

BY INVITATION | PKD NAMBIAR

If the bubble bursts...

The real estate market in India remains disorganised and characterised by small players

THE euphoria of real estate sector in India, witnessed during the last few years, is finally ebbing. There is an overall slowdown in demand across India. Among the many reasons, besides the global economic slowdown, is the fact that the real estate market in India is disorganised and characterised by small players with a local presence. It is only recently that developers have realised the merits of systematic corporate principles and enhancing the transparency in their financials.

The media is talking about how the real estate bubble has burst. Finding a way out in this volatile environment is not as difficult as it seems if we follow some simple truths. The first step, of course, is identifying the problems.

One of the problems that arises when developing a communication plan in a volatile market is choosing the right platform. The key is to focus on the problems, which your target audience faces in a given situation. Currently, these would be a hostile investment scenario, aided by the fall in stock markets, lack of capital among investors to invest in real estate projects and increase in interest rates leading to higher project development costs. The fact that many potential home buyers

are waiting for a price correction before buying a property also affects the plans of builders.

The communication strategy should then be one that tackles all these issues in a comprehensive manner. For instance, one of the solutions could be that your projects should now focus on creating a hedge of project features, which buffer the target groups against investment risk. These should be clearly

communicated through appropriate media vehicles.

An integrated process is the connecting bond, which strengthens your communication with the necessary impact. In my experience, this seldom fails. Applying this cardinal truth to your communication exercise in times of uncertainty is imperative.

Integrated communication refers to connecting your message across media vehicles with common or similar statements. This would entail, reassuring

your target about the cyclical nature of the business—stressing the fact that what goes down can only come up.

Choosing the correct media vehicle is not as difficult as it seems, be it for the purpose of brand building or for announcing a specific commercial/residential project. All it requires is an analytical study of the medium in question and its efficacy in reaching the target audience. To make my point, I would like to highlight an incident here without naming the people or locations involved.

A builder approached me for developing the communication plan for a residential project comprising high-end apartments. The location presented a certain problem, as it was crowded, surrounded by narrow and congested roads. The people living in the vicinity comprised the main target group. They were cash rich, affluent and inclined to move into a high-end lifestyle, without really moving out of the neighbourhood.

I suggested that the media should chiefly comprise of local vehicles as this was where the focus group was

based. The money saved would result in more insertions. However, the builder went by gut feel, choosing prominent mainstream vehicles. Needless to say the results were not very encouraging—the costs mounted and it took a fair amount of brainstorming to bring the situation back to normal.

Undervaluing the importance of CRM (customer relationship management) can have adverse consequences, not only for the real estate players but for any business entity. Through a proper CRM plan you can sell real estate faster and easier, capture, target and nurture every lead to improve sales, besides remaining stable even in the toughest of times.

In fact, CRM is one of the keys to smooth sailing in troubled waters. I see it not as a business promotion device, but more as a propagation of basic human values. A relationship, which is meaningfully nurtured, is beneficial for all concerned.

A happy customer or investor is your most effective business advocate, spreading your message through

word-of-mouth recommendation and reinforcing your media communication exercise by his presence.

In the current economic scenario, your target no longer considers real estate as a fixed cost. Corporations across the country want to reduce the impact of occupancy costs on their bottomline and improve space management across the enterprise. Real estate organisations and investors must find new ways to increase tenant retention, streamline operations and enhance portfolio management.

Proper application of information technology can do all this, besides cutting costs and reducing dependence on manpower solutions.

With rising input costs of steel, iron and building material, it has become unviable for builders to construct properties at agreed prices. As a result, there may be a delay in project completion leading to financial constraints. Summon your inner energy and hope for the worst to pass.

The author is managing director and CEO, Flags Communications

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A happy customer is your most effective advocate, spreading your message via word of mouth