

CHALLENGES AND SOLUTIONS FOR REAL ESTATE MARKETING IN THE DIGITAL ERA

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Abstract: With the advent of the digital age, real estate marketing has undergone unprecedented changes. Compared to five years ago, the real estate market is facing numerous realities such as a decline in purchasing power and purchasing willingness. The enormous inventory and low sales volume have put significant pressure on the real estate industry. This study aims to explore the main challenges faced by real estate marketing in the context of digitalization and possible paths to address these challenges. The research first analyzes the current digital trends in real estate marketing, then discusses in detail the main challenges, including technological challenges, market competition, and changes in customer demand. It also proposes a series of targeted solutions, such as technological innovation, market segmentation, and brand building.

Keywords: Digitalization; Real estate; Marketing

1 INTRODUCTION

Data shows that in 2023, the national real estate development investment was 11,091.3 billion yuan, a decrease of 9.6% compared to the previous year. The sales area of commercial housing was 1,117.35 million square meters, a decrease of 8.5% compared to the previous year. The sales amount of commercial housing was 11,662.2 billion yuan, a decrease of 6.5% compared to the previous year. On one hand, the decline in real estate investment and sales indicators has narrowed, with many real estate companies facing financial operation difficulties and challenges in real estate sales. On the other hand, the national “guaranteed delivery of buildings” work is progressing steadily, and the completion area of real estate has increased rapidly. These realities demand unprecedented efforts and actions from the sales side of the real estate industry to accelerate the circulation of funds and products in the real estate sector. At this moment, marketing models, marketing methods, and marketing techniques are particularly important.

The risks associated with the construction and marketing of real estate projects are primarily concentrated in several key areas, including policy risks, regional development risks, natural risks, financial risks, and market competition decision-making risks[1]. For the real estate industry and companies, how to adapt to the changing times, effectively utilize internet technology, and accurately grasp user needs is crucial to successfully making this “perilous leap,” achieving increased company profits, and ensuring a “smooth landing.” With the rapid development of internet and mobile communication technologies, the industry is undergoing a transformation from traditional marketing to digital marketing. This transformation not only changes the way real estate companies interact with customers but also poses new challenges to marketing strategies and business models. This study aims to analyze these challenges and explore new paths for real estate marketing in the context of the digital era.

2 CURRENT TRENDS IN DIGITAL MARKETING FOR REAL ESTATE

There are several significant trends in the current real estate industry worth noting. First, the shift from rapid development to high-quality development; second, the transition from an incremental market to a stock market; third, the change from pre-sale of off-plan properties to the sale of completed properties; and fourth, the separation of commercial housing from affordable housing. Only by fully understanding the current situation and future trends of the real estate industry can reasonable marketing models, methods, and strategies be formulated. It is particularly important to emphasize that future marketing efforts must focus on protecting privacy and eliminating false advertising[2].

2.1 Extensive Application of Digital Tools

With the rapid advancement of technology, the application of digital tools in real estate marketing has become increasingly widespread and in-depth. Unlike traditional real estate marketing, which focused more on offline strategies, digital real estate marketing is characterized by its technicality, convenience, and communicability. By leveraging new channels such as search engines and social media, real estate companies can more accurately target potential customers and conduct targeted promotional campaigns[3]. This not only allows a broader audience to gain a clearer understanding of the real estate company’s products but also enables customers to convey their actual needs to the real estate companies[4]. These digital tools are primarily used in three scenarios:

Social Media Marketing: Real estate companies are increasingly using social media platforms (such as Weibo, WeChat, and TikTok) for brand promotion and customer interaction. Through these platforms, companies can directly communicate with potential customers, release property information, share market trends, and even conduct direct sales.

Big Data Analysis: Big data technology enables real estate companies to collect and analyze large amounts of market and customer data. This data helps companies identify market trends, predict demand, and formulate more precise and effective marketing strategies.

Virtual Reality (VR) Technology: The application of VR technology in real estate marketing is becoming increasingly popular. Through virtual reality, potential buyers can tour remote properties without leaving their homes, which not only enhances the customer experience but also significantly saves time and costs.

2.2 Changes in Customer Behavior

We should recognize that in the context of digitalization, consumer behavior in home buying is also undergoing significant changes. The advent of online media has transformed customers from passive recipients into active participants[5]. Firstly, the channels for obtaining information have diversified. With the widespread use of the internet, consumers increasingly rely on online information during their home-buying decision process. They obtain property listings, prices, area analyses, and user reviews through various online platforms. Secondly, there is a high reliance on online reviews and community opinions. Online reviews and word-of-mouth on social media have an increasing influence on consumers. Many potential buyers refer to other buyers' reviews and experiences before making a purchase decision. Lastly, there is increased interaction and engagement. Consumers in the digital age are more willing to interact with brands. They expect to communicate with sales representatives in real-time through online channels, receiving instant feedback and support.

2.3 Changes in Market Competition Landscape

The continuous development of digitalization not only profoundly drives social change but also makes the real estate market more competitive and flat. Besides the product itself, key factors in real estate sales increasingly rely on information technology and connectivity. Digitalization brings an equal competitive environment, providing small real estate developers with an opportunity to compete with large enterprises. Small companies can achieve broad market coverage within a limited budget by effectively utilizing digital marketing tools. Digitalization increases market transparency, making it easier for consumers to compare the prices and quality of different properties, which forces real estate companies to enhance their competitiveness. Digitalization demands higher requirements for content innovation and product innovation. Whether it is marketing strategies, technological applications, or service models, innovation is a crucial factor in winning the market.

3 ANALYSIS OF CHALLENGES

3.1 Technical Challenges

The rapid technological advancements in the digital age, especially in the field of real estate marketing, present significant challenges. One such challenge is the fast-evolving technological environment. For example, the introduction of Virtual Reality (VR) and Augmented Reality (AR) technologies has revolutionized property showcasing and customer experience. However, the rapid development of these technologies also means that companies need to continuously learn and adapt to new tools, while investing substantial funds in technological upgrades and maintenance. For many real estate companies, particularly small and medium-sized enterprises, this is both a financial burden and a challenge in terms of knowledge and skills. Additionally, the high cost of technology investment is a major obstacle to digital marketing in real estate. For instance, establishing a comprehensive big data analytics platform requires not only the purchase of expensive software and hardware but also the hiring of data analysts, IT experts, and other professionals. This can be an unaffordable burden for small and medium-sized enterprises with limited funds. Moreover, the efficient implementation of digital marketing relies on professional talents such as data analysts and digital marketing experts. However, these talents are scarce resources in the market, and the costs of recruitment and training are high. Furthermore, since the real estate industry traditionally has had less demand for such talents, many companies face challenges in attracting and retaining these professionals.

3.2 Intensified Market Competition

The widespread adoption of digitalization has lowered the barriers to market entry, enabling more entrepreneurs and companies to enter the real estate market. This competition comes not only from traditional real estate companies but also from various emerging internet real estate companies. These new players are often more flexible and more familiar with digital marketing, which may give them a competitive edge in certain aspects. In an increasingly transparent market, consumers can easily access and compare the prices and quality of different properties. This has led to price wars, especially in areas where supply exceeds demand. To attract customers, some developers may be forced to lower prices, putting pressure on profit margins. In a highly competitive market, establishing a distinctive and attractive brand image becomes increasingly difficult. With more choices available to consumers, their brand loyalty decreases. Real estate companies need to continuously innovate and update their marketing strategies to maintain brand appeal and market share.

3.3 Diversification of Customer Needs

Modern consumers' demands for real estate have become increasingly personalized and segmented. They not only focus on basic living needs but also care about the property's location, community environment, design style, and supporting facilities. For example, some customers may prefer eco-friendly and energy-efficient homes, while others might be more interested in smart home systems. This personalization of needs drives real estate companies to conduct more detailed market segmentation and offer a more diverse range of products and services. In the digital age, consumers can easily access a vast amount of information through the internet. Therefore, they have higher requirements for the quality and reliability of information. This means that real estate marketing must not only provide attractive content but also ensure the accuracy and timeliness of the information. Errors or outdated information can quickly lead to a loss of consumer trust.

4 PATH EXPLORATION

4.1 Technical Assurance

Technical assurance is the cornerstone of digital real estate marketing. It involves how real estate companies address technical challenges and ensure a smooth digital transformation.

4.1.1 *Continuous investment and upgrading of technology*

In the digital era, rapid technological evolution and innovation are inevitable. Real estate companies need to continuously invest in and upgrade their technological infrastructure to keep pace with these changes. Virtual Reality (VR) technology is a notable example. Through virtual home tours, customers can explore properties in a virtual environment, which not only enhances customer engagement but also reduces the number of physical visits, thereby lowering costs. Big data analytics tools can help companies better understand market trends and customer preferences, aiding in making more intelligent strategic decisions. Although these investments may incur initial costs, in the long run, they will help companies improve efficiency, reduce unnecessary expenses, and provide higher quality customer experiences.

Another important aspect is data security. As technology advances, the risks of data breaches and cyber-attacks also increase. Therefore, real estate companies need to continuously upgrade their data security measures to ensure that customers' sensitive information is not stolen or leaked. This includes investing in the latest data encryption technologies, security auditing tools, and threat detection systems.

4.1.2 *Establishing technology partnerships*

Establishing partnerships with technology suppliers is a wise strategy, especially for small and medium-sized real estate companies that cannot afford high costs of technology development and research. Technology suppliers usually possess expertise and experience, providing mature solutions that alleviate financial pressure on companies. Additionally, these partnerships can help companies gain access to new technologies and market information more quickly. For example, partnerships can enable companies to rapidly adopt the latest virtual reality technologies or big data analysis tools without having to develop them from scratch. Establishing technology partnerships also helps companies maintain a competitive edge in the digital realm. By collaborating with leading technology companies, businesses can stay abreast of technological innovations, offering more advanced products and services. This helps attract more customers and increase market share.

4.1.3 *Talent development and recruitment*

Having high-quality digital talent is crucial for real estate companies. As technology continues to advance, companies need internal teams with digital skills to fully leverage new technologies to serve customers. Firstly, internal training: companies can enhance employees' digital skills through internal training programs. This includes workshops, seminars, and training courses to help employees understand and master new technologies. Training can cover key technological areas such as virtual reality, big data analysis, and blockchain. Secondly, external recruitment: companies can also hire professionals with technical backgrounds. These experts may have deep technical knowledge and experience, enabling them to quickly address technological challenges. Recruiting experts in the digital field will help improve the company's digital capabilities. Thirdly, digital awareness training: besides technical skills, enhancing the team's digital awareness is also crucial. Employees should understand the importance of digital transformation and how new technologies impact their work. This can be achieved through training, internal communication, and building a digital culture.

In summary, technological support is key to the success of digital real estate marketing. Continuous investment and upgrades in technology, establishing technology partnerships, and talent development and recruitment are essential steps to ensure companies can fully utilize new technologies, improve efficiency, and enhance customer experience. This will help companies maintain a competitive edge in the digital era, meet customer needs, and achieve success.

4.2 Enhancing Market Competitiveness

Enhancing market competitiveness means that real estate companies need to stand out in a highly competitive market, attract more customers, and maintain a stable market position.

4.2.1 *Brand differentiation*

In a highly competitive real estate market, brand differentiation is crucial. Companies need to create a unique brand

image to attract customers and build trust.

Personalized Design Services through Digitalization: Different customers have different needs and tastes, so offering customized design options is a strong selling point. This can include interior decoration, color choices, and custom furniture to meet the unique needs of customers.

Unique Service Concepts: Companies can develop unique service concepts, such as providing customer service that exceeds expectations and offering 24-hour online support. This concept can be highlighted in the brand, establishing a positive image in the minds of customers.

Focus on Social Responsibility: Participating actively in community activities and supporting charitable causes can also differentiate a brand. This helps to build a good social image among customers.

4.2.2 Precision marketing

Precision marketing involves understanding customers in depth and formulating targeted marketing strategies to improve conversion rates and reduce marketing costs.

Utilizing Big Data: By analyzing customer behavior and preferences, companies can gain deep insights into their needs. This includes analyzing customers' search history, purchasing behavior, interests, etc. Such customer insights help companies better understand what type of property customers are looking for.

Personalized Marketing Strategies: Based on customer insights, companies can develop personalized marketing strategies. This includes customizing advertising content, choosing appropriate marketing channels, and providing relevant information to customers at the right time. Such customized strategies can increase ad click-through rates and conversion rates.

Optimizing Marketing Strategies: By analyzing the effectiveness of marketing activities, companies can optimize their marketing strategies. This includes tracking the ROI (Return on Investment) of ad placements, analyzing conversion rates, and monitoring customer feedback. By continuously adjusting and improving strategies, companies can enhance the effectiveness of their precision marketing.

4.2.3 Strengthening customer relationship management

Establishing good customer relationships is key to successful real estate marketing. Using a Customer Relationship Management (CRM) system can better manage customer information, track customer activities, and provide personalized services.

Maintaining Contact with Customers: A CRM system can help companies stay in touch with customers, respond to their needs promptly, and provide customized suggestions.

Regular Communication: Regular communication with customers is crucial for maintaining good relationships. This includes sending regular updates, new property information, market trend analysis, etc. Through regular communication, companies can keep customers interested and provide valuable information.

Collecting Customer Feedback: Companies should actively collect customer feedback to understand their satisfaction and needs. This can be achieved through surveys, online reviews, customer feedback meetings, etc. Feedback helps companies better meet customer expectations and improve their services.

4.3 Market Segmentation

Market segmentation is a key strategy that enables real estate companies to better meet the needs of different customer groups. By gaining a deep understanding of various market segments, companies can carry out more targeted marketing activities and provide tailored services. The following is a detailed analysis of market segmentation strategies and methods:

4.3.1 Customer profile analysis

Customer profile analysis serves as the foundation for market segmentation. By understanding the needs, preferences, and characteristics of different customer groups, companies can better meet their expectations. For example, young professionals may prioritize urban living and convenience, while families might focus more on school districts and community amenities. Therefore, businesses can develop specific products and marketing strategies based on customer profiles to cater to the needs of various groups.

4.3.2 Customized products and services

Market segmentation not only involves understanding customer needs but also developing customized products and services for different segments. For example, housing designed for seniors may need to consider accessibility features and social activities, while housing for young families may require more child-friendly amenities. By offering products and services that meet the specific needs of market segments, companies can improve customer satisfaction and increase market share.

4.3.3 Market segmentation

Market segmentation also applies to marketing strategies. By precisely targeting specific market segments with advertising and marketing campaigns, companies can improve the effectiveness and conversion rates of their ads. For instance, for customers looking for vacation homes, companies can place ads near vacation destinations, while for those seeking long-term residences, more information about schools and communities can be provided. This personalized advertising strategy helps attract specific types of customers and enhances the return on investment in advertising.

5 CONCLUSION

The digital age has brought unprecedented opportunities and challenges to real estate marketing. Under the new circumstances, China's real estate marketing system still needs further improvement. Many real estate marketing strategies lack a certain degree of specificity and effectiveness, directly affecting the sustainable and healthy development of the real estate industry[6]. For the real estate industry, three main points were highlighted: First, it is necessary to actively and prudently resolve real estate risks, aligning with a series of policy measures that the government has successively introduced, such as the "no mortgage recognition for first-time homebuyers," "reducing down payment ratios and interest rates," and "supporting financial institutions in meeting the reasonable financing needs of real estate companies." Second, it is important to support the three key national projects, which include the construction of affordable housing, the development of "dual-use" public infrastructure for both regular and emergency situations, and the renovation of urban villages. Third, the industry needs to accelerate the construction of a new development model for real estate, actively exploring marketing strategies under the backdrop of digitalization to address development challenges and promote stable and healthy growth in the real estate market. The advancement of digitalization imposes higher demands on the development of the real estate industry, profoundly transforming business models and the competitive landscape. Therefore, real estate companies must actively understand and adapt to these changes. By employing strategies such as technological assurance, innovation, market segmentation, and enhancing competitiveness, they can better respond to these challenges, achieve sustainable growth, and stand out in today's digital era.

COMPETING INTERESTS

The authors have no relevant financial or non-financial interests to disclose.

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