



**RESEARCH ON OPTIMIZATION OF COMMERCIAL REAL ESTATE
OPERATION MANAGEMENT BASED ON VALUE CHAIN THE CASE STUDY OF
COMMERCIAL PROJECT OF CHINA REAL ESTATE GROUP**

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
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OPERATION MANAGEMENT BASED ON VALUE CHAIN: THE CASE STUDY OF
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Thematic Certificate

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ABSTRACT

Title: Research on the Optimization of Commercial Real Estate Operation Management
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Commercial real estate is an important carrier of urban competitiveness, and its development is closely related to the process of urbanization. After more than ten years of explosive growth, China's commercial real estate has entered the stock age. With the slowdown of economic growth and the impact of e-commerce, the problems of commercial vacancy and lack of operation value were gradually exposed. The operation management of stock commercial is more and more valued by development enterprises.

The author focused on the analysis of the macro environment and industry development status of commercial real estate of China Real Estate Group, then focused on the company were analyzed profile, and the current situation of business project operation and management. The main problems and causes of operation and management from the perspective of value chain, and found the five activity links that needed to be optimized in the value chain link.

Finally, using the theory of operation value chain reconstruction and process reengineering, this paper puts forward the overall strategy of optimization and upgrading from three aspects: internal value chain, horizontal value chain and vertical value chain, and formulated specific optimization content and guarantee measures for the weak links of value activities. Therefore, the author obtained the management and control mode of the unified operation and management of the commercial real estate value chain under the new situation, realized the value promotion of the value chain, and provided reference and reference for the operation and management of the same type of commercial real estate development enterprises in reality.

Keywords: Value chain Commercial real estate Operation management
Optimization

摘要

题目： 商业地产运营管理优化研究

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商业地产是城市竞争力的重要载体，它的发展与城市化进程息息相关。中国商业地产经历十几年的爆发式增长后，开始步入存量时代。经济增速放缓加上电商的冲击，商业空置及运营价值缺失的问题逐渐暴露出来，存量商业的运营管理越发受到开发企业所重视。

笔者重点针对中房集团商业地产面临的宏观环境及行业发展现状进行分析，接着对公司概况和商业项目运营管理现状重点论述，从价值链视角对运营管理存在的主要问题及成因进行剖析，找出价值链环节中需要优化的五个活动环节。

最后，运用运营价值链重构和流程再造理论，从内部价值链、横向价值链、纵向价值链三个方面提出优化提升的总体策略，并针对价值活动薄弱环节制定具体优化内容和保障措施。由此，笔者得出新形势下商业地产价值链统一运营管理的管控模式，实现了价值链的价值提升，在现实中能够为同类型商业地产开发企业运营管理提供参考和借鉴。

关键词： 价值链 商业地产 运营管理 优化

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CHAPTER 1 INTRODUCTION

1.1 Background and motivation

(1) The rapid development of commercial real estate, the development of commercial real estate has entered the era of stock.

2002 is called the first year of China's commercial real estate. The rapid economic growth and urbanization process in the past 20 years have promoted the rapid development of commercial real estate. Commercial real estate has attracted many real estate developers to enter due to its good profit performance. In the past 10 years, commercial supply has grown from 130 million square meters in 2010 to 540 million square meters in 2019. The per capital commercial area has reached 1.8 square meters, which is in obvious oversupply. With the slowdown of my country's economic growth and the further intensification of external trade frictions, the development investment and sales area of new commercial real estate in 2020 will both decline year-on-year. In the previously fiercely competitive commercial real estate market, inventory pressure has become more prominent. Commercial real estate development has entered the era of stock.

According to data from the National Bureau of Statistics, in the past 10 years, the construction area of commercial buildings nationwide has reached 2.09 billion square meters. However, according to industry internal statistics, the completion rate is only about 43%. Another 57% of the projects failed to open due to various reasons. Many large-scale commercial facilities in many cities have encountered difficulties in attracting investment.

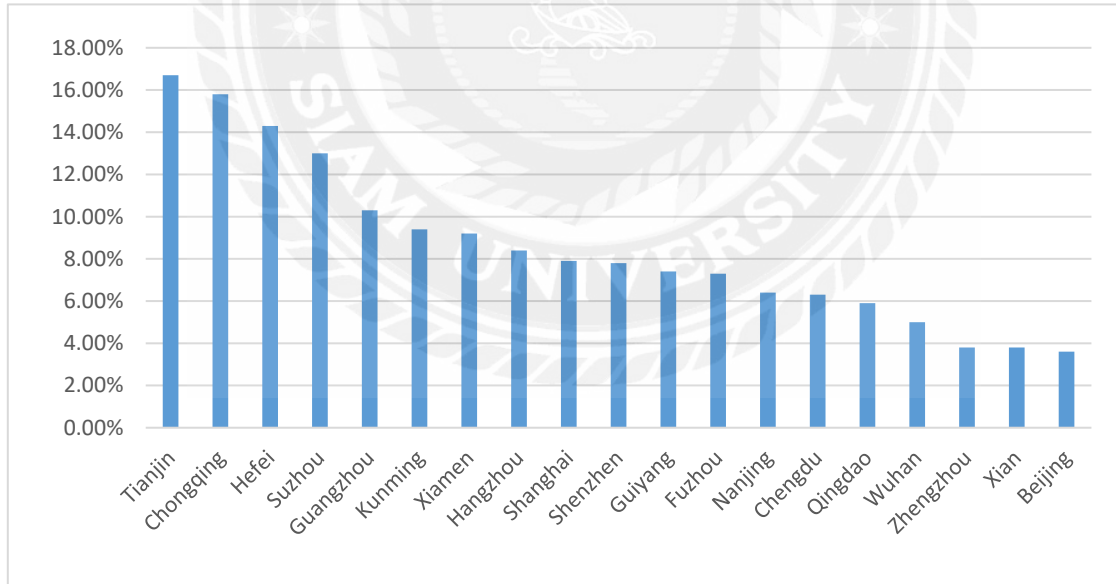


Figure 1-1 Ranking of commercial real estate vacancy rates in major cities in China in 2020

(2) The impact of e-commerce has reduced the demand for offline consumption of commercial real estate.

In 2015, China's total retail sales reached 24 trillion, and by 2020, China's total retail sales will reach 50 trillion. The proportion of e-commerce in total retail sales has increased from 8% to 36%-40% (Ni Min, 2017). Li Hongyu (2014) believes that e-commerce, as a new

technological revolution, not only diverts commercial passenger flow and sales, but also reshapes consumption habits and lowers the offline demand for urban commercial real estate. Approximately 300 new physical shopping centers are added every year in China. The annual growth in e-commerce sales completely covers the sales generated by these new shopping centers. The original market space of shopping centers is gradually occupied by e-commerce. Low-end shopping malls have become increasingly difficult to operate. Commercial real estate has experienced unprecedented challenges.

(3) Credit and regulation are tightened, and the capital chain is under tremendous pressure.

Since 2011, major banks have gradually tightened their credit policies. Banks will be more stringent in reviewing and issuing real estate loans. Other financing methods such as listing, trust, and overseas financing are also becoming more difficult, and financing costs are gradually increasing. At the same time, many large and medium-sized cities in China have introduced intensive control policies such as "purchase restriction" and "restriction sales". The rising cost of land has led to a decline in corporate profits and an increase in financial risks. China's commercial real estate companies do not have strong self-funded funds, and the slower return of funds has caused operational pressure to double. Cash flow is under tremendous pressure.

(4) The “Matthew Effect” of the industry is prominent, and the two-level differentiation is serious.

According to incomplete statistics from Winshang’s big data, there are nearly 200 domestic companies engaged in the development and operation of commercial real estate. From 2017 to 2020, the total number of newly opened shopping malls and the proportion of the total volume of 10 mainstream enterprises are on the rise, and the growth rate is accelerating. Industry concentration has increased. In 2020, the total number of newly opened shopping malls by TOP10 companies accounted for 15.98% of the existing shopping malls, and the total volume accounted for 22.15%. In the future, it is expected that the Matthew effect of the industry will continue to be maintained. The strong will remain strong, the industry concentration will continue to increase, and the real estate industry will continue to be an arena for "hundreds of billions of players".

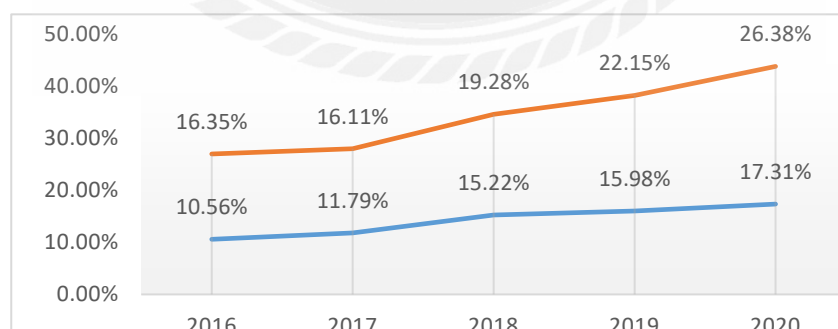


Figure 1-2 The number and volume of newly opened shopping malls by TOP10 commercial real estate companies continue to increase

(5) Value research on commercial real estate operating models has gradually received attention.

The operation and management of commercial real estate is a long-term systematic task.

The value chain is far more complex than that of residential buildings and involves more stakeholders, and its value is more reflected in the return on income brought by commercial operations. Under the influence of capital and business philosophy, domestic commercial real estate developers often follow the residential development model of "land acquisition-planning-construction-sales". Domestic commercial real estate has quickly recovered funds through segmented sales, thus ignoring the operating value of commercial real estate. Judging from the development experience of foreign commercial real estate, commercial real estate is aimed at obtaining stable rental income. The long-term real estate investment that the industry expects to maintain and increase the value of properties requires strong capital and operating capabilities as support. At present, domestic commercial real estate research has not yet become a systematic theory, and there is a big gap with foreign countries, and its application in practical enterprises is not yet mature. In recent years, many problems have been exposed in domestic commercial real estate, and many scholars have begun to pay attention to this field. Value chain theory is widely used in business management and competitiveness analysis. Therefore, systematic research around the value chain of commercial real estate, finding weak links and proposing targeted solutions has become a problem that enterprises must face.

(6) The quality and efficiency of commercial real estate operation and management of the case company urgently need to be improved.

China Real Estate Group is an established state-owned real estate company focusing on residential development. The company has a total of 11 development projects, most of which are located in third- and fourth-tier cities with scattered management. Companies generally have problems such as an excessively high proportion of commercial goods, extended development cycles, difficulties in selling sales, and tight cash flow. Many projects are on the verge of break-even. Refer to Table 1-1 for the current domestic commercial real estate companies' comprehensive capability evaluation reference indicators. The commercial projects of the China Real Estate Group are mainly sales, focusing on the sales contract amount and the operating indicators of the sales receivables. The annual commercial sales contract value is about 1 billion. The operating income of stock commercial properties of less than 100 million yuan contributes little to operating income. In the 2020 ranking of commercial real estate companies by Viewpoint Index, China Real Estate Group ranks outside the 100. China Real Estate Group urgently needs to change the existing business methods, enhance the operation and management capabilities of commercial projects, and release commercial value.

Table 1-1 Reference Index of Commercial Real Estate Comprehensive Strength Ranking

| Evaluation index | Index content |
|------------------------|---|
| Operational indicators | Investment property income, investment property asset value, regional layout |
| Management indicators | Business planning, investment management, team building, planning and promotion |
| Brand indicators | Brand familiarity, tenant recognition, urban driving force, social contribution |
| Innovation index | Capital innovation, model innovation, design innovation |

Through benchmarking analysis, China Real Estate Group's commercial real estate still

has a large gap with industry benchmark companies in terms of industry influence and commercial operation capabilities.

1.2 Research questions

Commercial real estate is a real estate development value chain centered on commerce, and commercial real estate is greatly affected by the commercial market (Zheng Ronghua, 2010). The commercial market and economic development are inseparable due to the slowdown in economic growth. The competition among enterprises is intensifying, and the old model of focusing on development rather than operation has been unable to adapt to the development of commercial real estate under the new situation. Value creation is the goal pursued by business operations. The essence of value chain management is to reduce the operating costs of enterprise organizations, optimize core business processes, and enhance the market competitiveness of enterprises (Zhang Zeying, 2011). Commercial real estate projects are different due to different operation and management models. The mechanism of value creation is also different, which in turn affects its competitiveness in the market. From the perspective of the value chain, this article analyzes how the stakeholders in the commercial real estate value chain seek the unification of interests? How to construct the value chain of commercial real estate? What are the strategies for value chain optimization and promotion? What are the problems and their causes in the commercial real estate operation and management of China Real Estate Group? From the perspective of the value chain, analyze and formulate specific strategies and safeguard measures for the improvement of China Real Estate Group's business operation management?

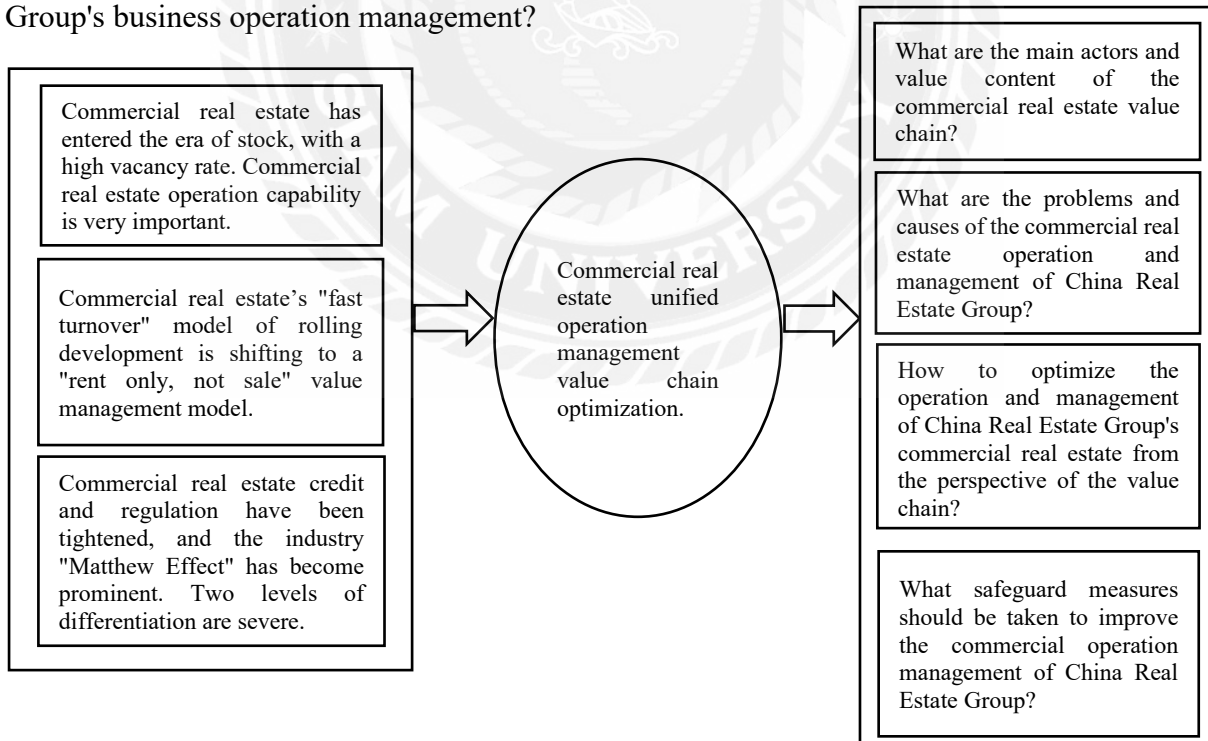


Figure1-3 Research problem discovery process

1.3 Research hypothesis

After analyzing the research background of this paper, the article has roughly analyzed

the macro environment of commercial real estate operation. From the perspective of value chain, the author puts forward the following assumptions about the possible problems in the value chain activities of China real estate group from four aspects: organizational basic management, financial basic management, commercial operation, product planning and investment management:

Organizational foundation management: China real estate group is a large-scale commercial real estate developer group in China. And the main business of China real estate group has been mainly engaged in residential development. China has a large number of commercial real estate, and the market competition is very fierce. The large scale of the group and the particularity of its main business will hinder the fine management of China real estate group.

Basic financial management: capital is the most important investment factor affecting the operation of commercial real estate value chain. Due to the decline of the overall market, the commercial sales speed is slow, the development cycle is prolonged, and the project profit is eroded. The remaining businesses that are difficult to be decommissioned cannot be financed and realized through the capital market due to the lack of unified operation and cultivation. The lack of financial support will affect the capital value of China real estate group.

Commercial operation: the operation goal of many commercial real estate groups is sales. The main business model of China real estate group focusing on residential development will not be conducive to the overall operation of China real estate group.

Product planning: the product of commercial real estate is single. China real estate group will not be competitive because of the single problem of product design.

Investment management: investment promotion is the core link to realize the income of commercial real estate. Many real estate projects have not made great efforts in commerciality and have excessively focused on promotion and packaging. The lack of overall planning for real estate investment promotion will affect the value play of China real estate group.

1.4 Research significance

1.4.1 Theoretical significance

Combine the "smile curve theory" with the "value chain theory" and use the methods of process reengineering and value reconstruction. It is concluded that the unified operation and management model of the commercial real estate value chain can better maximize the commercial value. This article further enriches the research content of the commercial real estate value chain at the theoretical level. In addition, this thesis summarizes the experience in the development and operation of commercial real estate, which will help people deepen their understanding of the problems related to commercial real estate.

1.4.2 Practical significance

China's commercial real estate started late. There is a big gap between theoretical research and practical experience compared with developed countries. The impact of e-commerce and the slowdown in domestic economic growth have made business operations more difficult. The operation and management of real estate enterprises urgently need the guidance of innovative theories and seek more scientific development and operation models. The optimization of the business operation management model is conducive to the establishment of a competitive

advantage for enterprises. Exploring the path to optimize the commercial real estate value chain can play a scientific guiding role for enterprises to build core capabilities.

1.5 Research purposes

The purpose of this article is to discuss the status quo of China Real Estate Group's commercial project operation and management. The article further analyzes the development environment of China Real Estate Group's commercial real estate. From the perspective of the value chain, it analyzes the main problems and causes of operation and management, and finds out the five activities in the value chain that need to be optimized. Provide reference for other commercial real estate groups to optimize the value chain operation and management ideas.



CHAPTER 2 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature review at home and abroad

2.1.1 Literature review abroad

The unified operation model of commercial real estate has always been the focus of research by foreign scholars. Graaskamp (1981) pointed out that the integrity of real estate development and operation must be dynamically adjusted accordingly in a market with ever-changing environment and intensified competition. J R Knight (1994) and T H Paark (1996) summarize the value chain relationship of commercial real estate. They believe that the main body of commercial value includes developers, commercial investors and operators, and each participant realizes commercial value through the creation and construction of commercial real estate products. The final transfer. Collins and Porras (1996) study that developers, investors, and operators in the commercial real estate value chain create commercial real estate value, and this value is ultimately realized through consumer activities. Mile (1998) deepened it and proposed that real estate management is divided into three levels: property management, asset management and portfolio investment, emphasizing that the three are coordinated and unified to achieve continuous asset management. Osterwalde Doctoral et al. (2004) cited business models to explain how companies “create value, deliver value, and obtain value”. Japanese scholar Koshihiro Koshimura (2006) pointed out that through close cooperation between developers and shops, they can carry out uniform operation and management to achieve overall project operation goals. The development of commercial real estate is inseparable from financial support. Ruf (2007) believes that real estate investment trusts will gradually replace commercial mortgage loans and improve the lack of funds in commercial real estate.

From the perspective of the development of business operation model, Wang (2007) believes that the innovation of operation model, as a new competitive advantage of enterprises, will have a greater impact on profitability. Buttiner and Ott (2007) found that in the sale-only-not-rent model, although the previous property owners will randomly set the rental price, the price will eventually return to market rationality. He et al. (2011) believe that foreign investors' investment in Chinese real estate can help promote the industry to adopt advanced management methods. Sohn et al. (2013) believe that adopting an asset-light model can improve financial performance and affect the creation of company value. Xu et al. (2013) built a BIM-based separated organizational structure of intelligence layer, operation layer, and customer layer in response to the problems in the business operation organization structure, and realized decentralized and flat operation without hierarchy. In the new era, the cooperation between retailers and real estate developers has become closer. Jiang et al. (2014) pointed out the inherent problems of Wanda Real Estate's “order-based model” and explored strategies for maximizing rent and lease area between retailers and real estate developers in order to find the best strategic balance.

2.1.2 Literature review at home

Although my country's real estate industry started late, the idea of unified operation has already existed. Wang Xuedong (2004) believes that the essence of modern real estate

operation and management is unified management. It also pointed out that three models of project company, project subsidiary, and partnership structure can be used to realize commercial real estate financing, thereby diversifying corporate risks. Weng Nandao (2006) started from the composition of the business model of commercial real estate, and believed that business is the core, capital is the leverage, and the strong coupling between business and real estate is the key to the success of a company. And Yang Weihui and Peng Xiaohua (2006) summarized two modes of "real estate + commercial giant" strategic alliance and holding company "real estate + commercial" operation. Wang Zhenlian (2007) believes that the long-term investment in commercial real estate can avoid the misunderstanding of short-term operation, and the development of commercial real estate in my country will mainly adopt the "rent but not sell" model. Wu Deyun (2010) also believes that the key to the ultimate success of a commercial project lies in the operation and management of the later stage of the project. Commercial operation management includes positioning, investment promotion and operation execution. Li Yongqiang's (2011) research pointed out that commercial real estate, in accordance with the management model of "only renting, not selling", achieves "unified property rights, unified investment, and unified management", which can give full play to the advantages of integration.

With the continuous development of real estate, a variety of operating modes have emerged in commercial real estate, and scholars have carried out research from different angles. He Yan and Wu Feng (2004) divided the commercial real estate development investment model into five business models: rent-only and not-sell, only-sell but not-rent, rent-and-sell, non-rent-not-sell, or set up a professional commercial operation company for partnership. Liu Wei and Zhang Qian (2007) compared the advantages and disadvantages of the Wanda model and the Yigao model, the mainstream operating model of domestic commercial real estate. It is pointed out that the leaseback model with dispersed property rights will exit the historical stage, and the property management model with complete property rights is the development trend of commercial real estate operations.

In response to the shortcomings of domestic commercial operations, many scholars have carried out research and put forward solutions. Wang Li and Niu Bingkun (2008) pointed out that the local investment in commercial real estate in our country is overheated and unreasonable in structure. Developers have deviations in grasping the laws of business, pursue fast turnover while ignoring follow-up operation and management, and over-rely on bank loans. Wang Lin (2008) suggested that we should pay attention to the "commercial" factor in commercial real estate and form a professional development idea. Wang Jianlei (2009) studied and perfected the implementation strategy of commercial real estate operation mode based on my country's specific national conditions in order to solve various problems facing my country's commercial operation. Zhang Zeying (2011) proposed that development enterprises should be taken as the leading factor, and the core competitiveness of commercial real estate should be built from the aspects of investment promotion ability, project research and development ability, operation ability, capital operation ability and resource integration ability, so as to truly realize the long-term development of enterprises. Shen Qiong and Liu Wei (2011) analyzed the causes of problems in the development of commercial real estate. They believe that the main reason is that the government and developers lack a deep understanding and sufficient experience of commercial real estate, as well as the lack of resource integration

capabilities. Ding Can (2012) believes that the development of commercial real estate projects should be adapted to local conditions and adapted to the current situation and cultural background of the city.

In response to the problems exposed in commercial operations, realizing the combination of real estate development and commerce is the common view of many scholars. Yu Ke (2012) believes that "investment development + holding development" is the best business model that domestic real estate companies can adopt at a specific stage. Yang Hui (2012) proposed that commercial real estate should strengthen government guidance, broaden financing channels, pay attention to talent training, and promote the transformation of business mode to a combination of lease and sale. Li Qiao (2015) believes that in the market economy environment, the commercial real estate industry has the dual characteristics of high investment risks and high profit returns, and both real estate and commerce must be considered together.

Since Porter put forward the value chain theory, the real estate industry has gradually increased research in this area. Zhou Senfeng and Xie Yuelai (2005) used value chain theory and competitive advantage theory to analyze the process of value creation activities of real estate enterprises, and concluded that the core competitiveness factors of enterprises include strategic planning ability, resource integration ability and innovation ability. Cui Shenghe (2007) found that a complete commercial real estate development value chain should include five entities: government, developers, investors, operators, and consumers. Lu Shubin (2007) proposed that the value chain of commercial real estate is a series of value-added processes from the development value obtained by developers and investment value obtained by investors to the realization of consumer value, forming a complete and closed vertical value chain. Since then, as the development of commercial real estate has entered the fast lane, value chain theory has been further applied in guiding practice. Zheng Ronghua (2010) systematically analyzed the value chain of commercial real estate and constructed a commercial real estate value chain model to realize commercial and real estate Organically combined. Sun Zhefeng et al. (2012) proposed a commercial real estate equity investment model based on the full value chain, which will integrate existing resources to the greatest extent, build a community of interests, and provide financial support for commercial real estate development. Wu Di (2013) believes that in order to achieve a balance between the interests of all parties in the commercial real estate value chain, developers must have considerable resource integration capabilities, precise commercial development positioning capabilities, and strong commercial operation capabilities.

Regarding the unified operation of commerce, some scholars have also demonstrated from other different perspectives. From the perspective of life cycle, Yue Wu (2014) pointed out that we should pay attention to the internal connection between real estate and commerce, and we cannot simply divide the two. Yan Bingqian et al. (2018) analyzed how Vanke Real Estate integrates the opportunity of the "Internet" into the design of the business model of each link in the value chain based on the analysis perspective of the "smile curve", thereby enhancing corporate value creation. Li Yan, Zhang Shang and Liang Yehua (2018) believe that the reverse thinking model and the asset-light model are the development direction of my country's commercial real estate operation model in the new era.

2.2 Theoretical framework

2.2.1 Value chain theory

Harvard Business School professor Michael Porter put forward the value chain theory in his book "Competitive Advantage" in 1985. He divided the company's business activities into five basic activities: internal logistics, production operations, external logistics, marketing, and after-sales services, and four auxiliary activities: procurement, technology development, human resource management, and corporate infrastructure. These different but interrelated production and operation activities constitute a dynamic process of creating value.

In 1995, Jefferey F. Rayport and John J. Sviokla put forward the idea of developing a virtual value chain. They believe that each value-added activity can be divided into two parts, one part is the value-added activity based on material resources in the market place, which is called the traditional value chain. The other part is the value-added activities based on information resources in the market space called virtual value chain.

In 2002, Professor Sun Maozhu of our country extended the concept of value chain based on the analysis of business activities of enterprises, and divided the value chain into three categories: enterprise internal value chain, vertical value chain and horizontal value chain (Sun Maozhu, 2002).

Hou Xue, Bo Cuibing (2007) combined the comprehensive analysis of the production and operation environment of enterprises, and supplemented and improved the definition of the three types of value chains.

(1)The internal value chain of an enterprise can be regarded as the value formation process of providing products to customers within the enterprise, which is consistent with the formation of the enterprise operation chain.

(2)The enterprise's vertical value chain is to regard the value-related enterprises as a whole. The value formation process from obtaining raw materials from the initial suppliers to the final delivery of the products to customers.

(3)Enterprise horizontal value chain refers to the enterprise as a whole, in the same industry, all in the same industry in a group of parallel or intersecting vertical value chains constitute a chain of potential relationships formed by the interaction between enterprises in the same position.

The value chain is ubiquitous in economic activities. There is an internal value chain between the various organizational units within the enterprise. There is an external vertical value chain between upstream and downstream enterprises and enterprises. There are external horizontal value chains among competitors in the same industry. This constitutes a value network centered on the internal value chain of the enterprise, with the vertical value chain and the horizontal value chain intertwined.

Therefore, it can be seen that the unit considered in the value chain is the functional module within the enterprise, while the individual enterprise and stakeholders are considered in the value network. The key to the internal value chain of an enterprise is to find competitive links in the enterprise's activities and eliminate value mismatch links. The horizontal value chain is to help determine the connections and differences between the company itself and its competitors, and to formulate a company's competitive strategy. The vertical value chain is to find value-added activities in the industry so that the company can decide to choose a forward

or backward strategy.

2.2.2 Smile curve theory

(1) Smile curve theory

The smile curve is proposed by Shi Zhenrong (1996), founder of Acer Group, and shows the value increase of IT companies at different stages from production to sales. As shown in Figure 2-3, the smile curve theory believes that the upstream stage (product concept proposal, R&D and design) and downstream stage (branding, distribution, marketing and after-sales service) of the value chain can create higher added value for products. In the middle stage of the value chain, such as the production stage, especially the processing stage, lower added value is created for the product.

(2) The smiling curve of real estate

Nowadays, the development of real estate has gradually entered factory production, and the smile curve theory is also applicable to the real estate industry. The commercial real estate value chain is divided from upstream to downstream: technology research and development, real estate design, house construction, marketing and operation management. The value increase at different stages also presents the shape of a smiling curve.

The smile curve theory has also been applied in commercial real estate research. Pan Changhong (2005) proposed to think about problems with a reverse thinking model, starting from the overall situation, starting from the follow-up operation and sustainable development of commercial projects, and doing a good job in overall project operation planning to reduce development risks. Cui Xiaoyang, Yan Bingqian, Qiao Han (2016) based on the "smile curve" theory, a comprehensive analysis of Wanda's management model from technology research and development to post-operation. It is pointed out that Wanda Commercial has successfully constructed the "smile curve" of the entire industry chain, which has improved the value creation of the enterprise.

The smile curve theory shows that commercial real estate development companies can capture the value creation of the entire industrial chain. The closer to the last link of the project value chain-business operation management, the higher the value creation. Real estate companies can seek business model breakthroughs in the upstream and downstream stages, thereby enhancing corporate value and achieving a virtuous circle and sustainable development of the value chain.

2.2.3 Value chain reconstruction

The essence of value chain reconstruction is to adapt to the ever-changing market environment. Companies flexibly adjust their value activities in R&D, production and sales. The enterprise decomposes the original value chain and integrates to form a new value chain process.

The value chain reconstruction system has the characteristics of open, dynamic, and cyclical business. It is divided into three types: spontaneous, passive, and between spontaneous and passive.

Value chain reconstruction is the recombination of value links. In essence, it is a process of integrating industry-related resources and building core competitiveness. The reconstruction of the value chain takes the consumer as the center, optimizes the allocation of resources,

establishes a variety of cooperation and win-win relations with the outside world, and forms a new value chain that adapts to the market. Refactoring can help companies create more value. At the same time, it is also conducive to the better development of enterprises in market competition and helps enterprises to achieve successful transformation.

Value chain reconstruction is not a complete subversion or complete replacement of the original value chain. It is based on the original value chain, starting from the two dimensions of value elements and value links, and sorting through the innovation of value elements. The optimization and reorganization of the value links, so as to reorganize and form a new value logic. The value element dimension is based on three levels of core elements, similar elements, and missing elements. The elements are sorted by means of reconciliation, integration, and creation. The value link dimension is optimized from four levels: core links, weak links, heavy links, and low-efficiency links by focusing, innovating, eliminating, and optimizing operation methods.

2.3 Related concepts of commercial real estate

2.3.1 Concept of Commercial Real Estate

Commercial real estate broadly refers to various non-productive, non-residential properties, including office buildings, apartments, conference centers, and commercial facilities that provide operating services. In a narrow sense, it specifically refers to real estate with commercial uses such as retail, catering, fitness, entertainment, and leisure. Its development and business model is quite different from that of residential buildings. The commercial real estate studied in this article mainly refers to commercial real estate in a narrow sense, that is, the form of real estate developed by real estate companies for commercial operation.

Commercial real estate operation management includes three parts: real estate development, commercial operation and capital operation. It involves the whole process of commercial real estate development and operation, not just the traditional investment management or later operation management.

The concept of commercial real estate operation and management is relatively broad. This article refers to the general term for various management tasks in the process of project development and operation. Specifically, it includes the development and construction management in the early stage and the operation and management in the later stage. Through the integration of commercial resources and refined operations, real estate companies provide business support and services to realize the value preservation and appreciation of commercial properties, and in this way reflect the operation and management behavior of the manager's own value.

2.3.2 Characteristics of commercial real estate

Commercial real estate is a comprehensive industry with the triple characteristics of commerce, real estate and investment. Different from pure investment and business, it is also very different from traditional residential development. The details are as follows:

(1) Large scale of capital and long payback period The cost of commercial real estate mainly includes development and construction and land costs, as well as large amounts of

external financing. As the commercial location is located in a prosperous urban area, the land price is higher than that of residential land, so the capital investment is large. After commercial real estate development is completed, generally not all of them will be sold. Profit depends on rental income, land appreciation income and brand appreciation.

In addition, commercial projects generally have to go through an incubation period of 2 to 3 years to form a stable cash flow. In order to attract popularity, low rents are often used to attract investment in the early stage, which also leads to low returns in the early stage. Long investment return period.

(2) High yield, high risk

Commercial projects rely on stable operating income to achieve return on investment, while at the same time, they can also obtain continuous appreciation of the property value in the later period. The two promote each other, so large investors use commercial real estate as a safe haven for risks. But the operation of commercial projects is complicated. Any error in any link may have an impact on later commercial operations, and at the same time, it will be subject to rising land costs. Industry competition has intensified. The impact of comprehensive factors such as changes in macroeconomic policies has increased the risk of commercial real estate development.

(3) Diversified business methods

Commercial real estate is a compound real estate, involving real estate, commerce, finance and other upstream and downstream fields. Commercial projects operate in a variety of ways, mainly including self-management, selling only but not renting, renting but not selling, combining lease and sale, and selling and renting back. In addition, the commercial real estate industry has a rich portfolio, not only to meet the diverse needs of consumers and businesses, but also to follow the changes in market demand and adopt production and alienation management methods.

(4) High requirements for operation management

The realization of the value of commercial real estate mainly relies on later operation and management, and faces fierce market competition. Enterprises must have the ability to operate and manage the entire chain, including accurate market analysis, scientific planning and positioning, and careful investment and operation. At the same time, commercial real estate is highly integrated and needs to coordinate and balance the interests of all parties in the value chain. Professional competence requirements are even higher.

(5) Many stakeholders are involved

The development and operation of commercial real estate runs through the upper, middle and lower reaches of the industrial chain, and there are many stakeholders participating in the chain. The mutual relationship is complex and requires joint efforts to complete. Multi-party interests constitute a complete commercial value chain. It also involves design, planning, marketing, property management and other roles. Due to the different development environment of the industry, there are sometimes overlapping or missing roles.

2.3.3 The difference between commercial real estate and residential real estate

Residential real estate obtains value returns through sales, and belongs to real estate with a relatively single value form. Commercial real estate is a composite of commerce and real estate. More roles are involved. The value chain is longer, and there is a big difference between

the two.

(1) Different site selection requirements

The site selection process for commercial real estate projects is more rigorous than residential, and requires higher location. The quality of residential site selection affects the price of the project, which results in the difference in the profit and return of the project. The quality of commercial site selection directly affects the success or failure of the project. Once there is a problem with the site selection, there is no way to gather people, and the project will not survive. Therefore, commercial site selection puts more emphasis on the commercial value of the location. Before making investment decisions, a detailed market research is required, taking into full consideration various factors such as the radiation capacity of the business district in the area, economic scale, and social culture.

(2) Different positioning requirements

Commercial real estate has different operating modes of overall ownership, segmented sales, and combined lease and sale. The value realization methods of different projects are different in positioning. Therefore, it is necessary to clarify the positioning of a good project in the early stage. In addition, the criterion for evaluating the quality of business positioning is whether the business can continue to operate. Therefore, the positioning of the business is more systematic than that of the residence, and the pursuit of maximizing the benefits of the business combination is pursued. At the same time, whether the business positioning is appropriate needs to be verified by later operations, usually after 3-5 years of operation, it needs to be adjusted according to the changes in the market environment.

(3) Different customers faced by development

Residential real estate customers are mainly consumers, who meet their residential needs. In addition to end consumers, commercial real estate customers also include investors and operators. To meet the concerns of investors and the business needs of businesses. Consumers buy goods. Only when the operator realizes the income and pays the rent to the investor can the developer make a profit. The customer relationship chain is more complicated. In addition, commercial real estate customers are consumer traffic, which is highly mobile. In addition to paying attention to the needs, characteristics and habits of consumers, it is also necessary to conduct research on different business types.

2.4 Advantages and disadvantages of current literature

Based on the above-mentioned domestic and foreign academic research results, scholars mainly conduct theoretical analysis on different operating modes of commercial real estate, and also conduct research on the value chain of commercial real estate. Mainly based on theoretical analysis. However, there are few literatures on commercial real estate operation and management models based on actual cases of enterprises, especially from the perspective of value chain. Therefore, the system summarizes the current situation of China's commercial real estate operation and management. It is necessary to construct a commercial real estate value chain model and realize the scientific management of commercial projects.

CHAPTER 3 METHODOLOGY

3.1 Research method

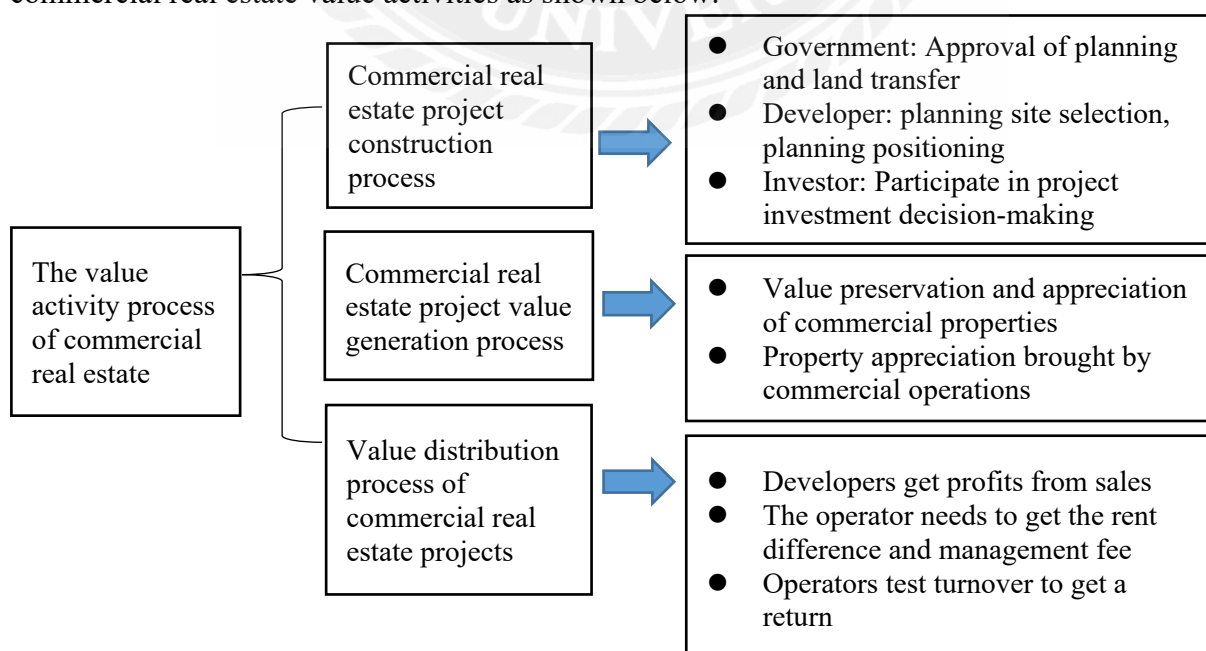
3.1.1 Document analysis method

This article uses libraries, databases and other resources to consult a large number of industry reports and domestic and foreign documents. Find materials related to the subject of this thesis from the literature. The author made analysis on this basis through study, thinking and comparison, and constructed the basic framework of the thesis.

The literature analysis method can effectively explain the concept, classification and characteristics of commercial real estate, and analyze the difference between commercial real estate and residential real estate. This paper combs the research results at home and abroad, and uses the theory of value chain, smile curve, value chain reconstruction and process reengineering in the research process to analyze how the interests of the participants in the commercial real estate value chain are realized, and discuss the value composition and value activity process of commercial real estate.

Western scholars have established the concept of unified commercial operation a long time ago, analyzed the inherent value of commercial real estate operations, and the results are relatively abstract. Due to the relatively late development of China's commercial real estate, many business ideas originate from residential development, and commercial operation and management models are relatively diverse. Chinese scholars have conducted research on the different operating models of commercial real estate and the value chain of commercial real estate. However, there are few literatures that combine the two, especially the lack of optimization research on the business operation management of group enterprises from the perspective of value chain. Therefore, it is necessary to construct a commercial real estate value chain model based on the new problems faced by commercial real estate operations in the new era to guide the operation and practice of commercial projects.

This method provides the article with theoretical support for constructing the process of commercial real estate value activities as shown below:



3.1.2 Case study analysis

Take the stock business of China Real Estate Group as a case combined with a comparative study of industry benchmark companies. The article analyzes the existing problems in the commercial operation of the case and proposes an optimization strategy for operation management. The research of this article reflects the ability of theoretical guidance to solve practical problems and achieves the purpose of the research of the thesis.

The author focuses on the status quo of the commercial project operation and management of China Real Estate Group. This article analyzes the development environment of China Real Estate Group's commercial real estate, and then analyzes the main problems and causes of operation management from the perspective of value chain. Find out the five activity links in the value chain that need to be optimized by analyzing the article.

The case analysis first introduces the introduction of China Real Estate Group and the overview of commercial projects, and then analyzes the environment facing China Real Estate Group's commercial real estate development. Based on the value chain article, this article introduces the activities of each link in the commercial real estate operation and management of China Real Estate Group. Case analysis finds out the problematic activities in the operation and management of China Real Estate Group's commercial real estate, and analyzes the causes of the problems.

The selected case profile is as follows:

China Real Estate Development Group Co., Ltd. (hereinafter referred to as China Real Estate Group) was established in 1981. It is the first domestic enterprise group engaged in real estate development after China's reform and opening up. The company has first-class qualifications for real estate development. The projects developed by the member companies spread across hundreds of cities across the country, and the peak development year reached hundreds of millions of square meters. After the national housing commercialization reform, it gradually withdrew from the leading real estate market.

3.1.3 Qualitative and quantitative analysis methods

This article processes the cited theories and case materials. The article conducts qualitative research on the law of commercial real estate value. The author constructs a commercial real estate value chain model, and at the same time conducts a quantitative analysis of the operating results of the case companies. The two methods complement each other and help reveal the nature and internal laws of commercial real estate development and operation. Based on qualitative and quantitative methods, this article addresses the following assumptions:

- (1) How to construct the commercial real estate value chain?
- (2) What are the problems in the commercial real estate operation value chain of China Real Estate Group?
- (3) How to optimize and enhance the value chain of China Real Estate Group's commercial real estate?
- (4) How to optimize safeguard measures and expected results?

3.2 Data collection

Literature collection. The data source is the literature website, and the cited materials are listed in the references. Including value chain theory, smile curve, value chain reconstruction and process reengineering theory and the status quo of some foreign commercial real estate industries.

Industry data collection. The data comes from the official website of China Housing Data Research Institute. Link to receive data : <http://www.zfsj.org/specialist.asp>

China Real Estate Data Collection. The author is responsible for the operation and management of the project in the case company. Stock commercial sales and operations are the focus of the company's daily management, so China Real Estate Group is selected as the research case. Links to some information of China Real Estate Group : <http://www.cred.com/>

3.3 Domestic and foreign commercial real estate operation models

3.3.1 Status Quo of Development and Operation of China Commercial Real Estate

The current common commercial real estate development models in China mainly include the following methods:

(1) Do not rent or sell

Commercial real estate developers hold the overall commercial assets, do not sell or rent, and operate independently. The identity of the holder and the operation are unified, and it has certain advantages in business operations. But this kind of operation mode requires developers to have strong financial strength and master the ability of commercial operation at the same time. At present, there are not many such developers in China. Due to the lack of experience in commodity operation, the development and operation efficiency of the initial stage of operation is not high. The choice of this model is mainly based on financing considerations, and the focus is on the liquidity brought about by operations, which in turn helps enterprises obtain bank operating loans.

(2) Only sell, not rent

The entire transfer of property rights and management rights is the "property-type shops". Developers use the method of integral or dismantled sales. Developers sell the property rights to small owners in order to quickly withdraw funds, pursuing the efficiency of capital turnover, and rolling development to achieve benefits. Commercial operations are operated by small proprietors on their own or leased operations can also be carried out by the proprietors entrusted by large commercial operating institutions for unified leasing operations, or other retail operations. The developer is generally only responsible for simple property management, and the subsequent transfer of operating rights and property rights is related to the developer. The typical representative of the model is SOHO China. This model does not require high developers' capabilities, and the barriers to entry are relatively low. It is more suitable for companies with less financial strength. The characteristic of the property rights sale operation management model is that the developer can quickly recover the invested capital, effectively alleviating the developer's financial pressure. The shortcomings of this model of only selling and not renting are also obvious. The operation is scattered, the business is chaotic, and it does not form the advantage of overall operation.

(3) Rent only, not sell

The characteristic of this model is that the property rights are not transferred, but only

externally leased, and the tenants are managed by a team built by the developer or a commercial management company is hired. The income mainly comes from the business income of the merchants, and a strong business atmosphere is formed by cultivating the market. Relying on good property and management advantages, rental income has grown rapidly, while the value of commercial assets has also been improved. This model is a development model that is most in line with commercial laws, ensuring the unity of property rights and operating rights, and is conducive to the management and brand image of commercial real estate. The disadvantage is that the initial investment is huge and the payback period is relatively long. Developers need to have strong financial strength, operating capabilities and brand appeal, as well as a management team with professional development, investment, and management backgrounds. Typical representatives are CapitalLand and China Resources Land.

(4) Combination of lease and sale

In this way of operation, the developer determines the ratio of lease and sales and the distribution of business types at the beginning of the positioning, and leases self-owned properties to competent merchants. The remaining part of the stores transferred property rights for external sales to balance their own financial pressures to replenish insufficient funds. Developers generally use preferential rents to attract major stores to settle in, so as to attract investors' attention and achieve the effect of attracting traffic. Auxiliary businesses such as non-primary stores use bulk sales to recover funds. Dalian Wanda is a typical representative of the back-feeding of the initial investment and the operating investment of the main store. The advantage of the model is that the overall operation of the project is controllable and higher operating income can be obtained. The disadvantage is that the selling price is low, and it will lose part of the income compared with mature properties. At the same time, split sales will leave hidden dangers to unified operations.

After the after-sales investor buys the property right of the shop. The developer and the investor agree to rent the buyer's shop at a certain price, and the developer entrusts a commercial operation company to uniformly attract and operate. The essence of this type of operation management model is to exchange specific returns for the operation rights of the shops, in order to solve the problem of the division of operation rights caused by the sale of property rights. However, the sale and lease rebate model also has great limitations. Developers need to bear the operational risks of later operations. Operation management should be relatively high. The sale and lease rebate model includes various forms such as lease rebate, sales with lease, profit sharing, and guaranteed dividends.

Through the above analysis, the comparison of commercial real estate development and operation models is shown in the following table 3-1:

Table 3-1 Comparison of different development and operation models of commercial real estate

| mode | Do not rent or sell | Only sell not rent | Just rent not sell | Combination of lease and sale |
|------|---------------------|--------------------|--------------------|-------------------------------|
|------|---------------------|--------------------|--------------------|-------------------------------|

| | | | | |
|-------------------|--|--|---|--|
| substance | Unity of property rights and management rights, independent management by developers | Sales, property rights and management rights are divided and transferred | All leases, no sales, complete property rights and management rights | Most leases, small sales, operating rights and property rights are basically complete and basically not transferred |
| advantage | Able to reap the long-term benefits of commercial real estate | Quickly recover the invested capital and recover the investment in one time | Continuous cash flow, reaping property appreciation, and great room for appreciation | Combining partial recovery of funds and stabilizing rents in a short period of time |
| Disadvantage | Developers are required to have both financial strength and operational capabilities | It is not conducive to business operation and cannot obtain commercial appreciation value | High capital pressure, developers bear operational risks | It is difficult to grasp the ratio of sales to rental, and the property rights are scattered and difficult to manage |
| appropriate types | Large-scale or relatively high-quality commercial real estate, the developer has commercial operation capabilities | Bulk commercial sales and some community street shops, real estate companies in short supply | Requires strong financial strength and developers with commercial operation experience, suitable for large-scale centralized businesses | Suitable for commercial properties along the street or convenient for division |

Factors that affect the choice of business operation mode. One is the developer's financial strength and talent pool. Developers with weak financial strength, seeking capital to realize turnover, and lack of commercial management talents usually adopt the sales model. Competent developers can adopt the rental model. The second is the format of the project. Developers should choose an appropriate operating model based on risk tolerance and value orientation. Small-scale commercial streets supporting the community can be sold in bulk to meet the needs of residents' daily life and quickly realize cash return. The medium-sized commercial street adopts a combination of overall ownership and lease and sale. It is necessary to pay attention to the reasonable division of space, control the ratio of lease and sale, and

choose the main store in a concentrated location for image display. For regional large-scale commercial real estate, in order to avoid the loss of operating rights due to scattered sales, the developer holds the property rights as a whole and is handed over to a commercial management company for unified operation.

3.3.2 Status Quo of Development and Operation of Foreign Commercial Real Estate

(1) Advanced business operation model. The various links of the commercial value chain of foreign commercial real estate are very standardized and mature.

The roles of investors, developers, operators, and property management are clearly divided and highly specialized. Undertake different responsibilities in different stages of commercial real estate development and operation. Developers are mainly responsible for the development of commercial real estate, while investment institutions such as funds, banks, and insurance companies participate in commercial real estate investment for the purpose of obtaining continuous income. In the front-end of the value chain, commercial operating companies fully participate in the argumentation and decision-making, and the back-end is responsible for business operations and management to obtain returns. The business development process is relatively scientific and generally follows the following procedures: market research-business positioning-main store investment-business format planning-planning and design-development and construction-operation management (Wang Shu 2007; Li Yongqiang, 2011).

Pursue commercial value and service value at the back end of the value chain.

In developed countries, consumer demand is the main driving force, focusing on long-term business operations, improving customer consumption experience, thereby enhancing the value of property holdings and increasing investor confidence. The operating model is usually self-contained properties and leased as a whole. The return on investment comes from long-term rental income. The enterprise hires a professional operator to be responsible for the operation and management of the project, and to provide perfect and exquisite services. Typical representatives are commercial real estate in Japan. Shopping malls in Japan are mostly complex, well-known for their exquisiteness and service. Business combination focuses on integration. In addition to shopping functions, urban complexes are usually equipped with art and entertainment facilities such as art galleries, libraries, and performance plazas to meet the different needs of consumers.

Diversified financing channels throughout the entire industry chain.

The capital markets in developed countries are highly open, with diverse financing methods and a high degree of asset securitization. A typical example is the CapitaLand Singapore model backed by funds. Companies mainly adopt a "asset-light strategic model. Most of them rely on financial platforms such as private equity funds to rent and sell simultaneously, and pay great attention to the introduction and use of external funds. The American Blackstone model is typical. It is characterized by the use of private equity funds for operation (Zhang Jianwei, 2017). The proportion of bank loans for commercial real estate in the United States is relatively low, usually only about 10%, and the remaining 90% is the developer's own funds and social investment, including industry Funds and REITs. The United States has formed an industrial chain with real estate investment trusts as the core. Individual investors can participate in real estate investment and enjoy corresponding benefits with a small

amount of capital.

The practice of foreign commercial development proves that only renting, not selling, and holding operation is the development model adopted by mainstream international commercial real estate developers. Commercial real estate in foreign countries relies on scientific division of labor and sustained operation to continuously increase the value of the property held and realize the organic unity of commercial development and commercial operation. Value creation has gradually shifted from the front end of the value chain to the back end. The development of China's commercial real estate will inevitably go through the same process, which is determined by the laws of economic and social development.



CHAPTER 4 DATA ANALYSIS

4.1 Case Background Introduction

4.1.1 Company profile

In August 2010, with the approval of the State Council, the company merged into China Communications Construction Group Co., Ltd. (hereinafter referred to as China Communications Group) and became its wholly-owned subsidiary. China Communications Group is the world's leading comprehensive service provider for large-scale infrastructure, ranking 91st in the world's top 500. As a group enterprise, China Real Estate Group has 15 business departments in its headquarters. Among them, the departments directly related to the business of commercial real estate are the investment management department, the financial capital department, the marketing design department, the operation management department, the cost contract department, the project management department, and the asset management department. The remaining departments are service and supervision departments. The responsibilities of the main business departments are shown in Table 4-2.

Table 4-1 Key responsibilities of relevant departments of the company's commercial real estate business activities

| department | Key responsibilities |
|----------------------------------|--|
| Investment Management Department | Responsible for project market development, investment research and demonstration, and investment management |
| Finance Department | Responsible for comprehensive financial management, final accounts management, accounting, fund management, and financial analysis and monitoring |
| Marketing Design Department | Responsible for project market research, marketing management, commercial operation, design management |
| Operation Management Department | Responsible for project plan management, budget management, operation management and performance management |
| Project Management Department | Responsible for project engineering, quality, progress, safety, technology management |
| Cost Contract Department | Responsible for project contract management, bidding and procurement management, cost review and monitoring, and post-cost evaluation |
| Asset Management Department | Responsible for asset reception, asset disposal, stock asset management, equity management and corporate mergers and acquisitions and reorganization |

After the reorganization of China Real Estate Group, with the divestiture of high-quality

assets and projects. The company's development positioning has changed several times. Currently, China Real Estate Group manages 12 secondary companies, 17 holding project companies, and 8 participating project companies. As of the end of 2019, the company had a total of 1405 employees, and its main business involved commercial housing development, shantytown renovation, first-level land consolidation, asset operation and management, health and cultural tourism, property services, etc. The scope of business involves all areas of real estate upstream and downstream. Among them, China Communications Property is mainly responsible for the development of residential and commercial real estate. China Real Estate Asset Management Company is responsible for the disposal of non-performing assets. The operating property assets of China Real Estate Group are relatively scattered and managed separately by each secondary enterprise. The categories mainly include commercial, hotel and office buildings. The overall asset quality is not high, and the annual rental income is less than 200 million yuan.

4.1.2 Asset scale

As a veteran state-owned enterprise developer, it has been dealing with historical problems in the past few years, and the real estate development business has not been the main development business. In 2018, the company's strategic goal is to build a real estate company in the entire industrial chain of China Communications. The assets of China Real Estate Group from 2017 to 2020 are shown in Table 4-3. At the end of 2020, the company's total assets are 24 billion and net assets are 6.8 billion, which initially has the basis for the scale of redevelopment.

Table 4-22017-2020 China Real Estate Group's total assets and net assets growth (unit: 100 million yuan)

| name | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|
| Total assets | 332 | 274 | 241 | 240 |
| Net assets | 85 | 71 | 68 | 75.5 |
| Net assets attributable to the parent company | 57 | 54 | 53 | 50 |

4.2 SWOT analysis of China Real Estate Group

Table 4-3China Real Estate Group swot analysis table

| | |
|---|---|
| <p>S (Strength):</p> <ol style="list-style-type: none"> 1. Background advantages of central enterprises: China Real Estate Group has the background of wholly-owned central enterprises, and has advantages in attracting talents (except for those seeking high salaries), job stability, undertaking pressure, and social responsibility. 2. Resource advantages: With the help of China Communications Group's Fortune 500 and strong domestic infrastructure construction capabilities, governments at all levels have a good cooperation foundation and network resources, which can provide some first-hand advantages for project acquisition. 3. Industrial chain advantages: from the front-end land primary development to the real estate secondary development, to the back-end commercial operation, asset management, property management and other full-production chain business advantages. 4. Advantages of development experience: As the earliest established real estate company in China, it has accumulated rich development experience and performance. 5. Talent advantage: The company's overall talents have a relatively high degree of education, and more employees have a master's degree or above. | <p>W (Weakness) :</p> <ol style="list-style-type: none"> 1. The strategy is not clear, corporate strategy and development goals are unstable, and competition in the same industry restricts development to a certain extent. 2. Self-owned funds are seriously insufficient, the scale of the enterprise is small, the scale of debt financing is limited, the financial leverage is not fully used, and the debt solvency needs to be further expanded. 3. Insufficient projects and land reserves affect the company's safe and sustainable operation, and the business scope needs to be expanded in the future. 4. The operation quality of the stock projects is not high, and the asset turnover rate is low, which takes up a lot of funds and resources. |
| <p>O (Opportunity) :</p> <ol style="list-style-type: none"> 1. The window period for commercial services and the new real estate business of Kangyang Cultural Tourism has arrived. 2. The industry market has the advantage of integration. 3. The development of urbanization stimulates the growth of the real estate market. 4. Policy dividends brought about by the pilot "Double Hundred" initiative of central enterprises. | <p>T (Threaten) :</p> <ol style="list-style-type: none"> 1. The company is slow to respond to changes in national policies. 2. Intensified competition in the real estate industry. 3. Consumer needs move to a higher level. |

Through analysis, China Real Estate Group has begun to take shape. Its development advantages outweigh its disadvantages, and opportunities outweigh threats. It has a deep advantage in the real estate industry chain. China Real Estate Group should further utilize its advantages, actively expand the market, and seek new development models. However, as an established state-owned enterprise, China Real Estate Group's project management mode, operation quality and capital operation still need to be optimized and improved. Existing assets

need to increase the vitality of the market, and further release the deposit funds.

4.3 Overview of China Real Estate Group's commercial projects

4.3.1 China Real Estate Group's commercial project scale analysis

China Real Estate Group currently has 11 commercial housing development projects distributed in 10 cities including Tianjin, Harbin, Xi'an, Zhoushan, and Yixing. The total planned construction area of the project is 3.94 million square meters, including 2.84 million square meters for residential buildings and 1.1 million square meters for commercial buildings. See Table 4-5 for details.

Table 4-4 China Real Estate Group's commercial projects under construction and on sale

| Serial number | project name | project location | Total building area | business Saleable area | business Format |
|---------------|-----------------------------------|--------------------|-----------------------|------------------------|---------------------------------------|
| 1 | CCCC Nanshan Meilu | Zhoushan, Zhejiang | 321,000 square meters | 0.3700 square meters | Bottom quotient |
| 2 | Hohhot Shangdong International | Hohhot | 170,000 square meters | 38,000 square meters | Bottom quotient |
| 3 | China Communications Triumph City | Panjin, Liaoning | 320,000 square meters | 23,000 square meters | Bottom quotient |
| 4 | CCCC Changying World | Xi'an | 400,000 square meters | 300,000 square meters | Centralized business |
| 5 | CCCC | Qingdao | 730,000 square meters | 230,000 square meters | Bottom commerce, centralized commerce |
| 6 | CCCC International | Harbin | 152,000 square meters | 152,000 square meters | Office building, commercial street |
| 7 | CCCC Meilu City | Nantong, Jiangsu | 349,000 square meters | 55,000 square meters | Commercial Street, Bottom Shop |
| 8 | CCCC C Valley | Tianjin City | 81,000 square meters | 80,000 square meters | Office building |

| | | | | | |
|----|------------------------|------------------|--------------------------|-----------------------|--|
| 9 | CCCC Shanghai East Bay | Tianjin City | 263,000 square meters | --- | Public building supporting |
| 10 | CCCC Wangfujing | Bazhong, Sichuan | 77 million square meters | 143,000 square meters | Concentrated business, bottom business |
| 11 | CCCC Yangxian Meilu | Yixing, Jiangsu | 390,000 square meters | 80,000 square meters | Commercial street |

4.3.2 Business analysis of China Real Estate Group's commercial projects

Estimated according to the planned investment amount, 11 commercial projects are expected to invest 15.7 billion yuan. The total commercial saleable area of the project is 1.1 million square meters, of which 420,000 square meters are concentrated commercial areas, which account for the highest proportion. The rest is 260,000 square meters for commercial buildings, 130,000 square meters for apartments, 110,000 square meters for commercial streets, and 130,000 square meters for office buildings. Other business types are 50,000 square meters, as shown in Figure 4-5.

The company's projects are mostly old projects with a development cycle of more than 4-5 years. Commercial investment positioning is mainly based on sales, and some projects are changed to short-term holding due to the market downturn. According to statistics, the value of sales properties reached 14.4 billion, accounting for 92%. The value of operating properties held is 1.3 billion, accounting for only 8%. See Figure 4-6 for details. Among the total investment of 15.7 billion yuan, the value of completed and delivered commercial goods is 4.7 billion yuan, and the proportion of completed investment promotion is less than 10%, and most of them are in an idle state. Some of the businesses that operate are mostly strategic investment, adopting the model of after-sale lease rebate or the model of sales with lease. In 2019, China Real Estate Group's operating income was 1.579 billion yuan. Real estate development income was 1.338 billion yuan, accounting for 85% of the company's operating income. Asset operation and service income accounted for only 15%.

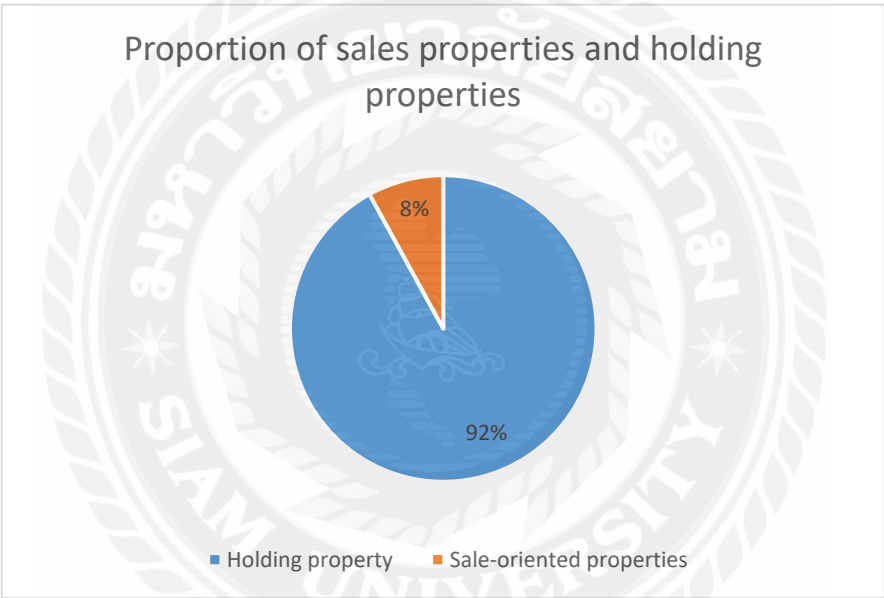
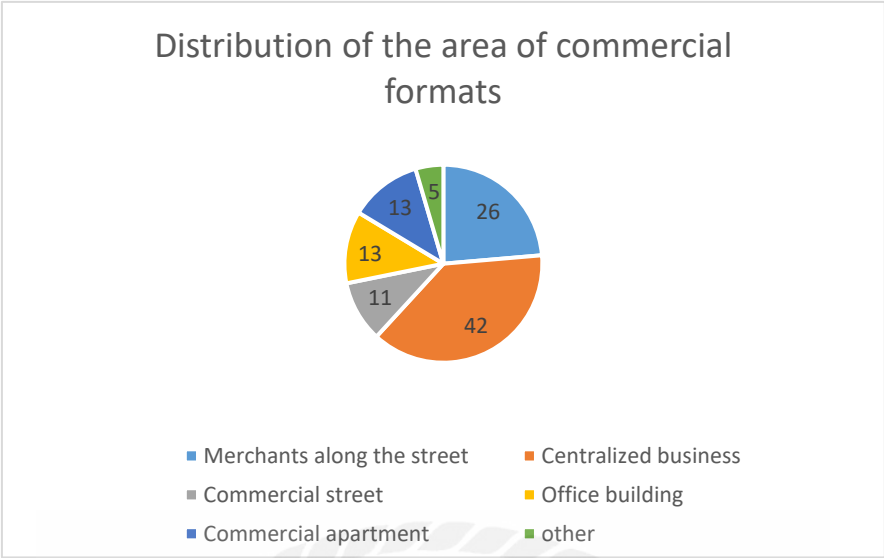


Figure 4-5 Distribution of commercial formats

Figure 4-6 Proportion of sales properties and holding properties

Through the above analysis, it can be concluded that the commercial format of China Real Estate Group is relatively scattered. The development and operation model is mainly based on sales. Self-sustained operations account for a relatively low proportion. The company's operating income mainly comes from development and sales. Due to market reasons, commercial sales are not ideal, the vacancy rate is high, and the popularity is insufficient. In terms of investment and operation management, commercial operations mostly adopt marketing arrangements to cultivate the market, and it is difficult to choose between sales and operations for projects.

4.4 Main Problems and Causes of Commercial Real Estate Operation and Management of China Real Estate Group

According to the value chain theory and value activities of each link, combined with swot analysis and project operation analysis. This paper constructs the China Real Estate Group's commercial real estate value chain analysis table, as shown in Table 4-6, and analyzes the five value activities that need to be optimized one by one.

Table 4-5 China Real Estate Group's commercial real estate value chain analysis table

| | | | | | |
|--|--|---|---|---|---|
| Company foundation | Adopt a secondary management and control system from headquarters to project company. Commercial real estate development and residential buildings implement the same management and control process. Commercial management is managed by the marketing and design department. | | | | Focus on optimization |
| Human Resources | The headquarters adopts a talent training system that combines internal training and market-based recruitment. The project level is an independent business legal entity. Except for senior executives, most project personnel are recruited by localities | | | | —— |
| Research and development | Market research, product research and development are mainly entrusted to professional institutions according to the development process | | | | —— |
| Procurement management | Combination of group collective procurement and project bidding options | | | | —— |
| Cost management | Dynamic cost control system | | | | —— |
| Financing management | Focus on project financing, and the capital group will make up uniformly | | | | Focus on optimization |
| Headquarters Investment Committee is responsible for project investment estimation and decision-making | The project company entrusts the design institute to design, and the headquarters is responsible for the plan review | Bidding and selecting the best choice of general contracting construction units and supervision units for cooperation | According to the needs of project operation, commission the selection of service agencies to attract investment | The business is mainly sales, some centralized businesses adopt the leaseback model, and the business operations are basically outsourced | The subordinate platform company, China Communications Property, is responsible for unified property management |
| Investment decision | Planning and Design | Development and construction | Investment management | Operation Management | Property management |

| | | | | | |
|----|-----------------------|----|-----------------------|-----------------------|----|
| —— | Focus on optimization | —— | Focus on optimization | Focus on optimization | —— |
|----|-----------------------|----|-----------------------|-----------------------|----|

4.4.1 Organizational structure problems and cause analysis

Since the main business of China Real Estate Group has been engaged in residential development. The group headquarters does not have a separate management department for commercial real estate, and the centralized management of commercial real estate business is the marketing design department. The commercial real estate projects developed are all merged with residential projects, and the territorial project company is responsible for development and operation. The business management and control of commercial projects are tiered by the headquarters and the project company according to authorization. Due to the lack of standardized processes and uneven project management capabilities, the company's commercial real estate management and control efficiency is not high. The main reasons for the problems are:

First of all, management is scattered and lacks a unified management platform. In addition, the initial commercial positioning of the project is mainly sales, and the project company's commercial management personnel reserves are obviously insufficient. Many of them are transferred from the original residential development team at the later stage of the sales. The market sensitivity is insufficient, and they lack market-oriented operation methods and professional capabilities. Lacking.

Secondly, relying on the market to find commercial operating companies, ignoring the cultivation of their own operational capabilities. The functions of the headquarters are biased towards administrative management, and core functions such as strategic planning, investment management, operation management, and project management appear to be relatively weak. In the course of transformation and development, the company's business structure is constantly changing and new business is injected, and the company's existing organizational structure is difficult to adapt to the rapid development of real estate marketization.

Finally, the ability to organize project resources is not strong. Since the group has not established a commercial management company, it is unable to achieve unified management of business resources. Although the project companies have explored operating models and accumulated some experience, the business resources have not been raised to the level of group strategic cooperation, leading to the phenomenon of old projects being sold out and new projects coming back.

4.4.2 Product planning problems and cause analysis

Business planning is to solve the problem of the project's business positioning and development positioning. The commercial products of China Real Estate Group include concentrated commerce, low-end merchants along the street, and style commercial streets, which lack characteristics compared with competing products. Some projects were too optimistic about the commercial market prediction, did not conduct in-depth market research, and did not pay enough attention to the preliminary planning and market positioning. The commercial planning of some projects is biased towards architectural planning, lack of research on development positioning, and one-sided pursuit of premium sales, resulting in slow

commercialization in the later period.

In terms of business control, although the group requires project planning and product positioning to be submitted to the headquarters for approval, the design work mainly relies on the architectural design institute. Due to the lack of review and check by the commercial department, there is a phenomenon of hasty design. As the commercial market declines, some projects have adjusted their development ideas and started investment operations. At this time, the project has been completed and reconstruction is inevitable. Conditions such as storey height and structural load cannot be changed, making readjustment extremely difficult. The main causes of these problems are:

The first is that the development process is not scientific enough and the importance of early planning is ignored. The planning and design of commercial real estate must be carried out on the basis of investment promotion and accompanied by the entire investment promotion process to avoid investment losses caused by improper planning. Many projects are blindly developed in accordance with the residential development model. The design of the main store is not completed before the investment is completed, which results in the inadequate planning in the early stage and it is difficult to meet the operation requirements of the later merchants. Later changes to the project will inevitably increase the development cost (Yang Hui, 2011).

The second is the lack of professional guidance. Commercial real estate design formats and functions are relatively complex. The organization of people flow, logistics, horizontal and vertical transportation, and fire evacuation is quite cumbersome. On the premise of meeting functional requirements, it must also meet the interests of operating businesses. Due to the lack of design staff in the headquarters and lack of commercial experts to check, the core links such as commercial positioning can only be completed by the design institute. Some design institutes only pay attention to architectural planning and neglect commercial planning, and blindly design without clear business format and function, which leads to a disconnect between design and operation requirements.

Finally, the understanding of the laws of commercial design is not accurate. There are not many high-level commercial planning and design institutes in China, lack of in-depth research on commercial design, ignore the needs of special businesses, lack in-depth thinking about commercial operations, and have many unreasonable designs. For example, excessive pursuit of the maximization of business area, ignoring the public space requirements for people to rest and sightseeing exchanges, imperfect commercial service functions, unreasonable design of business combination and flow lines, and weakened the commercial atmosphere.

4.4.3 Analysis of investment management problems and causes

China Real Estate Group has not established a unified business resource database, and lacks cooperation between the top and bottom of investment promotion. Many project investment management is very extensive, and the task is handed over to the investment company to complete, which makes it difficult to introduce well-known merchants and can not form the leading role of the format. Secondly, in order to ensure the opening effect of some projects, the structure layout was restructured according to the requirements of the settled merchants, which not only delayed time but also increased development costs, resulting in waste. The main causes of the problem are:

Investment promotion is lagging behind. Many projects started to attract investment only

after the completion of the construction, without understanding the operating needs of operators and merchants in advance, which inevitably resulted in a mismatch between functions and planning, and it was difficult to meet the needs of different merchants for product functions. The lack of overall planning of business planning and lax management have caused difficulties in attracting investment and sales in the later stage (Wang Xuhui, 2006; Wang Xiuling, 2011).

Over-reliance on marketing packaging. Many projects have not worked hard on commercialization, lacked overall business planning, and investment promotion is disorderly and flashy. In terms of marketing and promotion, it focuses on promotion and packaging, pursuing avant-garde, individuality, and fashion, and lacks in-depth understanding of business positioning, consumer groups and business strategies.

Lack of strategic partners. Each project is fighting on its own, and the investment promotion relies too much on the planning agency, and the joint effort is insufficient. Some agency companies do not consider the scientific nature of the business portfolio and the sustainable development of the project. They one-sidedly pursue investment indicators and ignore the related drive introduced by the business; the investment strategy is single, and the business portfolio is mainly catering, entertainment, and retail, lacks innovation, and lacks brand appeal. Strong, resulting in vacant projects, unable to form popularity.

4.4.4 Operation model problems and cause analysis

The company's commercial projects are mostly sales-oriented, pursuing a business model of rapid development and high turnover. After the shops are sold to small and medium-sized investors, they are operated by these investors or leased to retailers. The development company is only responsible for simple property management. Due to the imperfect supporting facilities in the project area, the sales rate is not high, and it is extremely difficult to sell the shops located on the second floor or above and with a large single shop area. However, most owners are investment customers and do not have the ability to operate or attract investment, which makes it difficult for the shops to achieve effective operation.

In addition, some projects adopt the method of rent-back after sale, in order to impress customers, the promised return on rent-back is too high, which increases development costs and presents hidden operating risks. Commercial businesses that are reluctant to operate can easily lead to bleak business operations and cold shops after a period of time due to unscientific spatial planning, unscientific flow of personnel, and unreasonable business formats. The reasons for these problems are:

First of all, the development target is sales-oriented, and the development model is unscientific. The main business of China Real Estate Group is residential development, and commercial projects adopt the residential model of "acquisition-construction-sale-rolling development", pursuing the maximization of the opening sale price, so as to realize the return of funds as soon as possible. This short-term operation mode It is not conducive to the overall operation of the business, and it is impossible to obtain the benefits of property appreciation.

Secondly, the commercial atmosphere in the project area is insufficient. Most of the projects developed by the company are located in third- and fourth-tier cities, with imperfect surrounding facilities and severe commercial competition in excess of supply. Some local governments have disorderly land transfers, lack of scientific overall planning, and blindly expand cities regardless of their financial resources and the consumption capacity of citizens,

resulting in a large number of idle shops and serious product homogeneity.

Finally, the performance evaluation of the project is sales-oriented, and the evaluation system for investment and operation is not sound. As the business performance evaluation of commercial projects is set with reference to residential projects, there is a lack of assessment guidance for quantitative indicators such as renting rate, commercial passenger flow and opening rate, which leads the team to focus only on sales and pursue the development goal of fast turnover instead of long-term operation.



CHAPTER 5 DISCUSSION AND CONCLUSION

5.1 Conclusion

With the disappearance of land dividends, real estate bids farewell to the era of high-speed growth in the past, and commercial real estate enters the era of stock operation. The model of rapid development of commercial real estate by applying residential buildings will gradually withdraw from the stage of history. Commercial real estate companies need to adapt to the changes of the times and scientifically select a commercial operation and management model. Commercial real estate adheres to the concept of continuous operation to improve the efficiency of commercial project operations.

The commercial real estate value chain includes six parties: the government, developers, investors, operators, operators, and consumers. The development and operation chain is longer than that of residential buildings, and more attention is paid to the realization of back-end operating value. The multi-subject and multi-stage characteristics of commercial real estate development determine the unity and integrity of its operation and management model.

Due to the different development environments of enterprises, the scientific commercial real estate operation model is not fixed, and only through the combing of its own value chain can it find a path suitable for the enterprise itself. The practical experience of domestic and foreign commercial real estate proves that the operation mode of split sales is likely to cause the lack of commercial operation value, which is detrimental to the long-term development of the project. Through the construction of the value chain model, the establishment of a unified operation and management model for the commercial real estate value chain can avoid various hidden dangers caused by the short-sightedness of commercial operations.

The essence of the unified management of the commercial real estate value chain is that managers follow the principle of value creation, starting from consumers, examining the laws of the industry, grasping the important links and important activities of the value chain, and adopting scientific management methods. We can strengthen the relationship between the upstream and downstream vertical value chains by optimizing the internal value chain of the enterprise, and at the same time strengthen cooperation with peer companies, broaden the horizontal value chain, focusing on five aspects: organizational structure, business planning, investment management, operation mode, and financing management make improvements and optimizations. The company continues to create value through continuous operation, and ultimately maximizes the benefits of all parties involved in the value chain.

Commercial real estate operation and management is a scientific and systematic process, and the competition in commercial real estate will become more intense in the new era. Industry integration and exploration of new business models are imperative.

5.2 China Real Estate Group's Commercial Real Estate Value Chain Optimization Strategy

Combining the value chain promotion strategy formulated above, the horizontal value chain will carry out industrial collaboration with group units and industry benchmarking units, and the internal value chain process will be reengineered to realize the management

improvement of the company's basic management, planning and design, investment management, and business operations. Reconstruct the value-added links of the operation and management of the vertical value chain and realize the backward extension of the value chain. Combining with the actual management of China Real Estate Group, the management idea of "Five Unifications" was proposed for China Real Estate Group to build a unified operation and management platform for the commercial real estate value chain.

Only renting but not selling will gradually become the mainstream development model of domestic commercial real estate. The unified operation and management model of the value chain studied in this paper is also carried out under the premise of not selling property rights, which is a kind of non-sale property rights model. Even through the model of after-sales lease rebate or sales with leases, centralized operations are adopted, so the same applies.

5.2.1 Unified management, optimized organizational structure

The unified management of the group specifically refers to the self-built team or the selection of commercial management units. Through personnel training and seeking cooperation, the development guidance and unified management of commercial projects are carried out, and the organization guarantee and intellectual support for project operation and management are provided, so as to avoid the problems of self-government.

Business operation management must rely on the organization to achieve. First of all, it is necessary to establish a unified business management platform at the group level, adopt a scientific management and control model, set up a professional business management team for unified management, and combine the attributes and management characteristics of China Real Estate Group's commercial assets, which can be a two-step strategic arrangement. First, a business management department was added to the headquarters to coordinate and control the core functions of business management, such as investment promotion, planning, and operation. The commercial operation and management of the project can be entrusted to a professional commercial operation company. The long-term goal is to gradually develop into an independent legal entity business management company with business expansion and financing needs, with an independently operated financial system, and to achieve a three-level management structure of headquarters-regional business management company-commercial projects.

Through the unified management of the platform, a unified corporate image can be established, thereby realizing unified positioning, investment promotion, operation, and financing, realizing the unification of the interests of investors, operators, and managers, and realizing the closure of the value chain of investment, financing, management, and withdrawal.

The addition of a business management department at the headquarters unifies the group's subordinate business projects into a management platform, implements professional unified management, and realizes the extension of the operating value chain. It not only satisfies the needs of upstream and downstream suppliers, commercial enterprises and customers, and creates new value for them, but also internalizes the profits originally required to be paid to external enterprises. The integration of commercial real estate projects has increased the added value and created a higher corporate value chain. This "real estate + commerce" business model can also integrate interrelated value activities into its own development, sales and operation system, forming economies of scale and market power.

The business management department of the headquarters includes a planning group, a business invitation group, a promotion group, and an operation group. Project companies involved in the self-sufficient part of the business should simultaneously form a professional business management team in the early stage of development. The team should include professionals in investment, promotion, operation, customer service, and property management, cultivate professional talent echelons, and implement professional operations for business operations.

Project-level operation management is divided into front-end operation and back-end operation. Through careful organization and planning, the stable operation of commercial projects is realized, the brand image is gradually established, and the stable rental return for investors is realized. Front-office operations: set up an operation department to conduct unified investment promotion, unified planning and marketing, unified customer service, and unified on-site management; set up a management department to conduct traditional unified property management. Back-office operations: set up a quality department to conduct unified quality management; set up an administrative department to manage related party affairs.

5.2.2 Unified planning, product format optimization

The unified planning is the design of the business plan by the group headquarters, including the proposal and establishment of the concept, the formulation of business development goals, the positioning evaluation, the organization and design of traffic lines, and the architectural planning and design. In terms of architecture design, the company's product design committee was established to review the planning and design of all commercial projects of the group company, and to be responsible for site selection, business positioning, and brand management to build the group's commercial product line.

First, fully investigate and clarify the positioning direction. Before designing, conduct a scientific market positioning survey and collect detailed data. The Commercial Management Department prepares the design task book according to the city development level, product type and land characteristics with reference to the group product instruction manual. In the use of resources, with the help of the superior group's strategic cooperation supplier database, strategic cooperation with domestic excellent business planning and design institutes. Follow the trinity principle of the company's brand, product line and suppliers to create commercial real estate products with the characteristics of Zhongfang.

The second is to do a good job in the reasonable configuration and layout of functions, and create differentiated commercial products according to the combination of space and format. According to different business site selection conditions or use conditions, differentiated design. In addition to meeting standards such as storey height and column spacing, it is also necessary to achieve the integration of shopping, dining, leisure and entertainment, and rest. The planning and design must be forward-looking, not only to meet the current market demand, but also to meet the future development direction of the business.

Secondly, it pays attention to the positioning of the business format. The business format is the foundation of architectural design. The dominant format is closely related to the level of regional economic development, as shown in Table 5-1. At the beginning of the plan, we must focus on the combination planning of commercial formats and the matching of products and supporting services to ensure that various formats produce synergistic effects. The design

process fully listens to the opinions of operators and operators, takes continuous operation as the basis of the design, and ensures that the commercial facilities and equipment configuration meet the needs of later operation and property management. The design content should also add experiential commercial elements, and create a rich outdoor space landscape through a unique architectural design, and create a comfortable public space.

Table 5-1 Relationship between business format and economic development level

| Economic development level and real estate properties | Leading business format |
|---|---------------------------------------|
| GDP per capita is USD 1,000 | department store |
| GDP per capita is between 2000-5000 US dollars | Large supermarket |
| GDP per capita reaches US\$12,000 | Large shopping mall or shopping plaza |

The last is to strengthen the design process monitoring. During the development process, the project planning plan and construction drawing design need to be checked and evaluated regularly, and timely feedback, adjustment and optimization of the plan should be made according to the problems in the implementation of the project. After the project is completed, a post-evaluation of project planning and design will be carried out to summarize the gains and losses so that subsequent projects can be continuously improved.

5.2.3 Unified investment promotion, optimized management and control process

Unified investment promotion means that the group conducts the investment promotion of main stores, standardizes the investment promotion and selection process, controls the quality of project investment promotion, and reflects and emphasizes the unified service for merchants.

First of all, to jointly build an investment promotion platform, the business management department of the group headquarters will coordinate and manage the external resources of all commercial projects and be responsible for unified investment promotion. The specific content includes brand review, brand management and lease management, to ensure that the settled merchants obey the unified planning of the entire market in terms of business category, product level, and format position, and reduce vicious competition. In the process of investment promotion, quickly collect and solve the problems feedback from merchants, do a good job in customer relationship management, and improve the lifetime value of customers.

In addition, standardize investment procedures. Drawing lessons from Wanda's "order-based development" model, strictly following the development process of "urban market research-commercial positioning-main store investment-product planning and design-development and construction". After the overall business combination plan of the project is formulated, the main store investment will be initiated, and the planning and design of the main

store can be carried out only after the investment is completed. According to the business format planning, the investment promotion team simultaneously initiated the retail investment promotion in the project development and construction phase, and took advantage of the popularity gathering effect of the main stores to drive small and medium-sized stores to settle.

Secondly, investment promotion must have a scientific format ratio, and formulate a unified theme image and brand image. Before the formal investment promotion, first formulate a business combination plan, connect the internal and external resources of the group, and adopt a low-rent strategy in the early stage to attract merchants to settle in and ensure that the opening is popular. With the rise of experiential consumption, China Merchants will reduce the proportion of retail department stores and increase the proportion of leisure and entertainment businesses such as catering, entertainment, parent-child, beauty and makeup. For projects that are positioned as a sales-oriented project, the strategy of attracting investment to drive sales is adopted, and a popular gathering is formed through atmosphere cultivation. After the commercial operation is mature, on the basis of ensuring the unity of later operations, the overall sales will be realized through the sales method with lease.

The last is to strengthen internal and external cooperation. Formed a strategic alliance with domestic retail giants and introduced well-known domestic business management companies. Adopt a nationwide unified investment strategy, introduce well-known business resources, and actively solve the problem of finding operators for investors. At the same time, it is required to intervene in the investment promotion link in the early stage to ensure the project's theme positioning and reasonable business division.

5.2.4 Unified operation, optimized operation mode

Unified operation is a practical problem faced by the company headquarters in accordance with the company's development strategy. The company changed the previous model of all sales and scientifically formulated the lease-sale ratio. The group tries its best to adopt the model of overall leasing or leaseback after sale to ensure the unified management of the commercial operation of the entire project.

First of all, commercial real estate is a combination of commerce and real estate. Without commerce, the value-added space of real estate will become smaller. Commercial real estate companies must transform from being a mere developer to being a holder and manager (Zhang Jun, 2010).

China Real Estate Group should change the traditional thinking of residential development, and the Group's Commercial Management Department shall implement unified operation and management of the stock commerce. As a platform service provider, the group provides centralized guidance and services to ensure the preservation and appreciation of stores.

Second, the group needs to integrate upstream and downstream resources and establish a database of cooperative suppliers. The company must fully integrate the strength and wisdom of professional operation managers, investors and operators. In the whole process of project positioning, design and investment promotion, the opinions of all parties shall be unified. The overall business operation capabilities of the group must be improved.

Finally, the unified concept is run through. In the early stage, the operation model of the project was clearly formulated to maintain the unified operation, unified marketing, unified service supervision, and unified property management of commercial real estate. In terms of

operation, the headquarters selects excellent business management companies for unified operation, and dynamically adjusts the type of business in the process. In terms of marketing management, the company organizes unified business planning and brand management activities to ensure the stability and prosperity of business operations and maintain the image of the project. In terms of property management, the company establishes a property service platform to implement unified property services and standardize the property service process. A customer management center is set up in the group headquarters to be responsible for the quality supervision of commercial projects.

Business operation management runs through the entire process of business development and operation, and is divided into three stages, the front-end business planning stage, the mid-end development and construction stage, and the back-end operation management stage. According to the division of work, the commercial management department and the project company are responsible for different stages of development. The commercial management department focuses on front-end and back-end management.

In the front-end link, the Commercial Management Department is responsible for key work such as investment site selection, positioning, planning, and design of commercial projects. In the mid-end construction and opening preparatory process, the Commercial Management Department is responsible for coordinating the main and sub-main merchants, organizing and planning the opening ceremony and execution, and taking the lead in the project property takeover acceptance. The back-end links are guided and controlled by the Commercial Management Department through established and mature operating standards.



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