



TV 18



LIME.7

SEASON

CASE STUDY

SPJIMR • REAL ESTATE • HOUSING

HOUSING CASE STUDY



THE INDIAN REALTY MARKET:

- The Indian Real Estate market today is worth \$121 billion (residential is worth \$100 billion) and will grow at 14% CAGR to \$853 billion by 2028. It will contribute 13% to our GDP in 2028 from present 6.3%.
- Key factors fueling this expected growth will be –
 1. 10 million Indians move to cities/year urban population will be 600 million by 2030.
 2. This growth will increase demand for new homes in cities by min 10 million.
 3. Also, urban per capita income is expected to grow 3x (\$2.8k in '12 to \$8.3k in '28)
 4. Above trends bring about a change in buying behavior of consumers. Markets become increasingly service oriented and convenience (apart from basics like product, price etc.) becomes a priority.
 5. We are already witnessing the growth of service industry in e-tail and travel. It is a matter of time before this dynamic shift happens in home buying behavior players driving this change will lead the market in future.

ONLINE PROPERTY MARKET IN INDIA:

- The current market is estimated at 400 cr lead by Housing.com and early entrants Magicbricks and 99acres.
- The other major player is Indiaproerty.
- Ver 1.0 - The early entrants in the market are predominantly ver 1.0 i.e classifieds model. Revenue drivers being broker subscriptions, developer ads and paid listings.
- Ver 2.0 - Housing.com in 2012 came up with ver 2.0 with its verified listings and emerged as the fastest growing company with its initial offerings of map based search and real photographs.
- But, there are more changes to come in the business model itself. Housing.com doesn't position itself as just an online classifieds player. Considering the growth potential of Indian Realty and internet in India, the outlook has now changed to seeing value in getting home buyers to book online. This is the dynamic shift led by Housing.com and the sector is emulating. This shall be the future of Online Property portals in India.

OPPORTUNITIES FOR ONLINE PROPERTY PORTALS:

The current market can be segmented in 3 broad categories:

- Primary (New Projects + Townships/Smart Cities): Potential market of \$8.75 billion at an average of INR 42 lacs/unit. As of now this value is spent by builders for sales & marketing/earned by brokers as commission.
- Secondary (Rent + Resale): Potential market at \$1 billion at an average of INR 60k/broker/annum. This is the revenue potential by engaging landlords/brokers with subscription packages.
- Linked Services (Property due diligence + Home Loans): Revenue potential as of today is \$775 million.
- Clearly, the above 3 present a \$10 billion opportunity (as commission, marketing costs). Presently, brokers/ developer Sales & Marketing costs form a major chunk of this opportunity and online is at < 1% of this potential.

ABOUT THE COMPANY:

Housing.com is the leading property portal in the country. The company started in 2012 backed with cutting edge technology that enabled users a map based search option with verified listings and real photographs. Starting with rental services in Mumbai, in the next 2 years Housing.com expanded to major cities in India with an array of offerings and has already ventured into selling homes online with exclusive 'online-only' available inventory through partnerships with prominent developers.

Presently, Housing.com offers following services across the real estate value chain –

Rent, PG & Hostels, Buy (New projects and Resale flats), Home Loans, Serviced Apartments, Online Rental Agreement and Online Home Buying

The existing business model focuses on revenue generation from by selling ad products to developers, commission from developers for online sale of their properties, commission from banks for online home loans disbursement, range of

HOUSING CASE STUDY



subscription models for brokers.

On the supply side, the company currently has over 1 million verified listings from landlords, brokers and developers.

The future outlook is to make Online Home Buying the preferred option

PRODUCT:

To aid Online Home Buying there was a need to provide users a seamless home-buying experience, one that lets the buyer see the home they want. Hence Housing.com introduced its proprietary tool “Slice View”, an interactive online home booking platform. It enables users to take a virtual walk through houses, by providing 3-D renderings of every apartment, on every floor in a new project. Furthermore, they can also book their homes online, just like on any other e-commerce site! Slice View also provides details of floor plans, possession, facilities and various payment options. Housing.com has managed to sell over 200 houses in partnership with leading developers like Tata Value Homes, Brigade and Mantri etc.

Check link to know more: <https://housing.com/in/buy/projects/page/31934>

PROMOTION:

With user-friendliness already an integral part of its product offerings, Housing.com then embarked on brand building to emerge as a trustworthy option in the online space. The first half of 2015 has been invested in this brand building exercise through a brand launch campaign that saw the traffic soars from 1.1 million to 11 million in just 4 months from January to April. The brand launch also helped the company to improve its demand & supply generation and help it realize market potential. The clear way forward now was to capitalize on this hold over the market, take consumer engagement to next level and enable them to transact for their housing needs.

This phase also witnessed Housing.com expanding the market footprint to >50 cities across India.

Here's a look at the interesting changes in business post the brand launch:

(Brand video MP4 to be given along with the case study)

To add to this, the company also acquired IREF (an online real estate forum known for helping consumers with their buying choices) and Realty Business Intelligence (which does due diligence, project monitoring and back-end research for projects).

Check links to know more on the recently acquired partners:

<https://indianrealestateforum.com/>

<http://realtybi.in/>

In a nutshell, Housing.com has done the groundwork in early 2015 and the stage is set to host consumers on the online platform for booking their dream homes.

THE CHALLENGE:

Prime objective of Housing.com is to become the preferred option of active home buyers in the market. We need to bring about a change in consumer behavior in this category, by getting them to start buying homes online from offline.

Also, note that while consumer acquisition is critical, any company will sustain in this space of online home selling only when it is viable for them in the long term. Since, an online property portal does not own properties but only receive a commission on every property sold online, the marketing investments also need to be in sync with the earnings.

Basically online portals cannot replicate the ecommerce companies in giving deep discounts.

TG: 25-44 Male & Female, SEC A, B. This is the broad TG for real estate.

It is Ok if the age group is further narrowed down for a more targeted marketing plan.

Markets: Top 7 cities - Mumbai (includes Thane, Navi Mumbai), Delhi NCR, Bengaluru, Hyderabad, Chennai, Kolkata and Pune.

Target: In India roughly 1 million homes are sold in a year. How do we get 5000 users to buy houses online from housing.com in a period of 6 months from January to June?

HOUSING CASE STUDY

Create a Marketing plan covering the following aspects:

Marketing Strategy highlighting -

1. **Consumer Insights:** Present day need gaps in home buying which can be addressed by online portals and what can be the deal maker for them to transact online.
2. **Communication:** What should be the proposition in communication of Housing.com to leverage the above insights?
3. **Marketing Mix:** Vehicles to be used (not in terms of budgets but relative weightage between different media, can also suggest innovative options).

USEFUL REFERENCES:

Apart from the links mentioned earlier, following should be of help:

1. Path to purchase for House Buying



2. Similar pages of other leading portals - Magicbricks, 99acres, Indiaproperty
3. Articles: (many more like the ones below)
<http://www.livemint.com/Consumer/zMqS4sfMVAXEKLVKFWKCI/Add-to-cart-Indians-spend-millions-to-purchase-homes-online.html>
<http://indianexpress.com/article/india/india-others/online-home-purchase-reputation-holds-the-key/>
4. Past similar attempts by competition:
 - a. IRFS (99 acres) - <https://www.irfs.in/>
 - b. GOHF (Magicbricks)
5. A look at some numbers for Housing.com, the sector and Internet in general:
 - a. At 10million total traffic for Housing.com, Buy category attracts 20% visitors.
 - b. Internet population of India is 300 million at 24% penetration and growing at 25% YoY.
 - c. Online Real Estate category attracts 8 million unique visitors and 19 million total visitors per month.
 - d. Diwali is one of the peak periods for home buying and that month (October 14) witnessed 4 million unique visitors for people searching for homes online.

Mentor:

Pratik Seal