PERSONAL SELLING AND TRUST AS MEDIATORS IN SURAKARTA HOME PURCHASE DECISIONS

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DOCTOR OF PHILOSOPHY

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A thesis submitted
in fulfillment of the requirements for the degree of
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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

2025

DECLARATION

I declare that this thesis entitled "Personal Selling and Trust as Mediators in Surakarta Home Purchase Decisions" is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

Name : Galih Ayu Sartika

Date : 30 April 2025

APPROVAL

I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality for the award of the degree of Doctor of Philosophy.

Signature :
Name : Professor Datuk Ts. Dr. Massila binti Kamalrudin
Date : 30 April 2025

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DEDICATION

I dedicate this thesis to my mother, husband, and children, to whom, without him/her, my thesis will finish earlier.

ABSTRACT

In the evolving landscape of the Surakarta real estate market, a nuanced understanding of factors influencing house buyers to purchase a house is critical. The traditional paradigms of marketing are being challenged by the complexities of consumer behavior and the intricate nature of property transactions. Therefore, this study addresses gaps in knowledge regarding the effects of the marketing mix of 4Ps (Product, Price, Place and Promotion) on House Purchase Decision and explores the mediating roles of Personal Selling and Trust in these relationships. The primary aim is to analyze the impact of Product, Price, Place, and Promotion on House Purchase Decision among Surakarta homebuyers. Additionally, the study seeks to examine the extent to which Personal Selling and Trust mediate these relationships. Grounded in marketing and consumer behavior theories, this study posits that Personal Selling and Trust are pivotal in mediating the effect of the 4Ps on House Purchase Decision. The framework of this study integrates these constructs to form a causal path model, hypothesizing that Personal Selling and Trust do not only influence House Purchase Decision directly, but it also serves as conduits for the effects of the 4Ps. Adopting a quantitative approach, the study employs a causal relationship survey design. Stratified sampling was used to select respondents from five subdistricts in Surakarta. Data were gathered through online and 321 respondents were analyzed. Preliminary screening and descriptive statistics were performed, followed by Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis that involved two levels of analysis: measurement and structural model. This study found that the direct effects of the 4Ps on House Purchase Decision were not significant, suggesting that these traditional marketing elements alone do not predict House Purchase Decision. The study also found that Personal Selling emerged as a full mediator between Price, Place, Promotion, and House Purchase Decision, while Personal Selling does mediate the relationship between Product and House Purchase Decision. Trust was found to have a partial mediation on the relationship between Personal Selling and House Purchase Decision. This study concludes that the in Surakarta real estate market, Personal Selling is a crucial element that enhances the influence of the 4Ps on House Purchase Decision, and Trust plays a significant but partial mediating role on the relationship between Personal Selling and House Purchase Decision. The findings imply that real estate marketers should prioritize building Personal Selling competencies and fostering Trust to enhance house buyers. A strategy that emphasizes Personal Selling and Trust cultivation could lead to more successful transactions than traditional marketing efforts. For government entities, these results point towards the need for policies that foster transparent and trust-building practices in the real estate industry. Further studies are recommended to explore these relationships in different cultural and economic contexts, to determine the generalizability of the findings.

JUALAN PERIBADI DAN KEPERCAYAAN SEBAGAI PENGANTARA DALAM KEPUTUSAN PEMBELIAN RUMAH DI SURAKARTA

ABSTRAK

Dalam landskap pasaran hartanah Surakarta yang berkembang, pemahaman yang mendalam mengenai faktor-faktor yang mempengaruhi pembeli rumah membuat keputusan membeli rumah adalah kritikal. Paradigma pemasaran tradisional sedang dicabar oleh kompleksiti tingkah laku pengguna dan sifat urusniaga hartanah yang rumit. Oleh itu, kajian ini berhasrat untuk menangani jurang dalam pengetahuan mengenai kesan campuran pemasaran 4P (Produk, Harga, Tempat, dan Promosi) terhadap Keputusan Pembelian Rumah dan meneroka peranan pengantara Jualan Peribadi dan Kepercayaan. Tujuan utama kajian ini adalah untuk menganalisis kesan Produk, Harga, Tempat, dan Promosi terhadap Keputusan Pembelian Rumah di kalangan pembeli rumah Surakarta. Kajian ini juga bertujuan untuk mengkaji sejauh mana Jualan Peribadi dan Kepercayaan berperanan sebagai pengantara dalam hubungan ini. Berasaskan teori pemasaran dan tingkah laku pengguna, kajian ini menjangkakan bahawa Jualan Peribadi dan Kepercayaan adalah penting dalam pengantaraan kesan 4P ke atas Keputusan Pembelian Rumah. Kerangka kajian ini menyepadukan konstruk ini untuk membentuk model laluan kausal, dengan membuat hipotesi bahawa Jualan Peribadi dan Kepercayaan bukan sahaja mempengaruhi Keputusan Pembelian Rumah secara langsung, tetapi ia juga mempunyai kesan pengantara dalam Keputusan Pembelian Rumah. Mengguna pakai pendekatan kuantitatif, kajian ini menggunakan reka bentuk tinjauan. Pensampelan berstrata digunakan untuk memilih responden dari lima mukim di Surakarta. Data dikumpul secara dalam talian dan 321 sampel data telah dianalisis. Saringan awal dan statistik deskriptif dilakukan, diikuti dengan analisis Pemodelan Persamaan Struktural-Partial Least Squares (SEM-PLS) yang melibatkan dua tahap analisis: model pengukuran dan model struktur. Kajian ini mendapati bahawa kesan langsung 4P terhadap Keputusan Pembelian Rumah tidak ketara, menunjukkan bahawa elemen pemasaran tradisional ini sendiri tidak meramalkan Keputusan Pembelian Rumah. Walaubagaimanapun, Jualan Peribadi muncul sebagai pengantara penuh di antara Harga, Tempat, Promosi, dan Keputusan Pembelian Rumah, sementara Jualan Peribadi tidak mempunyai hubungan pengantara di antara Produk dan Keputusan Pembelian Rumah. Kepercayaan didapati mempunyai pengantaraan separa terhadap hubungan di antara Jualan Peribadi dan Keputusan Pembelian Rumah. Kajian ini menyimpulkan bahawa di pasaran hartanah Surakarta, Jualan Peribadi adalah elemen penting yang meningkatkan pengaruh 4P terhadap Keputusan Pembelian Rumah, dan Kepercayaan memainkan peranan separa pengantara terhadap hubungan di antara Jualan Peribadi dan Keputusan Pembelian Rumah. Implikasi penemuan ini adalah pemasar hartanah perlu memberi keutamaan kepada pembinaan kemahiran Jualan Peribadi dan memupuk Kepercayaan untuk meningkatkan pembeli rumah. Strategi yang menekankan Jualan Peribadi dan pembinaan Kepercayaan dapat membawa kepada transaksi yang lebih berjaya daripada usaha pemasaran tradisional. Bagi entiti kerajaan, penemuan kajian ini menunjukkan keperluan untuk dasar-dasar yang mendorong amalan pembinaan kepercayaan dan ketelusan dalam industri hartanah.

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In the Name of Allah, the Most Gracious, the Most Merciful

First and foremost, I would like to thank various parties who have helped provide input and are willing to act as discussion partners until the completion of the dissertation.

This dissertation research was conducted in Surakarta, Indonesia, in the 2019-2022 period. During this research period, the Covid-19 pandemic occurred which caused many changes in allaspects of life, including in the world of property business. Lobbying activities and business strategy implementation must be reorganized. A personal approach needs to be held and its role activated to bridge the smooth running of business dealings with various parties, such as consumers, suppliers, regulators, and financial institutions. Because the role of the personal approach has not been studied, it is on this occasion investigated.

This dissertation was successfully completed thanks to the help of many people. Therefore, on this occasion I would like to thank:

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This dissertation has been tried with all its might to get the best results. However, due to existing limitations, it is possible to find various weaknesses. Therefore, with an open heart, we accept suggestions and input for the perfection of this scientific work. Hopefully the results of thiswork will be useful for those who need it. Thank you.

TABLE OF CONTENTS

PAGE

DECLARATION
APPROVAL
DEDICATION
ABSTRACT i
ABSTRAK ii
ACKNOWLEDGEMENTS iii
TABLE OF CONTENTS iv
LIST OF TABLES viii
LIST OF FIGURES xi
LIST OF SYMBOLS xii
LIST OF ABBREVIATIONS xiii
LIST OF APPENDICES xiv
LIST OF PUBLICATIONS xv

CHAPTER 1 INTRODUCTION 1
1.1 Background of study 2
1.2 Problem Statement 3
  1.2.1 Challenges and opportunities of Indonesian real estate market 3
  1.2.2 Competition in Indonesian real estate industry 6
  1.2.3 Dynamic market of the Indonesia residential real estate 8
1.3 Research objective 13
1.4 Research question 14
1.5 Scope of research 14
1.6 Contribution of research 16
  1.6.1 Contribution to knowledge 16
  1.6.2 Contributions to practice 17
1.7 Operational definition 19
1.8 Thesis outline 22

CHAPTER 2 LITERATURE REVIEW 24
2.1 Introduction 24
2.2 The real estate and housing marketing 24
  2.2.1 Indonesian housing market and its current trends 27
2.3 Theoretical frame 28
  2.3.1 Marketing management theory 29
  2.3.2 Consumer behavior theory 32
  2.3.3 The 4Ps marketing mix 34
    2.3.3.1 Product 36
    2.3.3.2 Price 37
    2.3.3.3 Place 39
    2.3.3.4 Promotion 40
  2.3.4 Market theory 42
  2.3.5 Services marketing theory 44
  2.3.6 Consumer purchase decision making theory 46

2.4 House purchase decision 49
2.5 Studies related to House Purchase Decision 50
  2.5.1 4Ps marketing mix 59
    2.5.1.1 Product 60
    2.5.1.2 Price 61
    2.5.1.3 Location 63
    2.5.1.4 Promotion 64
  2.5.2 Personal Selling 65
  2.5.3 Trust 70
2.6 Conceptual framework 72
2.7 Hypothesis development 73
  2.7.1 4Ps marketing mix and House Purchase Decision 73
  2.7.2 4Ps marketing mix and Personal Selling 77
  2.7.3 Personal Selling, Trust and House Purchase Decision 80
  2.7.4 Mediating effect of Personal Selling and Trust 83
2.8 Summary 88

CHAPTER 3 METHODOLOGY 90
3.1 Introduction 90
3.2 Research paradigm 90
3.3 Research design 92
3.4 Research process 93
3.5 Measurement of constructs 95
  3.5.1 Independent variables: 4Ps marketing mix 96
  3.5.2 Dependent variable: House Purchase Decision 99
  3.5.3 Mediating variables: Personal Selling and Trust 100
3.6 Context of research: Surakarta 102
3.7 Population and sample 104
  3.7.1 Sample size 105
  3.7.2 Sampling techniques 106
3.8 Instrumentation: Questionnaire 108
  3.8.1 Questionnaire design and development 110
  3.8.2 Questionnaire validation 111
  3.8.3 Pilot study: Questionnaire reliability 113
3.9 Data collection procedure 115
3.10 Data analysis 116
  3.10.1 Preliminary data analysis 117
  3.10.2 Structural Equation Modelling (SEM) 117
  3.10.3 Interpretation and Conclusion of Result 117
3.11 Ethics considerations 119
3.12 Summary 120

CHAPTER 4 ANALYSIS AND RESULTS 121
4.1 Introduction 121
4.2 Data editing and coding 122
4.3 Data screening 122
  4.3.1 Treatment of missing data 123
  4.3.2 Common method variance 124
4.4 Assessment of normality 125

4.4.1 Normality statistics of preliminary measures 126
4.5 Demographic analysis 128
4.6 Descriptive analysis 130
4.6.1 Product 130
4.6.2 Price 132
4.6.3 Place 133
4.6.4 Promotion 135
4.6.5 Personal Selling 136
4.6.6 House Purchase Decision 138
4.6.7 Trust 139
4.7 Research model analysis 140
4.7.1 Assessment of measurement model 140
4.7.2 Composite reliability (CR) and internal consistency (IC) 141
4.7.3 Indicator reliability 142
4.7.4 Convergent validity (CV) 147
4.7.5 Discriminant validity 149
4.8 Assessment of structural model 153
4.8.1 Multicollinearity 154
4.8.2 Path coefficient 155
4.8.3 Hypothesis testing (Direct relationship) 157
4.8.3.1 H1a,b,c and d: Product, Price, Place and Promotion → House Purchase Decision 157
4.8.3.2 H2 a, b, c and d: Product, Price, Place and Promotion →Personal Selling 158
4.8.3.3 H3:Personal Selling → House Purchase Decision 159
4.8.3.4 H4: Trust → House Purchase Decision 160
4.8.3.5 H5: Personal Selling → Trust 161
4.8.4 Coefficient determination (R^2) 161
4.8.5 Mediating variable analysis 163
4.8.5.1 Mediating effect of Personal Selling between Product and House Purchase Decision 164
4.8.5.2 Mediating effect of Personal Selling between Price and House Purchase Decision 166
4.8.5.3 Mediating effect of Personal Selling between Place and House Purchase Decision 169
4.8.5.4 Mediating effect of Personal Selling between Promotion and House Purchase Decision 171
4.8.5.5 Mediating effect of Trust between Personal Selling and House Purchase Decision 173
4.9 Summary 176

CHAPTER 5 DISCUSSION AND CONCLUSION 177
5.1 Introduction 177
5.2 Summary of research 177
5.3 Discussions of the findings 179
5.3.1 RO1: The direct relationship between the 4Ps and House Purchase Decision 180
5.3.1.1 Hypothesis 1a (Product → House Purchase Decision) 181

5.3.1.2 Hypothesis 1b (Price → House Purchase Decision) 183
5.3.1.3 Hypothesis 1c (Place → House Purchase Decision) 184
5.3.1.4 Hypothesis 1d (Promotion → House Purchase Decision) 186
5.3.2 RO2: The direct relationship between the 4Ps and Personal Selling 187
5.3.2.1 Hypothesis H2a (Product → Personal Selling) 188
5.3.2.2 Hypothesis H2b (Price → Personal Selling) 190
5.3.2.3 Hypothesis H2c (Place → Personal Selling) 191
5.3.2.4 Hypothesis H2d (Promotion → Personal Selling) 193
5.3.3 RO3: The direct relationship between Personal Selling, Trust and House Purchase Decision 195
5.3.3.1 Hypothesis H3 (Personal Selling → House Purchase Decision) 196
5.3.3.2 Hypothesis H4 (Trust → House Purchase Decision) 197
5.3.3.3 Hypothesis H5 (Personal Selling → Trust) 199
5.3.4 RO4: The mediating effect of Personal Selling on 4Ps and House Purchase Decision 201
5.3.5 RO5: The mediating effect of Trust on Personal Selling and House Purchase Decision 203
5.4 Implication of the study 204
5.5 Contributions 207
5.5.1 Knowledge and theoretical contribution 207
5.5.2 Practical contribution 208
5.5.3 Methodological contribution 209
5.6 Limitations 211
5.7 Recommendation for future research 212
5.8 Final remarks 213

REFERENCES **215**
APPENDICES **246**

LIST OF TABLES

TABLE	TITLE	PAGE
Table 1.1	Operational definitions of the constructs	20
Table 2.1	Summary of selected studies of house purchase decision as dependent variable	51
Table 2.2	Findings of selected studies related to the relationship between the 4Ps and House Purchase Decision	74
Table 2.3	Findings of selected studies related to the relationship between Trust, Personal Selling and Purchase Decision	80
Table 2.4	Findings of selected studies on the relationship between Price, Place, Promotion, Trust, Personal Selling and House Purchase Decision	83
Table 3.1	Research design	92
Table 3.2	Measurements for the 4Ps (Product, Price, Place and Promotion)	96
Table 3.3	Measurement for House Purchase Decision	99
Table 3.4	Measurement for Personal Selling and Trust	100
Table 3.5	Table for determining sample size (Krejcie and Morgan (1970)	106
Table 3.6	Stratified sampling based on sub-district of Surakarta	107
Table 3.7	Questionnaire design	110
Table 3.8	Panel of experts for questionnaire validation	111
Table 3.9	Examples of comments given by panel of experts	112
Table 3.10	Profile of respondents for pilot study	114
Table 3.11	The results of the Cronbach Alpha of the constructs	115
Table 4.1	Values of skewness and kurtosis	127
Table 4.2	Respondents' profile	128
Table 4.3	Results of descriptive statistical analysis: Product	131
Table 4.4	Results of descriptive statistical analysis: Price	132
Table 4.5	Result of statistical analysis: Place	133

Table 4.6 Results of descriptive statistical analysis: Promotion 135

Table 4.7 Results of descriptive statistical analysis: Personal selling 137

Table 4.8 Results of descriptive statistical analysis: House purchase decision 138

Table 4.9 Results of descriptive statistical analysis: Trust 139

Table 4.10 Measures of internal consistency 142

Table 4.11 Indicator outer loadings (before elimination) 142

Table 4.12 List of eliminated items 145

Table 4.13 Outer loading (after elimination) 145

Table 4.14 Average variance extracted (AVE) 148

Table 4.15 Results of the Fornell-Larker criterion 149

Table 4.16 Cross-loading matrix for the evaluation of discriminant validity 150

Table 4.17 Results of variance inflation factor analysis 155

Table 4.18 Path analysis: Direct relationships and their statistical significance 156

Table 4.19 R Square and R Square Adjusted for house purchase related constructs 162

Table 4.20 The list of hypotheses to test the mediating effects of Personal Selling and Trust 163

Table 4.21 The direct and indirect effect: Product, Personal Selling and House Purchase Decision 164

Table 4.22 The direct and indirect effect: Price, Personal Selling and House Purchase Decision 167

Table 4.23 The direct and indirect effect: Place, Personal Selling and House Purchase Decision 169

Table 4.24 The direct and indirect effect: Promotion, Personal Selling and House Purchase Decision 172

Table 4.25 The direct and indirect effect: Personal Selling, Trust and House Purchase Decision 174

Table 5.1 Results for research RO1 180

Table 5.2 Results for RO2 188

Table 5.3 Findings for RO3 195
Table 5.4 Findings for RO4 201
Table 5.5 Findings for RO5 203

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LIST OF FIGURES

FIGURE	TITLE	PAGE
Figure 1.1	Residential real estate market in Indonesia: Market concentration (Source: Mordor Intelligence, 2023)	7
Figure 1.2	Year-on-year (YoY) residential property sales growth in Indonesia: 1st quarter 2020 to 2nd quarter 2023 (Source: Statistica.com, 2023)	8
Figure 2.1	Life-cycle of marketing strategy in real estate (Hou, 2018, adapted from Kothler, 1999)	25
Figure 2.2	The theoretical framework : Grand level theory, middle range theory and constructs	29
Figure 2.3	Consumer purchase decision making process (Hassan et al., 2021)	47
Figure 2.4	Property segments and personal approach	69
Figure 2.5	Conceptual framework	72
Figure 3.1	Research process	94
Figure 3.2	Geographical overview of Surakarta and surrounding districts (Source Safira et al. (2023)	103
Figure 3.3	The process of developing research instrument	108
Figure 4.1	Structural model with respective key constructs and their indicators	147
Figure 4.2	Structural model with the validated key constructs and indicators	153
Figure 4.3	Path analysis: Product, Personal Selling and House Purchase Decision	165
Figure 4.4	Path analysis: Price, Personal Selling and House Purchase Decision	167
Figure 4.5	Path analysis: Place, Personal Selling and House Purchase Decision	170
Figure 4.6	Path analysis: Promotion, Personal Selling and House Purchase Decision	172
Figure 4.7	Path analysis: Personal Selling, Trust and House Purchase Decision	174

LIST OF SYMBOLS

R^2 - Coefficient of determination

f^2 - Effect size

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LIST OF ABBREVIATIONS

AVE	-	Average Variance Extracted
CMV	-	Common Method Variance
CR	-	Composite Reliability
CV	-	Convergent Validity
HPD	-	House Purchase Decision
IC	-	Internal Consistency
NPL	-	Non-performing Loan
PD	-	Product
PL	-	Place
PM	-	Promotion
PR	-	Price
PSA	-	Personal Selling
RO1	-	Research Objective 1
RO2	-	Research Objective 2
RO3	-	Research Objective 3
RO4	-	Research Objective 4
RO5	-	Research Objective 5
SEM-PLS	-	Structural Equation Modelling-Partial Least Square
TR	-	Trust
VIF	-	Variance of Inflation Factors

LIST OF APPENDICES

APPENDIX	TITLE	PAGE
Appendix A	Sample of questionnaire	246

اونيۏرسيتي تيكنيكل مليسيا ملاك
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LIST OF PUBLICATIONS

The followings are the list of publications related to the work on this thesis:

1. Sartika, G.A., Pawaneng, S., Sidek, S., Kamalrudin, M., 2018. The power of personal approach on property marketing. *Opcion*, 34(85), pp. 1275-1281

CHAPTER 1

INTRODUCTION

The real estate industry stands as a formidable pillar in the architectural design of a country's economy. It is not merely about bricks, mortar, and land; this industry acts as the keys indicators, of economic growth of a country It plays a vital role in the country's economy by stimulating economic growth, creating jobs, and generating revenue (Zhang and Guo, 2018; Hou, 2018; Li et al., 2023). Yet, at the core of this industry lies the crucial aspect of selling – an art that determines the pace and success of real estate transactions. In today's era, where information is abundant but trust is scarce, the conventional modes of house selling are undergoing a transformation. Buyers, are now seeking transparent, and trustworthy interactions before deciding before purchasing a property (Aslan et al., 2021; Liu et al., 2023).

While various sales approaches exist, personal selling stands out as a strategy that goes beyond the transactional to the relational. It involves direct interactions between sales representatives and prospective buyers, allowing for personalized communication that can address specific needs, objections, and aspirations (Firmansyah et al., 2019). More than just presenting a property's features, personal selling delves into building relationships, understanding buyer motivations, and fostering an environment of trust (Friend et al., 2018; Benites-Gambirazio 2020).

This thesis is the outcome of research that investigates the Personal Selling and how it affects the housing purchase intention among house buyers. Additionally, it delves into how this approach can drastically improve the marketing strategies for the property market in Indonesia. This research posits that by integrating personal selling techniques, real estate professionals can tap into the nuanced preferences and concerns of potential buyers, thereby aligning their offerings more closely with market demand. This thesis seeks to offer a comprehensive understanding of the power of personal selling in today's real estate landscape and its pivotal role in shaping the future of housing transactions in Indonesia.

This chapter presents the introduction of the thesis. It contains the background, problem statements, research objectives and questions, scope and contribution of the research as well as the operational definitions of the constructs in the research. In addition, the last section presents the organization of this thesis.

1.1 Background of study

Although the real estate industry in Indonesia continues to grow as one of the significant economic sectors, fundamental challenges still hamper its optimal potential. Fluctuations in market demand, intense competitive dynamics, and shifting consumer preferences require developers and agents to adopt more adaptive and relationship-oriented marketing strategies (Zhang and Guo, 2018; Li et al., 2023). In this context, trust becomes a crucial element, given the many choices and information circulating can confuse prospective buyers (Aslan et al., 2021). The increasingly fierce competition drives the need for strategic differentiation, where the personal selling approach offers a unique opportunity to build emotional connections and meet the specific needs of buyers.

However, the implementation of personal selling as a primary strategy still faces obstacles, including limited trained human resources, an imbalance between buyer expectations and market offerings, and the suboptimal use of technology to support continuous personal interactions (Firmansyah et al., 2019; Benites-Gambirazio, 2020). These challenges are increasingly complex amid the digitalization trend, where prospective

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buyers expect a more transparent, responsive, and data-driven process. Therefore, it is important to understand how technology integration, such as CRM systems and consumer behaviour analytics, can strengthen the effectiveness of personal selling without reducing the essence of human interaction that is the main strength of this approach.

Furthermore, the demographic realities and socio-economic conditions in Indonesia also influence property purchasing decision patterns. Factors such as varying purchasing power, risk perceptions towards property investment, and preferences for homes that suit modern lifestyles, require a sales strategy that is not only persuasive but also educational. By providing prospective buyers with a deep understanding of the property's long-term value, financial benefits, and the product's relevance to their needs, private selling can be a vital catalyst in building trust, accelerating purchasing decisions, and driving sustainable growth of the real estate market in Indonesia.

1.2 Problem Statement

1.2.1 Challenges and opportunities of Indonesian real estate market

The Indonesian real estate market, encompassing of the property, real estate, and building construction sectors contributed 14.63% to the national gross domestic product (GDP) in 2022, according to a study by the research institute LPEM of the University of Indonesia's Economic and Business Faculty. The real estate market in Indonesia has become one of the strongest sectors in the country (Daryanto et al., 2018), as the property prices and demand rise due to rapid population growth and high urbanization (*Kementerian Pekerjaan Umum dan Perumahan Awam* and World Bank, 2023). The official figures from Statistics Indonesia reflected that the gross domestic product (GDP) from real estate activities in Indonesia amounted to IDR 468.22 trillion (USD 29.85 Trillion) in 2021 (Mordor