

Highbar Technocrat

White Paper

The Importance of CRM in Real Estate

The Real estate sector is rapidly growing. Forward-thinking companies within the sector are looking to create competitive advantage through differentiators such as better management and servicing of the customers. Strategic technologies such as customer relationship management (CRM) tools can play an important role in this. This white paper explores the role CRM can play in real estate, its benefits and how one should go about selecting the right CRM application.

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1. Introduction

The real estate market in India is growing at the rate of 30% per annum and is expected to touch ₹ 225,000 Crores (approximately US \$ 50.2 Billion) by the year end. According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector attracted a foreign direct investment (FDI) worth ₹ 12,500 Crores (approximately US \$ 2.8 billion) for the fiscal 2009-10. With the entry of big corporate houses in realty sector and increasing foreign investment the competition in the real estate sector is becoming stiff. With the increasing spending power (per capita GDP increased by 66% in last 5 years) of the working population, the real estate buyers are expecting better service and professionalism from the real estate developers and are even willing to spend extra for this.

With an abundance of projects to invest in, buyers have vast choices to make their real estate investment decisions. For the developers, the main challenge is to identify the market segment they want to target, focused targeting through marketing campaigns, sustainable follow-up efforts to build strong pipeline and convert the footfalls into customers. Customer servicing and satisfaction can be a key differentiator for the real estate developers and strategic technologies like Customer Relationship Management (CRM) can play an important role in this.

2. Key challenges in real estate for customer management

The key challenges faced by real estate developers in customer management can be summarized as follows:

- With buyers having a vast choice to choose from, to get the buyers who are ready to pay a premium for a particular property, it is important for the developers to go for 'value selling' approach instead of 'commodity selling' approach.
- Every real estate project is unique in terms of location, project features, pricing, post sales services and other offerings. It is a very challenging job for a real estate developer to reach to the right audience or targeted prospective buyers to showcase the value by positioning the differentiators in a professional manner

- The lead-to-customer conversion ratio in real estate being very high, it is necessary to have a healthy pipeline of leads in the sales funnel. Conducting effective lead generation campaigns, increasing footfall and managing the leads efficiently is a big challenge
- With every real estate developer managing a number of projects, managing lead generation campaigns for different projects effectively and managing the leads for each project, analyzing the leads scientifically, finding cross-selling/ up-selling opportunities is a big challenge
- Property related decisions whether buying/ leasing are capital-intensive and buyers tend to have a number of interactions with the developers before finalizing. Keeping a record of all these interactions and analysing the outcome of each interaction and taking appropriate action to facilitate the lead-to-customer conversion

3. Role of CRM in real estate environment

Real estate companies have been through a roller-coaster over the last few years, from tremendous highs to challenging lows. The winners through these challenges have been the companies that understand the need for continual innovation. Forward-thinking companies are looking to strategic technologies such as customer relationship management (CRM) to help them manage their customer relationships better.

What is CRM?

CRM is a business approach that integrates people, processes and technology to maximize the relations of an organization with all types of customers. It entails acquiring and developing knowledge about one's customers and using this information across the various touch points to balance revenue and profits with maximum customer satisfaction.

3.1 Managing promotions and marketing campaigns

CRM enables a holistic, disciplined approach to planning and budgeting. With world-class CRM it is possible to create marketing calendar integrated with the financials, providing a centralized view to manage and schedule all relevant enterprise marketing plans and campaigns

3.2 Market segmentation

Leveraging data from CRM and external list data, targeted campaigns based on numerous customer attributes can be conducted. CRM helps in improving segmentation scalability for targeting millions of prospects. This also helps in enhancing marketing productivity, increasing conversion rates and incidentally reduces campaign execution costs.

3.3 Managing customer enquiries/leads

A world-class CRM plays an important role in generating highly qualified leads and following-up on every lead to closure. CRM allows leads to be generated from multiple customer interaction points and enables high lead conversion rate by prioritizing leads based on intelligence.

3.4 Managing communication with prospects

CRM offers variety of mechanisms to track and manage communication with the prospects. It also offers productivity tools to increase sales effectiveness by adopting a structured sales processes and centralizing prospect communications, including management of quotes, and contracts.

3.5 Account management

In a typical real estate sales lifecycle, the real estate company has to communicate with the customer on numerous occasions such as milestone completion, demand letters for payment, maintenance related communications etc. Several of these issues are sensitive and any errors/redundancy can cause a serious damage to the customer relationships. With CRM systems, it is possible to configure and trigger automated communications through email/mobile messages, based on transactions taking place in the customer/prospect account.

3.6 Loyalty Management

A lot of details about the customers/prospects are typically captured in the CRM system. It is possible to use this information effectively using automated workflows in the CRM system. An example would be to send out birthday greetings, wishing on special memorable occasions and so on. For an existing customer, this could also mean sending out updates on new properties coming up, sending out referral scheme

details etc. All of these actions can help a lot in building strong customer relationships.

3.7 Service Management

With very few strong differentiating factors to talk of, the way a real estate company manages its customer relationships (customer servicing) starts becoming a strong differentiating factor for them. CRM provides means to facilitate effective customer servicing by maintaining and making available all the relevant data related to its key customers. CRM helps to manage the customer segmentation exercise with ease. With a host of filters, based on data available about the customers, the real estate companies can make informed decisions and effectively plan their communications, promotions to their customers.

4. Benefits of CRM

CRM makes it easy for real estate companies to manage their business transactions in a far more efficient manner. Here are some of the direct and indirect benefits

- **Plan effective promotional campaigns:** Using effective customer segmentation and taking into account specific customer preferences, CRM facilitates effective management of promotions and campaigns to different sets of prospects and customers.
- **Analyse sales efforts:** By keeping a track of the profiles of their existing clientele, the business can come up with a strategy to determine the kind of people they should target so as to maximize returns. Also based on analysis of past sales success and various metrics related to it, it becomes easier to define strategies for the future.
- **Management reporting and dashboards - made easy:** CRM provides the facility to create a variety of reports and dashboards that can make decision making a lot easier for management. These reports with the extremely important and relevant sales data can come in very handy and become the basis for effective decision making.
- **Better customer servicing:** CRM systems give businesses many strategic advantages such as the ability to personalize relationships with customers.

- **Cross Sell" and "Up Sell" more effectively:** CRM systems facilitate cross-selling (offering customers complimentary products based on their previous purchases) and up-selling (offering customers, premium products in the same category).

Even though it is equipped with all these advantages and features, CRM is extremely user-friendly and easy to use. Using CRM can be as easy as using online facility of one's bank account. It is intuitive and highly self-explanatory and an average person can start using CRM within quick time.

5. How do you go about choosing your CRM system?

Step 1 - Get core team consisting of stakeholders together and write down CRM objectives

Step 2 - Create an options list from the available CRM solutions

Step 3 - Weigh your considerations and perform a detailed evaluation

Step 4 - Bring in an expert

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About Highbar Technocrat

Highbar Technocrat, an associate company of Highbar Technologies (an HCC group company), is positioned to be the most preferred information technology solutions provider for the infrastructure industry. The Company's portfolio of enterprise business solutions, line of business IT solutions, process consulting and IT infrastructure services is aimed at increasing efficiencies for Roads, Ports, Real-Estate, Airports, Railways, Irrigation & Water supply, as well as urban and industrial infrastructure (telecom, mining), in the private, public & government sectors. Infrastructure domain knowledge backed by IT expertise and strategic alliances, are the key differentiators which enable Highbar Technocrat to provide end-to-end IT solutions for infrastructure organizations.

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