

FURNISHED HOUSES FOR FOREIGNERS: DISCOVERING A NICHE MARKET ROUND THE CORNER

*Zahid A. Memon
Arabella Bhutto
Dr.Ashique Ali Jhatial*

ABSTRACT

Universities have been providing housing to majority of enrolled foreign students on the campuses. However, due to financial constraints, it has not been possible to accommodate all the students within campuses. The trend among the students to hire apartments outside the campuses has been seen to be prevalent globally. The university administrations encourage students to go for private accommodation in order to cope with serious shortage of spaces in hostels. In such situation, the townships around campuses cater for the housing needs of the students and in turn are viable investment opportunities which also provide an alternative housing facility, most specifically for the foreign students. In this paper, we investigated through questionnaire survey, the housing requirements of foreign students enrolled in three universities of Jamshoro. Findings of this study suggest that there are few furnished houses available in the townships on the campus vicinities. Their requirement for furnished houses has pointed toward a newly emerging niche market for potential investors. Simultaneously, the universities may also invest on building furnished apartments as evident in most foreign universities.

Keywords: Niche Market; Furnished Housing; Foreign Students; University Campuses; Jamshoro Education City

INTRODUCTION AND BACKGROUND

Jamshoro – the education city - housing three universities located shoulder to shoulder, is receiving a large number of foreign students every year. These three universities namely the University of Sindh (UoS), Mehran University of Engineering and Technology (MUET), and the Liaquat University of Medical and Health Sciences (LUMHS) have over the years developed their infrastructure and other services to a greater extent. However, the accommodation facilities most specifically for foreigners, as gathered from personal interaction with these students are neither adequate nor standardized. Most of the foreign students have been seen looking for individual or shared rented houses in the societies or small townships on the campuses' vicinity. This has on one hand created business opportunities for

the house owners but on the other hand, the rents have gone beyond the affordability of the local people.

Besides getting a suitable, small and easy to maintain house, the students face yet another challenge of getting it furnished with basic items and appliances that too for a limited period of three to five years. At the time of their graduation, these items ranging from air conditioners, refrigerators, automatic washing machines, televisions, microwave ovens, to carpets, and furniture etc. are then sold at throw away price to local residents that incurs additional burden on their pocket. Torres-Antonini and Park (2008) have identified essential features of communal facilities such as laundry rooms, kitchens, study rooms and television rooms; they also specify the use of carpet and air-conditioning in these rooms. The houses available for rent are unfurnished and smaller furnished apartments (studio apartments) that could be of great demand by this cluster of students (foreigners) are not being commonly built in the area. Making furnished accommodation available to these students will save them from much hassle and they will be ready to pay more for living with peace of mind. Consequently, the bigger and unfurnished house will be exclusively offered and available at reasonable rent to the local people who relocate from interior of the province for the sack of higher education of their children.

A young foreign student away from his/her native country requires concentrating on studies and is not very well conversant of the new area, people, language and the systems. He or she looks for the dwelling that could equally provide ease and comfort. Settling in a foreign country is a challenge and tough task that could be mitigated with such market offerings. This could be replicated from foreign countries where international students get easily accommodated should they want to live independently away from campuses even though the dormitories are very well equipped with basic amenities. This kind of market targeting a specialized segment of customers is needed to be developed in the universities' suburbs and is perceived by the authors of this article, to be a potential opportunity for the investors, estate agents and contractors. The universities could also invest in this neglected market that is expected to boost their foreign student intake and enrolment.

The city of Jamshoro that was given status of a district few years ago has a couple of decent and well-planned townships. These are located in the close proximity of the campuses and have developed out of cooperative housing societies leased out to the university employees. There is enough room for expansion of the societies and adequate land available to deal with this globally emerging trend of furnished apartments not yet identified and addressed by any firms or individuals in the city. This niche market requires to be discovered round the corners of the campuses with proper marketing strategies to reach out to the potential customers.

LITERATURE REVIEW

Untapped market, high demand, economic benefits and specialization are few of the credentials of the niche market. According to Kotler (2003), the customers in the niche have a distinct set of needs and wants. They will pay a premium to the firm that best satisfies their needs. The niche is not likely to attract other competitors; the niche gains certain economies through specialization; and the niche has size, profit, and growth potential. The possibility of creating a 'niche market' by potential investors to cater to the furnished accommodation needs of the foreign students is rightly available in the close proximity of the campuses, it is assumed. In the 'Marketing Management' jargon, *"a niche market is the one that focuses marketing efforts on a small but specific and well-defined segment of the population. Niches do not exist but are developed by identifying requirements that are addressed poorly or not at all by the companies or service provider"* (Chris et al., 1999). An ideal profitable niche is characterized by high market demand, low competition, and high-income prospects, as depicted in the Figure-1 here under.

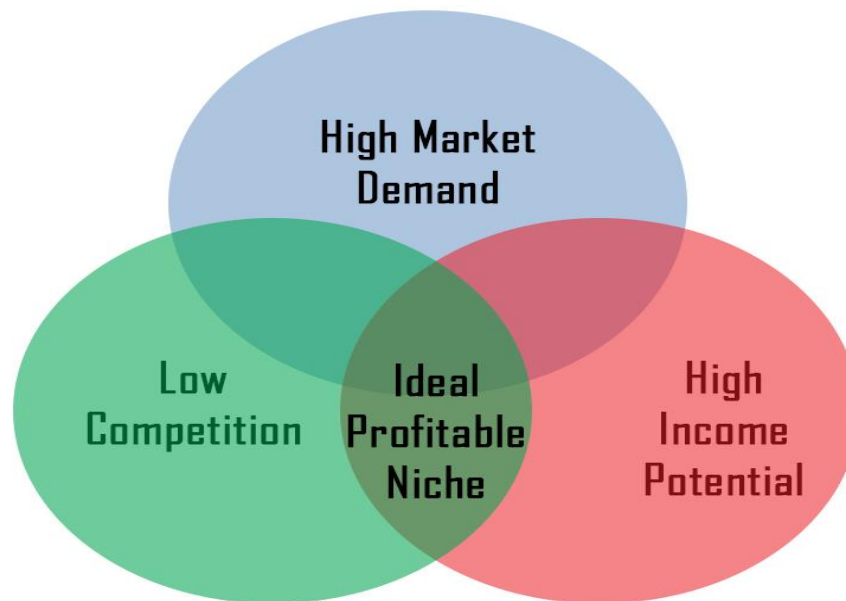


Figure-1: Source: www.startgrowprofit.com

The need for furnished houses also creates a 'niche market' for the potential investors to fill the lacuna of furnished accommodation needs of the off campus foreign students in the close proximity of the campuses. The existence of this niche market can also be gauged from Kotler's definition

i.e. the customers (foreign students) have a distinct demand (furnished houses), they can pay more for the satisfaction of their demands. This niche market is also specialized in nature having size, profit, and growth potential. Availability of furnished houses in the close proximity of campuses also stimulate students and their parents to pay a premium for the peace of mind, comfort and convenience. Amole (2005) and Hassanain, (2008) argue that the students can perform well in their studies if they have good, comfortable living conditions in their student housing facilities.

The developing countries like China, India, Bangladesh, Malaysia etc. are enthusiastically working on their higher education institutions and offering scholarships to the international students. *“The government seeks to attract 120,000 international students in 2015 and to promote Malaysia as a regional center of educational excellence”* (Bernama, 2010). Similar patterns of augmented international student enrolment have also been found in the universities of Pakistan. Achievement of higher growth rate of international student enrolment is also one of the aims of Higher Education Commission of Pakistan (HEC, 2010). These public policies create higher demand for the off campus furnished accommodation and point towards an untapped market. Provision of off campus furnished accommodation i.e. studio apartments; small dormitories or private living halls for foreign students have potential to become an industry in the close vicinities of the educational institutions. Student housing facilities are considered essential to cater to student housing needs (Susilawati, 2001; Hassanain, 2008; Najib & Yusof, 2010). Socially, providing well-equipped (furnished) houses to the students can be rigorously beneficial for the social development of the student and society. It is argued that: *“numerous scholarly studies have highlighted student housing as an essential component of the facilities in assisting students to expand their intellectual capabilities and help to achieve the broader objectives such as social structure and responsible citizenship”* (Muhammad *et.al*, 2012).

FIGURE-2
FRAMEWORK FOR THE DEMAND OF FURNISHED HOUSES
(GLOBALLY) AND ITS EFFECTS

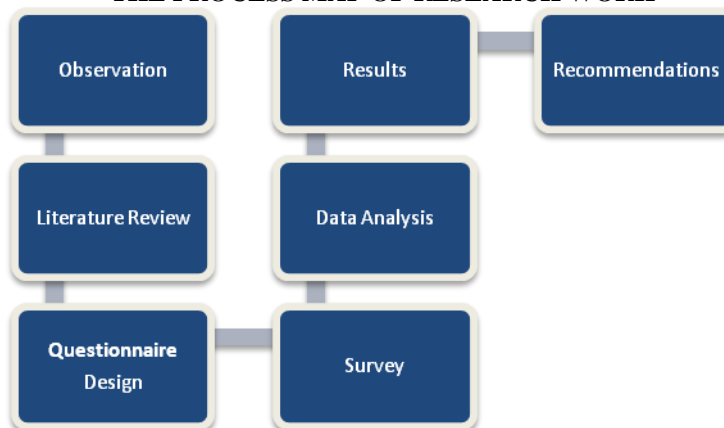


The picture shown above is the conceptual framework, drawn from the aforementioned discussion. The framework is aimed to develop the understanding about the need of furnished houses in the local market, the global trends of availability of furnished houses and the pros and cons of furnished houses. Availability of furnished houses for the foreigners would not only economically strengthen the society but also it has various social and psychological impacts on the society.

MATERIALS AND METHODS

Methodology

FIGURE-3
THE PROCESS MAP OF RESEARCH WORK



The journey of this research work started with observation of the accommodation problem faced by the international students in three universities of Jamshoro. As the university administration is unable to provide accommodation to all the students. Many of the students have to opt for privately owned accommodation. The problem does not end here, the international students not only face the accommodation problem but making these houses furnished is also a tiresome task.

Secondly, the literature was reviewed to gather the knowledge about the global trends of furnished houses. A questionnaire was designed to also include queries pertaining to what extent the foreign students are satisfied with present state of housing affairs either on-campus or off-campus. The existence of this niche market was also unearthed during the literature review. The next step was to validate the argument that a niche market of furnished houses for the foreign students exists in the close proximity of the campuses or not. The survey questionnaire was designed by keeping in view these arguments. The face-to-face survey was conducted to enquire about the preference and availability for furnished houses from the international students of three universities. The results were entered in the SPSS for the data analysis. The frequency tests, reliability test and t-test of the data were conducted. The recommendations were given as per the results of the survey and the ground realities.

RESPONDENTS' LOCATION AND SAMPLING

This paper seeks to highlight the existence of niche market near the three university campuses. The study has employed a quantitative data collection technique, namely, a survey. The location chosen for this study is Jamshoro – the education city - The questionnaires were distributed among the foreign students of three universities- namely the University of Sindh (UoS), Mehran University of Engineering and Technology (MUET), and the Liaquat University of Medical and Health Sciences (LUMHS). A random sample of 35 foreign students was drawn from the institutions' population of foreign students. These respondents represent 35% of the total population of international students. Most of the respondents (77.4%) were undergraduate students.

INSTRUMENT AND DATA ANALYSIS

The survey forms were distributed face-to-face to the targeted respondents in the study area. The questionnaire consists of 11 questions. First 5 questions were profile questions which enquired about the: (1) Student name, (2) University name, (3) Faculty, (4) Native country name, and (5) Resident location.

The remaining questions enquired about the student satisfaction with housing facilities, preference and need for furnished houses. 4-point Likert scale, ranging from 1 “Strongly Dissatisfied” to 4 “Strongly Satisfied” and close ended questions were posed to the targeted population (foreign students) studying in these three institutions. No any neutral choice was given so that respondents were forced to show a preference in their answers. The last question asked respondents about:

1. Any other problem/s they face off-campus or on campus
2. Housing requirements
3. Suggestion for the improvement of housing facilities

RESULTS AND DISCUSSION

TABLE-1
FREQUENCIES OF THE SURVEY RESULTS

	Student Name	University	Native Country	Occupation	University Hostel resident	Place of living	Rate accommodation?	rate private accommodation	Availability of furnished houses near campus?	Preference for furnished houses
N	Valid	35	35	35	35	31	34	35	35	35
	Missing	0	0	0	0	4	1	0	0	0
Mean		1.6571		1.2286	1.4000	1.3548	2.9412	4.0000	1.6857	1.0857
Std. Error of Mean		.11554		.07201	.08402	.09890	.23102	.23905	.07961	.04801
Median		2.0000		1.0000	1.0000	1.0000	3.0000	5.0000	2.0000	1.0000
Mode		1.00		1.00	1.00	1.00	2.00	5.00	2.00	1.00
Std. Deviation		.68354		.42604	.49705	.55066	1.34708	1.41421	.47101	.28403
Variance		.467		.182	.247	.303	1.815	2.000	.222	.081
Skewness		.562		1.351	.427	1.266	.350	-.926	-.836	3.094
Std. Error of Skewness		.398		.398	.398	.421	.403	.398	.398	.398
Kurtosis		-.680		-.188	-1.932	.757	-1.118	-.792	-1.383	8.029
Std. Error of Kurtosis		.778		.778	.778	.821	.788	.778	.778	.778
Range		2.00		1.00	1.00	2.00	4.00	4.00	1.00	1.00
Minimum		1.00		1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maximum		3.00		2.00	2.00	3.00	5.00	5.00	2.00	2.00
Sum		58.00		43.00	49.00	42.00	100.00	140.00	59.00	38.00

The statistics shown in Table-1 reveal the mean, standard deviation of data of each question, mode, median, variance of the each question. In addition to that, the normality test was also applied on the data of each question. The results show that the data is normally distributed. The range of the data, maximum and minimum has also been tested.

As it has been mentioned earlier that first 6 questions were profile questions inquiring about the name, institution, department, native country etc. Question No.6 was: Are you residing in University Hostel? Results shown in figure 4 reveal that twenty one (21) out of thirty five (35) students were residing in on campus accommodation facility, nine were living in the Jamshoro housing society and remaining in city (Hyderabad). Twelve (12) respondents rated hostel accommodation as good and 7 as satisfactory as shown in figure-5. Whereas out of thirteen (13) respondents, six (6) rated private accommodation as good as shown in Figure-6. Figure-7 reveals that out of thirty five (35) respondents, twenty four (24) denied about availability of furnished houses in the neighbourhood. Thirty two (32) out of thirty five (35) students were willing to avail furnished houses if made available in the close vicinity of their campuses. This points out not only a business opportunity for the investors in the particular segment, but also provides a concrete evidence of the existence of customer base for furnished houses closer to campuses.

An independent t- test was performed on questions No.9 and 10 to measure the mean differences between two questions. Pallant (2005) recommended that the significance level should be less than 0.05 for one tailed t-test. An independent-samples T-test was conducted to examine whether there was a significant difference between the preference for the furnished houses and availability of furnished houses in the close vicinity of institutions. The results in Table-1 and 2 shows that the significant difference exists between the preference and availability of furnished houses. Table-1 and 2 show the results of mean difference in availability and preference of furnished houses.

FIGURE-4
STUDENTS ACCOMMODATION RATIO



FIGURE-5
ACCOMMODATION FACILITY RATED BY STUDENTS

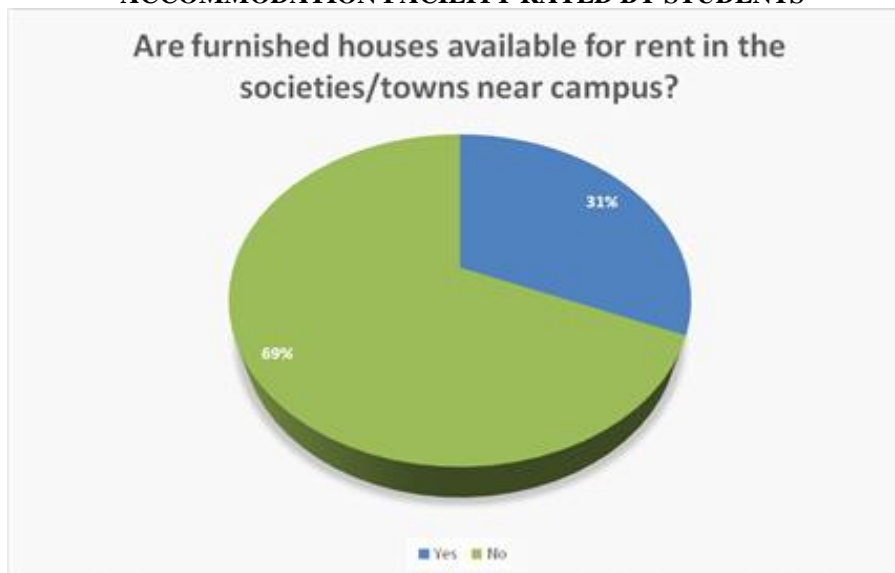


FIGURE-6
AVAILABILITY OF FURNISHED HOUSES NEAR CAMPUS

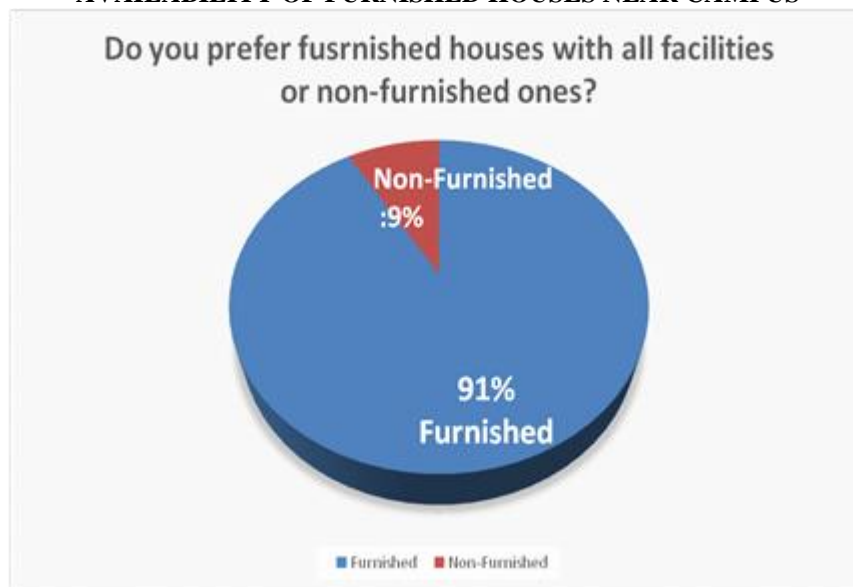


FIGURE-7
PREFERENCE FOR FURNISHED HOUSES NEAR CAMPUS

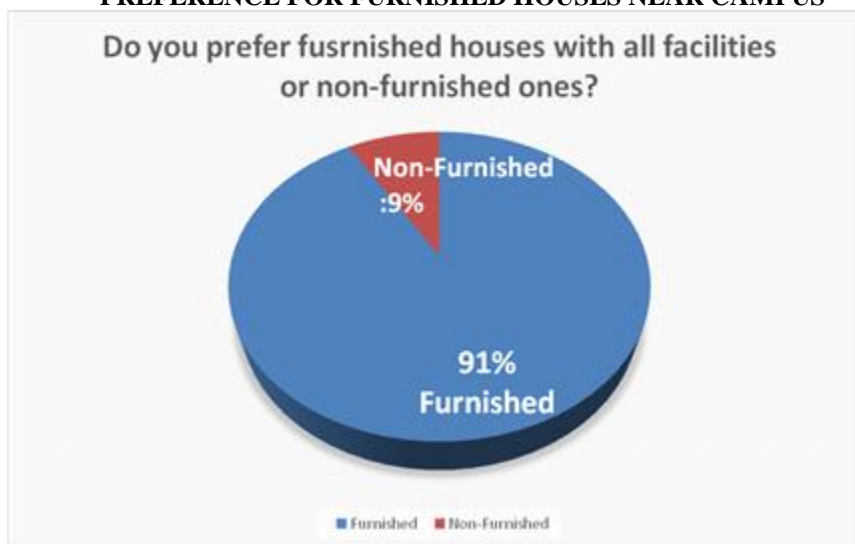


TABLE-2
THE SAMPLE STATISTICS ONE SAMPLE STATISTICS

	N	Mean	Std. Deviation	Std. Error Mean
Do you prefer furnished houses with all facilities or non-furnished ones??	35	1.0857	.28403	.04801
Are furnished houses available for the rent in the societies/towns near campus?	35	1.6857	.47101	.07961

Source: Questionnaire

TABLE-3
THE ONE SAMPLE T-TEST RESULTS

One-Sample T-Test						
	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Do you prefer furnished houses with all facilities or non-furnished ones??	22.615	34	.000	1.08571	.9881	1.1833
Are furnished houses available for the rent in the societies/towns near campus?	21.173	34	.000	1.68571	1.5239	1.8475

Source: Questionnaire

The results of survey have validated this argument that unavailability of the furnished houses in the close vicinity of the three universities has not only added up into the woes of international students but also created a niche market for the investors and university administration. The benefits that furnished house can bring are tremendous as mentioned in the above discussion. The construction of furnished houses can fill up the lacuna and prove to be a profitable market as the demand for furnished houses is too high and availability does not exist at all.

CONCLUSION

This paper highlights the existence of a niche market in the education city Jamshoro, where three universities are situated. As the global trend of higher education has become rampant, resultantly, the demand for off campus housing has also been increased. Similarly, the national and international student enrolment has increased in these three universities. The university administration is unable to provide accommodation to all the students in campus. Students opt for off campus accommodation for various reasons. The available houses in the vicinity are either unfurnished or big enough to be used by foreign students. To cope with the problem this paper identifies niche market for furnished houses for the international student that provides an opportunity for investors to create this market.

This paper recommends and encourages the university administration, estate agents, investors and contractors to explore this market and make the furnished houses available for the students. Providing furnished houses to foreign students not only benefit investors but also to students and is likely to generate economic activity.

The limitation of this study is that the scope of the study is very small. The survey has been conducted only in the three universities of Sindh situated shoulder to shoulder in Jamshoro-The Education City-. The similar phenomenon can be witnessed and applicable in the other cities or vicinities of the higher education institutions in Pakistan. Future research considering financial factor (income prospects) is highly recommended to further validate implications of this paper.

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