employing spotlights. Some billboard displays are static, while others change; for example, continuously or periodically rotating among a set of advertisements. Mobile displays are used for various situations in metropolitan areas throughout the world, including: Target advertising, one-day, and long-term campaigns, Conventions, Sporting events, Store openings and similar promotional events, and Big advertisements from smaller companies (Harris and Attour, 2003).

### **2.6 Advertising effectiveness**

Although the primary objective of advertising is to persuade, it may achieve this objective in many different ways. An important function of advertising is the identification function, that is, to identify a product and differentiate it from others; this creates an awareness of the product and provides a basis for consumers to choose the advertised product over other products. Another function of advertising is to communicate information about the product, its attributes, and its location of sale; this is the information function (Kendall, 2004). The third function of advertising is to induce consumers to try new products and to suggest reuse of the product as well as new uses; this is the persuasion function. The identification function of advertising includes the ability of advertising to differentiate a product so that it has its own unique identity or personality. One famous example of this is found in the long-running advertising for Ivory Soap.

For more than one hundred years, advertisements for residential houses have focused on such residential characteristics such as apartments. Thus, various advertisements emphasized "That Ivory Look," which focused on the relationships between product characteristics and the benefits of obtaining a fresh and healthy appearance (Kubacki and Skinner 2006).

Advertising acts as a persuasion tool also provide evident in the long-running residential houses advertising campaigns. The advertiser, Procter and Gamble, has linked residential houses with obtaining benefits that are important to customers living in quality houses. Different benefits are important to different customers. Thus, to realize its full potential as a persuasive tool, advertising must often be tailored to emphasize those benefits that are important and meaningful for a particular type of customer or a particular use of the product.

Advertising has existed in ancient times in the form of signs that advertised wares in markets. In Europe and colonial America, criers were often employed by shopkeepers to shout a message throughout a town. Medicine shows, in which there was a combination of entertainment and an effort to sell a product, usually a patent medicine or elixir, presaged modern advertising by creating an entertainment context in which advertising was embedded. Advertising became especially important in the second half of the nineteenth century as retailers began to advertise products and prices that would bring customers to their stores. Advertising for patent medicines also played a prominent role in the development of advertising, and by the end of the nineteenth century, the firms that would become advertising agencies had already begun to form (Kubacki and Skinner 2006).

### **2.6.1 Creating Awareness**

In the context of advertising, the first hurdle for an advertiser is to obtain the create awareness of the residential properties consumer. This involves two important actions. First, it is important for the advertiser to know where a communication should be place to increase the odds of reaching a particular type of consumer; this is the media decision. Careful analysis of the consumer use of various media what television shows they watch, what route they take to work, and what

magazines they read allows the advertisers to identify those media to which target consumers are most likely to be exposed (Nowak, Cameron and Krugman. 2003).

Placing an advertisement about residential house to be sold in a place where relevant consumers are unlikely to see it assures that the advertising will be ineffective. However, just because a consumer happens to view a television show or read a magazine in which an advertisement is placed does not guarantee that the consumer will see the advertisement. The consumer may have left the room when the television commercial aired or may not have read the particular part of the magazine in which the advertisement appeared. Advertisers solve this problem by repeating advertising in the same and in different media in order to increase the probability that a given consumer will actually be exposed to the advertising. Thus, a key task for the advertiser is to identify create awareness of the existing product on sales and develop a schedule of repetition for the advertisement that maximizes the number of consumers who will be exposed to the advertising message. This is typically the responsibility of the media department in an advertising agency (George, 2005).

### **2.6.2 Advertising Conviction**

Exposure to an advertisement still does not mean that a consumer will attend to it. A consumer may simply turn the page of a magazine, look away from the television, or click on a banner advertisement on the Internet to make it go away without ever paying attention to the advertisement. Thus, obtaining the attention of consumers who are, in fact, exposed to an advertisement is a significant challenge for advertisers. Various characteristics of advertisements have been found to increase the likelihood that consumers will attend to an advertisement (Mattila, 2000). Advertisements that include relevant information for the consumer, such as a product benefit that is important to the consumer, are especially likely to attract attention. Information that is new to the consumer is also likely to obtain the attention of the consumer. Various creative devices such as the use of humor, a well-known celebrity, or an especially entertaining presentation also tend to attract attention. The latter devices must be used carefully; if they are not well integrated with the primary message of the advertiser, the consumer may

attend to the advertisement, but only focus on the creative device (the humor, the identity of the celebrity) rather the intended message of the advertiser. Advertisers often refer to characteristics of advertisements that gain attention but distract the viewer from the primary message as "creative clutter (Krugman, 1997)

### **2.6.3 Enhancing Conviction**

An especially challenging dimension of advertising revolves around balancing the repetition of an advertisement, which is intended to increase the probability of a consumer being exposed to it, with the likelihood the consumer will attend to the advertisement when exposed (Denning, 2006). Consumers are less likely to attend to advertisements they have already seen, and the more often an individual consumer has seen an advertisement previously the less likely they are to pay attention to it when exposed again. This phenomenon is referred to as "advertising wearout." Wearout can be a particular problem when advertising in markets where the likelihood of advertising exposure varies considerably across consumers. The number of repetitions of the advertisement needed to reach some consumers may be so great that the advertisement wears out among other consumers who are more readily exposed to the advertisement. To combat such wear out, advertisers will often use multiple advertisements that vary in terms of execution or presentation but carry similar messages. Such variation tends to reduce advertising wear out by providing something new to the consumer that serves as the basis for attracting attention (George, 2005).

### **2.6.4 Ad Source (Credibility)**

The term "ad source" is used to refer to traits of the communicator on whether an individual or a company and includes expertise, trustworthiness, attractiveness, and power. Denning, (2006) found that credibility strongly influences attitude toward the advertiser, which in turn is an important predictor of attitude toward the ad. Corporate credibility is defined as "the extent to which consumers believe that a firm can design and deliver products and services that satisfy customer needs and wants" and has been found to have direct positive effects on attitude toward

the ad, the brand, and purchase intent (Mai, 2005). We focus on source expertise and trustworthiness and expect that:

### **2.6.5 Appeal**

Message appeals are usually divided into rational and emotional ones (Kim, Forsythes and Moon, 2002). Rational appeals are typically based on factual information and focus on product attributes. Emotional appeals, on the other hand, typically intend to create positive emotions and develop a brand personality. Emotional appeals have been found to be most effective when brand response involvement and advertising message involvement are low, whereas rational appeals are found to be relatively more effective when customers are highly involved with the brand and the advertisement (George, 2005). Keegan (2008) have proposed that value-expressive advertising appeals are persuasive when the product is value-expressive, whereas utilitarian appeals are persuasive when the product is utilitarian. A series of studies by Shavitt (1990) yielded evidence about the attitude functions associated with different products, and showed that attitudes toward products that serve different functions respond to different types of advertising appeals (Khanh and Hau, 2007).

### **2.6.6 Product Involvement**

In light of our initial review of prior research on mobile advertising, there is a need for comparative research that explores whether mobile phone users react differently to diverse types of products. As Vaughn (2006) argues, "it is likely that the relative effect of cognition versus affect varies... across objects (e.g., perfumes vs. mutual funds)" (p. 4&0). According to the FCB Grid (Kim, *et al* 2002), products differ in their "feel or think" nature. When individuals base their purchase decision mainly on how they feel about the product, then the product is characterized as "feel"; when the purchase decision is based mainly on thoughts, then the product is characterized as "think" (Khanh and Hau, 2007). As Lin (2001) argue, the degree to which consumers process advertising communications and react to the message in an active or passive way depends on their involvement with the product. The Elaboration Likelihood Model George,

(2005) suggests that involvement affects motivation to process information. People with high product involvement may be more likely to explore more product-specific information. If advertisement arguments are strong, involved consumers may be more likely to form a positive attitude toward the advertised products (Khanh and Hau. 2007)

### **2.6.7 Attitude Formation**

In some cases, the objective of the advertiser is immediate action by the consumer that is direct-response advertising where the goal is to have the consumer do something immediately (buy a product, make a pledge, and so on). In most cases, however, there is a lag between advertising exposure and any action on the part of the consumer (Denning, 2006). In such cases, an important communication goal of an advertiser is to create a positive attitude toward their product. Attitudes are predispositions or tendencies to behave or react in a consistent way over time. There is an affect, or feeling, dimension associated with attitudes, and there are generally various beliefs that provide justification for the feeling and predisposition. The goal of advertising is to have a positive impact on attitudes; these attitudes, in turn, influence future behavior. When the consumer next goes to the store to buy a particular type of product, these attitudes influence the choice of the product (Rossiter and Percy., 1997).

In some cases, the goal of advertising may be to create negative attitudes. For example, in various antidrug and antismoking public-service announcements, the objective of the communication is to reduce the likelihood that the viewer will use drugs or smoke.

Attitudes and attitude formation are among the most widely researched phenomenon in communication research. Various theories have been offered to explain how attitudes are formed and how they may be reinforced or modified. Advertising plays a role in attitude formation, but it is important to recognize that the advertised product itself is the most important determinant of attitude in the long term. A bad experience with a product will create a negative attitude that no advertising is likely to overcome (Kendall, 2004). On the other hand, advertising can play an especially important role in inducing consumers to try a product for the first time, and if the

product is satisfactory, a positive attitude will result. In addition, advertising can reinforce positive attitudes by reminding consumers of product benefits, desirable product characteristics, and positive product experiences (Kim. *et al* 2002).

## **2.7 Intentions and Behavior**

Ultimately, the effectiveness of advertising rests on whether it influences behavior. Product advertisers want consumers to buy their product; political advertisers want voters to vote for their candidate; and sponsors of public-service announcements related to the harmful effects of smoking want the incidence of smoking to decline. While such effects are of primary interest for understanding the influence of advertising, advertising is only one of many factors that influence such behaviors (Mai, 2005).

## **2.8 Effectiveness of Real Estate Advertising**

A house consumer might want to buy an advertised house but may not find it in the store, or another less-desirable product is so much less-expensive that the consumer chooses it instead. It is possible, in some cases, to identify the direct effects of advertising on behavior, but in most cases, there are simply too many other factors that can influence behavior to isolate the effects of advertising. It is for this reason that most advertising research focuses on other effects in the hierarchy of effects. When measuring the direct effect of advertising on house consumers' behavior is of interest, it is necessary to design carefully controlled experiments to control for all factors other than advertising (Solberg, 2000).

In common with much of Africa, Kenya has a large housing gap which is growing every year and is increasingly prevalent in urban areas. The current annual housing deficit is estimated at 156,000 units per annum based on the population growth and urban migration taking place. There is limited data on current levels of construction but according to the Ministry of Housing, it is approximately 50,000 units a year. The deficit is largely filled by the growth in slum dwellings and continued self-construction of poor quality traditional housing. The housing gap

can only be partially financed by mortgages in increased advertising on the pricing, groups such as Housing Micro-finance and rental housing to create awareness.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presented the methodology that was used to conduct the study. It covered the research design, the target population, data collection instruments and procedures and the method of data analysis.

### **3.2 Research Design**

According to Mugenda and Mugenda (2003) it is important and appropriate to use data where subjects are observed in either natural set ups without manipulating the environment. It can be used when collecting information about people's attitudes and opinions. It is an efficient way to obtain information needed to describe the attitudes, opinions and views of advertisement effectiveness of residential houses in Nairobi.

This research adopted a survey design where the population of interest in property management firms. The design was deemed appropriate because the main interest was to explore the viable relationship and describe how the factors support matters under investigation in one organization. Survey method provided qualitative data from cross section of the chosen population.

### **3.3 Target Population**

The target population of this study was all Real Estate firms in Nairobi region. According to Cooper and Schindler (2008), a population is a well defined set of people, services, elements, and events, group of things or households that are being investigated. This definition ensures that population of interest is homogeneous. And by population the researcher means complete census of the sampling frames. Population studies also called census are more representative because everyone has equal chance to be included in the final sample that is drawn according to Ngechu (2006).

### **3.4 Data Collection**

A questionnaire was used as primary data collection instrument. The questionnaire was designed to give a brief introduction of advertising effectiveness on selling of residential houses. The questionnaire was divided into two sections one addressing the general information of the respondents while the second section representing the main issues of the study variables adopted for the study. The questionnaire included closed and open ended questions which sought views, opinion, and attitude from the respondents which could not have been captured by the closed ended questions. The questionnaires were administered through drop and pick method to the marketing manager or proprietors of the real estate firms. The questions were designed to collect qualitative and quantitative data. The open ended questionnaires give unrestricted freedom of answer to respondents.

### **3.5 Data Analysis**

This included analysis of data to summarize the essential features and relationships of data in order to generalize from the analysis to determine patterns of behavior and particular outcomes. Before processing the responses, the completed questionnaires were edited for completeness and consistency. A content analysis and descriptive analysis was employed. The content analysis was used to analyze the respondents' views about the advertising effectiveness on selling of residential houses. The data was then coded to enable the responses to be grouped into various categories. Data was grouped into frequency distribution to indicate variable values and number of occurrences in terms of frequency. Frequency distribution table was informative to summarize the data from respondents, percentages and other diagrams such as bar charts, histogram, grouped frequency distributions and pie charts were used during the analysis. The organized data was interpreted on account of concurrence, mean and standard deviation to objectives using assistance of computer packages especially SPSS to communicate research findings.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

This chapter presented analysis and findings of the study. From the study population target of 59 respondents, 48 respondents responded and returned the questionnaire, constituting 81.4% response rate. Data presentation was done by the use of tables, charts and frequencies as indicated in the chapter three. The analysis was done in accordance to the objective of the study which was to determine effectiveness of advertising residential houses in Nairobi region.

#### 4.2 General information

##### 4.2.1 Gender

**Table 4. 1 Gender**

	Frequency	Percentages
Male	30	63
Female	18	37
Total	48	100

Source Author 2011,

The study sought the gender of the respondents as indicated in the table 4.1. From the findings, majority 63% (30) of the respondents were male while 37% (18) of the respondents were female. This implied that both male and females work in the Real Estate firms in Nairobi region

#### 4.2.2 Age categorization

**Table 4. 2 Age brackets of the respondents**

	Frequency	Percentages
20-30	21	42
31-40	19	40
41-50	8	18
	48	100

The study sought to know the age of the respondents as indicated in the Figure 4.2. From the findings 21 (42%) of the respondents indicated that they were aged between 41-50 years of age, 19 (40%) of the respondents indicated that they were aged between 31-40 years, while 8 (18%) of the respondents indicated that they were aged between 20-30 years. This implies that majority of the respondents were termed as mature in age and therefore information collected from them validated.

#### 4.2.3 Level of education

**Table 4.3 Level of education**

	Frequency	Percent
Secondary level	9	19
Diploma •	20	42
University	16	33
Post graduate	3	6
Total	48	100

Source Author 2011,

The Table 4.1 indicated the highest level of education the respondents had attained. From the findings, most 20 (42%) of the respondents indicated that they had attained diploma level of education, 16 (33%) of the respondents had university level of education, 9 (19%) of the respondents had attained secondary level of education while 3 (6%) of the respondents indicated that they had attained post graduate level of education. This implied that majority of the respondents were educated and could indicate the information required by the study.

#### 4.2.4 Respondent's position in the Organization

The study sought to know the designation of the respondents in the company. From the findings respondents indicated that they were senior managers, managing partners in their firms, marketing managers or directors of the real estate firms. This implied that the respondents formed the target market for this study as intended

#### 4.2.5 Working period in the organization

**Table 4. 4 Working period**

	Frequency	Percentages
7-10 yrs	20	42
Above 10 yrs	14	30
4-6	8	16
1-3yrs	6	12
Total	48	100

Source Author 2011,

The study requested the respondents to indicate the working period in years that they had been working in the organization as indicated in the table 4.4 above. From the findings, most 42% (20) of the respondents indicated that they had been working for 7-10 years, 30% (14) of had been working for over 10 years, 16% (8) had work for 4-6 years while 12% (6) of the respondents had been working in the organization for 1-3 year. This implied that the majority of the respondents had been working in the organization for more than 3 years therefore had experience on the effectiveness of advertising residential houses in Nairobi region.

### 4.3 Advertising the residential house

#### 4.3.1 Type of residential house advertised

**Table 4. 5 Type of residential house advertised**

		Frequency	Percentages
Residential Income	high	34	71
Residential income	low	14	29 "
Total		48	100

Source Author 2011,

The study sought to know the type of Residential house that was mainly advertise. From the findings 71% (34) of the respondents indicated that residential high income were was mainly advertised while 29% (14) of the respondents indicated that residential low Income houses were mainly advertised.

#### 4.3.2 Whether advertise the residential houses

**Table 4. 6 Whether advertise the residential houses,**

	Frequency	Percentages
Yes	34	76
No	14	24
Total	48	100

The study sought to investigate whether the residential houses were advertised. From the findings majority 34 (76%) of the respondents indicated that the residential houses were advertised while 14 (34%) of the respondents indicated that the residential houses were not advertised. From the findings the organizations used property marketing for residential developers, conducted a marketing campaign shows, designed an interactive website to display the product in a professional and attractive way and created a consistency reputation while advertising the residential houses.

### 4.3.4 Medium of Advertisement

**Table 4. 7 Extent to which company uses medium of advertising**

Statement	No extent	Little extent	Moderate	Great extent	Very great exte	Mean	Std deviation
Mobile billboard advertising	0	0	5	29	14	4.87	0.86
Through radio and television	0	6	8	16	18	4.48	0.58
Through the Newspaper, classifieds	0	0	12	12	24	3.49	0.35
Through Internet sites	0	0	4	20	14	4.71	0.76
Billboards along the highways and train stations, on benches at bus stops or at property sites	0	j	6	16	23	4.16	0.49

Source Author 2011,

The Table 4.2 shows the responses of the extent to which the company uses the given medium of advertising in creating awareness and selling of residential houses. From the findings, majority of the respondents indicated that the company used mobile billboard advertising, internet sites in creating awareness and selling of residential houses to a very great extent as indicated by a mean of 4.87 and 4. From the findings radio and television, billboards along the highways and train stations, on benches at bus stops or at property sites medium of advertising were used to create awareness and selling of residential houses to a great extent as indicated by a mean of 4.48 and 4.16 supported by a standard deviation of 0.58 and 0.49. Most of the respondents indicated that the company used newspaper, classifieds in creating awareness and selling of residential houses to a moderate extent as indicated by a mean of 3.49 with a standard deviation of 0.35. This implied that real estate companies used radio, prints media, bill boards and television in advertising residential houses to the market.

#### 4.3.4 Factors influencing advertising of houses

**Table 4. 8 Factors influencing advertising of houses to the market**

	Frequency	
	Yes	No
Nature of the houses	42 (89%)	6(11%)
Cultural aspects	32 (67%)	16 (33%)
Availability of advertising channels	35 (74%)	13 (26%)
Cost of advertising	31 (66%)	17 (34%)
Location of the house	43 (90%)	5 (10%)

Source Author 2011,

The study sought the factors that greatly influenced advertising of the houses to the market. From the findings, majority 90%, 87%, 74%, 67% and 66% of the respondents indicated that location of the house, nature of the houses, availability of advertising channels, cultural aspects and cost of advertising greatly influenced advertising of the houses to the market. This concurred with Kotler and Keller, (2006) who found that investment incentives, improving infrastructure, beautiful coastline, plenty of game reserves and attractions, low property prices and good rental market factors affects real estates in Nairobi.

#### 4.3.5 Advertising residential houses to the market

**Table 4. 9 Advertising residential houses to the Customers**

	Frequency	Percentage
Very great extent	28	58
Great extent	20	42
Total	48	100

Source Author 2011,



The study sought to know if the company advertised their residential houses to the market. From the findings, majority 28(58%) of the respondents indicated that the company advertised the residential houses to a very great extent while 20(42%) of the respondents indicated that the company advertised the residential houses to a great extent.

#### 4.3.6 Benefits of advertising residential houses

The study sought to investigate the benefits of advertising residential houses. From the findings, effective advertising will help the company to fill up vacant units in rental properties, enable the renters know the company is open for business, enable the firm to reach the target market of potential renters, increase the amount of applicants and reduce tenant turnover.

#### 4.3.7 Advertising effectiveness of company's residential houses

**Table 4. 10 Advertising effectiveness of company's residential houses**

f		Mean	Std deviation
9	Advertising mode adopted in our company enables customers to identify and differentiate our residential houses	4.71	0.73
•	Through advertising, we offer more information about our available residential houses to the market	3.98	0.37
•	Through advertising, we educate our customer on the benefits of purchasing our residential houses	3.90	0.53
•	Positioning of our residential adverts in the media greatly determines the effectiveness of our advertisement	4.71	0.76
•	Our marketing team advertises to create awareness of the existing residential houses on sales and develops a schedule of repetition for the advertisement that maximizes the number of consumers who will be	3.86	0.49
•	Adverts adopted in our company create humor, a well-known celebrity, or an especially entertaining presentation to convince our clients	3.78	0.34
•	Advertising of our residential houses creates expertise, trustworthiness, attractiveness, and power to our customer	4.93	0.86
•	Through advertising of our houses to the market we offer all the features of the houses to influence our clients to notice the uniqueness of our	3.91	0.38

houses.		
• The advertising in our company is meant to create a positive attitude toward residential houses	4.91	0.95
9 The purpose of advertng our residential houses is to influence the customer to purchase our houses	4.97	0.93
• Impact of advertising on service quality-	4.44	0.53
• Advertising of residential houses increases sale of the products	4.37	0.44
• Advertising influences Purchase intention of the consumers	4.18	0.36
• Advertising increases attitude toward a residential houses	4.27	0.37
• Advertising creates awareness about the residential houses in the market	4.67	0.71
• Increase Market size	4.03	0.46

Source Author 2011,

The Table 4.5 indicates the extent to which the respondents agreed on the given statements that related to advertising effectiveness of the company's residential houses. From the findings, majority of the respondents indicated the purpose of advertng residential houses is to influence the customer to purchase the houses, meant to create a positive attitude towards residential houses, creates expertise, trustworthiness, attractiveness, and power to our customer, advertising modes adopted in the companies enables customers to identify and differentiate the residential houses, positioning of residential adverts in the media greatly determines the effectiveness of advertisement and that advertising creates, awareness about the residential houses in the market to a very great extent as indicated by a mean of 4.97, 4.93. 4.91. 4.71. 4.68 and 4.67 .

From the findings, most of the respondents indicated that advertising had an impact of on service quality, increased sale of the products and attitude toward residential houses, influenced purchase intention of the consumers and increased market size to a very great extent as indicated by a mean of 4.44, 4.37, 4.27, 4.18 and 4.03. The study further found that most of the respondents indicated that through advertising, companies offer more information about available residential houses to the market, all the features of the houses to influence our clients to notice the uniqueness of our houses, educate our customer on the benefits of purchasing our residential houses the marketing team advertises to create awareness of the existing residential houses on sales and develops a schedule of repetition for the advertisement that maximizes the number of

consumers who will be exposed to the advertising. Adverts adopted in our company create humor, a well-known celebrity, or an especially entertaining presentation to convince the clients to a moderate extent as indicated by a mean of 3.98. 3.91. 3.90. 3.86 and 3.78 .This clearly indicated that advertisement led to effectiveness in selling of residential houses in Nairobi.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS, DISCUSSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter provides the summary of the findings from chapter four, and gives the conclusions and recommendations of the study based on the objectives of the study which was to determine the effectiveness of advertising residential houses in Nairobi region.

### **5.2 Summary of Findings**

From the findings, the study established that 76% of the respondents indicated that the residential houses were advertised using property marketing for residential developers, conducting marketing campaign shows, designing an interactive website to display the product in a professional and attractive way and creating a consistency reputation while advertising the residential houses.

The study also established that real estate's company used mobile billboard advertising, internet sites, radio and television, billboards along the highways and train stations, on benches at bus stops or at property sites to create awareness and selling of residential houses to a great extent.

From the findings, the study established that factors influencing advertising of houses to the market were; location of the house, nature of the houses, availability of advertising channels, cultural aspects and cost of advertising. This greatly influenced how advertising of the houses was done to the market.

From the findings, the study established that effective advertising helped the company to fill up vacant units in rental properties, enabled the renters know the company is open for business, enabled the firm to reach the target market of potential renters, increased the amount of applicants and reduced tenant turnover.

From the findings, the study also revealed that purpose of advertizing residential houses is to influence the customer to purchase the houses, to create a positive attitude toward residential

houses, to create expertise, trustworthiness, attractiveness, and power to our customer. The advertising mode adopted in the companies enables customers to identify and differentiate the residential houses. Positioning of the residential adverts in the media greatly determines the effectiveness of advertisement and that advertising creates awareness about the residential houses in the market.

From the findings, the study established that advertising had an impact that led to; increased sale of the product, attitude toward residential houses, influenced purchase intention of the consumers and increased market size. The study further found that through advertising, companies offer more information about available residential houses to the market, their prices, the mode of payment and all the features of the houses to influence their clients to notice the uniqueness of their houses. Through advertising companies are able to educate their customers on the benefits of purchasing their residential houses. The marketing team advertises to create awareness of the existing residential houses on sale and develops a schedule of repetition for the advertisement that maximizes the number of consumers who will be exposed to the advertising. The study revealed that adverts that adopted in the companies'advert, humor, a well-known celebrity, or an especially entertaining presentation, largely created awareness of the company's available residential houses to the market.

### **5.3 Conclusions and discussion**

From the findings, the study concluded that real estate companies and owners in Nairobi region need to advertise their residential houses so as to create awareness and are able to sell the residential houses using; mobile billboard advertising, internet sites radio and television, billboards along the highways and train stations, on benches at bus stops or at property sites medium of advertising. The findings were in line with Mortimer, (2005). found that Newspapers and magazines, radio, television and in the internet sites and the mail brings a variety of advertisements. This also concurred with Schmidt and Spreng, (2000) who indicated that Advertising denotes a specific attempt to popularize a specific product or service at a certain cost. It is a method of publicity. It is always intentional, openly sponsored by the sponsor and involves a certain cost

From the findings, the study concluded that companies need to consider the factors such as location of the house, nature of the houses, availability of advertising channels, cultural aspects and cost of advertising as they would greatly influence the effectiveness of advertising of the residential houses to the market. This concurred with Hams and Attour. (2003ou) who found that business advertising focusing largely on the advertising content and its effectiveness, comparisons, variations in advertising and promotional expenditures in consumer, industrial and service markets.

The study also concluded that investment incentives, improving infrastructure, low property prices and good rental market are necessary for the company to be able to advertise their residential houses and fill up vacant units in rental properties. The findings concurred with Nowak, Cameron and Krugman, (2003) who indicated that through advertisement, potential clients looking for rental units know the company and attract more customers and reducing tenant turnover.

From the findings, the study concluded that the effective advertising is important in order to increase the effectiveness of adverting of the residential houses. This would enable customers to identify and differentiate the residential houses, influence the customer to purchase the houses for it benefits, create a positive attitude, expertise, trustworthiness, attractiveness, and power to customer toward residential houses and offer more information and all features about available residential houses to the market hence increase sale of the residential houses, and market size to a very great extent. The findings concurred with Kendall, (2004) who indicated that advertising was the identification function that was, to identify a product, houses and differentiate it from others, creating an awareness of the product, houses and provides a basis for consumers to choose the advertised product over other products.

#### **5.4 Recommendations of the study**

Determining the effectiveness of advertising residential houses in Nairobi region is important to the stakeholders of residential houses. The study recommends that advertising of residential

houses should be encouraged in the country so as to enhance the effectiveness of creating awareness and selling of the residential houses.

The study recommend that real estate companies should consider the location of the house, nature of the houses, availability of advertising channels, cultural aspects and cost of advertising in order to increase the effectiveness of adverting of the residential houses.

From the findings, the study also recommended that real estate companies should adopt proper advertising mode in order to increase customers, improve identification of residential houses and differentiate the residential houses, influence the customer to purchase the houses for it benefits, create a positive attitude towards purchase of residential units, expertise, trustworthiness, attractiveness, and power to customer toward residential houses and offer more information and all features about available residential houses to the market hence increase sales of the residential houses and market size.

### **5.5 Recommendation for further study**

The study determined the effectiveness of advertising residential houses in Nairobi region. A further study should be carried out to determine the relationship between advertising of residential houses and market performance of the real estate companies.

## REFERENCES

- Applegate, L.M., B. R. Konsynski and J. F. Nunamaker. J.F (2002). "A Group Decision Support System for Idea Generation and Issue Analysis in Organizational Planning," Proceedings of the Conference on Computer-Supported Cooperative Work. Austin. TX, December, pp. 16-34.
- Burke, Raymond R. and Thomas K. Srull (1988), "Competitive Interference And Consumer Memory for Advertising," *Journal of Consumer Research*. 15 (June), 55-68.
- Cooper. D. R. & Schindler P. S. (2008). *International' Edition: Business Research Methods*. (8<sup>th</sup> ed.); New Delhi; MacGraw-Hill.
- Denning, S. (2006), "Effective storytelling: strategic business narrative techniques", *Strategy and Leadership*. Vol. 34 No. 1. pp.42-8.
- Gaceri, L.K.(2003) A survey of the attitude of consumers towards retail media advertising, *Unpublished MBA Project*, University of Nairobi.
- Garreston, J.A., Burton, S. (2Q05), "The role of spoke characters as advertisement and package cues in integrated marketing communications". *Journal of Marketing*, Vol. 69 No.October, pp. 118-32
- George, J. (2005), "On paper, a world of opportunity", *Packaging World Magazine*, No.April, pp.36.
- Harris, G., Attour, S. (2003), "The international advertising practices of multinational companies: a content analysis study", *European Journal of Marketing*, Vol. 37 No. 1/2, pp. 154-68.
- Keegan, W.J. (2008), *Global Marketing Management*. 8th ed., Prentice-Hall, Englewood Cliffs,
- Kendall, N. (2004), "IPA Advertising Effectiveness Awards 1998: a call for new learning", in Kendall, N. (Eds)<sup>4</sup>*Advertising Works 10*. IPA, NTC Publications, Oxford, pp.ix-xx.
- Khanh, N.T.T., Hau, L.N. (2007), "Preferred appeals as reflection of culture: mobile phone advertising in Vietnam", *Asia Pacific Business Review*. Vol. 13 No. 1, pp.21 -39.



- Kim. J., Forsythes. S., Gu. Q., Moon. S.J. (2002). "Cross cultural consumer values, needs and purchase behavior". *The Journal of Consumer Marketing*, Vol. 19 No.6. pp.481-502.
- Kotler P., Keller K., (2006). *Marketing Management*. 12th ed. *Pearson Prentice Hall* ISBN 0-13-14575~8
- Krugman, H.E. (1997), "The Measurement of Advertising Involvement," *Public Opinion Quarterly*, 30 (Winter), 583-596.
- Kubacki, K., Skinner. H. (2006). "Poland: exploring the relationship between national brand and national culture", *Brand Management*, Vol. 13 No.4/5. pp.284-99.
- Levitt, T. (1983), "The globalization of markets", *Harvard Business Review*, May-June, pp.37-45.
- Lin, C.A. (2001), "Cultural values reflected in Chinese and American television advertising", *Journal of Advertising*, Vol. 30 No.1, pp.83-94.
- Makau, J ( 2008), Effectiveness of advertising on brand preferences, case of coca cola brands. *Unpublished MBA Project*, University of Nairobi.
- Mai, Y. (2005), "The tendency of brand localization", *Saigon Business People Magazine*, Vol. 92 No.5, pp.21
- Mattila, A.S. (2000), "The role of narratives in the advertising of experiential services", *Journal of Service Research*, Vol. 3 No.1. pp.35-45.
- Melewar, T.C., Turnbull, S., Balabanis, G. (2000), "International advertising strategies of multinational enterprises in the Middle East", *International Journal of Advertising*, Vol. 19 pp.529-47.
- Mortimer, K. (2005), "The impact of consumer involvement on services information search: is it important or just interesting?" *Journal of Customer Behaviour*, Vol. 4 No.2, pp.209-26.
- Mugenda & Mugenda, (2003). *Research methods Quantitative and qualitative approaches* by Mugenda, Nairobi, Kenya
- Mugenda & Mugenda, (2007), *Research methods Quantitative and qualitative approaches* by Mugenda, Nairobi, Kenya.

- Ngechu, M, (2006). *Understanding the Research Process and Method*, University of Nairobi. Starbright Services Ltd .
- Nowak, G.J., Cameron. G.T., Krugman, D.M. (2003). "How local advertisers choose and use advertising media", *Journal of Advertising Research*, Vol. 33 No.6, pp.39-49..
- Rossiter, J.R., Percy, L. (1997). *Advertising Communications & Promotion Management*, 2nd ed., McGraw-Hill, New York, NY.
- Schmidt, J.B., Spreng, R.A. (2000), "A proposed model of external consumer information search", *Academy of Marketing Science Journal*, Vol. 24 No.3, pp.246-57.
- Solberg, C.A. (2000), "Educator insights: standardization or adaptation of the international marketing mix: the role of the local subsidiary/representative". *Journal of International Marketing*, Vol. 8 No.1, pp.78-98.
- Stafford, M.R., Stafford, T.F. (2003), "Advertising the service offering: the effects of preference heterogeneity, message strategy and gender on radio advertising effectiveness", *Journal of Current Issues and Research in Advertising*, Vol. 23 No. 1, pp. 17-29.
- Stern, B.L., Resnik. A.J. (2001), "Information content in television advertising: a replication and extension", *Journal of Advertising Research*, No. June/July, pp.36-46.
- Surveyors of Kenya (2010), Regulatory Body for valuers and Estate Agent, Report.
- Stewart, David W. and David H. Furse (1996), *Effective Television Advertising: A Study of 1000 Commercials*, (Lexington. Mass.: Lexington Books).
- Turley, L.W., Kelley, S.W. (1997), "A comparison of advertising content: business to business versus consumer services". *Journal of Advertising*. Vol. 26 No.4, pp.39-49.
- Vaughn, R. (2006), "How advertising works: a planning model revisited". *Journal of Advertising Research*, No. February/March, pp.57-65.
- Wamarema, C (2006), Influences of image advertising on consumption of beer in Nairobi. A case of EABL ltd, *Unpublished MBA Project*, University of Nairobi.

Waweru. S.M (2003). A survey of the extent to which soft drinks advertising slogans influence brand preference. *Unpublished MBA Project*. University of Nairobi.

Weitz, B.A., Bradford, K.D. (1999), "Personal selling and sales management: a relationship marketing perspective", *Journal of the Academy of Marketing Science*, Vol. 27 pp.241-54

## APPENDICES

### Appendix I: Questionnaire

Dear respondent all information given in this questionnaire will be kept in strict confidence.

#### PART A: GENERAL INFORMATION

1. Gender

Male            [   ]

Female         [   ]

2. Indicate by ticking your age bracket

20-30           [   ]

31-40           [   ]

41-50           [   ]

3. Indicate your highest level of educational qualification (tick)

Secondary      [   ]

Diploma        [   ]

University      [   ]

Post Graduate   [   ]

4. Kindly indicate your position in the company

5. Indicate the period of time you have been working in your organization

1-3 years        [   ]        4-6 years        [   ]

7-10 years      [   ]        above 10 years

6. Indicate the period of time you have been in the real estate industry

1-3 years                        4-6 years           

7-10 years                    above 10 years       

7. Kindly indicate the type of residential house you mainly advertise

i. Residential Low Income   

ii. Residential High Income   

8. Do you advertise your residential houses?

Yes   

No   

9. If no, which other means do you employ to market/sell your residential houses

10. Kindly indicate to what extent your company uses the following medium of advertising in creating awareness and selling of your residential houses. Use a scale of 1-5 where 1 = very great extent and 5 = to no extent at all.

Medium	1	2	3	4	5
• Mobile billboard advertising					
• Through radio and television					
• Through the Newspaper, classifieds etc.					

• Through Internet sites					
• Billboards along the highway and train stations, on benches at bus stops or at property sites					
• Any other					

11. Which of the following factors greatly influence advertising of your houses to the market?

- i) Nature of the houses [ ]
- ii) Cultural aspects [ ]
- iii) Availability of advertising channels [ ]
- iv) Cost of advertising [ ]
- v) Location of the house [ ]

Any other Kindly specify

12. To what extent do you advertise your residential houses to the market?

- i. Very great extent . [ ]
- ii. Great extent [ ]
- iii. Moderately extent [ ]
- iv. Less extent [ ]
- v. No extent [ ]

13. Kindly indicate the benefits of advertising your residential houses.

14. To what extent do you agree with the following statements that relate to advertising effectiveness of your company's residential houses? Use a scale of 1-5 where 1= very great extent and 5= to no extent at all.

Statement	1	2	3	4	5
• Advertising mode adopted in our company enables customers to identify and differentiate our residential houses		1	1		
• Through advertising, we offer more information about our available residential houses to the market					
• Through advertising, we educate our customer on the benefits of purchasing our residential houses					
• Positioning of our residential adverts in the media greatly determines the effectiveness of our advertisement					
• Our marketing team advertises to create awareness of the existing residential houses on sales and develops a schedule of repetition for the advertisement that maximizes the number of consumers who will be exposed to the advertising message.					
• Adverts adopted in our company create humor, a well-known celebrity, or an especially entertaining presentation to convince our clients					
• Advertising of our residential houses creates expertise, trustworthiness, attractiveness, and power to our customer					
• Through advertising of our houses to the market we offer all the features of the houses to influence our clients to notice the uniqueness of our houses.					
• The advertising in our company is meant to create a positive attitude toward residential houses					
• The purpose of advertising our residential houses is to influence the customer to purchase our houses					
• Impact of advertising on service quality					
• Advertising of residential houses increases sale of the products					
• Advertising influences Purchase intention of the consumers					
• Advertising increases attitude toward a residential houses					
• Advertising creates awareness about the residential houses in the market					
• Increase Market size					

## **Appendix ii: List of Registered Valuers and Estate Agents in Nairobi.**

1. Metrocosmo Limited
2. Njihia Muoka Rashid Ltd
3. Alliance Realtors ltd
4. Paragon Valuers ltd
5. Daytons Valuers Ltd
6. Acumen Valuers Ltd
7. Ark Consultants Ltd
8. Dominion Valuers Ltd
9. Zenith Valuers Management Ltd
10. Knight Frank (K) Ltd
11. Highlands Valuers Ltd
12. Regent Management Ltd
13. Kenya Valuers and Estate Agents Ltd
14. Tysons Ltd
15. Lloyd Masika Ltd
16. Crystal Valuers Ltd
17. Landmark Consultants ltd
18. Value Zone (K) Ltd
19. Kenstate Valuers Ltd
20. RealMast Kenya Ltd
21. Munyoki & Associates
22. Royal Valuers Ltd -
23. Kiragu and Mwangi Ltd
24. Kinyua Koech Ltd
25. Gimco Litd
26. Nduati Wamae Ltd
27. Legend Management Ltd
28. Vineyard Valuers Ltd
29. Chapter Valuers and Property Consultants
30. Sec and M Ltd
31. Ryden International Ltd
32. Mamuka Valuers (Management) Ltd
33. Bageine Karanja Mbuu Ltd
34. NW Realite
35. CBRE Consultants



36. Hectares and Associates
37. Mwaka Musau Consultants
38. Syagga and Associates
39. Toco Properties ltd
40. Real Appraisla Ltd
41. ADD property consultants
42. Mureithi Valuers Ltd
43. Prestige Valuers Management Ltd
44. Manclem Management Ltd
45. Lustman and Company Ltd
46. Vidmerck (K) ltd
47. Pinnacle Valuers Ltd
48. Joe Musyoki Consultants
49. Apex Valuers
50. Chrisca Real Estates
51. Housing and Valuation Company
52. Milligan and Company
53. RR Oswald Ltd
54. Shelter Alliance ltd
55. Wamae Mureithi Associates
56. City Valuers Ltd.
57. JBK Mwaniki & Associates
58. Keriasek Co. Ltd
59. Kahonge and Associates

**Source; Institution of Surveyors of Kenya - The regulatory body for Valuers/ Estate Agents**