
Creating Green Awareness in Real Estate: A case study of Sangath Group, India

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Manpasand Builders Pvt. Ltd. operated with the name Sangath. Sangath, a 30 years old group was established in the year 1981. Sangath group created a brand by means of employing green practices in their business of real estate. Sangath group had created its goodwill in the Ahmedabad real estate market. The initiatives taken by the company to create awareness about green homes were recognized and appreciated by all. Sangath used creative ideas and strategies to create awareness among external stakeholders regarding their green efforts, but the road ahead seemed difficult. Despite best efforts the consumers were unwilling to shell out extra money for green homes. There was lack of awareness and knowledge amongst consumers and with the market becoming competitive Sangath was finding it difficult to sustain the momentum and emerge as a winner.

Key words: Green Marketing, Sustainability, Consumer behavior, Consumer Segments, Positioning and Real Estate

BACKGROUND

Manpasand Builders Pvt. Ltd. started their business of real estate in 1981. Manpasand Builders Pvt. Ltd. was the name associated with the landscapes and beautifully constructed pieces of architecture at Ahmedabad. A group consisting of young, energetic and extremely committed professionals had contributed very greatly in redefining the skyline of Ahmedabad with successful completion of more than 20 projects, 2000 individual units. Revamping the face of North Areas of Ahmedabad like Sabarmati, Chandkheda and Motera with series of both residential and commercial projects, Sangath Group was perceived by customers as one of the most trusted name. Using the best building material, maintaining the stringent quality standards and offering the best to the customers, Sangath projects beautifully blended nature and advancements in architecture for both its residential and commercial projects.

Located at strategic points and most developed areas of Ahmedabad, Sangath Projects offered pool of facilities to the owners. Making the projects having all the potential to make ‘dream come true’ for the dwellers. By providing the best and state of the art infrastructural advantages like water, electricity, lift, parking to value added services like club membership, maintenance and repairs for a specific period after completion of project etc, Sangath properties remarkably brought alive the sense of belongingness to the ‘owners’ and made it a treasured possession. Be it commercial or residential, each and every Sangath Property stood high with quality assurance, architectural excellence and perfection. And with it, each Sangath project reflected the core values of the group and projected it very proudly, as they shined with quality, care, precision and above all customer satisfaction.

JOURNEY OF SANGATH GROUP

Four family members (brothers) started the business of real estate development in 1981. Since then, the group had developed various residential schemes such as SwapnaShilp, Shresth-I, Shresth-II, Sangath-1, Sangth-2, Sangath-III, Sangath-4, Saundarya-1, Sangath Silver, Sangath Pylon, Saundarya Green, SangathPlatina and Sangath Gateway. Group had also developed various commercial schemes such as, Sangath Mall-1 and Sangath Mall-2 and continued constructing many more residential as well as commercial properties; Sangath Terraces, Sangath Bliss, Sangath Nano, and SangathSkyz to name a few. Some ongoing projects during 2012 included Diamond Tower, Sangath Posh & Pure, Sangath Central Beat, Sangath Good Life,

Sangath Good Times and many more. Sangath group, since its inception had developed more than 2000 individual units and 20 projects. The group also possessed an in-house material testing laboratory.

Sangath name was adopted in 1997. The meaning of Sangath is Coexistence; coexistence between the members, developer, vendors, labors etc. The group got the registered trademark of “Sangath” in 2004-05. Second generation who was young, energetic, and enthusiastic managed the business in 2012.

THE GREEN INITIATIVE

Sangath group initiated employing green practices in their real estate business long back when the awareness of green products was almost negligible. The first initiative taken by the group was the land protection by developing residential towers instead of developing individual units to protect the widening of the city due to horizontal development. Various green practices mentioned below were employed in their real estate business with a sense of protecting the environment.

1. Used minimum resources for construction of building to minimize the wastage and for optimum utilization of scarce resources.
2. Designed the schemes in such a way to get maximum cross ventilation to save energy as well as to get maximum sunlight; one of the biggest steps taken for energy conservation and protection of environment.
3. Used heat reflecting glass for windows and slides to get the room temperature at lower levels that result in less usage of air conditioners and energy conservation.
4. Used lead free recycled material and fly ash bricks instead of traditional bricks for construction. Fly ash is the byproduct of powerhouses. Traditional brick manufacturing leads to erosion of land.
5. Group implemented rain water harvesting and grey water recycle in many of their projects towards scarce resource protection.
6. Sangath group also incorporated the use of renewable energy sources such as using windmills and solar cell panels to generate electricity for elevators and common lighting.

7. The paints used by the group in their projects were lead free paints minimizing the environmental pollution.
8. The group employed principle of minimum carbon footprint i.e. purchasing the resources required for building construction from nearby areas to minimize the fuel consumption and pollution.
9. Used LED lights instead of traditional bulbs and CFL to reduce the energy consumption.

Sangath's three projects were registered with IGBC (Indian Green Building Council) for their green initiatives.

MARKETING GREEN HOMES

According to Nephah Shah, Director of Sangath group they never marketed their green initiative, rather they created awareness about green practices in construction business and how these green practices can benefit the environment as well as the resident member. In his opinion, in the long run, green practices already incorporated by the group, were going to be mandatory for every real estate developer by means of some building by-laws. According to Shah their aim was not only to sell the property to the prospects but to make them aware about environment protection.

Advertising was being done by accepting various tools of communication. Advertisements of the property schemes were being given in print media (newspaper), direct mailers, bulk sms, hoardings (outdoor media) and personal approach to existing customers. Every new scheme when launched was first conveyed to existing customers before commercial launch for new customers; Sangath group named it as "members privilege fest". Due to this, every new scheme had around 30 % booking from group's existing customers. Group believed in personal approach, transparency and word of mouth publicity. Majority of the existing customers would book their apartments in newly launched projects of the group. Group believed that reference selling is the most important tool that the group encashed due to highly satisfied customers.

PROMOTIONAL SCHEMES

Sangath group believed transparency as the most important element in gaining the confidence of the customer. Group sold the properties on carpet area instead of super built up area to provide transparency to the customer about the area customer will own. However, as promotional

scheme, group provided five year warranty for plumbing and water proofing. Also, due to Members Privilege Fest, existing customers got the benefit of pre-launch rates.

KEY SELLING POINTS

Majority of the real estate developer did not follow green practices. Many developers were providing balcony with space for little plantation and promoted it as green home. While Sangath group promoted energy and environment conservation by means of employing wind mill, solar panels, grey water treatment, rain water harvesting, using fly ash bricks, designed apartments for maximum cross ventilation etc. This created goodwill for the group in the market and customers found it as a lucrative option to invest in Sangath properties.

ISSUES AND CHALLENGES

Employing green practices in property development business resulted in increased cost of the apartments. Green building concept requires modification in the design of the scheme that resulted in additional cost. For example, fixtures for LED lights were much costlier than fixtures for CFL, heat reflecting glass costs almost double as compared to ordinary glass used in windows.

Cost of grey water treatment plant and provision for rain water harvesting added to the cost of total project ultimately resulting in increased per unit cost. Sangath properties were slightly costlier as compared to that of competitors' for the same carpet area due to added cost because of green practices employed by the group. Another issue was the lack of resources for green building construction. Raw material for green building was not readily available in nearby areas; group had to rely on suppliers from other cities to procure green materials for building adding to the cost of apartments. It was a challenge for the group to offer quality and sustainability through green practices and at the same time contain costs.

Although these schemes provided tangible and intangible benefits to the buyers a major challenge faced by the group was lack of awareness regarding the benefits of green building among consumers as well as among suppliers of raw materials. Especially middle class consumers had very little understanding of green issues and its philosophy and were lured by small time developers due to lower initial costs.

Despite best efforts the consumers were unwilling to shell out extra money for green homes due to lack of awareness and knowledge, at the same time the market was becoming competitive day by day. The management wondered whether they would be able to sustain the momentum and emerge a winner in the long term...

QUESTIONS:

1. Identify the issues/challenges given in the case. Analyze the situation prevailing before Sangath group.
2. What could be the possible remedies for the issues and challenges faced by the group?
3. Do you feel that employing green practices helped Sangath group in their journey? How?
4. What should be the road ahead for Sangath group in wake of increasing competition from low cost & affordable housing players? Does focus of Sangath group on premium segment justified in wake of increasing competition and predominant middle class customers in the market.