

The Role of Online Tools in Communication. Case Study: Negotiation in the Real Estate Business

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Abstract: *With the emergence of the COVID-19 pandemic, all economic areas have been affected by measures taken both globally and by nations. As a result, the real estate business experienced a sudden shift from offline to online, adapting to new conditions in the context of the pandemic. This article analyzes the effect that the pandemic has had on real estate negotiations, but also how online tools could prove to be beneficial to this business field. Also, this study performs a comparative analysis of the negotiation methods employed by sellers and buyers both before and during the pandemic.*

Keywords: *COVID-19, negotiation, offline environment, online environment, negotiation, real estate business.*

1. Introduction

This paper attempts to tackle a new topic in real estate, since numerous studies over the past year have focused more on the influence that the COVID-19 pandemic has had on the real estate market rather than on real estate negotiations.

Although the online environment has proven to be a real pillar for relationships between people, but also for various businesses, especially in the context of a force majeure event such as the COVID-19 pandemic, as we all had to resort more to the virtual environment than the physical one, it has not been found out yet to what extent online platforms and their tools are compatible with complex businesses.

Real estate is a complex business field, as "success or failure in this kind of business is determined by how you negotiate" (George H. Ross). Therefore, the sudden transition of real estate negotiating from the physical to the virtual environment has generated new challenges for professionals and clients alike.

The purpose of this paper is to conclude whether the virtual environment can really stimulate the relationship between sellers and buyers and whether, in the near future, we will be able to use only the online environment in real estate negotiations.

2. Research methods

The study consists of two parts: the theoretical part and the application part. In the theoretical part, the literature was reviewed, and in the application part, such tools as qualitative analysis, quantitative analysis and comparative analysis were used.

The qualitative analysis was performed based on interviews conducted with a set of 8 professionals working in the real estate market of Timisoara. Each of the interviewees had over 5 years of experience in real estate.

The quantitative analysis was carried out using a questionnaire. The questionnaire was distributed to a number of 109 respondents, who were either clients or potential clients.

The comparative analysis correlated the sellers' answers in interviews with the customers' answers given in the questionnaire, in order to identify differences or similarities between their perceptions regarding the pursued objectives. The interviews took place online (e-mail), and the diagrams derived from the questionnaire were made by using the "Statistical Package for the Social Sciences" programme.

The objectives pursued were the following: negotiating before and during the pandemic; the influence of the online environment on negotiating; the relationship between sellers and customers; how both parties perceive and comprehend the negotiating process; the role of online tools; the pros and cons of the online environment.

The application part consists of a critical and objective analysis, at the end of which recommendations were elaborated and conclusions were drawn that could serve to improve negotiating in the real estate business in an unpredictable context such as the current one.

3. Results

With the help of the research methods mentioned above, a few general conclusions were drawn on the impact of the Covid-19 pandemic on real estate negotiations.

Following the *qualitative analysis*, many similarities between the answers of the interviewees stood out, while the differences were negligible. Regarding online tools and their use before the pandemic, respondents confirmed that they had mainly used the offline negotiating and only in exceptional situations online negotiations (e.g. negotiating via video conferencing with people from other countries). With the pandemic, respondents turned more to online platforms for negotiations, such as WhatsApp, Instant Messenger, Google Meet, Zoom or Skype. Also, prior to the advent of the pandemic, the interviewees only used the telephone or e-mail before meeting face-to-

face for a negotiation, in order to set the meeting place, to acquire general information or to decide on general lines of action.

Another conclusion is that professionals in the field claim that the lack of physical interaction and direct contact is the biggest disadvantage of online negotiations. Analyzing the subjects' answers, it appears that all the other disadvantages of the online medium decrease proportionally due to the lack of physical interaction.

An additional influence of the pandemic on real estate negotiations is the long time needed for closing a business deal due to the extensive explanations made during discussions with the clients who prefer online negotiating.

The *quantitative analysis* of real estate clients revealed a few general conclusions about how negotiating had been carried out before and during the pandemic. For clients or potential clients, the most important element in negotiating with a real estate professional is trust. Most respondents consider that negotiations conducted with the seller are quite difficult and believe that the feeling of trust during negotiating would tone down the tense atmosphere and secure a more relaxed mood.

Moreover, the legal factor seems to be a serious impediment for some respondents in conducting negotiations online, while other respondents believe that advanced technology helps any type of negotiation.

The questionnaire shows that the platforms that customers prefer in online negotiations are Zoom, Google Meet or Skype, while e-mail is at the opposite end of the preference spectrum. The choice of platforms enabling video conferencing is explained by the fact that they best emulate physical proximity.

The *comparative analysis* aimed to highlight the similarities and differences between the two negotiating parties (seller and buyer). Thus, sellers claim that they are facing an atypical situation on the real estate market, namely the fact that the client has taken the place of the aggressive negotiator. The interviewed sellers answered that many

customers were offering lower prices for properties, believing that the seller was in a vulnerable situation due to the pandemic. Customers also refuse to start negotiations when their offer is denied. According to the comparative analysis, this is attributable to the fact that the situation generated by the Covid-19 pandemic is considered by buyers similar to the global economic crisis of 2008.

Regarding the importance of negotiations in real estate business, the opinions expressed by both sellers and buyers are quite similar, with both parties considering that physical interaction plays an important role in the real estate industry. Also, while for sellers the lack of face-to-face encounters deprives them of the opportunity to examine their clients, buyers instead perceive the lack of physical presence as a factor leading to a decline in the trust potential.

One difference between buyers 'and sellers' answers is "what exactly can be negotiated online." While most respondents argue that all particulars of a real estate deal can be negotiated online according to Figure 23, sellers believe that the specifics of a real estate deal are difficult to negotiate online because of the complexity of this type of business. This difference in perception is given by the position of each negotiating party. In addition, legislation requires the seller in this case to be liable for any defect of the property to be sold, and the legal constraint is actually binding for the seller.

Regarding a hypothetical future, in which real estate negotiations will take place exclusively in the online environment, the answers of both parties are similar. Although there are respondents who believe that advanced technology can offer many possibilities, the majority opinion is that real estate negotiations cannot take place exclusively in the virtual environment.

4. Recommendations

The online environment generates certain blockages to negotiations conducted in the real estate business: lack of trust between buyer and

seller; tense or confusing communication; communication clichés; communication blockage due to complex details.

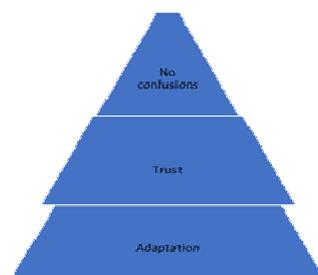
In my opinion, the online environment is detrimental to real estate negotiations on account of the following two reasons: the tradition of negotiating face-to-face; the virtual environment is not yet properly adapted for such businesses.

Most people working in real estate used the online environment only to promote their listed products, and with the pandemic there was a sudden transition from the physical to the virtual environment. Most clients have been accustomed by real estate professionals to negotiate in each other's presence, resulting in a breakdown in communication and negotiating following the pandemic.

Moreover, the online environment has failed to facilitate a close relationship between seller and client and, although a real estate company's website has been improved and updated in the meantime, certain specific needs of the buyer have not been addressed, such as the feeling of trust between client and seller or any misunderstandings arising during negotiations.

Therefore, a client has certain needs that must be met in real estate negotiations and in particular during online negotiations. These needs are more important in real estate business than in other industries, because, as we have already shown, real estate business involves long-term investments, in which the "return" process does not exist or is very difficult to achieve due to several factors (laws, economy, time, stress).

Fig. 1. Analogy between "Maslow's Pyramid" and customer needs



Based on an analogy between "Maslow's Pyramid" and customer needs, the diagram shown in Figure 1 was plotted. According to this diagram, the customer requirements to be met in online real estate negotiations are trust, the capacity to adapt, and the elimination of misperceptions or misunderstandings.

In order to meet these needs in the online environment, persistence is recommended in the use of these negotiation platforms, because the more a client will become familiar with online negotiating, the more the trust placed on the seller will increase and any communication confusions are liable to become insignificant. Helping a client adapt to the online environment can be achieved over time, with the aid of several tools: campaigns to stimulate the use of the online environment in the real estate industry; brief presentations on how a negotiation process should to be carried out, etc.

However, there is currently no platform that ensures efficient negotiating in real estate business in the virtual environment. Although the pandemic that broke out more than a year ago is slowly coming to an end, the future is still vague and the real estate field is liable to be influenced later on by other external elements.

It is also recommended that the online platforms currently used, Google Meet, Zoom, WhatsApp, etc., be further updated and adapted by the seller for the customer. These platforms can be customized and configured in particular forms, and it is advisable to have an ethical or friendly discussion on various topics before the negotiation actually begins, in order to help loosen up the atmosphere.

Consequently, it is recommended to use a hybrid negotiating method in the real estate business (both offline and online), so that customers could gradually adapt to a new working environment in the future and be able to avert any potential setbacks.

Conclusion

The online environment is not yet suitable for real estate negotiations, because a face-to-face meeting is still indispensable for both buyer and

seller. Although the virtual environment shows many advantages in many other fields (food industry, shopping, etc.), the real estate business still faces serious difficulties in the online environment.

Although it seems that the pandemic generated by the Sars-CoV-2 virus will soon end, most economic industries, and in particular real estate firms require a seller to have specific resources available in order to be able to do his or her business regardless of the existing context. Even though the pandemic has not caused major economic losses to all real estate developers, there are indications that a real estate economic crisis may occur at any time if the customer-seller gap continues due to the maladaptation of the online environment to customer needs.

Nonverbal communication is a significant contributing factor for all parties to a negotiation and can be supplemented by verbal communication, provided that the needs of real estate customers are met.

Real estate professionals have to get their customers accustomed to a hybrid way of negotiating in the future and try to adapt the online environment to real estate negotiations, in order to ensure continuity in the real estate business even when personal encounters are not possible.

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