

# Study on internationalization path of Chinese real estate enterprises

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**Abstract:** this paper studies the Chinese real estate enterprises internationalization path selection, mainly including the internationalization of China's real estate enterprise characteristics, internationalization path selection process, target market selection, entry mode selection and the entry mode choice model based on the quantitative strategic planning matrix. Among them, we pay special attention to the entry mode selection model based on quantitative strategic planning matrix, think that this is a very effective tool, can help enterprises better choose the optimal entry mode. Through research and analysis, this paper draws some conclusions and suggestions, hoping to provide valuable references for the international development of Chinese real estate enterprises.

**Key words:** China; Real estate enterprises; Internationalization; path

## I. Characteristics of internationalization of Chinese real estate enterprises

First, the internationalization process is accelerating. Since 2012, Chinese real estate enterprises have expanded their overseas investment scale, and the process of internationalization of Chinese real estate has also entered a high speed. Overseas, especially for the large number of Chinese and relatively developed economic areas, such as Australia, Europe, East Asia and the United States, Chinese real estate enterprises will continue to experience growth. In addition, in today's global real estate market, the status of Chinese real estate enterprises is rising and playing an important role.

Second, the choice of target market. Among the international target markets of Chinese real estate enterprises, they are more inclined to the areas with large Chinese population and high economic level, so as to achieve the purpose of rapid market development. These areas include some economic cities in developed countries, such as New York, Sydney, London and so on.

Third, the transformation of customer groups. When Chinese real estate enterprises first entered the overseas market, their customers were mainly Chinese. In the initial stage of opening up the international market, the enterprises will follow the mature business model and specific "playing method" in China, and carry out transnational business activities with the advantage of the network relationship of the people in the target country, so as to reasonably avoid the possible risks in the operation. In this process, the customer group also began to change from Chinese to local customers, realizing the effective promotion of the process of internationalization.

Fourthly, investment scale. At present, Chinese real estate enterprises that invest overseas are mainly first-tier real estate giants. In addition to Greenland, Wanda, Vanke, Country Garden, Fosun, HNA Group, Shimao and other leading enterprises with large scale and strong strength, in recent years with the development of real estate internationalization, domestic small and medium-sized real estate enterprises are also gradually increasing, constantly expanding their international undertakings, bringing a new atmosphere for the international development of Chinese real estate enterprises.

Fifth, the investment model. The internationalization mode of Chinese real estate enterprises is mainly joint ventures, including the establishment of joint ventures with local enterprises to undertake projects and the newly established subsidiaries of local sole proprietorship to cooperate with local enterprises to jointly develop projects. Among the statistics of Chinese real estate enterprises entering the overseas real estate market for the first time, 62.5% of them adopted the joint venture mode. After the improvement of internationalization experience and their own ability, the investment mode of enterprises will be changed from joint venture to sole proprietorship.

All in all, these characteristics show that the internationalization process of Chinese real estate enterprises is a slow and gradual process. The internationalization process of Chinese real estate enterprises shows that the target customers choose to change from mainly Chinese immigrant customers to local customers. The entry way of internationalization is easy first and then difficult, and most enterprises generally adopt the joint venture mode with less risk first. These characteristics will promote Chinese real estate enterprises to integrate into the global real estate market more quickly in the future.

## 2. The internationalization path choice of Chinese real estate enterprises

### 2.1 Process of internationalization path selection for Chinese real estate enterprises

The process of internationalization path selection of Chinese real estate enterprises is as follows: 1. Macro environment analysis: Evaluate the home country environment, host country environment and the relationship between home country and host country through PETS model (political, economic, social and technological). Political factors include government policies, political stability, etc.; Economic factors include market size, economic growth, exchange rate, etc.; Social factors include cultural differences, social organizations, etc.; Technical factors include scientific research level, information technology and so on. This analysis helps to determine whether an enterprise is suitable for internationalization. 2. Porter's Five Forces analysis: evaluates the competitive environment and market structure of the real estate market through Porter's Five Forces model, and analyzes factors such as competition within the industry, bargaining power of

suppliers and customers, threat of new entrants and competitive pressure of substitutes. This will help determine the selection of future target markets. 3. SWOT analysis: Evaluate the internal situation of the enterprise through SWOT analysis. The SWOT model includes the analysis of the strengths, weaknesses, opportunities and threats of the enterprise. This will help the company understand its own strength, find strengths and weaknesses, and further determine internationalization strategy. 4. Target market selection: According to the previous analysis results, determine the target market. The theoretical framework of target market selection usually includes market attributes, company resources and needs, market size and growth potential, market entry difficulty and other factors. Factors such as localism and cultural differences should also be considered when determining the target market. 5. Entry mode selection: According to the characteristics of the target market and the strength of the enterprise, choose the entry mode. The entry mode includes export, joint venture, acquisition, franchise, sole proprietorship and other forms. When choosing an entry mode, factors such as market access restrictions, market acceptance and cost-effectiveness need to be considered. 6. An entry mode selection model based on quantitative strategic planning matrix. Quantitative strategic planning matrix model is mainly to compare different entry modes according to profit, market share, risk and other factors, and then choose the most favorable entry mode. The advantage of this model is that it can provide reliable decision basis, but the disadvantage is that it needs a lot of data and information, and it is not suitable for innovation-oriented enterprises.

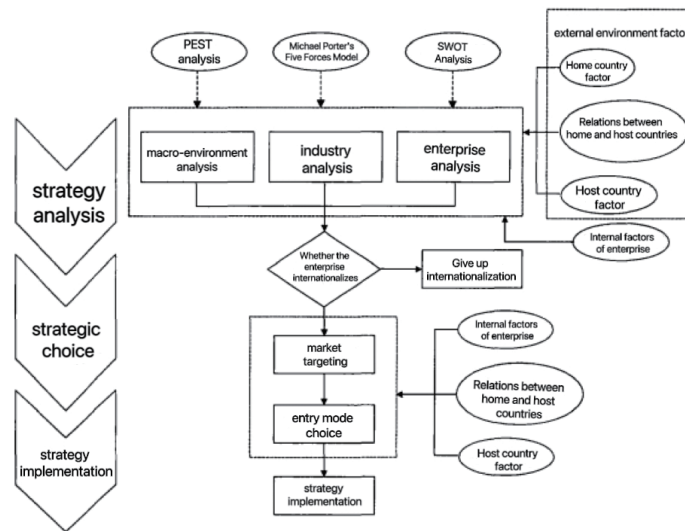


Figure 1 Internationalization path selection process of Chinese real estate enterprises

## 2.2 Target market selection

### 1. The importance and theoretical framework of target market selection

Target market selection is an important link in the path selection of internationalization, and its correctness and accuracy directly affect the subsequent entry mode selection and landing effect. Specifically, the selection of target market needs to consider market size, growth rate, degree of competition, policies and regulations, cultural differences and other factors, and these factors are intertwined. Therefore, it is very important to construct a scientific and reasonable theoretical framework for target market selection and make accurate target market selection according to the characteristics of enterprises. The construction of the theoretical framework of target market selection needs to consider many factors based on the enterprise's own development strategy, core competitiveness and the characteristics of the target market. According to Chomsky's cognitive hierarchy theory, we can divide the selection factors of an enterprise into three levels: cognitive level, behavioral level and outcome level. At the cognitive level, enterprises need to understand the characteristics of the target market, including macroeconomic environment, policies and regulations, cultural differences, competition degree, etc. At the behavioral level, enterprises need to develop corresponding marketing strategies and channel management strategies to adapt to the needs of the target market. Finally, at the outcome level, enterprises need to consider marketing effect, market share, profit level and other indicators to evaluate the effectiveness of target market selection.

### 2. Verification of the theoretical framework of target market selection

In order to verify the feasibility and accuracy of the theoretical framework of target market selection, we can adopt the method of empirical research and establish the corresponding model. Specifically, we can divide the target market selection factors into four dimensions: macro environment, market demand, degree of competition and cultural differences, and use the binary logistic regression model to analyze the influence of target market selection factors on the internationalization path of enterprises. Through the fitting effect and parameter significance test of the model, we can evaluate the validity and scientificity of the theoretical framework. When constructing the model, different variables should be selected for modeling according to the characteristics of the specific target market. For example, when choosing the Asian market, we need to pay attention to regional political stability, economic growth rate, consumption level and other factors; While when choosing the European and American markets, we need to consider more factors such as differences in market demand and cultural differences.

### 2.3 Entry mode selection

#### 1. Type of entry mode

In the process of internationalization, enterprises can adopt a variety of entry modes, including export trade, joint venture, sole proprietorship, acquisition, etc. Different entry modes have different advantages and disadvantages and are suitable for different situations. Enterprises need to choose the most suitable entry mode according to their actual situation and the characteristics of the target market.

#### 2. Analysis of entry mode

When choosing the entry mode, enterprises need to analyze various factors of the target market, including market size, market growth rate, market competition, industry characteristics, policies and regulations, etc. Based on the analysis results of these factors, enterprises can choose the entry mode that is most suitable for them. In the specific selection of the entry mode, the following steps can be adopted: (1) Analyze the advantages and disadvantages of the enterprise and choose the most suitable entry mode. (2) Make an in-depth analysis of the market size, market growth rate, market competition, industry characteristics, policies and regulations of the target market to understand the actual situation of the target market. (3) According to the analysis results, choose the most suitable entry mode and make a specific entry plan. In addition, enterprises can also adopt the quantitative strategic planning matrix method to analyze and compare different entry modes, so as to select the best entry mode. The matrix is composed of target market environment, enterprise resources, enterprise culture and other factors. By weighing and analyzing each factor, the most suitable entry mode for the enterprise is obtained. At the same time, the enterprise should also consider the impact of the entry mode on the long-term development of the enterprise and choose the entry mode conducive to the sustainable development of the enterprise. In the process of selecting the entry mode, enterprises need to weigh various factors and work out operable strategies so as to truly achieve the goal of internationalization.

### 2.4 Entry mode selection model based on quantitative strategic planning matrix

#### 1. Introduction to quantitative strategic planning Matrix model

Quantitative strategic planning matrix is a quantitative analysis tool for enterprise internationalization entry mode selection. By evaluating and weighting domestic and foreign market conditions, enterprise resources and competitive environment and other factors, the model compares and evaluates the advantages and disadvantages of various entry modes to determine the optimal entry mode strategy.

#### 2. Steps to establish quantitative strategic planning matrix

First, determine the evaluation metrics. When choosing entry mode, enterprises need to consider factors including domestic and foreign market conditions, enterprise resources and competitive environment. In the establishment of quantitative strategic planning matrix, it is necessary to determine the relevant evaluation indicators from these aspects. Second, determine the index weight. For different indicators, the degree of influence on the choice of enterprise entry mode is different. Therefore, when establishing the quantitative strategic planning matrix, it is necessary to divide each indicator and determine their weight, so as to conduct comprehensive evaluation in the subsequent calculation. Third, calculate the score. After the indicators and weights have been determined, the various entry modes can be scored for comparison and selection; Fourthly, choose the optimal strategy: by analyzing and comparing the data, select the entry mode with the highest score as the optimal strategy.

#### 3. Advantages and disadvantages of quantitative strategic planning matrix model

Advantages: (1) Strong objectivity: Quantitative strategic planning matrix is a quantitative tool, which can overcome the influence of subjective factors on decision-making and make decision-making more objective. (2) strong comprehensiveness: quantitative strategic planning matrix can comprehensively consider various factors and obtain comprehensive evaluation results, which can better support the decision-making of enterprises. (3) Distinct hierarchy: In the quantitative strategic planning matrix, all factors are arranged according to a certain level, so that the model has good structure and logic, which is conducive to better understanding and application of enterprises.

Disadvantages: (1) The selection of evaluation indexes and weight division are subjective: the evaluation indexes and weight division of quantitative strategic planning matrix may be subjective, which may lead to the deviation of decision results. (2) Data quality problem: quantitative strategic planning matrix is based on data, if the quality of data is not good, it may affect the accuracy of decision results. (3) Not applicable to all situations: Quantitative strategic planning matrix is a kind of analysis tool for a specific scenario, not applicable to all situations, need to be considered comprehensively according to the specific situation.

Conclusion: Through this study, this paper has an in-depth understanding of the path choice of internationalization of Chinese real estate enterprises, as well as a series of issues involved. With the continuous improvement of the internationalization degree of Chinese real estate enterprises, it is particularly important to choose the optimal internationalization path. Therefore, this paper proposes an entry mode selection model based on quantitative strategic planning matrix, which is a very practical tool that can help enterprises better choose the optimal internationalization path.

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