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CUSTOMER EXPECTATIONS AND CUSTOMER SATISFACTION IN THE REAL ESTATE INDUSTRY: A STUDY ON LOCAL AND FOREIGN BUYERS IN AZERBAIJAN

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ABSTRACT

Long-term success in the real estate sector depends on customer satisfaction. The relationship between consumer expectations and satisfaction levels is examined in this study, with an emphasis on the difficulties faced by foreign purchasers in Azerbaijan in contrast to local buyers. A survey of 200 participants (100 local and 100 foreign purchasers) and in-depth interviews with 10 individuals were used to gather data using the mixed-methods technique. The findings reveal a significant gap between expectations and perceived services, particularly in communication, transparency, legal support, and agent responsiveness. For foreign buyers, who were primarily dissatisfied due to agent responsiveness and legal complications, this gap was notably larger. The study finds that real estate enterprises must adopt a segmented service model, strengthening multilingual support, legal guidance, and better communication channels to overcome this gap, ultimately improving customer loyalty and competitive advantage.

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1. INTRODUCTION

One of the biggest financial and emotional choices a person will ever make is purchasing a home. In order to maintain a positive reputation and sustain a competitive edge, real estate firms now prioritise client happiness (Johnson, 2020).

However, many reports indicate that clients are frequently dissatisfied because the service they receive falls short of their expectations (da Silva, 2022). This problem is especially serious for foreign buyers, who face new laws, language barriers, and cultural differences without the benefit of local knowledge (Smith & Zhang, 2021).

The real estate market in Azerbaijan has been growing steadily, driven by the country's economic development and diversification strategy. Foreign investors and expatriate residents are increasingly entering this market (Aliyev et al., 2019). However, there remains a notable absence of academic research on service quality and customer satisfaction in this specific context (Ganbarov et al., 2020), particularly studies comparing local and foreign buyers.

This study aims to fill this research gap by investigating the factors that influence customer expectations and satisfaction in Azerbaijan's real estate market, focusing on differences between local and foreign buyers. Our central research question is: What is the relationship between

customer expectations and satisfaction in the Azerbaijani real estate market, and how does it differ for local versus foreign buyers?

2. LITERATURE REVIEW

2.1 The SERVQUAL Model

The SERVQUAL model, a popular tool for evaluating service quality developed by Parasuraman, Zeithaml, and Berry (1988), serves as the theoretical basis for this investigation. According to the approach, the difference between a customer's expectations and how they perceive the service they received determines how satisfied they are. It assesses this gap across five core dimensions: reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman et al., 1988). This framework has been validated across numerous industries (Karim, 2020) and has been specifically applied to the real estate sector to measure expectation-perception gaps in property markets (Singh, 2022).

2.2 Communication and Digital Expectations

Previous research has consistently identified clear and frequent communication as critical for building trust and satisfaction in the real estate sector (Lee & Kim, 2022). Modern buyers increasingly expect a digital experience that encompasses online listings, virtual tours, and rapid response to enquiries (Sao, Singh et al., 2025). The transition to digital channels has reshaped expectations about agent responsiveness and the quality of information provided throughout the transaction process.

2.3 Challenges for Foreign Buyers

Foreign buyers face considerably greater challenges when purchasing property in a new country. Studies confirm that this group requires reliable legal assistance to navigate the risks inherent in cross-border transactions (Smith & Zhang, 2021). Foreign buyers hold high expectations for legal transparency and multilingual communication, yet frequently encounter significant shortfalls in these areas (EMZE Law, 2025). Research in Azerbaijan specifically identifies legal complications and inconsistent construction documentation as major factors that can negatively affect buyer satisfaction (BSU Law Review, 2024). The complexity of property ownership regulations and title verification further heightens the vulnerability of this buyer segment (Hakobyan, 2020).

2.4 CRM and Salesperson Behaviour

Customer Relationship Management (CRM) tools have been shown to improve satisfaction and loyalty when implemented effectively in real estate and service contexts (Sao, Mohite et al., 2022). CRM systems enable firms to track buyer needs, streamline communication, and deliver personalized service—factors that are particularly important in high-involvement purchase decisions (Nilashi et al., 2023). Alongside technology, interpersonal factors also matter significantly. Research confirms that salesperson behaviour, including active listening and ethical conduct, directly influences customer satisfaction in property transactions (Albite & Basig, 2025). Moreover, service quality and pricing transparency together remain among the strongest drivers of satisfaction with real estate agencies (Vrbanec Dedeić et al., 2025).

2.5 The Azerbaijani Real Estate Market

Azerbaijan's real estate market has been undergoing rapid transformation, with significant growth in both the residential and commercial sectors in Baku (Aliyev et al., 2019). The government's economic diversification policies have attracted growing numbers of foreign

investors, particularly from Turkey, Russia, and the Middle East (Ganbarov et al., 2020). However, challenges such as housing affordability, limited availability of standardized legal documentation, and inconsistencies in construction quality continue to affect both local and foreign buyers (Hajiyev, 2020). The absence of a robust service quality framework for real estate agencies creates a gap that this study seeks to address.

3. METHODOLOGY

3.1 Research Design

In order to gather both quantitative data (survey answers) and qualitative data (semi-structured interviews) concurrently, this study used a convergent parallel mixed-methods design (Creswell & Plano Clark, 2017).

This approach provides a comprehensive understanding of the expectation-satisfaction gap by combining the statistical breadth of survey data with the contextual depth of participant narratives.

3.2 Participants and Sampling

The study included individuals who had purchased or rented property in Azerbaijan within the previous two years. Purposeful sampling was used to construct two groups of equal size:

- Group 1: 100 local Azerbaijani buyers.
- Group 2: 100 foreign buyers.

3.3 Data Collection

Quantitative data were collected via an online survey using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The survey measured both expectations and satisfaction across five service dimensions: Communication, Transparency, Legal Support, Agent Responsiveness, and Overall Satisfaction. Qualitative data were gathered through semi-structured interviews with 10 participants (a mix of local and foreign buyers) to capture detailed narratives about their property purchase experience.

3.4 Data Analysis

For the quantitative analysis, average expectation and satisfaction scores were computed for each dimension and each group. An independent samples t-test was used to compare scores between local and foreign buyers. The satisfaction gap was operationalized as the difference between satisfaction and expectation scores (Gap = Satisfaction Score − Expectation Score), following the SERVQUAL gap methodology (Parasuraman et al., 1988). Qualitative interview transcripts were analyzed using thematic analysis to identify recurring themes.

4. RESULTS

4.1 Quantitative Findings

Table 1 presents the average expectation and satisfaction scores along with the computed gap for each service dimension and each buyer group.

Table 1. *Average Scores for Expectations, Satisfaction, and the Gap*

Service Dimension	Group	Avg. Expectation	Avg. Satisfaction	Gap
Communication	Local Buyers	9.13	6.69	−2.44
	Foreign Buyers	7.33	4.36	−2.97
Transparency	Local Buyers	8.63	6.87	−1.76
	Foreign Buyers	5.60	3.03	−2.57
Legal Support	Local Buyers	8.61	6.51	−2.10
	Foreign Buyers	6.68	3.80	−2.88
Agent Responsiveness	Local Buyers	8.02	6.11	−1.91
	Foreign Buyers	6.54	3.30	−3.24
Overall Satisfaction	Local Buyers	9.03	6.90	−2.13
	Foreign Buyers	6.48	3.25	−3.23

Expectations were not fulfilled in any area, as evidenced by the statistics showing a negative satisfaction gap for both groups across all dimensions. Crucially, the discrepancy is significantly greater for overseas purchasers across all dimensions, with the biggest disparity noted in Agent Responsiveness (Gap = −3.24) and Overall Satisfaction (Gap = −3.23).

4.2 Qualitative Findings

Semi-structured interviews yielded three principal themes that contextualize the quantitative findings:

Theme 1 – Language and Communication Barriers: The absence of English-language assistance from agents was a major source of annoyance for foreign customers. "My agent sometimes did not answer, and when he did, the information was not clear," said one participant. I felt disoriented. Local purchasers also mentioned communication problems, although these had less to do with language hurdles and more to do with irregular updates.

Theme 2 – Legal Process Confusion: The most often mentioned obstacle for overseas purchasers was legal complexity. "I had to hire my own lawyer because I did not trust the agent to explain the legal details," stated one interviewee. It was a significant concern and an additional expense. Despite acknowledging their lack of legal expertise, local purchasers continued to ask brokers for further advice.

Theme 3 – Trust and Transparency Deficits: Earlier in the process, confidence was damaged by a widespread lack of honesty in price and paperwork, according to many international parties. Local purchasers expressed unhappiness with the clarity of information offered by agencies, while being better familiar with market rules.

5. DISCUSSION

The main research issue of the study is substantially supported by the findings. Azerbaijan's real estate market has a sizable expectation-satisfaction gap, which is consistently greater for foreign purchasers in every parameter analysed. These findings are consistent with the SERVQUAL framework: the largest gaps are observed in dimensions most critical to foreign buyers –

Assurance (proxied by Legal Support) and Empathy (proxied by Communication), which map onto two of the model's five core dimensions (Parasuraman et al., 1988).

The substantial gap in Legal Support for foreign buyers (−2.88) confirms the findings of Smith and Zhang (2021) regarding the risks faced by cross-border buyers and aligns with practical documentation of legal complications in the Azerbaijani property market (EMZE Law, 2025; BSU Law Review, 2024). The inability of local agencies to meet these needs creates distrust that cascades into lower overall satisfaction ratings.

The large communication gap for both groups, and especially for foreign buyers (−2.97), supports the work of Lee and Kim (2022) and Sao, Singh et al. (2025). The problem is not only linguistic; it also reflects mismatched expectations about communication frequency and information quality. The qualitative findings further reinforce this, with foreign buyers describing a sense of disorientation that was absent among local participants.

The findings are also consistent with research on CRM effectiveness: agencies that fail to implement systematic communication and follow-up protocols lose opportunities to close the expectation gap (Sao, Mohite et al., 2022; Nilashi et al., 2023). The study demonstrates that a uniform service model is inadequate for a market serving both local and international buyers. Real estate companies seeking to attract foreign clients must develop segmented service capabilities, including multilingual support, standardized legal guidance, and dedicated agent protocols.

These results contribute to the existing knowledge by applying the SERVQUAL framework to the Azerbaijani real estate context, which has been relatively underexplored in the academic literature (Ganbarov et al., 2020; Aliyev et al., 2019). They confirm that the expectation-satisfaction dynamics documented in other emerging markets are present and intensified in the Azerbaijani context.

6. CONCLUSION

This study offers convincing proof of a sizable expectation-satisfaction gap that affects both domestic and foreign purchasers in Azerbaijan's real estate market. Due to language problems, a lack of acquaintance with local legal procedures, and poor communication from real estate brokers, the difference is even more noticeable for international purchasers. These findings have direct implications for real estate firms, regulators, and policymakers in Azerbaijan, as well as for researchers studying service quality in emerging market contexts.

7. LIMITATIONS

7.1. Sample Size and Composition: The 200 participants in the sample might not be entirely representative of Azerbaijan's overall real estate buyer community. Additionally, selection bias may be introduced by purposeful sampling.

7.2. Limited Qualitative Depth: Because there were only 10 interviews, there might not have been enough theme saturation to adequately explain quantitative results across the range of foreign buyer nations covered.

7.3. Single Stakeholder Perspective: The study captures only the buyer's perspective. Including real estate agents, legal advisors, or agency managers would provide a more balanced view of service delivery challenges.

8. RECOMMENDATIONS

8.1. Specialized Agent Training: Provide specialised training for agents working with foreign customers that emphasises intercultural communication, English language competency, and knowledge of property law as it relates to foreign individuals.

8.2. Standardized Service Protocol for Foreign Clients: Establish a specific onboarding procedure for international purchasers that consists of a multilingual documentation guarantee, a step-by-step legal checklist, and a specialised agent.

8.3. CRM System Investment: Use CRM tools to manage transaction milestones, organise communication processes, and make sure buyers are informed on a regular basis during the purchasing process.

8.4. Strategic Partnerships: Create alliances with international legal firms and relocation service providers to lower transaction-related anxiety and give overseas purchasers with a complete, reliable service package.

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