



**STRATEGIC INNOVATION AND MARKETABILITY OF HOUSING UNITS BY REAL ESTATE FIRMS IN NAIROBI COUNTY; A CASE OF SORTMASTERS LIMITED**

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**ABSTRACT**

*The main objective of the study was to determine strategic innovations and marketability of real estate housing units in Nairobi County. The research design that was adopted in the research was descriptive research design. Target population for the study was 85. The researcher obtained data through online delivery via the various media platforms such as WhatsApp, email and Facebook. Data was analyzed through SPSS software version 23. Results of the study presentation addressed appropriate measures that disclosed strategic innovation and marketability for real estates housing in the future. The findings of the study revealed that strategic innovation influences the marketability of housing units by real estate firms having a P-values of all the three hypothesis as evidence on rejection of the null hypothesis or the acceptance of the alternative hypothesis. There is a positive effect of product diversification on performance which constitute of the existing new markets, technological advancement and information flow. Secondly, there is a significant and positive influence of market innovation strategy on marketability of housing units which is backed by need for the creation of value, improved customer intensity and competitors' orientation. Finally, there is a significant and positive influence of product innovation and marketability of real estate housing units. Percentages, means and standard deviation was used for descriptive analysis of the indicators for each variable of the study. Multiple regression analysis was done to test for the hypotheses. The hypotheses testing at 0.95 significant level showed that marketing innovation strategy and marketability of housing units (  $B=0.646, p<0.001$ ), on the other hand product diversification strategy has a significant and positive influence on the marketability of housing units ( $B=0.528, P<0.001$ ) and finally, product innovation strategy has a significant and positive influence on marketability of housing units ( $B=0.618, P<0.001$ ). Based on the findings, the researcher recommended that Sortmasters should effectively incorporate market innovation strategy, product diversification, and product innovation if they are to achieve sustainability in the long term. Notably, the government should incorporate certain policies that are aimed at boosting the operations by the real estate firms.*

**Key Words:** Product Diversification, Marketing Innovation, Product Innovation, Marketability, Housing Units

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## INTRODUCTION

The existing dynamics experienced in the world of business has greatly witnessed the paradigm shift resulting from the forces of globalization and stiff competition. The customer's needs, demand and preferences for products and services are also in the rise and ever changing. In order to have the ability to counter the forces and remain relevant in the market, most real estate have been forced to critically adjust their strategies. However, the real estate sector tend to have the ability to put in place various strategies aimed at countering such forces so as to remain relevant in the market (Mommen & Jilberto, 2017).

Wallace (2017), emphasized on the fact that strategic innovation is considered to be a crucial technique adopted by real estate entity in responding to the marketing needs which by extension enables the entities to achieve a competitive advantage. Evidently, adoption of specific innovative strategies has enabled the real estate sector to gain a competitive advantage which highly relies on the ability of the organization to respond to the environmental turbulence for future opportunities (Behrens, et al., 2017). Even with the changing environment, the significance of strategic innovation has enabled real estate organization to rely heavily on channeling their investments in research and development characterized by the need of launching new products and services as a way of responding to the changing needs and wants of customers (Parker and Alstynne, 2017).

Mudogo, (2019) argued that strategic innovation has greatly enhanced implementation of new products (good and services) or improvement on the existing business practices such as product innovation, organizational structures, processes innovation within the real estate sector that creates an avenue for marketability. The adoption of innovative strategies has clearly created expectations for new and improved products considering the unique way in which the real estate tend to conduct its activities. The main concern associated with strategic innovation has enabled

the real estate sector to constantly come up with new products, changes in structures and systems of operations and advancement of technology. Kogan, Papanikolaou, Seru and Soffman (2017) pointed out that strategic innovation of real estate has radically or incrementally, that is, explored the existing facilities like technology, products and process that results to cost reduction and by extension enhance competitive advantage. Therefore, the resultant of having new real estate units associated by radical innovation has the capability of attracting both the existing and new customers (Rosenzweig, Grinstein, Sinkula & Baker, 2014). Strategic innovation should properly be evaluated in order to enhance marketability of real estate units through various forms such as processes, product, institutional, market and technological innovation (Tukker, Charter, Vezzoli & Andersen, 2017). On the other hand, Autio, Kenney, Mustar, Siegel and Wright (2014) argued that strategic innovation for the real estate sector creates an opportunity to the organization in dealing with the ever-changing needs, preferences and wants of customers. Alternatively, the strategic innovation acts as a bearing which centers the efforts by the real estate on how effectively they are able to carry out their operations, establish their customers' needs and wants which enhances a competitive ability by the real estate organization.

Globally, USA is one of the leading countries in the world in embracing strategic innovation technique that has enhanced marketability of real estate unit (Cobbs, 2016). The government established a fully-fledged governed innovation technique especially in support of the real estate sector. Notably, it is well known that strategic innovation in the real estate in the USA has not been left unturned considering that most real estate companies have advanced their operations having new products to reach out to their customers such as Zillow.com well known property website. The website, offers an opportunity creates an avenue in which real estate organizations are able to market real estate units, in which sellers enter their address, validates identity

and thereafter confirms the information acquired from the public records as regards to the property characteristics. Tan Su (2016) established that DotLoop is considered to be a major online portal that real estate companies have adopted just in order to reach out to the clients in the United States by ensuring that they offer paperless real estate transaction that is efficient to the clients. It offers easy marketability of the real estate units by offering a unique strategy and such formulation of strategies is of significant in the evaluation of the vision and mission statements of the company to determine the future directions (Baghal, et al., 2018). A study by Widya-Hasuti, Mardani, Streimikiene, Sharifara, and Cavallaro, (2018) established that the role of strategic innovation between firms-specific capabilities and innovation by SMEs in Indonesia have propelled the firms to consider economic, social and environmental dimensions of sustainable development. Moreover, their main emphasis was that it was important to clarify that not all strategic innovations impact sustainable development. Regardless of the limited circumstance in small and medium sized enterprise (SMEs), intrapreneurship, stakeholder integration, and absorptive capacity are firms capabilities that could be explored as strategic intentions of management practices in the organization.

Abate and Losa (2017) noted that in Italy, a number of strategic innovation technique have been practiced by a number of real estate organization that have had a positive impact especially in revenue generation. They further noted that such organization need to be involve in depth evaluation on the recent evolution of the Italian real estate market which has indeed been a subject to two interlocking phenomena; a serious devaluation of physical assets and, at the same time a deep legislative innovation of vehicles investing in this asset class. Ferguson (2004) in Mexico and Brazil it is estimated that about 60 to 70 percent of the existing housing stocks have been developed informally considering the fact that the existing real estate developers are not able to develop

customized housing which are indeed suitable to satisfy the need and realities of the growing market. Extensively, it is well known that the sources of capital have lesser legal formalities and have developed good relationship with customers.

Das and Arousal (2019) strategic innovation technique has enable a country like South Africa, to be considered among the world fastest growing insights of commercial and residential real estate markets considered to be a region with integrated need for real estate specific information and knowledge. In East Africa, Cytonn real estate has been known to have adapted proper strategic innovation technique such as product diversification that has enabled the asset managers to have its operation in East Africa which has greatly enhanced opportunities with the highly growing market (Cytonn Real Estate, 2017). The Cytonn Real Estate offers investments grade for real estate development solutions and offers the opportunity for other businesses in order to carry out their brands through franchising, giving them a platform to market and distribution of their products. The firm indeed offers proper training to its staff, business development, sales and marketing in ensuring franchisees keep abreast with the development in the market (Cytonn Real Estate, 2017).

Gikandi (2016), argued that the Kenya real estate business is at the boom, a thing that began in the 2000's, in which the real estate market responded to the existing demand of middle class disposable income. The real estate companies in Kenya have constantly been adapting strategic technique aimed at generating units affordable to the middle class with the proper mortgage agreements attributed by new entrants aimed at satisfying their demand. As at now, the real estate industry is attributed by an uptrend owing to the existing execution of the programs such as Urban Transport Infrastructure plan putting into consideration the existing innovations that has been considered to be a vital tool (Kibunyi, Ndiritu & Gil-Alana, 2017). Mugure and Mbugua (2017) claimed that the real estate



sector has shown a tremendous growth in the last 5 years with statistics indicating characterized by the adoption of strategic innovative techniques which are central in the enhancement of competitiveness.

### **Objectives of the Study**

The general objective of the study was to establish the effect of strategic innovation and marketability of housing by real estate firms in Nairobi County; a case of Sortmasters Limited. The study's specific objectives included:

- To determine the effect of marketing innovation strategy on the marketability of housing by real estate firms in Nairobi County.
- To establish the effect of product diversification on the marketability of housing units by real estate firms in Nairobi County.
- To determine the effect of product innovation orientation on the marketability of housing units by real estate firms in Nairobi County.

The research was guided by the following questions

- How does marketing innovation strategy influence the marketability of housing units by real estate firms in Nairobi County?
- To what extent does product diversification strategy influence the marketability of housing units by real estate firms in Nairobi County?
- How does product innovation strategy influence the marketability of real estate firms in Nairobi County?

## **LITERATURE REVIEW**

### **Resource Based Theory**

The proponents of the resource based theory are Wernerfelt (1984) who developed the resource based view model which assert that firms internal resources are considered to be a key in enhancing competitive advantage and performance (Buryakin,2018). The theory takes into account the fact that resources tend to determine the weaknesses and strengths that are attached to the company's comparative to its rivals and provision of ultimate yield on the assets controlled and owned by the company (Wang, Lin & Chu, 2011). According to the theory, prosperous long range tactics are

derived from the resources that are owned by the business (Ceglinski, 2016). Normally, the resources include raw production materials as well as the existing management process or knowledge that are exercised within the organization (Charters, 2017).

The RBV theory gives a clear indication on the existing four intermediary that can be used in determination of the prospects of an entity's resources to create viable competitiveness such as rareness, value, substitutability and immutably (Laosirihongthong, Prajogo & Adebajo, 2014). Usually, when an entity is valued and resources are scarce such as capacities, patents, organizational culture, information, physical assets as well as knowledge, it is easy to have a leverage the resource to execute value creation techniques that other entities cannot easily duplicate to achieve a competitive advantage (Bayarcelik,Tasel & Apak,2014).

The RBV bring the idea that the nature of competitiveness indeed depends widely on the structural attributes of an industry or market, but on the company's superior internal resources (Chartres, 2017). The RBV gives an explanation on the company to properly use its resources (intangible or tangible) as well as capability to be innovation with the aim of gaining competitive advantage and achieve excellence (Samad & Aziz, 2016). In this study, the RBV theory explains the competitive advantage that arises if an entity develops or acquires an aspect or blend of resources, including innovations, to outdo its rivals. This theory will be useful in the study as it will enable an examination of the market innovation strategy, resource leveraging and product innovation biases that would have adversely effect on the marketability of real estate units. The theory will assist in analyzing the time, costs and budget estimates biases that would have played a role in marketability of real estate units.

### **Schumpeter Theory of Innovation**

Schumpeter (1942) developed that the Schumpeter theory of innovation which assert that innovation is

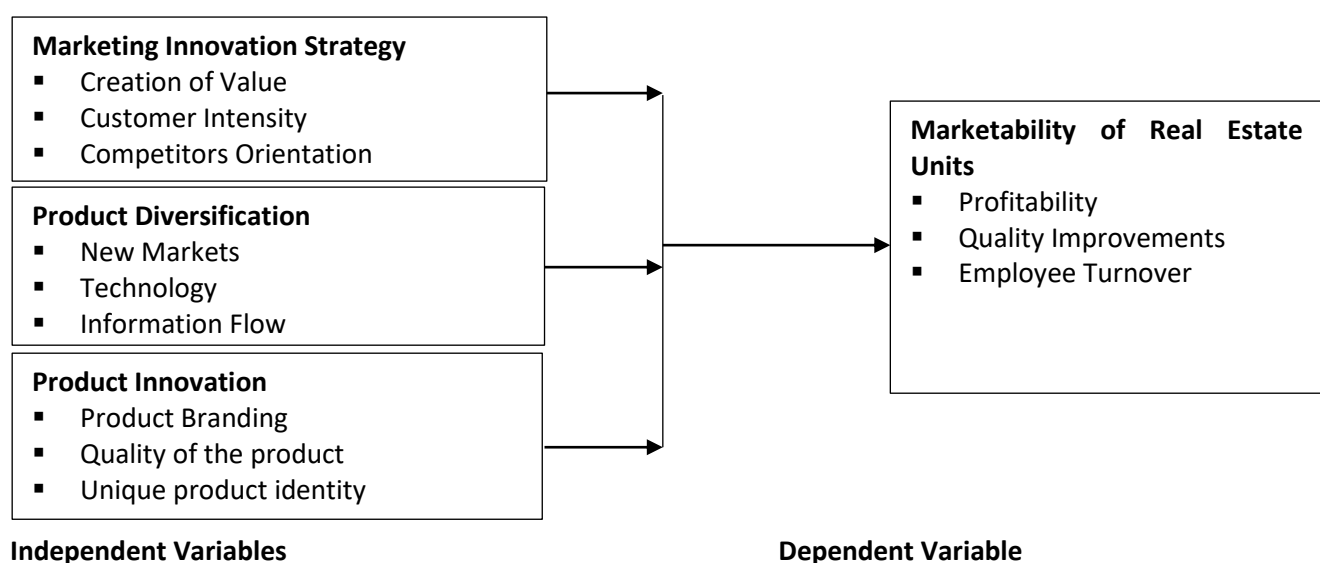
not an isolated act but instead a composition of collective and interactive interfaces that seek to generate inventions despite existing resistance. As such, the innovation is clearly noted to be a social part of a company as well as routine, institutionalized practice among large firms (Kohler, 2008). In line with Schumpeter, suggest that the innovation is known to be a process of industrial change that is constantly revolutionizing the economic structure internally, constantly doing away with the existing one and making a new one (Sledzik, 2013). In line with this theory suggest that, innovation is categorized into three sections. The initial part is an inventive process in which the actual generation of new concepts (Kaya, 2015). Normally, in this phase of invention or fundamental innovation have a less effect, while the imitation and diffusion process have a greater impact on the state of the economy (Sledzik, 2013).

The model suggest that organizations are mandated with the responsibility of adopting an innovation technique that encompasses product, market and process innovation. Normally, the innovation approach can be described as simple, as entities that adapt a specific form of innovation (Karlsson & Tavassoli, 2015). The arguments that is highlighted in the theory seeks to offer insights on the ability of an entity to earn profits which is attributed by the

innovative techniques in which resulting to a different use of the existing means of production. The theory is based on the idea that innovation is portrayed as a key driver for economic dynamism and competitiveness (Sledzik, 2013). The theory basis emphasis on the need for companies to create new prospects that is attributed by the use of innovation (Molaschi, 2010). As such, the study clearly gives an explanation that innovation is an essential component for real estate firms since it constitutes to the enhancement of success, competitiveness and firms survival and not forgetting the art of doing things effectively

### Conceptual Framework

A conceptual framework refers to a diagrammatic representation or the narrative of main events of the main components in the study, that is, key factors or variables that presumed to show a relationship (Houghton, Murphy and Casey, 2015). In the below conceptual framework seeks to offer a distinction and organize the ideas. In the conceptual framework will have two variables, independent and dependent variable. The Independent Variables includes; Marketing Innovation Strategy, Product diversification and Product Innovation, while the Dependent Variable Marketability of Real Estate Units.



**Figure 1: Conceptual Framework**  
Source: Author (2022)

## METHODOLOGY

Descriptive research design was applicable in trying to give a general explanation on the existing relationship between the dependent and independent variables. The target population for the study consisted of 108 employees working in Sortmasters Limited who were directly or indirectly involved in marketability of real estate housing units by Sortmasters Limited. Evidently, included field officer, administration, credit controller, sales and marketing and caretakers. The sample size refers to the clear representation of the target population. Moreover, the researcher study sample size was summarized to 85 that was obtained using the Yamane (1967) formula. The research instruments are known to be tools of data. The researcher used questionnaire considering the fact that it saved time, enhances high levels of confidentiality and is economical (Kothari, 2012). The questionnaire was structured into two sections that is, demographic characteristics and the second part consisted of the study variables that captured strategic innovation and marketability of housing units by real estate real estate firms in Kenya. Data analysis started by the actual inspecting the collected questionnaires to ensure that they are correctly and comprehensively filled. Only the

questionnaires that were correctly and comprehensively filled was included in data analysis. After inspecting the questionnaires, coding of the questionnaires and entering the responses into software which assisted in analysis was followed by Statistical Package for Social Sciences (SPSS) will be used for this purpose. The findings were presented in tables, graphs and charts to present the information gathered.

## FINDINGS

### Influence of Product Diversification Strategy on Marketability of Housing Units

Sixty-one (84.8%) of the respondents agree that partnering with other stakeholders in the same line of business enhances product diversification, ten (13.9%) are neutral and 1 (1.4%) disagree ( $M = 4.14$ ,  $SD = .698$ ). Fifty-eight (80.6%) of the respondents agree that having a partnership with other stakeholders contributes to a positive attitude toward the marketability of housing units, twelve (16.7%) are neutral while 2 (2.8%) disagree ( $M = 4.03$ ,  $SD = .731$ ). Generally, the established overall composite mean of 4.01 shows that participants agree that product diversification strategy influences marketability of housing units.

**Table 1: Product Diversification Strategy**

Constructs	Agree	Neutral	Disagree	Mean	Std. Dev
	N; %	N; %	N; %		
Product diversification is an expensive and time consuming task especially in marketing of housing.	43 (59.7)	17 (23.6)	12 (16.7)	3.63	1.106
Product diversification is of significance especially in assessing both the opportunity and level of risk.	62 (86.1)	7 (9.7)	3 (4.2)	4.11	.742
Product diversification establishes the needs of the markets so as to identify competitors.	63 (87.5)	5 (6.9)	4 (5.6)	4.14	.775
Partnering with other stakeholders in the same line of business enhances product diversification.	61 (84.8)	10 (13.9)	1 (1.4)	4.14	.698
Having partnership with other stakeholders contributes to a positive attitude in the marketability of housing units.	58 (80.6)	12 (16.7)	2 (2.8)	4.03	.731
Composite Mean				4.01	

N – Frequency; % - Percentage; Brackets represent %

### Influence of Marketing Innovation Strategy on Marketability of Housing Units

The study findings revealed that 57 (79.2%) of the respondents agreed that marketing innovation strategy is the need of increasing the worth of real estate housing ( $M = 4.42, SD = 1.123$ ). On the statement that “the ability to establish real estate housing that customers tend to find it consistently,” nearly all respondents 62 (86.1%) agree, seven (9.5%) are neutral, and 3 (4.2%) disagree ( $M = 4.63, SD; .879$ ). The majority 58 (80.6%) of the respondents also agreed on the need for communication of fundamental and technical aspects of sales and to keep up to date with development, nine (12.5%) are neutral, while 5 (7%) disagree ( $M = 4.51, SD = 1.007$ ). Almost all participants 63 (87.5%) agree marketing innovation strategy means establishing a strategy of being

optimistic, especially when trying to satisfy the customers’ expectations, six (8.3%) of the respondents remained neutral, and only 3 (4.2%) of the patients disagree ( $M = 4.64, SD = .861$ ). About 58 (80.6%) of the respondents also agree that a marketing innovation strategy ensures constant reassessment of the organization’s strengths and weaknesses that are relative to its competitors, ten (23.9%) are neutral, and 4 (5.6%) of the participants disagree ( $M = 4.50, SD = .979$ ). Finally, the Table 2 results show that around 62 (86.1%) of the study participants agree that marketing innovation strategy creates engagement in the selling of units to the public and needs to maintain a positive high profile public image, seven (9.7%) are neutral, and 3 (4.2%) of the respondents disagree ( $M = 4.60, SD = .883$ ).

**Table 2: Marketing Innovation Strategy**

Constructs	Agree N; %	Neutral N; %	Disagree N; %	Mean	Std. Dev
The need of increasing the worth of real estate housing.	57 (79.2)	9 (12.5)	6 (8.4)	4.42	1.123
The ability to establish real estate housing that customers tend to find it consistently useful.	62 (86.1)	7 (9.7)	3 (4.2)	4.63	.879
Need for communication of fundamental and technical aspects of sale and to keep up to date with developments.	58 (80.6)	9 (15.5)	5 (7.0)	4.51	1.007
Establishing a strategy of being optimistic especially when trying to satisfy the customers’ expectations.	63 (87.5)	6 (8.3)	3 (4.2)	4.64	.861
Constant reassessment of its strengths and weaknesses that are relative to its competitors.	58 (80.6)	10 (13.9)	4 (5.6)	4.50	.979
Engagements in selling of units to the public and need to maintain a positive, high profile public image	62 (86.1)	7 (9.7)	3 (4.2)	4.60	.883
Composite Mean				4.55	

N – Frequency; % - Percentage; Brackets represent %

### Influence of Product Innovation Strategy on Marketability of Housing Units

Similarly, this study investigated participants’ level of agreement with different constructs related to product innovation. The results were presented in form of agree, disagree, mean, and standard deviation. The results for “agree” are established after finding the average of strongly agree and

agree responses while those of “disagree” come from establishing the average of strongly disagree and disagree responses as shown in Table 3

As reported in Table 3, more than half of the respondents 52 (72.3%) agree that product innovation gives the company a competitive edge in the marketing of housing units, fourteen (19.4%) and 6 (8.3%) of the respondents are neutral and



disagree respectively ( $M = 3.67, SD = 1.106$ ). Fifty-five (76.4%) of the respondents agree that product innovation assists the company to develop a holistic approach to the marketing of housing units, ten (13.9%) of the respondents are neutral, while 7 (9.7%) disagree ( $M = 4.01, SD = .742$ ). Also, about 63 (87.5%) of the respondents agree that product innovation assists the company to achieve brand differentiation, thus, improving marketability of housing units, five (6.9%) of the respondents are neutral, while 4 (5.6%) disagree ( $M = 4.16, SD = .895$ ). Likewise, the results show that 59 (81.9%), nine (12.5%), and 4 (5.6%) of the respondents agree, are neutral, and disagree respectively that

product innovation creates product awareness which measures and manages brand equity, thus, better marketability of housing products ( $M = 3.71, SD = 1.098$ ). Furthermore, fifty-six (77.8%) of the respondents agree that product innovation causes improvements in customers' appetites, thus, better marketability of housing units, eleven (15.3%) of the respondents are neutral, while about 5 (6.9%) disagree ( $M = 3.96, SD = 1.031$ ). Overall, the established mean of 3.90 suggests that participants generally agree that product innovation is an essential strategy in the marketability of housing units in the real estate businesses.

**Table 3: Influence of Product Innovation Strategy on Marketability of Housing Units**

Constructs	Agree	Neutral	Disagree	Mean	Std. Dev
	N; %	N; %	N; %		
Product innovation gives the company a competitive edge in the marketing of housing units.	52 (72.3)	14 (19.4)	6 (8.3)	3.67	1.106
Product innovation assist the company to develop holistic approach in the marketing of housing units.	55 (76.4)	10 (13.9)	7 (9.7)	4.01	.742
Product innovation assist the company to achieve brand differentiation, thus, improving marketability of housing units.	63 (87.5)	5 (6.9)	4 (5.6)	4.16	.895
Product innovation creates product awareness which measures and manages brand equity, thus, better marketability.	59 (81.9)	9 (12.5)	4 (5.6)	3.71	1.098
Product innovation causes improvement in customers' appetites, thus, better marketability of housing units.	56 (77.8)	11 (15.3)	5 (6.9)	3.96	1.031
Composite Mean				3.90	

N – Frequency; % - Percentage; Brackets represent %

### Marketability of Housing Units

Finally, this study reported the descriptive results on participants' level of agreement with various constructs related to marketability of housing units as the dependent variable. The results were shown in Table 4. The results depict that about 47 (65.3%) of the respondents agree that the company identifies desired market segments and continually communicates to them, sixteen (22.2%) are neutral, while 9 (12.5%) disagree ( $M = 3.95, SD = 1.115$ ). Nearly 51 (70.8%) of the respondents agree that the company ensures better access to all housing units either through suitable locations or technology reach, thirteen (18.1%) are neutral, and 8 (11.1%)

disagree ( $M = 4.09, SD = .942$ ). Findings further reports that 56 (77.8%) of the respondents agree that the company understands the exact needs of the target customers and frequently innovates to better suit their needs, eleven (15.3%) of the respondents are neutral, while 5 (6.9%) disagree ( $M = 4.02, SD = .695$ ). About 59 (81.9%), nine (12.5%), and 4 (5.6%) of the respondents agree, are neutral, and disagree respectively that the company combines both online and offline marketing strategies to grow sales and gain new customers ( $M = 3.93, SD = 1.018$ ). Additionally, more than 55 (76.4%) of the respondents agree that the company uses various channels of advertising to extend the

reach of the brand to as many people as possible, fourteen (19.4%) of the respondents are neutral,

while 3 (4.2%) disagree ( $M = 3.99, SD = 1.092$ ).

**Table 4: Marketability of Housing Units**

Constructs	Agree N; %	Neutral N; %	Disagree N; %	Mean	Std. Dev
The company identifies desired market segments and continually communicates to them.	47 (65.3)	16 (22.2)	9 (12.5)	3.95	1.115
The company ensures better access to all housing units either through suitable location or technology reach.	51 (70.8)	13 (18.1)	8 (11.1)	4.09	.942
The company understand the exact needs of the target customers and frequently innovate to better suit their needs.	56 (77.8)	11 (15.3)	5 (6.9)	4.02	.695
The company combines both online and offline marketing strategies to grow sales and gain new customers.	59 (81.9) 55 (76.4)	9 (12.5)	4 (5.6)	3.93	1.018
The company uses various channels of advertising to extend the reach of the brand to as many people as possible.		14 (19.4)	3 (4.2)	3.99	1.092
Composite Mean				3.99	

N – Frequency; % - Percentage; Brackets represent %

### Inferential Analysis

To present the relationship between marketing innovation strategy, product diversification strategy, and product innovation strategy as independent variables and marketability of housing units as the dependent variable, this study conducted correlation and regression analyses using SPSS as outlined in the methodology chapter.

### Correlation Analysis

Correlation analysis was conducted to establish the strength of the linear relationship between the study variables using Pearson’s correlation and was computed among four self-concept scales on data for 72 participants. The results as presented in Table 5 correlation output suggest that all 4 correlations were statistically significant at a 0.01 level of significance. Independently, the study first examined the correlation between marketing innovation strategy and marketability of housing units. Table 5 results indicated a strong and significant positive linear relationship between marketing innovation strategy and marketability of housing units,  $r(70) = .691, p < .01$ . The results

suggest that the execution of good marketing innovation strategies significantly improves marketability of housing units.

Second, this study examined the correlation between product diversification strategy and marketability of housing units. The evidence presented in Table 5 exhibited a high degree of a strong and positive linear relationship between product diversification strategy and marketability of housing units,  $r(70) = .617, p < .01$ . The results imply that a product diversification strategy enhances the marketability of housing units. Third, this study investigated the correlation between product innovation strategy and marketability of housing units. The Table 5 correlation analysis output provides a strong and significant positive linear relationship between product innovation strategy and marketability of housing units,  $r(70) = .635, p < .01$ . The findings suggest that innovation is very effective in assisting real estate players to come up with new housing units, thus, enhancing marketability of housing units.

**Table 5 Partial Correlation Matrix**

Variables		Correlation			
		Marketability of housing units	Marketing innovation strategy	Product diversification strategy	Product innovation strategy
Marketability of housing units	Correlation	1			
	Sig. (2-tailed)				
Marketing innovation strategy	Correlation	.691**	1		
	Sig. (2-tailed)	.000			
Product diversification strategy	Correlation	.617**	.516**	1	
	Sig. (2-tailed)	.000	.000		
Product innovation strategy	Correlation	.635**	.482**	.463**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	72	72	72	72

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Regression Analysis**

This study further performed a linear regression analysis between marketability of housing units as a dependent variable and marketing innovation strategy, product diversification strategy, and product innovation strategy as independent variables that best predict the outcome of the marketability of housing units. Table 6 results indicated the coefficient of determination ( $R^2$ ) as a whole to illustrate whether strategic innovation as a

whole explains marketability of housing units. The results exhibits a  $R^2 = .601$ , which means 60.1% variation in marketability of housing units is explained by strategic innovation (marketing innovation strategy, product diversification strategy, and product innovation strategy) ( $R^2 = .601$ ,  $F(2,70)$ ,  $p < 0.01$ ). The findings suggest that the regression does an extremely strong job of modelling marketability of housing units.

**Table 6: Model Summary Output**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.624	.601	.596	5.64823

a. Predictors: (Constant), Marketing innovation strategy, product diversification strategy, product innovation strategy

Regression analysis further included the analysis of variance (ANOVA) which was performed to test the overall goodness of fit of the fitted regression model. The ANOVA results in Table 7 indicated that there are significant differences in influence in marketability of housing units between marketing

innovation strategy, product diversification strategy, and product innovation strategy, ( $F(2, 70) = 52.336$ ,  $P < 0.01$ ,  $R^2 = .601$ ). The results suggest that the fitted model best explains the influence on marketability of housing units between the strategic innovations adopted by the real estate company.

**Table 7: ANOVA Output**

Model	Suma of Squares	df	Mean Square	F	Sig.
Regression	35.169	2	17.585	52.336	.000 <sup>b</sup>
Residual	23.485	70	.336		
Total	58.654	72			

a. Dependent Variable: Marketability of housing units

The results of this study further exhibit regression coefficient output which was examined to further demonstrate the extent of influence of individual independent variables (marketing innovation strategy, product diversification strategy, and product innovation strategy) on a dependent variable (marketability of housing units) as presented in Table 8. Generally, Table 8 regression output found that marketing innovation strategy significantly influences marketability of housing units ( $B = .646, p < .001$ ). The findings suggest that there is a positive relationship between marketing innovation strategy and marketability of housing units. That is a better improvement in marketing innovation strategies positively increases marketability of housing units ( $Y = 2.173 + .646X_1$ ).

Second, the outcome of this study indicated that product diversification strategy has a significant and

positive influence on the marketability of housing units ( $B = .528, p < .001$ ). The results (Table 8) submit that both the variables have a positive relationship. Moreover, an attempt of the company to improve its product diversification strategy will significantly increase marketability of housing units ( $Y = 2.173 + .528X_2$ ). Third, a regression analysis examined the relationship between product innovation strategy and marketability of housing units. The regression coefficient output in Table 8 indicated that product innovation strategy has a significant and positive influence on marketability of housing units ( $B = .618, p < .001$ ). The results imply that decisions by the company to initiate and execute product innovation strategies will significantly increase the marketability of housing units ( $Y = 2.173 + .618X_3$ ).

**Table 8: Regression Coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.173	1.519		3.514	.000
Marketing innovation strategy	.646	.169	.492	1.591	.001
Product diversification strategy	.528	.092	.386	2.981	.001
Product innovation strategy	.618	.049	.391	5.279	.000

a. Dependent Variable: Marketability of housing units

The general linear regression equation is  $Y = 2.173 + .646X_1 + .528X_2 + .618X_3$

From the established linear regression equation, the findings report that when all factors (strategies) are held constant, the marketability of housing units is 2.173. However, a slight increase in the decision by the real estate company will cause an increase in the marketability of housing units. For instance, any decision to improve the marketing innovation strategy will increase the marketability of housing units by .646 or 64.6%. If the company further decides to adopt a product diversification strategy, this decision will increase the marketability of housing units by .528 or 52.8%. Besides, additional decisions to improve product innovation will increase marketability of housing units by .618 or 61.8%. Thus, the findings suggest

that real estate companies should effectively execute the identified innovation strategies as they significantly increase marketability of housing units.

## DISCUSSIONS

### Marketing Innovation Strategy on Marketability of Housing Units

In establishing the influence of marketing innovation strategy on marketability of housing units, this study found that marketability significantly and positively influences marketability of housing units. The descriptive findings support the regression results, suggesting that real estate companies that provide consistent communication information about housing units as a product or service to the target market significantly increase marketability of those housing units. Such

marketing innovation strategies attempt to create stand-out campaigns and marketing techniques that increase sales and revenue for the company. This finding is in agreement with previous studies.

### **Influence of Product Diversification Strategy on Marketability of Housing Units**

Similarly, the results of this study confirmed that product diversification strategy is indeed significant for effective and efficient marketability of housing units for real estate developers. As this study reported, product diversification assists real estate companies to expand their market through the use of technology as a new component to the product line or add new housing units to the current or new markets. The descriptive results further support the regression outcome that product diversification as a strategy aims to increase the overall stability and profitability of the real estate business through increased marketability of housing units. This finding relates to various previous findings outlined in the literature review.

### **Influence of Product Innovation on Marketability of Housing Units**

The final specific objective of this study examined the influence of product innovation on the marketability of housing units for or by real estate developers. The regression analysis outcome indicated that product innovation significantly and positively influences marketability of housing units. The results suggest that in the age of a competitive environment, firms that stand out must effectively employ product innovation in order to remain sustainable. As in the line of real estate development, product innovation strategy can assist the company to develop clarity on the types of design structure, the type of target market, and plan effectively to deliver high-quality housing structures that meet the needs of the target niche. The results concur with previous studies.

### **CONCLUSION AND RECOMMENDATIONS**

This study concluded that both marketing innovation, product diversification innovation, and product innovation strategies are integral to the

successful marketability of housing units for real estate developers. Businesses including real estate developers shall consider marketing innovation as a market-oriented action that focuses on customer needs and establishes effective ways to launch new real estate units. As such, real estate businesses need to frequently conduct market-oriented activities that assist in identifying market segments and market research so as to identify consumer preferences with regard to the need for new housing units. Establishing better ways to meet consumer needs improves marketability of housing units.

Important to also note is that this study further concluded that product diversification strategy is an important focus for real estate developers. The essence of product diversification is not only to mitigate risks involved in the real estate business but rather to allow for more variety of housing units and real estate services that meets consumer needs. And so, if done correctly, product diversification can provide a tremendous boost to marketability of housing units for real estate developers.

In particular, this study concluded that a product innovation strategy is necessary for every real estate company, especially, in a sector that is currently using technology to leverage more sustainable growth approaches. Product innovation strategy can assist real estate businesses to improve the structural designs of their housing units, thus, making it easy for the companies to access the market and grow their businesses. Additionally, a product innovation strategy gives the company ability to continuously improve on their core real estate business products or services and make incremental innovations towards enhancing marketability of housing units.

This study recommended the management of Sortmasters limited to effectively incorporate marketing innovation strategy, product diversification strategy, and product innovation strategy as highlighted in this study as part of its long-term goals. The management should ensure



that the company's policies, visions, and related plans are anchored on these three innovation strategies so as to improve the marketability of its housing units. This will not only help the company to capitalize on the market growth but also to remain aware of the market developments related to real estate practices.

As for the government, this study recommended the need for effective policy that promotes the use of technology in the real estate sector. Since it is apparent that the real estate sector plays a key role in every economy, assisting real estate players through policy coherence can improve innovation practices, thus, leading to better marketability of housing units. This study further recommends the government to work hand in hand with various real estate experts or policymakers to improve innovation and grow the sector.

This study recommended academicians continuously develop more reviews in identifying various innovation strategies and their significant roles in making real estate business sustainable in Kenya. Specifically, the focus of the reviews should be to provide additional knowledge and understanding of the need for comprehensive and useful innovation strategies that enhance marketability of housing units. Whereas this study provides important findings on the significant influence of marketing innovation strategy, product diversification strategy, and product innovation strategy on the marketability of housing units, this study acknowledges that the results are based on a case study of one real estate company. Thus, may not be highly effective for generalization of the research findings. Due to this limitation, this study recommends for a similar further research to be carried out focusing on multiple real estate companies not only in Nairobi but across Kenya.

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