Marketing Strategy for Serviced Apartments in Xi’an

Ying-Ling SUN

College of Business, Xi’an International University, 710077, Xi’an, China

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Abstract. In the context of the current economic development, traditional hotels can no longer meet the needs of all consumers for hotels. As a historical city and a central city with rapid economic development, Xi’an has seen a rapid rise in the number of tourists and migrant workers, and accommodation has become the top priority. The emergence of serviced apartments has satisfied some consumers who want not only hotel services, but also the convenience and warmth of the family. This paper begins with the development of the business type of the serviced apartment market in Xi’an, expounds the concept of serviced apartment, and analyzes the problems in the course of development, such as market promotion, brands and services of the service apartments in Xi’an in marketing. Finally, it puts forward the marketing strategy for serviced apartment in Xi’an.

With the rapid economic development of Xi’an, the number of tourists and migrant workers is increasing rapidly, and thus living became the first problem to be solved. At this time, the lower price than the hotel and the warm atmosphere like family become the best choice for them to stay in the serviced apartments.

1 Development Status of the Serviced Apartments in Xi’an

1.1 Concentrated in the Business Centers of Mature Business Districts

The serviced apartment is the residence integrating hotel management and intimate family service in one, with unique characteristics. The location and site selection have become the key issues for a serviced apartment, and the most favorable location should be in a relatively mature business district and a business center, etc.

1.2 The Competition Between Serviced Apartments is Becoming Increasingly Fierce

(1) More and more investors have increased peer competition: Ascott Co., Ltd. (hereinafter referred to as "Ascott") is expected to open in 2018. It is the world's largest serviced apartment operator and owner subordinate to CapitaLand Limited, and manages the fifth serviced apartment in Xi’an—Xi’an Shengjie Xindicheng Serviced apartment (156 suites).

(2) The demand increases year by year, increasing the peer competition: according to an investigation made 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. (3) Consumer choice is on the rise, increasing peer competition: as consumers have different choices of apartments and the demand increases year by year, many serviced apartments emerge to meet different consumer needs of various groups.
Table 1. Trend of Demand for Serviced Apartment in Xi’an.

| Name                        | Environment | Comfort level | Nominations | Affordability | 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 Apsule 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 apartments in Xi’an, and that the environments, comfort level, nominations, affordability and price, etc. all become the selection criteria for people to choose a serviced apartment. 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.

2. Problems in the Serviced Apartments in Xi’an

2.1 Products

(1) Product portfolio is not reasonable: at present, most serviced apartments are for long- and short-term rental, while themed serviced apartments are few in number. It is difficult to meet the demands of most consumers. (2) Brand awareness is not strong: at present, many local serviced apartments 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. (3) Product development and innovation ability is not enough: China's property management companies have very limited scope for the management of serviced apartments. Generally, brands that appear in one province have weaker expansion capabilities and rarely appear in other provinces. Those serviced apartments 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. (4) Product and service defects: on the one hand, there is no uniform industry standard for service, and the quality level is uneven. On the other, the industry threshold is low and the quality level of employees is uneven. Last but not the least, hardware and software facilities do not match, affecting the quality of service.

2.2 Price

(1) The prices of serviced apartments vary greatly: the prices generally range from RMB 60 to 1,000,
which confuse consumers’ cognitive choices. (2) The supervision of industrial and commercial administration is not strong enough: some serviced apartments are in private operation, such apartments are open to the public by just arranging several rooms in their home and only offering the most basic beds and cabinets, with some even not owning independent toilets. (3) Price positioning is not accurate: serviced apartments 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 apartments. The legitimate rights and interests of consumers shall be protected and their check-in experience shall be guaranteed.

2.3 Channels

(1) Serviced apartments rely too much on the Internet for promotion, and there are two different channels for serviced apartments: the Internet 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 apartments. (2) There is no fixed standard for network description: since the appliances, infrastructure and decoration styles of different serviced apartments vary greatly, each different serviced apartment has different styles and characteristics, so it is difficult for most people to use a simple statement to describe the appearance of the room they live in.

2.4 Promotion

(1) The promotion measures are insufficient: in Xi'an, most serviced apartments 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. (2) The promotion items are insufficient: the promotion items of serviced apartments are not rich. Most serviced apartments will choose Christmas, Valentine's Day and other festivals for promotion, such as vouchers, free breakfast and dinner, etc., while ignoring the fact that serviced apartments distinguish from traditional hotels in families, but families have children.

3 Marketing Strategy for Serviced Apartments in Xi'an

3.1 Product Strategy

(1) Product Portfolio Strategy: improvements of the check-in environment can attract more target consumer groups. (2) Trademark and brand strategy: local serviced apartments should set a unified industry standard and set unique trademarks and brands for each of their entrance stores to play to the market and consumer choice experience when they mature. (3) Product development strategy: merchants can develop some new additional products, such as airport pickup, intimate wake-up service, etc., and start on the details. (4) Product differentiation: for example, serviced apartments can be equipped with mobile kitchen counterdrainers, so that guests can cook by themselves; they may place some gaming cards and other mobile game devices, offering more choices for small classmate party. At the same time, serviced apartments should also be different from each other, such as theme hotel-style apartments can choose marvel theme, fairy tale theme, ocean theme and so on, to give people a visual difference. (5) Establishing a unified service system: establishing a unified industry standard, and increasing the industry entry threshold, as well as internal facilities.

3.2 Price Strategy

(1) Going-rate pricing: enterprises can choose to price their products at a price that is comparable to other companies'. For example, the prices of most serviced apartments on the market are between RMB 150 and RMB 300, so new serviced apartments can be priced within this range. (2) Product differential
pricing: serviced apartments have different prices for different rooms, as well as luxury and ordinary ones. Or, they may be distinguished from other serviced apartments by depending on the quality of the service, so the relative room prices will also increase. In addition, the prices of different theme serviced apartments are different, and the pricing of different products is different.

3.3 Channel Strategy

(1) Network marketing: the hotel marketing management may be put under systematic management through the integration of IT technology. Network marketing system offers 24h uninterrupted operations, increasing the added value of services. (2) Traditional channels: serviced apartments 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 apartments in vehicles and setting up billboards at key locations can attract outsiders in traveling. (3) Location wins: they may set up tall and impressive billboards and landmarks to show where your serviced apartments are. Alternatively, flowers and trees can be placed on the road to the serviced apartments, and small colorful flags and lights can be used to attract and direct customers without affecting the surrounding environment.

3.4 Promotion Strategy

(1) Festive promotion: special events and promotions can be launched at fixed festivals to attract consumers. (2) We media operation: serviced apartments can establish their own WeChat public accounts. (3) Enhancing the sense of participation: when proposing a new theme of occupancy, we can put forward a vote on the we-media, and let consumers take the initiative to participate in the design.

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