

Analysis on Differentiated Competition of Real Estate Enterprises

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Abstract

This paper selects the company's differentiated competition in business strategy, taking real estate enterprises, and roughly expounds how real estate enterprises should carry out differentiated competition in today's rapidly changing society. The public believes that real estate enterprises can provide customers with excellent services such as extending the warranty period, expanding the warranty scope, reducing and exempting property fees, and product differentiation. Different products have their own characteristics, such as increasing intelligent facilities, building staggered houses, large day lighting protruding balconies and other characteristic houses. This paper discusses this problem from more angles, introducing the "seven factor model", and opening up new ideas for relevant enterprises, especially small and medium-sized enterprises, in order to solve problems of the current stagnation of real estate enterprises more effectively.

Keywords

Business strategy, Real estate, Differentiation.

1. Introduction

Recently, with the gradual deepening of reform and the steady progress of urbanization, China's real estate industry has developed vigorously. The overall scope of real estate has gradually expanded, consumers' requirements for housing have become more diversified, and their expectations for the decline of real estate prices have become higher and higher. The macro-control policy also makes banks face the credit risk of domestic restructuring and strong market competition pressure. Real estate enterprises urgently need to adjust the original competitive strategy and business strategy to adapt to the current development [1].

Generally speaking, differentiated competition in the real estate industry often makes you elusive. We have to face a very embarrassing fact, what Ostrovsky often mentioned that common cause and common struggle can make people have the power to endure everything.

As the real estate enterprises tend to be consistent day by day, the competition on differentiation has long been imperative. Obviously, most real estate enterprises are looking for a better path of differentiated competition, so as to strive to make their products reach the realm of "I have what others don't have, and I have better what others have", so as to obtain a place for enterprises in the market.

The development of China's real estate market has experienced the initial period, the rapid development period and the macro-control period carried out by the central government at this stage. It is bound to enter a relatively stable mature period. Some cities with rapid development have entered the stage of adjustment, and the market is growing gradually. Then, the next step is the transition from the seller's market to the buyer's market [2].

This paper aims to explore the differentiation and market competition of real estate companies, and find the coincidence point between their differentiation and the effective structure of the real estate company market. At the same time, it briefly provides a relatively feasible method for the real estate companies.

2. Structural Analysis of China's Real Estate Market

Field structure can be divided into four types according to the degree of competition and monopoly: 1) perfect competitive market; 2) Monopolistic competition market; 3) Oligopoly market; 4) Completely monopolize the market. Among them, oligopoly market means that there are only a few in a market.

A market in which a manufacturer provides almost all products. The key to judge whether a market is an oligopoly market. Is there a high barrier to entry in this market and a high degree of product differentiation in the market?

There are many real estate enterprises in China, but there are few large real estate enterprises. Coupled with the particularity of real estate products, large real estate enterprises in China have a certain degree of monopoly power in the region. Real estate enterprises have done advertising, but their profits have increased [3].

The main media used in advertising of Chinese real estate enterprises are newspapers, television, radio, outdoor and Internet. Among them, online media advertising has developed rapidly in recent years

3. Connotation of Differentiated Competition in Real Estate Enterprises

Porter wrote in his book competitive advantage: the two basic forms of competitive advantage complement the scope of activities of enterprises seeking to obtain this advantage, which can guide the industry to create three basic strategies that far exceed the public's business performance level: cost leadership, differentiation and goal concentration.

With the increasing homogenization of residential products, some real estate development enterprises began to implement differentiated competition strategy from the perspective of the whole industry. By combined the housing industry with related industries, new differences are given to products and services. At the same time, because the development of such products has high requirements for the comprehensive development ability of development enterprises, the introduction of such products can also establish a good corporate image in the eyes of consumers. From the perspective of industry, residential cultural real estate is the product of the combination of residential industry and cultural industry. It is a new product developed by real estate development enterprises in order to obtain a leading position in differentiated competition [4].

Under the logical influence of this differentiation strategy, enterprises choose different selling points from their competitors, and make their business tend to have one or more unique characteristics, or choose a unique position to meet the requirements of consumers.

The common differentiated competition of real estate enterprises means that real estate enterprises form their own private competitive advantage and obtain more benefits by integrating resources and using appropriate strategies to create their own enterprise's concept differentiation, service differentiation, product differentiation and brand differentiation to improve the value of real estate products. This is the common differentiated competition model.

In short, the essence of real estate development is the high concentration of social resources. The larger the scope of activities of developers is, the more resources, the greater the integration ability, and the normal superposition, the smaller the scale, and vice versa. Therefore, polarization and oligarchy become an inevitable trend.

4. Seven Elements of Differentiated Competition in Real Estate Enterprises

Real estate has heterogeneity because of its different location, orientation, environment, development scale and other factors. However, in the same region, there may be many development enterprises in the housing market, whose development capacity, product design, marketing strategy and market positioning are similar, and the product homogenization is becoming more and more serious. In this case, the profits of real estate development enterprises tend to be equal, and most enterprises obtain average profits.

The implementation of differentiated competition of real estate enterprises must be rooted in the importance of differentiated competition of real estate enterprises, distinguish between real estate and many elements such as concept, service, personnel, channel and promotion, clarify the relevant elements of differentiated competition of operators in the real estate field, and give differentiated competitive advantages to operators in the real estate field.

Liu Guoyan and Yin Zhu put forward the "seven element model" in the analysis of differentiated competition of real estate enterprises. In many practices, it is not difficult to find that the seven-element model is more comprehensive and appropriate than the common differentiated competition model [5].

As Theodore Levitt said, the fundamental key to contemporary market competition is not only what enterprises can produce and sell in their subordinate enterprises, but what they can add to their products. For example, product packaging is an aspect that people need pay attention to it.

4.1 Conceptual differentiation

Concept is also notion. Its essence is the appearance of core products and core interests in the product level. The concept of real estate differentiation reflects the basic value at the product level by highlighting and strengthening the status of real estate and using popular, short and highly publicized concepts. On the one hand, because it is difficult to distinguish the basic value of many products, if enterprises create and maintain differences in this regard, they can obtain amazing advantages; On the other hand, conceptual differentiation also has a positive impact on consumers, because they are not experts in the products they buy.

From the current market situation, the core of brand promotion is to create concepts. From other Reeves's USP strategy, it can be seen that the implementation of differentiated concept propositions and demands needs to abide by three basic principles, including accurate market positioning, refined value demands and exclusive concept enjoyment. It is not difficult to find that the primary principle of conceptual differentiation is accurate market positioning.

4.2 Product differentiation

Each building has different shapes in landscape design, house type characteristics, overall planning and other products. It is mainly reflected in product design, style, performance, environment and many other aspects. No matter which aspect of differentiation, it can be used as the sales point of real estate products.

In terms of housing design, we should adhere to the needs of customers as the starting point, combined with the preferences of the target audience, and highlight the unique characteristics. Even communities developed by the same developer should have different characteristics. Avoid simple copy and paste, and highlight the architectural style, performance and environment with different characteristics.

In terms of residential style, the current real estate styles mainly include European style, Australian style, Singapore style, Lingnan style, Mediterranean style, etc. Real estate style should also give customers appropriate visual effects. Although it sounds like a variety of styles, there are serious problems such as following the trend, plagiarism and insufficient consideration of local natural and cultural characteristics. There will be some innovation in testing different contemporary "concept" architectural styles.

In terms of product performance, it mainly needs to be reflected in high quality, durable, safe and secure, comfortable geographical location, excellent humanitarianism and great evaluation potential, generous and modern overall layout, natural, ecological and healthy environment, practical, reasonable and perfect house design and comfortable life. Generally speaking, customers expect products to still have high "cost performance". If the price of the product does not exceed customers' expectations, they are still willing to buy high-performance features. This should also be paid attention to by real estate developers.

4.3 Service differentiation

Kotler believes that service differentiation refers to the strategies adopted by the company to improve its main competitiveness in terms of service contents, images and channels. The concept of comprehensive service management should be introduced by real estate enterprises to create service differentiation. Its main elements include: in the whole service process, providing customers with all-round and detailed services from pre-sales, in-sales and after-sales of real estate, so that consumers can feel the care of the enterprise from consultation to check-in. Full service includes full service to customers, as well as mutual service between different departments within the enterprise. All employees of the company devote themselves to serving customers everywhere. Real estate enterprises should take service obligation as the core of their business strategy. They should not only make customers satisfied with their purchase and ensure customers' interests, but also exceed customers' expectations.

4.4 Channel differentiation

Channel is also an important part of real estate competition. Real estate enterprises need to carefully consider whether to choose direct sales or entrusted agent sales according to their strength. This change is brought about by the development of Internet. Only those who are aware of this and accept it can survive in the real estate industry.

From the current situation, the combination of the advantages of network competition and other competitive means can quickly improve the popularity and influence of project products, so as to achieve twice the result with half the effort. Therefore, using network channel competition to seek differentiation and lead real estate competition has become an inevitable trend.

4.5 Promotion differentiation

Real estate promotion includes a series of activities that arouse consumers' purchase interest through various promotion means, such as soft text promotion and embedded advertising, so as to promote the sales or leasing of real estate.

Real estate companies not only strive to promote real estate transactions, but also play an important role in promoting real estate transactions. When using promotion strategies, real estate enterprises need to organically combine sales, advertising, public relations and personnel promotion to reflect their own characteristics and differentiation, and cannot repeat the practices of other enterprises.

4.6 Personnel differentiation

According to Maslow's hierarchy of needs theory, human needs are divided into five levels: physiological needs, security needs, emotional needs, respect needs and self-realization needs. These five levels are arranged according to their importance. After the needs of the lower level are met, the needs of the higher level will appear. Consumer demand for housing also meets this theory.

During the period of planned economy, China implemented the policy of "production before life". Housing is uniformly constructed and distributed by the government and attached to the capital construction investment plan. Housing construction funds are allocated by the government and units and included in non-productive funds. Housing is used as an auxiliary "facility" for production, and its construction funds are often occupied by productive construction. On the one hand, the housing supply is insufficient, and some residents have no room to live; On the other hand, due to housing regulations.

The planning and design are monotonous and identical, and there are many problems in the functional layout. Some of the needs to improve the housing quality and living level cannot be met. Housing in this period can only meet people's most basic physiological needs. After the national implementation of housing system reform, real estate development enterprises have become the main body of housing construction. Development enterprises sell by constantly creating and meeting the needs of consumers, so as to achieve the purpose of profit maximization.

In the real estate competition, the role of employees is also crucial. Lack of recognition of the enterprise and a sense of responsibility make it difficult for employees to have strong executive power. Therefore, the sense of belonging and the quality of employees have become another important factor for enterprises to implement differentiated competition and obtain competitive advantage.

Implement the construction of quality engineering, gradually introduce highly educated and high-quality talents in personnel recruitment, and establish a characteristic human resource management system to make the enterprise's staff better than its competitors. These are effective ways to establish and maintain a good relationship between enterprises and employees. Only by establishing and maintaining a good relationship between enterprises and employees can we take the lead in the real estate competition.

4.7 Brand differentiation

Real estate brand is a name, term, mark, trademark or design, or a combination of them, which is used to identify the products developed by a real estate enterprise and distinguish them from competitors. In the sense of marketing, real estate brand is also an attribute of real estate. Brand is an intangible asset that cannot be quantified.

Although a real estate brand can represent an attribute, it can continue to be used between the same or even multiple real estate projects. This is because the attributes of the real estate brand need to be shaped and formed through the marketing activities of the enterprise. Moreover, it represents the concept, attributes, services and other elements of the real estate as a whole. In other words, the real estate brand can be said to be a marketing attribute, and the aforementioned real estate attributes are called the natural attributes of the product.

To establish a strong characteristic brand, we need to pay attention to clear and accurate market positioning and consistent brand strategy. The brand positioning is clear, which can let consumers know at a glance and clarify whether the enterprise's products meet their own needs. Once the brand strategy is established, it should be consistent and not give up halfway. Obviously, if the brand image and positioning change day and night, the brand personality will become blurred, making consumers drunk month by month, making it difficult to gain a foothold in the hearts of consumers, let alone create a strong brand.

5. Real Estate Differentiated Competition Strategy Implementation

The real estate market changes rapidly and the construction cycle is long. In the actual operation process, we implement accurate positioning and integrate one or all of the above strategies to form our own advantages, so as to obtain good results.

5.1 Market information collection and analysis

Complete market information collection and division of competitors in the region, such as cost, sales, marketing strategy, product positioning and design, want to form a complete look of competitors and their products. Distinguish potential customers in the region, locate the target market group, study their consumption habits and brand identity, and be familiar with the psychology of customers in the region, so as to select differentiated competition strategies.

5.2 Select differentiated competition strategy according to the actual situation

Because product differentiation has obvious characteristics and is easy to be accepted by consumers, especially the different functions of products, such as energy saving and comfort, have good market

acceptance and are favored by potential customers. However, due to different concepts, customers are less sensitive, and location and transportation also have a significant impact on customers. Service differentiation can win more loyal customers. These customers can form a strong supporting role for products. Even in remote development, service differentiation can also play a relatively important role. Cognitive differentiation can get twice the result with half the effort in the process of product promotion. If cognitive differentiation strategy has not been done before, it can also be started in the process of product promotion to facilitate the development of other projects. Generally, price differentiation strategy should be based on other differentiation rather than vicious competition

5.3 Implement

After complete investigation and selection according to the actual situation, differentiation enters the implementation stage.

In the implementation stage, different marketing strategies are formulated according to different differentiation processes. Generally, cognitive differentiation focuses on the whole process of product promotion, product differentiation is reflected in the design stage, the complete implementation of design ideas is the guarantee for the implementation of product differentiation, service differentiation is mainly reflected in the sales and later project maintenance stage, and price differentiation is a process of dynamic adjustment.

6. Thoughts on the Differentiated Competition Strategy of Real Estate

The elaboration and analysis of real estate differentiation strategy theory not only provides a good case for real estate enterprises to achieve the success of projects by means of differentiation in real estate projects, but also helps to explore the development path of these enterprises in the increasingly fierce market competition.

Find the target market suitable for small and medium-sized enterprises through scientific market segmentation, and capture the demand characteristics and change trend of the target market with keen market insight, so as to determine their own product positioning. Obviously, differentiation is the choice of competitive strategy for real estate enterprises. Especially for small and medium-sized enterprises engaged in real estate development, they have neither strong capital advantages nor significant brand effect.

The purpose of implementing differentiated competitive strategy in real estate enterprises is to create different characteristics from other similar real estate products in real estate concept, attribute, service and brand, and strive to improve the added value of real estate products, so as to form competitive advantage. In the current environment, real estate enterprises, especially small and medium-sized enterprises, can get the Enlightenment from the previous successful cases that enterprises should form something unique in the industry, such as brand image, appearance style, service or other aspects. This uniqueness can not only meet the needs of consumers, but also make it difficult for competitors in the industry to imitate in a short time, and can obtain more than the general level of profits.

The main measures to implement differentiated competition are to implement differentiated strategies according to the needs of consumers, keep pace with the times, and strengthen the management and control of the whole marketing process. In the process of implementation, scientific and careful market research, market segmentation and market positioning should be taken as the basis. Always obeying the differentiation strategy is a dynamic process, and differentiation can enter the implementation stage only after complete investigation and selection according to the actual situation.

Real estate enterprises are resource integration enterprises, which make profits by integrating a variety of social resources and selling them in packages. The openness of social resources leads to the easy imitation of real estate enterprises in product design and system design. In addition to applying for house type patent in a building in Changzhou, many buildings are replicable in various designs. Product differentiation in design is very easy to imitate, resulting in the loss of its dominant position.

The real estate differentiated competition strategy has a certain effect on the promotion of real estate enterprises and products, but the real estate differentiated competition strategy is still only a way and cannot replace the internal management elements of real estate enterprises, such as cost management, marketing control, human resources, sustainable development strategy and so on. Consequently, as real estate enterprises, they can never ignore the importance of social responsibility.

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