

November 2008

## *Case Study - REA Realty Connexions Sdn Bhd*

**Ong Seng Huat**

### **Abstract**

This report provides insights into the business of operating a real estate agency in Malaysia. The focus is on the activities required to achieve success in a new business and how to apply a customer centred approach using the principles of strategic management and a marketing orientation that places the needs and wants of the customer ahead of all else.

**Keywords:** entrepreneurship; strategic management

### **Introduction**

The *purpose* of this case study research is to examine and to recognise the entrepreneurial activities of a service organisation with a focus on how it has succeeded to position and brand itself in the industry. It examines the achievement of organization goals, such as the integration of divisional objectives, with strategies based on proven marketing and management principles, theory and practice.

The *industry's* key feature is that almost everyone in the country is a buyer, seller, less or lessee, for real estate property, whether it be residential, commercial or industrial. This can include land which is vacant or occupied, for development or redevelopment.

The *government's* liberal policy for property ownership by foreigners and its 'Malaysia My Second Home (MM2H) Program' has also attracted considerable interest for foreigners to invest in the local property market and has contributed a boost to the 'post 1977' economic crisis market.

*REA Connexions Realty Sdn Bhd* (REA) is a medium size Real Estate Agency, a business company incorporated on 4th July 2000, under the Companies Act 1965 and licensed in Malaysia under the Values, Appraisals and Estate Agents Act 1981 for real estate operations that include property sales and leasing as well as marketing agents for project sales of new properties.

The company was formed by entrepreneurial shareholders who recognised opportunities within the property industry applying their knowledge and experience of the market environment, the pendulum of supply and demand, customer behaviour and the opportunities to boost development from the management of data base technology.

Its *business portfolio* includes Expatriate Relocation, Sale and Lease of Residential, Commercial and Industry Properties, and Land for development. It also acts as a panel member agent for some local and foreign banks to seek prospects and bid for properties being auctioned by the banks.

As a *services provider*, it operates from a company owned corporate office which is located in a prime area, and has a marketing and promotion mix that includes a website with updated listing of properties for sale and lease, regular advertisements in the local media, network referrals, cross selling, and participation in selective promotional events.

This case study provides examples to others operating in similar trades by presenting a number of *entrepreneurial activities* in the areas of Customer Relations Management, Total Quality Management, Marketing Information Systems, and Corporate Culture.

The primary *data* are collected via direct interview with the principal officers of the company and the general survey of other trade professionals and the public. Secondary data was obtained from statutory information and industry journals.

The report is presented in two major sections. The first section examines the operating environment of the real estate agency, REA Connexions Realty Sdn Bhd, and the second section presents the key strategic issues considered by the three founding entrepreneurial directors of the organisation, as they built and operated the company. This section concludes with summary observations commenting on the value and successes of applying a strategic approach to the operations of a real estate agency.

### **Company orientation**

REA Connexions Realty Sdn Bhd, a private limited company, was founded by three young entrepreneurs and formally incorporated on July 4, 2000. Within six years, it had grown the business and established its niche position in the industry. The business portfolios are:

- a. *Expatriate Relocation*
- b. *Rental of Residential Properties*
- c. *Sale of Residential Properties*
- d. *Sale and Rental of Commercial and Industrial Properties*
- e. *Front Office and Client Account Management*

The *customer data-base* includes local business corporations and individuals with properties for sale or lease, property developers, property management companies, foreign corporations investing in Malaysia and expatriates seeking to buy or rent properties for their business or key employees. The firm has a network of related professionals that includes property developers, property managers, general contractors, logistic agents, security, building, engineering and legal consultants,

relocation agents and supporting service trades. With these resources they are able to provide a full and comprehensive range of related services to meet their client requirements.

The *Company's Mission Statement* is: '**Meeting Clients' and Principals' needs in a timely manner**'. The philosophy of the company is based on the marketing concept, which states that the social and economic justification for an organization's existence is to satisfy customer needs and wants in a timely manner while meeting company strategic objectives. It also has a tagline that reads '*We assure you of our best service*'.

The company places strong emphasis on *Teamwork*. The Directors share their revenue in a pool system, because it has been proven that unity strengthens synergies and business effectiveness. Each member of the team has over fifteen years experience in the real estate industry and is engaged in Continuing Professional Development in order to update themselves with the latest issues, regulations and policies affecting their profession, the industry and market environment.

The *front office* staffs, who manage client accounts, are also responsible for walk-ins and telephone enquiries. They refer enquiries to the respective division heads where an immediate response to the enquirers' needs is not possible or satisfied.

As a company providing real estate services, REA has placed great importance on Customer Relationship Management, Total Quality Management, Marketing Information Systems and its Corporate Culture.

### **Information gathering and categorisation of properties**

As a *licensed* real estate agent, REA is an intermediary property broker between the owners and prospects for direct sales or lease. Therefore, REA needs to gather a sizable and varied choice of properties in their data bank for official listings and marketing purposes to be able to meet the needs of its clients, both buyers and sellers. Apart from direct referrals or introduction, information is gathered from both parties for listing and marketing through database management methods.

### **Listings - Owners call in to list their properties for sale or rent or both**

REA records the names and contact of *owners*, the details of the property, its location and surrounding environment and its use for commercial, industrial, residential or other purpose. After a site inspection is carried out, the subject property information will be stored in the computerised listing under its subject category of usage and further sub classified under sales, lease or both. REA obtains details on the status of the properties in terms of quit rent, assessment, any encumbrance or other relevant information pertaining to the subject property or properties. REA may also advise on the demand, pricing and the condition of the property, if repair or upgrading is necessary, and before being officially appointed as an agent for exclusive listing or co-listings will follow up with the relevant Strategic Business Unit (SBU) to obtain requirements for appropriate marketing activities; advertising on the web, sign board on site, advertisement in the print media, contacting prospective buyers or tenants from existing database customers, and using the cross referral network within the industry.

## **Marketing - Prospects call in to search for properties for purchase or rental**

REA uses a similar process with *prospects* by recording their names and contact details and including their preferences for choice of properties and locations. With the indicated budget and requirements submitted by the prospects, REA will match their needs and wants with short-listed choice properties from the database. If there is no match available in its own data bank, REA will seek its network of alliances for cross selling or referral. After a site inspection, negotiation will take place before a final closing is done. Where there is no sale the prospect remains in the prospect bank for future reference.

### **Strategic Business Units**

REA's *business strategy* is to be client focused, service centred and market responsive. To achieve its synergy of teamwork for effectiveness and efficiency, REA has divided the company business dealings into four distinctive *Strategic Business Units (SBU)* aligned to best achieve the corporate strategic goals and objectives. Each SBU for Residential Sales, Residential Lease, Expatriate Relocation, Commercial and Industrial Sales and Lease, has their own set of market competitors and operates under the Company Director who is responsible for the SBU's strategic planning and performance as a profit centre.

### **Residential Sales**

Prospective *purchasers* are mainly individuals seeking a lifetime investment in a family home. As such, these buyers, depending on their demographic background, stage of family cycle and disposable income, have particular preferences for their desired property. The type of property, its location, the adjoining neighbourhood, nearby public amenities and facilities including schools, markets and parks, the distance to place of work and commercial centres, and access to public transport, are some of the pertinent points the prospects will take into consideration. As for property investors, their basis of choice will be the rate of return on their investment, the expected appreciation value of the property, the immediate rental income if available, subject to the tax structure on their investment. At most times, prospects will identify a specific location in which they are interested.

Other than a response to a listing or promotion the typical case will be a phone or personal enquiry. REA will identify the needs and wants of the prospect and match these requirements and expectations to the nearest fit from the listing bank. In the event that REA does not have a suitable match in the database, they will search for properties from their network alliance. Referring prospects to their network alliance, also termed as 'friendly competitors', will be the last resort.

The head of the SBU will arrange with the prospective buyer to view the property with or without the presence of the owner. Negotiation on price will occur once an interest in the property is shown by the prospect, and REA will play an intermediary role, until the deal is closed. Either party may seek their own solicitors to prepare the sales and purchase agreement. On occasions, REA may be asked to recommend such professionals for the transaction. In such case, REA will refer them to its professional network of consultants, including bank panels that can process loan applications for the buyer.

### **Residential Leases**

The response to lease enquiries is similar to the process used for residential sales. A lease however is always regarded as short-term occupancy, a temporary measure for the *lessee* to put a roof over their family heads. Other lessees include companies renting the premises for their employees or a group of people, like outstation workers, renting a premise for a common cause. Under the local laws, a lease is defined as a term rental not exceeding three years. The family lessee will be just as particular about the location, the neighbourhood, public amenities and facilities as in a family residential purchase. For the others, these may not be the most pertinent issues and generally the accessibility of public transport and sundry conveniences are the main factors to be considered.

In cases where REA is given management authority over the tenancy property, it will collect the monthly rental dues on behalf of the property owners, pay the quit rent and annual assessment of the property. If the property is a condominium or apartment it will also pay for maintenance charges. As manager of the property, REA is responsible for administration of the tenancy contract on behalf of the owners and will act to ensure that the tenants maintain the property in good condition. At the same time, REA will respond to tenant complaints on issues such as their right to peaceful stay and proper facilities accorded in the tenancy agreement. Here, REA has an associate team of handymen to provide these services.

### **Expatriate Relocation**

REA has a *niche* in the Expatriate (Rental) Relocation market and this SBU is the flagship of the company. Unlike local rental tenants, *expatriates* are those who are posted to Malaysia for a specific period and a specific assignment by foreign companies doing business locally. Examples are those from the Multinational Companies investing in manufacturing sectors and International Consultants working on infrastructure projects in Malaysia. These cases are treated differently from local lessees. Most of the expatriates do not come with their families and their preferred choice of location is to be as near as possible to the place of work for logistic reasons. They also want to be able to access recreational facilities of international standards. For those who do bring their families, the challenge is to consider the distance to the nearest international school for their children. Therefore, a balance generally needs to be struck between the conflicting needs because the industrial zones are situated in the outskirts of the busy towns while recreational and commercial facilities, except for golf clubs, are mostly concentrated within the township.

REA seeks details of properties from potential landlords and inspects them prior to the expatriate tenants' arrival. Wherever possible, a range of properties is preferred to suit the needs, tastes and lifestyle of the expatriates. Being an exclusive agent, REA is committed to seeing that the expatriates secure accommodation within the shortest time in order not to incur additional expense, time and inconvenience if the search is prolonged. In this transaction, REA will identify three choices as contingencies if the advocated first choice is not accepted. REA actively participates in helping expatriates negotiate the best rental terms and conditions, while meeting their rental budget. This attention to detail has proven to be very effective with the REA Director indicating that 80% of the take-ups transacted for MNCs are their expatriates' first choice premise.

Once an agreement is reached, REA proceeds to finalise the documentation and attend to the execution of the agreement, followed by handing over of the premise for occupancy. REA works with newly placed expatriates so that they understand the tenancy agreement, premise management rules and regulations pertaining to occupancy.

During the period of tenancy, REA continues to meet expatriate requests, to resolve any problems or complaints and ensure that the property maintenance work is carried out throughout the tenancy period. Additional tenancy assistance may also be provided for example where tenants need help with transportation requirements.

Upon repatriation, REA will walk through the premise with the tenant prior to his leaving to ensure that everything is in order for him to sign out. REA will arrange cleaning and repair of the premises if needed, before handing back it back to the landlord.

Once the last utilities bills for the premise is settled by the tenant, REA will secure the refund of the security deposit for the rental and deposit for the utilities from the landlord and hand over the cheque to the outgoing tenant.

#### **Commercial and Industrial Sales and Lease**

REA's experience and familiarity with the local authority bylaws governing the use of the property for these two sectors allows them to provide the best solution driven strategy for their clients. In the commercial sector, the understanding of commercial zoning status and its potential economic development is important for advising prospects. REA's *commercial* tagline is: '**matching business and property**'.

REA has a subordinate mission statement for the Commercial and Retail sector: '**We don't find you a place for your business. We find you a landmark to grow your business.**'

As for the industrial sector, an understanding of the industrial zoning and sub-zoning for different types of industry in the northern states is just as important to match the right property with the right industry in question. Additional information will include the utilities and power supply, the ground condition and the floor loading capacity for ready factory buildings. Vacant land for new construction will have to consider any restraint or restriction for its building and use, in addition to the construction cost. REA's *industrial* tagline is: '**get the right place, do the right thing**'

A recent case is the setting up of a metal and titanium related industry from the UK. REA met the general manager two years previously and was briefed of their requirements. Based on the information provided, REA prepared a checklist of questions to further identify and understand their needs, before coming up with several options of locations in the northern region and nearby states. Finally, a site was chosen and secured at the KULIM Hi Tech Park in the neighbouring state of Kedah for their Research and Development operations. Upon identifying the location, REA immediately coordinated a meeting between the landlord and the client for preparing the lease agreement. REA also act as a liaison for the client with the relevant authorities pertaining to statutory compliance for either the use of property or approval for the type of business operation and provide a network of consultants to answer to their needs.

### **Property Auctions**

REA is a panel member of several local and foreign banks. In this respect, REA acts as an agent to secure prospects to bid for the property auction by the respective banks. From time to time, REA will receive data listings from the Banks and the appointed Auctioneers. Upon receipt of the information, REA will firstly try to match the list with its own master data of prospects, including investors for the respective categories in their Marketing Information System, before sending the information to its alliance network to search for prospects. When prospective buyers have been identified, either by referrals or from own listing, REA will follow up and provide assistance to obtain the relevant information and documents from the Banks, Solicitors or Auctioneers concerned. REA's representative will also be personally present at the time of auction to provide any further assistance that may be needed. If the bid is successful, REA will work with the successful bidder to arrange signing and stamping of the legal documents, which will later be distributed to the Bank and other parties involved with the auction.

### **Key strategic issues**

**Competitive strategy** aims at providing a service that is distinctive from what competitors are offering and the development of capabilities that these competitors cannot match. As a result, when the basis for a preference is durable, the prospective buyers would prefer its services instead of the offerings of their competitors. To be distinctive, REA has produced a competitive advantage by applying three main strategic approaches of cost leadership, market niche, and service differentiation.

#### *Cost leadership*

Being a low cost provider, REA competes by keeping operations costs low. The Directors for each SBU are multi-skilled, and only outsource the non-essential part of their services. They use an affiliate network for marketing, to help keep the marketing cost low as a way to stay competitive.

#### *Market niche*

A market niche strategy is pursued by companies whose products serve segments not being pursued by firms with larger shares of the market. REA has identified and focuses on specific niche markets such as with expatriate relocation and has established SBUs for each niche targeted market segment.

#### *Service differentiation*

REA out-competes its rivals based on differentiating its service offerings and providing secondary features that can add value to the service, particularly in the Expatriate Relocation SBU.

### **Marketing management strategy**

Recognition of the market and the identification of the chosen target markets requires reaching, retaining, and continuous growth of new customers through creating, delivering and communicating superior customer value. In this area, REA has placed greater importance on the following marketing management principles and practices to support the strategy.

### *Integrated marketing*

All the divisions of REA work together to serve customers' interest, to think customers first and the individual SBU second. This approach is maintained through the integration of internal, external and interactive marketing to support a total integrated marketing model. An example of this is seamless treatment of call-ins and walk-ins by the front office team.

### *Relationship marketing*

REA delivers customer service by developing a relationship with each customer, by understanding their individual needs and expectations, through the effective use of individual account information maintained within the system. It has succeeded in bridging the technology and strategy gap, and also the cultural gap with the expatriates seeking out their services.

REA has built long-term relationships with property owners, foreign investors, buyers and sellers, associate consultants and an affiliate professional network, by earning and retaining their trust and confidence. Examples included the appointment as the exclusive agent for property listings and the preferred tenancy managers for many clients.

### *Affiliate professional network and referral marketing*

REA has maintained a strong working alliance with those with similar or related trades for mutual benefit in cross selling and client referrals. It has helped to reduce marketing costs though returns may be lower as a result of payment of referral fees or shared earnings. The 'partnership' is a loose alliance for affiliate network marketing within the industry that has survived the test of time. The success rate of property auctions is a reflection of the value of working the network and is a tactical strategy for obtaining access to a wider market.

### **Operation management strategy**

Operations management is about how an organization produces and delivers its products and services. It includes the arrangement of resources, including information technology, whereby the activities and outcomes have a significant effect on the firm's ability to achieve the desired results for total quality, timely delivery, and customer satisfaction. The main operations issues for REA include data portfolio management and technology management.

### *Data and portfolio management*

The data in question is the owner properties and the types and locations that are being offered for sale or rent. It includes the recording and storing of trade information, properties data, history of transactions, enquiries and profiles of customers, advertising data, research data and other marketing information pertaining to the industry. These data are collected and managed in the centralized storage, a master list with subheadings for the respective classification of properties. It provides easy access for individual Directors or SBUs to search and retrieve the required information, to match properties with the customer wants and needs.

### *Technology management*

REA is equipped with the latest technological tools, integrating telecommunications, information technology, and a website to support their business enquiries, processes, operations, strategies and decision-making. Technology tools and information



facilitate management by the individual SBU within a single Marketing Information System.

### **Human resource management strategy**

Human Resource Management is fully aligned with the firm's business strategy. It relates to two interdependent strategic thrusts to achieve business success through performance management and working together in teams.

#### *Performance management system*

REA practices a system, which is commonly practiced by professional service firms, linking the Directors' activities to the company's goals. It recognizes and rewards individual performance and encourages continuous improvement.

Individual Directors are given a specific Strategic Business Unit to lead and if their income was directly related to SBU performance, this may create compensation disparities due to the differing product service offering. To maintain a focus on customer service and avoid potential damaging rivalries between SBUs, the company has designed a reward system based on the pool earnings and the overall performance of the company as a whole.

#### *Team work management*

REA Directors possess overlapping skills and knowledge but are always encouraged to work as a team. The Directors are each given a designated task focus, and have a certain degree of discretionary power on how they manage the work of their SBU.

As a service provider firm, the customers belong to REA and are not treated as customers of any individual or a specific Strategic Business Unit. This design has proven to be effective in maintaining a focus on the customer and their needs and continues to be an important element in the success of the organisation.

### **Key success factors – the process**

REA's marketing mix strategy extends to three additional Ps, namely people, physical evidence and process and these contribute to two critical aspects of service marketing, namely the Asian style of people orientation and service reutilization.

**People orientation** means that the Directors of REA are committed to proper training, retraining, and motivation that generate competency, responsiveness, initiative, caring, goodwill and problem solving ability to a diverse clientele and differing situations.

**Service reutilization** on the other hand, can be reflected through the physical evidence of the service culture evident in the REA front office and the level of service provided by all individuals in the organisation.

The other key success factors in REA's marketing management relate to service quality, productivity, differentiation, technology and data, and after sales service.

### **Managing service quality**

REA's track record of reliability to provide services with accuracy and certainty has resulted in its ability to retain customers and acquire referred customers from satisfied

clients. Being able to respond promptly and the willingness to go the extra mile in helping customers is another hallmark of service quality of REA.

The qualification and experience of individual Directors provides assurance of their ability to instil confidence and trust in their customers. The empathy shown to expatriates and their families towards their needs in a strange land, speaks volumes of the Malaysian caring service culture. A prominent and well-equipped office in a landmark area is a physical manifestation of their service quality.

### **Managing productivity**

REA has committed itself to seek ways to improve productivity and maintain a low cost strategy so that it does not have to increase its costs. Individual productivity is achieved through continuous improvement of skills through seminars, workshops, and continuous professional development training.

Investing in the latest telecommunications and information technology enables high service levels to be maintained with better management of the productivity processes.

### **Managing differentiation**

The competitive edge of REA services are differentiated through offerings that include innovative secondary features that add value to the total service package, ensuring that the delivery of such services are reliable, resilient and innovative.

This differentiation is readily observed in the brand image built as a market leader in expatriate relocation.

### **Managing information technology and data**

REA increases their effectiveness and efficiency of service in the continuous collecting, analysing, processing, applying and updating of data using the updated information technology system.

### **Managing after sales service**

REA continues to receive and accept customer requests, suggestions and complaints, before, during and after sales, and handle each individually according to its importance and urgency, expeditiously. Examples include the way a client's tenancy under their service contract is handled as a voluntary extended warranty.

## **Key learning outcome –the principles**

**Customer Relationship Management (CRM)** includes the methodologies, strategies, software, and web-based capabilities that help an enterprise organize and manage customer relationships. It is the collection and distribution of all data to all areas of the business. The general purpose of CRM is to enable organizations to better manage their customers through the introduction of reliable systems, processes and procedures for interacting with the customers (*Wikipedia*).

The *CRM* practiced by REA is a customer-based culture, where customer interests come ahead of others. It led to development of an end-to-end checklist to guide the process that serves customers from the beginning to the end of a transaction. In turning a complaint into a positive response to a problem, REA asks questions in a manner that will lead to recommendations and help solve the customer problem. REA

continuously monitors all aspects of marketing, sales and customer service to proactively provide the necessary customer support.

The **applications of CRM** are divided into three parts. *Operational CRM* is the basic business process that includes marketing, sales and customer service. It also refers to the support given to the front office, where the business process includes customer contacts (marketing, sales, service) using various channels such as walk-ins and call-ins. The tasks resulting from these processes are then forwarded to those responsible for them, including any such information necessary to carry out such tasks. The interfaces to back-end applications of tasks are activated and the records of interactions with customers are stored for record and for future reference.

In *Analytical CRM*, customer behavior is analyzed and treated as business intelligence. Information collected from the operational CRM and other sources are analyzed and profiled to segment customers or to identify the potentials to enhance client relationships. Customer analysis will then lead to targeted campaigns aimed at generating more business from the customer.

A *Collaborative CRM* facilitates close contact with customers, directly or otherwise. It is an interaction with customers through various channels such as personal contact, letter, fax, phone, web or email. It also supports co-ordination of employees and channels. In REA, it has provided solutions that bring people, process and data together and has helped the company to better serve and retain their customers. These data and activities include those that are structured, unstructured, conversational, or transactional in nature.

The result of REA's successful implementation of the CRM is that it has helped the business to retain the good customers they have acquired and eventually increase their value to themselves and the company. Its list of clientele, which is strong and growing, attests to the success of CRM.

**Total Quality Management (TQM)** is a management approach of an organization, centred on quality, based on the participation of all its members and aiming at long term success through customer satisfaction and benefits to all members of its organization and to society. (*International Standardization of Organizations*).

*Quality* to REA is the totality of features and characteristics of a service that bears on its ability to satisfy stated or implied needs. REA took the strategic option to implement *TQM* programs and retain its industry position, solvent and profitable. Total quality is the key to value creation and satisfaction for both firm and customers. In REA, customers are not seen as being 'outsiders' but as the most important part of the organization. Adopting the TQM philosophy, to meet the customers' expectations is to mean seeing things from their point of view. Customers here refers to property owners listing their properties for sale or rent, the prospective buyers or lessees of the properties, the alliance and referral network, the network of consultants and supporting services, and the internal customers of the organization. The TQM approach of REA is as follows:

TQM is being able to meet and satisfy the customers' stated and implied needs and expectations, by covering all parts, whether it concerns the individuals, the organization as whole or both. There is a cost involved with maintaining service

quality, its process and management, including failure cost. Service should include a designing-in quality, development of a system and procedures to support and sustain the quality, and a process for generating further improvement.

REA has had several responsibilities as a quality-centered company. Firstly, they participated in formulating strategies and policies to help the company to win through total quality excellence. Secondly, they delivered marketing quality alongside production of service quality. Each marketing activity including marketing research, sales training, advertising, customer service are performed and benchmarked against highest standards of the industry.

The Directors of REA, as individuals played several key roles in helping the organization define and deliver high quality goods and services to targeted customers. As Head of a SBU, each Director undertakes a major responsibility for identifying the customers' needs and requirements within the specific category of transaction. Directors talk with customers and seek to meet customer expectations on the desired property. They make sure that customer requests are properly recorded and they ensure that the purchaser or tenant is fully briefed of the terms and conditions of the sale or tenancy agreement and the physical condition of the property and any obligations associated to it. The Director continues to stay in touch with the customer until the transaction is fully completed and the customer remains satisfied. Any feedback, positive or otherwise is conveyed and recorded in the information systems.

**Marketing Information System (MKIS)** consists of people, equipment, and procedures to gather, sort, analyse, evaluate, and distribute needed, timely and accurate information to marketing decision makers. (*Kotler, Ang, Leong and Tan 2003, p.117*).

*MKIS* in REA represents a cross between what the directors think they need, really need, and what is economically feasible. The MKIS has helped the Directors to carry out analysis, planning, implementation and control of responsibilities. The components of the REA MKIS are:

The **internal records systems** include information of customers, property owners and prospects. The property listing, classification, its location (zoning for industrial and commercial sectors), use and other details, and the outcome of past transactions are profiled in the records systems.

The **marketing intelligence system** is a set of procedures implemented and sources to be used by the Directors to obtain daily and periodic information about pertinent developments in the market environment, particularly from industry associates and the grapevine generally.

The **marketing research system** allows for the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situations which is obtained from industry and trade journals, circulars and directives from the governing authority and the changes in the macro and micro-environment.

The **computerized marketing decision support system** of the MKIS has helped the Directors to access, gather, interpret the relevant information and subsequently turned it into a basis for their marketing action for the respective SBU.

**Corporate culture** refers to character of a company's internal work climate and personality – as shaped by its core values, beliefs, business principles, traditions, ingrained behaviours, and style of operating. (Thomson, Strickland and Gamble 2005 p.369).

REA's company *culture* is strong and cohesive. It has remained steadfast since its inception six years ago. This is attributed to the fact that three founding Directors have previously been working together as a group with two different companies for some nine years before setting up REA Connexions Realty Sdn Bhd. The group cohesion has kept them together and motivated them to stay as a Team and be active in it as business partners. The following factors contributed to the strong corporate culture, which in turn influence the corporate strategy of REA Connexions Sdn Bhd:

The founders are strong leaders who have established values, principles and practices that are consistent and sensitive to the trade, profession and business.

Their cohesiveness and commitment to practice and success as real estate agents is supported by their aim to share the success and wealth creation of the company.

They have a genuine concern and sincerity to work as a group and to develop the company as a market leader in the industry.

### Conclusion

The *Customer Relationship Management* practice adopted by REA Realty Connexions Sdn Bhd is relevant to most organizations, especially those firms providing services as their core business. It is a strategic tool for the business to maintain a competitive edge against their competitors, particularly those service-providing companies or industries that operate in a similar manner to real estate agencies.

The rapid movement and change of the market environment has continued to influence the shifting of the economy and the downsizing of companies, resulting in an increase of customers needing to change their service providers and the further stratification of targeted niches has made the market more complex. When times are good, threats of competitors entering the market increases, while during bad times, the competition gets tougher for the restricted market.

The shift of microenvironment has also resulted in a significant change in customer behaviour, including a trend towards non-price competition. The new generation is more sophisticated, more demanding, better educated, with a higher disposable income and ready access to Information Technology, including telecommunications and the web services, to handle their desired tasks. For example, online inquiry, purchases and payment can be readily handled on the Internet. At the same time, service providers need to be sensitive to the macro changes in government policy and legislation, the state of the national economy and the consequential social economic influence on the business community and customers.

Therefore, firms providing services need to be innovative and creative to stay ahead of their competition. The cost of finding new clients has been estimated at five times more expensive than retaining existing ones and these costs apply within the real

estate industry as well. To overcome this, REA Connexions Realty Sdn Bhd adopts and practices the Customer Relationship Management principle to continue to acquire and retain their clients, in addition to seeking referrals from their loyal clients, as a sustainable strategy for its long-term business viability.

Real estate agencies may rely on the reality that everyone requires their services because at some time, all of us will be a buyer, seller, lessor or lessee, for a property. For the real estate agency that wants to remain in business however, Customer Relationship Management is relevant for continuity and success in marketing effort to attract, retain, repeat, refer, value, and manage the referred and loyal customers.

REA Connexions Realty Sdn Bhd has achieved considerable success within a short span of its incorporation and has been acclaimed to be a market leader in Expatriate Relocation by the industry players. The testimonials of their clients, especially the Expatriates attest to their commitment to Customers Relationship Management. This is complemented by the use of Marketing Information Systems, Total Quality Management and a Corporate Culture which supports sub processes that are congruent with the Company's Strategic Plan and a strong internal environment that places importance on teamwork.

### **Bibliography**

Hughes, R., Ginnett, R. and Curphy, G., 2002, *Leadership: Enhancing the lessons of experience*, (4th ed.) McGraw-Hill Irwin, New York, USA.

Kotler, P., Ang, S. H., Leong, S. M. and Tan, C. T., 2003, *Marketing Management – An Asian Perspective*, (3rd ed.), Pearson-Prentice Hall.

Noe, R. A., Hollenbeck, J. R., Gerhart, B. and Wright, P. M., 2003, *Human Resource Management*, (4th ed.), McGraw-Hill.

Slack, N., Chambers, S. and Johnston, R., 2004, *Operations Management*, (4th ed.), FT-Prentice Hall.

Thomson Jr, A. A., Strickland III, A. J. and Gamble, J. E., 2004, *Crafting and Executing Strategy*, (14th ed.), McGraw-Hill, Boston, USA.

<http://en.wikipedia.org>

<http://www.reaconnexions.com>

<http://www.epu.jpm.my/bi/guideline/fic>

<http://www.imi.gov.my>