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Ya ZHANG

*Singapore Management University*, [ya.zhang.2016@ckdba.smu.edu.sg](mailto:ya.zhang.2016@ckdba.smu.edu.sg)

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**INNOVATING IN TRADITIONAL REAL ESTATE  
BUSINESSES DEVELOPMENT BASED ON VALUE  
CO-CREATION**

**ZHANG YA**

**SINGAPORE MANAGEMENT UNIVERSITY**

**2021**

**INNOVATING IN TRADITIONAL REAL ESTATE BUSINESSES  
DEVELOPMENT BASED ON VALUE CO-CREATION**

**ZHANG YA**

Submitted to Lee Kong Chian School of Business  
in partial fulfilment of the requirements for  
the Degree of Doctor of Business Administration

Dissertation Committee:

TAN Wee Liang (Chair)

Associate Professor of Strategic Management  
Singapore Management University

LIAO Jianwen (Co-supervisor)

Professor of Strategic Innovation and Entrepreneurship  
Cheung Kong Graduate School of Business

Denis LEUNG

Professor of Statistics  
Singapore Management University

David GOMULYA

Associate Professor of Strategic Management  
Singapore Management University

SINGAPORE MANAGEMENT UNIVERSITY

2021

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I hereby declare that this PhD dissertation is my original work and  
it has been written by me in its entirety.

I have duly acknowledged all the sources of information which  
have been used in this dissertation.

This PhD dissertation has also not been submitted for any degree in  
any university previously.

A handwritten signature in black ink, appearing to be 'Zhang Ya', written in a cursive style.

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ZHANG Ya  
30 October 2021

## **ABSTRACT**

# **INNOVATING IN TRADITIONAL REAL ESTATE BUSINESSES DEVELOPMENT BASED ON VALUE CO-CREATION**

**ZHANG Ya**

The real estate industry is an important aspect of China's social development and plays a pivotal role in economic growth. With the development of urbanization in my country, the supply relationship in the real estate industry has changed, consumer demand has become more rational, and the real estate industry's financial and investment attributes have been superimposed on the influence of the real estate industry. The competition among small and medium real estate companies with relatively weak resource endowments has become increasingly fierce. Some land expansion models can no longer adapt to the development of the new situation. How to survive and develop under the severe policy and economic situation has become a difficult problem that many small and medium real estate companies have to face. Exploring new growth models and finding new growth engines for enterprise development has become an urgent task for small and medium real estate companies.

Faced with many challenges from changes in policies and market demands, small and medium real estate companies can only get a breakthrough opportunity if they break through the shackles of the original development model and actively develop new businesses and build their own core competitiveness. In order to achieve business innovation and development, small and medium real estate companies have to face the following questions: (1) Can the concept of value co-creation be applicable to the business development and innovation needs of small and medium real estate companies? (2) Under what environmental situation, small and medium real estate

companies need to innovate in business development? (3) What successful experience can we learn from the use of value co-creation for business development and innovation? (4) What benefits can be obtained by using value co-creation for business development and innovation?

The value co-creation theory emphasizes that multiple participants can solve problems through resource integration and multi-party interaction. This theory can enhance the participation of consumers, which is consistent with the inherent needs of China's real estate enterprises for business development and innovation. Therefore, this study selects typical successful companies, refines their business development innovation models from the perspective of value co-creation, and answers the above four questions, hoping to provide useful experience for the business innovation of small and medium-sized real estate companies in China. The main research ideas are as follows: First, the second chapter of this article uses the method of reviewing the literature to demonstrate whether the concept of value co-creation can be applied to the development needs of small and medium-sized real estate companies; Conduct an in-depth and systematic analysis of the external and internal environment of the company to clarify the necessity and feasibility of business development and innovation for enterprises; again, Chapter 5 of this article conducts business development and innovation practices using value co-creation from three perspectives Analyze and summarize the typical experience of small and medium-sized real estate companies in business innovation. Finally, Chapter 6 of this article discusses whether the core competitiveness of the company has been established, the effectiveness of corporate brand value enhancement, and customer relationship management. The effect is evaluated.

This study selects Yunnan Strength Group to carry out case studies. Taking the “Dali Small Yard” project as the entry point, it proposes to establish a conceptual model of business innovation in the real estate industry based on the concept of value co-creation, and studies Yunnan Strength’s business innovation practices based on the concept of value co-creation. The reason, process and effect of

(1) Analyze the internal and external environment of Yunnan Strength Group's business innovation. The analysis of the external environment shows that China's real estate industry has shifted from a stage of rapid development to a stage of steady growth. The concentration of China's real estate industry continues to increase, and the living space of small and medium-sized real estate companies is getting smaller and smaller. The internal environment analysis shows that the asset scale and sales of Yunnan Strengthful companies are at the middle level in the industry, and the ability to resist market risks is poor. However, the company focuses on the cultural and tourism real estate sector, deeply cultivates the Yunnan market, and has mature cultural and tourism real estate operating capabilities and brands. Operating capabilities, as well as a variety of supporting cultural and tourism real estate projects. Therefore, China's small and medium-sized real estate companies must focus on a single business to innovate through value co-creation, avoid horizontal diversification, and develop vertical diversification around their core businesses. At the same time, companies also need certain brand management capabilities.

(2) Analyze the specific practice of Yunnan Strength Group's business innovation. Based on the value co-creation of China's real estate industry business innovation conceptual model constructed in this article, from the value co-creation activities between Yunnan Strength and the three major stakeholders of consumers, construction companies and property companies, the concept of value co-creation based on Yunnan

Strength Company is refined. The typical experience of business innovation has proved the effectiveness of the company's business innovation activities with the concept of value co-creation. Specifically: First, according to the typical experience of the value co-creation of enterprises and consumers, the most important thing for real estate projects is to accurately locate target customers; to recognize the shortcomings of traditional research methods, and to use various effective methods to understand The real needs of customers; actively respond to customer needs after understanding the needs of customers, and service levels that exceed customer expectations can quickly improve customer satisfaction. Second, according to the typical experience of enterprises and construction companies in value co-creation, we can know that the work of construction companies can be forwarded, the design can be more in line with customer needs and cost-saving; the innovative small-step fast running mode can achieve rapid products Iterative upgrade; choosing like-minded partners is very important. Third, according to the typical experience of enterprises and property companies in value co-creation, it can be seen that providing diversified services can improve customer satisfaction; the market-oriented cooperation between the project development team and the property can help improve the efficiency of community services; and continuously adjust the income The sharing model can maximize the interests of all parties involved.

(3) Analyze the effects of business innovation of Yunnan Strength Group. Research has shown that value co-creation can significantly enhance the core competence, brand value and customer experience of an enterprise. The improvement of corporate core capabilities is mainly manifested in the improvement of marketing capabilities, product innovation capabilities, and internal operation and management capabilities; the improvement of brand value is mainly manifested in the improvement



of corporate brand influence and brand management capabilities; corporate customer relationships The performance of the improvement is to drive the growth of overall sales performance, improve the level of corporate customer service, and improve customer satisfaction.

**Key words: value co-creation, real estate, development model, innovation**

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## CHAPTER 1. INTRODUCTION

### 1.1 Research Background

The development of the real estate industry has played an important role in promoting and pulling China's social and economic development, and played a pivotal role in economic growth. From 2014 to 2018, the growth value of the real estate industry in the annual GDP increased from 5.9% to 7.03%. According to incomplete statistics, 210 and 438 regulatory policies were issued in 2017 and 2018 respectively. Under the background of China's urbanization development and the victory of the well-off society in an all-round way, the demand for "yearning for a better life" is increasingly prominent, and the competition in the real estate industry is becoming increasingly fierce. At the end of 2016, the Ministry of Housing and Urban-Rural Development has made "stabilizing land prices, housing prices and expectations" the main targets of its real estate regulation. At the same time, with the tightening of national policies, the financial supervision has become more and more strict, and the control of capital into the real estate sector. Financial institutions with a high sense of risk control have begun to continuously reduce the financing scale of real estate enterprises, making the financing of real estate enterprises with strong "financial attributes" more and more difficult. At the beginning of 2020, the COVID-19 epidemic has had a huge negative impact on China and the global economy, and the industry reshuffling process has further accelerated. In this context, in the future, small and medium-sized real estate enterprises will either be squeezed out of the market by industry reshuffle, or accelerate the adjustment for business development and innovation.

**Changes in industry supply relationships require real estate companies to carry out business development and innovation.** During the rapid development of the real estate industry, the demand for real estate is far greater than the supply. This has led to the lack of incentives for real estate companies to analyze customer needs in detail. This has led to many real estate companies still not understanding customer needs after the supply relationship in the industry has changed. Following the traditional business model of "buying land-building a house-selling a house", and build standardized houses based on the ideas of real estate companies, instead of studying customer needs and innovating development models based on changes in industry supply relationships, the consequence is that some companies are not competing survived.

**The financial nature of the real estate industry requires it to use different product development models during the supply-demand relationship period of different industries.** The quasi-financial nature of the real estate industry requires high capital turnover of enterprises, leading to the characteristics of high standardization of products in the real estate industry, that is, the usual mode of real estate enterprises is to use one product to win the world, and only provide one or a few standardized products in the national market. The advantages and disadvantages of this product development model are obvious. The advantage is that in the rigid demand market, highly standardized products can be quickly accepted by customers, which brings high turnover and high revenue to the enterprise. Disadvantages are also obvious. This replicated product development model does not take into account regional characteristics and customer differences. In a market where supply and demand are balanced or supply exceeds demand, highly standardized products cannot

effectively mobilize customers' desire to buy, but it causes low prices for enterprises. turnover.

**Changes in consumer psychology have weakened real estate investment properties and forced real estate companies to carry out business innovations.**

Since the reform and opening up, the process of urbanization in China has accelerated. Accompanied by a series of changes such as the reform of commercial housing, the real estate market in China has stimulated strong demand. The real estate industry as a whole has shown a trend of "rising", and consumer psychology is more manifested as conformity, buying and not buying. The fall, etc., has further led to a serious misalignment of housing prices and residents' income levels. At this stage, China's urbanization rate is about 59.58%, and the rapid development stage has basically been completed. Consumer demand has gradually changed from a rigid demand for housing to an improvement demand for "aspiration for a better life". The real estate market has also shifted from a seller's market to a buyer's market. At the same time, with the implementation of the government's loan restriction policy, people have changed from chasing the quantity of real estate to chasing the quality of real estate. There are higher requirements for real estate quality and living experience. Real estate companies must conduct real estate design and development on the basis of digging into customer needs. Optimize the living environment and improve the quality of living, so as to mobilize and meet the needs of customers for buying houses.

**The traditional model of real estate has encountered bottlenecks, and new growth points are urgently needed.**The traditional development mode, investment mode and operation mode of China's real estate industry, which rely on the value chain formed by a single land increment, are facing out of control and subversion. Under the current background, real estate enterprises must explore new development

direction. For example, enterprises have made use of "Internet +" to transform from traditional real estate development to operation services and take the road of light assets. Or the enterprise has made a bold attempt in the development mode, and the cross-border integration with finance, medical care, education, big health, business incubation and other sectors. Practice in the research of the enterprise in the business have adopted the concept of value creating, although this idea has been widely used in the service sector, scholars have carried out related research, but specific to the real estate industry, in the practice of the enterprise has carried on the preliminary exploration and fruitful, but have not yet widely quoted in the industry, at the same time, research of scholars to create value in the industry has not yet been carried out.

At present, in the face of challenges from policy, market demand changes, the survival of small and medium-sized real estate enterprises will face huge pressure and risk of industry consolidation, only break the shackles of the original development model, through innovative business development, to build their own core competitiveness, seek new profit growth point, will get the chance of breaking. The concept of value co-creation meets the internal needs of real estate enterprises, and some real estate enterprises apply this concept in practice and obtain significant benefits. Therefore, many small and medium-sized real estate enterprises have to think about how to apply value co-creation to carry out business innovation. However, the following problems become the key to business development and innovation of enterprises:

(1) Can the concept of value co-creation be applied to the development needs of small and medium-sized real estate enterprises?

(2) Under what environmental situation, value co-creation theory should be used for business development innovation?



(3) What typical experiences have Chinese small and medium-sized real estate enterprises gained by applying the concept of value co-creation in business innovation?

(4) What is the effect of value co-creation on business development and innovation for small and medium-sized real estate enterprises?

This research is dedicated to providing useful solutions for the business innovation of small and medium-sized real estate companies in China. It will select typical successful companies and analyze their practice of using value co-creation concepts to develop and innovate business, and use the four chapters to answer the above questions one by one. Four questions. Specifically, the second chapter of this research will theoretically clarify the research context of value co-creation and corporate business development, straighten out the theoretical logic of application value co-creation in the real estate industry for corporate business development and innovation, and fill the gaps in academic research. The third chapter is based on the literature induction method, in-depth interview method and case study method, combined with the theoretical combing of the second chapter, selects cases, and establishes the model framework and organizational structure of this research. Chapter 4 to Chapter 6, select a successful small and medium real estate company, and conduct a case analysis of its successful implementation of business innovation practices using the concept of value co-creation. Among them, the fourth chapter conducts an in-depth and systematic analysis of the external environment and internal environment of the company to clarify the necessity and feasibility of the company's business development and innovation. Chapter 5 goes back to the typical practice of the company using value co-creation for business development and innovation, such as exploring the true needs of target customers (ie, customer market segmentation and

target customer positioning), building brand strategy, product design and iteration, and building core Specific practices such as competitiveness. Chapter 6 evaluates the actual effect of the company's business development and innovation, which can be comprehensively evaluated from the perspectives of whether the company's core competitiveness has been established, the effect of the company's brand value enhancement, and customer relationship management.

## **1.2 Research Objectives**

### **(1) Clarifying the significance of innovation in real estate business**

This paper analyzes the difficulties faced by the real estate industry from the aspects of policy regulation, economic environment and consumer upgrading, and analyzes the direction of business innovation of enterprises from the perspectives of strategy, organization and marketing, so as to clarify the important role and significance of business innovation of real estate enterprises.

### **(2) Analyze value co-creation and help the development of new ideas for housing enterprises**

In recent years, China's real estate enterprises are put forward from the "developer" to "service providers", "comprehensive community service" for business innovation to upgrade, but each enterprise have significant effect, typical demonstration effect is not strong, successful business can not on the enterprise business innovation path design for the industry provides referential experience, and "create value" concept in the application of real estate enterprise business innovation can change the situation. Value creating refers to multiple participation main body through the resource integration, interactive problem solving joint action, its emphasis on procedural, multilateral cooperation and cooperation development of real estate value chain is the same in nature, and is especially suitable for small and

medium-sized real estate enterprises through the understanding of the true customer demand heterogeneity, product rapid iteration and build core competitiveness. Therefore, the perspective of value co-creation can provide a new perspective and a new path for the business development of small and medium-sized real estate enterprises.

### **(3) Explore the new model of real estate product development**

With the increasingly fierce competition in the real estate industry, and accompanied by strict policy regulation and continuous upgrading of consumers' ideas, the original real estate development model obviously cannot adapt to the new situation. This study selected typical successful enterprises for case study, in-depth analysis of their use of value co-creation concept for business development and innovation of a new path, from four aspects of customer demand exploration, product design and iteration, brand strategy innovation, core competitiveness building, to explore the new model of product development of small and medium-sized real estate enterprises.

### **1.3 Research Significance**

(1) Select successful enterprises for case study, deconstruct and use value to create a real estate enterprise development model to achieve business innovation.

In the face of more and more fierce competition and government regulation of the industry environment, industry integration trend is obvious. It leads to higher and higher industry concentration and smaller and smaller living space. Therefore, how to carry out innovation and explore new business development mode has an urgent practical demand. As a representative of small and medium-sized enterprises in the industry, Yunnan strength integrates diversified businesses and carries out business development and innovation through the concept of value co-creation. At the same

time, guided by consumer demand, it reshapes the product development process to achieve a win-win effect of product sales and customer satisfaction. Therefore, this paper selects a typical successful case - Yunnan strength, analyzes the complex external situation and the internal needs of enterprise development, explores how to use value co-creation to carry out business innovation, extracts its new business development model, and summarizes the influence of this model on Yunnan strength competitiveness and benefits.

(2) For the real estate industry, value co-creation provides a new business development model.

The real estate industry is a pillar industry in China. However, due to the excessive growth of the housing price in recent years, it affects social stability and unity and is not conducive to China's goal of building a harmonious society. Therefore, the Chinese government has been increasingly strict in regulating and controlling the real estate industry. At the same time, the rapid development of the real estate industry has entered a gradual development stage, the industry led by the supply side to the demand side, consumer demand has become a key factor affecting the development of enterprises, the original business development model of the industry is difficult to adapt to the new market environment. Therefore, the real estate industry is in urgent need of business development innovation and upgrading. The concept of value co-creation is that enterprises and consumers create value together, which is in line with the needs of customers and enterprises in the real estate industry. The real estate industry learns from the concept of value co-creation and integrates and improves the business development mode of its own traditional industry, which can subvert the industry development format and pattern to a certain extent.

(3) The applicability and application path of real estate joint value creation are clarified from the theoretical level, and the application value of value co-creation theory is expanded.

Currently, there is not enough research to explore and verify whether and how the real estate industry can use the concept of value co-creation. Some scholars believe that the concept of value co-creation is only applicable to traditional manufacturing and service industries, because these industries have high consumption frequency and low cost to participate in value co-creation. Some scholars believe that the concept of value co-creation also applies to real estate. In the high-value product industry represented by consumers, consumers pay enough attention to the product. Although the cost of participation is higher, the benefits of participation will also be higher. Existing theory also has not been able to explain the value creating in enterprise business real estate development and innovation, product design, the application of improving customer experience, so it is necessary for academic phenomenon of this practice to carry out the system of theoretical research, to verify that the value to create the applicability of the theory in the real estate industry and the application path, expand the value for a study of the theoretical value.

## **Chapter 2 Literature review**

This chapter discusses whether the concept of value co-creation can be applied to the development needs of small and medium-sized real estate enterprises by combing the literature to answer the first question raised in this article. This chapter reviews and sorts out the concepts and concepts involved in this research from the three aspects of real estate-related concepts, corporate business development innovation and value co-creation related concepts, in order to clarify the theoretical context of business innovation activities of Chinese real estate companies based on value co-creation. Research provides a solid theoretical foundation. At the end of this chapter, we summarize and comment on the above three aspects of literature.

### **2.1 Literature review of real estate related concepts**

#### **2.1.1 Real estate related concepts**

##### (1) The concept of real estate

Because the form and nature of land ownership in China is different from that of most countries in the world, it is inevitable that the concept of "real estate" has a significant difference with the international accounting standards in the connotation of ownership. In 2014, the Chinese Institute of Certified Public Accountants (CICPA) compiled Accounting, which gave a detailed discussion on the concept of real estate. Real estate is the general term of land and houses and their ownership. In China, land is owned by the state or collective, and enterprises or individuals can only obtain the right to use the land. Accordingly, the land in real estate is to point to land use right, and the building is to point to the building and other structures on the land. From the

economic concept, real estate refers to the property right of house and land, that is, the property right of house and real estate, rather than the house and land itself. It is a social economic attribute with exclusivity, and it is a concept of economic ownership (Tang Haiou, 2015).

#### (2) The concept of real estate market

The real estate market is a place or field that engages in the sale, lease, sale, mortgage and other transaction activities of real estate and land. The real estate includes the residence which serves as the resident's personal consumption information, also includes the factory building, the office building and so on which serves as the production information. The concept of real estate market used in this study includes the market for granting land use rights and the transaction market between real estate developers and consumers, especially the real estate market in China.

### **2.1.2 Real estate development history in China**

Before 1978, houses were built and allocated by the state, just like the old planned economy, which was not dominated by the market. Real estate was strictly prohibited as a commodity, and most of the real estate was allocated through planning and used for free. As a result, the real estate industry is basically in a state of extreme contraction and depression. With the reform of China's economic system in 1978, the separation of land ownership and use right was realized. With the continuous advancement of China's reform and opening up, the real estate industry in China began to gradually recover and develop and flourish. In general, China's real estate market can be divided into the following stages:

#### (1) Real estate system reform stage (1978-1997)

From 1978 to 1998, the country started the pilot development of real estate commercial housing. During this period, with the launch of the reform of the national land system and housing system, the real estate industry in China also started the pace of quiet growth. China is carrying out the reform of housing system in the groping process. First of all, it breaks through the shackles of the planned economy era in theory and carries out pilot projects actively. Followed by the comprehensive implementation of the nationwide reform of the housing system; On the basis of summarizing the experience of the previous stage of reform, we will carry out comprehensive and supportive reforms in all areas of policy. Through this stage of reform, China's real estate marketization system was basically established and improved, which laid a good foundation for the development of the overall marketization of real estate in the later stage.

#### (2) Marketization Reform Stage (1998-2003)

Since 1998, China's real estate industry has undergone fundamental changes after several years of regulation and control, and the whole industry has entered a new period of comprehensive development. In order to promote the comprehensive development of the domestic consumer market, the state has adopted a series of policy measures to encourage domestic demand, one of which is to promote the reform of the real estate market. The estate marketization that began 1998 is reformed, its fundamental sign is the State Council issued 23 documents on July 3, 1998 "the notice that the State Council accelerates housing construction about further deepening system of town housing reform", stipulate among them "the second half of 1998. Start to stop housing distribution in kind and gradually implement the monetization of housing distribution."

#### (3) Leading stage of commercialization (2003-2005)



After 2003, the rapid development of urbanization in China led to a surge in real estate demand, a rapid move of the real estate industry to marketization, and a steady rise in real estate prices. In 2003, the real estate industry was designated as the pillar industry of the national economy, commercial housing began to become the main body of housing supply, and the real estate industry began to enter a period of rapid development. In 2004, the system of land bidding, auction and listing was fully implemented. At the same time, China's commercial housing prices began to rise rapidly, real estate investment increased rapidly, the market appeared to be overheated.

(4) Combination stage of market allocation and government regulation (2006 till now)

In 2006, China started the new period of building a well-off society in an all-round way, and the macro-economic situation is good. Many real estate enterprises chase excess profits by developing fine decoration and large-family commercial houses, which makes the rigid housing demand of the majority of middle and low-income groups cannot be met, and the structural imbalance appears in China's real estate industry. The State Council issued eight new and old states respectively in 2005, and six more in May 2006. The main targets of the regulation and control are to vigorously develop medium - and low-priced, medium - and small-sized ordinary commercial housing, vigorously build affordable housing and low-rent housing, and fully adjust the supply structure of commercial housing.

To sum up, since the market-oriented reform of real estate in 1998, the development of China's real estate market has experienced a transition stage from planned economy to market economy, a stage in which the market economy is under the macro-control of the government and the market mechanism and administrative

means are integrated to allocate resources. From the actual effect, only under the correct guidance of macro-control, China's real estate industry can achieve sustainable and rapid development. Over the past 30 years of reform and opening up, China has carried out the market-oriented reform of housing and improved the housing security system for more than 30 years, and combined market economy with macro-control to solve the housing problem of the masses of the people for more than 30 years. Over the past 30 years or so, China's urban per capital housing area has increased significantly, housing quality and environment have been continuously improved, and the housing security system for middle and low-income families has been continuously improved. All these reflect the great achievements made by China's reform and opening up.

### **2.1.3 There are problems in China's real estate at the present stage**

#### (1) The range of housing price rise is large

With the rapid improvement of residents' income capacity, the change of people's consumption concept has been promoted. Many residents invest a lot in housing. Meanwhile, with more and more people investing in housing consumption, the price of real estate has risen sharply. This process has realized the continuous pull of domestic demand and promoted the expansion of the scale of the real estate industry, but at the same time, there has also been the problem of the price rising too fast. According to the housing price data from 2004 to 2012, it can be seen that during this period, the housing price in Shanghai, Beijing, Guangzhou, Shenzhen and other first-tier cities saw a significant increase, with an average annual growth rate of more than 18%, and the increase rate in Xiamen, Ningbo, Fuzhou and other regions was more than 16%.

#### (2) The market order is unreasonable

The development of China's real estate industry is relatively backward, and the system is not perfect, especially in the field of land use right, and all kinds of violations often occur. Irrational use of agricultural land, do not cherish the quality of land resources, resulting in the loss of land resources, damaging the healthy development of the national economy. At the same time, vicious competition among some real estate developers, such as using false advertising to increase the house purchase rate, lagging property management and imperfect infrastructure, not only harms the legitimate rights and interests of consumers, but also undermines the fairness and order of the real estate market. With the rapid progress of the real estate industry, a lot of deficiencies in the market regulation mechanism have been exposed. Some developers in order to continue to pursue interests, resulting in a number of local housing prices have increased substantially.

### (3) Lack of a perfect development model

In order to establish the connection between the land market and the sales market, the real estate development market should be constantly improved. If there is no real estate development, the real estate sales will be out of the question. Although the development of the real estate industry has promoted the development of China's economy to a certain extent, excessive growth has also led to many problems, affecting the balanced development of the real estate industry.

### (4) Financial credit problems

At present, the credit problem in China's real estate industry is gradually prominent, and the credit risk is also increasing with the development of the real estate industry. Specifically, some real estate developers lack capital. In order to have enough capital to carry out related projects, they borrow money from banks. Such behavior of enterprises' continuous loan despite lack of capital is the main factor that

leads to the increase of bank credit risk. Not only the abnormal loans of enterprises will lead to credit risks, but some people in the society also use loans to buy houses and buy houses in large numbers to hype houses. Such individual behaviors in the society will also lead to the aggravation of bank credit risks.

#### (5) The difference of land prices in different cities

The development of real estate is closely related to the economy, and the growth of its market demand depends on the attractiveness of the city to the migrant population and the cohesion of the local population, which in turn is inseparable from the development of the urban economy. The rapid economic development of big cities can attract a large number of migrants and drive the development and growth of local economy. However, it will also lead to the shortage of real estate, so the land price is significantly higher than that of the second and third-tier cities. Due to the limitations of public service resources and industrial development, the permanent resident population of second and third-tier cities cannot achieve a leap-forward growth. Therefore, there will be no explosive growth in the demand for self-occupation, and the enthusiasm of real estate investors is not high. In addition, social capital is diverted by the demand for employment and entrepreneurship, thus the development of real estate market is relatively slow, and the sales volume of commercial housing is not high. Urban economy also has an impact on the price of the land where it is located. The price of the same use land in different cities varies greatly.

## **2.2 Literature review of enterprise business development and innovation**

With the shortening of product life cycle and increasingly personalized customer needs, more and more enterprises regard continuous business innovation as an important means to maintain competitive advantages and obtain new sources of profits (Cai Junya, Dang Xinghua, Feng Taiwen, 2013).The business innovation of

enterprises is of great significance for the transformation of enterprises. Based on the perspective of customer participation, this study studies the business innovation of enterprises, and expounds the literature related to business innovation of enterprises from the perspective of customer motivation, participation performance and participation degree.

(1) Research on customers' motivation to participate in business development and innovation

The motivation of customers to participate in enterprise business innovation comes from two aspects: one is the product function can not meet the current demand; Second, enterprises give certain incentive factors to innovators. In order to obtain such benefits, customers are motivated to participate in the innovation of enterprises. In subsequent studies, Von Hippel (2001) further pointed out that the enterprise business development innovation more focus on enterprise product innovation, in the initial stage of product innovation, because of the uncertainty of the market, the enterprise is difficult to grasp the customer's requirements, which may lead to a demand for traction of enterprise innovation has certain blindness, enterprise innovation cannot meet the demand of customers, is the main driver of customer participation in enterprise innovation behavior.

In the process of participating in product innovation, customers can get not only economic benefits, but also social and psychological benefits. Relevant studies include: Shah(2000) believes that customers can benefit in the following four ways: direct benefit from personal use, better use of products and meet their own requirements through participation in innovation, which is the most direct way to benefit; A sense of honor through innovation; In the process of participating in product development, customers act as manufacturers themselves, benefiting from the

production and sale of innovative products; They can also benefit from patenting and transferring innovative products. The research of Nambisan(2002) shows that the reason why customers voluntarily participate in product innovation comes from their understanding of the following interests: community-related interests, service-related interests and media-related interests. The benefits related to the community are that customers get a sense of identity and belonging in the process of interaction; Service-related benefits come from the higher service quality and knowledge gained by customers after participation, and the satisfaction of their innovation needs and curiosity; The media-related benefits are derived from the customer's satisfying online experience through the online environment. Nambisan(2002) also pointed out that through co-creation, the increase of customer control can improve customer self-respect, obtain more opportunities for free choice and have more customized products, which is also one of the main driving forces for customers to participate in innovation behavior. Lundkvist & Yakhlef(2004) studied the influence of customer participation on the cognitive dimension and concluded that customer participation provided a strong sense of identity and belonging. Hoopes, Madsen & Walker (2003) believes that customers are willing to participate in innovation because they can have fun after solving problems. In addition to the pleasure of solving problems, customers can also learn complex problems about products during the process of participating in product development (Nambisan, 2007).

Herstatt & Von Hippel (1992) pointed out that customer innovation is closely related to the complexity of products. For low-tech and relatively simple products, customer innovation is more likely. At the same time, it points out that information stickiness and the fun of participation play a great role in customer innovation. Ogawa(1998) also explained who would innovate from the perspective of information

transfer cost, namely information stickiness. Research shows that customers have more information about their needs, while enterprises know more about solutions. If the information about customer needs is more cohesive than the solution information, the cost of transmitting the information about customer needs to the enterprise is higher than that of transmitting the solution information owned by the enterprise to the customer, and the customer innovation is economically better, then the customer will make innovation.

Domestic researches mainly include: Wu Guisheng and Xie Wei (1996), after studying user innovation behaviors in the industrial field, believe that there are three conditions for user innovation: users have demands;The user has the ability;Manufacturers are in short supply. Xu Lan (2007) studied the relationship between consumers' creative intention and creative motivation and concluded that consumers' creative intention was influenced by the following three aspects: unique product demand, unique experience demand and creative incentive. The need for unique products refers to the customer's pursuit of unique, novel and complex experience. Unique product needs are fulfilled through unique products. Creative incentives refer to the fact that in the process of innovation, the enterprise constantly encourages consumers to get more involved.

(2) Study on the performance of customer participation in business development and innovation

The root causes of differences in company performance, particularly among competitors, are widely regarded as the fundamental areas for which strategies are aimed. Thus, in 2,125 strategy articles published in major management journals between 1986 and 2005, 'performance' was the most commonly used keyword (Furrer et al., 2008). In 421 articles published in SMJ between 2009 and 2013, involving

46.1%) dependent variables associated with three performance indicators: financial performance (37.5%), innovation (6.7%) or corporate social responsibility, and stakeholder performance or reputation (1.9%) (Peteraf & Barney , 2003).

As time goes on, the analysis of the performance differences between competitors has transcended the traditional operation dimensions, such as static or absolute index (for example, based on financial or accounting profitability indicators, productivity, etc.), to include the attention time dynamic structure (for example, survival rate, growth rate, convergence rate and profit sustainability) and the result differences (relative or based on the advantage of profit measure, for example).

The innovation performance is mainly reflected in that the new product features can better meet the market demand. Related researches are as follows: Cooper(1999) points out that customer participation has become an important pre-factor to improve the performance of new product development, and listening to customers' voice plays a key driving role in the successful development of new products. Magnusson(2003) has found that some customers generate more creative ideas than professional developers. Imital (2004) believes that customer participation in innovation can bring product differentiation and make new products competitive in terms of uniqueness, quality, cost, technology and other aspects, and ultimately improve product innovation performance. Frankeetal (2004) found through empirical research that customers' recognition of the products designed and developed by themselves is significantly higher than that of other similar products, and the price they are willing to pay is twice that of other similar products. Hull & Rothenberg (2008) to choose fast food and a haircut two industries as the research background, the empirical research on the customer participate in the service of four kinds of behavior (advance preparation, information exchange, build relationships, interventions) how to influence their



service price sensitivity, the results showed that the exchange of information and help to reduce the price sensitivity of customers to establish relations. Yao Shanji and Wang Yonggui (2011) pointed out that in customer participation activities, many customer-related factors determine the performance of technological innovation of an enterprise, and customer information provision is one of the important factors. In particular, when customers provide sticky information to enterprises, it is easier to generate creative and innovative results. When producing products and providing services, customers play an increasingly important role and position. They create product value and ensure their satisfaction (Fan Xiucheng and Du Yanan, 2012; Harrison, Bosse & Phillips,2010).

The above studies all believe that customer participation plays an important role in improving enterprise innovation performance. There are also some studies that show a negative correlation between customer engagement and NPD performance. Laursen & Salter(2006) studied the relationship between breadth and depth of innovation search and innovation performance on the basis of innovation search theory. They found that breadth and depth of innovation search can improve innovation performance, but if the innovation search exceeds the enterprise's capacity, it will also reduce the enterprise's innovation performance.Henard & Szymanski(2001) believed that customer participation did not significantly improve the performance of new product development. Gao Pengbin and He Zhongbing (2007) believe that customer participation in innovation will face risks in the introduction stage, cooperation stage and closing stage, thus affecting the profits and expected sales results of enterprises.

(3) Study on the degree of customer participation in business development and innovation

In order to explore the degree of customer participation in enterprise business development and innovation in a more comprehensive way, relevant researches are analyzed and summarized from the following three aspects: breadth, depth and intensity of participation.

First, the breadth of participation.

Shepherd et al. (2000) divide the process of product innovation into eight stages, which are the generation of product ideas, selection of ideas, testing of concepts, business analysis, product development, testing and marketing, commercialization, detection and evaluation. In the process of product development, the extent of customer participation in innovation is determined by the extent of customer participation. Customers may participate in only one stage (such as concept testing) or in multiple stages from idea generation, idea screening, concept testing, etc. Previous studies on customer participation in product development have more emphasized the important role of consumers in the testing phase of product development (Prahalad and Ramaswamy, 2000; Veryzer, 1998), there is less analysis of participation activities other than testing. However, Gruner & Homburg(2000) found in a survey of the German mechanical tool industry that there are frequent interactions between enterprises and customers in the stages of product idea generation, creative screening, concept testing and product development. The empirical analysis results show that the more customers participate in the development stage, the higher the level of new product development performance. Other researches believe that customers participate in innovation in multiple stages: Thomke & Von Hippel (2002) put forward the concept of "user innovation toolbox", in which enterprises outsource key innovative parts related to user needs to users and provide them with innovative tools to help them design and develop products that meet their own needs. Compared with the

traditional method based on manufacturer product development, the method may be more effective, because the manufacturer and user interface for transfer, more users to participate in the product innovation stage, Yang Yiyi, rong-qiu Chen (2008) argues that in the early stages of the enterprise new product development, customer is the most valuable resource in the product design phase, the customer is co-creator, in product testing, customer need as a product of the user testing products and provide support for other customers.

Based on related research review of existing customers to participate in innovation stage, to the following conclusions: (1) different scholars put forward different customers to participate in the innovation phase, by integrating the previous scholars research point of view, can agree on is the customer involved in enterprise product innovation process mainly includes the idea generation, product design, development and commercialization of three phases; (2) It is of great significance to discuss product innovation from the perspective of process. Enterprises should actively pay attention to the whole process of product innovation, dynamically grasp the real-time change of customer demand in each stage of innovation, and maintain whole-process interaction between enterprises and customers. The innovation performance in each stage of product innovation is the booster for the success of product innovation.

Second, the depth of participation.

Customers involved in the process of enterprise innovation, the limitation of existing external conditions, the difference of the factors such as their own capabilities, knowledge, makes the role of different customers, also act as the role of each different, for example, some customers only ACTS as the role of the information providers, and some customers fully involved in the innovation activities, and

enterprises to jointly develop new products, and even some customers could be independent new product development, thus, participate in depth refers to the customer at all stages of product development process involved, only on the surface of some customers to participate in, and some may be in-depth participation.

The depth of customer involvement changes with the evolution of the role of customer. From the original pure consumer to the semi-producer and then to the customer in the era of customization, the degree of customer involvement in the production or delivery process of products/services is getting deeper and deeper. Kaulio(1998) divided the degree of users' participation in innovation into three categories according to the difference in the depth of users' participation in each participation stage, that is, user innovation, innovation with users and innovation by users. Similar researches include: Zhou Dongmei and Lu Ruoyu (2009) classify customer participation into three types of customer participation models, namely passive acceptance model, active participation model and customer-led model, according to the differences in the proactive customer participation. Dong Yan, Zhang Daliang and Xu Weiqing (2009) believe that user innovation behavior can be divided into three different innovation paradigms: user-led innovation, user-cooperative innovation and user-independent innovation.

The depth of customer involvement is different in different industries. Azhe research (2011), to a small set of consumers participation can be divided into: consumers leading consumer participation, the provider of the leading consumer participation, through the empirical research shows that: in the variety of fast food consumers participate in low in the industry, the main factors of consumer participation from consumers' initiative, and in the variety of hairdressing consumers

participate in high in the industry, the main factors of consumers to participate in the initiative from the server.

The depth of customer involvement also depends on the type of participation. Claycomb(2001) developed 9 scales to measure customer participation, which involved three dimensions: attendance, information provision, and cooperative production. Alam(2002) showed in his research on the development of new services that customer knowledge transfer can be involved in the following six generally recognized ways: face-to-face interview, user visit and meeting, brainstorming, user observation and feedback, telephone, fax and E-mail, and customer sampling group discussion. Participation way is different, participation depth is different.

Through a review of the existing customers to participate in innovation depth research, to the following conclusions: (1) with the different methods of customer participation, in the different stages of product innovation, customer interaction with enterprise level have significant difference, the early stage of the product innovation, the customer to provide new ideas and related requirement information, degree of customer interaction with enterprise keep at a high level, the middle and late product innovation, customer a joint creator role, namely to participate in product innovation design process and use the products, assist with new product business promotion, etc., degree of customer interaction with enterprise change accordingly.(2) In the innovation process of different industries and different products, the customer participation mode is different, and the participation depth is also different.

### 3. Intensity of participation

In the process of innovation of the enterprise and the customer, the two maintain constant interaction, and the customer will invest more and more abundant knowledge resources and efforts. At this time, participation intensity is generated. Intensity is a

reflection of how much, how often and how long customers participate in product innovation activities. For example, some customers participate occasionally in a short period of time, while others participate in a high frequency for a long time.

The purpose of encouraging and motivating customers to participate in innovation is to integrate product innovation ability and customer input, which includes customer information, customer experience, customer professional knowledge and technical know-how. Mills(1986) pointed out that customer participation refers to the resources and behaviors provided by customers in the process of product production and delivery, including mental, physical and emotional aspects. Xu Heqing (2011) believes that customer participation in innovation is mainly in two aspects: one is the innovation in content including the innovation in the form level and the core level; the other is the innovation in the process of mental, physical and emotional input in the innovation link.

Some researchers emphasize the time factor of customer participation in "engagement", the frequency of communication with customers and the number of participating customers. Gruner & Homburg(2000) used six dimensions, including "time spent working with customers", "frequency of meeting with customers" and "number of customers involved", to measure the intensity of customers' participation in new product development. Lu Junyi et al. (2009) believe that the innovation characteristics of new products are determined to a certain extent by the frequency and number of customers participating in innovation.

The intensity and stage of customer engagement are interrelated. Gales & Cole(1995) examined user participation in innovation projects as a special form of information processing. They studied 44 innovation projects and found that The Times of communication between enterprises and customers and the frequency of

customer participation in innovation increased with the degree of project progress, and the project uncertainty was also related to the degree of customer participation. According to the research of Alam(2002), customer participation in service innovation can be divided into 10 stages, among which three stages are the most important, namely, idea generation, service or process system design, and service design or trial operation. The customer's investment rate in these stages is the highest. The frequency of customers' participation in innovation and the number of enterprises' contact with customers have been increasing from the generation of ideas to the stage of commercialization. There is a strong correlation between the unknown uncertainty and the frequency of customers' participation in innovation (Franke, 2006).

Through the review of the existing research on the intensity of customer participation in innovation, the following conclusions can be drawn: (1) From the generation of ideas to commercialization, the time, frequency and quantity of customer participation will change, and it is of strategic significance to determine the optimal level of customer participation for the success of product innovation.(2) Customer participation requires diversified efforts and inputs from customers in the process of innovation. Due to the diversification and uncertainty of customer input, it leads to the uncertainty of customer participation. Therefore, the research on the degree of customer participation needs to be further studied by integrating the breadth, depth and intensity in the future research.

### **2.3 Literature review of concepts related to value co-creation**

#### (1) Evolution of value creation methods

From the perspective of corporate strategy and marketing, "value creation is the process of making consumers (or users) better in some aspects" (Gronroos, 2008) or

"increasing consumer benefits" (Vargo et al., 2008). There are three different ways of value creation according to the different contributions made by the value-creating subject in the process of value creation.

The first is that the producer alone creates value (Vargo & Lusch, 2004). Under the product-led logic, the producer, as the only creator of value, integrates various resources to decide the value creation independently. The product or service provided by the producer becomes the carrier of value creation. The realization of the exchange value of the product or service is the core interest that the producer pays attention to. As far as producers are concerned, consumers only represent market demand and are the target group of enterprise services.

Secondly, producers and consumers create value together. In the mode of co-creation of value between producers and consumers, consumers become increasingly active and gradually get involved in the process of value creation. They interact and cooperate with producers in the design, production and consumption of products and services, thus exerting influence on value creation (Sheth et al., 2000).

Different from the previous two ways of value creation, the value created by consumers alone is essentially the value recreation of consumers in the process of using and consuming products or services (Stauss, 2013; Schau, 2009). It is a derivative value creation based on the use value and does not involve the production and value creation of enterprises. The way that consumers create value alone adds new elements to value creation and is gradually becoming a new research topic in the post-industrial era.



## (2) Evolution path of value co-creation theory

### A. Early idea of value co-creation.

The productivity of many service industries depends in part on the knowledge, experience, motivation, and honesty of consumers. In the 1960s, consumer production theory, a theoretical branch of economics, broke through the view that consumers' contribution to value creation was only limited to the service economy field, and expounded the value creation role of consumers in a more general way in economics. According to the theory of consumer production manufacturers to provide any products to consumers, can't meet the needs of the consumers directly, consumer's needs are satisfied by consumers "production", namely the consumer use of producers to provide products or services and consumers in their own time, "capital" of consumption such as knowledge and ability to create value to satisfy his need.

### B. Evolution path of value co-creation theory

First, value co-creation theory based on consumer experience. From the perspective of enterprise competition, Prahalad and Ramaswamy (2000, 2004) revealed the transformation of enterprise's business philosophy and business model caused by the transformation of the roles of enterprises and consumers in the new environment, and believed that the joint creation of value by enterprises and consumers was a new strategic orientation for enterprises to construct new strategic capital and build new core competence.

C.k. Prahalad and Ramaswamy eyes create value, is the enterprise to cooperate with customers to create value, means of pleasing the consumer, it is neither the

producer nor consumers by participating in creating value for the producer, but producers and consumers as the main body of peer common process of creating value for themselves and each other, both in the process of value creating through ongoing dialogue and interaction construct personalized service experience, to identify and solve problems need to solve. Therefore, value co-creation runs through the whole process of the interaction between enterprises and consumers and the formation of consumption experience.

Second, the value co-creation theory based on service-oriented logic. In 2004, Vargo and Lusch put forward the famous "Service Dominant Logic", which published new insights on the issues of economic basis and value creation.

Table 2-1 Basic assumptions for service dominance logic

Assuming that	The basic content	explain
1	Service is the fundamental basis of all economic exchange	Manierial resources (such as knowledge and skills) are widely used, and services are the foundation of everything, services for services
2	Indirect exchange obscures the fundamental basis of exchange	Products, currencies and institutions disguise the essential nature of "services for services"
3	A product is a distribution mechanism for providing a service	Products (both durable and non-durable) drive value creation through the services they provide
4	Manipulative resources are the fundamental source of competitive advantage	Competition is driven by relative abilities that lead to changes in expectations
5	All economies are service economies	With the continuous improvement of specialization and outsourcing, service is becoming more and more important
6	Consumers are the co-creators of value	Value creation is interactive
7	Producers cannot deliver value, they can only make value propositions	After their own value proposition is recognized, producers will start to provide available resources for creating value and adopt a cooperative approach, but they cannot create and deliver value independently

8	A service-centric view is one that is consumer-oriented and focuses on the importance of relationships	Services are determined and co-created by consumers
9	All economic and social behavior subjects are resource integrators	The scenario that implies value creation is the relationship between multiple value networks of different resource integrators
10	Value is always determined by the beneficiary's unique phenomenological approach	Value is unique, experiential, situational, and carries meaning

Source: According to relevant literature

Comparing the above two value co-creation theories, it is not difficult to find the differences between them. Specifically, it is mainly reflected in two aspects: research perspective and value co-creation connotation. First of all, the research perspective is different. Vargo and Lusch is based on the economic development and the evolution pattern of the macro perspective, proposed the theory of their value to create a service dominant logic is a kind of economic model, producers and consumers together to create value is the economic model of specific characterization, reflects the "all economy is service economy" under the conditions of the relationship between producers and consumers in the process of value creation; On the other hand, Prahalad and Ramaswamy put forward their value co-creation theory based on the micro-foundation of enterprise operation and strategic design, and discussed the value co-creation problem from the perspective of enterprise strategic management and competition, which has important practical guiding significance for enterprises to adjust their business strategy according to the new mode of value creation. Secondly, the connotation of value co-creation is different. Prahalad and Ramaswamy focus on the consideration of co-creation value from the perspective of consumer experience. They believe that value is embedded in the personalized experience of consumers, and

value co-creation is a process in which enterprises and consumers jointly create personalized experience of consumers through interaction. As a continuous process, co-creation of personalized experience can occur in any value-forming stage such as product development, design, production, consumption and after-sales service. From the perspective of the scope of value generation, co-creation of personalized experience has a wide range of connotations. The value co-creation under the "service-led logic" proposed by Vargo and Lusch specifically refers to the use value co-creation, which is only aimed at the specific stage of value generation -- the use and consumption stage, and does not include other stages of value generation, although there are cooperative value creation behaviors in these stages.

### (3) Two different logics of value co-creation theory

According to the cooperation theory, the cooperation between individuals or organizations stems from the need for each other's resources, and the relevant resources can only be obtained and utilized through cooperation (Hakansson and Prentert, 2004). In a wide range of social exchange, both enterprises and consumers cannot control all the resources and conditions needed to create value, so there is a natural interdependence. The interdependence between them is the foundation of value co-creation. Resources are jointly invested to create value, leading to a value co-creation process that creates value for both consumers and enterprises (Cova and Salle, 2008). In order to create their own value, consumers and enterprises invest their own resources, and realize resource exchange through interaction and cooperation, so as to create value for themselves and for each other at the same time.

In the process of value co-creation, enterprises and consumers, as the two subjects of value creation, follow two different logics, that is, producer logic and consumer logic. Value co-creation based on producer logic means that enterprises take value creation as the starting point, interact with consumers in the process of value co-creation, make efforts to create opportunities for value co-creation with consumers, and arrange, organize, manage and evaluate value co-creation activities according to enterprise strategies and resources. However, value co-creation based on consumer logic is that consumers create value for themselves in value co-creation activities by taking their own interests as the starting point, using the resources provided by enterprises and their own resources and skills, and evaluate the input-output and value co-creation process of value co-creation. These two kinds of value co-creation logics are essentially two different perspectives of a process, which are the interpretation of value co-creation process by different value creation subjects based on their own value pursuit, and the two kinds of logics are unified in value co-creation behavior.

#### A. Value co-creation based on producer logic

Enterprise must achieve in the process of value creating its own value goal, through all kinds of tangible and intangible resources into value creation system, according to the value of consumer demands put forward the value proposition, integrate customer input value to create a resource, through constant interaction with customers and cooperation to complete the value create, finally realizes the specific performance in order to improve the business performance, brand, close relationships

with consumers, and improve enterprise innovation ability of the enterprise value of output (Gronroos, 2000; Fang, 2008).

#### B. Value co-creation based on consumer logic

In the value co-creation system, enterprises play three roles: putting forward value proposition, creating value through interaction with consumers, and providing value co-creation support system (Vargo & Lusch, 2004; Prahalad & Ramaswamy, 2004; Cova & Salle, 2008). Specifically, enterprises put forward value propositions according to the needs of consumers, and after consumers accept the propositions, they form a common goal of value creation with consumers, and realize value co-creation with consumers through resource exchange and interaction. In order to ensure the smooth progress of value co-creation, enterprises must also provide value co-creation support system, including hardware such as infrastructure and software such as organizational structure, rules and regulations, culture and atmosphere, so as to help and support consumers to realize value co-creation. You can see, in based on the logic of customer value to create a system, between the enterprise core value proposition and value creating system, core value to create a system to create a support system with the value of enterprises to provide a mutual influence relationship between consumers and businesses to create the value of information in a timely manner to the enterprise's value proposition and create enterprise value; the support system respond At the same time, the value co-creation between enterprises and consumers is also limited by the value proposition and the value co-creation support system provided by enterprises. Through value co-creation, consumers can obtain

various experiences, multi-dimensional customer value and value outputs such as customer satisfaction and customer loyalty in the process of cooperation and interaction (Auh et al., 2007).

Both consumers' personal learning and enterprises' organizational learning are important components of value co-creation system (Payne et al., 2008). Through the consumer's individual learning and organizational learning, based on the logic of customer value to create a process to form multiple cycle: consumers' individual learning and information feedback prompt consumers to form a closed cycle between the investment and value creating system, consumers in the process of value creating learning and the accumulation of experience, adjust their resource inputs and the value of the structure to get as big as possible output; At the same time, the enterprise's organizational learning and information feedback can also contribute to value to create a closed cycle between system output and consumer value, the development enterprise in the process of value creating organizational learning, get information from consumers, create the value of the feedback effect and output information to create a support system of value and value to create the core system, in order to improve the efficiency of the consumer value co-creation, and with customers to create value and realize their own value.

Compared with the research on value co-creation based on producer logic, there are few researches on value co-creation based on consumer logic. Etgar (2008) proposed a description model of consumer co-production process, which qualitatively described the influencing factors, motivations, costs and benefits, consumer

co-production behavior and evaluation of co-production results of consumers' participation in co-production. Hoyer (2010) developed a value co-creation theoretical model of consumers' participation in new product development in the context of B-to-C, and investigated consumers' motivation and behavior results of value co-creation, as well as the incentive and inhibiting factors of enterprises to consumers' participation in value co-creation. Although both of these studies examine co-production or value co-creation from the perspective of consumers, they do not deeply analyze the essential characteristics of value co-creation, nor do they deeply study the internal process of value co-creation of consumers.

#### (4) The concept of value co-creation

Value creating ideas, from the transfer of corporate strategy concerns, in order to get sustainable competitive, enterprises must not only when making strategic to the enterprise itself and the status of the industry were analyzed, and the more want to consider the value creation of enterprises in the supply chain system of other factors, such as suppliers, manufacturers, retailers, consumers and other stakeholders, such as how to implement the cooperation with other value creators of supply chain system, the future will become the key to a successful business strategy. With the coming of the era of experience economy and the continuous development of service economics, the role played by consumers on the stage of value creation has attracted more and more attention from scholars. People gradually realize that consumers are no longer outside the process of value creation and have become the co-creators of value. C.k. Prahalad and Ramaswamy (2004) in the study of enterprise core competitiveness, the author puts forward the concept of value creating, and clearly points out that the promotion of the future competitiveness depends on the enterprise can be completed



with consumer value co-creation, in every link of enterprise management need to interact with customers actively, arouse consumers play a positive role, value is the enterprise provide products or services, not just more specific situation unique reflected in consumer consumption experience. The concept of value co-creation can be divided into narrow sense and broad sense. In the narrow sense, value co-creation means that enterprises and consumers jointly create personalized experience through meaningful interaction so as to realize value co-creation (Prahalad, Ramaswamy, 2004). The subjects of value creation are enterprises and consumers. The main body of the value of the generalized create include not only businesses and consumers, including suppliers, shareholders, employees, etc., it refers to the value chain of the value of all participants, co-creation value creation through the interaction and cooperation between all the participants in the system, for the integration of resources, the common creation of value, and share the results (Vargo and Lusch, 2004).The essence of value co-creation is embodied in a "common" word: co-creation and sharing of results, that is, all subjects of value creation achieve win-win results through joint efforts and cooperation. Moreover, the consumption experience that can satisfy some or several consumer demands under specific circumstances is the goal of value co-creation, and the benign interaction between the subjects of value co-creation is the way to realize the goal of value co-creation. Understanding of the value to create a specific connotation, at present there are three types of point of view, we can see them as a value for theoretical study of three different branches: one is by c.k. Prahalad and Ramaswamy put forward based on the theories of value creating consumer experience, mainly gather consumer perspective, that value can create extraordinary experience for consumers, enterprise products and services to better serve the consumers;The second is the value co-creation theory based on "service-led

logic" proposed by Vargo and Lusch in 2004, which believes that "service is the fundamental basis of all economic exchanges, and consumers are the co-creators of value".The value jointly created under the service-oriented logic is not "exchange value", but "use value" realized by consumers in the process of consumption.(Wu Wenzhen and Chen Qijie, 2012); The third is Prahalad and Ramaswamy (2000, 2004), who, from the perspective of enterprise competition, reveal the transformation of enterprise's business philosophy and business model caused by the transformation of the roles of enterprises and consumers in the new environment, and believe that the joint creation of value by enterprises and consumers is a new strategic orientation for enterprises to construct new strategic capital and build new core capabilities.

In addition, through literature review, it is found that the external manifestation of value co-creation mainly includes three forms: value co-creation between enterprises, value co-creation between enterprises and consumers, and value co-creation between consumers. This study focuses on the value of enterprises and consumers to create, specific refers to the enterprise through the interaction with consumers' high frequency, explore customer needs, set up the brand strategy, product design, etc., the customer in the process of interaction to add their own needs to enterprise products or services provided, so as to jointly create value, the purpose of mutual benefit.

#### (5) Value co-creation in the real estate industry

Since China's reform and opening up, China's real estate market has grown from nothing to a pillar industry in China. The market concepts of real estate enterprises have experienced production concepts, product concepts, sales concepts, marketing concepts and social marketing concepts. In the early stage of China's commercial housing reform and the initial stage of the real estate market, consumer demand was

strong and consumers bought whatever enterprises produced. However, as China's urbanization process slowed down and consumer demand diversified, real estate enterprises began to change their market concept.

In recent years, Chinese real estate enterprises have developed new businesses one after another, and proposed to innovate and upgrade their business development from "developers" to "service providers" or "community comprehensive service providers", which is a preliminary attempt and application of value co-creation theory in real estate enterprises. Value co-creation refers to the joint action of multiple participants to solve problems through resource integration and multi-party interaction (Aarikka Stenroos & Jaakkola, 2012; Wu Wenzhen, Chen Qijie, 2012). This theory emphasizes the process nature and is the same with the cooperation nature of community participation of real estate enterprises. The idea of value co-creation originates from the increasing importance of consumer participation (Wan Wenhai, Wang Xinxin, 2013), and also reflects the importance enterprises attach to "external relations" (Liao, J, 2013); Liao, J, 2016). The construction of co-creation value system is not initially planned, but formed in the process of continuous adaptation (Durand & Vergne, 2015). In order to enhance the practicability of value co-creation theory, Bharti et al. (2015) put forward the theoretical framework of value co-creation, including five related process elements, namely enterprise strategic proposition, interactive atmosphere, resource mobilization, co-creation behavior, and common benefit.

The agglomeration degree of China's real estate industry is increasing, the policy regulation is becoming more and more normal, and the consumer's concept is upgraded. These changes aggravate the competition in the industry, and the living space of small and medium-sized enterprises is gradually compressed. Therefore, SMEs from the management strategy, business development and other aspects of the

exploration of transformation, in order to deal with the new competition situation. China's real estate market has shifted from a seller's market to a buyer's market, and real estate enterprises must meet the needs of consumers in order to gain competitive advantages. As a new phenomenon of value creation, value co-creation theory has attracted more and more attention from the management circle, which also provides theoretical support for business innovation of real estate enterprises. According to the value co-creation theory, the producer is no longer the only value creator, and the consumer is no longer the pure value consumer, but the value co-creator interacting with the producer.

## **2.4 Literature review**

**(1) The role of customers has changed, but the real estate industry still does not pay enough attention to customer needs.**

In the value chain role transformation, the passive receiver of value into a co-creator, become an indispensable part of value creation, the importance of gradually highlighted. However, the phenomenon of following the trend is quite serious in the product development of the real estate industry, and the product homogenization is serious. It is difficult for the real estate developers to pay attention to the opinions of consumers, and it is more difficult to meet the differentiated needs of consumers, which leads to the low level of customer satisfaction in the industry. In addition, the real estate industry is often ignored in the after-sales service link, the lack of customer maintenance measures, many real estate enterprise value to attract customers, ignore the maintenance of old customers, many problems existing in the property management can not be resolved timely and effective, reduces the old customer to the enterprise's trust, increase the old customers, is not conducive to the long-term development of the enterprise.

**(2) Business development and innovation of real estate enterprises has become a consensus in the industry, but the specific implementation path is still not clear.**

Due to the increasing differentiation of the real estate industry and the new normal of policy regulation, the business development and innovation of real estate enterprises has become the consensus of the industry. Some enterprises realize the transformation of their development path through merger and acquisition expansion and rapid turnover, which is embodied in purchasing a large amount of land, expanding financing channels to obtain a large amount of capital, and shortening the construction cycle through product standardization. Some enterprises promote all kinds of small towns with the strong support of national policies. Some enterprises put forward the slogan of urban operation, integrating living, shopping, entertainment and other needs to meet customer needs. But through the literature review found that although the business innovation enterprise, there are many paths, but the implementation cost, control mode, the implementation effect of the path there is a big difference, academia for various industries of real estate industry, in particular, through what way can most effectively achieve business development innovation is unclear, there is no unified understanding.

**(3) The "value co-creation" has been applied in real estate practice, but the academic circle has not refined the theory.**

Business development in the real estate industry in the innovation of the related literature, some scholars in the study concerned with the value of real estate industry using the create a concept for the business development of preliminary exploration, but generally see this part of the research is still in the value creating concept phase, the introduction of real estate industry is not further study on how to apply to specific

business value to create the idea to develop innovative, this part of the real estate enterprise has applied value and the practice to create a concept for the business to develop innovative and achieved good results, there is a certain hysteresis. At present, the academia to create value in the real estate enterprise business development innovation, product design, the application of improving customer experience research is not thorough, nor business development to use value to create innovative practice effect measure, so it is necessary for this academic phenomenon is to carry out the system of theoretical research, in the hope of the future better guide the real estate industry enterprise business innovation practice.

## **Chapter 3 Research methods and theoretical framework**

This chapter elaborates the methodology and theoretical framework of this research from four aspects: research method, case selection, paper model framework and paper organization structure. In terms of research methods, this study comprehensively uses the literature induction method, in-depth interview method and case study method. In terms of case selection, it elaborates why Yunnan Strength is chosen as the research object of China's small and medium-sized real estate enterprises, and introduces the relevant situation of this enterprise. On the model framework, the concept model of value co-creation is deduced theoretically, and combined with the characteristics of China's real estate industry, the concept model of business innovation of China's real estate industry based on value co-creation is constructed. The last part introduces the organizational framework of this study.

### **3.1 Research Methods**

#### (1) Literature induction

With the help of the Internet and the library, literature collection and reading are carried out to analyze the research results in the two fields of product innovation and value co-creation, collect common achievements, and help guide the work of this research. In the literature analysis, I focused on the business development and innovation of the real estate industry and other relevant achievements to find the ideas and methods suitable for this study, so as to lay a good theoretical foundation for the subsequent practical research.

#### (2) In-depth interview

In-depth interview is a commonly used method of data collection in qualitative research. It refers to the face-to-face conversation between visitors and interviewees

in a separate and personal interactive way to achieve the purpose of exchange of views and construction of meaning. Through one-to-one and face to face conversations with the senior managers of selected enterprises, this study conducted interviews on the industry pressure, development difficulties and future planning that the enterprises are currently facing, so as to provide first-hand internal information for the follow-up research.

### (3) Case study method

Case study is aimed at specific groups, organizations, such as study, this study will be selected case typical enterprise, its management, the management and organization and relevant situation investigation, and in-depth analysis of the development of the enterprise business involved related issues, summarizes the practical experiences of typical business development, upgrading business innovation for China's small and medium-sized enterprises to provide the beneficial reference.

## **3.2 Case Selection**

China's real estate market has become more stringent in regulation, industry clusters continue to increase, and competition is becoming increasingly fierce. Small and medium-sized enterprises will face tremendous pressure to survive and industry integration risks. Faced with many challenges from changes in policies and market demands, small and medium-sized real estate companies can only get a breakthrough opportunity if they break through the shackles of the original business innovation model, create their own core competition through product innovation, and seek new profit growth points. Real estate business innovation helps companies solve internal problems. At the same time, corporate business innovation is a problem that must be solved for most real estate companies today. It is related to the survival and



development of real estate companies. Therefore, in-depth research on real estate business innovation is of far-reaching significance.

At this stage, my country's real estate industry is in the stage of integration and adjustment. The competitive advantages of large enterprises are getting stronger and stronger, and the living space of small and medium-sized enterprises is getting smaller and smaller. Small and medium-sized enterprises in China are either acquired by large companies to obtain living space, or carry out business innovation to enhance their core competitiveness to obtain development space. This study combines the relevant theories of corporate business innovation, from the perspective of value co-creation, selects typical successful companies in the practice of business development innovation to conduct case studies, and refines its business development innovation model based on the concept of value co-creation, with the hope that it can be used for small and medium-sized enterprises in China. The business innovation of real estate companies provides useful experience for reference.

Yunnan strength of real estate development management group co., LTD. (hereinafter referred to as the "Yunnan Strength") was established in 2000, the total assets of more than 30 billion yuan, annual sales of nearly 11 billion yuan, its industry and business in more than domestic provinces, in China's real estate enterprises, 8 years in 2019 was named "China tour real estate operating ten strong enterprise". After 20 years of steady development, Yunnan Province has gradually grown from a native real estate enterprise whose main business is real estate development to a professional real estate enterprise whose pillar industries are cultural tourism real estate, urban boutique residential development and financial investment business. At the same time, the company is also involved in business operation and management, hotel operation and management, property life services, car sales and car service related businesses,

landscaping and planting and research and development, venture capital, early childhood education and health care and other fields of symbiosis of a large comprehensive group company.

The growth history of Yunnan Strength Holding Group is shown in Figure 3-1.

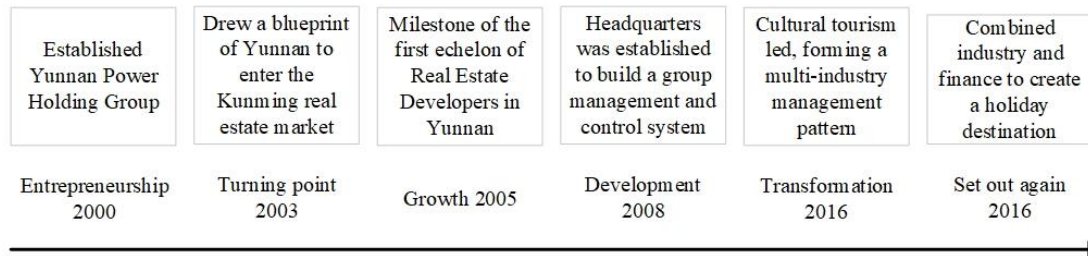


Figure 3-1 The development course of Yunnan Strength Holding Group

The cultural and tourism industry, the core pillar of Qianli Group, is mainly concentrated in Yunnan Province, and extends to Chengdu, Chongqing and other key cities and regions. Adhering to the brand concept of "life is vacation", Qianli Group is committed to creating better life experience for customers. Qianli Group focuses on the development and operation of comprehensive cultural tourism formats, and its business covers three sectors: tourism real estate development, tourism industry development and tourism business operation. Qiqiang Group takes the development and operation of cultural and tourism characteristic towns, the operation of hotels and pan-inns, the operation of pastoral complex, the operation of soarge education and elderly care, the operation of cultural and entertainment and characteristic business, and the development of tourism commodities and derivatives as its core business segments. Industry prospects and development trends have a profound understanding and grasp, the characteristics of tourist town planning and construction management, guidance, build and construct platform for high-end cultural creative industry, condensed cultural creative elite team, strive to build characteristic of Chinese tourism vacation lifestyle, obtain the social from all walks of life affirmation and support, won

by the China index academy award ", in 2019 real estate operating ten strong enterprise "the title.

### **3.3 Model framework of the paper**

#### (1) Conceptual model of value co-creation

The main participants of enterprise value co-creation are enterprises and customers. The main body of value creation shows a trend of diversified development. Platform providers, suppliers, customers, complementary parties and distributors are all regarded as the main body of value co-creation network(Zhu fangfang,2018). Zhou Wenhui, Qiu Yunjin et al believe that value co-creation is the result of interaction between two or more subjects.

According to value co-creation theory, enterprises participate in the process of value creation based on internal and external inductive factors(Hu yingwen & Liu mengmeng,2017). Theoretically, enterprises pay more attention to how these factors affect their economic benefits. The inducing factor of value creation is the embodiment of customer value proposition, which mainly acts on the front end of value co-creation and has an important influence on whether the subject participates in value co-creation(Jiao juanni & Fan jun,2019). This factor is also a control variable that influences and promotes the creation of enterprise value.

The inductive factors of value creation drive the participants to invest resources to participate in value co-creation, which is a value creation activity in which the participants integrate resources. In value creation activities, resources belong to different subjects. Value co-creation is not necessarily realized after the participants

invest resources. The realization of value co-creation needs a channel, which is realized through interaction. Value creation is the process of dynamic resource integration which gives full play to operational resources and interaction is the channel of resource integration to realize value creation. Early studies start from the perspective of marketing channel, channel is a one-way flow channel in the process of product or service transfer from producer to consumer, while later studies change channel flow from one-way to two-way interaction channel to achieve value co-creation. Some scholars define value co-creation as the process of interaction between an enterprise and various entities in its network(Frow et al.,2015). The important premise of output value is the good interaction between the actors(Xie lishan et.al,2019). Therefore, interaction is the core dimension of many researches, and it is a value co-creation channel to realize resource integration under different situations.

Based on the theories of service-leading logic and value co-creation, this paper constructs a conceptual model of enterprise value co-creation from three perspectives of inductive factors, participants and co-creation activities, and reveals the mechanism of value co-creation (as shown in the figure below) in the analysis context of inductive factors -- input -- value co-creation interaction -- output.

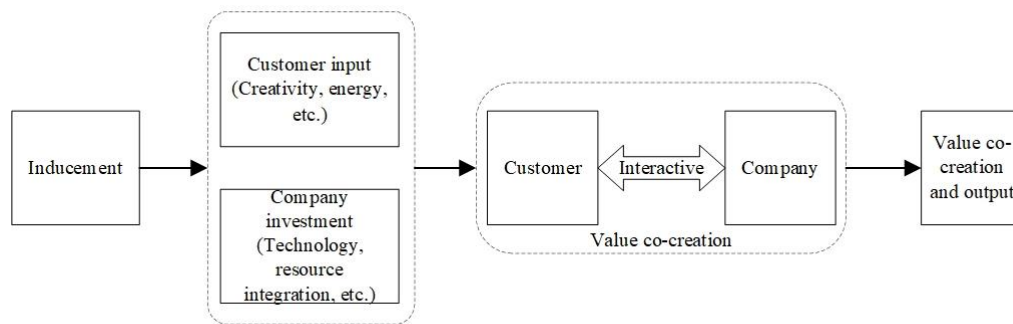


Figure 3-2 Conceptual model of value co-creation

(2) Conceptual model of value co-creation in real estate context

The greater the value of the product, the more complex the value co-creation activities between customers and the company, and the more groups involved. As an important asset and living space for each family, the design, construction, use and maintenance of residences are quite different from those of general commodities. Enterprises need to take into account the needs of consumers and the supporting services provided by property companies, as well as Integration of suppliers. With the Chinese government's intensified regulation of the industry, changes in the industry's competitive landscape and consumer demand, the inducing factors of real estate companies have changed. Therefore, real estate companies face a more complicated situation in developing value co-creation than other industries.

From the perspective of value co-creation, value is no longer based on separate and linear value chains being created successively, but in an interactive and modular value network, jointly created by stakeholder groups. Specifically in the real estate industry, companies not only need to create value with consumers, but also with suppliers and property companies. In order to systematically analyze the value

co-creation activities of real estate companies, this research combines the value co-creation theory to explore the value co-creation activities of companies and them from the three groups of consumers, suppliers and property companies.

This paper takes Yunnan Strength as the research object and uses case study method to try to answer the main question: how to realize business innovation through value co-creation step by step? This paper decomposes this problem into three sub-problems: (1) the incentive of value co-creation, that is, external pressure and internal motivation; ② the process of value co-creation activities; ③ Output of value co-creation. The research content is not only expected to expand the boundary of value co-creation, but also expected to enrich the real estate enterprises to use value co-creation to achieve business innovation of the real estate enterprise development model.

In order to answer the above questions, based on the conceptual model of value co-creation, this study combs the history of China's real estate industry, and combines the current situation of the powerful enterprises in Yunnan Province to put forward a theoretical model of business innovation research in the real estate industry based on value co-creation. Specifically, Yunnan strength, under the influence of induced factors of external environment, faced with the necessity and feasibility of business innovation, based on the theory of value creating, from the breadth, depth and intensity of three aspects of value creating activities, finally this study from the core ability, brand value and customer experience three aspects: the evaluation of Yunnan Strength output value creating activities (see below).

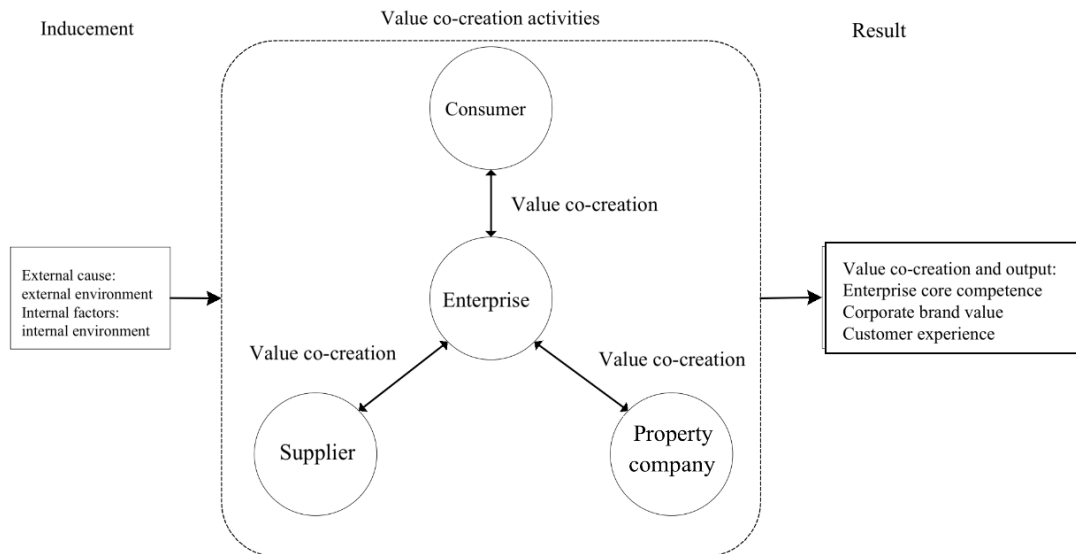


Figure 3-3 Concept model of business innovation in real estate industry based on value co-creation

### 3.4 The organizational structure of the paper

This research consists of seven chapters: Chapter One is the introduction, Chapter Two, Four, Five, and Six answer the four questions raised in this article. Chapter Two answers whether the idea of value co-creation can be applied to small and medium-sized schools through document review. The development needs of real estate companies; Chapter 4 uses case analysis to answer under what environmental situation, small and medium real estate companies need to use value co-creation concepts to innovate business development; Chapter 5 Answers the business innovation aspects of small and medium real estate companies through case analysis What are the typical experiences obtained by using the value co-creation concept; Chapter 6 answers how the small and medium-sized real estate companies use value co-creation for business development and innovation through case analysis. The seventh chapter summarizes the research conclusions of this article and puts forward suggestions on the business development and innovation of other real estate companies.

The organizational chart of this study is as follows:

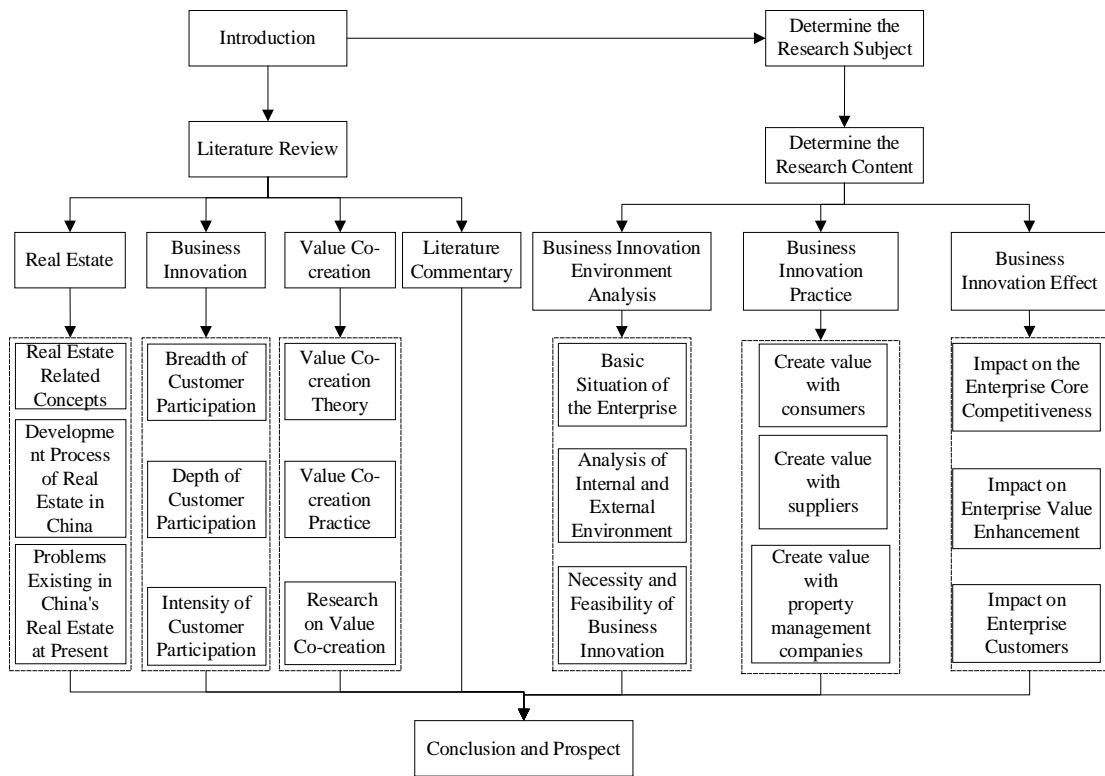


Figure 3-4 paper organization structure



## **Chapter 4 Analyze the internal and external environment of Yunnan strength holding group's business innovation**

The fourth chapter of this article conducts an in-depth and systematic analysis of the external and internal environments in which the case companies carry out business innovation, and clarifies the necessity and feasibility of business development and innovation for the enterprise, in order to answer the second question raised in this article. In the external environment analysis, based on the PEST analysis framework, combined with the characteristics of China's real estate industry, the policy environment, economic environment and social environment that the company faces when it is in business development and innovation are analyzed. In the internal environment analysis, the conditions for Yunnan Strength's own business innovation are analyzed from the four perspectives of finance, market capability, organizational structure, brand value and corporate culture. Finally, this research is based on the analysis of the internal and external environment of powerful companies in Yunnan, and refines the necessity and feasibility of business development and innovation for enterprises, as shown in Figure 4-1.

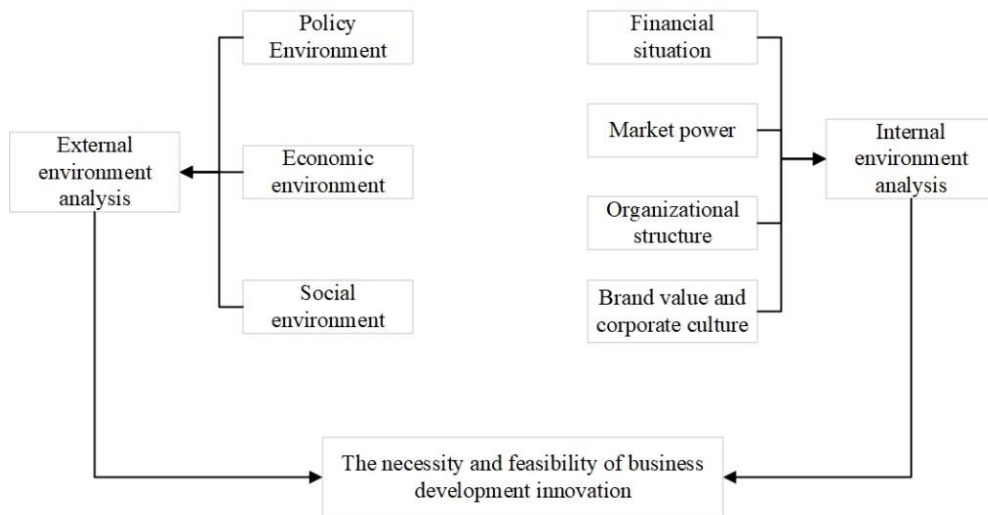


Figure 4-1 Necessity and feasibility analysis framework of Yunnan's strength business development and innovation

## 4.1 Analysis of the external environment of business development innovation

### 4.1.1 Policy environment analysis

China's regulation of real estate is a long-term process and presents an escalating trend. See Table 4-1 for the real estate policies in the recent ten years. In 2011, China tried to maintain the stability of the housing price by setting a ceiling on loans. In 2013, it controlled the rise of the housing price by limiting the purchase of houses with more direct control. In 2014, 2015 and 2016, China successively introduced new mortgage policies to regulate the development of the real estate. Since 2018, the real estate industry has experienced several shocks, and the central and local governments have issued a series of policies and regulations to regulate the housing price.

Table 4-1 Summary of China's real estate policies in recent ten years

time	Regulation and control policy
2011.01.26	"New eight countries" : the second mortgage down payment ratio increased to 60%
2013.02.20	"Five New Rules" : Restrictions on home purchases in cities where prices are rising too fast
2014.09.30	Notice on Further Improving Housing Finance Services: New Deal on 930

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Mortgage Loan	
2015.03.30	"Notice on issues related to personal housing loan policy" : "330 mortgage New Deal"
2015.09.30	The minimum down payment for the first set of commercial loans in cities without restrictions will be reduced to 25%
2016.09.30	National control, Beijing, Tianjin, Nanjing and other 19 cities to restart the purchase and loan restrictions
2018.03 so far	A number of provinces have upgraded regulation of the property market, emphasizing the importance of "housing and housing speculation" At the 2021 National People's Congress, Premier Li Keqiang once again stressed in his report on the work of the government that houses are for living in, not speculation.

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In recent years, the overall trend of China's real estate regulation and control mainly presents the following characteristics:

First, "housing, housing and not speculation" is the main keynote of the real estate market, and local regulation has been introduced accordingly. China began to explore real estate regulation measures in 2011, and in March 2018, the two sessions of the National People's Congress formally put forward the concept of "housing, not speculation" to develop real estate development, which set the main tone for the real estate market. In his report to the 19th National Congress of the Communist Party of China (CPC), President Xi Jinping stressed that "houses are for living in, not for speculation." He insisted on unrelenting regulatory policies, and stepped up efforts to establish a housing system that encourages supply through multiple entities, provides support through multiple channels, and encourages both rental and purchase. The tone has been set, and local and regional policies have been introduced to deepen regulation. Guangzhou, Wuhan, Dalian, Kunming and other cities have simultaneously deepened their regulatory policies before and after the two sessions. At the 2021 National

People's Congress, Premier Li Keqiang once again stressed in his Government Work Report that "houses are for living in, not for speculation".

Second, in addition to the property market regulation such as purchase and loan restrictions, financial means are also involved in the regulation, which slows down the repayment rate of real estate enterprises and increases the difficulty of financing. The Ministry of Housing and Urban-Rural Development, the Banking and Insurance Regulatory Commission, the People's Bank of China, the National Development and Reform Commission, and the Ministry of Agriculture and Rural Affairs jointly announced a number of policies. Unlike in previous years, when the Ministry of Housing and Urban-Rural Development (MHUD) discovered serious problems, in 2018 it formed a mechanism of interviews with a stable frequency and clear objectives, and immediately stopped the signs of excessive housing price rises.

Third, due to the targeted regulation and control measures taken by the government, the supply structure of real estate has been changed. At present, the market plays a decisive role in the allocation of resources. As the approval of house purchase becomes increasingly strict, there is no doubt that the investment channels will be restricted, and banks can also influence the structure through relevant measures. The government has strengthened the intensity and means of regulating the real estate market, making the market economy developing in a more stable and healthy direction.

Fourth, the development of the real estate industry has gradually shifted from the pursuit of quantity to the development of high quality. Under the situation of the new

normal, for most of the rapid growth of economy is no longer affected by excessive attention, and not just by the way, real estate industry of various countries for this module before stimulus and easing also ceased to exist, in terms of real estate project quality before replaced the simple pursuit of quantity.

#### **4.1.2 Analysis of economic environment**

Thanks to the rapid development of China's economy in the past 40 years, the real estate industry has developed rapidly, ranking among the top in the world in terms of both industry scale and development speed. However, with the rapid development, there are also some problems in the quality of development that cannot be ignored. High housing prices, fierce competition and high industrial concentration limit the further development of the real estate industry, which is not conducive to the sustainable development of China's economy.

(1) Real estate has become a pillar industry in China, but high housing prices are not conducive to the long-term development of China's economy

Since the reform and opening up, China has made remarkable achievements in economic development. By 2019, China's GDP has exceeded 100 trillion yuan and reached 9,086.5 trillion yuan, representing a sequential growth rate of 6.1% from a comparable value perspective (see Figure 4-2). At present, the real estate industry has been growing rapidly and playing an important role in the national economy. Especially since 1998, the added value of the real estate industry has always accounted for 6.6%-6.8% of the GDP, which is an important part of China's economy and in the process of continuous growth. The rapid development of national economy

and the continuous increase of people's consumption level add more development space to the real estate industry, but also put forward higher requirements for it. The development of real estate industry in recent years also exists a variety of problems that can not be ignored. For example, the demand for housing is large, the housing price remains high, and the growth of people's income cannot keep up with the increase speed of the housing price and so on. Therefore, it is necessary to create a market atmosphere conducive to the benign development of the real estate industry, prevent bubble economy, and make the real estate industry develop in a stable and long-term direction.

(2) The real estate industry has shifted from the stage of rapid development to the stage of steady growth, and the industry competition has intensified

Figure 4-2 shows China nearly a decade and the status of the real estate investment and GDP through the picture you can see: on the one hand, although China nearly a decade GDP growth to present the trend of decline gradually, but the overall growth rate remained at a high level, the increase in GDP, shows that China's rapid economic development, this is very beneficial to the health of the real estate industry to go forward; On the other hand, China's real estate investment growth takes 2015 as the cut-off point. Before this, China's real estate market showed a situation of rapid development, and then the real estate investment growth increased steadily and stepped into a stage of steady growth. It shows that under the situation of steady growth of real estate scale, real estate enterprises will face more severe competition and industry competition will intensify.

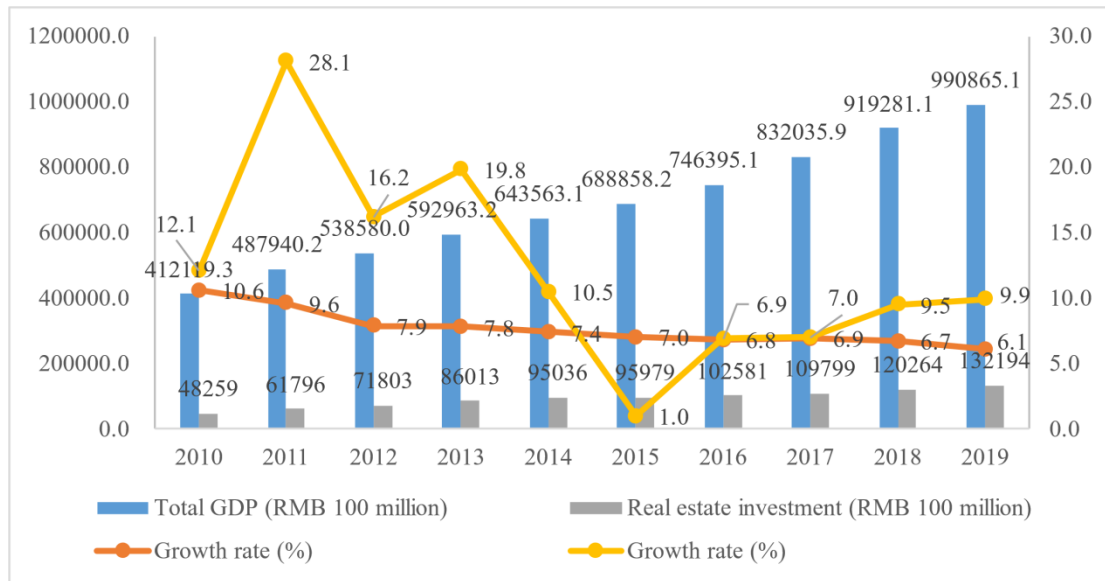


Figure 4-2 China's GDP and real estate investment from 2010 to 2019

(3) With the increasing concentration of the real estate industry, the living space of small and medium-sized real estate enterprises is getting smaller and smaller

Thanks to the rapid development of China's economy and the large number of agricultural population moving to cities, China's real estate market has achieved great development. However, in recent years, with the tightening of national regulation and the slowing of urbanization process, the growth rate of China's real estate investment has gradually decreased, and the industry market competition has been increasingly intensified. According to the survey, in 2018, an average of 1.25 real estate enterprises per day went bankrupt. In 2018, about 125 real estate enterprises participated in mergers and acquisitions, and there were about 253 M&A projects, accounting for about 28.1% of the TOP30 enterprises. In recent years, the concentration degree of China's real estate industry has been increasing (see Table 4-2 for details), and the living space of small and medium-sized real estate enterprises is getting smaller and smaller.

Table 4-2 Market share of the top 100 real estate enterprises in China's real estate market from 2011 to 2018

category	2011	2012	2013	2014	2015	2016	2017	2018
TOP 10	10%	11%	14%	17%	17%	19%	24%	27%
TOP 11-20	3%	4%	5%	6%	6%	7%	8%	11%
TOP 21-50	4%	5%	7%	8%	9%	10%	13%	15%
TOP 51-100	-	-	3%	7%	8%	10%	10%	10%

#### 4.1.3 Analysis of social environment

Due to the differences in the level of Chinese consumers, the demand for real estate presents a diversified feature. At present, Chinese real estate enterprises are moving towards the direction of orderly, large-scale and brand-focused development. Macroscopic ally, the transition from focusing on the speed and scale of development to focusing on the direction of efficiency, from relying on state control to relying on their own and the public demand.

The rapid development of the real estate industry is an important driver of China's consumption differentiation, which plays a "double-edged sword" role in promoting and restraining social consumption level. Behind China's consumption divide lies a divide between wealth and income, which has been exacerbated by rising property prices. The widening gap between the rich and the poor leads to the obvious differentiation of social classes, and different social classes correspond to different consumption levels. Low-income groups pursue basic functions and cost performance of consumer goods, while high-income groups pursue brands and quality. The consumption power and pursuit of the two groups are reflected in consumer goods, which constitute the coexistence of consumption upgrade and consumption downgrade. The rapid development of real estate has not only boosted the overall income and consumption level of Chinese residents, but at the same time, the



excessively high housing price and residents' behaviors of buying houses with leverage have also suppressed China's consumption. The rising real estate price is an important reason for the simultaneous existence of consumption upgrade and consumption downgrade. The real estate price acts on the "homeowners" through the wealth effect, stimulating their consumption upgrading; At the same time, the crowding out effect acts on the "people without houses", resulting in their consumption degradation. In the hot period of real estate market, the wealth effect of real estate is more significant; In the period when the real estate market is under strict regulation and market transactions are quiet but the housing price is still at a high level, the reverse wealth effect of the real estate plays a role, and the process of consumption upgrading slows down or even turns into a consumption downgrade. As the housing price is still at a high level, the crowding out effect of the real estate continues to be significant, and the consumption downgrade becomes more significant.

The social environment is closely related to the marketing of real estate, which affects the demand of consumers. However, under the current fierce competition situation, a real estate enterprise must focus on the science of uniting the own intrinsic capability, with perfect marketing leads the trend of The Times, throughout the project development process, fully consider the customer needs, increase the comfort level of product design, attaches great importance to the supporting facilities, improve the quality of housing quality, ability to face the fierce market competition, win the market reputation.

## **4.2 Internal environment analysis of business development and innovation**

After the analysis of the external environment of the real estate industry, this study further makes an in-depth analysis of the internal environment of Yunnan's strength. This paper mainly scanned the internal financial situation, market ability, organizational structure, brand value and brand culture of Yunnan Strength before and after its business development and innovation practice in 2015, so as to have a clear grasp of the operating situation of Yunnan Strength before its innovation and reform.

### **4.2.1 Analysis of enterprise financial situation**

Yunnan Strength financial performance in the drama of a certain volatility, 2012-2014, 2014 and 2013 group property sales rose, but small, and other business turnover growth slow (as shown in table 4-3), to a certain extent, reflects the Yunnan Strength group from 2012 to 2014 failed to launch the product with high market acceptance, rising corporate performance ascension relies mainly on the market vigor. However, the Group's debt is at a relatively high level, and the Group's inventory has increased too much, indicating that the Company's capital withdrawal is not good.

On the whole, the financial performance of Yunnan Strength from 2012 to 2014 was poor. There were three main problems: First, the growth rate of business sales was small, which did not fully match the rising trend of the market, reflecting the lack of competitiveness of the company's real estate products from the side. Second, the total liabilities of the Group are increasing year by year and growing at a fast rate. The company is under great financial pressure and is in urgent need of expanding market





Yunnan Strength in the Dali market increased to 1.27 billion yuan, accounting for 13.4% of the market. The performance of Yunan Power in the real estate market of Dali from 2014 to 2016 is shown in Table 4-4.

Table 4-4 Situation of Yunnan's strength in Dali's real estate market from 2014 to 2016

year	Dali Real Estate Market (100 million)	Yunnan strength sales (100 million)	Accounted for
2014	64.1	1.7	2.7%
2015	88.0	8.4	9.5%
2016	95.0	12.7	13.4%

### 4.2.3 Organizational structure

Since 2012, Yunnan Strength Holding Group has adjusted its organizational structure according to the development trend of the real estate market and its own business development needs. Cultural Tourism Real Estate Group merged with the holding group, streamlined and efficient, and set up four professional committees, including strategic development committee, organizational performance and compensation committee, investment decision committee and cost contract acquisition and supply committee. The group has five management systems: operation management, financial management, organization and industry development, risk control and legal affairs and audit. The operation management system is mainly responsible for the management of the Group's core real estate business, while the Group's financial management system and the Group's organization and industrial development system are responsible for the management of the Group's other businesses (see Figure 4-3 for the company's organizational structure).

On the whole, Yunnan's strength takes cultural tourism real estate business as the core and hotels, education, property management, gardens and other businesses as the

auxiliary to form a closed loop of the industrial chain and build a holiday destination. In order to adapt to the core and focus of the company's business, Yunnan Strength constantly adjusts its organizational structure, actively deals with the future market changes and uncertainties, and lays a solid organizational foundation for the company's business development and innovation.

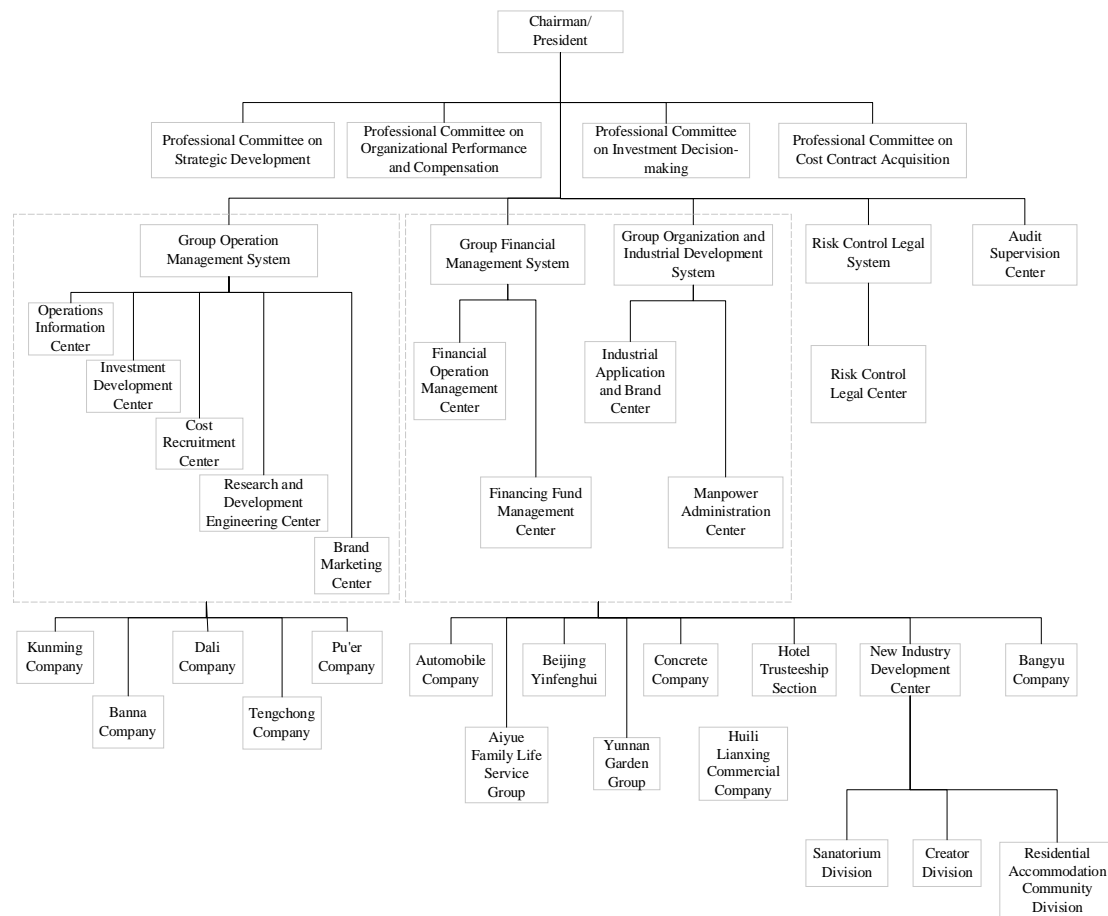


Figure 4-3 Corporate Organizational Structure Chart

#### 4.2.4 Corporate brand value and corporate culture

Through years of efforts, Yunnan strength has been constantly building corporate culture and achieved good results, formed a certain brand influence, and established a brand value recognized by the market. In terms of brand value enhancement and

corporate culture building, there is still a large room for improvement, but also faces severe challenges.

(1) Yunnan strength has created a certain brand value and initially formed its corporate culture

Yunnan Qianji is a large comprehensive industrial group company with real estate development as its pillar industry, hotel operation service, property management service, automobile sales service, landscape gardening, concrete processing and other diversified operations. It has the first-class development qualification issued by the Ministry of Housing and Urban-Rural Development of China.

In 2015, strength group actively response to the government calling for urban construction, has delivery area of about 7 million square meters, construction area of 3.8 million square meters, have successfully developed the five-star colorful garden, strength the north county town, built on power, strength, power, elegant earth strength, chengdu university town commercial center, power heart city, the strength of the association of southeast Asian nations (asean) forest, 18 carat blocks, power tower, mahjong layout, power nine such as sea, a luxury hall, strength, and other "power series" boutique property. Its "strength series" real estate projects have won various awards issued by the government and the media for many times and have been recognized by the market and sought after by customers. In the future, there will be Dali Manjiang Project, Dali Double Corridor Project, Yuxi River Project, and five international five-star Hilton Hotels. The birth and completion of each market has

become the residential and commercial benchmark of the city, reflecting the group's respect for life and adherence to quality. After 15 years of hard work, Qianqiang Group has won many awards temporarily, and its brand has shone brilliantly. From 2012 to 2015, Qianqiang Real Estate has been awarded the honorary title of China's top 100 real estate enterprises for four consecutive years.

(2) It has great potential in enhancing brand value and building corporate culture, but still faces challenges

Yunnan strength always put customers in the first place, customer satisfaction and enterprise development closely together. Companies adhering to the "customer first, the product is king, striving for this" the idea of "sunshine bear integrity, pragmatic, innovation, win-win" core values, "continuously for customers to create a better life experience" of the enterprise mission, and "customer service of true love, the ideal life planner" of the enterprise vision, in response to the pain points in the market and customer experience, customer perspective insight into human nature, deduction demand, makes the high-quality goods, to meet customer demand, on the basis of enterprise sustainable development.

#### **4.3 Necessity and feasibility of business development innovation**

Based on the external environment analysis of the real estate industry and the internal environment analysis of Yunnan Strength, the author then analyzes and summarizes the necessity and feasibility of Yunnan Strength's business development and innovation, and clarifies the reasons and the possibility of success for Yunnan Strength's business development and innovation.



### **4.3.1 Necessity analysis of business development and innovation**

(1) The government's macro-control over the real estate industry will continue, and consumers' demand for housing will upgrade

The external environment analysis of the business development and innovation of the real estate industry shows that the national level has carried out the policy of "purchase restriction, loan restriction and price restriction" for the real estate industry, while the current economic environment is in the period of adjustment, and consumers transition from the existing housing consumption to the livable level.

since 2011 countries have issued a series of policies and regulations, the use of administrative, taxation, finance, credit and other means to strictly control the supply of land, from the source, standard real estate market, involving tax, land market, real estate finance market, demolition and relocation, economy applicable room link, the range, strength, from the developing trend of the future, the state of the real estate market macroeconomic regulation and control will become the norm in the industry. If the company can not adapt to the changes of macro-control policies, it may cause adverse effects on the company's operation and management and future development.

(2) China's real estate industry has entered a stage of steady growth, and market competition has forced small and medium-sized real estate enterprises to transform

With the decrease of land supply and the implementation of public auction of land, the development cost of developers increases. At the same time, there is unfair competition among industries. In addition, the emergence of capital chain and other

problems will eventually lead to more fierce competition among the same industries. At the same time, the high profit of the real estate industry attracts other industries to invest in the real estate industry. The real estate enterprises frequently stage the money and land cooperation of resource integration. The living space of small and medium-sized enterprises is narrow, and the "survival of the fittest" intensifies.

China's real estate industry has shifted from a stage of rapid development to a stage of steady growth. The concentration degree of China's real estate industry is constantly increasing, and the living space of small and medium-sized real estate enterprises is becoming smaller and smaller. Small and medium-sized real estate enterprises are more likely to be affected by the market due to the restricted asset size, financing cost, cash flow and other conditions. If small and medium-sized enterprises avoid being merged or bankrupt, they can only achieve sustainable development through business development and innovation.

(3) The strength of Yunnan has not established the brand advantage of the leading position in the national market

The sales volume of real estate in Yunnan Province has been increasing year by year, which is due to the booming market and certain market recognition of the products, and meets the market demand of the local and surrounding provinces and cities. However, the main reason for the slow growth of performance is that the real estate products launched by the company are seriously homogenized with the products of other companies in the market, and the main products that are widely accepted by the market have not been created, and the unique brand advantage has not

been established, and the industry competition is fierce. However, the rapid increase of inventory is due to the limited product innovation and the limited focus on the housing improvement and other customer needs of the local middle and high-income groups. The potential demand of high-value customers such as Beijing, Shanghai, Guangzhou and Shenzhen has not been fully explored. As a result, the influence is still limited to a small regional scope and fails to fully attract the purchasing power of the whole country.

#### **4.3.2 Feasibility analysis of business development and innovation**

(1) The long-term and stable growth of China's macro economy has laid the foundation for the booming development of real estate

From the perspective of GDP growth rate, Simon Kuznets, an American economist, pointed out that there is a very close relationship between the growth rate of national economy and the development of the real estate industry after a large number of quantitative analysis of the economic growth rate of various countries. The research shows that the development level of the real estate industry is highly positively correlated with the growth rate of the national economy. The higher the growth rate of the macro economy, the faster the development speed of the real estate industry will be. Moreover, the periodicity of the real estate industry is stronger than that of the macro economy. When the economy grows faster, the real estate industry develops faster; When economic growth is slow, real estate stagnates, regresses, or even shrinks.

(2) Cultural tourism real estate creates opportunities for small and medium-sized real estate enterprises to break through

Accounting for 12.0% and 16.5% of the national proportion, respectively, the scale of the tourism market. In recent years, Yunnan cultural tourism real estate can be said to be a steady development. With Kunming as the center, to various states/cities development. In recent years, major real estate enterprises have set off a boom in cultural and tourism real estate. There are no lack of path-seekers such as OCT and Wanda, and there are also large-scale real estate enterprises such as Evergrande and Country Garden, which follow closely to grab the "cake" of Yunnan cultural and tourism real estate market.

The cultural tourism market of Yunnan Province, with its large scale and high stability, not only provides opportunities for major real estate enterprises to further expand the market, but also creates valuable opportunities for small and medium-sized real estate enterprises to break through. Compared with the traditional residential real estate business, small and medium-sized real estate enterprises and large real estate enterprises have little difference in the development experience of cultural tourism real estate, and they are basically at the same starting line. This means that small and medium-sized real estate enterprises first understand the real market demand, and on this basis into the cultural tourism real estate development, can get a first-mover advantage, quickly occupy the real estate development of the market segment, so as to achieve a breakthrough in the situation of the increasing concentration of the real estate industry.

(3) The strength of Yunnan has deeply cultivated the cultural tourism real estate market in Yunnan, forming a certain regional brand advantage

Yunnan Qiangqiang focuses on the tourism real estate sector, deeply plowing into the Yunnan market, gradually expanding the national market, and has accumulated certain brand advantages. Yunnan has formed a corporate strategy of building a holiday destination by taking cultural tourism real estate business as the core and hotels, education, property management, gardens and other businesses as the auxiliary to form a closed loop of the industrial chain. Under the guidance of this strategy, in combination with the development trend of the real estate market and the needs of business development, the company constantly adjusted the organizational structure and actively responded to the future market changes and uncertainties, laying a solid organizational foundation for the company's business development and innovation.

To sum up, China's real estate market is moving away from the stage of rapid growth and into the stage of steady growth. Industry agglomeration is becoming more and more obvious, and the living space of small and medium-sized real estate enterprises is becoming smaller and smaller. In the face of such a complex and volatile external market environment, the best way to think about change is the best. Under the current fierce competition situation, Yunnan Strength transformation should explore business development innovation, the introduction of value creating visual Angle, customers, suppliers, partners and other nodes in the supply chain management, fully consider the customer needs, increase the comfort level of product design,

attaches great importance to the construction of supporting facilities, to build high customer loyalty, to be effective in the face of fierce market competition, win the market reputation.

## **Chapter 5 Business innovation practice based on value co-creation concept of Yunnan Strength Group**

This chapter analyzes the practice of enterprises using value co-creation for business development innovation from three perspectives, and summarizes the typical experience of small and medium real estate companies in business innovation to answer the third question raised in this article. This chapter is based on the conceptual model of business innovation in China's real estate industry based on value co-creation proposed in Chapter 3, combined with the analysis of the internal and external environment faced by Yunnan Strength Group, and from Yunnan Strength's relationship with consumers and important suppliers (construction companies) and the value co-creation activities between the three major stakeholders of the property company, and analyze the business innovation practices of Yunnan Strengthful companies based on the concept of value co-creation.

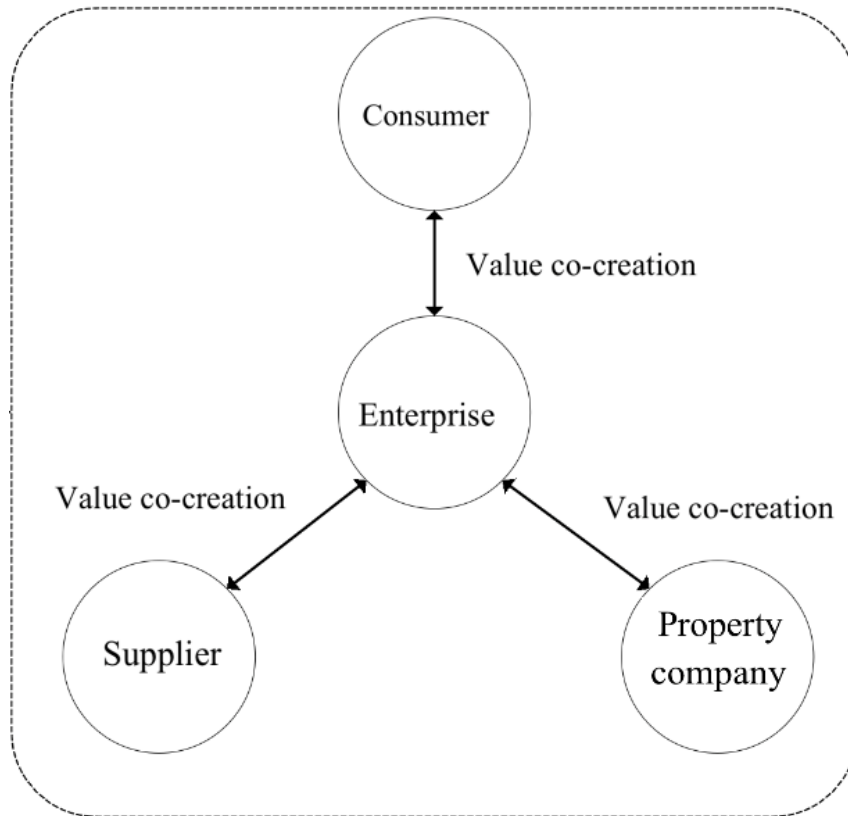


Figure 5-1 Main stakeholders of business innovation model based on value co-creation concept

In terms of co-creating value with consumers, this research combines marketing theory and analyzes the three aspects of consumer demand and target market identification, consumer participation in product design, and consumer participation in brand marketing; In terms of innovation, this research analyzes the two practices of continuous interaction between residential design and continuous iteration, and supporting facility design and improvement; in terms of value co-creation with property companies, this research combines customer research and industry research to provide accurate services Analyze the three aspects of meeting customer needs and giving play to the role of community connection, as shown in Figure 5-2.



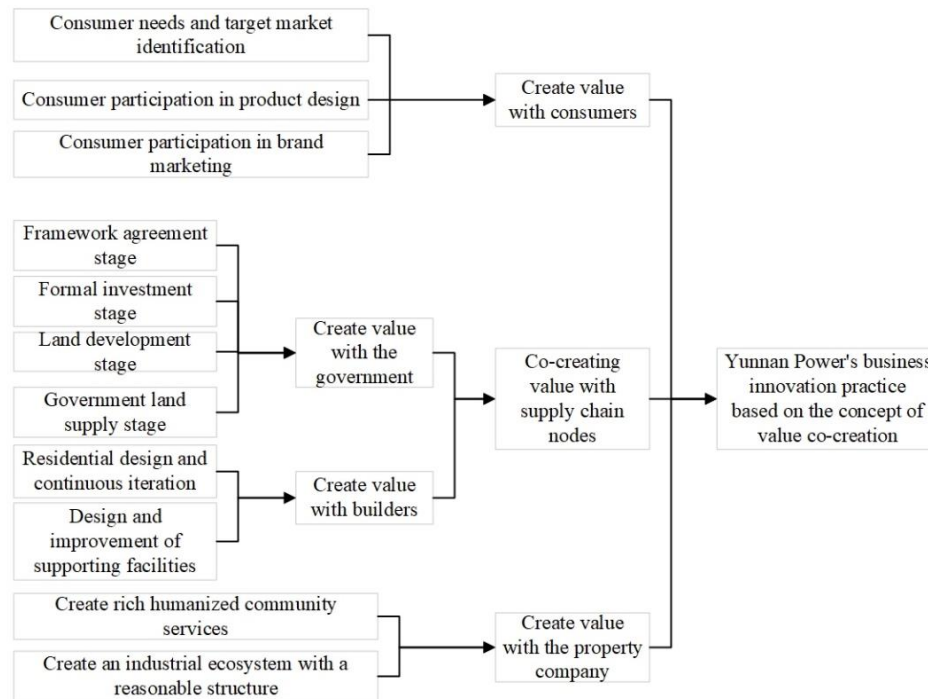


Figure 5-2 Yunnan Strength's business innovation practice based on the concept of value co-creation

## 5.1 The overall overview of value co-creation in Dali small courtyards

### (1) The background of the value co-creation development model

Prior to the small courtyard project in Dali, Yunnan Strength suffered a failure in the development of real estate projects in Dali, and the townhouse products developed could not be sold. This situation is described in Section 5.1.1. As the researcher was a participant observer, the findings in this section will include first person accounts. The setback in not being able to sell the first generation townhouses described in Section 5.1.1 led to a series of questions. The researcher recounted, “This prompted us to think about why we can’t sell it. We conducted interviews with many potential customers who had visited the house but did not buy it. We also visited companies that have been more successful in tourism real estate development to find out why. Later, it was discovered that the main reason for the failure of our project

development was the lack of thinking about problems from the customer's point of view and not creating enough value for the customer. Although we tried to think from the customer's perspective in the process of building the house, what we formed was not the real idea of the customer, but the idea of the customer that we thought. However, there is a gap between what we think of our customers and their true thoughts, which leads to the end customers not buying our products. Therefore, if you want to avoid future development failures, you must understand the true needs of customers and try to meet customer needs as much as possible. Since the investment in real estate development is very large, once the developed products cannot be sold, the company may go bankrupt. In order to prevent the project from failing to develop again, we are very cautious and try our best to allow consumers, builders, property companies and other stakeholders to participate in the development and subsequent operations of the project. In other words, in the later stages of the development and operation of the product, that is, the small courtyard in Dali, we try to involve stakeholders as much as possible and develop products with us. From an academic point of view, it is to let stakeholders create value with us and create value together. Value co-creation refers to the process in which consumers use their own resources and the resources of the product or service provider to create value for themselves and provide solutions to problems (Grönroos, 2008). This shows that our development model innovation applies the concept of value co-creation.”

## **(2) The main body of value co-creation**

In response to unsatisfactory market reactions such as poor product sales and poor customer experience, the researcher reported, “We used value co-creation thinking, combined with the characteristics of the Dali cultural and tourism real estate market, and created value with customers, construction companies and property companies, and developed "Dali's small courtyard (below) (Referred to as Small Yard)" project, reshape the business innovation model of the enterprise, and shape the new core competence of the enterprise.

Dali Small Yard can be divided into two main development stages: The first stage is the conversion of the real estate development type from townhouses to small yard models. This is the first time that my real estate company, Yunnan Strength Group, has applied the concept of value co-creation to a real estate project in Dali. The revolutionary change of the development model, so the product changes are also relatively large, realizing the qualitative change from townhouses to small yards. At this stage, co-creation with customer value is the main focus, supplemented by co-creation with construction companies and property companies.

The second stage is the product iteration of Dali Small Yard. Continuous improvement is a process of quantitative change. At this stage, the value co-creation forms between Yunnan Strength and customers, construction companies, and property companies are more diverse.

### **5.1.1 The first stage: from townhouse to small courtyard mode**

**(1) Townhouses-the first-generation product with unsatisfactory market performance in 2012**

“Because of the past two decades, China's real estate market has been in an era when supply is in short supply. Therefore, in China's real estate projects, developers have always led product design. Developers design houses centered on themselves. As long as they are developed, they can generally be sold. Hence, the researcher recalled, “Therefore, after we acquired the land in Dali in 2012, the first piece of land we developed still followed the previous real estate development model, allowing our employees to design the house directly. Although we initially positioned this piece of land as "Dali is the Dali of the whole country, all people in the whole country can buy a house of their own in Dali", but we wanted to develop it into a townhouse. Because we feel that many wealthy people are willing to come to Dali to buy a house and enjoy the tourist scenery of Dali. We think that the first generation of products must be sold to the wealthiest people in China. I happen to have many such wealthy people around me, so that it can form a brand effect. Most of these people also live in villas in their usual place of residence, so the house we design should also be a villa type.

In the process of developing townhouses, we did not communicate well with our customers. We still followed the traditional model and carried out product design with people from our own company, and pursued high turnover, hoping to develop products as soon as possible. I even imagined that as soon as these townhouses were developed, those of my friends would order them manually, and they would soon be sold out. The initial positioning of the project was a villa project, so the mainstream product design ideas on the market were adopted. The final result is the characteristics of the townhouse products. First, the units are large enough, and the building area is

generally more than 150 square meters; second, there are gardens on the front and back of the house. We think that only in this way can we match the identities of the rich and meet the residence requirements of the rich. However, this also led to the total price of our house is not low, at least 1.3 million yuan.” The townhouse product design is shown in Figure 5-3 and Figure 5-4.

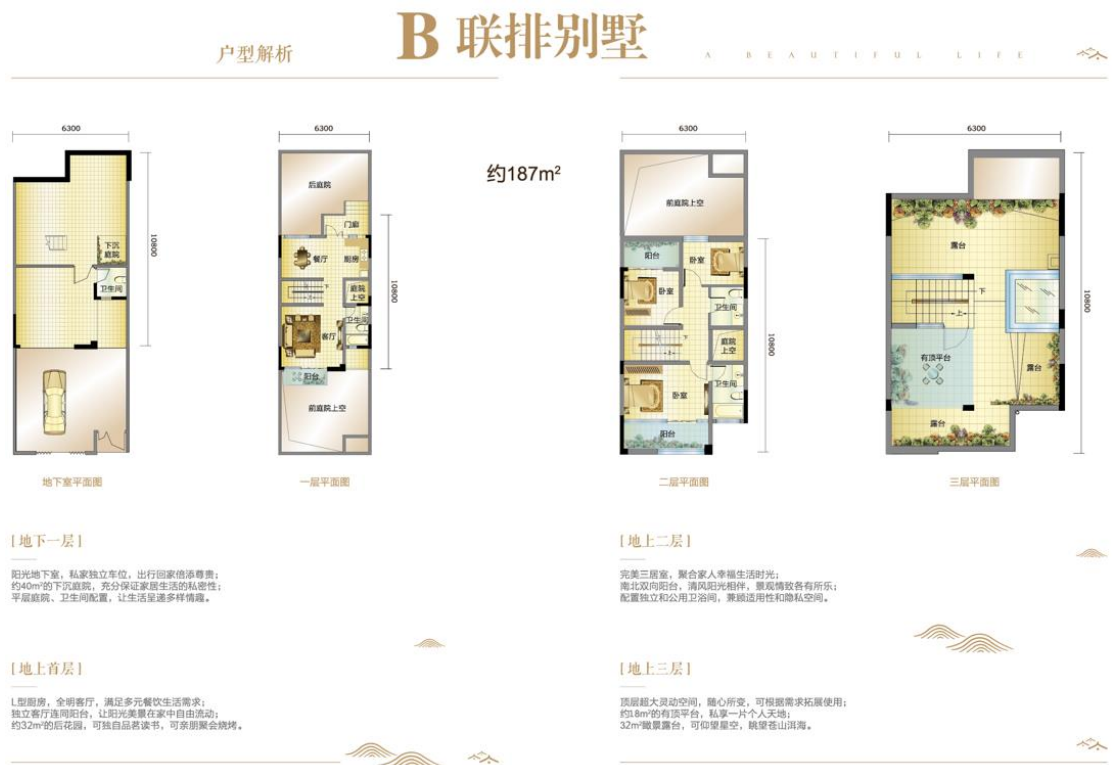


Figure 5-3 Townhouse product 1 of the first generation product



Figure 5-4 Townhouse product 2 of the first generation product

“However, contrary to my estimation, after the launch of the townhouse products, the market reaction was very cold. Few customers are interested in such villas, and even fewer customers are willing to buy. This surprised me very much. In view of the unsalable situation of the project products, I had to adopt a promotional strategy, on the one hand to reduce the price, and on the other hand to launch a promotional activity of buying a villa and giving it to the garden. But the market's reaction still hasn't improved. I even wonder if there is a problem with sales. Those of my employees may not be able to find so many high-net-worth customers. Therefore, I invited many of my classmates from the Changjiang Graduate School of Business to travel to Dali and visit these houses of mine, hoping to promote these houses with them. I think my classmates from Changjiang Graduate School of Business are potential customers of my group of houses, because they belong to a high-income

group in China and have a more high-end demand for tourism. I have heard many people say that Dali is their tourist destination before. I want to buy a tourist property in Dali. However, these students almost did not buy them after the visit.”

(2) Explore the reasons for the failure of townhouses

“The huge contrast and financial pressure forced me to find answers. I first contacted those friends who had visited the house but didn't buy it, and asked them why they didn't want to buy it. I called them one-on-one for interviews, and later discovered that there was a problem with product design and development. Then I mobilized the sales staff and other managers to call people who had visited the house together, to get a more comprehensive and accurate understanding of the problem. In hundreds of interviews with consumers who have seen our products but have not purchased, the answer we got was that the house we developed was not the house they wanted. Among these people, many people visit Dali for 1-5 times a year, and they have a strong willingness to buy real estate in Dali to facilitate their travel and leisure. But even if they have such a strong demand for buying houses, they are still not interested in my project.

After learning from the painful experience, I began to realize that the real estate market is changing, from the previous seller's market to the buyer's market, and the traditional real estate business development model can no longer adapt to the fast-developing cultural tourism market. Therefore, it is necessary to find the reasons for the failure of the first-generation products, dig out customer needs, and adjust the product design to meet the needs of market consumers. Therefore, I encourage all

employees to participate in potential customer surveys. Not only front-line sales staff must conduct surveys, but all senior executives must also participate in the survey. A large number of face-to-face interviews and telephone interviews with potential customers are conducted to dig deeper into the real needs of potential customers. I think that only when the senior management also joins the research team and interviews with customers can they better understand the needs of customers, because the senior management's ability to identify and summarize is relatively strong, only the senior executives also participate in research and understand the changes in the market, so that they will not give wrong guidance to subordinates based on previous wrong experience in the follow-up work, or make wrong judgments and rejections of correct opinions submitted by subordinates. Make the correct opinions accepted and implemented.

In order to have a deeper understanding of customer needs, we conducted a half-year survey of consumer needs. During this period, the project organized ten teams to conduct one-on-one interviews with target customers. There are two main types of interviews: one-on-one face-to-face interviews and telephone interviews. The project conducted more than 150 face-to-face interviews and 900 telephone interviews. In addition, under the suggestion of a friend, I visited some of the more successful real estate projects developed and found that the common feature of these projects is that they are very concerned about the needs of customers, and all develop products with customers as the center. From designing the house to building the house to after the house is sold, they are keeping in-depth contact with potential customers and



earnestly absorbing their opinions. In other words, most of the cultural tourism real estate projects that have been successfully developed in recent years have adopted the value co-creation model for development.

In interviews with target customers, we found that there are some common needs:

First, the total purchase price must be low, preferably not more than 1 million. Although they are rich, these wealthy people are very good at investment analysis, so buying a house is a very rational exercise, they will pursue cost-effectiveness, and will calculate the rate of return on investment. For example, Mr. Xu, an investor, said that the total price of our townhouses is at least 1.3 million yuan. Based on the total price of 1.3 million and an annualized interest rate of 5%, the interest generated by the funds occupied by this house reaches 65,000. On average, he lives in Dali for no more than 30 days a year, so the equivalent of a daily living cost will exceed 2,000 yuan, which is more expensive than living in the presidential suite of the most advanced hotel in Dali.

Second, the house should not be too big, preferably not more than 100 square meters. The construction area of our townhouses is generally above 150 square meters. Because most people only live here for a short period of time, and when they come, they are usually outside during the day and come back to sleep at night. Therefore, they do not need to have a large room and a large living room, but only need a comfortable living place. The marginal benefits of big houses are very small. On the contrary, they also need to increase the cost of decoration and cleaning is very

troublesome. Mr. Lin, who likes to travel, said that he thinks a small apartment of 30-50 square meters is enough. Most of the feedback from other potential customers is that the house is within 100 square meters, otherwise it is too wasteful.

Third, the house is best sold renovated and furnished, because the client does not have time to decorate. Many people who buy these houses are not in Dali for a long time. If you buy a house and need renovation, then you have to stay here for a while to decorate, or you need to remotely monitor it, which is very troublesome. They also hope that the house can be moved in with a bag, and it is best to make it a hotel, but it is their own exclusive hotel.

Fourth, the house should preferably have a yard or terrace, which is in line with Dali's residential characteristics. If our house has no special features compared with the hotel, it will not arouse their desire to buy, because the hotel can replace our products. We asked what attributes of these houses would make them feel urge to buy? They said that there should be some Dali characteristics that make this house different from our houses in other cities and different from the hotels in Dali. One of the Beijing customers who loves to live in Beijing, Wang, said he hopes that the house has a small yard, and the building of the small yard needs to carry the national characteristics of Dali Bai nationality and the unique sense of residence, so that you can sit at your door and enjoy Dali's scenery. With beautiful scenery, you can also gather with friends and relax yourself.

Fifth, I don't want a big kitchen, but I want a cafeteria. After visiting the house, many of my female friends told me that the kitchen in this house was too big and it

was a waste, because after they came, they came to play and they were unlikely to cook. I asked again, don't you need a kitchen? How do you want to eat? They thought about it and said that the kitchen is still needed, but it would be nice to have noodles or porridge occasionally; then it is best to have a visit or a canteen to eat, otherwise many people would choose to stay in a hotel instead of buying a house.

In addition, some potential customers mentioned that it is best to have a vegetable garden in the community to experience Chinese farming culture; the community can have some social places, such as libraries, stadiums, etc., to meet social needs; house hosting services can be provided, When the owner does not live, it can generate income.

Through research and interviews, we found that there is a big gap between the townhouses we have built and the needs of our customers. There is a clear gap between the customer demand for products acquired under the traditional development model and the customer demand for products acquired under the value co-creation model.” As shown in Table 5-1.

**Table 5-1 Comparison of customer needs under different business development models**

Demand type	Traditional development model	Value co-creation model
1. Purchasing motivation needs	A home in Dali	settle, travel or invest
2. Housing area price demand	Large area, low unit price	Small area, low total price

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3. Needs for independent courtyard	gardens	small private courtyards
4. Decoration requirements	rough	refined decoration
5. The kitchen area needs	a large area, convenient for cooking	small, and rarely cooks
6. Supporting demand for community canteens	No related demand	Strong demand
7. Supporting demand for community vegetable	No related demand	strong demand
8. Requirement for social supporting facilities in the community	Optional	diverse needs such as libraries, stadiums, bookstores, etc.
9. Requirements for community trusteeship supporting facilities	None	Must be configured, housing care and unused income during the period when the owner is not living.

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“In order to further determine the needs of customers, we held 20 product meetings. In addition to inviting professionals, some target customers were also invited. Value co-creation is not to satisfy all the needs of customers, but to satisfy the needs of customers, allowing companies to gain profit. Therefore, the project team determined three criteria to meet customer needs: achievable requirements; acceptable cost; this requirement is important to the customer.

In short, the poor market performance of the first-generation products made me understand that the traditional real estate development model is no longer suitable for

the modern cultural tourism market. We need to adopt a value co-creation model to develop real estate, and we need to communicate more with customers. Understand their real needs. Through research, the concept of value co-creation has been unanimously supported by all the staff of the company, which also provides valuable experience for our subsequent product optimization design.

### **(3) Small Yard 1.0—the second-generation product that reversed the situation in December 2015**

After the failure of the first generation of products, Yunnan Strength Company decided to develop the "Dali's Small Yard" project with the concept of value co-creation, explore new business development models, and then launched the Xiao Yard 1.0 product in December 2015. The Small Yard 1.0 product is based on co-creation with customers, and created a market-favored cultural tourism real estate benchmark product, which is mainly reflected in the following aspects:

The researcher-CEO continued with her account: “First, control the total housing price and reduce expenditures in all aspects. We developed houses with the overall goal of controlling the total price of houses. Because no matter how good the product is, if the price is not right, it is still impossible for potential customers to buy it. In order to reduce the total price, we have to make the house small, so we designed a one-bedroom apartment, and reduce the area of the kitchen and dining room as much as possible, making it an open kitchen and dining room. The kitchen has only a small operating table. , The kitchen, dining room, and living room are connected together to avoid the wall occupying space and also make the living room more open. In order to

save costs, we also innovated the cooperation model with construction companies, allowing construction companies to join our product design from the very beginning, and discuss how to design and build to save money. In the traditional real estate development model, the house is generally designed before the construction company is invited to bid. Under the guidance of the goal-oriented low total price, we reduced the kitchen area from a dozen square meters to 2-3 square meters, and reduced the minimum house area from 180 square meters to 39 square meters, and further reduced the total house price from the lowest 1.3 million. The price dropped to 300,000, less than a quarter of the price of a townhouse. This helps to meet the customer's first and second needs.

Second, reduce the house area and focus on one-bedroom units of about 40 square meters. We are equivalent to turning the area of a townhouse originally built into a house. These four houses are separated into two floors, with two sets on each floor, forming a U-shaped enclosed courtyard of about 160 square meters. In this way, if some customers want to buy a larger house, they can buy two sets next to each other, a total of 80 square meters, two rooms; if they want to buy a larger one, they can buy the upper and lower floors, a total of 160 square meters, 4 Rooms. In addition, we no longer sell rough rooms, but decorate them according to hotel standards. We not only carry out hard decoration, but also soft decoration. We have even prepared daily necessities such as bath towels and toiletries to truly enable customers to move in with bags. This helps to meet the customer's 1, 2, 4, and 5 needs.

Third, create public courtyards and terraces. Our U-shaped enclosed courtyard of about 160 square meters has a total of four property rights, which can be purchased by four different customers. A U-shaped enclosed courtyard is a whole. We created a public courtyard on the first floor and a public terrace on the second floor. We advocate the diversification of product use and the concept of sharing economy, allowing customers to use yards and terraces off-peak. In this way, these customers can not only have the yard, but also use the terrace, but also reduce the area of The house, thereby reducing the purchase cost. Our sharing model is achievable, because many customers will buy houses with relatives and friends, and there will be no contradictions in sharing between them. Even strangers, because they asked for the yard and terrace to make friends, they were happy to share the yard and terrace. In this way, it helps to meet the customer's 1, 2, and 3 requirements.

Fourth, complete supporting services and provide custody services. We not only created offline communities, but also provided facilities such as canteens, vegetable gardens, libraries, football fields, etc., according to the needs of customers for social interaction and meals, and also created an online communication platform. Because in the interview, an owner proposed to build a small courtyard cultural and artistic exchange platform to allow owners to communicate with each other, and this can just meet the needs of many traveling customers to make friends. In addition, since many of these customers live here for a short period of time, when they are not living, the community also provides custody services. During the custody period, customers can choose to let the community rent out to others for income, or not rent but let the

community take care of it. The house, take care of the flowers and plants, and clean it up before coming to live next time. This allows customers to truly move in with their bags, and at the same time increases the profitability of the house. These designs help to meet the customer's 6, 7, 8, and 9 needs.

In this way, the house we designed, on the one hand, is different from the hotel, so that they can have a home here, have friends, and a wealth of activities, even if they come to live and stay alone; on the other hand, with customers Urban homes are also differentiated, allowing their homes to have yards and terraces. The point is that this home is still beautiful and it is not expensive to realize this dream. 300,000, you can have a home in Dali, with a yard and a terrace, as well as a wealth of activities, interesting friends, fine decoration + full care, and a real baggage check-in. Through communication with customers and value co-creation, we have eliminated the obstacles to customers' purchases one by one, and truly start from the needs of customers, and do our best to meet the needs of customers. When these needs of customers are met, and the price is not expensive, they are naturally willing to pay. Therefore, after our Little Yard 1.0 product was developed, it sold out in less than a month.

### **5.1.2 The second stage: continuous iteration of the small courtyard**

“Although the development of Small Yard 1.0 is very successful, we are not satisfied with it. We continue to co-create and develop the remaining plots with our customers. On the one hand, we continue to communicate with customers who have purchased a small yard 1.0 house to understand where they are not satisfied with the



product, and take some remedial measures to solve it, especially in the later operation of the property; on the other hand, we continue to investigate New customer groups, constantly clarify the target customer groups of Small Yard 2.0, and develop Small Yard 2.0 products that suit their needs. Based on this model, we later developed Small Yard 3.0, 4.0 and 5.0 products.

**(1) Let new and old customers participate in the iteration of small courtyard products**

In more than five years, the entire series of Small Yard's products have been developed and delivered to about 20 groups in seven project plots. In the later product iterations, we invited potential customers to visit the site and put forward suggestions for improvement, and our staff collected opinions on the spot. According to the three criteria for satisfying customer needs, the project screens out the needs that can be met, and makes improvements in the later design. For example, many customers think that our small yard 1.0 product can be improved in the decoration, and they are willing to pay more for this. Therefore, the decoration standard of the later project is raised from the decoration standard of a three-star hotel to a four-star hotel. On the one hand, better decoration meets the needs of customers, on the other hand, it is more conducive to the rental of vacant houses and facilitates hosting services. In general, we not only allow old customers to actively participate in value co-creation, but also new potential users to participate in value co-creation, and let them participate in the iterative process of small courtyard products. For example, we collect feedback from customers in the previous group sales and delivery process. After the marketing,

customer service, and property personnel gather together, the design extracts common problems, and optimizes and upgrades the new product design process in combination with cost and construction period.”

## **(2) Let old customers participate in the operation of the small courtyard**

“Previously, we only wanted to allow customers to participate in the development of small yard products. However, in the process of returning to the owners, we found that many owners have big running-in problems in dealing with the relationship between neighbors and creating a community atmosphere. After enjoying the benefits of value co-creation, we are ready to apply the concept of value co-creation to the operation of small yard products. We let the owners put forward their opinions and suggestions on the community service and operation in the next stage of the small yard. In the interview, an owner proposed that the small courtyard community can create a cultural and artistic exchange platform to allow more owners to communicate with each other, looking for something to share or do interesting things together in Dali, just before the owner was engaged His work is independent cross-border cultural planning and art curation, because the project team and the owner organized and launched the "Cang Shan You Dao" forum platform. Through this platform, we let the owners of the small courtyard gather to enrich people's spiritual and cultural life. The success of Cang Shan You Dao has also found that the operation after the house is sold is also very suitable for the concept of value co-creation. After that, the "Small Yard in Dali" project gave birth to many communities promoted by the owners, such as the "Small Yard Spring Festival Gala".

Generally speaking, the advent of Dali Small Yard products is the result of Yunnan's strength in using value co-creation thinking to break through the traditional real estate development model and brave business innovation. Value co-creation has allowed us to experience multiple levels of concept and practical innovation, such as the traditional product design based on the developer's thinking model, to thinking about the functional and emotional needs of users from the user's perspective; from the early blind pursuit of control A one-stop product thinking model that emphasizes the total purchase price, reduces transaction risk, gives users semi-finished products (rough houses), and boldly meets user needs, adds configuration (hard-covered houses), and emphasizes individual aesthetics. In the use process of each generation of products, we constantly touch the explicit and implicit needs of users, so as to upgrade products, continuously generate links with users, form user participation in design, optimize products, gradually form a fan effect, and absorb more homogeneity Users pay attention to product iterations and precipitate the next new product intentions for marketing. This is a typical Internet thinking product model and marketing fan-absorbing model.”

## **5.2 Value Co-creation of Yunnan's strength and consumer**

### **5.2.1 Consumers participate in helping companies obtain real needs**

In the initial stage of business innovation, Yunnan Strength Group has conducted various forms of value co-creation with consumers to understand and evaluate the development trend of tourism real estate under specific economic conditions, the real needs of consumers, and the scale of the target market. On this

basis, it is guided by consumer demand, conforms to the development context of cultural tourism real estate, focuses on the core customer market, and takes the development of the "Dali Small Yard" project as an opportunity to reshape the business innovation model of the company.

### **(1) Consumers actively help companies obtain real needs**

Before the implementation of business development and at all stages of the implementation process, Yunnan Strength will carry out different forms of value co-creation activities with consumers to continuously in-depth and meticulously understand consumer needs. Consumers also actively provide real demands to help companies acquire core customers, so that consumers are no longer passive receivers of real estate products, but active suppliers of real estate product design needs.

In each stage of business development, Yunnan Strength carries out different forms of value co-creation activities with consumers, and obtains the real needs of consumers through investigation activities. The survey activities before the implementation of business development are mainly to obtain large data samples (general survey), to establish a wide range of consumer resources database; In the early and middle stages of business development, the survey activities are to conduct layer by layer analysis, stripping and testing of consumers (targeted investigation), and to simplify the consumer resource pool; The final investigation activities in the later stage of business development are to identify the core customers (special investigation) and have a deeper communication with the core customers. In other words, in the stage of general investigation, the main task is to collect the information

of undeveloped customers who have demand for cultural tourism residential products and have the ability to buy them, and identify potential customers. In the targeted investigation stage, the potential customers are stripped and simplified through the investigation of demand motivation, purchase motivation and purchase behavior, so as to identify target customers. In the special investigation stage, the target customers who have product demand, purchasing ability and purchasing power are screened to identify the key customers of the company's marketing.

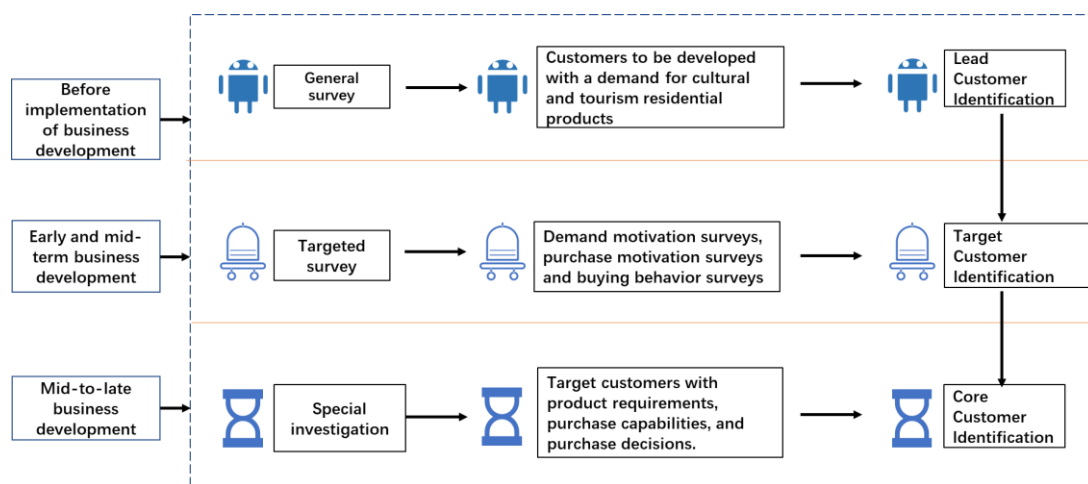


Figure 5-5 Yunnan Strength group conducts value co-creation with consumers in various stages of business development

Yunnan Strength group makes comprehensive use of various ways to create value with consumers, which improves the authenticity of acquired consumer demands and the accuracy of target customers. First of all, according to the survey needs, Yunnan strength carried out multi-stage and multi-frequency communication activities with customers, in order to comprehensively understand customer needs. Through face-to-face interviews, door, questionnaire survey, mail surveys, telephone access methods such as active way, and consumer feedback and interaction between consumers and WeChat group information such as passive way, Yunnan Strength

group living environment for consumers, spending habits, form a complete set of residential, family structure, family structure, childhood memories, local culture, cause, the cause, the integrity of the psychological demand, and so on residential demand for research, through the creating process, can understand unceasingly, digging deep live customer demand. Yunnan strength group wrote the market research report of this process, the initial formation of customer description. Secondly, in addition to direct communication with customers, Yunnan Strength also communicated with other companies in the industry to further obtain customer profiles. Thirdly, according to the research situation and specific needs, Yunnan Strength Company entrust a third-party research company to carry out a special investigation to obtain the overall market data, consumer habits and cultural tourism demand of Dali cultural tourism real estate.

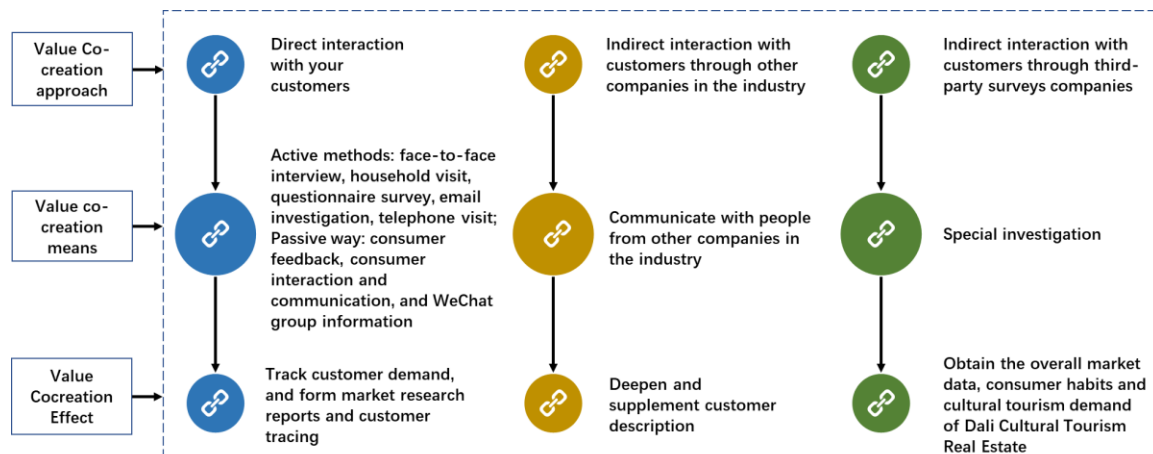


Figure 5-6 Yunnan Strength conducts customer demand research by using various value co-creation methods

**(2) Consumers help companies acquire core customers**

After a comprehensive understanding of consumer demand through various means, Yunnan Strength further defined the target customers of the "Dali Small Yard" project and identified the target market. After the research, Yunnan Strength divides

the core customers of "Dali Small Yard" project into two categories: mainstream core customers and incidental customers. Among them, the mainstream core customer base is mainly the new middle class families in the outer regional market (mainly concentrated in the first-tier cities and the new first-tier cities) and the new immigrants in Dali city, whose life quality is higher and economic income is higher. Accidental customers are mainly local customers and some middle class families in the second-tier and new second-tier cities. In the research process, the new immigrants in Dali city have the highest degree of cooperation. This group involves many industries, including entrepreneurs, artists, freelancers and so on. We continue to communicate and interview with this group. Through in-depth communication in the leisure atmosphere, they can summarize and refine their actual product needs and lifestyle needs, and they will also share the life needs of surrounding friends.

· Analyzed the data of completed customers in Yunnan strength, further determined the characteristics of target customers through in-depth interviews with customers and combined with the company's sales target requirements. "Dali Small Yard" project is divided into North District, Central District and South District. The three areas cover a total area of 3,000 mu, which is the largest high-end villa project in the whole Haixi District of Dali. Among them, the North District covers an area of 300 mu, the Central District of 1200 mu, and the South District of 1500 mu. Supporting facilities around the project; Whether it is natural resources, recreation, health care, education, finance are quite perfect. The project is not an urban residential property, but a residential property project. In addition, the project is characterized by

huge volume and high price, so the local permanent resident population is not enough to support the sales volume of the project. Finally, the mainstream core customers of the project are identified as three types: New middle class families in Sichuan and Chongqing, new middle class families in Beijing and new immigrants in Dali. After the project is liquidated, the new middle-class families in Sichuan and Chongqing accounted for 10%, the new middle-class families in Beijing 30%, and the new immigrants in Dali 60%.

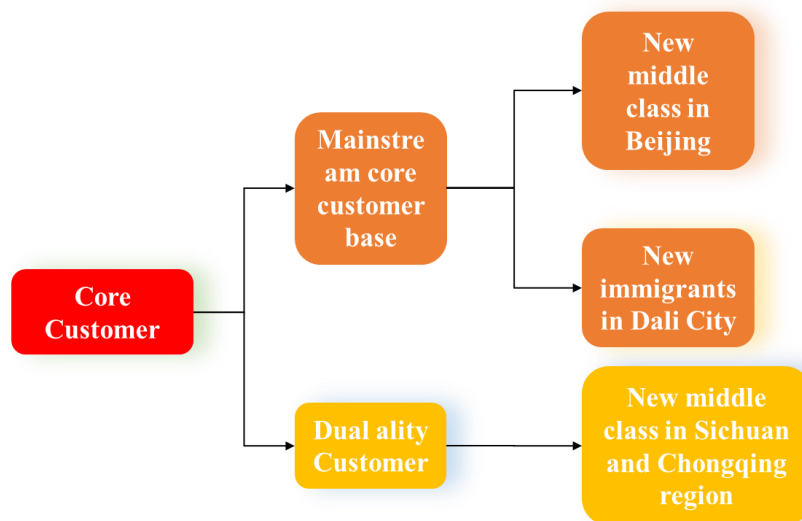


Figure 5-7 Core clients of the "Dali Small Yard" project

### 5.2.2 Consumer participation in product design

The development team of "Dali Small Yard" project established close contact and frequent interaction with consumers in the whole process of project development and construction, and carried out efficient value co-creation activities with consumers in three aspects of demand orientation, participation willingness and participation



frequency of product design (as shown in Figure 5-9). In the aspect of demand-oriented, targeted and oriented product design is carried out according to the needs and pain points of target customers, and the organic fit between customer needs and product concepts is realized. In terms of willingness to participate, choose the way that customers prefer based on the communication with customers, so as to attract customers to participate in product design. In terms of the frequency of participation, from drawing design to construction to product delivery, the company has gone through dozens of product iterations and upgrades. In each iteration, customers' opinions will be absorbed to adjust and optimize the product design.

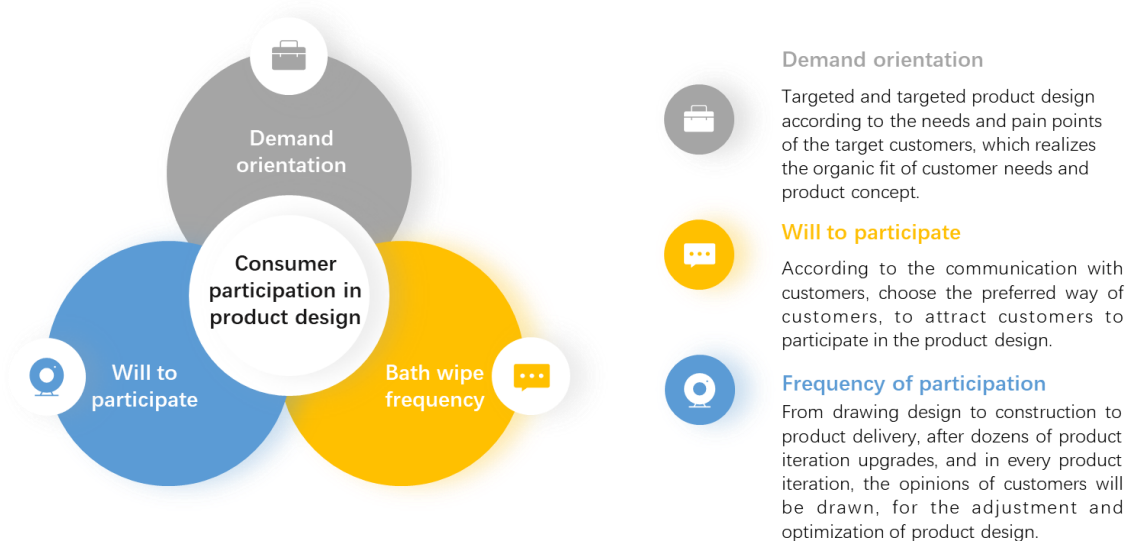


Figure 5-8 Main value co-creation forms of consumer participation in product design

**(1) The project carried out targeted and targeted product design according to the needs and pain points of target customers**

From the beginning, the project development team made targeted and targeted product creation according to the needs and pain points of target customers, which just fit the feelings of the middle class at that time, "Poetry and Distant". In order to allow consumers to participate in the product design, the development team mainly

uses the following methods: questionnaire survey, face-to-face interview, model hotel experience and so on. Through extensive interviews, we can understand the impression of Dali in consumers' mind and the lifestyle of sojourn and holiday. Questionnaire survey was conducted to test consumers' sensitivity in planning, building products and prices. By staying in the model hotel, consumers can get a more intuitive product experience and more accurate feedback on the product hardware and software.

For these areas targeted customer group carried on the thorough careful interview and communication, and on the basis of simulation research, the owners of life scenes, determine the product positioning: the pursuit of simple, so the Dali Small Yard early everyday function of positioning is to meet customer needs, and never leave a little extra grey in terms of design space. Consideration in detail respect at the same time is very sufficient also, to solve the home of 3 for instance will go vacationing, the door model of one hall is in the sitting room bay window put aside the bed of enough dimension, let a room to be able to satisfy the demand of one big one small two beds. Every detail of the product is guaranteed to have a taste of the situation, as far as possible to restore people's holiday life scene. Due to the in-depth customer research as a reference, so the purpose of the project has been all customer-centered. In the market research also found that a lot of owners like to take friends and family to holiday together, so they designed suitable for friends and relatives gathering courtyard. Through continuous research, combined with the opinions of owners and

unfamiliar customers, Yunnan Strength constantly innovate, upgrade and iterate the products.

## **(2) Continuously adjust and optimize product design based on customer feedback**

The design phase of the "Small Yard in Dali" project has gone through the plan-expansion-optimization of construction drawings, collisions between various disciplines (architecture, structure, electromechanical, interior, landscape), and the subsequent construction process through construction disclosure, cost decomposition, and technology Measures optimization, finalized version and sample, branch acceptance, etc. were carried out. At the design and construction stages of the project, great attention was paid to design optimization and adjustment and to determine the construction standards for the entire stage. The project has gone through dozens of product iterations and upgrades from drawing design to construction and product delivery. In each product iteration, customers' opinions will be absorbed to adjust and optimize product design.

The whole series of small yard products have been developed and delivered about 20 groups in seven project plots in more than five years. The small yard products of each group have different degrees of iteration according to market feedback, project positioning and land plot conditions. The participation of consumers in the iterative process is more concentrated in the feedback of customers in the last group of sales and delivery. After summarizing by marketing, customer service and property management personnel, common problems are extracted in the design, and

the optimization and upgrading are carried out in combination with the cost and time limit in the design process of new products.

Every consumer is a co-creator of the product design of this project. There are common suggestions and individual suggestions. "Dali Small Yard" project team will make unified adjustment and optimization of common suggestions. Yunnan Strength will repeatedly consider the applicability and the underlying logic, not personality for personality, this process is also a trade-off, step by step to complete the iteration. For particularly good personalized suggestions, Yunnan Strength are within a certain limit, or do a forward-looking design and use. When the personalized demand becomes a common problem along with the gradual improvement of the product, and our forward-looking design cannot be fully satisfied, Yunnan Strength will also carry out a new round of product iteration and upgrading. Demand changes over time and through phases, and our products change with demand and through phases.

### **5.2.3 Consumer participation in brand marketing**

The development team of "Dali Small Yard" project interacts with consumers at multiple levels, establishes deep connections, strengthens brand promotion, and enhances customer stickiness and brand recognition. The project development team and the consumer work together to create a multi-level circle culture, to meet the needs of consumers, while improving consumer satisfaction. The project development team takes residential experience as the core and supporting services as the media to establish a new neighborhood relationship and create a distinctive community culture.

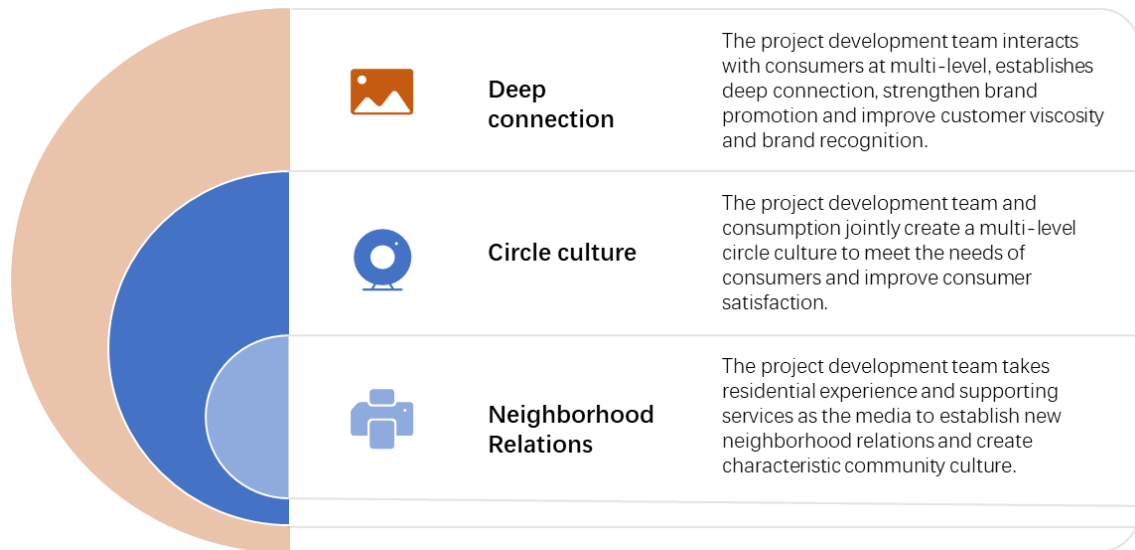


Figure 5-9 Value Co-creation of Consumers' Participation in Brand Marketing

**(1) Multi-level interaction with consumers to enhance customer stickiness and brand recognition**

All the products of the "Dali Small Yard" project are designed and promoted based on the idea of co-creation, so the brand building is also based on this. Every owner of the project is a tight team with us. Brand building is also their pay and dedication, is the painstaking effort of every owner. As a result of participating in the whole co-creation process, brand recognition and stickiness actually become a natural result, rather than a deliberate publicity. Everyone will cherish the results of their own work, the project is through co-creation, the results will be handed over to each owner. Therefore, the project team changes from the builder of the general project to the spokesperson of the co-creation team.

In the brand promotion of the project, Yunnan Strength mainly rely on customers in the circle, and let customers share and promote the project in their own circle voluntarily. The product design has absorbed a large number of customers' opinions. Therefore, the customers of this project approve the product design very much. They

also hope their friends in the circle to live here, so they are very willing to promote this project. In the fan promotion activities conducted by the clients themselves, the project supports the clients' promotion activities, such as providing materials and platforms for free, and also undertakes the design work of the clients in the promotion. All of these have greatly increased the customers' promotion of our products in their circle of friends and friends.

**(2) Create a multi-level circle culture with customers to improve consumer satisfaction**

This project always believes that the product is the entry basis, supporting link, community layer is the link. Therefore, the project takes the activity content as the carrier of invitation to guide consumers to join and repeatedly join in order to form living habits and develop stickiness. Besides, through the continuous optimization and focus of the content and the upgrading of service experience, a multi-level circle culture is created to enhance the brand recognition of consumers.

Community is a major feature of the success of the project product. Although the community is now a content of tourism real estate, but community is not a marketing activity, nor a marketing node, can not be implemented like a planning node, what is more needed is the sincerity and dedication of the project team. The entire team from the 2015 focus on community building, from basic property services, butler service to 1 to 1, happy little yard unique pilot service (Enjoy Officer, referred to as "E.O), step by step, let owner surprise service, promote the evolution of community, formed the unique cultural community spheres of small yard, it is also a small courtyard the

biggest difference between the product and other tourism real estate project. Up to now, a complete vacation system has been formed, so that every owner who comes to Dali can have their own beautiful vacation. Specialized community operators EO lead and organize various activities according to the climate of the four seasons and different festivals, from handicrafts, sports, art, lectures, watching movies, etc., to meet the interests and needs of different people.

In the communities delivered in the first few phases, many fixed festivals have been formed, among which the most famous is the "Spring Festival Gala in the Small Yard". New immigrants are very likely to feel lonely during the Spring Festival. Therefore, the team created three consecutive "small courtyard Spring Festival Gala", and let the owners of the screenwriters, directors, writers, stars, etc., to lead the creation of high-quality programs, each Spring Festival Gala let the owners want more, let the neighborhood slowly form a circle, can ensure the occupancy rate of customers.

Create a "warm community", gather people with common needs through community activities, and build a new circle of acquaintances. Trigger, communicate, guide, let the warm connection between the neighbors, and gradually integrate the community into an emotional community with the same interests and hobbies, forming a larger gathering effect. In addition, the project specially set up a sharing platform in the yard: "Cang Shan You Dao", nationwide, invited art, design, humanities, exploration and other fields of people to share, attract people from all

walks of life to experience this way of life in the yard, form a certain industry circle communication.

**(3) Work with customers to create a distinctive community culture and establish a new neighborhood relationship**

Humanistic characteristics are the living power source of "Dali Small Yard" project. The project team will hold more than 400 activities in one year, such as charity education, outdoor activities, concerts, etc. It not only forms a strong life atmosphere in the community, but also conveys the "values" of love and temperature in the small courtyard. In building community culture, the project team pays attention to the IP of the community. So far, it has created Cang Shan You Dao (irregular), Spring Festival Gala in small courtyard (annual), long table banquet (festival node) and other brands. In addition, the project also established a number of regular communities to meet the interests of clients, such as football community, tea culture community, reading community, etc. Project team to the community as the carrier, in the community organization relationship need to be able to continue, at a temperature of community, humanized circles to improve well-being, will deliver content as a way of life, community plate continuous output, to create a good brand awareness, set up the "warm with love life" brand philosophy.

Take a brainstorming meeting held in the early stage of project development as an example to explain in detail how the project team uses the propaganda ideas of circle culture to improve marketing communication capabilities. The main purpose of this meeting is to determine the basic strategy for the project content of the target



customer group, project planning and user operation of the Dali Small Yard, as follows:

First, determine the target audience. The core points of the meeting first confirmed that the project was defined as an export project, the mainstream customer group focused on the national tourist group, based on the positioning of the pan-target customer group, the marketing targeted Dali new immigrants, homeowner customer group label analysis, tourism behavior pattern analysis, vacation cycle simulation , Determined the precise customer group area: Sichuan-Chongqing, Beijing-Tianjin-Hebei, Beijing-Tianjin-Hebei belongs to the high contrast of climate and environment, and the ethnic culture is similar; Sichuan and Chongqing are geographically related and culturally similar; between the ages of 35-45, There are old and young, with a stable career, a high-knowledge class, a passion for life, a good taste, strong social attributes, an annual vacation period of 15-30 days, and a mid- to long-term residential group for new immigrants.

Secondly, carry out project planning and design. Taking the vacation behavior model as the supporting planning content model orientation, five-star hotel supporting sharing, cultural and creative space operation, library cultural spiritual core operation, and the creation of living systems (canteens, convenience stores, shopping streets, sports fields) to form cultural tourism vacations, Closed loop of life system.

Finally, the user operation strategy is proposed. Take the circle as the basis of community operation, activate user stickiness, stimulate the chemical reaction between people, and long-term community operation enhances the stickiness between

owners in the community, penetrates the community closure, opens up the community temperature, and achieves a high vacation occupancy rate , To form an active community, link the owners circle through the community, and finally realize the high conversion ratio of the circle layer home ownership, reduce marketing expenses and revitalize the community operation;

After discussing and determining the target customer group and project planning content, this meeting innovatively proposed a user operation strategy based on community operation, which achieved very good results in the later project operation practice. As a product dissemination carrier and the core design concept of product experience, the community concept is output with the warmth of human nature and the temperature of the community as the theme of the project values, and the product is the entrance, the community is the platform, and the service is the link. The core human design of the small courtyard project is established Image, around this concept to realize the circle planting grass, circle fermentation and spread, circle users participate in co-creation, precise promotion, create a yearning lifestyle to attract fans, and finally realize circle fission and rapid transmission, and quickly open market awareness..

### **5.3 Value co-creation between Yunnan strength and suppliers**

#### **5.3.1 Work with the construction company to continuously improve the residential design to better meet the needs of consumers**

(1) Based on customer needs, establish a benign co-creation mechanism with construction companies

According to the research on consumers in the early stage of development, this project designed version 1.0 of the small courtyard. Later, as the supporting upgrade project positioning evolved from the traditional landscape villa project to the cultural tourism resort project, as well as the continuous communication and interaction with consumers in the later stage, the product was gradually developed. Iteration. All subsequent project supporting facilities are basically based on the logic of Small Yard 1.0 version, combined with project positioning to increase or decrease, and some supporting facilities are close to standardization.

The flat-floor courtyard represents the highest quality courtyard life of the “Small Courtyard in Dali” project. As a star product, the courtyard product is divided into five phases of development. After each phase of the product is sold, the product design is iterated based on the owner’s feedback. Phase one product. The single product of Heyuan has gone through 5 iterations. A generation of shared courtyard: 160 square meters of U-shaped enclosed courtyard, to create a public courtyard, terrace, guest restaurant function, four rooms with four property rights, promote the use of diversified products and the concept of sharing economy, buy a property right to achieve the mistake of a courtyard Peak usage efficiency. The second-generation inn courtyard: 160 square meters feedback from users of the first-generation model, the sharing of real estate is not suitable for the unique concept of the Chinese people’s assets, the 4 products are merged into a courtyard with independent property rights, and the product management philosophy is also spawned, so the second-generation The courtyard emphasized the business logic and room occupancy rate, and optimized

its products in accordance with the functions and configuration of the inn's operation.

Three generations of mini courtyards: Due to the continuous increase in prices, product optimization has been carried out for high total price sales risks, and the spatial scale has been optimized to a certain extent. The 160 square meters courtyard has been compressed to 140 square meters of mini courtyard courtyards to increase sales flow.

Four-generation mini plus courtyard: In order to increase the product premium, the software and hardware are upgraded, and the furniture, soft decoration, and hardware standards are improved (the quality of kitchenware, sanitary ware, doors and windows are improved, the water heater is equipped with solar energy composite configuration, the air conditioner is changed to floor heating, and the decoration standard and style Upgrade, upgrade from a light luxury holiday style to a new Chinese style), reduce the configuration of home appliances (it is an invalid configuration, the demand standard cannot be matched, but provides an online purchase platform and installation).

Five-generation living courtyard: The fifth-generation is a high-end mature courtyard. The area has been upgraded from 140 square meters to a 176 square meters luxury courtyard. The function orientation enhances the resort experience space (increased courtyard size, independent dining and kitchen functional rooms, and strengthened master bedroom) Functional experience, combined with the terrain height difference, forms a resource-premium-type Guanhai Courtyard), the degraded functional space is upgraded from intensive Sifang to a large three-bedroom, providing personalized

decoration and decoration customization services to meet the needs of different decoration styles.

Due to the changes in the vertical and horizontal planes of the building of this project, the copy rate of the single building is extremely low and the complexity is high; the low-rise building on the mountain has many junction points on the facade, and the risk of leakage is high; Degree requirements are high. Based on the difficulty of construction and prevention of possible quality risks, this project has maintained good communication with the design unit and construction unit. The specific co-creation mechanism process is as follows:

① Before all construction enters the site, the project team organizes the construction drawing design unit to submit the drawings to the construction unit;

② Through drawings, conference exchanges, model comments, etc., all parties involved in the construction put forward suggestions for improvement based on their respective professions;

③ The parties involved in the construction repeatedly investigate and communicate to unify the understanding of construction standards;

④ Participants in the construction will evaluate the effect of the adjusted design plan, and pass monthly quality inspections and special meetings to exchange existing problems and feedback on the rectification of early problems.

(2) Follow the co-creation mechanism and continuously optimize product design through iterative updates

According to the four steps of the value co-creation mechanism process, the project team and construction company updated and upgraded intergenerational products on the basis of fully absorbing customer suggestions, and continuously optimized product design to better match customer needs. The specific iterative update can be demonstrated by the following three actual cases.

**【Case 1】** Improvement of roof design

Initial design: The roof slab is curved concrete slab surface, and the roof is covered with local residential style blue tiles, and the cornices are covered with aluminum-plastic panels.

Communication analysis: The construction unit proposed that the construction cost of curved slabs in sloping buildings is high. Yunxiangshan has extremely high winds throughout the year, and there are potential safety hazards; the cost consulting unit proposed that the cost is high; the planning unit proposed that the customer survey felt that the design style was not consistent with the local dwellings. In line, the overall effect is not coordinated.

Improvement plan: After repeated investigation and analysis by the design unit and development team, the opinions are considered reasonable, and the roof slab is adjusted to straight concrete slab surface, the local residential style blue tile is covered, and the cornice is painted with brown paint.

Achievement evaluation: After adjustment, the effect of the implementation model is more in line with the local residential style, more coordinated and beautiful;

construction is faster and more convenient, and safety hazards are avoided; cost saving is about 300 yuan/M<sup>2</sup>.

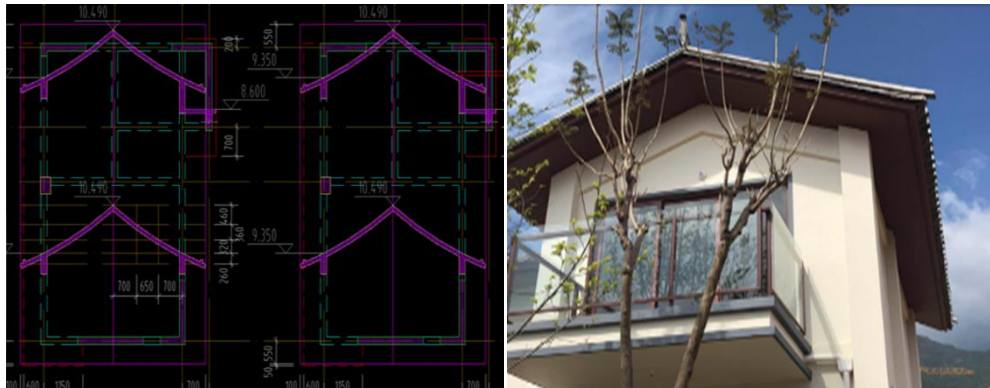


Figure 5-10 Improvement of roof design (replacement can better reflect the improvement sequence)

#### 【Case 2】 Improvement of courtyard gate

Initial design: The courtyard door is the slatted grille door on the left in the picture below.

Communication analysis: The design unit and the planning unit proposed that the courtyard door is too simple, which is quite different from the feeling that the project promised to the client Dali Dean.

Improvement plan: After repeated investigation and analysis by the design unit and development team, the opinions are considered reasonable, and the plan is upgraded and adjusted to the right wooden door plan in the figure below.

Achievement evaluation: After adjustment, although the cost increased by about 100 yuan/M<sup>2</sup>, the effect was greatly improved, and the customer service was extremely satisfied.



Figure 5-11 Improvement of courtyard gate

**【Case 3】** Improvement of facade materials and effects

Initial design: The facade uses a large number of brown cultural stones on the left in the picture below.



Communication analysis: The planning unit proposed that the customer survey felt that the design style was inconsistent with the local dwellings and the overall effect was inconsistent; the cost consulting unit proposed that the cost is higher.

Improvement result: After repeated investigation and analysis by the design unit and development team, the opinions are considered reasonable, and the local style large-surface white paint is adjusted.

Model evaluation: After adjustment, the effect of implementing the model is more in line with the local residential style, more coordinated and beautiful; the construction is faster and more convenient, and the cost is about 200 yuan/M2.



Figure 5-12 Improvement of facade materials and effects

### 5.3.2 Co-create supporting facilities with construction companies

**(1) Co-create diverse supporting facilities and services to promote the overall quality of the project**

The consumption flexibility of cultural tourism real estate is large, and customers' sensitivity to quality is much higher than price sensitivity. As a bonus item, bright spots are often used as a cornerstone for project transactions. Yunnan Strength, through the market department's investigation of potential customers, found that the current market for tourism real estate projects emphasizes products and neglects supporting facilities, resulting in a poor living experience for users. Therefore, the managers in this project focus on the customer's living experience, learn about customers through door-to-door or telephone surveys, and enrich the supporting facilities of the project, such as tea rooms, libraries, canteens, Kindergartens, laundry rooms, hotels, etc., in order to enhance the customer's living experience.

In the "Dali Small Yard" project, Yunnan Strength has built the Hilton Hotel in Dali Strength and the Small Yard Inn in Dali, which can provide a full range of vacation service experience and host large-scale high-end conferences. At the same time, Yunnan's strength has created a neighborhood center space. This space has built a Cangshan public library and a cultural and creative space for the owners to read books, listen to music, and enjoy painting exhibitions. Villagers' Canteen, Puxuan Bar, Children's Paradise, Small Yard Convenience Store, Sea View Gym, Small Yard Sports Ground, etc. In addition, "Dali's Small Yard" relies on the ancient tea-horse road culture of China, with the theme of literary and artistic life tribes on the ancient tea-horse road, creating an ancient tea-horse road commercial block. Adhering to the

concept of "Sentimental Theme Experience Zone", the commercial center uses a new business model of culture + life + aesthetics to create a full range of formats such as music theater, artisan workshops, literary restaurants, and life markets, and is committed to becoming a cultural tourism in Dali. A new benchmark for business.

**(2) Create new supporting facilities with construction companies and customers, and participate in operation by customers**

Many of the supporting ideas of Dali Small Yard were created by the collision between the client, the project team, and the construction company. For example, the neighborhood center, a very important supporting facility in Dali Small Yard, was originally a project sales center covering an area of more than 2,000 square meters. It was positioned for project marketing and contract signing. It gave customers the impression that it was cold and impersonal, and it did not have operational functions. , Just a pure cost center. When the project team and the construction company are exploring the functional transformation of the sales center, they fully interact with customers, and gradually expand the operation space on a small scale, starting with a little sales space as a villager canteen, and a little space as a convenience store in a small courtyard. To cafes, libraries, tea rooms, painting exhibition halls, and finally the sales center has truly realized the transformation of functions, becoming a neighborhood center with a human touch and able to provide customers with a comfortable and convenient environment. And this transformation is not only limited to the changes in the use of space. For customers, it is a typical sample of traditional

supporting innovative functions. For development companies, it changes the sales center from a cost center to a profit center.

For example, in the early stage of cafe operation, it was operated by Yunnan Strength. However, due to the lack of actual operation experience, the experience status of the cafe was not ideal. Through an exchange at a meeting with the owners, this situation was changed. An owner loves coffee very much, has experience in cafe operation, and is very enthusiastic about taking over the cafe. Therefore, the project team and the construction company acted quickly and adjusted the function of the cafe in accordance with the owner's opinion. Finally, the owner was responsible for its own profit and loss. Yunnan Strength provided the place to collect the share, and soon realized both sides' profits. The same situation also occurred in the operation of the library. Finally, it was also operated by a customer who made a version business, who was solely responsible for book selection, book classification, location placement, etc., and it quickly became profitable.

By transforming the functions of the sales center, it not only provides customers with and facilitates a richer community life, and provides certain economic benefits for customers and the enterprise itself, but also indirectly deepens the understanding of customers, and customers also deepen their understanding of the project. Emotional investment.

#### **5.4 Value co-creation between Yunnan Strength and property management companies**

The value co-creation between Yunnan Strength company and the property management company is mainly concentrated in two dimensions: one is to jointly create abundant humanized community services; the other is to create the industrial ecosystem with reasonable structure. Among them, the strength and the property company mainly from three aspects in Yunnan to develop community services, the first is clear the positioning of property services, make communication easier and more effective, followed by creating community link effective docking platform realizes the BBS online and offline activities, three is to provide diversified hosting service for owner, owner assets value and value. Through the two service product lines of "Small Yard Life Home and Small Yard Beauty Home-stay Home", Yunnan Strength Property Management Co., Ltd. aims to build an industrial ecosystem with reasonable structure and achieve a win-win situation among consumers, Yunnan Strength Group and the property management company.

#### **5.4.1 Property companies participate in the survey of operational service needs**

##### **(1) Customer-oriented market research**

In the early stage of product planning, the development team appointed a professional marketing team to conduct market research on target customer groups and potential customer groups, visited 2000 groups of customers +, and formed a questionnaire report focusing on products, customer service, and living facilities. The analysis showed that: small yard customers The community not only has higher

standards for basic property services, but also pays more attention to the quality of community life services and operational capabilities.

## **(2) Industry-oriented market research**

Constantly bidding cultural tourism service providers, such as Vanke Liangzhu, Alaya and other projects, combined with the characteristics of the small courtyard products, formed basic property services, community operation services (covering community supporting operations), and asset management services (covering owners' asset management and management) At the same time, the group always aims to provide competitive service and innovative ability to meet customer needs.

The project team and the property company combine customer research with industry research. On the one hand, they can understand the real needs of customers for property services, and on the other hand, they can fully learn from external advanced experience. In the process of combining the two, the property company can more deeply participate in the development and delivery of the "Dali Small Yard" project, and from the perspective of cultural tourism property services and community operation services, rationalize all aspects of project development. It is recommended to better serve the iterative products of the small courtyard.

### **5.4.2 Participation of the property company in the design of operation services**

Based on the "customer and market-oriented" research, the project team discussed with the property company group from the perspectives of product positioning, customer positioning, community life services, and basic property

improvement services: how to build a comprehensive cultural tourism community

-Type community life service company as the property service company of "Dali's Small Yard"? After several rounds of special conference research and discussion, bench marking the market; finally determined to position the property company as a collection of "property life services, corporate consulting management, asset in-depth custody, community business operations, community community operations" and other five major sections, focusing on building " A comprehensive and sustainable life service company with a brand-new town life style of "Household security, industry prosperity, and traveler happiness". And 360° to facilitate the basic needs of the owner's life, seamlessly guarantee the owner's convenient life, set up a mufti-neighborhood center for supporting operations, and truly allow the industry entities to enjoy the most intimate and exclusive life from all aspects of "medicine, food, housing, use, and transportation".

Table 5-2 "Dali Small Yard" property service items and content

Community service station	Provide business consulting, recharge and payment, express storage and other convenient life services for owners. Carry out butler-style services and provide exclusive butler services for owners of "five-star" standards.
Villager canteen	Provide the owners with a wealth of dine-in dishes to provide a platform for the owners to communicate.
Small yard convenience store	Provide owners with daily necessities with life elements.
Small yard asset management center	Develop property rental and sale business for owners, and realizes asset appreciation through professional management of owners' assets.
Small hospital	Provide the owners with the sales of medicines and health products and basic physical examination services, and provides the owners

health house	with basic medical services such as chronic disease management through professional "health managers".
Small yard story book cafe	Combine with the hardware and atmosphere of the Internet celebrity ladder library, 8 kinds of boutique healing coffees are designed to provide customers with a pleasant afternoon life.

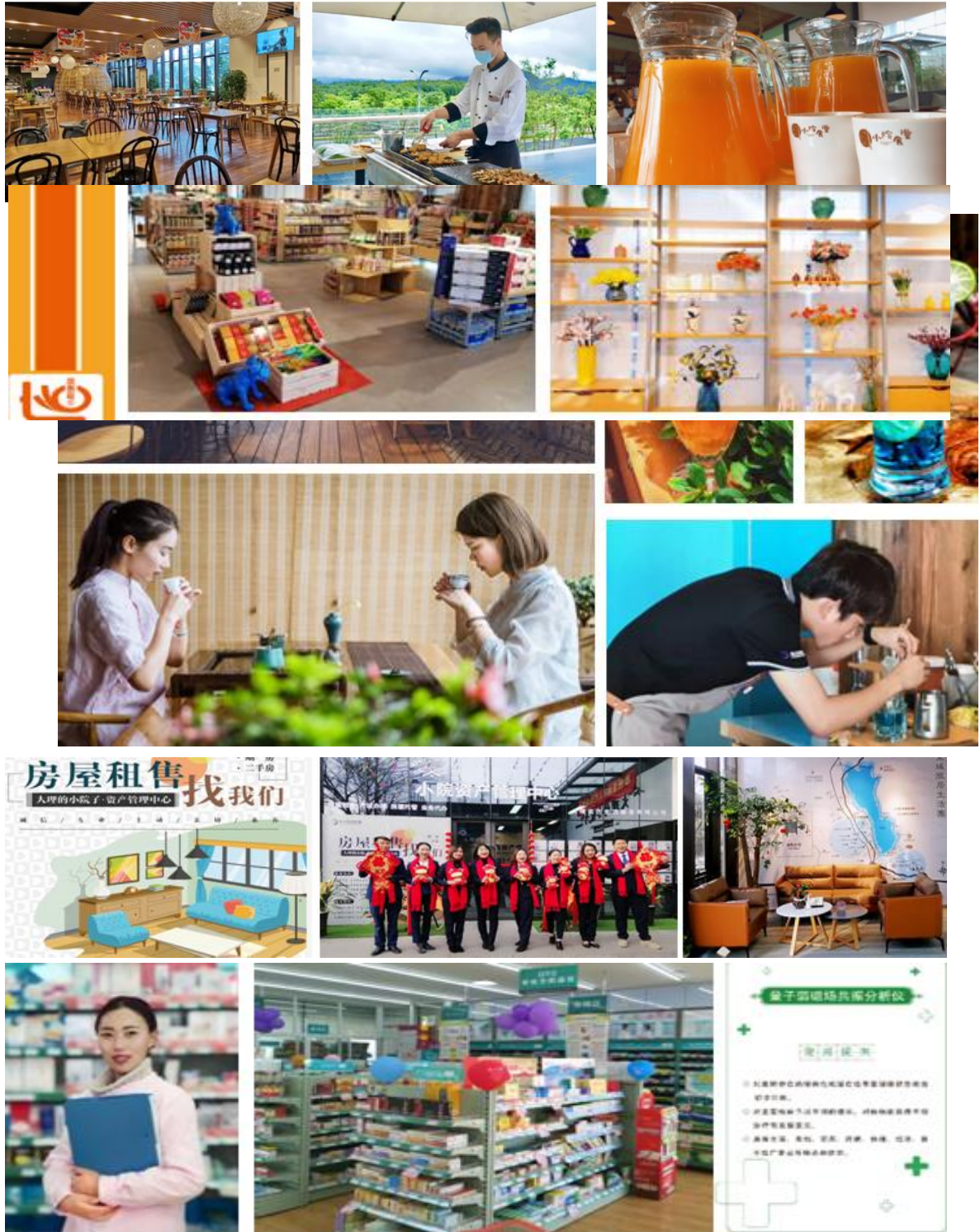


Figure 5-13 "Dali Small Yard" property service display



### **5.4.3 Give full play to the role of community connection and improve service quality as the fundamental**

Dali Small Yard “starts with a vacation and ends with a community” concept of community, advocates the life philosophy of loving life, caring for the neighborhood, low-carbon life, and sunny energy.

According to the E O community operation model constructed by the development team, combined with the characteristics and needs of the owners, the property company discussed "jointly constructing a community activity model" through a special meeting. In the end, the two parties decided that according to the owner's service needs, Zenith Cultural Tourism Property would carry out the owner's life care activities, festival activities and other community activities to supplement the community activities on a regular + irregular basis. At the same time, Dali Small Yard relies on complete community supporting resources and a variety of community activities to provide owners with a communication and sharing platform and a beautiful “vacation” lifestyle, to realize the flow and integration of resources in the owner’s circle, and to create a “small courtyard resort”. The service model has laid a good foundation for interaction.

It is so small that the housekeeper invites customers to "a quick meal" in the villagers’ cafeteria, and the employees’ own "handful of vegetables" visit the owners (third-party evaluation, the district housekeepers with high customer satisfaction and high collection rate will give priority to salary increase, promotion and promotion , Transfer). When it involves large-scale community activities such as "Long Street

Banquet", "Owners Spring Festival Gala", "Bai Torch Festival", "Cangshan Youdao", and "Owner Group" that form the characteristics of the village, the development team and the property team jointly organize , Employees are both staff and actors. For example, "owner group", many property companies are "afraid" of this approach, worrying about the behavior of owners gathering crowds to defend their rights: cultural tourism property companies, while reasonably satisfying customer demands, use this platform to present themselves, communicate with customer groups, and supervise services. Over time, even though the service provided by the staff is basically the same every day, the service will last forever and form a benign interaction between the service company and the customer.

#### **6.4 Discussion: Summary of typical experiences of interaction between Yunnan's strength and stakeholders**

#### **Chapter 6 Analyze the effect of business innovation of Yunnan Strength Holding Group**

This chapter evaluates the actual effects of business development and innovation of small and medium-sized real estate companies from the aspects of whether the company's core competitiveness is established, the effect of corporate brand value enhancement, and customer relationship management, in order to answer the fourth question raised in this article. This chapter is based on the analysis of Yunnan Strength's business innovation practice based on value co-creation in Chapter 5, combined with the theoretical model proposed in Chapter 3, and follows the analysis context of inducing factors-input-value co-creation interaction-output. Analyze the effect of innovation. This study analyzes the business innovation output of powerful

enterprises in Yunnan based on the concept of value co-creation from three aspects: core competence, brand value and customer relationship, as shown in Figure 6-1.

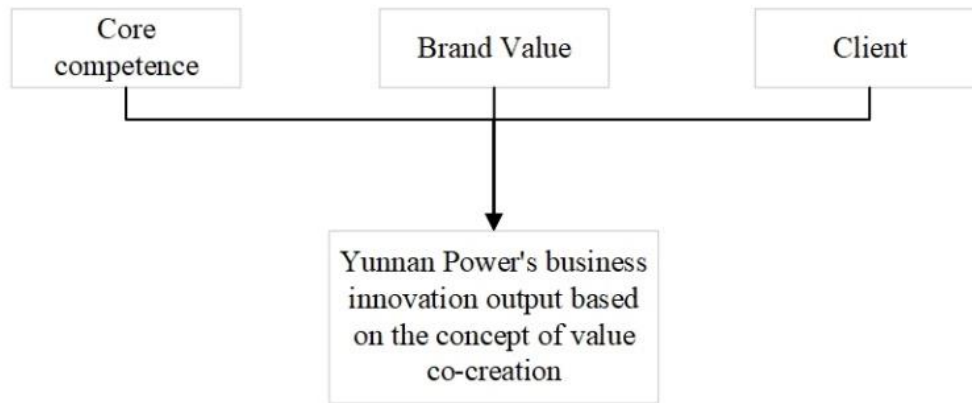


Figure 6-1 Business innovation output of Yunnan Strength based on value co-creation concept

### **6.1 Influence on the core competence of the enterprise**

Core competitiveness is unique to an enterprise, which can stand the test of time and market, is malleable and breakthrough, and is a technology or ability that is difficult to be imitated by competitors. Innovation is the driving force of continuous development of enterprises, the source of eternal vitality of enterprises, and an important way to enhance the core competitiveness of enterprises. This paper discusses the impact of business innovation based on the concept of value co-creation on the core competitiveness of Yunnan Province from three aspects: product innovation ability, internal operation management ability and marketing ability.

#### **6.1.1 Improved marketing capabilities**

**(1) The value co-creation business strategy has been recognized by the market, and the market sales performance has increased significantly, but the marketing fee rate has dropped significantly**

Yunnan Strength Group adopted the concept of value co-creation to transform its business from residential business to cultural tourism real estate business. "Dali Small Yard" project is based on the rich tourism resources of Dali, and takes industrial integration as the development idea. It provides facilities such as education, elderly care, hotel, property, garden and so on, and provides humanized community services to meet the needs of customers in an all-round way, so as to build a holiday destination for tourists. As the first project to adopt the concept of value co-creation after the transformation of Yunnan's strong business, this project has achieved remarkable achievements in the cultural tourism real estate market in Dali. The project was launched in the cultural tourism real estate market of Dali at the end of 2015, with significant sales growth and increasing market share.

Data show: in 2014, the sales volume of Yunnan Strength in the Dali market was 170 million yuan, accounting for 2.7% of the market, and in 2019, the sales volume of Yunnan Strength in the Dali market increased to 3.90 billion yuan, accounting for 36.5% of the market. The increase in market share fully shows the effect of value co-creation on the improvement of corporate market sales performance<sup>1</sup>. The performance of Yunnan Strength in the Dali real estate market from 2014 to 2019 is shown in Table 6-1.

<sup>1</sup> The increase in market share can illustrate the effect of value co-creation. The growth of the sales market may be affected by changes in the external environment. Some are natural growth, but the increase in the proportion represents the company's ability to seize the market.

Table 6-1 Situation of Yunnan's strength in Dali's real estate market from 2014 to 2019

year	Dali Real Estate Market (100 million)	Yunnan strength sales (100 million)	Accounted for
2014	64.1	1.7	2.7%
2015	88.0	8.4	9.5%
2016	95.0	12.7	13.4%
2017	111.5	37.0	33.2%
2018	146.0	37.5	25.7%
2019	106.8	39.0	36.5%

In addition, value co-creation reduces the marketing rate of the project. Compared with the general residential marketing rate which is basically around 3%, the marketing cost of traditional cultural tourism projects is higher. The marketing rate is 6-10%, mainly for promotion and channel expenses, which account for 65% of the marketing expenses. The small courtyard project in Dali is promoted through innovative marketing methods, through marketing methods such as circles and communities, and is mainly covered by low-cost and high-exposure online new media. The project self-sales accounted for a relatively high proportion, and the channel accounted for a relatively low proportion. The marketing rate was successfully reduced. It is controlled within 3%, which is far lower than conventional cultural tourism projects.

**(2) Accurate market positioning, effective customer demand mining and strong sense of customer participation**

Holiday tourism has become a normal way of life for people, and cultural tourism real estate opens the next golden decade of the real estate industry. Aiming at the cultural and tourism real estate market segment, Yunnan Strengthful Company

utilizes Dali's rich tourism resources and adopts the "cultural tourism + real estate" model to develop the "Dali Small Yard" project for the leisure and vacation needs of the new middle class, and invest funds in In the cultural tourism business with long-term stable returns, the company will achieve long-term stable development.

Because the new middle class's demand for cultural and tourism real estate has shifted from a single demand to a diversified and complex demand, the "Dali Small Yard" project conducted a detailed survey of the new middle class's cultural and tourism real estate needs. According to the survey, consumers' dissatisfaction with the current cultural and tourism real estate is manifested as "the room is too large and the space is excessive", "the majority of the rough houses are, and a lot of time and energy is wasted in the decoration", "the house utilization rate is too low, and there is a large amount of waste of residual value. ", "Insufficient holiday experience." Consumers' ideal sojourn house is "not big, just enough to use", "hope to have a small yard", "fine decoration, you can move in with a bag", "property can be hosted, and can be rented out when you are not living. Reduce housing costs", "complete supporting facilities, diversified service facilities, and full service attitude". The "Dali Small Yard" project addresses the needs and pain points of the new middle class. On the one hand, it makes corresponding adjustments in design, on the other hand, it allows customers to deeply produce product design. After the prototype of the product is released, the details are carried out through customer feedback. Continuously improve product design by polishing and adjustment. Through the "Dali Small Yard" project, Yunnan Strengthful Company explored a marketing idea based on the concept

of value co-creation, which greatly improved the marketing capabilities of the company, provided reference and reference for the later series of small yard products, and enhanced the competitiveness of the company .

The occupancy rate index data of the project can well reflect the degree of satisfaction of customer needs and the strong sense of participation. The Dream Yunnan Haidongfang project, which is also developed by Yunnan Strength, has not adopted the value co-creation concept for product development, and its positioning, target population and selling price are similar to those of Dali Small Yard. The occupancy rates of the two are compared. It can reflect the difference in market positioning of the two projects. The annual occupancy rate of the Dream Yunnan Haidongfang project is 26%, and the occupancy rate in the peak season from July to October is 48%; while the small courtyard in Dali has achieved great success. The small courtyard project in Dali has an annual occupancy rate of 49.8% in the peak season of 7-10. The occupancy rate was 71%. It shows that real estate project development based on the concept of value co-creation has a very significant effect on satisfying customer needs and enhancing customer participation.

### **(3) The publicity thinking based on circle culture has improved the marketing communication ability of Yunnan strength companies**

Chinese culture has obvious circle characteristics, the individuals within the same circle have similar characteristics in social, living and life. The customers of the small courtyard project are targeted at the new middle class. Most of these people belong to the urban elite, and these people will actively choose to integrate into the

high-end circle. In the preliminary publicity of the "Dali Small Yard" project, the company's senior management took advantage of their influence in the circle to actively participate in various social activities such as relevant conferences and forums to publicize the characteristics and advantages of the project and actively build momentum for the marketing of the project. The final sales result found that this promotion strategy boosted the sales of "Dali Small Yard".

After the delivery of the fourth phase of the Dali Small Yard Project, the project team visited the owners and found that many owners had big problems with the relationship between neighbors and the creation of a community atmosphere. Therefore, the project team interviewed many owners. Provide opinions on community services in the next stage of the small yard. In this interview, an owner proposed that the small courtyard community can create a cultural and artistic exchange platform to allow more owners to communicate with each other, looking for something to share or do interesting things together in Dali. It happens to be the owner. His previous work was independent cross-border cultural planning and art curation, because the project team and the owner organized and launched the "Cang Shan You Dao" forum platform. Through this platform, Yunnan Strength let the owners of the small courtyard gather to enrich people's spiritual and cultural life. The owner took advantage of the previous version of the relationship to invite a lot of literary and art workers to do public welfare sharing. At that time, the guests participating in the forum included Dali Xilinyuan founder-Lin Deng, "Wild China" studio founder-Xi Zhinong, etc. from all over the world Big coffees from different fields have become a



regular meeting in the small yard for the cultural circles of Dali and a place to share their own experiences and make friends with the same interests and hobbies. While increasing the fun of people living in the small yard, it has also formed a small yard. The embryonic form of the community.

### **6.1.2 Enhanced product innovation capability**

#### **(1) Consolidate the intangible assets of enterprises and strengthen the ability of enterprise resource integration**

Using value to create a strategy of real estate enterprises, not only need required resources such as land, capital, builders, need more technology, labor, intangible assets such as brand, operation mode, the intangible assets can fundamentally change the business model of the enterprise, promote the development of enterprises, quickly establish themselves in the position in the market. Enterprises can improve product quality through value co-creation, shape a good image of enterprises, standing at a higher starting point, to give consideration to both enterprises and customers, to achieve win-win development results.

"Dali Small Yard" project based on the theory of value to create the customer comments and ideas into the customer demand research, project site selection, product design and iterative, supporting projects, property management, and other aspects, the introduction of product differentiation innovation mechanism for the use of rich text brigade residential properties, ecosystem industry supporting and resident living experience as the core, to deal with multiple stakeholders in the value network of main body and the relationship between stakeholders, connectivity, complementary

advantages, complement each other, to form stable cooperative partnership, strengthen network resources integration, realize the strategic target of enterprise business innovation.

**(2) Lead the process of industrial innovation and perpetuate the innovation consciousness of enterprises**

As an emerging segment of the real estate market, cultural tourism real estate is an important way to upgrade the real estate industry, and its innovation points can be distributed in the whole value network. In the development process of "Dali Small Yard" project, Yunnan Strength continuously innovates in technology and management, breaks through the constraints of traditional business development and inherent value chain, covers various innovation areas such as corporate strategy, government policy and business scope, and perpetuates enterprise innovation consciousness. Due to the regulation of the government, the change of consumer demand and the process of urbanization, the real estate market has changed from a seller's market to a buyer's market. Value co-creation has become an important means of transformation and upgrading of real estate enterprises at the present stage. Business innovation based on the concept of value co-creation must constantly adjust to the change of market demand, especially to find the right market demand and make greater contributions to social enterprises. The "Dali Small Yard" project provides continuous feedback to customers, which enables enterprises to get closer to the market demand when making business innovations. All these are the inexhaustible source of motivation for enterprises to maintain their innovation ability.

### **6.1.3 Optimized internal operation management capabilities**

Taking the "Dali Small Yard" project as the starting point, we practice the concept of value co-creation, carry out supporting projects around the whole ecosystem, cooperate with different industrial businesses under the enterprise, optimize the internal operation capacity of the enterprise, and realize the transformation and upgrading of the enterprise.

Yunnan Strength Group takes the city as its responsibility, The Times as its responsibility, and actively explores the road of transformation and upgrading. Adhering to the new business purpose of "love and temperature", the company has transformed from a relatively single real estate development to a life service ecosystem, vigorously developed property life services, gardens, commerce, hotels, started to enter the education, pension and other industries, and transformed from traditional urban residential development to cultural tourism and health care real estate development and operation services. Yunnan strength Group has made great efforts to build the embryonic form of cultural and tourism industry in Dali, Yunnan Province, which is a comprehensive business cluster integrating tourism real estate development, tourism industry development, tourism business operation and health maintenance. "Dali Small Yard" series cultural and tourism projects have become the benchmark project of Dali tourism and vacation, creating a first-class cultural, tourism and health brand image of "expert of small courtyard lifestyle" for Yunnan strength Group. In 2018, the unveiling of the 12 square kilometers grand project, Dali · Yunxiang Mountain International Residency Sports and Health Town, opened a

new era for Qiva Culture and Tourism. Group from attractions real estate development mode, and gradually transition to build tourism destination with melting of new pattern, make "cultural tourism" is not only stay in the building of real estate products, but also adjust measures to local conditions, relying on local resources, local culture of dig IP, focusing on the cultural content and product output at the same time, improve the industry operating ability.

## **6.2 Influence on the promotion of corporate brand value**

In 2018, the central government adhered to the general principle of "no speculation on housing and housing", strengthened standardized operation and management of the industry, and made steady progress in the long-term mechanism. At the same time, the 19th National Congress proposed to "always take people's yearning for a better life as the goal" and "to enable brands to play a long-term constructive role in China", which put forward higher requirements for the development of real estate brands. Real estate brand enterprises should seize the opportunity, expand the brand layout, actively promote the extension of brand diversification, strengthen multi-dimensional brand communication and management, enhance brand premium, and promote the sustainable growth of brand value.

The new judgment on the main contradiction of Chinese society points out the development direction for the brand building of Yunnan's powerful enterprises: to build a diversified business portfolio based on people's demand for a better life, and to build a brand system based on cultural tourism real estate. At present, Yunnan strength based on customer group, scientific optimization of brand portfolio system, gradually

build a diversified, multi-level brand portfolio model. At the same time, under the guidance of a better life, Yunnan strength combined with its own eight businesses, to promote the three-dimensional brand management with the model of industrial ecological chain. Taking the "Dali Small Yard" cultural and tourism real estate project as an experiment, focusing on extending the breadth of brand management through industrial linkage, it aims to build a three-dimensional Yunnan brand management system in an all-round way, and meet people's needs of cultural and tourism real estate through content and service. The brand influence of the company has expanded rapidly, and the brand image has been continuously improved. The brand status has been recognized by the market, society and customers.

### **6.2.1 Increased corporate brand influence**

Brand performance mainly refers to consumers' external cognition of the brand, including brand recognition, reputation and loyalty, which shows the connotation of brand extension and reinforcement, and brand recognition is the precondition of brand into consideration before consumer is bought, brand reputation and has significant correlation between the consumers are willing to pay a price, brand loyalty is significantly reduced due to dependence on consumers to the brand consumer price elasticity. Through customer return visit, community survey and other survey methods, as well as professional media evaluation, this study obtained the brand recognition, reputation and loyalty of Yunnan Strength Real Estate's "Dali Small Yard" project, and further learned the influence of the small courtyard project on the improvement of the enterprise brand value of Yunnan strength Real Estate Company.

**(1) Consumers in Yunnan have a high awareness of Dali Small Yard, and the project has enhanced the brand awareness**

Yunnan strength group mainly aimed at the Yunnan real estate market, especially the tourism real estate market segment. Due to its natural conditions and multi-ethnic culture, Yunnan is an important cultural and tourism real estate market in China, which also attracts many competitors. Therefore, the competition of cultural and tourism real estate in various regions of Yunnan is fierce. Yunnan Strength makes the high-quality goods project "small yard resort" to redefine the brigade new mode, with the home stay facility community development as the core, improving the capacity of operating earnings, interoperability, and ecosystem resources introduced many famous brand of home stay facility, in the form of joint venture jointly shape various home culture and the connotation, through the new article tour real estate operating model further enrich group brand characteristics. Therefore, "Dali Small Yard", as the first project of "Small Yard Resort", is of great significance to the operation of Yunnan Strength Company in all regions of Yunnan.

Based on a sample survey of potential customers in Kunming, Dali and Lijiang, this study finds that consumers in Dali have the best awareness of small yard brands, followed by those in Kunming and finally Lijiang. Consumers have a higher awareness of the small yard brand, which stems from the promotion strategy and product quality of "Dali Small Yard". In terms of publicity strategy, "Dali Small Yard" takes the circle culture as the entry point. Before and after the project delivery, "Dali Small Yard" constantly publicizes among the target population by holding conferences,

sponsoring relevant activities, attending industry conferences and other ways, which is of great significance for improving the brand awareness. In terms of product quality, firstly, the project is located next to the famous Erhai Lake in Dali, with elegant environment and strong tourism atmosphere. Secondly, taking the closed-loop ecosystem as the concept, increasing project supporting facilities, creating community culture at the same time, strengthening the multi-level interaction between enterprises and customers, and improving products.

The brand recognition of small courtyard improves the strength of enterprises to conduct cross-regional operation. There are not many real estate enterprise brands in the real sense in China. The real estate industry is affected by various factors. Therefore, it is more difficult than other industries to build a brand in this industry, especially in the process of geographical extension. The real estate industry has strong regional and immovable characteristics, enterprises can make full use of the brand as a powerful weapon in the process of cross-regional construction. Through the "Dali Small Yard" project, Yunnan Strength has improved the awareness of the series of Small Yard cultural and tourism projects, which can guarantee the brand for the next step of trans-regional construction, reduce the cost of trans-regional operation and enhance the competitiveness of enterprises.

## **(2) The residents have good living experience and high brand reputation and loyalty**

The 'Dali Small Yard' is designed with the needs of the customers in mind in terms of product design, project support and community building, so that the project

is delivered with a very good experience for the residents. First of all, in terms of product design, "Dali Small Yard" project uses the concept of value co-creation to deeply involve customers in product design, and continuously meet customers' needs through product iteration to improve product value. Secondly, in terms of supporting projects, relying on the strength of industrial resources in Yunnan, the project is equipped with hotels, villagers canteen, chess and card rooms, convenience stores, gyms, small yard farm, small yard basketball court and so on; Finally, based on these supporting facilities, the project increases the communication opportunities between customers, facilitates the creation of various communities for different interests of customers, and enhances customer engagement. In addition, considering the long idle time of cultural tourism real estate, this project provides custodian service to improve the effective use and value of idle assets.

After the project of "Dali Small Yard" was delivered, the company conducted a survey on the residents. On the one hand, it found out the problems in product design in the use process of the residents, and on the other hand, it investigated the satisfactory and unsatisfactory areas in the living experience of the residents. The survey results show that the "Dali Small Yard" project enjoys a high brand reputation and loyalty, and residents have a high recognition of Yunnan Strength Company and are willing to publicize the Little Yard Ziwen Tourism Real Estate Project to their friends.

### **6.2.2 Enhanced brand management ability**



**(1) Obtained recognition from the market, society and customers, and improved the brand image of the enterprise**

In the study of China's real estate brand value, Yunnan Strength holding group co., LTD., was awarded the "2019 China top 10 real estate company brand value of the west"、"2019 China top 10 real estate company brand value of the text brigade", "strength, small yard resort" project was awarded the "2019 China real estate good original brand" products, strength group depth to carry out the plan of "brigade fusion" needs, cultural tourism development operation, business operation management, hotel operation and management as the backbone, with property service life, the botanical garden, venture capital, education, health, pension and other comprehensive industry development pattern of diversity in business, Formed a mutual industrial ecosystem. The brand influence of the company has expanded rapidly, and the brand image has been continuously improved. The brand status has been recognized by the market, society and customers.

**(2) Enhance the premium ability of Yunnan's strength brands and enhance the brand value of the enterprise**

Calculates the contribution rate of real estate brand, under the condition of real estate project location factors that much, we assume that a certain real estate brand price premium (i.e., the price of the real estate brand homogeneity under the condition of other projects the difference between the selling price) is mainly composed of enterprise brand and product (service) quality contributions. In this study, RBI (Role of Branding Index) was used to determine the proportion of brand contribution in the

total market premium, and then the brand contribution rate (BVA coefficient) was calculated. With full consideration of the differences between projects in terms of opening time, sales cycle and real estate quality, the brand role index (RBI) of Strength Group was rated as 0.8680 after being scored by a group of experts in the real estate industry. According to the projects provided by enterprises, this study selected the projects of Strength Group (Kunming Strength Diejingtai, Tengchong Xiaoyunjian, Kunming Strength Jinyunfu, Dali Xiaoyunjian, Tengchong Xiaoyunjian) to calculate the brand premium. Based on the premium analysis of enterprise projects and neighboring competitive buildings of the same quality, as well as the evaluation of experts, the brand contribution rate (BVA) of Yunnan Strength Group is 0.2680.

Based on the sales data of the enterprise in 2018, this research measures the brand income of the enterprise in the next three years according to the experts' evaluation of the brand function index and brand contribution rate of the enterprise in 2018. According to the data, the brand income of the strong enterprises in Yunnan will show a trend of growth in the next three years, as shown in Table 6-2.

Table 6-2 Calculation of Yunnan Strength's brand revenue and brand function index

year	Brand Impact Index (RBI)	Sales (100 million yuan)	Net income (100 million yuan)	Brand Contribution Rate (BVA)	Brand benefits (Net Income *BVA)
2018	0.8680	109	7	0.2680	1.8760
2019	0.8680	120	8	0.2680	2.144.
2020	0.8680	132	9	0.2680	2.4120
2021	0.8680	145	10	0.2680	2.6800

**(3) Taking the " Dali Small Yard " project as an example, the development model of Yunnan's strength in the cultural tourism real estate market will be gradually formed**

After 8 years of exploration and rapid development, the "Small Yard Tourism and Vacation Mode" of Yunnan Strength Group has become a powerful driving force supporting the development of the Group, which has helped Yunnan Strength Group win the honorary title of China's top 100 real estate enterprises for 9 consecutive years. The "small yard" series of brand products came out together, and the good market reputation and sales performance established the leading position of Yunnan Strength Group in the field of cultural and tourism real estate operation. The characteristic cultural and tourism real estate operation mode and benchmark project became the reference for the industry to learn from. In 2018, Yunnan Strength Group was listed on the Top List of Brand Value of China Cultural and Tourism Real Estate Companies, and "Dali Small Yard" was even rated as the benchmark project of China Cultural and Tourism Real Estate. Every cultural tourism project of Yunnan Strength Group is a unique cultural tourism project combining local culture and characteristics.

At present, power brigade continued deep Dali, Yunnan layout resemblance, Tengchong, Lijiang, Shangri-La, Pu'er such as hot tourist city in Yunnan province, and rapid fall to the ground in the national strategic layout, navigation Yunnan Strength group transformation again, from the scenic spot relying real estate development to the building of the tourist destination and keeping operation transformation.

In addition, brand social responsibility reflects the performance of real estate brands in charitable donation and public welfare undertakings. While building quality real estate, Strength Group actively participates in social charity undertakings and assumes corporate civic responsibilities. In 2017, Yunnan Strength Group won the

"2017 Responsible Brand Award" for its outstanding contribution to public welfare undertakings. Since its establishment for many years, Yunnan Strength Group has been carrying out various types of public welfare activities in different ways: in 2008, it donated money to Wenchuan earthquake stricken areas; Donated to Yunnan Normal University in 2008; 2010 Donated for the construction of Shangguan Town Xiaojie Senior Activity Center; Donation to Eryuan earthquake-stricken area in 2016; From 2010 to 2016, the school donated funds for the construction of 6 Hope Primary Schools in Heqing, Yunlong and Taiyi Township of Dali Prefecture.

### **6.3 Influence on corporate customers**

Customer is an important asset of an enterprise, customer care is the center of customer relationship management, the purpose of customer care is to establish long-term and effective business relationship with the selected customers, maximize the profit and profit share. High-end crowd is the main group of cultural tourism real estate customers. This part of the group has strong circle cultural characteristics, and circle culture is an important cultural channel for cultural tourism real estate brand promotion. Therefore, it is necessary to sort out the impact of Yunnan strength business innovation practices on these customers. This paper discusses the impact of business innovation practice based on value co-creation on enterprise customers from two aspects of sales and customer service.

#### **6.3.1 Enhanced the overall sales of the enterprise**

“Dali Small Yard” is the first project in the small yard series of Yunnan Strength Group. It has unique location, convenient transportation, and unrepeatably Erhai

Lake's natural landscape. The star products in the real estate market of Dali cultural tourism are enthusiastically sought after by the local market. The project was launched on the market at the end of 2015, and the Dali market received good feedback. The market performance quickly increased from 1,272.82 million yuan in 2016 to 3,897.6 million yuan in 2019, which improved the sales performance of the group company in Dali.

Yunnan Strengthful Company develops real estate projects in Dali with the concept of value co-creation, while other regions continue the traditional real estate development model. Take Kunming as an example, the sales performance in this area has shrunk from 3,577.3 million yuan in 2016 to 3,098.7 million yuan in 2019. In horizontal comparison, the sales performance in Dali increased from 1272.82 million yuan to 3.897.6 million yuan in 2019. It can be seen that the business innovation model of value co-creation has significantly improved the company's overall sales performance.

Therefore, whether from vertical comparison or horizontal comparison, the business innovation model of value co-creation concept has significantly increased the company's competitiveness, enhanced the brand awareness and reputation of Yunnan Strengthful companies, and improved the company's sales performance. The financial data of Yunnan Strength from 2014 to 2019 is shown in Table 6-3.

Table 6-3 Financial data of Yunnan strength from 2014 to 2019 (unit: ten thousand yuan)

year	In 2014,	In 2015,	In 2016,	In 2017,	In 2018,	In 2019,
Group Property Sales	648933	758396	736741	996288	1038694	1095847
Kunming	564735	457856	365773	362368	341998	309870
Dali	16770	83850	127282	369866	347800	389760
tengchong					54372	96204

Other regions (Banna, Chongqing, etc.)	142435	160923	173032	173420	193241
Other Business Turnover	67428	74255	82763	91022	106772
Total Group Assets	2145974	2735488	2877450	2776273	2837676
Among them					
Group of inventory	781245	849252	783581	602310	640749
Dali inventory	0	134654	493631	493155	338814
Total Group Liabilities	1071344	1948270	1907694	2041142	1393123
Group owner's equity	1074630	787218	969756	735131	1444554

### 6.3.2 Improved the customer service level of the enterprise

As an important part of the modern service industry, the property management industry conforms to the development of The Times and accelerates the business transformation and upgrading with the help of new channels, new technologies and new thinking. It has won the favor of the capital market and extensive attention from all walks of life. On the one hand, with the promotion of China's new urbanization and the rapid development of China's real estate market, the scale of the stock housing market has gradually expanded, and the property management industry has ushered in a golden period of development. On the other hand, in order to meet the diversified needs of consumers, the property management industry segment market has achieved rapid development.

In view of the characteristics of cultural tourism real estate, "Dali Small Yard" adopts "housekeeping" service in property, providing a full range of after-sale service for high-end property owners, and providing various star-level services in property maintenance, housekeeping service, platform function and other dimensions to meet the needs of property owners.

**First, property maintenance.** The big ideal yard project is the villa project, the value of the project building and its surrounding matching equipment are relatively high, so it needs regular maintenance and maintenance. Housekeeper service requires

the establishment of a complete house health file, regular inspection, evaluation and repair of the living buildings, not only to maintain the green of the ecological residential area, but also to ensure the energy conservation, environmental protection and maintenance of the residential buildings, so that buyers can enjoy the pleasure of a good ecological environment.

**Secondly, domestic service.**This is because housekeeping services usually include housing-related services such as renting and selling, consulting and entrusting, etc., while in high-end property housekeeping services, such as indoor cleaning, pet care and home appliance purchasing, etc., are also included. "Dali Small Yard" in housekeeping service, outstanding comprehensive humanized service.

**Third, platform functions.**"Dali Small Yard" is not only a real estate project, but also a platform for harmonious communication and interaction among residents. The project emphasizes the exchange of ideas between the owner and the property, the community and the outside world, and the sharing of ecological living platform. Through the construction of entertainment, education, health and many other supporting facilities, the professional team builds up between the owner and the owner, to jointly maintain the residence and construct humanized services.

### **6.3.3 Improve customer satisfaction level**

In order to investigate the business innovation practice of the value co-creation concept, Yunnan Strength Company measures the satisfaction level of the company's project products and services horizontally and vertically. Satisfaction is the comparison between owners' expectations of service quality before use and their

actual experience after use. It is subdivided into four indicators: quality perception, customer expectations, value perception and corporate image, using a 5-level Likert scale scoring system , 5 is the highest score, 1 is the lowest score. Individual index satisfaction = (mean value -1) \* 25, overall satisfaction = overall score \* 20% + mean of all sub-items \* 80%.

This survey covered the company's multi-projects, using telephone interviews to exclude respondents who answered "unclear", "don't know", "refuse to answer" or other invalid answers. The remaining valid samples were 2,240. The overall sampling ratio is 12.5%. It should be noted that of the 2240 samples, 65.6% of them were old owners, 19.7% were prospective owners, 7.8% were owners during the run-in period, and 6.9% were owners during the stable period. In addition, in order to more effectively compare the customer satisfaction level of Yunnan's strengths, this survey also uses external data to reflect the industry level and the level of bench marking companies, that is, the 2020 National Resident Satisfaction Census data. The bench marking companies in the country include Vanke and Greenland. , Longhu, etc.

The survey results show that, except for 2018, the overall score of the strength real estate in other years is lower than the industry level; the customer satisfaction level of the strength Kunming branch is significantly lower than the industry level, but in 2020, it will start to learn from the value co-creation practice of the strength Dali branch , The level of customer satisfaction has been greatly improved, higher than the industry level; the strength of Dali branch began to transform because of the "Dali Small Yard" project in 2016, using the concept of value co-creation for business



innovation, and its customer satisfaction level was significantly higher than the industry benchmark level , Significantly improved the level of customer satisfaction. To sum up, the business development practice of the value co-creation concept is very effective management, which can improve the level of customer satisfaction and increase the core competitiveness of the company's real estate projects. The results of the 2017-2020 customer satisfaction survey of Yunnan Strength Group are shown in Table 6-4.

Table 6-4 2017-2020 Customer Satisfaction Survey Score Table

Serial Number	Category	2017	2018	2019	2020
1	Industry score	82.4	80.1	81.7	83.5
2	Benchmark score	80.5	81.6	85.7	84.8
3	Overall score of Power Real Estate	78.1	80.2	80.4	80
4	Strength of Kunming	76	77.4	77.6	86.25
5	Strength Dali score	86.2	84.4	87.8	88

## **6.4 Discussion: Typical experience that other companies can learn from**

### **6.4.1 Typical experiences of interaction between Yunnan Strength and consumer**

#### **(1) The most important thing for real estate projects is to accurately locate target customers**

The success of the Dali Small Yard project is due to the accurate positioning of target customers. If Dali Small Yard locates the target customer as a local customer during the project planning period, its market will soon touch the ceiling, and the local market will not be able to digest all the products of the project. Therefore, in the early planning and design stage of Dali Small Yard, the development team positioned the target customer group as non-local customers, which was very advanced when the real estate customers were mostly local at that time. Because the development team firmly believes that "Dali is the Dali of the country and the world", it can use Dali's geographical and label advantages to create products that meet the expectations of the target customer group to attract buyers from across the country. After the launch of Dali Small Yard, the outstanding sales performance fits the judgment of the development team, but the process from the initial idea to the product launch of this project is very tortuous and difficult. In particular, the acquisition of target customer needs is a very important issue for the development team. Challenge.

After determining the target customer group, it is necessary to fully understand the real needs of the target customer group, and then create a product of excellent quality. It was not easy for the development team at that time to understand the real needs of the target customer group and solve the problem of "why buy a house in

Dali?” Obviously insufficient attention has been paid to the needs of foreign customers. The development team understands that many target customers of Beijing, Shanghai, Guangzhou and Shenzhen have seen the products of Zenith Group before the Dali Small Yard and the products of other real estate companies, but have not purchased it. This is a very strange phenomenon, because they like Dali very much. Have strong purchasing power and willingness to buy, but did not make a purchase move. Through the situation of one-on-one private interviews (ie private chats), the development team learned that their main demands were focused on the following points: one was to have a yard, but most of the products at the time were buildings that didn't fit a yard or had a yard. The price of villas was extremely high; secondly, most of the products launched by Power Group at that time were rough houses, and the time cost of decoration was too high for foreign customers like Beijing, Shanghai, Guangzhou and Shenzhen. After initially understanding the above two customer needs, the development team realized that there was too little understanding of the needs of target customers in the field, and learned from the pain. By walking into these customers, making friends with them, and communicating customer needs information through daily chats Collected and achieved very good results. For example, the target customers that I learned generally believe that the total price of the house is relatively high. For customers who only live for a limited time each year, the sunk cost of buying a house in Dali is too high; the free area of the house is too large, exceeding customer needs and increasing The client's burden of decoration; the

kitchen area is larger than the client's needs, and the client only cooks occasionally, paying more attention to the social functions presented by the real estate.

**(2) Recognize the shortcomings of traditional research methods and flexibly use various effective methods to understand the real needs of customers**

At the beginning of the project, we found that the customer needs mastered by the project team are far from the actual needs of the customer, and the two do not match at all. As a result, the project team realized that the traditional research methods are no longer suitable for the development and changes of customer demand research in the new era. This is because the traditional research method mainly collects information through questionnaire surveys, and the collected data and information are mostly dot-shaped, and the true needs of customers are not measured due to the questionnaire design and the identity opposition between the investigator and the research object. Moreover, the surveyed population of the questionnaire survey is not necessarily the most representative customer in the target customer group, which also weakens the representativeness and usability of the survey to a certain extent.

The project team took some detours in understanding customer needs, but thanks to the timely adjustment of the research methods, good research results were achieved. We have summarized three main points of experience in this regard: First, under the premise of ensuring the identity of the investigator and the surveyed person are equal, the project team must become friends with the customer, so that real information can be obtained through daily communication. Second, try to communicate face-to-face or over the phone as much as possible, rather than just obtaining information through

questionnaires. Sometimes, due to design reasons, the information obtained by the questionnaire is even contrary to the actual situation, which runs counter to the original intention of understanding the true needs of customers. Third, it is necessary to select as much as possible the opinion leaders of the target customers as interview subjects, because their views may represent the majority of people, which will be more helpful for the project team to understand the needs of the target customers. This requires the project team to have the participation of the company's senior staff during the investigation, so as to ensure the identity of the opinion leader, and it is also conducive to the decision-making and promotion of the entire investigation activity.

Based on the experience in the development of the small courtyard project in Dali, we believe that one-to-one interviews, online and offline integrated communication, and the platform effect of the community are effective ways to capture the true needs of consumers and achieve value co-creation.

**A large number of one-on-one interviews must be conducted to understand the true needs of customers, supplemented by face-to-face interviews as the main telephone interview.** Face-to-face interviews are mainly carried out gradually through the circle of friends, relying on the company's high-level resources. For non-local customers or customers who cannot face-to-face interviews for other reasons, it is necessary to gradually explore the true requirements of customers for products through telephone interviews and daily chat situations, and form useful conclusions. Do not ask customers rigidly according to the pre-designed form. The vegetable garden, football field, basketball court, and other service requirements in

the supporting facilities of the Dali Small Yard Project are all obtained and satisfied from the communication between the project team and the owner.

**Integrate online and offline communication to unblock customer communication channels.** In the continuous iterative update process of Dali small yard's products, the project team also pays great attention to the feedback of existing customers, and believes that their opinions on the product are more targeted, which is more conducive to the iterative upgrade of the product. Therefore, a meeting of the general manager is held every month, specifically to meet and communicate with customers who have completed transactions, listen to customer feedback, and further understand customer needs. At the same time, the project team established a WeChat fan group in Dali small yard early in the development of the project, and customers can report product problems in the group as soon as possible. The project team fully absorbed the feedback from the meeting and online fan groups, and improved what customers reflected. This not only gave customers a channel for feedback, but also urged the project team to gradually improve and upgrade the product, and gradually established a good reputation and Image.

**Actively give play to the community's platform effect, and constantly innovate value co-creation methods.** In the process of operating the small courtyard in Dali, the project team gradually realized that the most effective way to establish a strong connection between good projects and customers is to realize the connection between customers and projects through the community. Dali small yard has established online and offline communities to realize the close connection between

customers and projects, and between customers and customers. In the process of interaction, all parties continue to emerge new ways of value co-creation. For example, Mr. Luo Yufei, the initiator of the "Cangshan Youdao" forum, was in the process of participating in the owner's meeting and communicating with other customers. He came up with the idea of creating a charity sharing platform. After continuous communication and consultation with the project team, "Cangshan Youdao" The forum came into being and continued to develop, with increasing influence, forming a regular gathering in the cultural circle of Dali and a place to share one's own knowledge and make friends with the same interests and hobbies. Increase the fun of people living here. After the deepening of community exchanges and the continuous expansion of the scope, the WeChat official account of Dali small yard also adopted a method of linkage with customers. Among them, Dali's hand-drawn drawings and articles sharing community life are all from the hands of ordinary owners.

**(3) Actively respond to customer needs after understanding customer needs, and service levels exceeding customer expectations can quickly improve customer satisfaction**

After understanding that the client needed a small yard, the project team, design team, and construction team redesigned the product, which not only met the client's need to have a yard on the first floor, but also built a balcony on the second floor. This way of responding to customer needs that exceeded customer expectations has received positive feedback from customers. Customers all said that the experience of buying a house in the small courtyard of Dali was a great experience.

After understanding the customer's demand that the total price of the real estate price is low, the project team continued to interact and communicate with the customer, design team, and construction team, and strive to improve the cost-effectiveness of the customer's house purchase. For example, to seize the needs of customers who are mostly holiday customers, live in a small courtyard in Dali for a short time, and do not want to cook while on vacation, reduce the space of the kitchen, dining room and living room, and increase the size of the bedroom to make the bedroom and bathroom more comfortable. . In this way, while reducing the overall area and satisfying customers' demand for low total prices, it also satisfies customers' living needs. Through multi-party value co-creation, the project team's response method that exceeded customer expectations was a rare practice in the market at the time. Once Dali's small courtyard products were launched, they quickly occupied the market and became an explosion in the cultural and tourism real estate market that year.

After understanding the customer's preference for the local architectural style of Dali, the project team and the customer visited the local ethnic minority settlements together, and finally determined the Bai architectural style with white walls and gray tiles, and used modern aesthetics to draw on the overall architectural style optimization. In addition, the project team also borrowed from the local architectural style of Dali in the design of supporting facilities, and satisfied the customer's architectural style preference and demand greatly exceeded expectations, which made the emotional connection between the customer and the project easier and closer.



## 6.4.2 Typical experiences of interaction between Yunnan Strength and **suppliers**

### **(1) Advance the work of the construction company, and the design is more in line with customer needs and cost-saving**

The construction company includes a design company and a construction company. The traditional work process is that the project team meets the needs of customers, then organizes the customer needs into various conditions and communicates them to the design company. The design company designs products based on these conditions, and delivers them to the construction company after certain modifications. Carry out product construction. The development team of Dali Small Yard has renovated and optimized this process from the beginning. The most significant optimization is to advance the work of the construction company, which not only allows the construction company to have a more accurate understanding of customer needs, but also Save a lot of time and economic costs in the design and construction links,

The work of construction companies is conducive to accurately grasp customer needs and optimize product design. The project team chose a construction company that is very willing to do research and development. Their design department and the project team understand the needs of customers together, and explore which spaces in the real estate are large and small, and which spaces should be reduced in functions according to the needs of the customers. Need to expand. Throughout the product design process, the project team and the construction company worked together to conduct product research and development and design based on continuous feedback

from customers' needs, making the product design of Dali Small Yard more in line with consumer needs.

Pre-work for construction companies is conducive to cost savings. For real estate development, controlling the construction cost of real estate is a very important thing, because rashly reducing costs will lead to a decline in construction quality, but high costs will increase housing prices, which is inconsistent with customer needs. Therefore, the development team decided to work hard to reduce costs. By putting the work of the construction company ahead of schedule, the cost was reasonably reduced on the premise of ensuring and improving the quality of the construction. The project team changed the practice of bidding after the product design was completed, locked in the construction company in advance, let them participate in the front-end product design process, reasonably optimized the cost, and then bid for a fixed amount. This approach is powerful not only for project development companies, but also for construction companies. Because construction companies participate in the front-end work of project products in advance, they can have a first-mover advantage when bidding and greatly increase the bid winning rate.

## **(2) Innovate the small-step quick-running mode and realize the rapid iterative upgrade of products**

The project team uses the Internet model, that is, the development model of small steps and fast running to quickly iterate the product, and realize product upgrades in the generation of product improvements. For example, the company reserves 1,000 acres of land for real estate development, but only developed 100 acres

for the first time. Due to the lack of maturity of the project, there may be various problems. The project team improves the design of next-generation products through customer feedback. Then develop another 100 acres, the same cycle until the product quality exceeds customer demand.

This approach has three advantages: First, it saves a lot of product design time. Because it is launched to the market in stages, the design time of previous generations of products is much shorter than that of projects that are launched to the market at a time. This is beneficial to Occupy the market quickly and gain first-mover advantage. Secondly, the short interval between generations of products, fast product updates, and obvious inter-generational upgrades of products are conducive to better catering to the changing needs of customers and expanding the popularity of products. Third, a variety of measures ensure the interests of customers who purchase in the early stage. Adopt the post-delivery responsibility mechanism, and based on the customer's feedback to improve the deficiencies of the real estate delivered in the previous period until the customer is satisfied; for customers who purchase off-plan housing, adopt the method of design and construction, and insist on continuous co-creation during the construction process. It is guaranteed to meet customer needs when the real estate is delivered; at the same time, due to the relatively low price of the previous project, the increase in housing prices has made up for the quality of the real estate to a certain extent.

### **(3) It is very important to choose like-minded partners**

The project development team believes that choosing the right partner is critical to the design and construction of the project. Taking construction companies as an example, the selection of like-minded construction companies to cooperate is mainly based on two important criteria.

The first is common values. Look for a construction company that is willing to work together on R&D and innovation, because such a company will be very sentimental, and will still be willing to try and create and innovate even when the task is very difficult or the pay is relatively low.

The second is to achieve interest binding. To mobilize the enthusiasm of the construction company to work in advance, it is necessary to give it a cooperation cost higher than the market average level. This is the first step to realize the binding of the interests of both parties. The construction company's work front will not only bring cost reduction for the project development company, but will also be deeply embedded in the entire project development process, will have a better understanding of customer needs, product design and optimization, and virtually increase the possibility of winning the bid in the later period. This is the key to realizing the binding of the interests of both parties.

#### **6.4.3 Typical experiences of interaction between Yunnan Strength and property management companies**

##### **(1) Provide diversified property services to improve customer satisfaction**

In terms of building an industrial ecosystem, Yunnan Strength has accumulated rich experience after years of business expansion. The strength of Yunnan starts from

the needs of customers, uses the community as a link, connects 8 major industries, forms an ecosystem of mutual industry, and enhances the value of the company's brand. Yunnan Strength fully implements the requirements of the national development plan of "cultural and tourism integration", with cultural tourism development and operation, commercial operation management, hotel operation management as the pillars, and simultaneous development of comprehensive industries such as property life services, gardens, venture capital, education, health and elderly care, etc. The diversified business structure has formed a mutually complementary industrial ecosystem. Yunnan Strength has continuously improved its industrial ecosystem, continuously strengthened its cultural tourism brand with continuous product innovation and upgrade, and endowed its powerful cultural tourism with vigorous growth.

"Dali Small Yard" redefines a new model of cultural tourism, centered on the development of the home-stay community, enhanced operating profitability and ecosystem resource synergy, introduced a number of well-known home-stay brands, and jointly created a diverse home-stay culture and connotation through joint operations , Through the new cultural tourism real estate operation model to further enrich the group's brand characteristics. Enterprises are transforming into tourist destinations and scenic area operations, leading the new trend of modern sojourner lifestyle.

The property company and the project development team intensively cultivate customer needs, plan customer assets, build cultural and tourism property services

into a community-based comprehensive service provider, and increase small courtyards and vacation villages to independently operate two services "small courtyard living home and small courtyard Mei Su Jia" Product lines enrich the living life of owners and residents. Specifically, the small courtyard home includes: small courtyard assets, small courtyard canteen, small courtyard coffee, small courtyard tea bar, small courtyard convenience, and health cabin. Xiaoyuan Meisu Home includes: small courtyard housekeeping, small courtyard private kitchen, small courtyard trusteeship, small courtyard Meiju, and homestay hosting. In order to achieve a win-win situation for the three parties, the owners can tangibly see the asset appreciation benefits, the marketing has tangible sales boosting highlights to attract fans, and the property company has tangible benefits from a variety of community operations.

**(2) The project development team conducts market-oriented cooperation with the property to improve the efficiency of community services**

Adhering to the core concept of "services create value", Zenith Cultural Tourism Property has deepened basic services, expanded community operation and management, and striven for excellence, focusing on the management and management of the "Dali Small Yard" project of Zenith Cultural Tourism Property Group.

The two parties form a market-oriented service cooperation model through service contracts for the field services, property services, and community supporting modules. The developer (Party A) requires that the various service standards of the

property company meet the requirements of Party A in accordance with the terms of the contract, and accept the service results regularly + irregularly through third-party evaluation and other methods. The property company (Party B) regularly reports the service content and service results to Party A. Party A regularly checks and accepts the service results and communicates regularly for timely adjustment and improvement.

According to the continuous and effective communication and exchanges between the development team and the property company in the process of cooperation, a good community service communication mechanism is formed, and community service capabilities are effectively improved and enhanced.

**(3) Constantly adjust the revenue sharing model to maximize the benefits of all parties involved**

Explore the fixed-income model of owner-managed services. At the initial stage of project development, in accordance with the characteristics of cultural tourism products, in order to effectively promote the cultural tourism operation model, increase community traffic and owner occupancy rate, and enhance the vitality of cultural tourism communities. After research and decision by the development team, the fourth phase of the "Dali Small Yard" small yard product will start the property right custody model in 2017, the owner's fixed income is 6% of the total purchase price, the custody period is 5 years, and a total of 150 houses are under custody. It also entrusts the operation and management of the professional Puxuan Hotel Management Co., Ltd., which is affiliated to the strength group, to ensure the

effective participation of the owners in the trusteeship according to the property rights trusteeship operation model, and form a trusteeship model and atmosphere.

Gradually promote the owner-managed service sharing model. In the later period, the trusteeship model and atmosphere gradually formed, and the stickiness of customers continued to increase. In May 2018, the strength cultural tourism property established the "small courtyard and one night" boutique homestay brand. : Five-sharing operation and management. On the basis of completing the daily maintenance and management of the owner's real estate, "Small Courtyard One Night" has played a good role in protecting the owner's asset appreciation. At the same time as risk-sharing, there is no limit to the profit, which maximizes the profit of customers.

During the operation of the home stay, according to the characteristics and scale of the home stay (50 single shops, better operating efficiency), the social characteristic home stay brand is continuously introduced, and the characteristic home stay community of the resort is formed from a single home stay atmosphere; in the establishment of service standards, price system setting, and service Platform connection, business license processing, etc., are provided by the cultural tourism property company integrating its own and social resources, and forming a fixed working meeting, early warning and evaluation mechanism; maximizing the benefits for enterprises, owners, and home stay owners.



## **Chapter 7 conclusion and prospect**

This study takes the "Dali Small Yard" project of Yunnan Strength Company as the research object, studies the business development and innovation practice of Yunnan Strength Company by using the theory of value co-creation, and is committed to providing beneficial solutions for the business innovation of small and medium-sized real estate enterprises in China. Therefore, we theoretically deduced the concept model of value co-creation, and combined with the characteristics of China's real estate industry, constructed the business innovation concept model of China's real estate industry based on value co-creation. Following the analysis of inductive factors--input--value co-creation interaction--output, and combining the analysis conclusions of Yunnan's internal and external environment, we analyze the business innovation practice based on value co-creation concept from three aspects of the depth, breadth and intensity of value co-creation, and explore the effect of business innovation. In view of the research problems, we have extracted five conclusions, summarized the innovation of the research, and also sorted out the shortcomings of this research and possible research directions in the future.

### **7.1 Research Conclusions**

In the face of many challenges from policy and market demand changes, small and medium-sized real estate enterprises will face huge survival pressure and industry integration risks. Only by breaking through the shackles of the original development mode, through innovative business development, build their own core competitiveness, and seek new profit growth points, can they get the opportunity to

break through. Value to create a concept can meet the demand of enterprise internal, also has the enterprise application of the concept in practice and get significant benefits, therefore, this study is dedicated to business innovation for small and medium-sized real estate enterprises in China to provide beneficial solution, will choose Yunnan Strength company, business development to its use value to create the idea innovation practice parsing.

Taking Yunnan Strength as the research object, using case study method, based on the concept of value creating model, combing the history of China's real estate industry and combined with the present situation of power enterprise in Yunnan province, based on value creating a theory model of real estate business innovation research, and through the Yunnan Strength "Dali Small Yard" project in the breadth, depth and intensity of the value of the three aspects of creating practice, from the core ability, brand value and customer experience three aspects: the evaluation of Yunnan Strength output value creating activities of practice. The specific conclusions are as follows:

(1) This study answers the first question raised in this article by consulting related literature on real estate, corporate business innovation and value co-creation, that is, whether the concept of value co-creation can be applied to the development needs of small and medium-sized real estate companies.

The concept of value co-creation is applicable to the business development of small and medium real estate companies. Real estate companies have practiced the application of "value co-creation". The company selected in this article, Yunnan Strength, has developed the "Dali Small Yard" project based on the concept of value

co-creation. At the academic level, the academic circles have not refined the theory. In the relevant literature on business development and innovation in the real estate industry, some scholars' research involves the initial exploration of the real estate industry using value co-creation concepts for business development. Therefore, the concept of value co-creation is suitable for academic research on small and medium-sized real estate business development models. However, the current academic circles lack theoretical refinement of the value co-creation model of small and medium real estate. Generally speaking, this part of the research still stays at the stage of introducing the concept of value co-creation into the real estate industry, and has not further studied how to apply the concept of value co-creation for specific business development and innovation. This is in contrast to the fact that some real estate companies have already used the concept of value co-creation for business development in practice. Compared with innovation and achieving good results, there is a certain lag. At present, the academic circles have not in-depth research on the application of value co-creation in the business development innovation, product design, and customer experience enhancement of real estate companies, nor have they measured the practical effects of using value co-creation for business development and innovation. Therefore, this article is necessary Carry out systematic theoretical research on this phenomenon in order to better guide the business innovation practice of real estate enterprises in the future.

(2) Based on the conceptual model of value co-creation, this study sorts out the history of China's real estate industry, and combines the status quo of powerful enterprises in Yunnan, and proposes a theoretical model for business innovation research in the real estate industry based on value co-creation.

Specifically, under the influence of the inducing factors of the internal and external environment, Yunnan's strength is facing the necessity and feasibility of business innovation. Based on the breadth, depth and intensity theory of value co-creation, the establishment of consumers, suppliers and property companies Layer value co-creation analysis model. Finally, this study evaluates the output of Yunnan's strengths value co-creation activities from three aspects: core competence, brand value and customer experience.

(3) This study analyzes the business development and innovation environment of powerful companies in Yunnan from both the external environment and internal environment, and refines the necessity and feasibility of business development and innovation for enterprises, and answers the second question raised in this article. That is, under what kind of environmental situation, small and medium real estate companies need to use value co-creation theory to innovate in business development.

When the real estate market enters the supply-demand balance market or the buyer's market, small and medium-sized real estate companies need to use value co-creation theory to innovate in business development in order to survive in the fierce market competition. China's real estate market bids farewell to the rapid growth stage and enters a steady growth stage. Industry clusters are becoming more and more obvious, and the living space of small and medium real estate companies is getting smaller and smaller. Faced with such a complex and changeable external market environment, thinking hard to change is the best policy. Under the current fierce competition situation, Yunnan Strength should explore the path of business development innovation and transformation, introduce value co-creation perspective, integrate customers, suppliers, partners and other nodes into supply chain management, fully consider customer needs, and increase product design Comfort,

attach importance to the construction of supporting facilities, build high customer loyalty, effectively face the fierce market competition, and win market reputation.

(4) This research analyzes and summarizes the value co-creation activities and typical experiences of three groups of Yunnan Strengthful companies and consumers, construction companies and property companies, in order to answer the third question raised in this paper, namely, the real estate companies in terms of business innovation What typical experiences have been gained in applying value co-creation concepts.

First, in terms of co-creation of value between Yunnan's strength and consumers, the analysis is carried out from the three perspectives of consumer demand and target market identification, consumer participation in product design, and consumer participation in brand marketing. Value co-creation activities mainly include: comprehensive use of multiple value co-creation methods at all stages of business development to understand consumer needs, accurately locate targets and core customers; carry out targeted and targeted product design according to the needs and pain points of target customers; Choose the way customers prefer to attract customers to participate in product design; constantly adjust and optimize product design based on customer feedback; interact with consumers at multiple levels to enhance customer stickiness and brand recognition; create a multi-level circle culture to enhance consumption Customer satisfaction; establish a new neighborhood relationship and create a distinctive community culture. Typical experience includes: the most important core of real estate projects is to accurately locate target customers; to recognize the shortcomings of traditional research methods and to flexibly use various effective methods to understand the true needs of customers; actively respond after understanding customer needs, and the service level exceeds customer expectations quickly. increasing customer satisfaction.

Second, in terms of the value co-creation of Yunnan's strength and suppliers, the analysis is carried out from the two practices of continuous interaction between residential design and continuous iteration, and supporting facility design and improvement. Value co-creation activities mainly include: establishing a benign co-creation mechanism with construction companies based on customer needs; following the co-creation mechanism and continuously optimizing product design through iterative updates; providing diverse supporting facilities and services to promote the overall quality of the project; mobilizing customer-side resources Enthusiasm with customers, transform and expand the functions of supporting facilities. Typical experience includes: advance the work of the construction company, design more in line with customer needs and save costs; innovate the small-step fast running mode to achieve rapid product upgrades; and it is very important to choose like-minded partners.

Third, in terms of the value co-creation of Yunnan strength and property companies, value co-creation activities mainly include: combining customer research and industry research, accurately matching customer needs with services, and giving play to the role of community connection. Typical experiences include: providing diversified property services to improve customer satisfaction; the project development team and the property develop market-oriented cooperation to improve the efficiency of community services; constantly adjust the revenue sharing model to maximize the benefits of all parties involved.

(5) This study analyzes the business innovation output of powerful enterprises in Yunnan based on the concept of value co-creation from three aspects: core competence, brand value and customers, in order to answer the fourth question raised

in this paper, that is, the real estate enterprise uses value co-creation. What is the effect of business development and innovation?

Research has shown that value co-creation has brought significant results to the business development of the real estate company. First, there are three impacts on the core capabilities of the company, namely, the improvement of marketing capabilities, the enhancement of product innovation capabilities, and the optimization of internal operation and management capabilities. Second, there are two effects on the enhancement of corporate brand value, namely, the enhancement of corporate brand influence and the enhancement of brand management capabilities. Third, it has three impacts on corporate customers, that is, it improves the overall sales of the enterprise, improves the customer service level of the enterprise, and improves customer satisfaction.

## **7.2 Innovative Summary**

**(1) In theory, put forward a conceptual model of business innovation in the real estate industry based on value co-creation, broadening the application boundary of value co-creation**

Some scholars believe that the concept of value co-creation is only applicable to traditional manufacturing and service industries, because these industries have high consumption frequency and low cost to participate in value co-creation. Some scholars believe that the concept of value co-creation also applies to real estate. Based on the theories of service-leading logic and value co-creation, this paper constructs a conceptual model of enterprise value co-creation from three perspectives of inductive factors, participants and co-creation activities, and reveals the mechanism of value

co-creation through the analysis of inductive factors-input-value co-creation interaction-output.

Based on the conceptual model of value co-creation, this study combs the history of China's real estate industry, and proposes a theoretical model of business innovation research in the real estate industry based on value co-creation in combination with the current situation of the powerful enterprises in Yunnan. Specifically, yunnan strength, under the influence of induced factors of external environment, faced with the necessity and feasibility of business innovation, based on the theory of value creating, from the breadth, depth and intensity of three aspects of value creating activities, finally this study from the core ability, brand value and customer experience three aspects: the evaluation of Yunnan Strength output value creating activities.

**(2) In practice, take Yunnan strength as a case to verify the application of value co-creation theory in China's real estate industry, and extract the business innovation model**

The real estate industry is a pillar industry in China. Due to normalization of policy regulation, increasing industrial agglomeration, upgrading of consumers' ideas and intensifying industry competition, real estate enterprises are generally faced with difficulties in business innovation. Many enterprises have begun to carry out business innovation and upgrading through business innovation. Many scholars have carried out research on this practice phenomenon, but the existing research mainly refined the enterprise business innovation model from the perspectives of strategic goal, business



integration, enterprise culture, organizational structure and so on, and there is no research to explore the enterprise business innovation path from the perspective of enterprise and customer co-creation. At present, the real estate market is also changing from a seller's market to a buyer's market, and real estate enterprises must meet the diversified needs of consumers. The core view of value co-creation theory is that "service is the fundamental basis of all economic exchange, and consumers are the co-creators of value". Therefore, this study starts from the perspective of value co-creation and takes Yunnan Strength Group as the case study object to refine its business innovation model.

### **7.3 Shortcomings and prospects**

Based on the value co-creation theory, this study takes Yunnan Strength Company as the research object, analyzes the "Dali Small Yard" project as the practice of the company's business innovation, and discusses the business innovation of small and medium-sized real estate enterprises based on value co-creation. Although the analysis of this study has a solid theoretical foundation, rigorous logic and good results, there are still some shortcomings. On the one hand, this study takes Yunnan Strength Company as the representative of China's small and medium-sized real estate enterprises to analyze their business innovation practices. However, Yunnan Strength Company as an individual case cannot generally reflect the typical problems of small and medium-sized enterprises in business innovation practices. On the other hand, in terms of theoretical framework, this study constructs a business innovation model of the real estate industry based on value co-creation. Although it is

verified by the business innovation of the "Dali Small Yard" project, the adaptability of the conclusion is still relatively limited.

Based on the deficiencies of the research in this paper, future research on the business innovation of Chinese small and medium-sized real estate enterprises can be improved from the following two aspects. First, quantitative research methods can be used to collect business innovation data of Chinese SMEs through questionnaires to improve the reliability of the research. Second, expand the research object, take Chinese real estate enterprises as the research object, and determine the applicable boundary of the research conclusion based on the research framework and research conclusions of this paper.

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## **Appendix I Data collection list of Yunnan Strength Group and "Dali Small Yard"**

This list intends to collect data and information on the basic situation of Yunnan Strength Group and its "Dali Small Yard" project, and the research objects are the management personnel of Yunnan Strength Group and the developers of the "Dali Small Yard" project. The information collected in this list will be used exclusively for academic research purposes and will be kept in strict confidence. Please be assured that the researchers will provide it.

### **(a) Real estate traditional intermediary sales model of the limitation of related information**

1. Before Dali Small Yard, the residential products launched by Yunnan Strength Group and the relevant information of market sales.
2. Information on the reasons and effects for the failure of the above-mentioned products to achieve market success.
3. Relevant information on how the real estate team changes their thinking and conducts product updates and upgrades from the perspective of value co-creation.

### **(2) Information related to Yunnan Strength Group and Dali Small Yard**

1. Overview and related information of Yunnan Strength Holding Group
2. External publicity and introduction of relevant materials for the Dali Small Yard Sub-project.



3. Data on the whole process of Dali Small Yard from concept design to product launch, namely (value co-creation) concept proposal, product design, product construction, marketing and promotion stage.

(III) Market feedback of the Dali Small Yard Project

1. Data related to financial contribution of Dali Small Yard to Zenith Holdings, such as product sales volume, sales revenue, profit, market share, etc.

2. Feedback data of customers on Dali Small Yard, such as customer perceived value feedback data (perceived value - perceived cost), customer attitude feedback data (satisfaction, loyalty, recommendation), etc.

3. Data on measures and effects of improving customer stickiness in Dali Small Yard by using modern community means such as WeChat group.

## **Appendix II Survey Questionnaire on Value Co-creation in Real**

### **Estate Industry**

This questionnaire for Yunnan Strength group "Dali Small Yard" value in the process of project development to create conditions to carry out the investigation and research, research object for the Yunnan Strength group and its stakeholders, including: power group in Yunnan Dali Small Yard component developers, including project is responsible for the team, customer relationship management, marketing, personnel, etc.; The consumers of the sub-project of Dali Small Yard mainly include those who participate in the design and optimization of main products, supporting products and supporting services in the project development process. Dali Small Yard builders, mainly including personnel involved in residential design and iteration, supporting facilities design and improvement; As well as Dali Small Yard property company related personnel.

**Tip: this research referred to the value of the real estate industry to create, is refers to the real estate enterprises (Yunnan Strength group) and stakeholders, such as consumers (including existing and potential customers), key value chain nodes (government, builders, property companies, etc to interact effectively, make the various stakeholders actively participate in the real estate product design and service delivery process, to their own needs and feedback to real estate enterprises, to be able to fully understand the individual needs of all stakeholders, so as to establish a win-win partnership, with the goal of maximizing the interests of the whole value chain.**

#### **First, value co-creation with consumers**

##### 1. Identifying consumer demand and target market

(1) In the pre-stage of project development, in what ways does the project development team interact and communicate with customers (existing and potential),

and how to find out the real needs of customers in the process of interaction and communication? In this process, whether the customer has the initiative to participate, what is the performance?

(2) After understanding the customer needs, how did the project development team determine the target customers step by step? What kind of assistance did the customer provide?

(3) What methods and techniques can the project development team use to judge the market size of target customers, such as the number and purchase intention of target customers? What kind of assistance did the customer provide?

## 2. Consumer involvement in product design

(1) In what ways do consumers participate in the design of Dali Small Yard? What specific promotion effect has it played on the product design of the small yard?

(2) What convenience does the project development team provide for consumers to participate in product design? What are the most effective ways and means?

(3) How many times has Dali Small Yard gone through product iteration and upgrading from drawing design to construction and product delivery? What is the specific participation and contribution of consumers at each stage?

## 3. Consumers participate in brand marketing

(1) In the development process of the project of Dali Small Yard, what are the typical interactive communication methods adopted by the project development team to improve consumer stickiness and brand recognition?

### (2) Circle culture

How does the project team define the circle culture? How to use the circle culture to strengthen the interaction with consumers, and how to mobilize the enthusiasm of consumers for product promotion?

### (3) Community culture

What are the most influential groups of owners that the project team has established? How to use these owners to promote the brand?

Does Dali Small Yard also establish the brand promotion strategy of fan mode?

## **2. Value co-creation with important supply chain nodes**

### 1. Value co-creation with the government

In the development process of Dali Small Yard, what links did the project team connect with the government? Have you maintained continuous communication with relevant government departments during the development process (e.g. land price determination, relevant qualifications, main body and supporting construction, project publicity, government supervision)? Please elaborate on the most important 1-3 communications.

### 2. Value co-creation with construction companies

#### (1) Residential design and continuous iteration

How many iterations have been carried out on the residences and supporting facilities of Dali Small Yard? Which iteration was a milestone?

What effective communication did the development team have with the architecture firm during the design and optimization process?

#### (2) Design and improvement of supporting facilities

Project development team in Dali Small Yard facilities (villagers canteen, framed concept of public library, gym, sea adventure playground, healthy house and yard basketball courts, football pitches, yard yard convenience stores, farm small courtyard, etc.) in the process of design and perfect, which absorbs the construction company philosophy and rationalization proposal for the construction of the line?

### **3. Value co-creation with the property company**

#### 1. Create a variety of humanized community services

(1) Could you tell me more about butler service? And focus on the emergence and smooth operation of the butler service, the project development team and the property company conducted what communication?

(2) How does E.O service build a community connecting platform to realize the effective connection between online forum and offline activities? What cooperation between the project development team and the property company?

(3) Please introduce the background and actual effect of hosting service? What efforts did the project development team and the property company make?

#### 2. Build an industrial ecosystem with reasonable structure

How can the project development team and the property company jointly build the industrial ecosystem of Dali Small Yard? What industries have been introduced and developed, and how to realize the mutual development of these industries?

**Fourth, the effect of value co-creation**

Through the continuous communication between the project development team, consumers, government, builders and property management companies, the project design, optimization, construction and marketing of each stage of value co-creation has been realized.

Compared with the previous project of Yunnan Strength and the same period project of Youshang, what additional benefits does the project of Dali Small Yard mainly bring to consumers? It can be explained from the aspects of customer satisfaction improvement, customer service sense, frequent customer recommendation and so on.