



Creating real-estate brands in emerging markets that excel in customer-centricity

Ankit Gupta, Bruce Xia, and Haimeng Zhang

As the global real-estate market changes, developers need to focus more on the customer experience.

The real-estate sector in emerging markets has been slow to focus on customers. In the past, economic cycles have largely determined whether it is a buyer's or seller's market. Customers have concentrated on location, property prices, payment plans, and product specifications. By contrast, most industries, including automotive, luxury goods, and financial services, have identifiable market leaders that excel in customer service. In real

estate, most businesses are family run, and owners often think with their gut on product design, pricing, and marketing. The best sales and marketing talent is unlikely to be found in the sector. All this looks set to change.

During the “golden era” of global real estate in the early 2000s, property developers in many markets, emerging and developed, prospered because they were able to sell almost everything they built. Inevitably, there was a correction, starting in 2008. Since then, large developing markets such as China and India have been subdued. Many property developers face pressure from oversupply in the residential market, a lengthy destocking cycle caused by limited investor demand, policy volatility, and funding shortages.

No wonder, then, that the way customers approach property purchases is changing. So, then, must the real-estate market. For a start, members of the millennial generation (adults born after the early 1980s) are comfortable with technology; they expect information and transparency. Modern families are also increasingly demanding. They want easy access to schools and colleges, well-developed parking and landscaping amenities, reliable property management, and high-quality infrastructure. And as the global population ages, demand is rising for senior-friendly facilities and healthcare services.

To meet these social, economic, and sectoral trends, within the next five years truly customer-focused real-estate brands need to emerge. To reach this goal, companies need to get six factors right. Some of these are already common in mature markets, but there is considerable room for improvement elsewhere.

Product design. While property developments will always involve vision and art—designing things that people have not even imagined—the industry needs more science. That starts with deep engagement to find out what consumers want and need, what their aspirations are, what they value, and what they don’t want to pay for. Mining these insights brings an opportunity to offer differentiated products and can provide end-users and long-term investors with developments tailored to their needs.

Pricing and payment plans. Other industries use fact-based pricing models; the global real-estate industry needs them, too. Particularly in markets such as India and China, where such practices are not standard, this means analyzing the competition and measuring customer sensitivity to pricing, and payment plans. It means identifying the right approach to set more precise base prices and any add-ons, such as for higher floors or different views. This is equally relevant to leasing business models. For example, it’s important to determine the theoretical rent each shop in a mall should generate, based on past footfall and sales data, store location, and the type of tenant. In many emerging markets, though, mall developers do not use scientific pricing tools that mine past data.

After-sales service. Customers don’t just buy a residence, they buy a dream of what their life will be after they move in. Particularly for apartments and gated communities,

the best real-estate brands will be built on excellence in after-sales service and property management that deliver value after occupation. Ways of doing this can range from ensuring that the basics of quality, security, and cleanliness are right to providing value-added services such as cooking classes, sports coaching, and apps for online concierge services.

Digital connectivity. Today's customers want digital options. Marketing of properties that are yet to be constructed will change with the use of augmented- or virtual-reality tools. Other tools already in use include daylight simulation to help customers see the natural light that will be visible in apartments and the use of drones to give a "real view" from a proposed high-rise property. The use of digital apps will also transform the customer experience, from arranging initial bank loans or tracking property-construction progress to choosing interior fit-out and selecting furniture. Finally, digital interfaces will be at the heart of property management, providing services to customers while offering customer information to real-estate companies.

Improving sales talent. Developers and real-estate professionals may want to consider hiring from other industries where customer focus has been the norm for longer. They will need to place more emphasis on training and on creating stronger links between compensation and sales performance. While project-level sales teams will continue to be important, centralized teams might be a better fit for international and institutional sales and to service high-net-worth investors. Finally, because the real-estate industry often relies on third-party property brokers, companies need to invest in upgrading their skills through training sessions and online aids.

Changing mind-sets. To embed customer-led thinking into the corporate vision and strategy, staff and senior management must work to get a firsthand feel for what customers want. Non-sales-related employees, too, should be offered customer-related performance assessments to spread this mind-set widely. Real-estate companies can learn from other industries where senior managers and board members interact with customers directly.

As the global real-estate sector bids farewell to the seller's market, it faces a host of new challenges. To succeed, companies need to identify innovative products and services that will serve customers well. This will be a difficult transformation—but a crucial one that will decide the winners of tomorrow. 

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Ankit Gupta

Partner, Delhi,
McKinsey & Company



Bruce Xia

Associate partner,
Shanghai,
McKinsey & Company



Haimeng Zhang

Senior partner, Shanghai,
McKinsey & Company