

Analysis of the Marketing Strategy for Serviced Residences in Xi'an

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Abstract: With the steady and rapid development of China's market economy, the competition among various industries is also increasing day by day, and the level of accommodation services in Xi'an is constantly rising with relatively steady development. This paper begins with discussing the development of the business type of the serviced residence market in Xi'an. Then, it elaborates the concept of a serviced residence and its origins, and focuses on the understanding and analysis of its problems in various aspects, such as the marketing, brands and services of the service apartments in Xi'an in marketing. Finally, this paper analyzes the marketing strategy and discusses the case of the serviced residences in Xi'an.

1. Serviced residence

First introduced into Europe in 1994, the hotel & service apartment is used as either a hotel or a private "temporary house", with the apartment style as the management standard, and the hotel style as the service standard of service. It is the long-term or temporary rental of property management to consumers, being the original form of service apartments.

In a real sense, hotel & service apartments have been around for about 30 years. In the middle of the last century, dramatic social changes took place in some developed countries, particularly in the United States. With the rapid development of social economy and the rise of business travel, the apartment-style house type of the internationally standardized hotel & service apartments designed in a way combining facility standards with management practices became very popular among those top management who were often on business trips and highly mobile. In addition, compared with ordinary apartments, such hotel & service apartments provided better service at a lower price.

2. Development Status of the Serviced Residences in Xi'an

2.1. Concentrated in the Business Centers of Mature Business Districts

The serviced residence is the residence integrating hotel management and intimate family service in one, with unique characteristics. The main customer source of short-term rental is white-collar workers, tourists and business travelers. For these people, the most important is convenient transportation, convenient business, convenient life and convenient recreation. The location and site selection have become the key issues for a serviced residence, and the most favorable location should be in a relatively mature business district and a business center, etc.

2.2. The Competition between Serviced Residences is Becoming Increasingly Fierce

2.2.1. There are More and More Investors and More Competition among Peers

Ascott Co., Ltd. (hereinafter referred to as "Ascott") is expected to open in 2018. It is the world's largest serviced residence operator and owner subordinate to CapitalLand Limited, and manages the fifth serviced residence in Xi'an — Xi'an Shengjie Xindicheng Serviced Residence (156 suites).

2.2.2. The Demand Increases Year by Year, Increasing Peer Competition

The occupancy rate of the hotels in Xi'an ,the hotels with 90% occupancy rate account for 15.60% of the total, those with 75% occupancy rate account for 31.60%, those with 65% occupancy rate account for 26.30%, those with 45% occupancy rate account for 10.50%, and the other hotels account for 14.50%. This shows the high occupancy rate of most hotels, which means that the demand is great, and that the competition between peers will become more and more fierce.

2.3. Consumers have More Choices, Increasing Peer Competition

As consumers have different choices of apartments and the demand increases year by year, many serviced residences emerge to meet different consumer needs of various groups.

Table 1. Trend table of the demand for serviced residences in Xi'an

Name	Environ ment	Comfort level	Nomination s	Affordabil ity	Price per night
Xi'an Datang Lidu Apartment Hotel	Five-star	Five-star	88 times	Four-star	RMB 198-378
Xi'an Sunny Apartment Hotel	Five-star	Four-star	19 times	Four-star	RMB 188
Shangjian Apartment	Four-star	Five-star	14 times	Five-star	RMB 158
Xi'an Xiangtai Short-term Rental Apartment	Five-star	Three-star	19 times	Three-star	RMB 168
Xi'an Shuomei Apartment Hotel	Five-star	Three-star	16 times	Four-star	RMB 138
Xi'an Yanta Short-term Rental Apartment	Three-star	Four-star	11 times	Three-star	RMB 90-265
Xi'an Bell & Drum Tower No.1 Apartment Hotel	Four-star	Five-star	12 times	Five-star	RMB 138-228

The above table shows the tendency of people's demands for serviced residences in Xi'an, and that the environment, comfort level, nominations, affordability and price, etc. all become the selection criteria for people to choose a serviced residence. Consumers have different needs, ranging from the most basic housing needs to the residence with a better environment, higher comfort level and affordability. Peer competition has increased in every respect.

3. Problems in the Serviced Residences in Xi'an

3.1. Products

3.1.1. Unreasonable Product Portfolio

At present, most serviced residences are for long- and short-term rental, while themed serviced residences are few in number. It is difficult to meet the demands of most consumers. Themed serviced residences or themed rooms can attract more target consumer groups.

3.1.2. Weak Brand Awareness

At present, many local serviced residences are likely to focus only on immediate profits, while ignoring long-term development. They pay less attention to brand building, nor do they consider the long-term development, lacking brand building and management. A hotel needs to constantly improve its brand image. Otherwise, it is difficult to create a good consumer experience for customers.

3.1.3. Inadequate Capacity to Expand and Innovate Products

China's property management companies have very limited scope for the management of serviced residences. Generally, brands that appear in one province have weaker expansion capabilities and rarely appear in other provinces. Those serviced residences lack the capacity to develop group and international brand chains. Since they lack development awareness, the services that they provide in their own provinces are rarely enjoyed in other provinces.

3.1.4. Defects in Product Services

1 There is no uniform industrial standard for the services, and the service quality is uneven.

Most serviced residences serve without a complete set of industrial standards or a uniform code of conduct, and still develop in the mode of traditional hotel management. The quality of their services is uneven, and there are even many illegal operators, which seriously affect the guests' consumption experience.

2 Low industry threshold and various levels of quality of employees

Most practitioners in the serviced residence industry are of low quality, since they lack professional and relevant knowledge training, and have not systematically studied related management and development. In addition, most serviced residences are operated in the mode of small-scale cooperation or by separate families. The above conditions seriously affect the development of the industry, restrict related services, and also affect the consumers' check-in experience.

3.2. Price

3.2.1. The Prices of Serviced Residences Vary Widely

Generally, the prices of serviced residences are between RMB 60 and RMB 1,000, differing widely, which confuses consumers' cognition and choices. What's worse, the internal facilities and services in some residences are not in line with their prices, which seriously affects the reputation of the whole serviced residence industry and brings customers a very poor experience, affecting the development of the industry.

3.2.2. Inaccurate Pricing

Serviced residences are still apartments in essence, but they have the function of short- and long-term rental. The pricing should also be different from traditional hotels and apartments. The price difference should not be too great. Reasonable pricing shall be made according to the hotel grading and the same grade of serviced residences. The legitimate rights and interests of consumers shall be protected and their check-in experience shall be guaranteed.

3.3. Channels

3.3.1. The Promotion of Serviced Residences Overly Relies on the Network

Compared with previous traditional hotels, current serviced residences do not have halls or signboards. The reception of a serviced residence is usually in a narrow stairwell or is an easily observable room, so there are very few consumers who directly check in an unfamiliar location. Generally, serviced residences have two different channels of consumer groups: network and word-of-mouth promotion. However, in the business center with a large flow of people, customers who are not familiar with the environment prefer to choose traditional hotels. This is not possible for serviced residences.

3.3.2. No Fixed Partner

The difficulty of promoting serviced residences is constantly increasing. Most of the serviced residences haven't built a partnership with any travel agency or tour group, and the main check-in groups are mostly individual travelers for short-term stay, with a low probability of secondary consumption.

3.4. Promotion

3.4.1. Single Promotion Method

In Xi'an, most serviced residences carry out promotion by providing the members of their websites or official accounts with discounts or small gifts on holidays. However, most consumers who check in for the first time get nothing.

Some serviced residences will provide vouchers for consumers when they follow their official accounts for the first time, and such vouchers can be used to offset the check-in consumption. However, such vouchers are often subject to a time limit or the amount of consumption, affecting consumers' passion for buying them.

4. Marketing Strategy for Serviced Residences in Xi'an

4.1. Product Strategy

4.1.1. Product Portfolio Strategy

In the process of social development, as the economy continues to develop, serviced residences also have a lot of products, i.e. the residences with different themes (such as love hotels) for customers to choose, and the advantages and characteristics of these products vary.

The so-called hotel products are products such as tangible items that satisfy certain desires and needs, plus some intangible services.

Improvements of the check-in environment can attract more target consumer groups. Because

themed serviced residences are still not very common, they can further design some rooms with special themes for customers to choose. At present, there is a relatively large proportion of business people who usually choose serviced residences.

4.1.2. Product Development Strategy

Compared with traditional hotels, the serviced residences offer more intimate services. In this regard, the operators can develop some new additional products, such as airport transfers and intimate morning calls, to meet customers' psychological needs in detail. For example, a family-style serviced residence can set up a photo wall so that families can take photos and upload them to the residence's website to share their happiness.

4.2. Price Strategy

The market structure of perfect competition and monopolistic competition makes it impossible for all companies to rely solely on their own strength, especially in price competition to prevent market competition and obtain absolute advantage. The losses of most companies are subject to the pricing method, that is, for a company, the price of a product is kept above the average market price, and the price is used to obtain an average return, which is almost the same as the prices of the products of other brands. In addition, to avoid the need to fully understand the consumer's response, different price differences should be made by flexible pricing methods to avoid price fluctuations and thereby save enterprise resources.

Enterprises can choose to price their products at a price that is comparable to other companies'. For example, the prices of most serviced residences on the market are between RMB 150 and RMB 300, so new serviced residences can be priced within this range.

4.3. Channel Strategy

4.3.1. Network Marketing

With the rapid development of Internet technology and e-commerce, modern people's work and life have been inseparable from the Internet. The "online trading" and "online shopping" that can be seen everywhere have changed people's traditional thinking and business models. Using the Internet can not only improve people's work efficiency, but also improve the quality of life. The network has become an indispensable information chain in today's society and an important symbol of the social hub and social progress.

In general, there are many distribution channels for network marketing. For example, through the integration of IT technology, systematic management of hotel marketing through the integration of IT technology can effectively reduce costs, improve management efficiency, and save human costs. In addition, as the network marketing system operates 24 hours a day, customers can quickly and intuitively understand the details of serviced residences through the network. In this way, the service becomes extremely convenient and humanized. Through network marketing, serviced residences not only can establish an image, but also extend the service to customers, increasing the added value of the service.

4.3.2. Traditional Channels

Serviced residences can also be regarded as real estate, and their marketing is similar to that of real estate. They are all processes to show consumers first and then sell. When selling to consumers, on the one hand, the concept and operation of the serviced residence should be introduced to

consumers to distinguish it from traditional business hotels. On the other hand, effective marketing methods should be adopted to deeply impress the consumers. Serviced residences can win the trust of consumers by cooperating with airlines and other transportation companies; cooperating with travel agencies can increase hotel occupancy rates and bring long-term financial benefits; inserting advertisements for serviced residences in vehicles and setting up billboards at key locations can attract outsiders in traveling.

4.4. Promotion Strategy

Special events and promotions can be launched at fixed festivals to attract consumers. For example, a serviced residence for lovers can launch couple competitions on special holidays such as Valentine's Day, Qixi Festival and May 20th. The top ten can get ¥50 vouchers, the top three can stay for one night free of charge, and the rest awards can be vouchers of ¥20-30 or small gifts for lovers. A family-style serviced residence can launch a parent-child campaign on Children's Day to create fun family experience.

A serviced residence can set up its own official account on WeChat and allows people who come to stay to follow its official account. It can launch activities on the WeChat platform from time to time, such as showing off consumption details. As long as the consumer posts his consumption photo in his moments, he can enjoy a VIP discount at the next check-in and get an e-membership card or a homemade snack and other thoughtful gifts for free.

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