

**DETERMINANTS OF COMPETITIVE ADVANTAGE IN THE REAL  
ESTATE INDUSTRY IN KENYA: A CASE OF THIKA GREENS  
GOLF ESTATE IN MURANGA COUNTY**

**BY**

**KIBIRU CHARLES REUBENSON**

**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT  
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**2013**

**DECLARATION**

This project report is my original work and has not been presented for the award of a degree in this University or any other institution of higher learning for examination.

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**Signature**

.....

**Date**

CHARLES KIBIRU REUBENSON.

L50/71366/2011

This research project report has been submitted for examination with my approval as the University Supervisor.

.....

**Signature**

.....

**Date**

Prof. G.P POKHARIYAL  
Head Applied & Industrial mathematics  
School of Mathematics.  
University of Nairobi.

## **DEDICATION**

This research project report is dedicated to the memory of my late Dad Mzee Peter Muriuki Kibiru who taught me the needs and importance of education, an inspiration I most cherish to date.

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I wish to extend my gratitude to the management of the University of Nairobi for giving me the chance to further my studies. Much as I would like to have, it would not have been possible without this opportunity.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CA</b>	Competitive Advantage
<b>CFO</b>	Chief Finance Officer
<b>CPI</b>	Consumer price index
<b>FGD</b>	Focused Group Discussion
<b>GDP</b>	Gross Domestic Product
<b>KPDA</b>	Kenya Private Developers Association
<b>NAR</b>	National Association of Realtors
<b>SCA</b>	Sustainable Competitive Advantage
<b>SPSS</b>	Statistical Package for Social Scientist
<b>TGL</b>	Thika Greens Limited
<b>RES</b>	Real Estate Services

## ABSTRACT

Real Estates development industry is recognized globally for taking a critical role in social, political and economic development. The real estate industry plays a significant role in providing employment opportunities, enhancing income distribution and alleviating poverty all over the world. However, the real estate industry in Kenya continues to fail to fulfill this fundamental role due to a number of unique factors that affect investment sustainability in the sector. The study targeted a sample of 209 respondents out of which 152 respondents gave their responses giving a response rate of 73%. The aim of this study was to examine the factors that determine the Competitive Advantage in Real Estate industry in Kenya with specific reference to Thika Green Limited (TGL) in Muranga County. The key factors which the researcher put under investigation were entrepreneurial skills, marketing strategies, product differentiation strategies and product location and its proximity to infrastructures. The key objective of the whole study was to find out how the above key factors determine the Competitive Advantage in the real estate's industry in Kenya. Key research questions of the study were how the entrepreneurial skill does determine the Competitive Advantage of the Real Estate industry in Kenya? How the various marketing strategies adopted by Real Estates developers in Kenya, especially Thika Greens Limited, determine the Competitive Advantage of the Real Estate industry in Kenya? To what extent does a product differentiation strategy influences the performance of the Real Estate industry in Kenya? How proximity to key infrastructure does determine the Competitive Advantage of the Real Estate industry in Kenya? The researcher adopted descriptive research in the study because this was a qualitative research. The target population was 2082 authenticated land owners who had started developing their Plot. Out of this 209 was selected as a sample size. Data was collected through Structured and Non Structured Questionnaires and Face to Face Interview. The researcher used SPSS tool to analyze the data after they were collected. The study concludes that entrepreneurial skills had the greatest effect on the Competitive Advantage of TGL followed by physical location, then marketing strategies while product differentiation had the least effect on the competitive advantage of TGL. The study found out that the development of infrastructure promoted the real estate development performance by motivating the customers to invest in the sector. This study therefore recommends that there is need to invest in infrastructure such as roads, water and sewerage in order to promote the competitiveness of the real estate businesses in Kenya. The study further recommends that advertisement should be enhanced as a tool of marketing by real estate developers in Kenya as it can contribute to great success of the projects.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In today's hyper-competitive environment, business organizations are constantly required to review their competitive strategies. According to Heywood (2008), organization's competitiveness has been a feature in general and strategic management literature as an explanation for organization success. Porter (1980) argues that the intensity of competition in an industry is neither a matter of coincidence nor bad luck, but more a question of how that industry is structured.

The emergence of the first global firms in the sector reflects a significant shift in competitive advantage in RES. This paper examines this shift through an investigation of the determinants of competitive performance drawing on case study evidence from the leading real estate service firms in the United Kingdom (UK) and the United States of America (USA). Such an investigation provides a number of useful contributions to both our current knowledge of competitive advantages in professional business services in general and RES in particular. Firstly, it provides insights into how a very local orientated business service can develop advantages, which can be exploited globally. Secondly, it provides a range of models of competitive advantage in the sector and finally it provides important insights into the future organizational structure of the sector, in particular the extent to which the global firms can exploit existing advantages to increase their total market share with obvious consequent implications for the smaller players in the sector.

Real estate market is no exception and especially due to the fact that it is highly heterogeneous, and no two development sites are identical. Many factors determine their competitiveness for instance location and physical attributes are important determinants of the value of the site. Accessibility to sites could also create differential prices for two sites that are identical in size, use and their development. According to Taylor (2004), the growth of real estate industry is important for the overall development of a country. Most importantly, it increases the well-being of household by providing superior shelter and helping establish personal wealth that can be leveraged for creation of more wealth. The

development of real estate industry is important for the overall development of a country as it contributes to employment, the development in commercial banking and ultimately to the development of capital markets.

In the last ten years or so, Kenya has experienced a phenomenon economic growth that has led to opening up of business opportunities in virtually all the sectors of the economy. One sector that has experienced an unparalleled growth is the housing industry. The real estate investors have also become increasingly international in their outlook; the process of globalization has not only changed the way in which investments are made, but has also dramatically altered the breadth of investment opportunities. As a result, real estate development companies have come up and are carrying out housing/ estate developments in Nairobi and its environ as well as in big towns like Mombasa. The companies range from small ones to very large ones who are developing self-contained satellite towns like Thika Greens, Migaa and Tatu City. Moreover, there seems to be emerging trends in this sector such as where developers are frequently coming up with new housing designs and set-ups. For instance, the concept of *gated communities* has moved a notch higher to Golf estates. There is also an emerging growth of golf resort properties like Rea Vipingo in Mombasa, Serigot in Eldoret, Longonot Gate and Great Rift Valley both situated in Naivasha. This means that competing developers are coming up with great innovations in order to capture a market share for the discerning home buyers. However, a debate by stakeholders and analysts is emerging on what is driving this growth and whether it is sustainable.

In the 21st century business landscape, firms must compete in a complex and challenging context that is being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies (Matson, 2000). Therefore, achieving a competitive advantage is a major pre-occupation of senior managers in the competitive and slow growth markets, which characterize many businesses today and the sources of competitive advantage have been a major concern for scholars and practitioners for the last two decades (Henderson, 1983; Porter, 1985; Coyne, 1986; Prahalad and Hamel, 1990; Barney, 1991; Grant, 1991; Peteraf, 1993).



The importance of competitive advantage and distinctive competences as determinants of a firm's success and growth has increased tremendously in the last decade. This increase in importance is as a result of the belief that fundamental basis of above-average performance in the long run is sustainable competitive advantage (Porter, 1985). Practitioners and academicians have centered their studies on firm specific characteristics that are unique, add value to the ultimate consumer and are transferable to many different industrial settings (Coplin, 2003).

The primary focus of this proposal, however, is not these prerequisites but rather it endeavors to establish what factors property developers in Kenya are adopting to achieve and sustain competitive advantage in this industry and the success garnered so far. The proposal in particular looks at how Thika Greens Golf City, a mixed-use fully integrated development project, which offers a unique lifestyle to the estate residents is ensuring it is the market product of choice for the discerning home owners. To do this, the proposal reviews the scholarly works on achieving and sustaining competitive advantage in the property industry and uses the case of Thika Greens Limited (TGL) to find out how developers in this industry are doing to achieve and sustain competitive advantage.

Investment in housing and related infrastructure and services have effects on the national income that go far beyond the direct investment itself by triggering forward and backward linkages through additional investments in building materials production, transportation, marketing and Jua Kali (fabrication of construction materials). Indeed, Nabutola (2004) notes that investment in the sector has a multiplier effect of seven to nine times on Kenya's economic development.

In the last decade, Kenya's real estate has been robust. However, according to an opinion article by Mulupi (2012), developers are abandoning projects, postponing phases or reducing the number of homes under construction, construction workers are being laid off and fore closures are anticipated in coming months- all these amidst an annual demand of 250,000 housing units and supply of only 60,000.

The way of marketing of real estate is an important issue for the seller, as it may affect marketing costs, the selling price and the marketing time of the property (Mwangi,

2002). Several studies have examined different factors affecting marketing in the real estate sector. For example, David (1992) examined the role of listing price in real estate marketing, which has an effect on a time of finding a buyer. Another study carried out by Mbugua (2006) found out that there are several factors constraining marketing strategies in real estate sector.

On the other hand, no matter where one is operating, he has to decide exactly how the company is going to compete and how to position the company to be a superior performer (Porter, 1989). The real estate sector in global market is developing day by day and correspondingly the profitability of the sector is rising, making it more critical to improve real estate marketing strategies. A study by Miller (1982) concludes that 'to dominate real estate sector with traditional marketing strategies seems impossible'. A paradigm shift is therefore inevitable. This concept of a paradigm shift was first popularized by Thomas Kuhn when he described the nature of the revolutionary change associated with significant scientific advancements as being a "series of peaceful interludes punctuated by intellectually violent revolutions," when one way of thinking is replaced by another (Kuhn, 1962). This transformation is driven by technological advances, social, economic, cultural and/or other factors. With respect to the golf course business, all of these factors have played a role in transformation of the housing game and the golf course estates business. Though there are some researchers who had earlier interest on the competitive advantage, none has had the interest directed to the housing sector hence the area of study has not been earlier researched on and very little information is accessible from earlier literature on the competitive side of the housing sector.

It is evident from the available literature that the housing sector in Kenya is growing at a very high rate and it is en-route to reaching international standards. It is also noted that there is very little market information on competitiveness available both locally and internationally within the Kenyan housing sector especially on the area of middle and high cost housing, the area Thika Greens Limited (TGL) represents. The players of this area of the housing sector are mainly the private investors whose need for access to this information prior to investment is of great importance so as to be sure of

the profitability of their investment. All this information is deficient currently except very little mention in the international realm where competitiveness of the market is mentioned rather than being addressed. This study will seek to feed the industry with this deficient ingredient and therefore contribute to the growth of this sector as well as the Kenyan economy. To do this, the study will endeavor to establish what factors are influencing the achievement of competitive performance for property developers in Kenya.

### **1.2.1 Problem Description**

This section divided into two parts. Part dealing with the background of the problem and second part dealing with the statement of the problem

According to an opinion article by Mulupi (2012), the weakening of the shilling against major currencies, double digit inflation and interest rates hike to a historical 30% up from 14% in 2011 took its toll on one of Kenya's most resilient sectors. Developers and buyers continue struggling to meet financing costs occasioned by the high interest rates triggered by aggressive tightening of monetary policy to counter the weakening of the shilling and high inflation. The paradox is some developers are abandoning projects, postponing phases, or reducing the number of homes under construction, construction workers are being laid off and fore closures are anticipated in coming months- all these amidst an annual demand of 250,000 housing units and supply of only 60,000. On a global perspective a study by Miller (1982) concludes that 'to dominate real estate sector with traditional marketing strategies seems impossible'. A paradigm shift is therefore inevitable. In response to the paradigm change environment, there seems to be emerging trends in this sector where developers are frequently creating new housing designs and set-ups. This has lead to increased competition and many replica housing projects. In the same breath property prices have continued to increase, for instance a quarter of an acre in around Thika town that was costing Kenya shillings three hundred thousand three years ago today is costing as high as Kenya shillings eight million or more at Thika Greens Golf Estate. What is driving this price escalation? Why would one spend that kind of money to buy a quarter of an acre forty kilometers from the Central Business District (CBD)? Could it be that the product offering is distinct and thus enjoying competitive

edge over the competition? At the same time a debate by stakeholders and analysts is emerging on what is driving this growth and whether it is sustainable.

Though there are some researchers who had earlier interest on the competitive advantage, none to the knowledge of the researcher has had the interest directed to the housing sector hence the area of study has not been earlier researched on and very little information is accessible from earlier literature on the competitive side of the housing sector. It is also noted that there is very little market information on competitiveness available both locally and internationally within the Kenyan housing sector especially on the area of middle and high cost housing, the area Thika Greens Limited (TGL) represents. Demand for real estate is derived from the basic need of human beings. Shelter is required for all human activities. The demand for real estate can respond to changes in price but is rather inelastic compared to other commodities. This is because there are a few participants in real estate market so that it is possible to have periods where only buyers and sellers respectively control the market, while the process is complex and expensive due to property taxes.

### **1.2.2 Statement of the problem**

The study therefore endeavored to establish the determinants of competitive performance in the real estate industry in Kenya and the success garnered so far. The study in particular looked at how Thika Greens Golf City, a mixed-use fully integrated development project, which offers a unique lifestyle to the estate residents is ensuring it is the market product of choice for the discerning home owners.

This study narrows down to Thika Greens Golf Estate while in knowhow of existence of other gated upcoming estates like Migaa, Tatu City, Buffalo Hill, Rea Vipingo among others.

### **1.3 Purpose of the Study**

This study intended to investigate the determinants of Competitive Performance in the real estate industry in Kenya with specific reference of Thika Greens Golf estate in Muranga County. The study endeavored to explain the competitive characteristics of this

sector with an aim of providing this important information to the stakeholders of the housing sector as well as any other interested party.

#### **1.4 Objectives of the study**

The study was guided by the following objective to:

- i. establish how entrepreneurial skills determine the Competitive Performance in the Real Estate industry in Kenya.
- ii. find out how marketing strategies determine the Competitive Performance in the Real Estate industry in Kenya.
- iii. establish the extent to which product differentiation strategies determine the Competitive Performance in the Real Estate industry in Kenya.
- iv. access the extent to which physical proximity to infrastructure determine the Competitive Performance in the Real Estate industry in Kenya

#### **1.5 Research Questions**

The study endeavored to answer the following research questions:

- i. How do entrepreneurial skills determine the Competitive Performance of the Real Estate industry in Kenya?
- ii. How does the various marketing strategies adopted by Real Estates developers in Kenya, especially Thika Greens Limited, determine the Competitive Performance of the Real Estate industry in Kenya?
- iii. To what extent does a product differentiation strategy determine the Competitive performance of the Real Estate industry in Kenya?
- iv. How does proximity to key infrastructure determine the Competitive Performance of the Real Estate industry in Kenya?

### **1.6 Significance of the study**

At the macroeconomic level, the findings of this study will positively influence investment decision making which will eventually lead to higher contribution to economic growth.

To Developers' Associations and Lobby Groups, the outcome of this research will highlight key areas where private developers require reform, change or incentives in order to create fully functional competitive market. The study will also bring forth insights of the current market conditions in this sector which will be fundamental to firms that want to embrace higher competitive advantage. With this knowledge, developers' associations such as Kenya Private Developers Association (KPSDA) will be able to lobby for better competitive market conditions as well as sensitize their members on the lucrative areas in the construction sector.

For Financial Providers, the study brings forth an understanding of the best and the worst of the housing sector which would enhance the relationship between the funding agencies and the developers by creating a better understanding between the two players of the market.

To Academic and Business researchers, the development of the housing market is a very vast one and this research will give rise to key areas of weakness where there will be significant opportunity for further research in an effort to enhance investments in provision of income housing in the country.

### **1.7 Limitations of the study**

The researcher encountered the following limitations during the study:

The top management and the developers were not willing to respond to the questionnaires because they did not know the intent of the study but upon the self introduction they relaxed and gave full information.

To trace the developers who are scattered throughout the entire city of Nairobi was very expensive and tedious but the researcher involved the services of research assistant to reach them and therefore the turnout was quite commendable.

### **1.8 Delimitations of the study**

The study focused on Thika Greens only because the concept of gated golf estates in Kenya is a relatively new and all others in the country are basically following the same

concept. Therefore, the findings will apply to the entire Real Estates Industry in the country.

### **1.9 Basic assumptions of the Study**

The researcher assumed that the management of Thika Green limited will allow him to get access to all pertinent information and also allow him to administer the questionnaires to the respondents.

### **1.10 Definition of Operational Terms as used in the study**

**Competitive Advantage:** A firm is said to have a competitive performance when it has the capabilities or means to outdo its rivals in the face of their customers

**Entrepreneurial Skills:** these are traits such as personal characteristic, interpersonal skills, critical and creative thinking and practical skills. These are all critical in ensuring a firm achieves its competitive edge.

**Marketing Strategies:** This is a long-term course of action designed to optimize allocation of the scarce resources at the disposal of a firm in delivering superior customer experiences and promotes the interests of other stakeholders.

**Product differentiation:** is the process of distinguishing a product or service to make it more attractive to a particular target market. This involves differentiating it from competitors' products as much a firm's own product

**Infrastructure:** The basic physical systems of a country's or community's population, including roads, utilities, water, sewage, etc.

**Golf Estate:** these are properties developed to accommodate mainly golf courses and residence, but also include recreational facilities such as fisheries, hiking trails and water sports. The golf estates are perceived as the haven of rich men (Muller, 2006).

### **1.11 Organization of the study**

Chapter one of the study introduced the background of the study, statement problem, study objectives as well as the Research questions. Chapter two examined the past studies done on the same area while identifying the gaps that this study sought to address. The independent variables were clearly examined and how they influenced the similar studies done in the past and the gaps that they left which is a major concern for this particular study. In chapter three, research design, target population and data collection tools are outlined. Chapter four includes data analysis, presentation and interpretation while Chapter five discusses summary of findings, conclusions and recommendations.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter analyzed the related literature on the previous studies done in this area and identified the gaps that the proposed study tried to address. The chapter started by an outline of the focus of the study; The concept of real estate industry and a description of Thika Greens Golf Estate. It then presented the theoretical framework and the various relevant theories before summarizing the reviewed literature.

A firm is said to have a Competitive Advantage when it has the capabilities or means to outdo its rivals in the face of their customers. This competitive edge is acquired from company's superior products or services over those of the competition. Thus, a Competitive Performance is the persistence the firm applies despite efforts by competitors or potential entrants to copy or overtake it. Competitive Advantage creation must be a conscious choice of management and can normally be traced to one of the following three roots: Superior resources, superior skills and superior positions.

#### **2.2 The Concept of Real Estate Industry.**

In recent years the industrial organization of the professional Real Estate Services (RES) sector has undergone a very significant period of change driven largely by the desire of the largest firms in the sector to create global delivery platforms. This has resulted in the emergence of up to ten potential global players embodying diverse traditions of service provision from a variety of business cultures. However, real estate is in essence a business which is highly location specific, where local market knowledge will always be the principal input into the majority of service products and where as a consequence the sector as a whole, despite this process of globalization remains fragmented with the global players accounting for at best ten percent of the total market.

A major challenge in real estate industry is financing, both at development stage and in end-user finance. Kenya has only two financial institutions specializing in real estate funding. These are Savings and Loans (S & L) and Housing Finance Corporation of Kenya. The former merged with its mother company, the Kenya Commercial Bank on 1st

January, 2010 which now only leaves the latter as the only stand-alone real estate finance company. Because of the limited financing options, the real estate industry in Kenya has been characterized by fairly rigid financing conditions and relatively high interest rates. Margret (2005) states that in business there is need to put capital aside for the growing of the business in response to the demand of which small scale business operators do not have. Taro (2004) states that the lack of capital is a problem for small and micro business enterprises therefore most have remained operating in small scale.

Capital is a major factor in the day to day practice of any business. The real estate enterprise requires investing huge amounts of capital in order to allow construction of property. Lack of finance for the business will lower its credibility hence face problems whilst negotiating credit duration of construction materials, or when negotiating bank loans and guarantees are based on the financial base of any business. Gaulick & Margret (2005) point hold weight in that real capital comprises of physical goods that assist in the production of other goods and services e.g. Machinery and tools for constructing buildings.

The other challenge has been with regard to building technologies and materials used in the Kenyan building industry. All buildings in Nairobi are constructed using conventional building materials (concrete blocks or building stones for walling and tiles or corrugated coated iron sheets for roofing). This technology is characterized by high cost of materials and long periods for construction. There is need to adopt newer technologies for building construction and the Government of Kenya has already authorized use of such technologies and is at the same time promoting their use, especially outside Nairobi.

### **2.3 Thika Greens Golf Estate:**

Thika Greens is a three-phase Real Estate development project, incorporated on 29th December 2008. The project's broad objective is to develop three unique residential communities with world class infrastructural on some 1,706 acres of land in the outskirts of Nairobi but within the 100km radius of Nairobi's Metropolitan boundary. It is anticipated that at the project completion in 2015 it shall deliver up to 4000 new homes with up to date infrastructure and all social amenities. As the brain child of five

entrepreneurs, Thika Greens development represents an ambitious practical actualization of the Vision 2030 plans to decongest Nairobi city and other urban centers as stipulated in its social pillar.

To ensure the company captures the market of most home buyers, there are three different products. These include phase one (Water Falls Country Homes), phase two (Golf Estate) and phase three (The Green Valley). Each phase offers different services and though the plot sizes are the same, the prices vary considerably thus the targeting of different customers.

The phase two is a prestigious golf estate that compares to the best in the world. It offers residents a lifestyle unparalleled in Kenya. The Estate comprises 850 residential plots set in beautifully landscaped environment offering an open but secure living space around 18 holes championship golf course. The estate is targeted at affluent households but will also offer 150 apartments as a more affordable entry point, as well as a retirement village, 2 hotels, a mall and an office park.

The TGL Company has a five member board of Directors whose main responsibility is to provide oversight for the overall management of the project in achieving the Company's objectives. The CEO (Chief Executive Officer) who is also one of the founding directors and the vision carrier leads the executive arm of TGL and remains responsible for the overall management and operations of all departments and strategic partners. The CEO works closely with the CFO (Chief Finance Officer), Project Manager and six specialized consultants in ensuring that the strategic plan and mission is competently delivered. The company also boasts a lot of highly experienced experts in its upper management and middle level management. The last realm of the company is the support staff that is well suited to the area of attachment. These workers are able to efficiently implement the firm's business strategies and activities.

## **2.4 Determinant of Competitive Advantage in the Real Estate Industry.**

### **2.4.1 Entrepreneurial Skills and how it determine Competitive Advantage of Real Estate Industry**

According to Follain & Sklarz (2005), there are certain things - attributes, behaviors, attitudes, and practices that must be fully developed, implemented, and managed by real estate owner in order to operate, grow and sustain a profit margin. Among these are: doing what you enjoy; taking what you do seriously; planning everything; managing money wisely; asking for the sale; remembering it's all about the customer; becoming a shameless self-promoter (without being obnoxious); projecting a positive business image; getting to know your customers; leveling the playing field with technology; building a top-notch business team; becoming known as an expert; creating a competitive advantage; investing in yourself; being accessible; being knowledgeable; building a rock-solid reputation; selling benefits; getting involved; grabbing attention; mastering the art of negotiations; designing your workspace for success; getting and staying organized; taking time off; limiting the number of hats you wear; and following-up constantly. The work of Tiffany & Peterson (2004) on business planning supports similar perspectives on sustainable business development.

### **2.4.2 Marketing Strategies and how they determine the Competitive Advantage of Real Estate Industry**

Strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of the markets and to fulfill the stakeholder's expectations (Case and Shiller, 2004). Strategy in other words is about where is the business trying to go in the long term, which markets should a business compete in and what kind of activities are involved in such markets, how can the business perform better than the competition in those markets, what resources (skills, assets, finance, relationships technical competence, facilities) are required in order to be able to compete, what external, environmental factors affect the business ability to compete and what are the values and expectations of those who have power in and around the business.

A company's competitive strategy consists of the business approaches and initiatives, it takes to attract customers, withstand competitive pressures and strengthen its market position. The objective quite simply, is to knock the socks off rival companies ethically and honorably, earn a competitive advantage in the market place and cultivate a clientele of loyal customers. A company's strategy for competing typically contains both offensive and defensive actions, with emphasis shifting from one to the other as market conditions warrant. It includes short lived tactical maneuvers designed to deal with immediate conditions as well as actions calculated to have lasting impact on the firm's long term competitive capabilities and market positions (Porter, 1979).

A marketing strategy is most effective when it is an integral component of corporate strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. It is partially derived from broader corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement (Hartman, 2004).

An effective marketing strategy is one part of the business that is absolutely essential to its success. In fact, the ability to properly market a product or service is actually more important than the product itself. Even an inferior product can be a financial success if marketed properly. Successful marketing strategies create a desire for a product. A marketer, therefore, needs to understand consumer likes and dislikes. In addition, marketers must know what information will convince consumers to buy their product, and whom consumers perceive as a credible source of information (Mittra 2001).

The way of marketing of real estate is an important issue for the seller, as it may affect marketing costs, the selling price and the marketing time of the property (Blackly, 1991). To this effect, several studies have examined different factors affecting marketing in the real estate sector. For example, David (1992) examined the role of listing price in real estate marketing, which has an effect on a time of finding a buyer. Another study carried out by Case and Shiller (2004) where they stated that there are several factors

constraining marketing strategies in real estate sector. The most significant one is that there is no standard in the real estate sector of Turkey. Also he emphasized on the importance of the branding and globalization in marketing of the real estate sector.

Renart (2007) argues that the conventional wisdom was that leadership in the market place could be attained by means of designing and implementing a sound marketing plan. Such a plan entails first defining the four P's later evolved to six elements of the marketing mix: Market segmentation, product or service, Pricing, channels of distribution, sales team management, advertising, promotions and public relations.

#### **2.4.3 Product Differentiation strategies and how they determine the Competitive Advantage of Real Estate Industry**

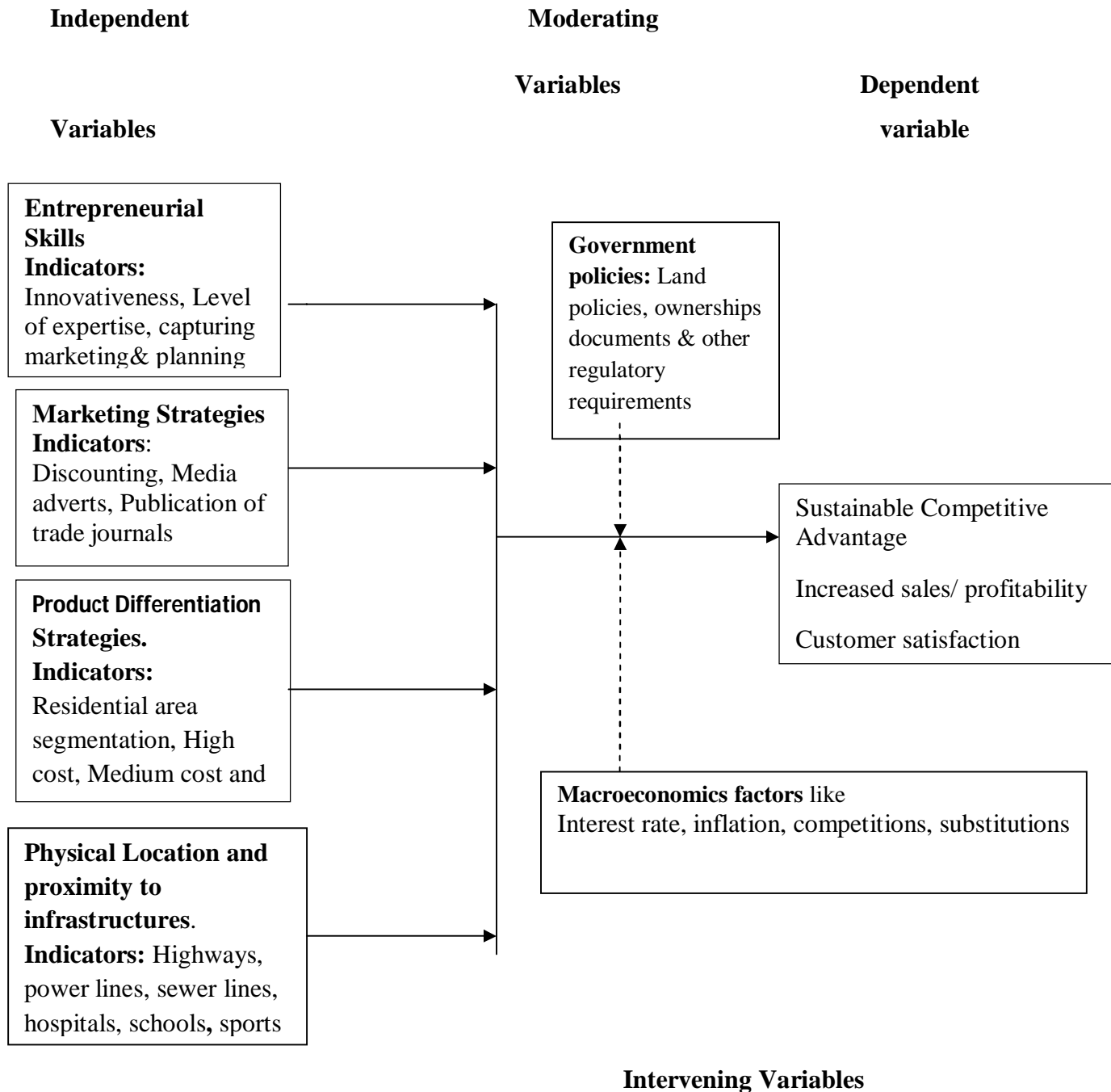
Product differentiation is achieved by offering a valued variation of the physical product. The ability to differentiate a product varies greatly along a continuum depending on the specific product. There are some products that do not lend themselves to much differentiation, such as beef, lumber, and notebook paper. Some products, on the other hand, can be highly differentiated. Appliances, restaurants, automobiles, and even batteries can all be customized and highly differentiated to meet various consumer needs. In Principles of Marketing (1999), authors Gary Armstrong and Philip Kotler note that differentiation can occur by manipulating many characteristics, including features, performance, style, design, consistency, durability, reliability, or reparability. Differentiation allows a company to target specific populations.

#### **2.4.4 Physical Location and Proximity to Key Infrastructure and how they influence the Competitive Advantage of Real Estate Industry**

One of the main challenges facing housing sector in Kenya is insufficient serviced land for housing development. The demand for land with necessary infrastructure (Access roads, water, sewerage and electricity) by far exceeds supply. The department assists in meeting the demand for serviced land through coordination of provision of housing infrastructure services by either the government or through the private – private or public-private partnerships. Sessional Proposal No.3 of 2004 on National Housing Policy for Kenya, under article 42 states that “ the opening of new land for housing development or the upgrading of existing informal settlements require installation and maintenance of

infrastructure such as water, sewerage, roads, electricity, social services and security. Infrastructural services and facilities therefore form a major and vital component of shelter provision facilitation. It is further envisaged that, accessibility to adequate urban basic services will greatly improve people's economic capacities, health and quality of life in general".

## CONCEPTUAL FRAMEWORK



**Figure 2: Conceptual Framework**



## **2.5 Summary of Literature Review**

For any type of business to remain a float, studies have shown that it must adopt the concept of competitive advantage. This is because competition is very stiff and if the management is not careful they will be thrown out of business by the other competitors in the industry. For real estate industry, this is a very vulnerable and therefore the management must always lead the leaders by managing the factors outlined in the study otherwise they soon or later they find themselves out of business. It should be noted that this is a very imitable industry and therefore the factors or other closely related ones realized in this study will also affect other areas of the business. The conceptual framework of the study identified four factors central to this study which includes; entrepreneurial skills, marketing strategies, product differentiation, and physical location.

Entrepreneurial skills play key roles in determining the competitive advantage in the real estate's industry in Kenya. One of the biggest features and often the most significant competitive edge the golf estates owners' entrepreneur should have is the ability to offer personalized attention. Building a top-notch business team: As a business owner you are a manager. Management has sometimes been defined as 'achieving results through people'. No one person can build a successful business alone, as it is a task that requires a team that is both competent and as committed as you are to the business and its success.

Marketing of real estate is an important issue for the seller, as it may affect marketing costs, the selling price and the marketing time of the property (Blackly, 1991). To this effect, several studies have examined different factors affecting marketing in the real estate sector. For example, David (1992) examined the role of listing price in real estate marketing, which has an effect on a time of finding a buyer.

Product differentiation may be in form of: Service differentiation, People differentiation, Image differentiation, Quality differentiation, and Innovation. The real estate's managers should consider each of the above attributes if they have to make a competitive edge in their performance. The goal of Differentiation Strategy is to provide products that stand out from competitive offerings. An example is the mushrooming real gated estates in Kenya.

The goal of Differentiation Strategy is to provide products that stand out from competitive offerings. An example is the mushrooming real gated estates in Kenya.

Physical location and proximity to Key infrastructure is an attribute that the real estate's managers should consider if their business is to perform. Real estate's built far away from roads, hospitals, Schools, railway lines are not very competitive and therefore they do not perform well in the industry therefore, the business owner should strive and construct the houses near the basic infrastructures.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter set out various approach and methodology that were followed in completing the study. The chapter discussed the research design, Target and sample populations, sampling techniques, data collection methods, procedures and how data will be analyzed.

#### **3.2 The Research Design**

The researcher used descriptive research design. Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Mugenda and Mugenda, 2003). According to Donald & Delno (2003), the plan is also the overall program of the research and includes an outline of what the investigator will do from writing of the hypothesis and their operational implications for the final analysis of data. Cooper and Schindler (2003) summarizes the essentials of research design as an activity and time based plan; always based on the research question; guides the selection of sources and types of information; a framework for specifying the relationship among the study variables and outlines the procedures for every research activity. The researcher will collect and collate data from different primary and secondary sources. The design is preferred because it is concerned with answering questions such as who, how, what, which, when and how much (Cooper and Schindler, 2003). A descriptive study is carefully designed to ensure complete description of the situation, making sure that there is minimum bias in the collection of data and to reduce errors in interpreting the data collected.

According to Coopers and Schindler (2003), descriptive studies are more formalized and typically structured with clearly stated hypotheses or investigative questions. It serves a variety of research objectives such as descriptions of phenomenon or characteristics associated with a subject area of population that can be used to define the characteristics of the whole population, and discovery of associations among different variables.

### **3.3 Target Population**

Ngechu (2004) defined a population as a well-defined or set of people, services, elements, and events, group of things or households that are being investigated.

The study primarily sought to establish the source of competitive advantage of Thika Greens Limited in the golf estates sub-market and therefore the major source of information will be the customers of the company as well as the company itself in the areas relevant to competitiveness of the firm. Other major stakeholders in this sector who may have contributed to this gain of competitive advantage will also be interviewed. They gave information on: Prevailing competitiveness of the market (misdoings of other firms in this market); Future market expectations from different Government policies, strategies and mandates. Mugenda and Mugenda, (2003), explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study.

The target population for the study was therefore 2082 customers who had purchased TGL plots in the three phases of the development, among other key informants from TGL employees, and TGL competitors.

### **3.4 Sample Size and Sampling Technique**

For the study, probability sampling was used. Here each member of the population has a non-zero probability of being selected and people, places and elements are randomly selected. This sampling gives every member of the population equal chances of being included in the study. The advantage of this is that sampling error can be minimized. Sampling error is the degree to which a sample might differ from the population. When inferring to the population, results are reported plus or minus the sampling error.

In this research, cluster simple random sampling was used since it reduces sampling error. A stratum is a subset of the population that shares at least one common characteristic. The customers will be stratified into different project phases including 1, 2, and 3. According to records at the Company, there were 958 customers in phase 1, 349 in phase 2 and 775 in phase 3. After stratifying the population, a representative percentage was used. According to Mugenda and Mugenda (2003), if well chosen, a sample size of between 10-20 percent of the population is considered adequate for generalization of

findings to the whole population provided that the sample size is objectively selected. This translates into a sample of 209 respondents as shown in table 3.1

**Table 3.1: Sample Size Distribution**

<b>Phase</b>	<b>Population</b>	<b>Sample Proportion %</b>	<b>Sample Size</b>
1	958	10	96
2	349	10	35
3	775	10	78
<b>Totals</b>	<b>2082</b>		<b>209</b>

### **3.5 Data collection instruments**

This study used primary data sources. Primary data was collected by use of questionnaires. The questionnaires were preferred because they cover a large population within limited time, personnel and cost; anonymity of the respondents helps them to be honest with their responses; it avoids bias due to characteristics of interviews; and allows respondent enough time to answer questions to avoid hasty responses. Questionnaire had structured questions that were easy for respondents to answer and helped the researcher to form an opinion and offer the outcomes of the study from which the conclusions were deduced. The unstructured questions were also used because they give room for the respondents to give more information and clarify other aspects of the answers.

#### **3.5.1 Reliability of the Research instruments**

Reliability refers to the accuracy and precision of a measurement procedure (Copper and Schindler 2003). It measures the degree to which a research instrument gives consistent results. The author states that reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error (Copper and Schindler 2003). Reliability also aims at ascertaining consistency of responses collected by the instruments.

Joppe (2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the

research instrument is considered to be reliable. Errors likely to affect reliability are interviewer/interviewee fatigue, bias from the interviewer and inaccuracy of the instrument in use, inaccuracy in scoring by the researcher and finally, unexplained errors whose source cannot be determined. Measures will be put to ensure the data collected is free of bias and inaccuracies as well as provide measures that will rid errors in scoring from being observed in this study.

The questionnaires were taken to some identified and highly informative respondents for a pre-test of the tools for data collection. The responses from the respondents were used to adjust and refine the questionnaires accordingly so as to fit the desired collection criteria.

### **3.5.2 Validity of the Research Instruments**

On the other hand, validity is the extent to which differences found with a measuring tool reflect true differences among respondents being tested (Copper and Schindler (2003). Validity aims at ascertaining the extent to which the research instruments collects the data intended. Joppe (2000) provides the following explanation of what validity is in quantitative research: Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull's eye" of your research object?

Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others. Validity can be measured by the extent the data obtained accurately reflects the theoretical or conceptual concepts; that is if the measurements gotten are consistent with the expectations. Consistency of results and expectations will be checked by carrying out a pre-test of the questionnaire. Neuendorf, (2002) suggested that when human coders are used in content analysis, reliability translates to the amount of agreement or correspondence among two or more coders. Reliability in content analysis was ensured by analyzing the amount of agreement or correspondence among the key informants.

### 3.6 Data Analysis Technique

Before a regression analysis was carried out as per conceptual framework established in the previous chapter, descriptive statistics especially frequencies and cross tabulation were applied to help establish patterns, trends and relationships and to make it easier for the researcher to understand and interpret implication of the study. Presentation of data was done in form of tables graphs only where it provide successful interpretation of the findings. Descriptive data was provided in form of explanatory notes. The researcher proposed to use descriptive qualitative analysis through both Correlation and regression analysis to establish the relationship between independent and dependent variables. Correlation analysis is expressed by correlation coefficients and measures the degree of linear relationship between two variables. Regression analysis is one of the most commonly used statistical techniques in social and behavioral sciences as well as in physical sciences. Its main objective is to explore the relationship between a dependent variable and one or more independent variables (which are also called predictor or explanatory variables). While in regression the emphasis is on predicting one variable from the other, in correlation the emphasis is on the degree to which a linear model may describe the relationship between two variables.

The regression model was of the general form of:

$$Y = f(X_1, X_2, X_3, X_4, X_5)$$

$$\text{Thus } CA = \beta_0 + \beta_1 ES + \beta_2 MS + \beta_3 PD + \beta_4 \text{LnP} + \varepsilon$$

Where:

CA = the dependent variable (Competitive Advantage of TGL)

$\beta_0$  = Is a constant

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$  and  $\beta_5$  = Constants that show how the dependent variables changes with a unit change in the respective independent variables.

ES, MS, PD, LnP and Intervening/moderating factor = Independent variables (Entrepreneurial Skills (ES); Marketing strategies (MS), Product Differentiation (PD);

and, Physical location and proximity to key infrastructure (LnP); Macro and micro economic factors (Intervening/moderating factor); that the study sought to find if they had an effect on the dependent variable.

$\varepsilon$  = the error term which captured the effect of all other variables that have been omitted. It's also referred to as disturbance. These variables were either not known or difficult to measure.

$\beta_0 + \beta_1ES + \beta_2MS + \beta_3PD + \beta_4LnP = \text{Deterministic component}$

While

$\beta_0 + \beta_1ES + \beta_2MS + \beta_3PD + \beta_4LnP + \varepsilon = \text{Probabilistic model}$

The variables will be measured as explained below:

### **3.7 Ethical Consideration**

Ethics are norms governing human conducts which have a significant impact on human being. It involves making a judgment about right and wrong behaviour. According to Bryman, (2007) he states that it is the responsibility of the researcher to carefully assess the possibility of harm to research participants, and the extent that it is possible; the possibility of harm should be minimized. The researcher recognized that the issue under study was sensitive because it involved the declaration of one source of income how worth a client is. Therefore, there was need to protect the identity of the respondents as much as possible. This meant that the questionnaires did not require the respondent's names or details that may reveal their identity.

The researcher also obtained a letter from University of Nairobi allowing undertaking the study and an introductory letter explaining the purpose of the study and confidentiality was upheld for all respondents.



**Table3.2: Operationalization table of variables**

Research objectives	Variables	Indicator	Measurement Scale	Data Collection tools	Types of analysis
To establish how entrepreneurial skills determines Competitive Advantage in the Real Estate industry in Kenya	Entrepreneurial skills	Business plans, new products, level of expertise	Nominal	Structured and non structured questionnaires	Descriptive Statistics
To determine how marketing strategies determine competitive Advantage in the Real Estates industry in Kenya	Marketing strategies	Discounting, Media adverts, publication of trade journals	Nominal	Structured and non structured questionnaires	Descriptive Statistics
To establish the extent to which product differentiation strategies determines the competitive Advantage in the Real Estate industry in Kenya.	Product differentiation strategies	Segmented Residential areas,	Nominal	Structured and non structured questionnaires	Descriptive Statistics

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter presents analysis and presentation of the study findings as outlined in the research methodology. The result of identified factors that influences the competitive performances in the real estate's industry is presented. The study targeted 209 respondents. Findings are presented in form of tables

#### 4.2 Response Rate

The study targeted a sample of 209 respondents out of which 152 respondents gave their responses giving a response rate of 73%. This response was good enough and representative of the population and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent.

#### 4.3 Demographic information of the Respondent

##### 4.3.1 Gender Distribution of the Respondents

The study sought to establish the gender distribution of the respondents. From the findings below, the male made the majority of the respondents at 78.9% while female were 21.1% as shown on table 4.1.

**Table 4. 1: Gender distribution**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	120	78.9
Female	32	21.1
<b>Total</b>	<b>152</b>	<b>100.0</b>

##### 4.3.2 Age brackets of the Respondents

The study sought to establish the age bracket of the respondents. The findings are presented in the table below.

**Table 4.2: Age brackets**

<b>Age Bracket</b>	<b>Frequency</b>	<b>Percent</b>
Below 20 Years	2	1.3
20-30 Years	12	7.9
31-40 Years	52	34.2
41-50 Years	74	48.7
Above 50 years	12	7.9
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, those from the age of 41-50 years were the majority at 48.7%, followed by those aged between 31-40 years at 34.2%. Those aged between 20-30 years and Above 50 years made up 7.9% of each while the least of the respondents were those aged below 20 years at 1.3%.

#### **4.2.3 Source of income**

The study sought to establish the source of income for the respondents. The findings were presented in the table below.

**Table 4. 3: Source of income**

<b>Source of income</b>	<b>Frequency</b>	<b>Percent</b>
G.O.K Employment	44	28.9
Private sector employment	56	36.8
Personal business	52	34.2
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the findings, majority (36.8%) of the respondents indicated that their source of income was private sector employment. 34.2% indicated that their source of income was personal business while 28.9% indicated that their source of income was G.O.K Employment.

#### 4.2.4 Average monthly level of savings

The study also sought to establish the average monthly level of savings of the respondents. The findings were presented in the table below.

Table 4. 4: Average monthly level of savings

<b>Level of Income</b>	<b>Frequency</b>	<b>Percent</b>
Between Ksh. 20,000-Ksh. 50,000	38	25.0
Between Ksh. 50,001-Ksh. 100,000	22	14.5
Between Ksh. 100,001-Ksh. 200,000	52	34.2
Above Ksh 200,000	40	26.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, those respondents whose average monthly level of savings were between Ksh. 100,001-Ksh. 200,000 were the majority at 34.2%, followed by those whose average monthly level of savings were between above Ksh 200,000 at 26.3% . Those whose monthly level of savings were between Ksh. 20000-Ksh. 50,000 made up 25.0% while those whose monthly level of savings were between Ksh. 50,001-Ksh. 100,000 made up 14.5%.

#### 4.2.5 Means of connection with TGL in the process of Purchase

The study sought to establish the means in which the respondents connected with TGL in the process of Purchase. The findings were presented in the table below.

**Table 4. 5: Means of connection with TGL**

<b>Means of connection with TGL</b>	<b>Frequency</b>	<b>Percent</b>
Contact information on media advertisement	32	21.1
Contact information from the internet advertisement	10	6.6
Connection through a former customer	42	27.6
Direct contacts with sales team	52	34.2
Through a friend who is not a former customer	16	10.5

<b>Total</b>	<b>152</b>	<b>100.0</b>
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From the findings, majority (34.2%) of the respondents indicated that the means in which they connected with TGL in the process of Purchase through direct contacts with sales team. 27.6 % indicated that in the process of purchase, they connected with TGL through a former customer.

21.1% indicated that they connected with TGL in the process of purchase through contact information on media advertisement. 10.5% indicated that they connected with TGL in the process of purchase through a friend who is not a former customer while 6.6% indicated that they connected with TGL in the process of purchase through contact information from the internet advertisement.

#### **4.2.6 Source of the funds for house purchase**

The study sought to find out where the respondents obtained their sources of income for the purchase of houses/plots. The findings were presented in the table below.

**Table 4.6: Source of the funds for house purchase**

<b>Source of the funds</b>	<b>Frequency</b>	<b>Percent</b>
Income from employment	36	23.7
Income from business	42	27.6
Mortgage	36	23.7
Loan	36	23.7
Other(s)	2	1.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the findings, majority (27.6%) of the respondents indicated that businesses were their sources of income for the purchase of houses. Those who obtained their sources of income for purchase of houses/plots from employment, mortgage and loans made up 23.7% each while 1.3% the respondents indicated that they obtained their income for purchase of houses/plots from other sources.

### 4.3 Entrepreneurship skills

Analysis of the key factors under investigation was based on the Likert scales whereby five points are used as follow: 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent

#### 4.3.1 Perfection in planning and enforcing change

The study sought to establish the rating of TGL by the respondents on how they were perfect in planning and enforcing change. From the findings 42.1% agreed a great extent, 35.5% at a moderate extent, 10.5% a very great extent, 6.6% was no extent while 5.3% was a less extent as shown in the table below.

**Table 4. 7: Perfection in planning and enforcing change**

<b>Perfection in planning</b>	<b>Frequency</b>	<b>Percent</b>
No extent	10	6.6
Less extent	8	5.3
Moderate extent	54	35.5
Great extent	64	42.1
Very great extent	16	10.5
<b>Total</b>	<b>152</b>	<b>100.0</b>

#### 4.3.2 Market driven products

The study sought to find out the rating of TGL by the respondents on whether their products were market driven. The findings were presented in the table below.

**Table 4. 8: Market driven products**

<b>Market driven</b>	<b>Frequency</b>	<b>Percent</b>
Moderate extent	28	18.4
Great extent	104	68.4
Very great extent	20	13.2
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (68.4%) of the respondents agreed a great extent, 18.4% at a moderate extent, while 13.2% of the responded agreed on a very great extent.

#### 4.3.3 Capability of meeting customer needs

The study sought to find out the rating of TGL by the respondents on their capability of fully meeting customer needs. The findings were presented in the table below.

**Table 4.9: Capability of meeting customer needs**

Capability of meeting customer needs	Frequency	Percent
Less extent	4	2.6
Moderate extent	72	47.4
Great extent	69	43.4
Very great extent	10	6.6
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 47.4% of the respondents agreed to a moderate extent that TGL were fully capable of meeting customer need, 43.4% agreed to a great extent, 6.6% agreed to a very great extent while 2.6% agreed to a less extend.

#### 4.3.4 Potential to uptake every opportunity in the market

The study sought to find out the rating of TGL by the respondents on their potential to uptake every opportunity in the market. The findings were presented in the table below.

**Table 4. 10: Potential to uptake every opportunity in the market**

Potential to uptake	Frequency	Percent
No extent	12	7.9
Less extent	12	7.9
Moderate extent	60	39.5
Great extent	40	26.3
Very great extent	28	18.4
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (39.5%) of the respondents agreed to a moderate extent that TGL had the potential to uptake every opportunity in the market, 26.3% agreed to a great extent, 18.4% agreed to a very great extent while those respondents who agreed to a less extend and no extent were 7.9% each.

#### **4.3.5 Active involvement of TGL in the sector**

The study sought to establish the rating of TGL by the respondents on whether they were actively involved in the sector. The findings were presented in the table below.

**Table 4. 11: Active involvement of TGL in the sector**

<b>Active involvement</b>	<b>Frequency</b>	<b>Percent</b>
No extent	6	3.9
Less extent	2	1.3
Moderate extent	42	27.6
Great extent	52	34.3
Very great extent	50	32.9
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (34.3%) of the respondents agreed to great extent that TGL were actively involved in the sector, 32.9% agreed to a very great extent, 27.6% agreed to a moderate extent, 1.3% agreed to a less extent while those respondents who agreed to a no extent were 3.9%.

#### **4.3.6 Love of work by business owners of TGL and their employees**

The study sought to establish the extent to which the respondents agreed on the love of work by business owners of TGL and their employees. The findings were presented in the table 4.12.



Table 4. 12: Love of work

<b>Love of work</b>	<b>Frequency</b>	<b>Percent</b>
No extent	4	2.6
Less extent	4	2.6
Moderate extent	42	27.6
Great extent	86	56.7
Very great extent	16	10.5
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (56.7%) of the respondents agreed to great extent that TGL business owners and their employees loved their work, 27.6% agreed to a moderate extent, 10.5% agreed to a very great extent while those respondents who agreed to a less extent and no extent were 2.6% each.

#### **4.3.7 Level of expertise at TGL**

The study sought to find out the extent to which the respondents agreed on the presence of high level of expertise at TGL. The findings were presented in the table 4.13.

**Table 4. 1: Level of expertise**

<b>Level of expertise</b>	<b>Frequency</b>	<b>Percent</b>
No extent	4	2.6
Less extent	6	3.9
Moderate extent	62	40.8
Great extent	54	35.5
Very great extent	26	17.2
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 40.8% of the respondents agreed to moderate extent that there was high level of expertise at TGL, 35.5% agreed to a great extent, 17.2% agreed to a

very great extent, 3.9% agreed to a less extent while those respondents who agreed no extent were 2.6%.

#### **4.4 Marketing strategies**

##### **4.4.1 Strength brand image**

The study sought to find out the extent to which the respondents agreed on the assumption that TGL had a strong brand image. The findings were presented in the table 4.14.

**Table 4. 14: Strength brand image**

<b>Strength brand image</b>	<b>Frequency</b>	<b>Percent</b>
No extent	2	1.4
Moderate extent	30	19.7
Great extent	40	26.3
Very great extent	80	52.6
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 52.6% of the respondents agreed to very great extent that TGL had a strong brand image, 26.3% agreed to a great extent, 19.7% agreed to a moderate extent while those respondents who agreed to no extent were 1.4%.

##### **4.4.2 Offers of very competitive property prices**

The study sought to find out the extent to which the respondents agreed on whether TGL offered very competitive property prices. The findings were presented in the table 4.15.

Table 4. 15: Offers of very competitive property prices

<b>Offers of property prices</b>	<b>Frequency</b>	<b>Percent</b>
No extent	2	1.3
Less extent	14	9.2
Moderate extent	52	34.2
Great extent	76	50.0
Very great extent	8	5.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 50.0% of the respondents agreed to a great extent that TGL offered very competitive property prices, 34.2% agreed to a moderate extent, 9.2% agreed to a less extent, 5.3% agreed to a very great extent while those respondents who agreed to no extent were 1.3%.

#### **4.4.3 Understanding of customers**

The study sought to find out the extent to which the respondents agreed on whether TGL understood its customers. The findings were presented in the table 4.16.

**Table 4. 16: Understanding of customers**

<b>Understanding of customers</b>	<b>Frequency</b>	<b>Percent</b>
No extent	4	2.6
Less extent	6	3.9
Moderate extent	42	27.6
Great extent	74	48.8
Very great extent	26	17.1
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 48.8% of the respondents agreed to a great extent that TGL understood its customers, 27.6% agreed to a moderate extent, 17.1% agreed to a very great extent, 3.9% agreed to a less extent while 2.6% of respondents indicated no extent.

#### 4.4.4 Products targeted to specific unique segments

The study sought to find out the extent to which the respondents agreed on whether TGL products targeted specific unique segments. The findings were presented in the table 4.17.

**Table 4.17: Products targeted to specific unique segments**

<b>Products for unique segments</b>	<b>Frequency</b>	<b>Percent</b>
No extent	6	3.9
Less extent	2	1.3
Moderate extent	30	19.7
Great extent	74	48.7
Very great extent	40	26.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 48.7% of the respondents agreed to a great extent that TGL products targeted specific unique segments, 26.3% agreed to a very great extent, 19.7% agreed to a moderate extent, 1.3% agreed to a less extent while 3.9% of respondents indicated no extent.

#### 4.4.5 Customer satisfaction through great services

The study sought to establish the extent to which the respondents agreed on the assumption that TGL ensured customer satisfaction through great services. The findings were presented in the table 4.18.

**Table 4. 18: Customer satisfaction through great services**

<b>Customer satisfaction</b>	<b>Frequency</b>	<b>Percent</b>
No extent	2	1.3
Less extent	14	9.2
Moderate extent	36	23.7
Great extent	74	48.7
Very great extent	26	17.2
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 48.7% of the respondents agreed to a great extent that TGL ensured customer satisfaction through great services, 23.7% agreed to a moderate extent, 17.2% agreed to a very great extent, 9.2% agreed to a less extent while 1.3% of respondents indicated no extent.

#### **4.4.6 Potential in customer retention**

The study sought to establish the rating of TGL by the respondents on whether it had high potential in customer retention. From the findings 47.4% agreed a great extent, 23.7% at a moderate extent, and 21.1% a very great extent. Those respondents who agreed to less and no extent were 3.9% each as presented in the table 4.19 .

**Table 4. 19: Potential in customer retention**

<b>Potential in customer retention</b>	<b>Frequency</b>	<b>Percent</b>
No extent	6	3.9
Less extent	6	3.9
Moderate extent	36	23.7
Great extent	72	47.4
Very great extent	32	21.1
<b>Total</b>	<b>152</b>	<b>100.00</b>

#### 4.4.7 Attractive advertising strategies

The study sought to establish the extent to which the respondents agreed on the assumption that TGL had attractive advertising strategies. The findings were presented in the table 4.20.

**Table 4. 20: Attractive advertising strategies**

Attractive advertising strategies	Frequency	Percent
No extent	2	1.3
Less extent	44	28.9
Moderate extent	32	21.1
Great extent	40	26.3
Very great extent	34	22.4
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 28.9% of the respondents agreed to a less extent that TGL had attractive advertising strategies, 26.3% agreed to a great extent, 22.4% agreed to a very great extent, 21.1% agreed to moderate extent while 1.3% of respondents indicated no extent.

#### 4.4.8 Provision of after sales service agreed upon purchase

The study sought to find out the extent to which the respondents agreed on the assumption that TGL always provided after sales service agreed upon purchase. The findings were presented in the table 4.21.

**Table 4.21: Provision of after sales service agreed upon purchase**

Provision of after sales service	Frequency	Percent
No extent	4	5.3
Less extent	28	18.4
Moderate extent	40	26.3
Great extent	64	42.1
Very great extent	12	7.9
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 42.1% of the respondents agreed to a great extent that TGL always provided after sales service agreed upon purchase, 26.3% agreed to a moderate extend, 18.4% agreed to less extent, 7.9% agreed to a very great extent while 5.3% of respondents indicated no extent.

#### **4.4.9 Effective customer care services**

The study sought to find out the extent to which the respondents agreed on the whether TGL had very effective customer care services. The findings were presented in the table 4.22

**Table 4. 22: Effective customer care services**

<b>Effective customer care services</b>	<b>Frequency</b>	<b>Percent</b>
No extent	2	1.3
Less extent	20	13.2
Moderate extent	56	36.8
Great extent	54	35.5
Very great extent	20	13.2
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 36.8% of the respondents agreed to a moderate extent that TGL had very effective customer care services, 35.5% agreed to a great extend. Those respondents who agreed to very great extent were 13.2% each while 1.3% of respondents indicated no extent.

#### **4.4.10 request to a friend to purchase property from TGL**

The study sought to find out whether the respondents could recommend their friends to purchase property from TGL the findings were presented in the table 4.23.

**Table 4. 23: request to a friend to purchase property from TGL**

<b>request to a friend</b>	<b>Frequency</b>	<b>Percent</b>
Yes	150	98.7
No	2	1.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (98.7%) of the respondents indicated that they could recommend their friends to purchase property from TGL while 1.3% indicated that they could not.

#### **4.5 Product differentiation**

##### **4.5.1 Offer of different products for different customer groups**

The study sought to find out the extent to which the respondents agreed on the whether TGL offered different products for different customer groups. The findings were presented in the table 4.24.

**Table 4. 24: Offer of different products for different customer groups**

<b>Offer of different products</b>	<b>Frequency</b>	<b>Percent</b>
Less extent	6	3.9
Moderate extent	44	28.9
Great extent	74	48.7
Very great extent	28	18.5
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 48.7% of the respondents agreed to a great extent that TGL offered different products for different customer groups, 28.9% agreed to a moderate extend, 18.4 agreed to a very great extend while 3.9% agreed to a less extent.

##### **4.5.2 Uniqueness of products from each other**

The study sought to find out the extent to which the respondents agreed on the whether TGL had products which were unique from each other. The findings were presented in the table 4.25.



**Table 4.25: Uniqueness of products from each other**

<b>Uniqueness of products</b>	<b>Frequency</b>	<b>Percent</b>
Less extent	4	3.9
Moderate extent	32	21.1
Great extent	86	56.6
Very great extent	28	18.4
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 56.6% of the respondents agreed to a great extent that TGL had products which were unique from each other, 21.1% agreed to a moderate extend, 18.4% agreed to a very great extent while 3.9% agreed to a less extent.

#### **4.5.3 Offer of after sales benefits for different construction projects**

The study sought to find out the extent to which the respondents agreed on the whether TGL offered different after sales benefits for different construction projects. The findings were presented in the table 4.26.

**Table 4. 26: Offer of after sales benefits for different construction projects**

<b>Offer of after sales benefits</b>	<b>Frequency</b>	<b>Percent</b>
No extent	14	9.2
Less extent	16	10.5
Moderate extent	44	28.9
Great extent	70	46.1
Very great extent	8	5.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 46.1% of the respondents agreed to a great extent that TGL offered different after sales benefits for different construction projects, 28.9% agreed to a moderate extend, 10.5% agreed to a less extent, 5.3% agreed to very great extent while 9.2% agreed to no extent.

#### 4.5.4 Difference in the product quality depending on target market

The study sought to find out the extent to which the respondents agreed on the whether the firm's product differed in quality from each other depending on target market. The findings were presented in the table 4.27.

**Table 4. 27: Difference in the product quality depending on target market**

<b>Difference in the product quality</b>	<b>Frequency</b>	<b>Percent</b>
No extent	2	1.3
Less extent	10	6.6
Moderate extent	36	23.7
Great extent	86	56.6
Very great extent	18	11.8
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 56.6% of the respondents agreed to a great extent that the firm's product differed in quality from each other depending on target market, 23.7% agreed to a moderate extend, 11.8% agreed to very great extent, 6.6% agreed to a less extent while 1.3% agreed to no extent.

#### 4.5.5 Level of Innovativeness

The study sought to find out the extent to which the respondents agreed on the whether TGL had a high level of Innovativeness. The findings were presented in the table 4.28.

**Table 4. 28: Level of Innovativeness**

<b>Level of Innovativeness</b>	<b>Frequency</b>	<b>Percent</b>
Less extent	20	13.2
Moderate extent	26	17.1
Great extent	70	46.1
Very great extent	36	23.6
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 46.1% of the respondents agreed to a great extent that TGL had a high level of Innovativeness, 23.6% agreed to a very great extend, 17.1% agreed to a moderate extent while 13.2% agreed to a less extent.

#### 4.5.6 Awareness of other TGL project location

The study sought to find out whether the respondents were aware of other TGL project location. The findings were presented in the table 4.29.

**Table 4. 29: Awareness of other TGL project location**

<b>Awareness of other</b>		
<b>TGLproject location</b>	<b>Frequency</b>	<b>Percent</b>
Yes	106	69.7
No	46	30.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (69.7%) of the respondents indicated that they were aware of other TGL project location while 30.3% indicated that they were not aware of other TGL project location.

#### 4.6 Project Location

##### 4.6.1 Keeness

The study sought to establish the extent to which the respondents agreed on the keeness of TGL on ensuring access to clean water for its customers. The findings were presented in the table 4.30.

**Table 4. 30: Level of Keeness to provide access to water**

<b>Level of Keeness to provide access</b>		
<b>to water</b>	<b>Frequency</b>	<b>Percent</b>
No extent	6	3.9
Moderate extent	10	6.6
Great extent	110	72.4
Very great extent	26	17.1
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (72.4)% of the respondents agreed to a great extent that TGL was keen on ensuring access to clean water for its customers, 17.1% agreed to a very great extend, 6.6% agreed to a moderate extent while 3.9% agreed to a less extent.

#### **4.6.2 Condition of weather roads serving the project**

The study sought to establish the extent to which the respondents agreed on whether the projects were served by all weather roads being in good conditions. The findings were presented in the table 4.31.

**Table 4.31: Condition of weather roads serving the project**

<b>Condition of weather roads serving the project</b>	<b>Frequency</b>	<b>Percent</b>
Less extent	2	1.3
Moderate extent	14	9.2
Great extent	86	56.6
Very great extent	50	32.9
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 56.6% of the respondents agreed to a great extent that the projects were served by all weather roads being in good conditions, 32.9% agreed to a very great extend, 9.2% agreed to a moderate extent while 1.3% agreed to a less extent.

#### **4.6.3 Promise to provide reliable electronic power source**

The study sought to establish the extent to which the respondents agreed to the promise to provide reliable electronic power source with a back-up generator provided. The findings were presented in the table 4.32.

**Table 4. 32: Promise to provide reliable electronic power source with a back-up generator provided**

<b>Promise to provide reliable electronic power source</b>	<b>Frequency</b>	<b>Percent</b>
No extent	12	7.9
Less extent	10	6.6
Moderate extent	28	18.4
Great extent	72	47.4
Very great extent	30	19.7
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 47.4% of the respondents agreed to a great extent to the promise to provide reliable electronic power source with a back-up generator provided, 19.7% agreed to a very great extend, 18.4% agreed to a moderate extent, 6.5% agreed to a less extent while 9.2% agreed to no extent.

#### **4.6.4 Closeness of project to social amenities**

The study sought to establish the extent to which the respondents agreed on the assumption concerning the project location that the project was close to social amenities.. The findings were presented in the table 4.33.

**Table 4. 33: Closeness of project to social amenities**

<b>Closeness of project to social amenities</b>	<b>Frequency</b>	<b>Percent</b>
Less extent	8	5.3
Moderate extent	38	25.0
Great extent	72	47.4
Very great extent	34	22.3
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the findings, majority (47.4)% of the respondents agreed to a great extent that the project was close to social amenities, 25.0% agreed to a moderate extend, 22.3% agreed to a very great extent while 5.3% agreed to a less extent.

#### **4.6.5 Secure and friendly region**

The study sought to find out the extent to which the respondents agreed on the assumption concerning the project location that the region was very secure and friendly. The findings were presented in the table 4.34.

**Table 4. 34: Secure and friendly region**

<b>Secure and friendly Region</b>	<b>Frequency</b>	<b>Percent</b>
Less extent	6	3.9
Moderate extent	30	19.7
Great extent	72	47.5
Very great extent	44	28.9
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the findings, majority (47.5)% of the respondents agreed to a great extent that the region was secure and friendly, 28.9% agreed to a very great extend, 19.7% agreed to a moderate extent while 3.9% agreed to a less extent.

#### **4.6.6 Accessibility of the project**

The study sought to find out the extent to which the respondents agreed on the assumption concerning the project location that the project was accessible. The findings were presented in the table 4.35.

**Table 4. 35: Accessibility of the project**

<b>Accessibility of the project</b>	<b>Frequency</b>	<b>Percent</b>
Less extent	2	1.3
Moderate extent	14	9.3
Great extent	42	27.6
Very great extent	94	61.8
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 61.8% of the respondents agreed to a very great extent that the project was accessible, 27.6% agreed to a great extend, 9.3% agreed to a moderate extent while 1.3% agreed to a less extent.

#### **4.6.7 Influence of Thika super highway on purchase decision at TGL**

The study sought to find out the extent to which the respondents agreed on the assumption that Thika super highway influenced their purchase decision at TGL. The findings were presented in the table 4.36.

**Table 4. 36: Influence of Thika super highway on purchase decision**

<b>Influence of Thika super highway</b>	<b>Frequency</b>	<b>Percent</b>
No extent	18	11.8
Less extent	4	2.6
Moderate extent	22	14.5
Great extent	32	21.1
Very great extent	76	50.0
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 50% of the respondents agreed to a very great extent that Thika super highway influenced their purchase decision at TGL, 21.1% agreed to a great extend, 14.5% agreed to a moderate extent, 2.6% agreed to a less extent while 11.8% agreed to no extent.

#### 4.6.8 Approach to the firm for future purchases

The study sought to establish whether the respondents could approach the firm in the future if need to purchase a property arose. From the findings all (100%) the respondents agreed as shown in the table 4.37.

**Table 4. 37: Approach to the firm for future purchases**

	Frequency	Percent
Yes	152	100.0

#### 4.6.9 Satisfaction with the property of purchase

The study sought to establish whether the respondents were fully satisfied with the property they purchased.

**Table 4. 38: Satisfaction with the property of purchase**

Satisfaction	Frequency	Percent
Yes	122	80.3
No	30	19.7
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, majority (80.3%) of the respondents indicated that they were fully satisfied with the property they purchased while 19.7% indicated that they were not fully satisfied with the property they purchased.

#### 4.6.10 Effect of factors on Competitive advantage in Real Estates

The study sought to find out the extent to which entrepreneurial skills, marketing strategies, product differentiation strategies, and physical proximity to infrastructure affected SCA of Thika greens LTD. The findings were presented in the table 4.39.



**Table 4. 39: Effect of factors on Competitive advantage in Real Estates**

<b>Competitive advantage in Real</b>		
<b>Estates</b>	<b>Frequency</b>	<b>Percent</b>
No extent	5	3.3
Less extent	16	10.5
Moderate extent	19	12.5
Great extent	80	52.6
Very great extent	32	21.1
<b>Total</b>	<b>152</b>	<b>100.0</b>

From the data findings, 52.6% of the respondents agreed to a great extent that entrepreneurial skills, marketing strategies, product differentiation strategies, physical proximity to infrastructure affected SCA of Thika greens LTD, 21.1% agreed to a very great extend, 12.5% agreed to a moderate extent, 10.5% agreed to a less extent while 3.3% agreed to no extent.

#### **4.7 Regression Analysis**

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The relevant portions of the output provided by SPSS were as follows:

**Table 4. 40: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted Square</b>	<b>R Std. Error of the Estimate</b>
1	.697 <sup>a</sup>	.643	.755	1.68262

**Source: Research, 2013**

a. Predictors: (Constant), entrepreneurship skills, marketing strategies, product differentiation, project location

b. Dependent Variable: Competitive advantage of TGL

The "Adjusted R Square" (adjusted for the number of variables in the equation) for the model summary shows that all four independent variables taken together explain about 75.5 percent of the variation in competitive advantage of TGL.

**Table 4. 41: ANOVA (Analysis of Variance)**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	921.593	2	460.797	96.725	.000 <sup>a</sup>
Residual	714.623	150	4.764		
<b>Total</b>	<b>1636.216</b>	<b>152</b>			

a. Predictors: (Constant), entrepreneurship skills, marketing strategies, product differentiation, project location

b. Dependent Variable: Competitive advantage of TGL

The probability value of 0.001 indicates that the regression relationship was highly significant in predicting how entrepreneurship skills, marketing strategies, product differentiation, and project location influenced competitive advantage of TGL. The F critical at 5% level of significance was 6.270 since F calculated is greater than the F critical (value = 96.725), this shows that the overall model was significant. The "Sig" of .000 is the significance level (based on an "F ratio"). In other words, for the model as a whole,  $p < .001$ .

**Table 4. 42: Estimated Coefficients**

<b>Model</b>	<b>Unstandardized coefficients(B)</b>	<b>p-Value</b>
<b>Const.</b>	24.76	2.15e-08 ***
Entrepreneurship skills	0.971	0.0172 ***
Marketing strategies	0.821	0.0204 ***

Product differentiation	0.705	0.0404	***
Project location	0.842	0.0192	***

\* Significant at 1%

\*\* Significant at 5%

\*\*\* Significant at 10%

The unstandardized regression equation is:

$$CA = 24.76 + 0.971ES + 0.821MS + 0.705PD + 0.842PL + e$$

Where CA is Competitive Advantage ES is Entrepreneurial Skills; MS is Marketing Strategies; PD is Product Differentiation and PL is Physical location.

The regression equation above has established that taking all factors into account (entrepreneurship skills, marketing strategies, product differentiation, project location ) constant at zero competitive advantage of TGL will be 24.76 . A unit change in entrepreneurial skills will lead to a 0.971 change in the competitive advantage of TGL. A unit change in marketing strategies will lead to a 0.821 change in the competitive advantage of TGL. A unit change in product differentiation will lead to a 0.705 change in the competitive advantage of TGL while a unit change in the physical location will lead to a 0.842 change in the competitive advantage of TGL.

Table 4.43 shows that entrepreneurial skill, marketing strategies, product differentiation, project location at 1%, 5% and 10% level of significance, they are significant in explaining the variations in competitive advantage of TGL.

Overall, entrepreneurial skills had the greatest effect on the competitive advantage of TGL followed by physical location, then marketing strategies while product differentiation had the least effect on the competitive advantage of TGL. However, all the variables were significant ( $p < 0.05$ ).

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSION, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of key data findings, conclusion drawn from the findings and recommendations made thereof. The conclusions and recommendations drawn were in quest of addressing research objective that is to investigate the factors determining the Competitive Advantage in real estates in Kenya with specific reference to Thika Greens Golf Estate in Muranga County.

#### **5.2 Summary of Findings**

##### **5.2.1 Entrepreneurship skills and influence of Competitive Advantage**

This study revealed that TGL was perfect in planning and enforcing change and that their products were market driven. According to the study TGL was capable of fully meeting their customers' needs and that it had the potential to uptake every opportunity in the market. The study further revealed that TGL were actively involved in the sector and that TGL had a high level of expertise.

##### **5.2.2 Marketing strategies and influence of Competitive Advantage**

The study deduced that TGL had a strong brand image and that it offered very competitive property prices. The study also revealed that TGL understood its customers and that TGL products targeted specific unique segments. The study established that TGL ensured customer satisfaction through great services and that the firm had a high potential in customer retention. The study further found out that majority of the customers indicated that TGL didn't have attractive advertising strategies. The study also established that TGL fairly had very effective customer care services and that the firm provided after sales service agreed upon purchase to their satisfaction.. Majority of the customers indicated that they could recommend their friends to purchase property from TGL.

##### **5.2.3 Product Differentiation and influence of Competitive Advantage**

The study revealed that TGL offered different products for different customer groups and that the firm had products which were unique from each other. The study further revealed

that TGL offered different after sales benefits for different projects phases and that the firm's product differed in quality from each other depending on target market. The study established that TGL had a high level of innovativeness.

#### **5.2.4 Project Location and proximity to infrastructure and influence of Competitive Advantage**

The study established that TGL was keen on ensuring access to clean water for its customers. The study also established that the projects were served by all weather roads being in good conditions. The study revealed that the customers agreed to the promise to provide reliable electronic power source with a back-up generator provided. The study also revealed that the project was close to social amenities and that the region was secure and friendly. The study further established that the customers agreed that the project was accessible and that Thika super highway had influenced the customers purchase decision at TGL. Lastly, the study revealed that the customers were fully satisfied with the property they purchased and that entrepreneurial skills, marketing strategies, product differentiation strategies, physical proximity to infrastructure influenced the competitiveness of Thika Greens LTD.

### **5.3 Discussion of Findings**

This section focuses on a detailed discussion of the major findings of the study which also entails comparing the study findings to the literature in order to come up with comprehensive conclusion. Discussion of the findings is as follows

#### **5.3.1 Entrepreneurship skills and influence of Competitive Advantage**

This study revealed that TGL were perfect in planning and enforcing change and that their products were market driven. According to Tiffany & Peterson (2004) planning every aspect of your new business is not only necessary, it builds habits that every new business owner needs to develop, implement, and maintain. The act of business planning is very important and requires the golf estates owner to analyze each business situation, to research and to compile data, and to make conclusions based mainly on the facts as revealed through the research findings. Business planning also serves the function of having your goals and strategies for achieving them on proposal. The study also revealed that TGL were capable of fully meeting their customers' needs. Tiffany & Peterson

(2004) point out that giving customers personalized attention is one way to woo them as well as draw new ones, and is very much appreciated and remembered in the modern high-tech world where businesses are increasingly relying on computers to maintain their customer relations for them. The study also established that TGL had the potential to uptake every opportunity in the market. Hill (1987) observes that management has sometimes been defined as 'achieving results through people'. No one person can build a successful business alone, as it is a task that requires a team that is both competent and as committed as you are to the business and its success. The study revealed that TGL were actively involved in the sector and that TGL had a high level of expertise. According to Tiffany & Peterson (2004) when people and businesses want to outsource services, they look for experts who can do the job very well. Becoming known as an expert in your business, product, or service area means that people and businesses will seek you out when they need your expertise. This means that becoming known as an expert allows your business to sell itself and to grow.

### **5.3.2 Marketing strategies and influence of Competitive Advantage**

The study deduced that TGL had a strong brand image and that it offered very competitive property prices. Mitra (2001) argued that an effective marketing strategy is one part of the business that is absolutely essential to its success. In fact, the ability to properly market a product or service is actually more important than the product itself. Even an inferior product can be a financial success if marketed properly. Successful marketing strategies create a desire for a product. The study established that TGL ensured customer satisfaction through great services. This is in line with Hartman (2004) where he observed that a marketing strategy is most effective when it is an integral component of corporate strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. It is partially derived from broader corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales. The study also deduced that TGL had a high potential in customer retention. Renart (2007) argues that the conventional wisdom was that leadership in the market place could be attained by means of designing and implementing a sound marketing plan. Such a plan entails first defining the four P's later evolved to six elements of the marketing mix:

Market segmentation, product or service, Pricing, channels of distribution, sales team management, advertising, promotions and public relations.

### **5.3.3 Product Differentiation and influence of Competitive Advantage**

The study revealed that TGL offered different products for different customer groups. In Principles of Marketing (1999), authors Gary Armstrong and Philip Kotler note that differentiation can occur by manipulating many characteristics, including features, performance, style, design, consistency, durability, reliability, or reparability. Differentiation allows a company to target specific populations. The study further revealed that TGL offered different after sales benefits for different construction projects and that the firm's product differed in quality from each other depending on target market. In Principles of Marketing (1999), Philip Kotler notes that companies can also differentiate the services that accompany the physical product. Two companies can offer a similar physical product, but the company that offers additional services can charge a premium for the product. The study established that TGL had a high level of innovativeness. Gary Armstrong notes that product innovation is very important to remain competitive, but just as important is process innovation. Process innovation is anything new or novel about the way a company operates. Process innovations are important because they often reduce costs, and it may take competitors a significant amount of time to discover and imitate them.

### **5.3.4 Project Location and influence of Competitive Advantage**

The study established that TGL was keen on ensuring access to clean water for its customers. One of the main challenges facing housing sector in Kenya is insufficient serviced land for housing development. The demand for land with necessary infrastructure (Access roads, water, sewerage and electricity) by far exceeds supply. The study also revealed that the project was close to social amenities. The study found out that the region was secure and friendly. The study established that the customers agreed that the project was accessible. The study further established that Thika super highway had influenced the customers purchase decision at TGL. This is as per the Sessional Proposal No.3 of 2004 on National Housing Policy for Kenya, under article 42 that states; “ the opening of new land for housing development or the upgrading of existing informal

settlements require installation and maintenance of infrastructure such as water, sewerage, roads, electricity, social services and security. Infrastructural services and facilities therefore form a major and vital component of shelter provision facilitation.

#### **5.4 Conclusion**

From the findings, the study concludes that there is a significant relationship between entrepreneurial skills and the competitive advantage of TGL. Entrepreneurial qualities are key to the success of real estate and real estate owners should equip themselves with the entrepreneurial attributes if they want their enterprises to remain afloat.

The study deduced that there is a significant relationship between marketing strategies and the competitive advantage of TGL. This is to mean that a marketing strategy is most effective when it is an integral component of corporate strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena.

The study also deduced that there exists a significant relationship between product differentiation and the competitive performance of TGL. Product differentiation is achieved by offering a valued variation of the physical product. The ability to differentiate a product varies greatly along a continuum depending on the specific product.

The study found that macro economic factors like interest rate, inflation rates, wage bills, investment fee, housing policies etc interfere with firm's effort to cut a competitive edge in the real estates industry. These findings therefore also agitate for further studies on this area to investigate how they can determine the firm's competitive advantage on their own

The study further concludes that there exists a significant relationship between project location and the competitive advantage of TGL. Physical proximity and development of infrastructure affects the success of real estate development.

Finally, the study concludes that entrepreneurial skills had the greatest effect on the competitive advantage of TGL followed by physical location, then marketing strategies



while product differentiation had the least effect on the competitive advantage of TGL. However, all the variables were significant ( $p < 0.05$ ).

### **5.5 Recommendations**

From the study findings and conclusions, the following recommendations are made:

1. The study found that advertisement as a marketing strategy is not fully utilized by real estate developers in marketing themselves. The study therefore recommends that advertisement should be utilized as a marketing tool by real estate developers in Kenya as it can contribute to great success of the projects.
2. The study established that 30% of the respondents were not initially aware of the project location; therefore it is recommended that awareness should be created on the areas in which the projects are located.
3. The study found out that there the development of infrastructure promoted the real estate development by motivating the customers to invest in the sector. This study therefore recommends that there is need to invest in infrastructure such as roads, water and sewerage in order to promote the competitiveness of the real estate businesses in Kenya.

### **5.6 Suggestion for Further Studies**

The study recommends that to add weight to this study, another study should be done to investigate the factors influencing of competitive performance in the real estate industry in other areas in Kenya and other counties to allow for generalization. Further studies should be done on the challenges facing the real estate industry in Kenya in the adoption of competitive performance strategies.

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## **APPENDIX 1**

### **Researcher's Statement of Intent (Letter of Introduction)**

This survey asks questions on why home owners who purchased their homes through Thika Greens Limited (TGL) made this purchase decision from the given company and not any other companies offering the same housing products. The information provided will be used to help real estate developers, trade associations and governments improve their services in the construction sector. We are therefore soliciting your participation and would appreciate about one hour of your time to respond this questionnaire. Your responses will be completely confidential and will not be released or published in any form that could identify you or your family.

We want to know what triggered the purchase decisions made, and the reasons behind purchase from TGL from which we will deduce the competitiveness of TGL in the industry.

If you have pressing questions about this survey, please feel free to contact:

**Kibiru Charles Reubenson**

**Phone No.: 0722 726 706**

**Email: [ckibiru@gmail.com](mailto:ckibiru@gmail.com)**

**APPENDIX II**

**THIKA GREENS CUSTOMER’S QUESTIONNAIRE**

**Enumerator’s Introduction**

Good Morning/Afternoon/Evening Sir/Madam

Thank you very much for receiving me.

My name is.....and I am here on behalf of Charles Kibiru of University of Nairobi to talk to you, in about one hour, of your experience with Thika Green Limited (TGL) as their customer in the Thika Greens Golf Estates project.

TO BE FILLED BY ENUMERATING OFFICIAL:

Name of the Enumerator\_\_\_\_\_

Date of Interview: \_\_\_\_\_

Start Time: \_\_\_\_\_

**Section A: Demographic Information** (please tick within the parentheses provided for each option)

A1 Indicate your gender

Male [ ] Female [ ]

A2 Indicate your age

1. Below 20 years [ ]

2. 20 – 30 years [ ]

3. 31-40 years [ ]

4. 41-50 years [ ]

5. Above 50 years [ ]

A3 Please indicate your source/s of income (allowed to choose more than one)

- a. G.O.K Employment [ ]
- b. Private sector employment [ ]
- c. Personal Business [ ]

A4. Please indicate your approximate average monthly level of savings

- Between Ksh. 20,000-Ksh. 50,000 [ ]
- Between Ksh. 50,001-Ksh. 100,000 [ ]
- Between Ksh. 100,001-Ksh. 200,000 [ ]
- Above Ksh. 200,000 [ ]

A5. By what means did you connect with TGL in the process of purchase?

- 1. Contact information on media advertisements [ ]
- 2. Contact information from the internet advertisements [ ]
- 3. Connection through a former customer [ ]
- 4. Direct contact with the sales team [ ]
- 5. Through a friend who is not a former customer [ ]

A6. What was the source of the funds for house purchase?

- 1. Income from employment [ ]
- 2. Income from businesses [ ]
- 3. Mortgage [ ]
- 4. Loan [ ]
- 5. Pension/Grant [ ]
- 6. Gift [ ]
- 7. Other (s) (Specify) ..... [ ]

**Section B: Please rate the experienced competency of TGL in:**

**(a) Entrepreneurial Skills.**

1. To what extent would you agree to the following entrepreneurial competencies of TGL? Rate your response on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

	No extent at all	Less extent	Moderate extent	Great extent	Very great extent
They are perfect in planning and enforcing change					
Their products are market driven					
They are fully capable of meeting customer needs					
Have potential to uptake every opportunity in the market					
TGL is actively involved in this sector					
Business owners of TGL and their employees love their work					
There is high level of expertise at TGL					

**(b)Marketing strategies**

1. To what extent would you agree to the following assumptions concerning the marketing competencies of TGL? Rate your response on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

	No extent at all	Less extent	Moderate extent	Great extent	Very great extent
They have a strong brand image					
TGL offers very competitive property prices					
TGL understands its customers					
Its products are targeted to specific unique segments					
Ensures customer satisfaction through great services					
have high potential in customer retention					
TGL have attractive advertising strategy					
Always provide after sales service agreed upon during purchase					
Have very effective customer care services					

2. Would you request a friend to purchase property from TGL?

YES [ ] NO [ ]

Either way, please explain your answer in 2 above)

.....

**(c) Product Differentiation**

1. To what extent would you agree to the following assumptions concerning the product differentiation competencies of TGL? Rate your response on a five point Likert scale on

which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

	No extent at all	Less extent	Moderate extent	Great extent	Very great extent
TGL offers different products for different customer groups					
The products are unique from each other					
The firm offers different after sales benefits for different construction projects					
The firm's product differs in quality from each other depending on target market					
TGL has a high level of innovativeness					

2. Are you aware of other TGL projects location?

YES [ ] NO [ ]

**(d)Project Location**

1. To what extent would you agree to the following assumptions concerning the project location and physical proximity to infrastructure for Thika Green Acres? Rate your response on a five point Likert scale on which 1= no extent 2= less extent, 3= moderate extent, 4= great extent and 5= very great extent.

	No extent at all	Less extent	Moderate extent	Great extent	Very great extent
1. TGL is keen on ensuring access to clean water for its customers.					
2. The project is served by all weather road in good condition					
3. Is there a promise to provide reliable electric power source with a back-up generator provided					
4. The project is close to social amenities (Schools, Hospitals, shopping centre, Social clubs)					
5. The region is very secure and friendly					
6. Is the project accessible					
7. Did the Thika Super highway influence your purchase decision at TGL					

2. Going by the services received from TGL, would you approach the firm in future if need to purchase a property arise?

3. In your own opinion, explain how the management of TGL can make it more attractive to future customers.....  
 .....  
 ...



**Section C: Open Questions (To be coded after field data collection)**

1. Would you say you are fully satisfied with the property you purchased? YES [ ] NO [ ]

(Explain your answer for either yes or no basis)

.....

2. What recommendations would you make to policy makers to improve property market in Kenya?

.....

***THANK YOU FOR TAKING PART IN THIS STUDY. I sincerely thank your sparing time to respond to the questions and for your responses. I wish again to re-assure you of utmost confidentiality of all the information provided. God Bless You.***

***End Time:*** \_\_\_\_\_

***Enumerator's sign*** \_\_\_\_\_ ***Date:*** .....

***Questionnaire Checked By: Name of the Supervisor*** .....

***Supervisor's Sign:*** ..... ***Date*** .....