

Examining the Marketing Tactics of Alpha Real Estate Company Base on AARRR Model

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ABSTRACT : Based on the AARRR marketing model in growth hacking theory, this paper explores marketing strategy and marketing application of the AARRR model for alpha real estate company. The study analyzes the marketing actions of real estate customers at each stage of the AARRR model, including customer arrival visits, interest generation, starting decisions, decisions to buy and recommendation, at the same time, the consumer cognitive path corresponds to the marketing strategy of the real estate company's marketing team, including customer acquisition, customer activation, retention of customers, realization of collection, and promotion of self-dissemination. This study demonstrates the application of the AARRR model to real estate marketing communications, finding strategic solutions that can solve Alpha's current marketing problems. Through the AARRR model theoretical method, the scientific intervention of Alpha Company's marketing process is carried out to reduce the loss of customers and find a systematic solution for the improvement of Alpha Real Estate Enterprise's marketing strategy.

Keywords - Real estate marketing, AARRR model, Internet thinking method, Growth hack

I. INTRODUCTION

Since the real estate industry started to be subject to macro-control in 2017, its performance growth has slowed down, with oversupplied products and excess of supply over demand. Due to increasing competition, the real estate companies have to sell houses at significantly lowered prices. Real estate companies update their strategies slowly and face difficulties in achieving performance goals. In case of performance pressure, they usually resort to lowering product prices, crowd statics and some online marketing methods to improve performance, which often yield little success. Therefore, various real estate developers are currently focusing on studying marketing strategies to improve their marketing management capabilities, lower their marketing management costs and improve their management efficiency under the new circumstance. When the Internet technology is highly developed nowadays, it has been a key issue for real estate companies to make use of the advantages of the Internet to break the bottleneck in terms of Internet marketing, including quickly replicating customers, rapidly promoting sales performance growth, etc., so as to quickly sell out products and gain return on investment. The growth hacking theory introduced from abroad has mainly been applied by various Internet companies in Internet marketing, but not applied in real estate marketing. In this paper, the AARRR theory in the growth hacking mindset is theoretically expanded and practically explored in real estate marketing, exploring a new path amid the relatively single and outdated marketing tools used in the past and enriching the marketing practice of real estate companies. This paper has also carried out innovative exploration in making use of Internet thinking to optimize marketing strategies in the new Internet era.

In recent years, there has been a marketing boom using the theory of growth hacking in the Internet. Among them, the AARRR theory has received the most extensive attention. Having helped a large number of companies to achieve success in terms of sales models in the retail sector, the AARRR theory has become a textbook-like tool. Can the AARRR model in the growth hacking mindset be theoretically applied in real estate marketing? Can real estate marketing rapidly expand the market and increase sales by using the AARRR model? Answering these questions can not only enrich the application scenarios of the AARRR model, but also deepen

and supplement this theory to better combine real estate marketing and Internet marketing theories. It has enriched the marketing practice exploration of real estate companies.

II. LITERATURE REVIEW

Existing Marketing Theories

With respect to studies on improving marketing capabilities and related marketing strategies of companies, former scholars have proposed a series of very important and influential models, such as the "Marketing Mix" concept (Hou and Zhou, 2004), the "4P" marketing mix model (McCarthy, 1960), where 4p includes Product, Price, Place, and Promotion. There is also the 4Ps theory (Hou and Zhou, 2004), the PEST Model, the marketing theory of 4Cs (Lauterborn, 1990), and the marketing theory of 4Is (Schultz 2005). Although there are diversified marketing theories abroad, few are applied in real estate marketing due to the characteristics of real estate market development abroad.

In the research on Chinese real estate enterprises, considering China's national conditions and the domestic real estate market situation, a unique real estate marketing management model and philosophy have been developed domestically. Many experts and scholars have approached real estate marketing from interdisciplinary perspectives by integrating concepts or tools from other disciplines to advance specialized and strategic research in real estate marketing. For instance, Runhan Hou, in his paper titled 'Research on the Application of Consumer Psychology Theory in Real Estate Marketing,' applied consumer psychology to real estate marketing management, providing more management concepts and tools to enhance its strategic and professional dimensions (Hou, 2018). Similarly, Pan Shi from Guangxi University, in his paper 'The Proposal and Empirical Testing of the Real Estate Speed-Adaptive Marketing Theory,' addressed the contradictions and balance between static and dynamic indicators in real estate marketing by constructing a speed-adaptive marketing model and employing mathematical tools such as the cost-volume-profit dynamic analysis model. This offered new solutions for the strategic research on marketing management in real estate enterprises (Pan, 2016).

With the development of the Internet, more and more experts and scholars have conducted studies on real estate marketing strategies from the perspective of the Internet. For example, Xin and An (2016) examined the application of Internet tools represented by APP in self-media in the Internet era, especially the application of the Internet marketing thinking in the new market environment. For example, Li and Huang (2019) proposed to create a real estate marketing model based on big data technologies with the support of big data technologies and guidance of online community marketing theories.

Although there have been some studies on real estate marketing in China, most of the above-mentioned studies focus on a link in the real estate marketing process, rather than solve problems from a global perspective, making it very difficult for companies to find effective management means to improve the management of strategy studies to improve performance. In order to improve strategy studies on real estate marketing management, it is necessary to identify the essence of customer growth of the core Internet marketing.

American scholars Sean Ellis and Morgan Brown put forward the AARRR theory (Ellis and Brown, 2017) on customer growth of Internet companies, with its components including Acquisition, Activation, Retention, Revenue, and Referral. This theoretical and practical method aims to conduct in-depth research and analysis on how to effectively acquire, retain and activate customers amid Internet product marketing, so as to finally realize revenue and referral to achieve explosive business growth. These processes correspond to the real estate marketing processes including project promotion, customer visit and communication, maintaining customer activation, guiding customers to pay, and guiding customers to perform referral (known as members get members). Based on this, this paper intends to use the core content of the AARRR theory to analyze and study the improvement of strategy studies on real estate marketing management, with the purpose of developing real estate marketing theories and providing suggestions and references for companies to develop real estate marketing policies.

III. THEORETICAL FOUNDATION OF THE AARRR MODEL

The AARRR model is the conceptual foothold of growth hacking. Its five major elements, including acquisition, activation, retention, revenue and referral, run through the entire customer life cycle with the effect of continuously expanding the customer scale and reducing marketing costs.

The main core concept of the customer acquisition stage is to optimize costs and expand scale. When acquiring customers in the early stage, a company often invests a huge amount of money for publicity and ignores the cost factor, which leads to a large amount of inefficient fund waste at the early stage. The core goal

at this stage is to find an effective way to reduce the cost of customer acquisition and ensure the quality of customer acquisition. In order to expand scale and reduce costs, the model uses two matching methods, including (1) language for market matching, that is, the degree to which a marketing team's description of product advantages impresses the targets; (2) channel for product matching, that is, the degree of effectiveness of marketing channels selected by a marketing team for promoting products to the target customers.

The core goal of activation is to make the potential customers truly use your product. It is crucial to make customers strongly interested in the product. If customers cannot experience the 'Aha moment', it is impossible to reach the 'action point' of making customers find the product memorable and intend to continue to explore (Ellis and Brown, 2017). Marketing tools for activation are used in three steps. Firstly, it is to draw the roadmap for the activation moment, that is, to list all purchase paths of a customer from knowing the product to having an activation moment. Secondly, it is to create a conversion funnel report and form a diagnostic report. This process is realized by using the funnel report as a carrier. Through the funnel report, data tracking from different dimensions is carried out, and conversion status is checked and diagnosed based on tracking customer data from different customer acquisition channels and different customer segments. Thirdly, it is to make use of some triggering mechanisms and frictions to consolidate the activation results, and finally enable customers to achieve a state of continuous activation.

The key of the stage of retention is to awake and retain customers. Due to the huge cost of customer acquisition and activation, a company with a higher retention rate can reduce its marketing cost faster. The core idea of retention is to build trust between the product and customers, that is, customer's loyalty to the product. The strategy of increasing retention is implemented mainly in three steps. Firstly, it is to identify retention characteristics. In the AARRR model, retention is implemented in two stages, namely, the initial stage and the later stage. The characteristics of retention vary at different stages according to the product type. It is necessary to identify the retention characteristics of a specific product according to the characteristics of the product and the retention stage, so as to pave the way for the following work. Secondly, it is to design retention indicators. It is necessary to set retention indicators and formulate basic indicators for healthy retention according to different product types and characteristics. Thirdly, it is to screen retention problems and formulate retention improvement strategies, that is to formulate a group tracking worksheet according to the designed health retention indicators to analyze customers of the corresponding stage in different dimensions, and to obtain different types of analysis results for diagnosis and resolution targeting different categories.

In the AARRR model, revenue refers to increasing revenue per customer. It means to draw the revenue funnel to track data, analyze the revenue pinch points, which mean the points of losing potential revenue, and identify the set, which is known as the sinkhole, that customers are averse to and dislike. The author believes that the essence of the revenue stage is to analyze customers who have purchased the product. In other words, it is to trace the models of customers who have purchased the product and find out the transaction characteristics of such customers from different dimensions, and then carry out in-depth tracking. Meanwhile, relevant pricing skills are used to develop visitors into customers who have strong purchase intentions and are about to implement purchase behaviors through the relevant revenue principles.

In growth hacking, referral plays a role in maintaining healthy performance growth of companies. Data analysis is performed in different dimensions for acquisition, activation and retention, but the best way for corporate projects to avoid risks is to ensure the balance between all transformation channels. Likewise, for long-term benefits, reducing the costs of acquisition, activation and retention of customers is also one of the goals of the AARRR model. Therefore, through a series of referral design targeting customers who have implemented purchase, such as the marketing design of native virus marketing and word-of-mouth virus marketing, external acquisition is transformed into internal acquisition, and internal acquisition leans toward referral. As a result, a low-cost and high-yield virtuous marketing cycle is formed.

The AARRR model has condensed the conceptual essence of paying attention to growth of growth hacking, and has extracted a new set of ideas for company marketing management. Such ideas have been practiced in the marketing management processes of the Internet, FMCG and other industries.

When studying real estate marketing strategies, the five elements in the AARRR model, namely customer acquisition, activation, retention, revenue and referral, are basically consistent with the path for customers to purchase real estate products. In the first step, a customer learns about project information from relevant channels, and the marketing team thus acquires customer information (acquisition). In the second step, the customer further learns about the project from the explanation of property consultants and demonstration using the sales sand table at the sales office, and thus becomes interested (activation). In the third step, the customer returns home and makes decision, or goes to the sales office to learn about information about the project (retention). In the fourth step, the customer generates purchase intention and implements purchase

behavior because of his/her own subjective wish and the marketing communication from the marketing team (revenue). Finally, the customer becomes loyal to the product and recommends it (referral). This paper analyzes the purchase behavior and path of real estate customers, and studies real estate marketing strategies based on the AARRR model.

IV. CASE STUDY ON ALPHA REAL ESTATE COMPANY

4.1 Profile of Alpha Real Estate Company

Alpha Real Estate was established in 2000, and its controlling shareholder was listed on the main board of the Hong Kong market in 2012. It is a comprehensive large-scale enterprise group focusing on the main business of real estate development and positioned in commercial real estate operations.

Over the nearly 20 years since its establishment, the Group has developed business in nearly 80 major cities in mainland China, as well as in Hong Kong, Japan and Australia. It has developed a total of nearly 450 projects and served nearly 300,000 property owners. In 2019, it achieved the contract sales volume of RMB 200.6 billion (refer to see Figure 2 for the sales volume and year-on-year growth of Alpha Real Estate Company in the past five years), ranking 15th among China's top 500 real estate development companies.

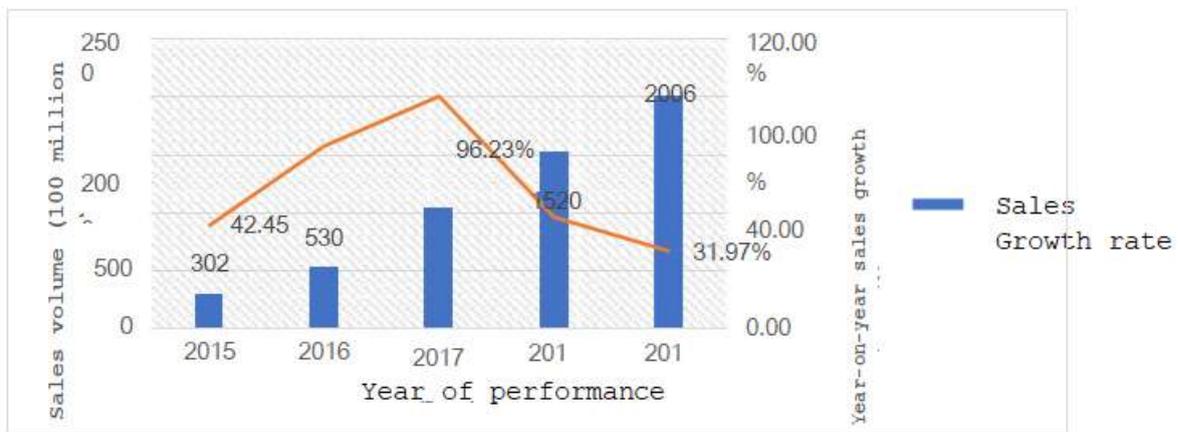


Figure 1. The sales volume and year-on-year growth of Alpha Real Estate Company in the past five years

Alpha Real Estate Co., Ltd. carries out diversified businesses based on the starting point of 'providing nice life for customers'. Its property management company has been listed on the main board of the HKEX, and advocates service philosophy of 'focusing on customer satisfaction and committed to becoming a reliable smart community life service supplier'. As of the end of 2019, it has achieved the contracted area of over 100 million square meters, ranking top 14th among China's top 100 property service enterprises in terms of comprehensive strength, the same as real estate.

In recent years, due to the increasingly fierce competition among various real estate companies and the transformation of the real estate market from a management model, Alpha Real Estate Co., Ltd. has been actively promoting business improvement, and relying more on improving internal management capabilities to gain competitiveness, bringing many changes to the situation. Alpha Real Estate Co., Ltd. has done these things because it has gradually realized that new marketing strategies must be added to solve the urgent problem of sales growth.

4.2 Marketing Management Characteristics of Alpha Real Estate Company

4.2.1 Market Model based on Self-Marketing

Alpha Real Estate Company mainly adopts the self-marketing model. Under the self-production and self-marketing model, real estate developers set up their own sales teams to directly sell their products to consumers, which shows many advantages to developers and customers. Firstly, by adopting the self-marketing marketing model, products can be directly sold to customers, so that the companies can more accurately understand the purchase motivation and demand characteristics of customers in a more timely manner. Secondly, since no real estate agencies are involved, the subcontracting service fees, management fees and other labor

costs are reduced. Thirdly, Alpha has cultivated its own marketing team based on its projects, which is an important talent reserve strategy.

The agency model is an auxiliary marketing model adopted by Alpha Real Estate Company. Under this model, Alpha Real Estate Company entrusts a professional agency company or institution to sell its property products. The agency company is required to complete the service contents of all processes including customer acquisition, sales, house delivery and even handling procedures for issues related to property rights.

4.2.2 The Management Structure of the Line and Staff Organization

The Group Marketing Center of Alpha Real Estate Company was established at the beginning of establishment of the company. After referring to benchmark real estate companies and taking into account its own characteristics, it has now planned six major functional departments, including the General Management Department, the Sales Management Department, the Information System Department, the Marketing and Customer Research Department, the Human Resources Department and the Administration Department.

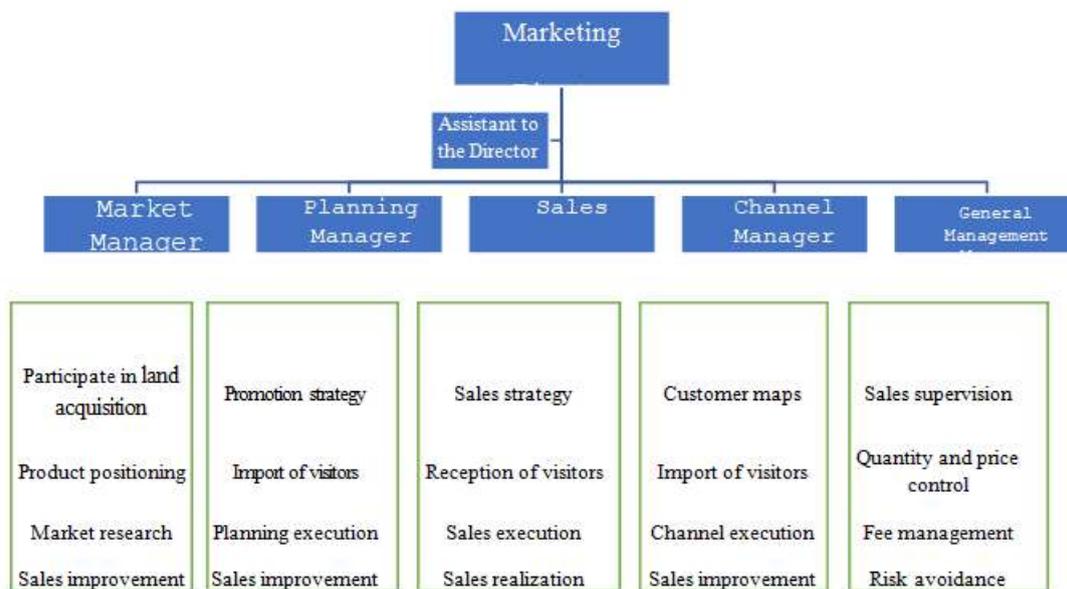


Figure 2. Organizational Framework of the Project Marketing Department

In addition to the marketing center platforms set up in the Group and regional groups, the organizational structure of case site marketing of various projects is also a part of the general marketing structure (Refer to Figure 2. Organizational Framework of the Project Marketing Department). The case site marketing team is more focused on actual practice and quick response. Its organizational structure is mainly divided into five lines, including the market line, the planning line, the sales line, the channel line and the general management line. The market line is mainly involved in land acquisition calculation, product positioning, market research, etc. The planning line is mainly responsible for the promotion strategy, import of visitors, planning execution and other customer acquisition work. The sales line is mainly responsible for the sales strategy, reception of visitors, sales execution, and other front-line sales work. The channel line is mainly responsible for the formulation of customer maps, importing visitors, channel execution and other work related to customer acquisition through personnel marketing. Each functional line is assigned with its own duties to support good operation of the case sites.

4.3 Marketing Management Problems of Alpha Real Estate Company

4.3.1 The “Black Box” of Consumer Behavior Urgently Needs to be Cracked

Consumer behavior has the general model of ‘stimulation-black box of consumer behavior- purchase response’. The key to improve marketing capabilities is to fully study this process and propose a marketing strategy accordingly. The black box effect of consumer behavior is obvious: the internal structure of the transaction model is complex, and experience can only be obtained from the customers who have already

purchased products. If the company cannot find an appropriate strategy to crack the black box of consumer behavior, it cannot control the marketing process well, and thus will not be able to improve sales performance.

4.3.2 Data Value Not Fully Utilized

Data-oriented marketing has been mentioned and applied in many companies. For example, the well-known online marketing, WeChat marketing, search engine marketing and content marketing, which have been frequently used by many real estate companies, are now essential marketing elements used by marketing teams of various real estate companies. The front-line project marketing work of Alpha Real Estate Company generates a large amount of data everyday, such as the quantity of visitors, channels importing visitors, quantity of re-visits, quantity of transactions, and conversion rates at various stages. Since Alpha Real Estate Company adopts the management structure of a line and staff organization, the functional departments and linear departments are often not well coordinated at project work, and often fall into conflicts over the collection of data and rights and responsibilities of handling issues, leading to low data credibility, unsystematic methods used, and unclear modes of presentation. Ultimately, data is not converted into marketing analysis data with reference value. For example, the author finds after analyzing relevant historical data that the proportion of online and offline advertising and promotion fees of Alpha Real Estate Company has been increasing. However, the proportion of customers who purchase products due to advertising has been decreasing year by year, which means that the company is spending more money, yet acquiring fewer visitors. Moreover, due to the limitation of feedback from advertising promotion, the company still continues to spend money on advertising (Figure 3. Proportions of advertising fees and corresponding transactions of the company from 2016 to 2019).

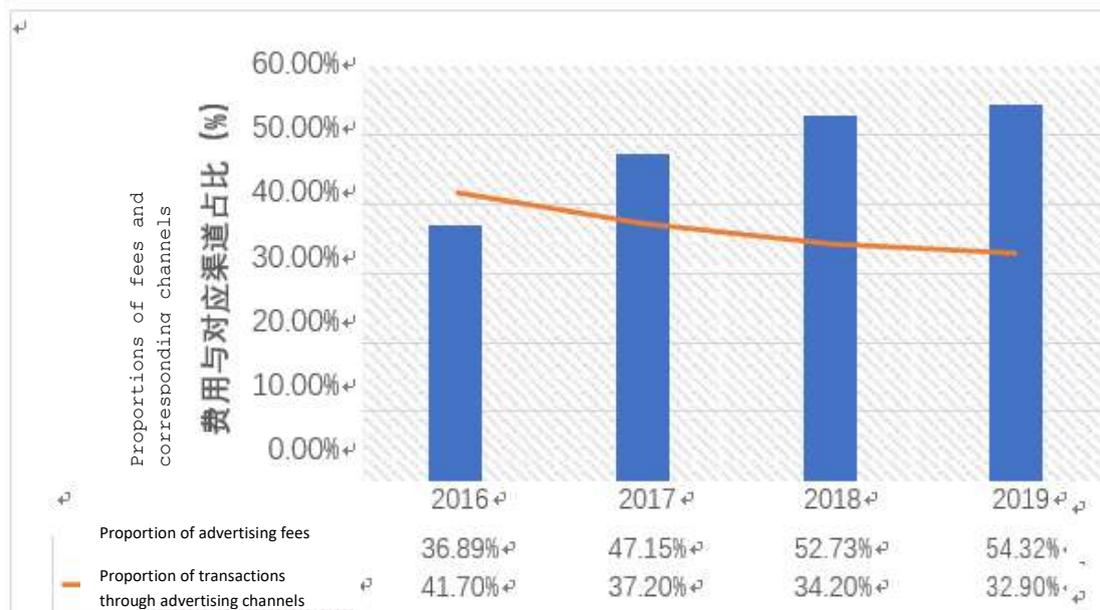


Figure 3. Proportions of advertising fees and corresponding transactions of the company from 2016 to 2019

v. SOLUTIONS TO MARKETING STRATEGIES OF THE ALPHA REAL ESTATE COMPANY BASED ON THE AARRR MODEL

5.1 CUSTOMER ACQUISITION

It is very important for any real estate company to acquire a large number of effective customers. However, if the total cost of customer acquisition exceeds the marketing revenues from all customers, then adjustments will be required. Even so, many companies still rely on heavy subsidies to attract new customers. But the customers acquired in this way are not precise or targeted, resulting in much waste. In general, the marketing expenses of a company are allocated at a fixed ratio of a project sales. The higher cost for acquiring a new customer will reduce the other marketing expenses more greatly. The following strategies can be used to improve customer acquisition.

5.1.1 The fit between the language and the market for customer acquisition

In the process of real estate marketing, the packaging language of a project is very important. The features, types and spiritual values of products to be conveyed by the project need to be packaged in a marketing language and publicized through proper channels. According to the studies of the US National Center for Biotechnology Information, the average attention span of humans decreased from 12 seconds in 2000 to 8 seconds in 2013. This finding shows a trend of decreasing duration of humans' attention to a piece of information. This means that the fit between the language and the market in a project must directly cater to and further influence customers' needs and desires, thus capturing their attention. The language designed for a project needs to convey the core values of products succinctly and accurately, allowing customers to experience the 'Aha moment' stated in the AARRR model. Specifically, each customer can feel that their most concerned problems are solved to a maximum extent.

5.1.2 The fit between products and channels for customer acquisition

5.1.2.1 Classification of customer acquisition channels

The marketing channels in real estate are diverse. Some major channels suitable for the products are filtered and selected based on industrial experience and channel marketing of competitive products. Table 1 lists three types of acquisition channels in real estate.

Table 1 Three Types of Customer Acquisition Channels

Word-of-mouth Channel	Organic Channel	Paid Channel
Social media (Weibo, WeChat Moments)	SEO	Below-the-line advertising (TV, print media, billboards)
Embedded widgets	PR activities and speeches	Above-the-line advertising (Google key words, Weibo, Youku, etc.)
Recommendation by friends	Content marketing	Advertising alliance
Online video	App store optimization	Influencer movement
Community involvement	Free tools	Radio
Competitions and gifts	Email marketing	Redirection
Platform integration	Community construction	Advertising network
Crowd funding	Strategic partners	Sponsorship
Games and testing	Paper contribution	Local content marketing
	Website marketing	

Each channel listed above contains many specific marketing channel strategies in real estate. For example, channel strategies for content marketing include case studies, guide to use, news release, infographics, special reports, web forums, etc. These are only examples of some content marketing channels. After some channel marketing ways in real estate are collected, it is necessary to start preliminary screening of marketing channels according to specific products and business models. Channel selection may be affected by the product life cycle. For example, when product development only enters the stage of conceptual design and there is no specific model, it is required to launch advance publicity to attract some customers due to the importance of the corresponding project for the company. In this case, using sand tables and other specific simulation props is not feasible. Therefore, community involvement and outreach in malls are chosen to obtain customers' information, which lays a good foundation for subsequent strategies such as customer activation and viral marketing.

5.1.2.2 Selection of high-quality channels

Brian Balfour, head of Hubspot's performance team, developed a method to fast and accurately rank channels based on 6 elements, which can also be applied to real estate marketing.

Such elements are stated as follows(1)Cost: the expected funds to be spent in this channel marketing(2)

Targeting: Is it possible for this channel to reach the target audience more easily? How much information about potential customers is available for the target customer groups to be reached?(3)Control: Is this adopted channel reversible? Is it possible to turn off or adjust the channel easily?(4)Input time: Is there enough time to launch the channel marketing?(5)Output time: Is the time of occurrence of the marketing effect after the start of marketing consistent with the marketing schedule?(6)Scale: the scale of effective customers attracted in this marketing channel. According to Balfour's recommendations, each channel is rated with a three-level system (high, moderate and low) from these 6 aspects (See Table 2 Prioritization of Marketing Channels).

Table 2 Prioritization of Marketing Channels

	Cost	Targeting	Control	Input Time	Output Time	Scale
Highway Billboards	★★★	★	★★	★★★	★★★	★★★
KOL Marketing	★★	★★★	★★★	★★	★★★	★
Offline Marketing by Personnel	★★	★★	★★	★	★★	★★
Telemarketing Calls	★	★★	★★★	★	★	★★

By adopting the method proposed by Balfour and combining the real estate marketing, this paper attempts to establish a similar prioritization process. When preliminarily screening marketing channels, the company's management team will mark each marketing channel involved (See Table 4 Marking and Prioritization of Channels). By ranking the channels based on their average score, preferred channels can be selected. After the score of each aspect of each channel is obtained, all scores will be ranked from high to low. The marketing team will consider such data and make further decisions. If the Alpha Company starts to expand its business in a third-tier city and its marketing department needs project marketing, the formulation of marketing channel strategies solely depending on experience will tend to cause a waste of marketing expenses. With the help of the above scientific channel filtering mechanism, the marketing team can formulate proper strategies for selecting ideal marketing channels.

Table 3 Marking and Prioritization of Channels

	Cost	Targeting	Control	Input Time	Output Time	Scale	Average Score
Highway Billboards	2	4	5	6	5	7	4.83
KOL Marketing	3	7	7	8	6	3	5.66
Offline Marketing by Personnel	5	2	6	6	4	4	4.50
Telemarketing Calls	6	5	4	5	7	8	5.83

Balfour further points out that a score is also related to a specific product or business. For example, if the marketing team of Alpha Company launches a niche and expensive product which is a super improved house, then the viral marketing will get a high score in terms of targeting. In contrast, if the team launches a common product which is a house people have a rigid demand for, targeting is relatively difficult. Any marketing channel will get a low score in this aspect. The channel department of Alpha Company may use the method for selecting high-quality channels to choose the best customer acquisition channels.

5.1.2.3 Optimization of optimal channels

The fit between channels and products is a dynamic process because there may be continuous changes in products as well as the marketing environment and background of channels. The marketing team of Alpha Company needs to continuously optimize the selection mechanism and weight ratio of channels. Absolute high-quality strategies are not developed overnight but are the result of a combination of extensive data and effective experience and continuous optimization, which also stimulates subsequent conversion and realization of revenues. Attracting a large number of effective customers is important for Alpha Company in the phase of customer acquisition.

5.2 Activation

After customer acquisition, it is very crucial to allow customers to further access and prefer the company's real estate products. According to the AARRR theory, activation consists of three steps. The first step is to find

all the opportunities leading to the ‘Aha moment’. The second step is that the marketing team needs to list all the processes and procedures to be accomplished before new customers experience that ‘Aha moment’. The third step is to look for ‘obstacles’, diagnose processes and find out the reasons for customer churn. During the marketing by Alpha Company, activation refers to the whole process where customers visit the sales office. If customers do not recognize and prefer the company’s products during this process, the company will possibly lose such customers, which causes a waste of customer acquisition expenses.

In the past marketing process of Alpha Company, the loss of customers in the transaction process is usually regarded as a result, that is, the factual result of 1 (purchased) and 0 (not purchase). However, in view of the activation theory in the marketing process, customers’ decision is a transaction process accompanied by the nodes of transaction roadmap. Therefore, among those who do not buy the company’s products, different customer churn models are built to diagnose and solve churn-related problems. This is a representation of AARRR theory-based marketing strategy in the activation stage. One of the best ways to measure the conversion rate is to create a Funnel Report, which can identify the causes of customer loss among many potential customers and visualize marketing data. The Funnel Report helps the marketing team discover customers with different levels of activity, track the moment of customer churn, and find the factors that prevent customers from moving to the next process.

The author takes a real estate development project of Alpha Company in Shunyi District, Beijing as a case for analysis. The period of data records lasts from the determination of the products to the payment of deposit by customers after the beginning of selling houses at sales office. By considering the number of customers acquired, customer visits, activated customers and those concluding a transaction during the whole selling cycle, a funnel report table was made as follows for the project. In addition, channels for acquiring each customer were tracked in the data records, and thus a marketing-related funnel report during this period for the project was created (See Figure 4 The Funnel Report for Marketing of Houses In a Project of Alpha Company in Shunyi District, Beijing).

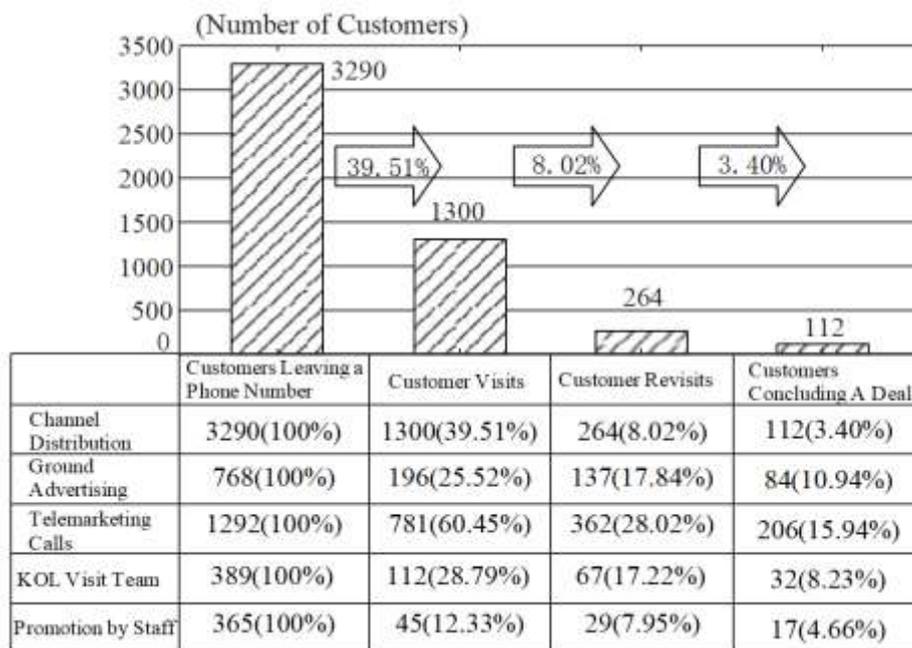


Figure 4 The Funnel Report for Marketing of Houses In a Project of Alpha Company in Shunyi District, Beijing

According to the data, a total of 3290 customers have been acquired in the first stage. However, in the stage of customer visit, only 1300 customers went to the sales office for visiting houses, and about 1990 customers didn’t go there for visiting, accounting for 60% of all customers acquired. There is also a great difference between the customer re-visit rate and the industry’s standard conversion rate. Only 20% of customers visited there again. According to the funnel report, the marketing team concludes that the conversion rate in these two stages should be enhanced. Otherwise, it is impossible to effectively improve the performance. Firstly, the team needs to check the quality of the customers acquired. Specifically, they have to determine whether each customer acquisition channel is defective. Secondly, the team needs to judge whether there is a

problem with the project's language that causes the loss of customers' interest in the products in a short time.

5.3 Retention

The aforesaid text about activation provides solutions and plants of customer conversion, customer churn, and other activation issues for Alpha Company. So we should actively activate and retain customers until they enter the next stage of conversion. The losses of many customers occur during the period between the two conversion points. For example, after they experience the 'activation time' at the sales office, the losses of those customers occur before the time points of the next appointment or house reservation. Thus, a high retention rate is a decisive factor in performance achievement.

5.3.1 Stage characteristics of retention

As mentioned above, there is an interval between returning from the sales office and making a purchase decision. It is necessary to use the communication advantage after customers are activated as much as possible to maintain their activated state for a long time, that is, the interest in the product always remains at a high point. In this way, the probability that customers purchase the product increases. But, how to monitor their activity after customers leave the offline sales site is difficult. We can solve it through some methods and tools in the AARRR model.

The most representative transition from the initial stage of retention to the later stage of retention features that the freshness of customers gradually recedes. To retain these customers, the core task for the marketing team is to manage to make the use of such products a kind of habit. That is to say, customers need to feel the ownership of houses, believing that the location, layout, property services, and landscaping are familiar and loved by them, and products become what customers' desire. In Alpha Real Estate Company, I saw fans who came to the sales office every day from the first time they entered the site. The evidence has proved that such customers have shown very strong project attraction and communication ability in the later stages of revenue and refer. As a result, the sales team of Alpha is supposed to maintain customers in the initial stage of retention by developing their habits of repeated visits and inquiries with the real estate consultants, which is the key to the Alpha's sales team in the retention stage.

5.3.2 Designing retention indicators

Prior to designing retention indicators, it needs to define which data to track and how to improve the retention rate through analysis of the information and data. For different products, there are different methods to measure retention. As for real estate marketing, the method to measure retention can be revisit rate and revisit interval, i.e. the ratio of customers visiting the site more than twice and the time interval between the previous visit and the next visit, respectively. Designing retention indicators needs to compare the same kind of product in the design process and market survey. For example, retention indicators for improved-type villas and rigid-demand houses must be different, and retention indicators for products in the suburban area must be more flexible than that in the downtown area. To be more specific, two or more visits within 10 days for commercial housing in the downtown area are healthy retention, while two or more visits within 15 days for commercial housing in suburb area also can be regarded as healthy retention.

5.3.3 Prompting Stimulation and Developing Habits

In AARRR, its theory and growth model are combined to put forward the engagement loop. Before applying the engagement loop to the practice of retention, we have to mention a concept: prompts. Prompts are any information or hint that simulates people taking action, such as email notices, mobile app push notifications, WeChat of salespersons, and SMS messages. Prompts are one of the most effective strategies to remind customers to keep using or recalling products. However, in addition to being able to remind customers in a timely manner and learn more about customers and products, in many cases it is regarded as a headache of spam. Most prompts are regarded as spam, even dissatisfying people who had a good impression of the product before. So, the use of prompts for marketing communication must be very prudent and carefully designed and tested.

Whether the prompts can be effective depends on (1) To what extent customers can be activated and take the action that the prompts want them to take, such as being willing to revisit the sales office and contacting salespersons to confirm a house and pay the deposit, etc.(2) Difficulty of carrying out the above actions after customers are prompted, such as customers who have to overcome the difficulties of being in different cities, are far away from the project, and are busy with work and so on. B. J. Fogg, a psychological researcher from Stanford University, designs a model (see Figure 5 The Fogg Behavior Model) to deal with how to contemplate and improve the effectiveness of prompts. We explain its effectiveness with a prompting line combining the reality of real estate marketing.

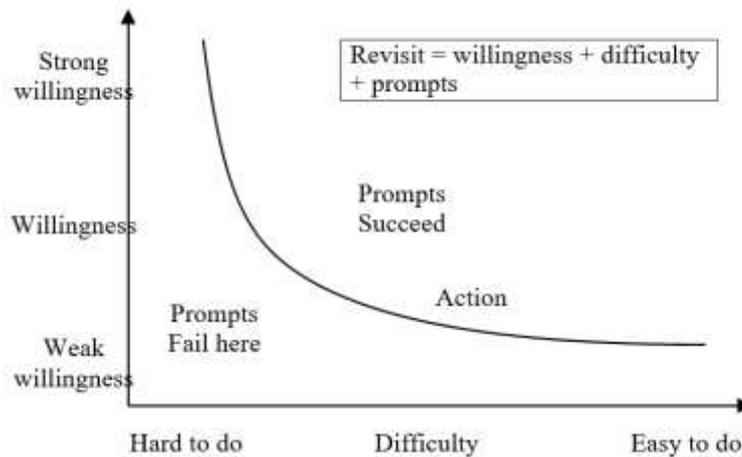


Figure 5 The Fogg Behavior Model

The line means the threshold value of whether customers are willing to take the corresponding action. It depends on the above two corresponding variables: the strength of customer motivation and the difficulty of completing actions. Based on Nir Eyal's example of answering the phone, the interaction between the two variables in the field of prompts of real estate marketing is clearly stated. For example, a call from a real estate consultant rings, to reply or not depends on (1) whether the customer is willing to reply, or (2) whether the mobile phone is with the customer. It is possible that the customer who wants to reply is very busy, or does not bother to reply while lying in bed. Apparently, this call is a prompt. When the phone rings, a customer who is willing to reply and also has such time to do it will answer the phone, which achieves the effect of a prompt. It is noteworthy that due to the strong 'intrusive' nature of prompts, it is necessary to master the art of marketing communication when using them, and pay attention to the content and frequency of prompts. Too frequent or infrequent prompts may not achieve the best results. It needs the accumulation of sales experience and combines with the specific circumstances of customers and projects.

5.4 Revenue

Improving the income from every customer is the definition of revenue in the AARRR growth model. For the Internet and FMCG, we could use its original meaning. For real estate marketing, however, we extend its core meaning as 'driving customers to the maximum to purchase real estate products with the fastest speed and highest price'. I explicitly state, in the foregoing, strategies of acquisition, activation, and retention in marketing by Alpha Company, but the most important revenue and conversion are to be realized at this stage. Due to the special characteristic of real estate products, it is generally impossible to obtain income from a group of customers repeatedly. There are factors including many and messy discount policies, unreasonable differential pricing of houses, and a lack of rigorous house matching process, so it fails to maximize the profit given the final total sales. Meanwhile, lots of pinch points result from revenue frictions in the process of realization, i.e. the points in which customers' interests are lost. The combination of pinch points leads to the formation of many sinkholes, and it then causes customer churn. The loss of customers at conversion has a huge impact on Alpha Company.

5.4.1 Detecting Pinch Points of Customer Churn

Before the funnel model is established, the most essential work is to draw an activation roadmap. Similarly, it needs to determine if there are pinch points that hinder customers from purchasing through a roadmap in the process of revenue. And the data need to be analyzed by customer acquisition channels. Through drawing the revenue roadmap of a project of Alpha, I find that in the project 36% of customers change their minds or postpone subscription plan1, failing to realize the subscription, from the time when customers prepare to pay to the time when real estate consultants go to the finance office to collect the subscription form. Through further investigation and research, it is found that there are several following reasons why customers change their minds in this stage: 1. Customers may have time to browse cell phones and find some negative information.

2. Customers may be affected by the conversation of surrounding negotiation tables hearing some negative information about the house or the layout that they are about to purchase. 3. The willingness to purchase suddenly disappears for no reason, etc. Following the analysis of reasons, I order the sales department to improve immediately as follows: 1. Every real estate consultant carries folders, pens and other subscription tools to ensure they accompany customers for the whole process from negotiation to the final payment. 2. The distance among desks is rearranged and acoustics is amplified properly so as to mitigate the impact among each negotiation unit. 3. The frequency of tea supply is increased to encourage customers to raise their glasses rather than checking their cell phones repeatedly. After the improved process, the loss of customers at such pinch points is significantly reduced.

5.4.2 Optimizing Pricing Logic

The pricing of real estate products in the Alpha marketing terminal has been key to the marketing management of Alpha Company. Generally, the total sales of each project are basically determined through preliminary estimation and calculation. The estimated total sales is a limit based on land price, tax, cost of construction and installation, and other management costs. It is the lowest total sales by calculating the lowest acceptable net profit indicator and cost recovery cycle of the project and so on. So balancing the prices of each housing is an important work about pricing in marketing.

Alpha's marketing team combines these pricing skills such as imposing pressure by making the price and room number on a red background on the forms of sales control to attract customers' attention; marking one or two products with high prices so that customers choose other houses, etc. Some details seem to be very small, but it generates lots of effects on customers' perception of product price. We further explain based on the model of smart price software and the characteristics of real estate prices. Prior to pricing, Alpha's marketing team should analyze all products. Due to the high price and small quantity, villa projects can be analyzed one by one. And the pricing range of high-rises with a great number of houses may be investigated and analyzed by units, even buildings. To solve the problem, this paper proposes four key points of investigation and analysis and presents a graph (see Figure 6, Possible Test Prices):

- A. What is the maximum acceptable price for the housing of the selected location?
- B. What price will make you feel expensive for the housing of the selected location but you will still consider buying?
- C. What price will make you think that the price-performance ratio is great for the housing of the selected location?
- D. To what extent are the prices for the housing of the selected location low enough to make you wonder whether the developers have any difficult property rights or quality problems in this project?

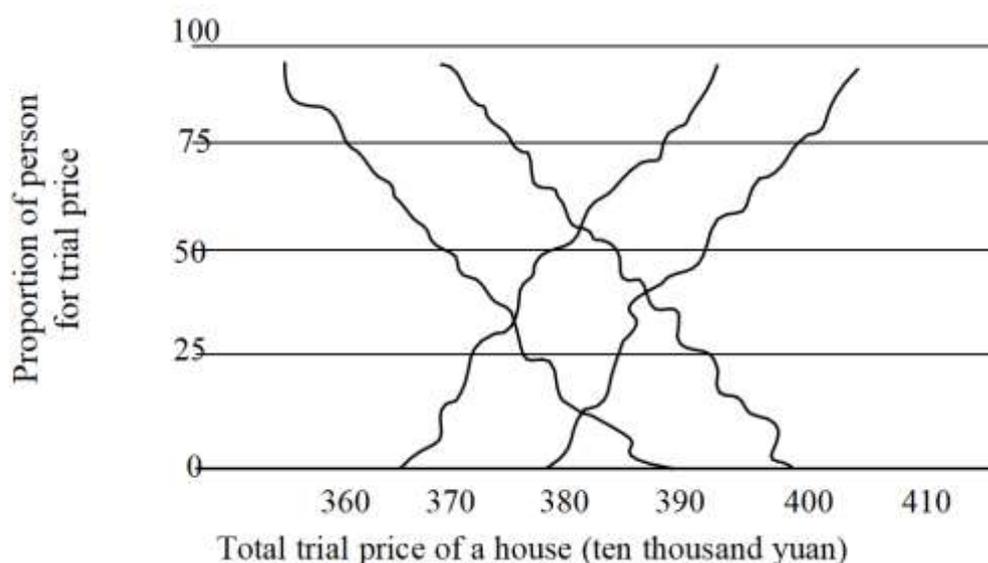


Figure 6 Possible Test Prices

A diamond-shaped line graph can be obtained through the investigation of the target customer group. From the graph, the central diamond-shaped area is a reasonable range of pricing, i.e. 3.75 million yuan to 3.9 million yuan. Combined with the pricing condition of each individual project, the pricing adaptation range of a (a group of) product is obtained. When the supply is less than the demand in the market, Alpha's marketing team can adopt the design at a higher price. Otherwise, if the supply exceeds the demand, the team adopts the design at a lower price. However, no matter what the design is, it must be able to meet the project indicators. Expanding price differences is also an important part. The reason is that if the price difference of various real estate products is not large enough, the prices overlap too much, which is not helpful for the choice by consumers. So, Alpha's marketing team should let the sales department and comprehensive management department jointly study the pricing to ensure that the number of people who like a (a group of) product is relatively balanced, so as to reduce the bad housing that is difficult to sell in the later stage of the project and avoid the litigation risks by customers in clearance sales in the later stage. In addition, it can also ensure that customers do not have to wait in line during the process of concentrated house selection, which is of great significance for the company's launch of large-scale projects.

5.4.3 Application of Revenue Realization Principles

In order to encourage customers to make fast decisions for purchase, the marketing team of Alpha Company should apply the related revenue realization principle: reciprocity. Specifically, those who have received services and help are willing to give something in return to others. In the process of revenue realization, the team may provide customers with some services or other benefits in advance. For example, the salespersons of Alpha Company need to offer customers services such as regular weather forecasting, preparation of gifts for customers' children, etc. Although such services are insignificant compared with the payment of customers for houses, they play a role in establishing communication channels and marketing communication bridges. The aforementioned principle of commitment and consistency can also be applied. For example, professional consultants may encourage customers to commit themselves to advance payment, and the Alpha Company will offer a proper discount in return. Based on personal experience, the author finds that most customers can obey their commitments. Social identity can also promote revenue realization. The marketing team of Alpha Company fails to control and manage the language about the encouragement of customers' payment, which leads to the frequent use of words with no credibility or low credibility by the sales department to encourage customers to buy products. For example, in terms of a certain project of Alpha Company, in order to encourage customers' payment, property consultants often told customers that the houses were very good and the company's internal employees and leaders also purchased such houses. In fact, this usually produces a reverse effect. Any customer dislikes such ungrounded information. Therefore, the sales department where the author works gave a presentation at the Alpha Company about KOLs who purchased houses. The credibility, relevance, attractiveness, visibility, quantification and specific traceability of information can offer sufficient grounds for marketing. The sales department of Alpha Company may utilize such props to persuade customers to buy products.

5.5 Referral

Referral is an act of referring the project to relatives and friends by customers who have purchased products. The transformation at each stage consumes company resources, while customer acquisition through referral can greatly reduce the promotion costs and increase the profit of companies. In addition, customer acquisition using all channels brings risks, such as excessive dependence on advertising agencies which may raise promotion prices during the peak season of house purchasing. It will lower profits of companies. There may also be excessive dependence on personnel promotion. Due to the particularity of the channel department, a large number of employees will leave office once the core personnel leave. These are all losses caused by excessive dependence on channel promotion for customer acquisition. Therefore, Alpha Real Estate Company should combine its actual situations and the theory about benign communication in the AARRR model to improve the referral of its projects, so as to achieve a balance between external communication and referral, promote healthy ecology of project marketing and avoid systemic risks.

When studying the marketing work of Alpha Real Estate Company, the author has identified a special type of customers, who are brought to the sales site by customers who have visited the project before. It is the so-called 'members get members'. The purchase path of such customers is different from that of general customers who go through the above-mentioned process including acquisition, activation, retention and revenue. These new customers' preference for project products is largely affected by the judgment of their relatives or friends who bring them to the site. The author refers to the customers who visit the site earlier the 'regular

customers'. Regular customers have a great influence on new customers. Some new customers remit deposits to the company account before visiting the project. Such cases show the opportunity of carrying out acquisition marketing through regular customers. Therefore, under the circumstances that the product basically meets customers' expectations and the acquisition channels are limited and require high costs, the marketing strategy of designing marketing referral according to the principles of virus marketing can have significant effects.

The concept of referral has great practical value in the marketing work of Alpha Real Estate Company, and is also an important method for the company to use customer resources to carry out low-cost marketing promotion. Its greatest value is that revenue can be achieved by only using product power and appropriate referral promotion methods. Marketing managers should maximize the use of the referral model to reduce dependence on traditional customer acquisition channels.

VI. SUGGESTIONS FOR STUDIES ON REAL ESTATE MARKETING STRATEGIES IN THE INTERNET ERA

After 20 years of development, Alpha Real Estate Company has initially developed the strength and scale of a quasi-first-class real estate company. In the process of Alpha Real Estate Company striving hard to become a first-class real estate company, its marketing department has played a role in harvesting return on investment as the vanguard of the entire organization, and it needs new power source to increase sales speed and quality. Development of a highly efficient and forward-looking marketing strategy is a key task that must be fulfilled by the company, and the construction of a strong marketing system plays a vital role in its strategic goal of becoming a first-class real estate company in the future.

The AARRR model in the growth hacking theory is a relatively representative marketing theory in Internet marketing in recent years, and real estate marketing should refer to various characteristics of Internet marketing. Such reference can help real estate marketing break through the original thinking shackles and carry out strategy formulation and theory utilization using Internet thinking modes. The features of Internet marketing, including being unified, interactive, continuous, open, flexible and advanced, can be used to optimize and improve the marketing strategy. While studying marketing strategies, real estate companies may utilize the following suggestions summarized from Internet marketing to develop the optimal marketing strategy by making full use of the advantages of the Internet marketing. This paper first systematically reviews the internal and external environment and marketing situation of the company to sort out the problems restricting further development of the company's marketing work. Then, this paper identifies the key points in need of optimization for marketing management at the current stage based on comprehensive analysis of domestic and foreign real estate marketing and the company's situation, and proposes the marketing strategy solution of Alpha Real Estate Company using the AARRR marketing strategy tool for the company to achieve its marketing goals through the combination of diversified marketing strategies.

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