Outbreak of Covid-19 Virus and Its Relative Impact on Real Estate Aggregators : A Situation Analysis and General Assessment with Special Reference to 99acres.Com

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Abstract

Corona virus had an unprecedented impact on the real estate sector in India to an extent that it has brought the construction activities to a halt and eroded the market of its potential buyer base. The transactions plunged to near zero during the nationwide lockdown, now running into short lockdown again due to increase in Covid-19 cases, the real estate sector is undergoing challenging times ahead. Indian real estate sector with a higher interdependence of supply chains, migration of labors, cost overruns and liquidity constraints are some of the emerging challenges in the path of development. The impact of Covid-19 on real estate sector is considered to be the third 'black swan' event in the last five years after Demonetization and the implementation of the Real Estate Act, 2016. The present study is undertaken in order to study the impact of Covid-19 on a giant real estate aggregator 99acres which is India's No.1 online property portal.

Keywords: Covid-19, Client Retention, Online Portal, Real Estate Aggregator, Real Estate Investment Trusts

1. Introduction:

Real Estate Sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy. It is also expected that this sector will incur more Non-Resident Indian (NRI) Investment, both in the short term and the long term. Bangalore is expected to be the most favored property investment destination for NRIs, followed by Ahmadabad, Pune, Chennai, Goa, Delhi and Dehradun. By 2040, Real Estate Market will grow to Rs 65,000 crore (US$ 9.30 billion) from Rs 12,000 crore (US$ 1.72 billion) in 2019. Real Estate Sector in India is expected to reach a market size of US$ 1 trillion by 2030 from US$ 120 billion in 2017 and contribute 13 per cent to the country's GDP by 2025. Retail, Hospitality, Commercial Real Estate is also growing significantly, providing the much-needed infrastructure for India's growing needs. Indian real estate is expected to increase by 19.5% CAGR from 2017 to 2028.

Office space has been driven mostly by growth in **ITeS/ IT, BFSI, Consulting and Manufacturing Sectors**. During 2019, the office leasing space reached 60.6 msf across eight major cities, registering a growth of 27% Y-O-Y. In 2019, office sector demand with commercial leasing activity reached 69.4 msf. Co-working space across top seven cities increased to reach 12 sq.ft by end of 2019. Warehousing space is expected to reach 247 msf in 2020 and see investment worth Rs 50,000 crore (US$ 7.76 billion) during 2018-20. Grade-A office space absorption is expected to cross 700 msf by 2022, with Delhi-NCR contributing the most to this demand. Housing sales reached 2.61 lakh units in 2019 across seven major cities.

1.1. Government Initiatives:

Government of India along with the governments of respective States has taken several initiatives to encourage development in the sector. The Smart City Project, with a plan to build 100 smart cities, is a prime opportunity for real estate companies. Below are some of the other major Government initiatives:

- In order to revive around 1,600 stalled housing projects across top cities in the country, the Union Cabinet has approved the setting up of Rs 25,000 crore (US$ 3.58 billion) **Alternative Investment Fund (AIF)**.

- Under **Pradhan Mantri Awas Yojana (Urban) (PMAY (U))**, 1.12 crore houses have been sanctioned in urban areas, creating 1.20 crore jobs.

- Government has created an **Affordable Housing Fund (AHF)** in the **National Housing Bank (NHB)** with an initial corpus of Rs 10,000 crore (US$ 1.43 billion) using priority sector lending short fall of banks/financial institutions for micro financing of the HFCs.

- On February 29, 2020, India formally approved 417 **Special Economic Zones (SEZs)**, of which 238 were already in operation. Majority of the SEZs are focusing on **IT/ ITeS sector.**

1.2. Road Ahead:

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform, which will allow all kinds of investors to invest in the Indian real estate market. It would create an opportunity worth Rs 1.25 trillion (US$ 19.65 billion) in the Indian market in the coming years. Responding to an increasingly well-informed consumer base and bearing in mind the aspect of globalization, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralized processes to source material and organize manpower and hiring qualified professionals in areas like project management, architecture and engineering. The growing flow of FDI in Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.

1.3. Impact of Covid-19 Pandemic Situation

The Central Government has declared COVID-19 pandemic a 'Force Majeure' for the Indian real estate sector. The 'Force Majeure' contractual clause is invoked only on rare events in the wake of some 'extraordinary' event or circumstance when there is a likelihood of a party's failure to honor a contractual obligation or liability. Hence, the Finance Ministry has directed the State governments to extend the project and registration timelines for real estate developers under the **Real Estate (Regulation and Development) Act, 2016 (RERA)** by invoking this clause. This might well indicate how severe the impact of the COVID-19 pandemic is in India's real estate sector. In addition to the extensions under RERA, the Government has also been proactive in undertaking policy and fiscal measures to support buyers, sellers and financial stakeholders in the sector. Easing of interest rates, infusion of liquidity, setting up of special funds, and extension of the loan moratorium are some other relief measures provided so far to hasten the recovery process of the industry. Presently, the sector has been reeling under extreme distress due to the disruptions in construction activities caused by the phased lockdown and social-distancing norms implemented in March to prevent the spread of COVID-19. The continuous lockdown extensions may further thwart the sector's growth and may create more challenges for it to overcome in the near-term.

1.4. Impact of covid-19 on Client Retention

The COVID-19 outbreak has sent industries such as travel, traditional retail and manufacturing into a tailspin, while opening new doors for e-commerce, healthcare, food delivery services and online gaming. However, the global lockdown has put severe pressure on supply chains, causing product shortages. As

consumer confidence nose-dives, companies need to find innovative ways to stay afloat and cater to changing client expectations. Client Experience (CEX) is the bridge between a company's efforts and client expectations. Both ends of this bridge face an uncertain future depending on the speed of recovery from COVID-19. Such crises alter consumer behavior. The contact-less nature of this pandemic brings to the fore the importance of digital, and the digital maturity achieved by some companies. For instance, banking and financial services, telecommunications and online retailers are pushing self-service and digital channels, while their contact centers operate at low occupancy.

As the world joins forces to contain the current COVID-19 crisis, businesses are concerned with the impact that events may have on the relationship with their customers. Customer loyalty and trust are being put to the test. Companies want to continue to provide excellent value to their customers, and they want to return to growth as soon as they can after the crisis lifts. This is a time for companies to look ahead, to consider the improved and innovative offerings they can launch in the market now that will serve customer needs today as well as provide momentum into the future. By letting customers know they are important by keeping their interests first and foremost, companies can retain customer loyalty and trust. This topic provides the whole impact of covid-19 on customer retention and the current scenario of Indian real estate in this pandemic situation. This topic helps to retain the customers in this pandemic situation also.

2.   Theoretical Background of the study

This theory says that by identifying what customers are expecting, and then meeting and exceeding those expectations will retain the clients and also consumers are not likely to change their service providers. Over many years, it has been proved that "Customer Satisfaction is indeed a strong correlate of retention and loyalty". This theory tells us that "few customers will not change their brand even if they are dissatisfied whereas some customers will change their brand even if they are satisfied it all depends upon the customer. Companies are conducting lot of surveys to take

measures to retain the customers and help them in solving their problems.

- "**SAFE**" customers are those who are not satisfied, but they tend not to change services even when their satisfaction drops.
- "**HIGH RISK**" customers are unhappy and likely to change their brand.
- "**UNHAPPY BUT STATIC**" they are likely to remain even having lower satisfaction.
- "**HAPPY BUT MOBILE**" customers are satisfied and are likely to switch brands even though they are satisfied.

3. Review of Literature:

Winch and Partners (1998) underline that in business; an astonished client is a dissatisfied client. As referenced before, a negative understanding of certain properties of the task appears to reflect unequivocally on the clients generally feeling of fulfillment. In this circumstance, contractual workers may seek after short term consumer loyalty to the determinant of long haul quality and high client fulfillment. Open clients could be more expert than private ones, in which case their requests and desires would be at a more elevated level. Open proprietors regularly work with a bigger number of contractual workers and in this way the temporary workers' subjective deviation (little and large contractual workers) is more noteworthy than on account of private clients. **Al-Momani (2000)** likewise found that there are some significant contrasts among the perspectives on various proprietors (clients); open officials have a poor fulfillment rate and have the most objections with respect to the temporary workers' exhibition.

What's more, private clients could be progressively settled accomplices in collaboration, which would then reflect on consumer loyalty. Conversely, open clients need to pursue authoritative acquisition, which basically limits the criteria for choosing contractual workers. Focused offering is generally founded on cost criteria, and in this manner temporary workers need more impetus to surpass the client's desires, and may consider the client to be as insignificant. In the instance

of open clients, temporary workers take an interest in new aggressive biddings enemy each new agreement, regardless of the achievement or disappointment of their prior activities, though private clients would drop unacceptable contractual workers from the challenge.

In development, consumer loyalty doesn't ensure faithfulness (future work with that client). The criteria of choosing a temporary worker are primarily based on cost, yet in addition to the contractual worker's specialized and budgetary capacity and on past encounters of the temporary worker's capability. Fulfillment is hence. Reflective of clients' encounters with and confidence in the temporary worker's capacities what's more, co-activity ability. A dissatisfied client won't work with that temporary worker later on, however a satisfied client would not really ensure future activities of the temporary worker. Subsequently, the primary benefit of high client fulfillment for a contractual worker is the chance to stay a client's latent capacity accomplish later on. In any case, the fundamental goal in improving client fulfillment is to accomplish client dedication, which can lead, for instance, to cooperating courses of action.

Additionally, with exceptional challenge locally and all inclusive, numerous organizations are attempting to improve and dispatch client dedication projects to create more deals and to be focused **(Ho, Huang, Lee, Rosen, and Tang, 2009).** As per Uncle, Dowling furthermore, **Hammond (2003),** two key goals of doing client maintenance and dedication investigation are to expand deals volume or income from the buying expectation of customers.

Besides, **Payne and Rickard (1993),** audited that client maintenance is determined from the expansion of offers from the fulfillment of clients that is past their desires and needs which is predictable with **Thompson (2004)** which expressed that realizing client needs are essential so as to get effective and focused, knowing the present needs of clients may not be sufficient, however it is basic to anticipate the future needs of clients too. The explanation that client maintenance

is significant and should be considered for each firm is that the expense of gaining new clients is essentially higher than keeping up existing clients. Additionally, it is simpler to keep up the relationship with existing clients, both as far as time and value affectability so it is progressively qualified to make client maintenance. Besides, **Healy (1999)** declared that the client maintenance and faithfulness of existing clients can help advance the brand by listening in on others' conversations and by keeping up the client maintenance or decreasing the pace of client abandonment which can help produce twofold benefits to the organization.

Reichard and Kenny (1990) have concluded that a company in order to retain customers has to consider the following six factors i.e.; Customer focused culture where employees and managers tries to focus on customer satisfaction, senior management, information system related to retention, finding the root causes for defections, empowerment of frontline employees, training and development. Consumer loyalty overviews likewise bring contactors important data about their clients. So as to achieve consumer loyalty, organizations must comprehend what their clients need and how temporary workers address those issues.

Grönroos (2001) stresses that clients additionally have certain desires with respect to how they need to be dealt with; moreover, he takes note of, the administration or physical item bought needs to fit the client's interior worth producing forms. In this overview, the perspectives on the two gatherings of task proprietors in regards to temporary worker's execution varied in all zones. The outcomes feature the need to plan the administration item from the client's point of view. Commonly, clients were happy with the contractual worker's capacities to collaborate and the aptitudes of the temporary worker's laborers and directors, though low fulfillment could be recognized in the things identified with quality affirmation and handover. As per this review, a typical element of the low fulfillment things is that they turn out in later periods of the development venture. This

outcome could demonstrate that the contract worker and the client have not arranged the finish, arrange, or that it has been inadequately structured. It could likewise demonstrate that there is an issue in overseeing plans, which additionally requires shared co-activity between the parties. This discovering is like the discoveries of **Soetanto and Partners (2001)**, whose significance execution examination recommends that contractual workers need to improve their exhibition in many parts of the venture. As far as criteria needing improvement, the clients thought about the redress of imperfections the need. Be that as it may, this circumstance could likewise be gotten from the client's emotional impression of the task: The client may overemphasize the later phases of an undertaking due to its long term and on the grounds that the imperfections discovered during the handover period stay unmistakably in the client's brain. This is an impediment of the study, yet it is critical to see the quality improvement endeavors that temporary workers ought to know about.

This research is mainly for customer retention in the construction industry. As construction companies expanding rivalry among themselves, more noteworthy consideration keeps on being given to client connections and satisfied clients. Organizations utilize different ways to deal with consumer loyalty in creating and checking item/administration contributions so as to oversee and improve client connections and quality. Estimating consumer loyalty moreover has a few benefits for associations, for instance, in improving correspondence between the parties, empowering common understanding, assessing progress towards the objective, and checking achieved results and changes.

Blatberg, Gatz and Thomas (2001) appeals that customer share is not same as customer retention because there is no probability that two firms could retain the same customer. So, customer retention is completely based on the perception of the customer. The author argues that both customer share and customer retention are different entities.

Reinartz and Kumar (2003) they tell that customer share and customer relationship duration are considered as two separate dimensions of the customer relationship because customer duration might last long or last short. It does not impact on the customer share because companies always get new clients over a period of time.

Parasuraman (1984) has identified the gaps between how executives perceive the service quality and also the tasks associated with delivering those services to the customers. They found that service quality depends upon the size and direction of the gap between what the customer expects and what is being actually received by the customer.

4. Objectives of the Study

- To study the impact of covid-19 on the online real estate advertisement portals.

- To understand the impact of covid19 and its relative based client expectations towards the various products and services offered by 99acres.com

- To find out the impact of covid-19 over its customers and identify the major strategies focusing on the client satisfaction for existing clients.

- To assess the impact of covid-19 Pandemic and also to find out about the various ways of acquiring new clients.

5. Scope of the study

This report is a study conducted at 99acres.com. The scope of this study is restricted to the employees of 99acres.com. This study can tell us how badly the COVID-19 virus has changed the fate of the real estate industry especially in client retention.

6. Testing of Hypothesis

Hypothesis Testing (H_{01}): There is a significant difference in the mean scores of demand for property pre and post Covid in the affordable housing segment.

Hypothesis Testing (H_{02}): There is a significant difference in the mean scores of demand for property pre and post Covid in Mid income housing segment.

Hypothesis Testing (H$_{03}$): There is a significant difference in the mean scores of demand for property pre and post Covid in the luxury housing segment.

7. Limitations of the Study:

- Information obtained or the collection of data is limited.

- Geographical limits of the study was restricted to Bangalore region.

- Estimation was not performed in the overall 99acres.com as other branches are present in overall India.

- Time given to collect the sample was limited.

8. Research Methodology:

8.1. Type of Research: The current study is descriptive in nature.

8.2. Sampling Method: The Population of the study was found to be indefinite and it is proposed to follow the Non-Probability Sampling Method.

8.3. Sampling Technique: Convenience Sampling Technique was used for the present study.

8.4 Methods of Data Collection: Survey method is employed to collect the data from the respondents and the data are collected with the help of structured questionnaires.

8.5 Sample Size: 100 employees of all levels of 99acres.com

8.6 Sources of Data:

The current study involves the collection of both primary and secondary data.

- **Primary data:** Primary data are collected using a questionnaire.

- **Secondary data:** Secondary data are collected from sources like company website, an online journal database, like EBSCO, J-Gate and also company brochures.

8.7 Tools of Data Analysis: The collected data was processed, presented using suitable tables and graphs and finally the data were tested using paired two sample t-test.

9. Major Findings of the Study:

9.1. Demographic of the Respondents:

Gender Category	No.of. Respondents	Percentage (%)
Male	76	76
Female	24	24
Total	100	100

Table.No.01. Gender Category of the respondents
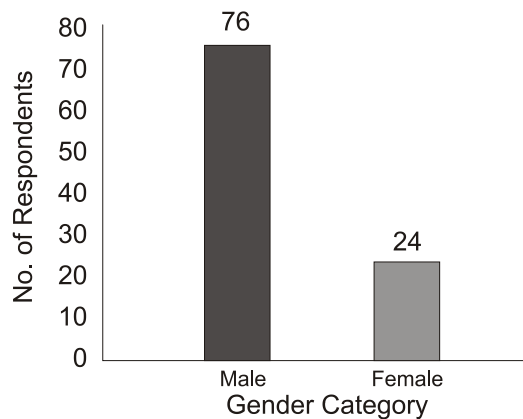
Chart.No.01. Gender Category of the respondents

Age Group (in Years)	No.of. Respondents	Percentage (%)
Between 20 to 25 Years	44	44
Between 25 to 30 Years	32	32
Between 30 to 35 Years	16	16
Between 35 to 40 Years	08	08
Total	100	100

Table.No.02. Age Group of the respondents
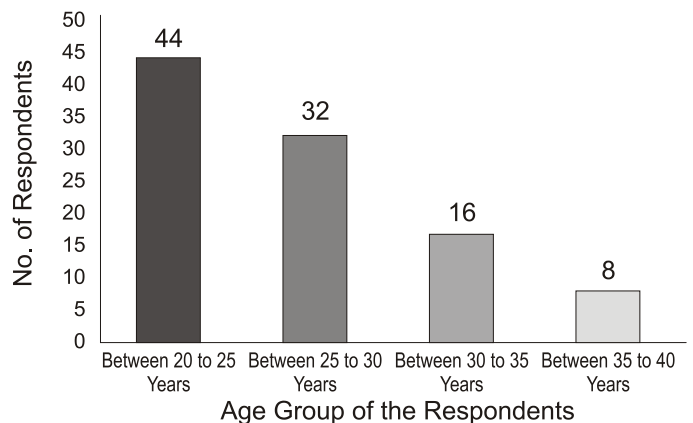
Chart.No.02. Age Group of the respondents

Work Experience	No.of. Respondents	Percentage (%)
Between 0 to 2Years	36	36
Between 2 to 5 Years	12	12
Between 5 to 10 Years	28	28
Above 10 Years	24	24
Total	**100**	**100**

Table.No.03. Work Experience of the respondents

Chart.No.03. Work Experience of the respondents

From the demographic profile of the respondents it was found that the majority 92% of the respondents is under the age group of 35 years which represents a team of young minds. A large group of respondents 64% have 5 to 10 years of experience which showcases the level of loyalty and satisfaction of the employees towards the company. Out of total respondents strength 76% are male. Out of existing employees 61% of the respondents belong to the new business development category. It is also found that 68% of the respondents provide discounts to their customers, 64% of the respondents provide complimentary products to their customers. 92% of the respondents are providing an extension of subscription packages to their customers. During the pandemic situation majority 84% of the respondents are using phone calls as medium of sales. The maximum duration of engaging customers is from 1 day to 2 weeks. During corona pandemic webinars emerged as an effective means of updating the market information.

When it comes to the level of satisfaction amongst the clients only a small segment 20% of the clients are satisfied with the services provided by 99acres employees whereas the majority 36% of the respondents are somewhat happy with the service provider. The effective time needed to convince the clients was found to be 10-15 mins. When it comes to effectiveness of convincing clients using the digital medium majority of the respondents felt excellent rather than face to face counseling. As a real estate aggregator majority of the respondents trust 99acre brand. On the other hand the employees of 99acres are very much satisfied with the benefits provided to their clients in the current pandemic situation.

9.2. Findings and Results of t-Test – Paired Two Samples for Means:

t-Test	Variable 1	Variable 2
Mean	55.5	52
Variance	167.7143	205.1429
Observations	8	8
Pearson Correlation	0.948854	
Hypothesized Mean Diff.	0	
df	7	
t Stat	2.167632	
P(T<=t) one-tail	0.033425	
t Critical one-tail	1.894579	
P(T<=t) two-tail	0.06685	
t Critical two-tail	2.364624	

Table.No.4.1. Findings and Results of t-Test – Paired Two Samples for Means

t-Test	Variable 1	Variable 2
Mean	29.375	28.5
Variance	55.69643	65.14286
Observations	8	8
Pearson Correlation	0.88582	
Hypothesized Mean Diff.	0	
df	7	
t Stat	0.658505	
P(T<=t) one-tail	0.265634	
t Critical one-tail	1.894579	
P(T<=t) two-tail	0.531268	
t Critical two-tail	2.364624	

Table.No.4.2. Findings and Results of t-Test – Paired Two Samples for Means

t-Test	Variable 1	Variable 2
Mean	15.125	19.5
Variance	46.41071	129.4286
Observations	8	8
Pearson Correlation	0.933592	
Hypothesized Mean Diff.	0	
df	7	
t Stat	-2.21803	
P(T<=t) one-tail	0.031028	
t Critical one-tail	1.894579	
P(T<=t) two-tail	0.062057	
t Critical two-tail	2.364624	

Table.No.4.3. Findings and Results of t-Test - Paired Two Samples for Means

From the results obtained through two samples paired t-test there is a significant difference in the demand for affordable housing and Luxury housing segment. Whereas in case of mid income housing segment there was no significant difference in the mean scores which may be accounted for fixed source of income for mid income families which will make them resistant to unpredicted movements in the economy.

9.3. Suggestions of the Study

From the findings of the study it can be suggested that the relationship towards the customer is maintained quite efficiently which looks satisfactory. Having an effective customer relationship management will bring the recurring customer for the business. The feedbacks received from the customer side should be properly considered and implemented at every stage and moreover, this would sound promising if the feedbacks are delivered to the employees so that the same improvement area could be avoided. Also the employees should be ready to accept the response to the feedbacks received and the same should be implemented at every stage. Also the analysis shows that the management department is effective enough to support the employees in a customer oriented perspective a swell, but at the same time that should not let the employees down at any stage. Management should make the employees aware that the source of business is from the clients or the customer and having

a healthy relationship management with them will help them to learn where they stand, this could be in both positive and negative ways. Also the effective relationship maintained would definitely help the business in a better way.

10. Conclusion

Hence the researcher would like to conclude that real estate aggregators play a significant role in providing the best services for their clients, but they are not exceptions to the contrite effect of Covid-19. The Covid-19 crisis disrupted the supply chain of realty, raw materials, and led to reverse migration of laborers and fund constraints at the developers' end. The sector went through a major digital transformation as developers shifted online to market their projects and engage with customers, and Government bodies, such as NCLAT and RERA started addressing homebuyers online. In Apr-Jun 2020 quarter saw the lowest number of new launches since 2013 and sales remained 75% lower than the previous quarter. Invoking of Force Majeure brought some relief as ongoing projects got up to a nine-month extension under the Real Estate (Regulation and Development) Act, 2016. The suspension of Insolvency and Bankruptcy Code (IBC) for a year, too, is a relief for developers.

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