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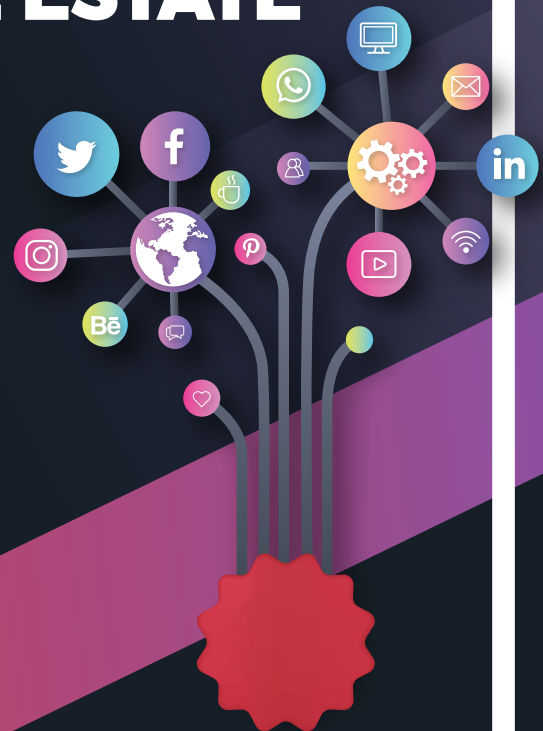
PropertyGuru
DataSense

REHDA INSTITUTE

SUMMARY REPORT: DIGITAL MARKETING TRANSFORMATION INITIATIVE (DMTI)

“DIGITAL MARKETING INSIGHT FOR MALAYSIA REAL ESTATE”

JUNE 2022



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CONTENTS

ABOUT REHDA INSTITUTE	1
CHAPTER 1: INTRODUCTION	2
1.1 Background of the Summary Report	
CHAPTER 2: METHODOLOGY	3
2.1 Digital Marketing Transformation Initiative (DMTI) Survey	
2.2 Demographics of Respondents	
CHAPTER 3: MAIN FINDINGS	5
3.1 Digital Marketing – Why companies need it?	5
3.2 Property Developers in Malaysia: What is the right digital marketing mix for you?	8
3.3 Property Developers: Are you spending too little or too much on digital marketing?	12
3.4 How do you maximize the effectiveness of your digital marketing campaigns?	14
3.5 Case Study: How to market low-and-medium-cost properties in suburban areas?	16
CHAPTER 4: CONCLUSION AND RECOMMENDATIONS	19

ABOUT REHDA INSTITUTE

REHDA Institute is a not-for-profit foundation which serves as the training, education and research arm of the Real Estate and Housing Developers' Association of Malaysia (REHDA) to address the needs of housing and property industry. REHDA Malaysia represents more than 1,500 property developers across Peninsular Malaysia.

The affairs of REHDA Institute are governed by an independent Board of Trustees led by REHDA Institute Chairman. The Board consists of prominent industry personalities including many past-Presidents of REHDA Malaysia who have contributed significantly to the growth and advancement of the housing and property industry.

The Institute objectives and activities focus on the three main pillars:

- 1. Training & Events** Providing industry-relevant training and events for the real estate and property development industry with the aim to improve productivity, innovate new ideas towards achieving the highest standards of professionalism and advance best practices for the industry.

- | | |
|--------------------|---|
| 2. Research | Spearhead industry-relevant research to drive improvements on industry's best practices, research contents for members' consumption and contribute positively to the overall development of Malaysia. |
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- 3. Education** In collaboration with tertiary institutions, REHDA Institute aspires to work on Executive Programmes for middle and senior management of the industry to groom future leaders of the industry. Currently, the Master of Real Estate Development (MRED) Programme is being offered under a partnership between REHDA Institute and Universiti Tunku Abdul Rahman (UTAR).

CHAPTER 1: INTRODUCTION

1.1 Background of the Summary Report

In collaboration with Monash University Malaysia, PropertyGuru Datasense and NextProperty, REHDA Institute has conducted a digital marketing short course certification programme, namely The Digital Marketing Transformation Initiative (DMTI), between 10 May 2022 and 10 June 2022. This programme was curated by REHDA Institute with industry experts to provide one of the most comprehensive digital marketing certification programme that is uniquely designed for property developers. This programme comprised of five online webinar sessions as well as two-day physical classes at Klang Valley, Johor and Penang respectively.

From the previous Focus Group Discussion (FGD) conducted by REHDA Institute in November 2021, we noted that most property developers in Malaysia have been slower to adopt digital technologies. With the DMTI, REHDA Institute aims to improve the digital marketing capabilities of property developers in Malaysia.

In light of this, REHDA Institute is taking the initiative to collect data and information relating to digital marketing practices and challenges faced by developers, with following objectives:

1. To understand current digital marketing practices among developers;
2. To identify digital marketing challenges faced by developers;
3. To provide current insights for future planning of their digital marketing strategies,

Through the DMTI, REHDA Institute aims to continue to collect relevant industry data and develop its research capabilities into digital marketing challenges faced by the industry and over time work alongside the authorities for additional incentives or grants for digital modernisation of property developers.

CHAPTER 2: METHODOLOGY

2.1 Digital Marketing Transformation Initiative (DMTI) Survey

With input from industry experts, multiple rounds of survey questions were curated and distributed to 75 participants in the DMTI programme via an online survey platform. We would like to thank the following individuals for their valuable support.

- Dr Manjeevan Singh Seera, Associate Professor in Business Analytics and Deputy Head of School (Research, Engagement and Impact) at the School of Business, Monash University Malaysia
- Dr Lee How Chinh, Senior Lecturer in Business Analytics at School of Business, Monash University Malaysia
- Teng Chan Leong, CEO of Skribble Me Malaysia
- Lai Toh Wai, Project Director at ESP Global Sdn Bhd
- Wilson Pee, Founder and CEO of NextProperty Ventures Sdn Bhd
- SQ Yong, Technical Director at NextProperty Ventures Sdn Bhd
- Logarajah Thambyrajah, Principal Consultant at Kognifi Sdn Bhd
- Ignatius Anantha J Krishnan, Executive Director and Trainer at Kognifi Sdn Bhd

2.2 Demographics of Respondents

The respondents were generally mid-level employees and senior managers at property development companies, which were mainly from the central region and some from other parts of Malaysia. A significant portion (73%) of the respondents were from large-sized companies.¹ The senior managers and mid-level employees are mostly involved in the digital marketing scope of work. The respondents from large-sized companies have been involved on average for 29 months and from medium-sized companies, 25 months.

¹ Based on the SME definition by SME Corp, medium-sized companies are defined as having sales turnover between RM 3 million and RM 20 million per annum or having 30 to 75 employees. Large-sized companies have annual sales turnover above RM 20 million. Publicly listed companies are considered as large-sized companies for this summary report purpose.

Following are the demographics of the respondents and their involvement in digital marketing.

The Demographics Characteristics		Frequency	Percentage	
Designation	Senior Managers & Above	30	40.0	
	Mid-level	45	60.0	
Location	Johor	11	14.7	
	Kuala Lumpur	21	28.0	
	Negeri Sembilan	3	4.0	
	Pahang	1	1.3	
	Penang	6	8.0	
	Perak	2	2.7	
	Sarawak	1	1.3	
	Selangor	30	40.0	
	Company Size	Large	55	73.3
		Medium	20	26.7
Involvement in Digital Marketing	Yes	67	89.3	
	No	8	10.7	
Duration involved in Digital Marketing	1 - 12 months	18	24.0	
	13 - 24 months	15	20.0	
	25 - 36 months	14	18.7	
	37 - 48 months	7	9.3	
	49 - 60 months	8	10.7	
	61 months and above	3	4.0	

CHAPTER 3: MAIN FINDINGS

Below are the key findings from the DMTI surveys.

3.1

Digital Marketing – Why do companies need it?

With increased internet penetration and changing consumer behavior, digital marketing is essential for businesses to increase brand awareness and connect with prospective customers. All respondents claim that digital marketing has benefited their companies, especially during the pandemic, in terms of sales and marketing performance, including:

1. Reaching the right audience;
2. Generating quality leads;
3. Boosting sales;
4. Increasing brand awareness;
5. Gaining more customer insights with collected data.

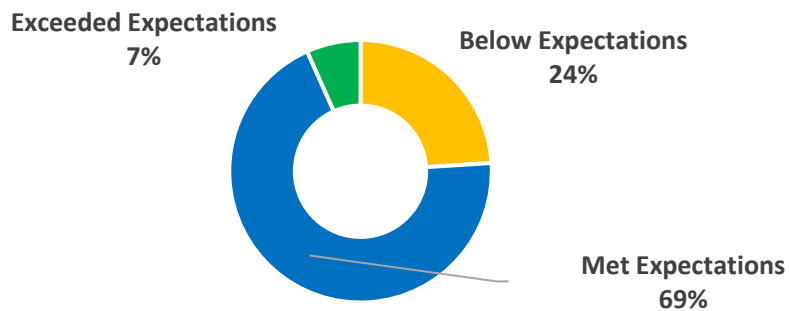
In terms of company size, responses from large-and medium-sized companies are very similar. Respondents from large-sized companies are focused more on how digital marketing can help them to generate lead and boost sales and marketing performance. They used the terms of **lead, marketing, audience** and **generation** the most in their answer to the impact of digital marketing on the company's sales and marketing performance.

Respondents from medium-sized companies emphasised how digital marketing can help reach customers. They preferred the terms of **customers, project, reach** and **lead** in describing the impact of digital marketing on the company's sales and marketing performance.

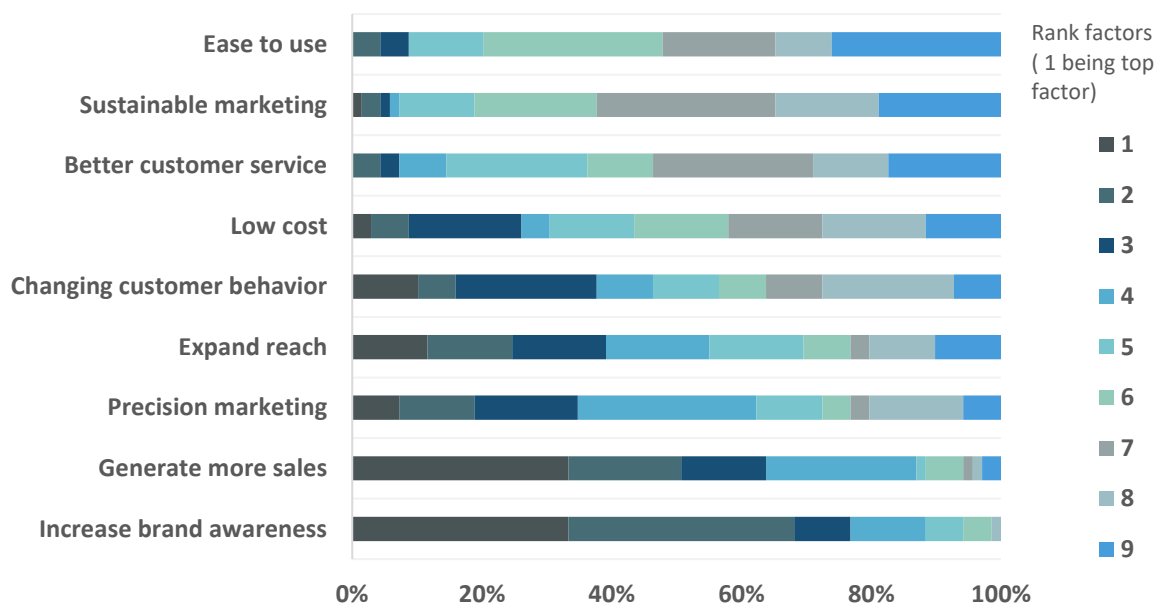
By location, respondents from different states responded differently. The answers provided by respondents from Selangor were highly similar to those from Johor and moderately similar to those from Kuala Lumpur and Penang. In comparison, their responses and those from Perak and Negeri Sembilan were of a low degree of similarity. However, respondents from Negeri Sembilan had opinions closer to the respondents from the major cities compared to those from Perak, Sarawak and Pahang.

In reviewing the overall digital marketing performance in 2021, majority (69%) of respondents reported that their digital marketing campaigns met expectations, and even 7% exceeded expectations.

Overall Company Digital Marketing Performance in 2021



Most of the time, property developers embraced digital marketing to generate more sales (35%), increase brand awareness (33%) and expand reach (12%). Low cost, ease of use, and better customer service had the least impact on getting developers to use digital marketing.



[Source: Digital Marketing Transformation Initiative (DMTI) survey, REHDA Institute: May-June 2022]

In fact, it can be seen that the motivation for digital marketing involvement can be grouped into three clusters with the following natures.

Cluster nature	Percentage	Descriptive terms
Job oriented	46.7%	job, audience, learn, sales
Market trend-oriented	38.7%	trend, field, market, digital
Customer-oriented	14.6%	reach, understand, customers, leads

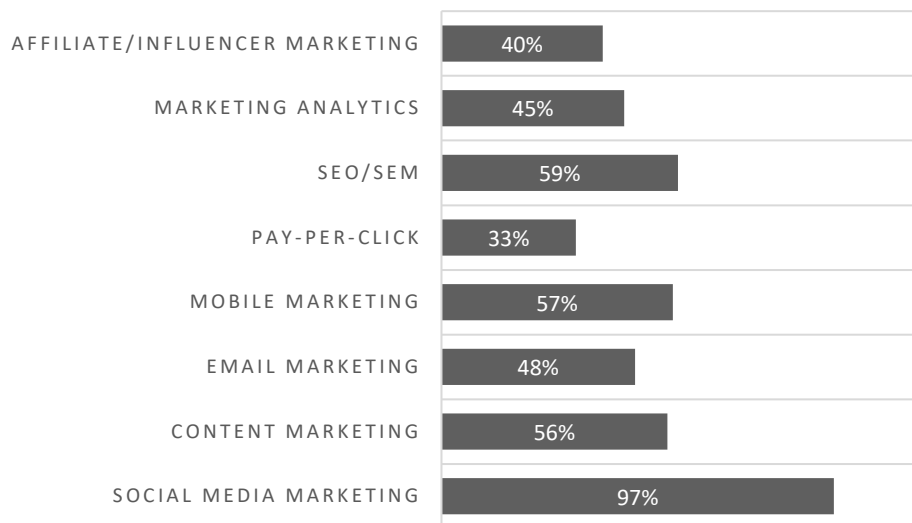
More than 80% of respondents felt that their management supported them in doing digital marketing. They felt that a strategic approach is much needed for the digital marketing campaigns, as well as an integration of the system.

More than half of the respondents recognized the presence of digital marketing strategies in their companies. However, respondents on average felt they were not trained well to do digital marketing campaigns, as only 3.85% strongly agreed that their marketing teams were well trained to conduct digital marketing campaigns.

3.2

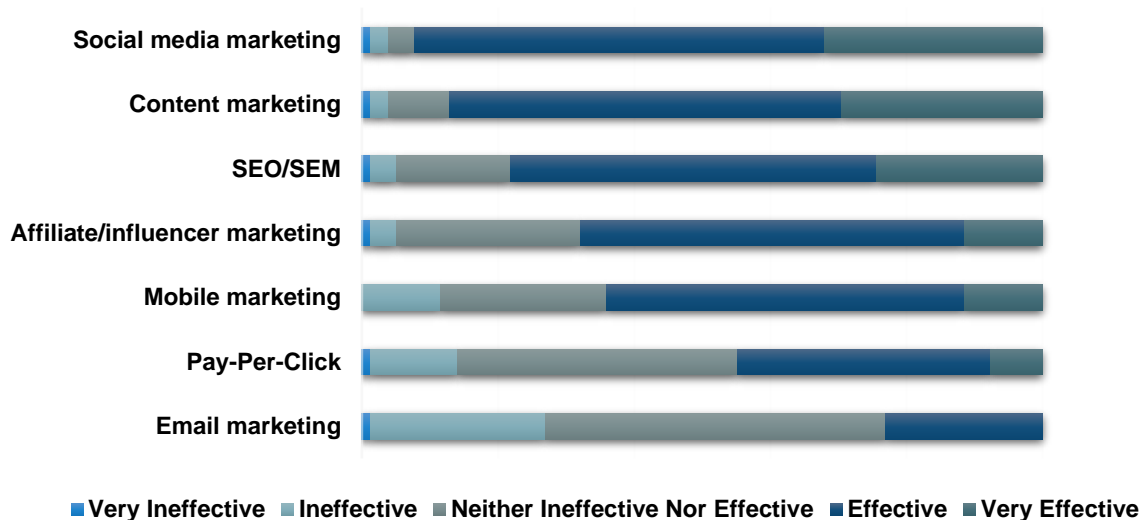
Property Developers in Malaysia: What is the right digital marketing mix for you?

Nearly all property developers (97%) have engaged with social media marketing. Other popular digital marketing channels among property developers included search engine optimization (SEO)/Search Engine Marketing (SEM) (59%), mobile marketing (57%), and content marketing (56%). Pay-per-click (33%) and affiliate marketing (40%), also known as influencer marketing, were the least used digital marketing channels among property developers



In terms of the effectiveness of the digital marketing platforms, social media marketing had the highest scores among property developers. Following that, content marketing and SEO/SEM were deemed the most effective digital marketing channels for property developers in Malaysia. The least effective digital marketing channels were email marketing and Pay-Per-Click. Affiliate

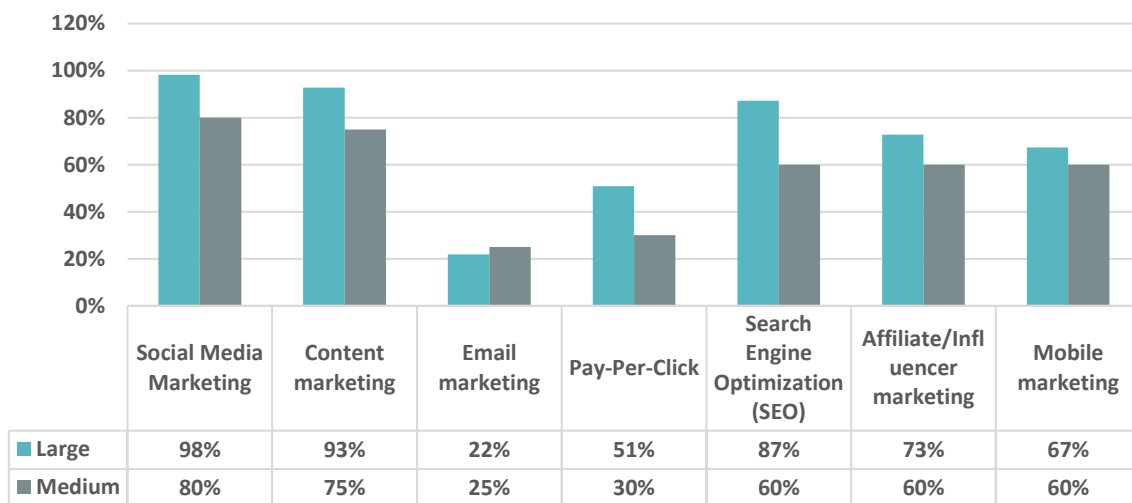
Effectiveness of Digital Marketing Platforms



marketing and mobile marketing became more popular, with the increased number of smartphone users and high internet penetration rate.

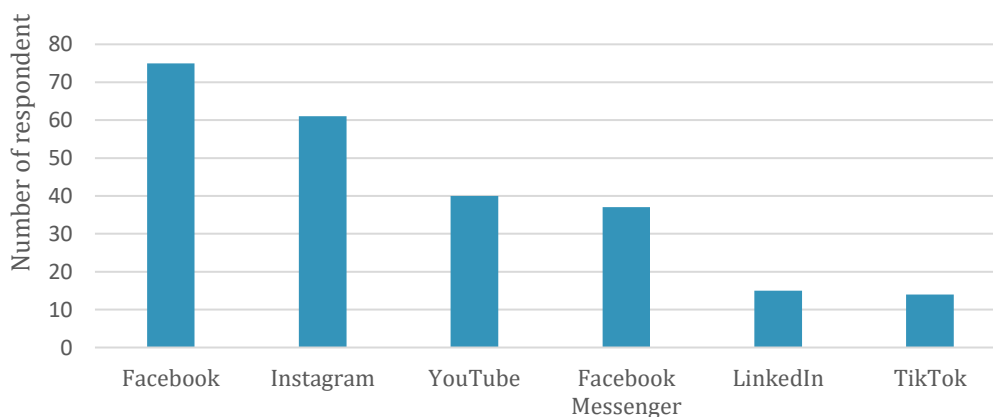
In terms of company sizes, the email marketing and pay-per-click had the lowest scores across all company sizes. Social media and content marketing seemed to be the top favourite among all company sizes, while large-sized companies favoured search engine optimization and marketing analytics. Medium-sized companies seemed to try out everything, except for email marketing.

Effectiveness of Digital Marketing Platforms by Company Size



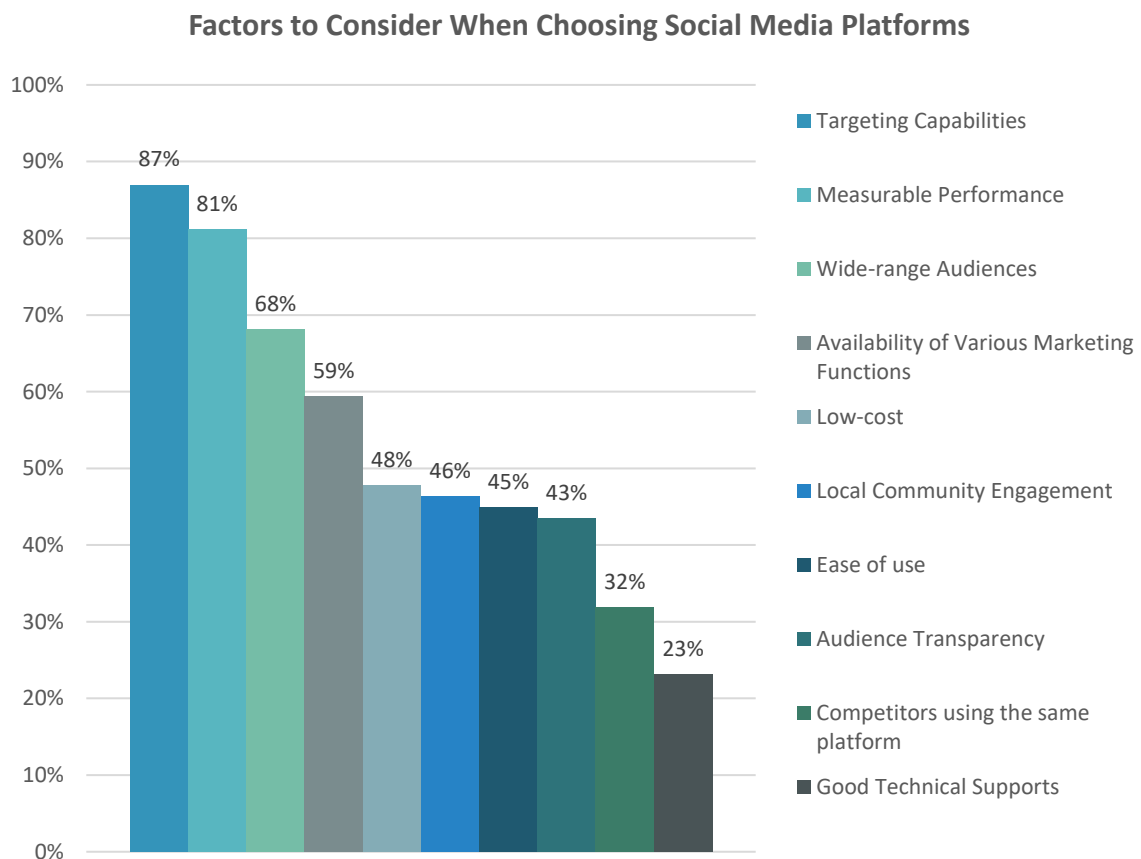
With a focus on social media marketing, the most commonly used social media platform was Facebook and Instagram, most likely due to the popularity of their usage in Malaysia. This is followed by YouTube and Facebook Messenger, which is closely linked to Facebook.

Types of Social Media Platforms Used By Developers



The conversion rate² of Facebook was the highest, where the average reached up to 23.7% for medium-sized companies and 18.4% for large-sized companies. As for Instagram, it averaged at 5% for both medium and large-sized companies. YouTube recorded the lowest conversion rate across all company sizes.

In choosing the right social media platforms for the digital marketing campaigns, respondents agreed that targeting capabilities (87%) and availability of measurable performance (81%) are the most important factors. Nearly 70% of respondents focused on the capability of the social media platform in reaching out to a wide range of audiences.



[Source: *Digital Marketing Transformation Initiative (DMTI) survey*, REHDA Institute: May-June 2022]

In engaging with digital marketing campaigns, one may find certain digital marketing platforms perform better than other platforms on a certain type of property. For example, one might find Facebook is more effective in marketing double-storey terrace houses priced below RM 600,000.00. However, others would think that social media marketing works well across all price ranges of residential units. A digital marketing strategy can work well on one project, but different

² Conversion rate is the percentage of visitors who have completed a desired action, such as clicking on an advertisement, submitting a form, or contacting the company.

types of project characteristic would require a different set of digital marketing strategies. A successful digital marketing campaign involves constant monitoring, review and adjustment to reach the right audiences. Experience and advice from experts help to set a good base in digital marketing.

Digital marketing industry perspectives shared by:

Mr Lai Toh Wai (Project Director, ESP Properties)

In my personal opinion and digital marketing experiences so far, TikTok works extremely well with any property below RM 300,000.00, involving younger demographic, and first-time homeowners. It can generate a high volume of leads and a fairly similar conversion rate, at a cheaper rate.

When moving to the RM 500,000.00 range, TikTok will still have a higher volume and cheaper cost as compared to Facebook, but the conversion rate drops significantly to below 0.5% due to the low buying power of younger audiences. Thus, Facebook and Instagram stand to be better platforms for these demographics.

For anything above RM 800,000.00, Google ads theoretically may run better due to the exposure given, such as YouTube and news portal. However, due to Malaysian mentality, we often find things to be a “scam” when an ad is shown on websites. This brings us back to digital marketing on social media platforms. So far, LinkedIn yield no results in my experiences with paid ads, but a manual digital marketing approach had helped our agents in securing deals before.

Facebook and Instagram are currently leading in terms of exposure due to high usage of Facebook and Instagram among Malaysians. The lead conversion rate (divide the number of sales and purchase agreement (SPA) signed by the number of leads generated) benchmark for most property agencies on Facebook and Instagram is approximately 0.8% to 1%.

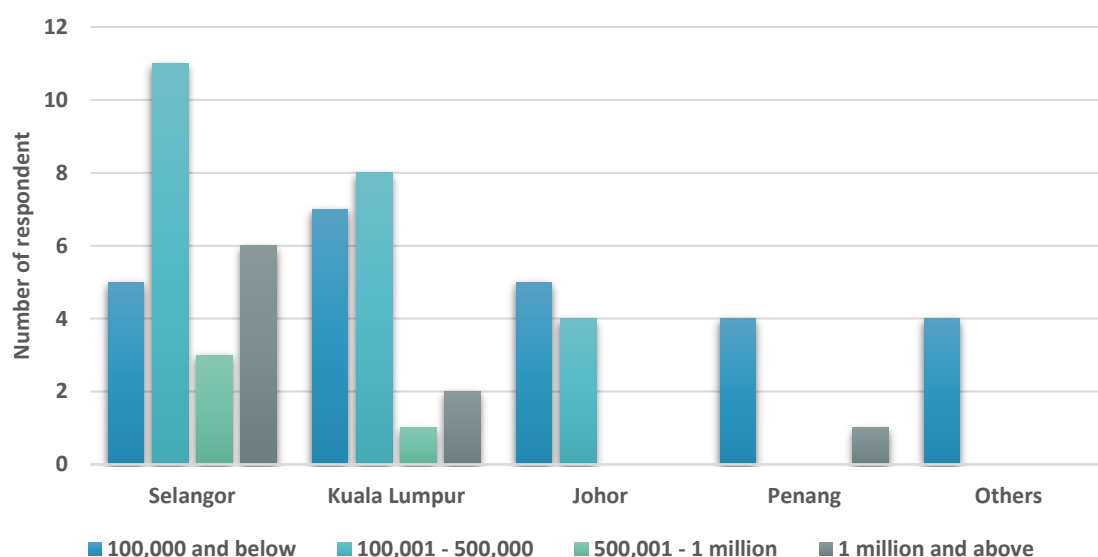
The highest conversion rate through website is definitely true as for most cases with a landing page, our recorded lead conversion rate is the highest, which may exceed 3% for a good development. This was due to the existing interest for said property among visitors.

3.3

Property Developers: Are you spending too little or too much on digital marketing?

In general, total digital marketing spending³ was between 0.01% and 2% of total company revenue across property developers in Malaysia. On average, property developers spent around RM 900,000.00 on digital marketing activities per year. By company size, annual digital marketing spending in large-sized property developers ranged from approximately RM4,000.00 to RM 10 million, while medium-sized property developers spent approximately RM7,500.00 to RM 500,000.00 per year on digital marketing activities.

Digital Marketing Spending of Developers by State



[Source: *Digital Marketing Transformation Initiative (DMTI) survey*, REHDA Institute: May-June 2022]

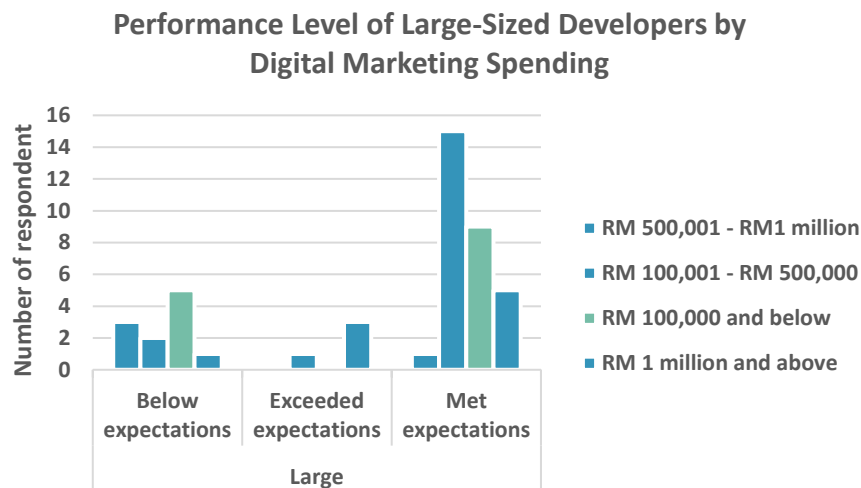
By location, majority (44%) of property developers in Selangor and Kuala Lumpur spent approximately from RM 100,001.00 to RM 500,000.00 in digital marketing per annum, while another 19% spent at least RM 1 million in digital marketing per annum. In Johor, Penang, and other states, the digital marketing spending by property developers is approximately from RM 100,000.00 per annum.

In 2022, most property developers (83%) saw an increase in digital marketing spending from a range of 5% to 1600%, compared to 2019. Only 2% of property developers recorded a drop in digital marketing spending, due to the absence of active projects over the three-year period. The remaining 14% kept their digital marketing spending at the same level.

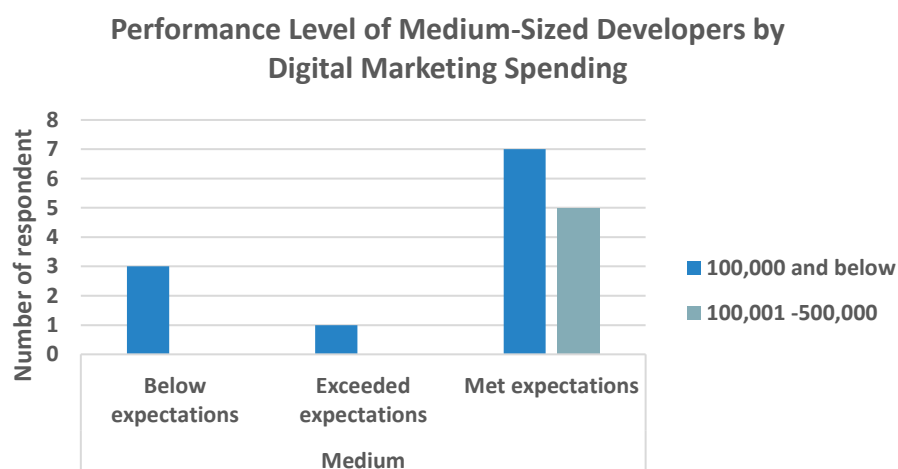
³ Digital marketing spending is the amount of money the company spend on digital marketing campaigns, including content creation and advertising, but excluding tools and software used on the website.

Respondents on average mention that about 0.5% of marketing budget should be spent on digital marketing, and this is an increase from 2019. It does show that companies are slowly starting to increase their spending for digital marketing, highlighting their importance.

Majority (83%) of large-sized property developers spending RM 100,001.00 to RM 500,000.00 in digital marketing activities were satisfied with their digital marketing performance, while those spending up to RM 100,000.00 recorded the highest dissatisfaction rate.



Large number (72%) of the medium-sized property developers were spending up to RM 100,000.00 in digital marketing reported their digital marketing campaigns met or exceeded expectations. All medium-sized property developers spending RM 100,001 to RM 500,000 in digital marketing were satisfied with their digital marketing performance.



[Source: *Digital Marketing Transformation Initiative (DMTI) survey*, REHDA Institute: May-June 2022]

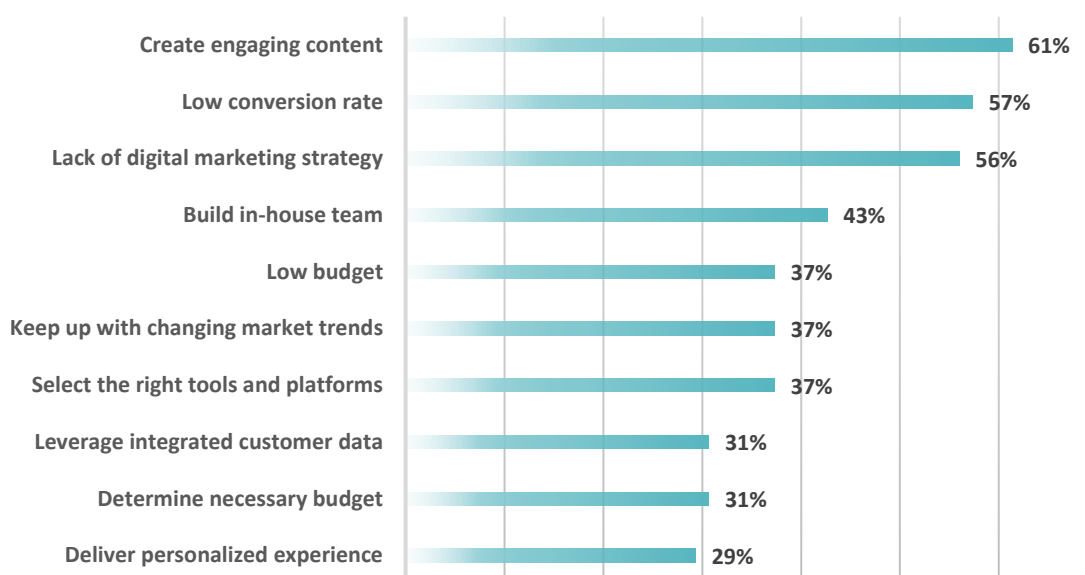
3.4

How do you maximize the effectiveness of your digital marketing campaigns?

Most common digital marketing challenges faced by developers

First, we have to understand the digital marketing challenges faced by developers. Creating engaging content (61%) was the most common challenge faced by property developers in digital marketing activities. Low conversion rate (57%) and lack of digital marketing strategy (56%) were also common challenges faced by property developers. Some respondents (43%) also identified challenges in building an in-house team for digital marketing efforts.

Actions Taken by Developers to Improvise Digital Marketing



[Source: *Digital Marketing Transformation Initiative (DMTI) survey*, REHDA Institute: May-June 2022]

How to improvise your digital marketing efforts?

To address these challenges, most developers have improvised their digital marketing efforts, including training and knowledge improvement (85%), better strategic planning (67%), hire talents for digital marketing efforts (49%), increasing budget (44%) and expanding IT resources and equipment for digital marketing activities (31%).

Majority of developers improved their digital marketing strategy with a focus on brand awareness and regular updates on social media content. It is crucial to innovate all the time to keep ahead and have strategy reviews. Having measurable KPIs keeps everyone on their toes and personalising your content is important. Online transactions and real-time transactions were the least likely aspects to be focused on in improving digital marketing strategy.

Digital marketing industry perspectives shared by:

Mr Teng Chan Leong (CEO, Skribble Me Malaysia Sdn Bhd)

What's your view on the current and future of digital marketing in property industry?

"The property digital marketing maturity is slowly but steadily gaining traction. The opportunity to access the buyers' market via the digital space is no longer limited to just developers with bigger budgets. With the influx in skillset and digital adoption, fueled by the MCO limitation over the past 2 years, the property industry has transitioned into a predominantly digital-first activation. With more resources being focused on digital initiatives, the conversation has also shifted. Budget owners are asking for results and performance, and digital marketers are stepping up to hold performance-first conversation. I believe that soon, advertisers will no longer sweep poor performing campaigns under the banner of "awareness" and "branding" as these upper funnel initiatives will be tied to bottom line results as well. The sooner we can transition to this matured state, the sooner the industry will mature."

3.5 CASE STUDY

How to market low-and-medium-cost properties⁴ in suburban areas?

[Is digital marketing less effective for low-to-medium-cost properties in suburban areas?]

When being asked about the opinions on the effectiveness of digital marketing for low-to-medium-cost properties in suburban areas, the DMTI respondents have recommended several digital marketing platforms that may work or fail to work for such projects. They have listed down the strengths and potential drawbacks of different digital marketing platforms for such projects, based on their knowledge and experience. Despite the potential drawbacks, social media marketing and mobile marketing remained their top choices in marketing low-to-medium-cost properties in suburban areas, and here are why.

Social Media Marketing Platforms

- Works well with end-to-end customer journey planning
- Strengths:
 - ✓ Reach a wide range of consumers due to high number of SOCIAL media users and widespread use of digital devices, even in suburban and rural areas.
 - ✓ Consumers may spend more time on social media platforms due to limited leisure activities
 - ✓ Accessibility to local community group on social media platforms
 - ✓ Effective to reach younger generation
- Potential drawbacks:
 - ✓ The target market prefers conventional platforms and face-to-face interactions
 - ✓ Suburban areas may not be fully covered with network services

Marketing via Mobile Phone Device

- Highly accessible to reach audience using smartphones and other mobile devices
- High flexibility in content sharing and effective to send push notifications
- Potential drawbacks:
 - ✓ Limited user data that can be extracted from WhatsApp
 - ✓ Consumers can easily disengage from the content

⁴ Low-and-medium-cost properties are defined as housing units priced up to RM 500,000.00, which are affordable to B40 and M40 households, calculated using the median multiple (MM) approach.

Search Engine Optimization (SEO) Tools

- Improve quality and quantity to own website
- Increase the visibility of own website when people search online
- Potential drawbacks:
 - ✓ Google keywords may fail as there are fewer people to search in the suburban areas
 - ✓ People in suburban areas prefer face-to-face approach
 - ✓ Prospective buyers in suburban areas search for properties using physical channels
 - ✓ Low digital literacy affecting the use of Google search for properties
 - ✓ Probably too much effort and cost for low-to-medium-cost properties

Influencer Engagement Marketing

- Strengths:
 - ✓ Leveraging on growing popularity of industry experts and social media influencers
 - ✓ Matching choice of influencers with buyer persona for maximum impacts
- Potential drawbacks:
 - ✓ People may spend less time watching live streaming featured influencers after returning to school and work.
 - ✓ Target audience may feel more comfortable and trust someone they are familiar with, instead of listening to influencers.

Email Marketing

- Potential drawbacks:
 - ✓ Marketers may lose complete control of media and messages.
 - ✓ Concern about email-related cybercrime, such as email fraud.
 - ✓ Lack of digital literacy to use email services among locality.
 - ✓ Lack of email users and lower chance of emails being read.

Virtual Reality (VR) Marketing

- Low adoption of VR technology
- VR equipment and software may not be user friendly

Geofencing Marketing

- Works effectively in the suburban areas if targeting the audience within a specific geographical radius
- High accuracy in targeting locality

Geotargeting Marketing

- Works well to advertise to local prospects
- Based on location data, different content or advertisement will be sent to consumers

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

In conclusion, property developers in Malaysia are actively engaged in digital marketing. However, their engagement scope in digital marketing remained limited mainly to social media marketing only. On the good side, property developers on average increased their digital marketing budgets and encouraged the adoption of digital marketing in their business operations.

Digital marketing industry perspective shared by:

Mr Wilson Pee (Founder and CEO, NextProperty Ventures Sdn Bhd)

“Digital marketing is one such field that constantly keeps evolving. For global platforms like Facebook, Google, TikTok and others, they are constantly updating their algorithms and making changes every now and then. We need to follow the trend very closely in order to embark on a successful digital marketing campaign!”

How can property developers in Malaysia drive the growth of digital marketing?

1. Maximising effectiveness of digital marketing activities
 - a. Regularly upskill and improve in-house digital marketing capabilities
 - i. Need to allocate more budget for digital marketing training to nurture internal talents in building digital marketing campaigns and constantly monitoring the performance of the campaigns.
 - b. Upgrade and embrace new digital marketing platforms
 - i. Virtual reality (VR)/ augmented reality (AR) technology, artificial intelligence (AI), digital automation, and other advanced digital technology became more common in other industries, and now is up to property developers to take them on and move forward in digitalization.
 - c. Adopt a strategic approach for the digital marketing campaigns
 - i. Build an integrated digital marketing strategy for a cohesive online approach for business operations.

- ii. Form a dedicated digital marketing team.
- 2. Government Role in Facilitating the Use of Digital Marketing
 - a. Expand incentives and grants
 - i. The Government is supporting small and medium enterprises to adopt digitalisation in their business operations under the SME Digitalisation Initiative.
 - ii. Call for the Government to provide incentives or grants to larger company.
 - b. Build a digital marketing ecosystem
 - i. Develop a collaborative ecosystem that assists businesses in building a network through knowledge sharing, marketing innovation, resource sharing, and product/service innovation.