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Promotion of an architectural and design company to foreign markets**Quanjie Huang**

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Abstract

Architectural services are a sphere of professional activity, which is based on the creative process of creating projects of architectural objects in the form of buildings, structures, complexes of buildings and structures, landscaping, landscape or garden art. The main product of this activity is an architectural solution that determines the external and internal appearance, spatial, planning and functional organization of the object. The relevance of the topic of the article is due to the fact that at present, in view of the development of a market economic system, many architectural companies need to identify their competitive advantages and develop strategies for the development of the company in local markets in order to maintain high profits and market share. In order to maximize profits, one of the ways to increase it is to enter international markets. In view of the increased pace of globalization and the high interconnection of global trade and financial markets, for the successful operation of the company in foreign markets, it is necessary to choose the optimal strategy and develop an algorithm for the company to enter new markets. In this case, it is necessary to take into account its characteristics, consumer preferences, solvency, as well as analyze the risks that may arise in the implementation of international activities, such as global crises, international conflicts and global pandemics.

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Keywords

International market, company promotion, architectural objects, architectural services, architectural services market.

Introduction

Architectural services are a sphere of professional activity, which is based on the creative process of creating projects of architectural objects in the form of buildings, structures, complexes of buildings and structures, landscaping, landscape or garden art. The main product of this activity is an architectural solution that determines the external and internal appearance, spatial, planning and functional organization of the object [Market capitalization..., [www](#)].

Also, in a broader sense, architectural services may include urban design activities, which involve the development of spatial development projects and the preparation of spatial development documents, such as a master plan or master plan.

A separate area that requires specialized competencies is the development of restoration projects, while companies providing such services, in most cases, also independently carry out restoration work directly.

Architectural services as an activity precede the process of creating various types of real estate and infrastructure, as a result of which the architectural services market has a close relationship with a number of industries that provide financing, organization and direct construction.

There is also a high level of interpenetration of the architectural services market and the design industry, approaches to classifying certain services (for example, interior design, landscape design) to one of the markets differ in different countries [Architectural Activities in Europe Market Research Report, [www](#)].

Professional software used by architects in their work is one of the key means of production after human capital for companies in the architectural services market, as a result of which a separate market for specialized software has been formed.

The development of the architectural services market, given the high degree of interconnectedness with the infrastructure finance market and the construction industry, is significantly influenced by the general economic situation. The global economy experienced strong growth for nearly a decade after the financial crisis in 2008, which began to slow in 2019, causing some decline in investment in infrastructure.

The architectural services market immediately reacted to these changes, decreasing by 6 in 2019 compared to 2018. At the end of 2020, the volume of the global market for architectural services amounted to 171.5 billion US dollars, which is a historical minimum over the past ten years. According to the IBISWorld forecast, in 2021 the market will recover by 6%, and in the period 2021-2025. will grow at an average of 5% per year. Thus, by 2025, the market size indicator will return to pre-crisis levels and amount to \$2172 billion.

The value added indicator of the market, which is defined as the difference between total revenue and the cost of production of goods and services, has been at the level of 48% in recent years and, according to IBISWorld, will decrease in the forecast period, reaching a value of 45%. The main share in the cost of architectural services falls on the wage fund of employees, which is associated with the need for highly qualified personnel, which are the main means of production [How to revive the design and architecture market, [www](#)].

Taking into account the fact that, within the framework of one project, companies in the architectural services market can provide a wide range of interrelated services, it is difficult to determine the share of which in the total revenue, market segmentation is usually carried out according to the type of real estate in respect of which the projects are being implemented.

Commercial real estate remains the main source of market income, the most popular types of real

estate are office, hotel and retail. Residential real estate brings about a quarter of the market's revenue, while this segment is characterized by a high level of dependence on the macroeconomic situation. The demand for projects in relation to social and public infrastructure, which accounts for about 20% of revenue, is largely determined by the size of state budgets and the economic policy pursued. A little less than 20% of revenue comes from other projects, which may include services for the development of restoration projects, interior design, landscaping, as well as consulting and engineering services [Urban Planning & Landscape Architectural Activities..., www].

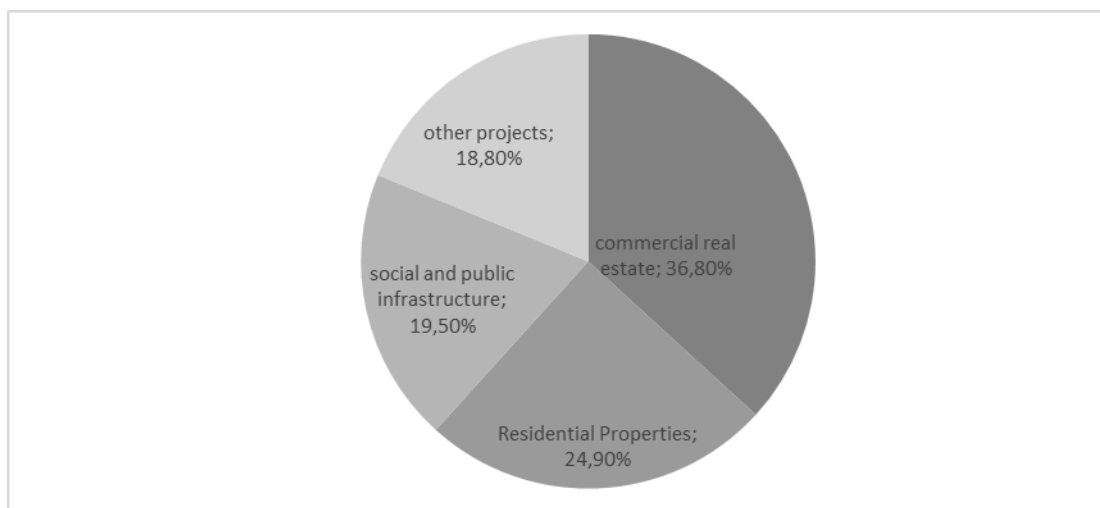


Figure 1 - Market structure by project type in 2021, % of market volume [ibid.]

The architectural services market is characterized by a low level of concentration; over 300,000 companies are represented on it, including both large diversified companies and small architectural bureaus.

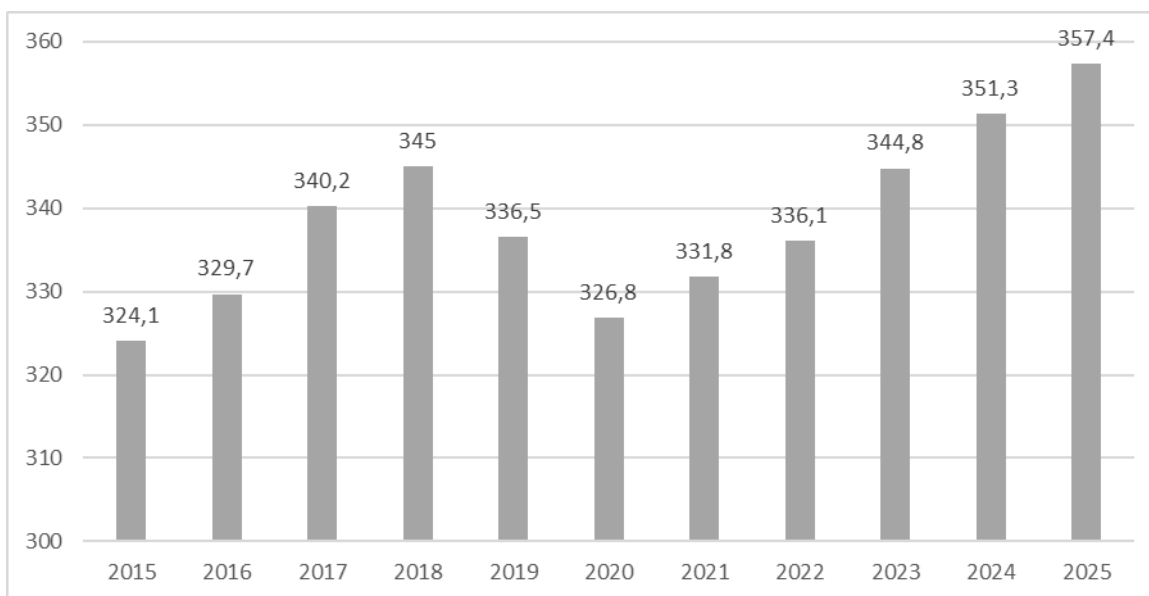


Figure 2 - The number of companies operating in the world market of architectural services, thousand [ibid.]

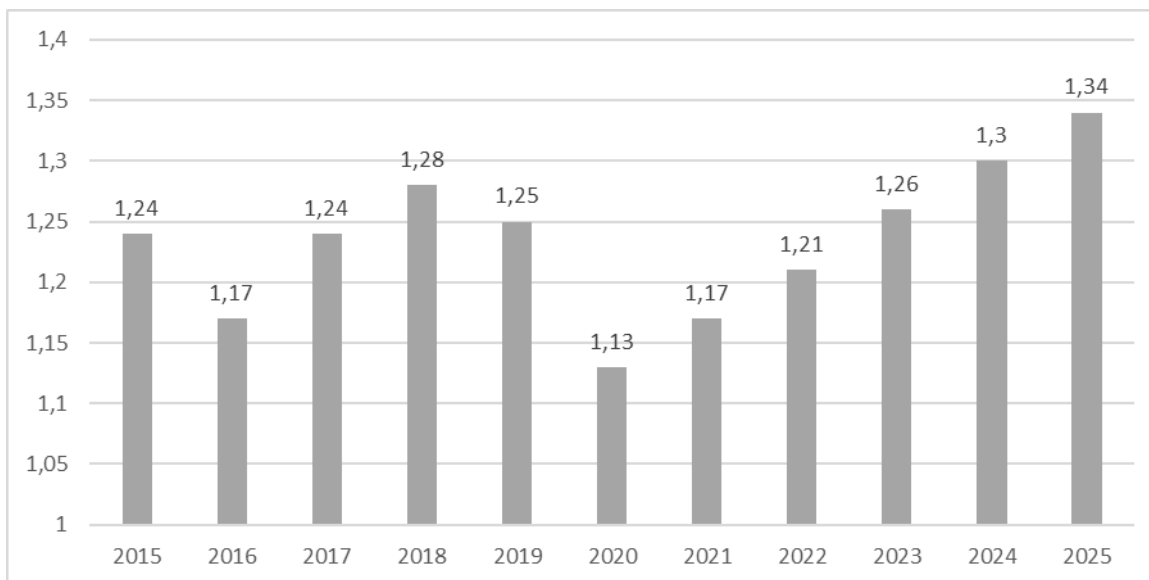


Figure 3 - The total number of employees operating in the global market for architectural services companies, million people [ibid.]

According to IBISWorld, the total number of people employed in the architectural services market at the end of 2021 amounted to about 11 million people. According to a study by the Architectural Council of Europe, more than 90 market companies in Europe employ no more than five people, while in the US, the share of such companies, according to IBISWorld, is 70%. The level of wages of architects in Europe, according to the Architectural Council of Europe, ranges from 24 to 51 thousand euros per year, with a median value of 35 22 thousand euros, in the United States, a similar range, according to the US Federal Bureau of Labor Statistics, is from 63 to 106 thousand US dollars with a median value of 80 75 thousand US dollars [Hong Kong Monthly Digest of Statistics..., www].

In the Chinese market, the majority of companies, 87% (of the total number of architectural companies) specialize in the architectural design of capital construction projects. During the creation of the project, an architectural concept (sketch design) is formed, this is the definition of architectural features and the image of the object, space planning and spatial solutions, functional zoning. Architectural design objects can be both residential and public residential complexes, individual residential buildings, educational institutions (schools, kindergartens), business infrastructure facilities (office buildings), shopping and entertainment centers, hotel complexes, sports facilities, etc. [Cluster IKT..., www].

In most cases, the process of architectural design is accompanied by the creation of documentation necessary to start the construction of objects.

Approximately 26% of Chinese companies operate in the area of urban design, carrying out work on the preparation of the concept of development of the territory, on the basis of which planning projects are developed and approved, prior to obtaining an urban development plan for a land plot and a building permit. This activity also includes the development of master plans and master plans. 18% of architectural companies work in the field of landscaping. Landscaping is aimed at ensuring comfortable living for citizens, maintaining and improving the functional, sanitary and aesthetic condition of territories, including public streets, embankments, parks, squares, squares, etc.

Landscape design services are provided by 15% of companies. Their activities include the spatial organization of private and public areas, the distribution of functional areas, the development of style

solutions. 12% of architectural companies are involved in the preservation of cultural heritage sites, which in most cases, in addition to direct design, also perform the necessary construction and installation work [How to revive the design and architecture market, www].

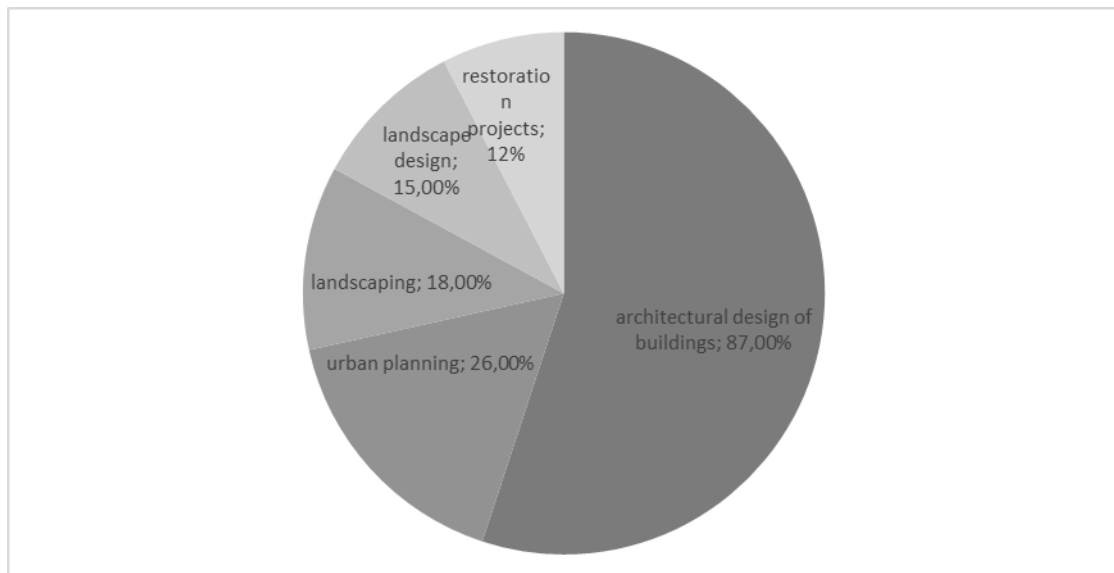


Figure 4 - Distribution of the main activities of architectural companies, % [ibid.]

One of the most common services complementary to architectural design is the design of residential and public interiors and exteriors, in which 44% of companies work. 34% of companies work on the creation of engineering solutions (systems of heating, ventilation, water supply and sewage, power supply). 14% of companies work on the solution of structural solutions (foundation schemes, roof dimensions, floor structures). 7% of companies are engaged in architectural design of other infrastructure facilities (bridges, towers) companies [The project raises the class, www].

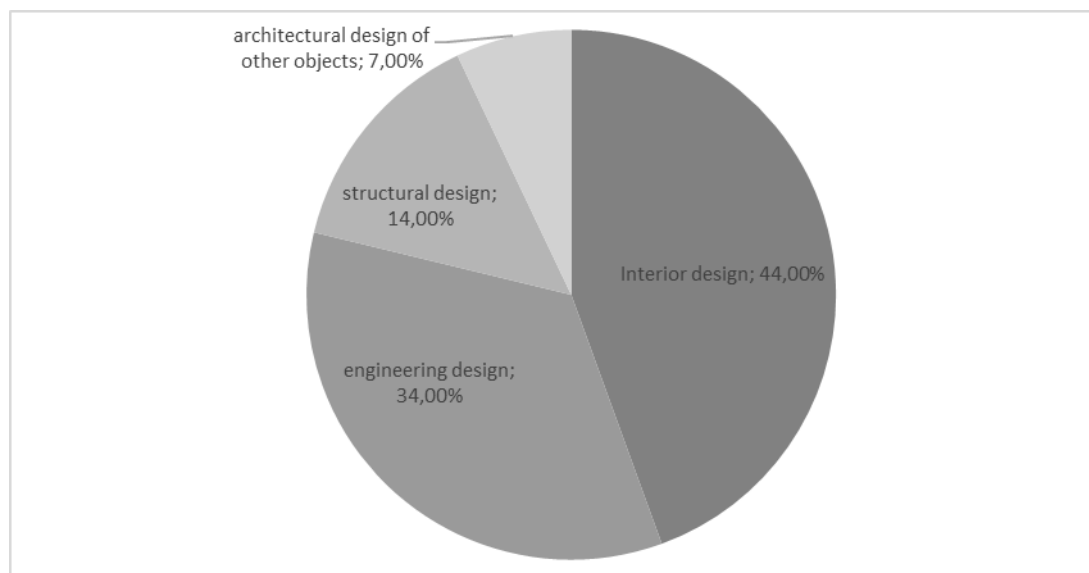


Figure 5 - Distribution of additional activities of architectural companies, % [Istanbul Foundation for Culture and Arts, www]

Methods

In the study, the authors used some methods such as analysis and synthesis, induction and deduction, historical and logical, abstraction and concretization.

Results

Chinese architectural company Shanghai Youan Architectural Design Co., Ltd. was founded in 2004 in Shanghai. The company is engaged in research and development, consulting and technical services in the field of architectural design. The scope of the company's activities covers residential buildings, public buildings, etc. The headquarters is located in Shanghai, China.

By the end of the 1990s, urbanization in China was progressing rapidly. Shanghai's research and design industry has entered a new period of development. On March 28, 1998, the East China Institute of Architectural Design and Research and the Shanghai Institute of Architectural Design and Research merged to establish Shanghai Xian Dai Architectural Design (Group) Co., Ltd. Shanghai's two most powerful design institutes have formed a giant in the architectural design industry, setting the precedent for the merger of domestic architectural design enterprises. The group has grown rapidly and steadily from being a local design institute to a national engineering consulting enterprise with some international influence [Annual Report..., www]. In recent years, the company has participated in major projects such as National Exhibition Center, New CCTV Construction Project, Shanghai Grand Theatre, Chenshan Botanical Garden, Shanghai Science Museum, Oriental Arts Center, Pudong International Tourism Resort main area, Hongqiao Integrated Traffic Hub, Shanghai Pudong Airport, Yangshan Deep Water Harbor, Qingcaisha Reservoir, Oriental Sports Center, Shanghai International Expressway, compensatory residential bases such as Sanlin and Gu Village. In 2008, after the Wenchuan earthquake, the Company participated in the seismic rescue and construction of targeted assistance in areas such as Mianyang, Dujiangyang and Longnan, a total of 60,108 transition rooms were completed, in which 39 783 transition rooms; The group has carried out 23 Dujiangyang relief projects, including the command center, and has been recognized as the leading Shanghai targeted aid team for the construction of Dujiangyang reconstruction after the disaster. During the construction of the World Expo in 2010, the Group participated in the construction of 61 World Expo pavilions and supporting projects, including the World Expo Cultural Center, the World Expo Axis, the World Expo Center and the China Pavilion covering 161 sites, including various technology enterprises. The East China Institute of the Group was awarded the title of "Shanghai World Expo Leading Group" by the Central Committee of the CPC and the State Council [ibid.].

The mission of the company is to create design forms in the modern world for the design of the future.

The goal of the company is to form a new quality of life for people, giving them positive emotions in the form of modern architectural forms.

Company tasks:

- a) implementation of design projects;
- b) improving the level and quality, as well as the safety of the city;
- c) creation of centers of attraction for people, where they will spend their time comfortably and pleasantly;
- d) respect for territorial identity.

Company principles:

- a) collective design business;
- b) making innovative decisions;
- c) an integrated approach to each client.

Company advantages:

- expertise in the development of a design project;
- coordination of architectural and construction documentation;
- effective ways of interacting with clients and contractors;
- high skill in conducting consulting and analytical research;
- efficiency in making and implementing management decisions;
- complex solutions in the design of landscaping.

We present the organizational structure of the company (Figure 6).

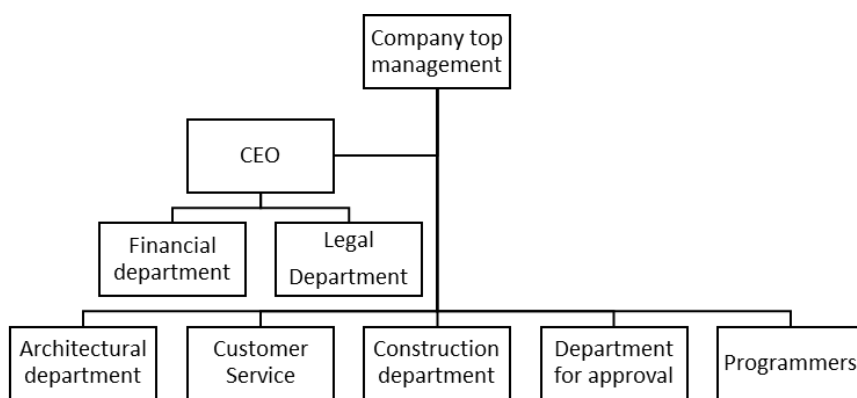


Figure 6 - Structure of Shanghai Youan Architectural Design Co., Ltd

The company employs 65 people, of which 40 are architects, the average age of employees is 30-40 years.

Here are the revenue figures for Shanghai Youan Architectural Design Co., Ltd for 4 years (Figure 7).

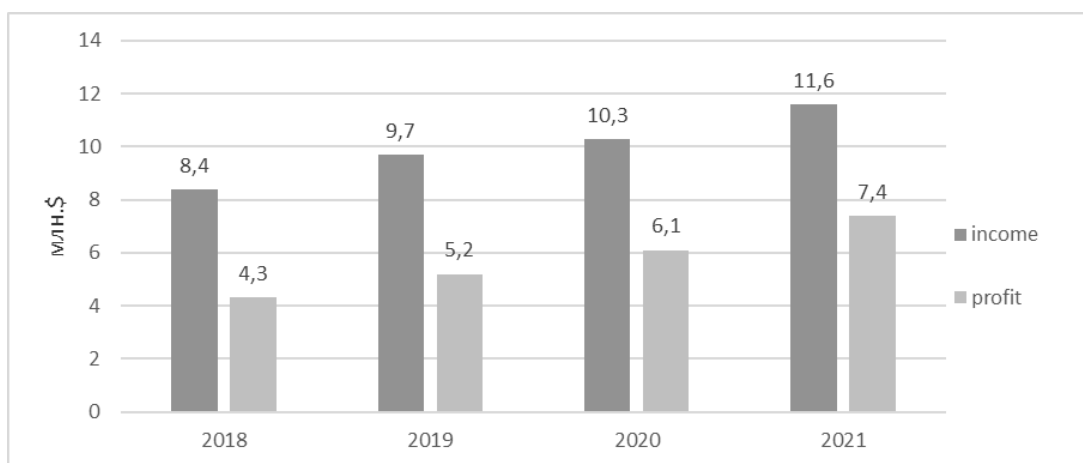


Figure 7 - Financial performance of Shanghai Youan Architectural Design Co., Ltd [ibid.]

Amid the generally unfavorable situation in the world, which is associated with COVID-19, the company continues to invest heavily in strengthening its brand, which is reflected in the growth of

revenue and profit in recent years. The company's revenue in 2021 grew by 12.6% compared to 2020. Profit in 2021 increased by 21.3% compared to 2020.

Thus, the company focuses on the needs of the client, paying the most important attention to the combination of three main components: functionality, quality and price. This approach allows the company not only to retain existing customers, but also to actively attract new customers.

We will describe the areas and activities of Shanghai Youan Architectural Design Co., Ltd.

The activities of the architectural solutions company are very strongly associated with the design of master plans for design and architecture. The objects that the company designs are diverse, they include private housing, apartments, shopping centers and large business centers.

A large architectural project in a company can be implemented within 1-2 years, from the very beginning of the design to the completion of the project. At each stage, the project is monitored. A team is formed for each architectural project conducted by the company, usually from 3 to 5-7 designers and architects.

In each created working group, a leading project specialist is appointed, a leader who coordinates the actions of the group as a whole, communicates with the customer on all project issues. The project manager participates in the project and controls all stages of the project, from the beginning of the development of the concept to the end of the project.

During the year, an architectural company can carry out up to 40 projects.

The company is engaged in both the development and design of architectural projects, and can also design a full range of construction organizations. The complex includes such services as the production of architectural, design, engineering planning, architectural supervision during the construction process and the direct construction of buildings by contractors.

The company takes full responsibility, offering the entire cycle of construction work. Thus, turning to the company, the customer receives all the work on a turnkey basis. The advantage of such work is time saving for the customer and, accordingly, a discount when ordering architectural services in the complex.

During a strategic definition, the company's goal is to properly consider the customer's business case and strategic description before creating an initial architectural design brief.

The architectural company at the first stage must carefully study the wishes and intentions of the customer before the company starts working.

Together they are able to correctly determine the scope of the project and be more prepared to approach the preparation process.

The business case often includes an initial cost estimate and a discussion of the areas available for the project. This stage is especially important from a sustainability point of view, for example, if the building would benefit from being refurbished rather than building a new one.

Today, more and more buildings in China are not released for development, instead the industry is moving towards the renovation of old buildings. Factors influencing this may include aspects such as budget, local planning policy, and building context.

The initial considerations of all members of the project team are taken into account in order to create the best possible workforce.

The architecture company develops the Project Program. It specifies the projected duration of the project and how the briefing, design, and construction phases will be distributed over that time period.

Shanghai Youan Architectural Design Co., Ltd is in its prime life cycle, which means the company's vision strikes a balance between control and flexibility. It is a disciplined, innovative company that strives to meet the needs of its customers.

At the end of 2021, the market capitalization of Shanghai Youan Architectural Design Co., Ltd was \$54.43. The company is ranked 496th in the world by market capitalization.

Market capitalization, commonly referred to as market capitalization, is the total market value of the issued shares of a publicly traded company and is commonly used to measure the value of a company.

Recommendations and conclusions

To promote a business, it is important to decide whether it is worth developing an architectural services company in the international market. There are several reasons for this [American Institute of Architects, [www](http://www.aia.org)]:

1) Oversaturation of the domestic market with similar services and fierce competition, which does not allow one to stand out in its niche in terms of unique quality services.

2) This is a planned business promotion vector aimed at expanding the geography of sales after the successful development of the company in the Russian market.

3) Changeable market conditions and the crisis in the country's economy are pushing for the diversification of supplies, the search for new distribution channels and more profitable partners.

In order to promote itself in the international market, Shanghai Youan Architectural Design Co., Ltd must apply joint marketing efforts to the stakeholders of architectural projects. This proposal is due to the fact that it allows you to reduce advertising costs, make it easier to attract a client to buy real estate, increase sales, gain access to a new target audience, attract the necessary associations to the project and simply become more noticeable. It is also possible to attract other architectural companies, joint work with which can create architectural and building complexes and ensembles in a limited area. Of course, this requires the active participation of construction companies, investors and public authorities and society. The main benefits of using marketing include:

1. Joint advertising campaigns will reduce the cost of these promotions. Joint platform, common banners, booklets, promoters, etc.

2. Consumers are attracted by several criteria at once, which undoubtedly increases the likelihood of expanding demand.

3. Greater coverage of the consumer market. When interests intersect, there are good chances to attract to your services that segment of the market that was not previously included in the circle of consumers.

4. Establishment of cooperation on a long-term basis. With a stable intersection of interests, one-time cross-promotions can develop into a strong friendship of businesses.

5. Cross-promotion will be able to increase the recognition of architectural and construction projects, structures and structures, improve the company's reputation and have a beneficial effect on its image.

Especially important is the involvement of event-marketing tools (event marketing). The goals of event marketing can be:

- promotion of a specific project-brand;
- creation of a news occasion for a PR company;
- launch of an architectural project on the market;
- organization of a brand event and simultaneous co-branding with enterprises, civil service bodies, etc.;
- creation of word-of-mouth effect;

– organizing a team of like-minded people.

Among the tools of event marketing, events are widely used - openings (for example, a new building, an architectural and construction complex, etc.), presentations at forums, exhibitions, holidays, sponsorship, etc. are the logo of the company on the advertising of the event, the placement of banner extensions at the venue of the event and the holding of competitions from the sponsor.

An important component is the social orientation of the company, which is engaged in the design of socially important projects, residential and non-residential buildings and structures. In this regard, the company needs to cooperate with government authorities to provide assistance in the reconstruction of cultural and public facilities that are in need of restoration or repair. For example, it can be ancient buildings and memorable places in the city. Dissemination of information about such activities will emphasize its social responsibility and the significance of the project.

Today, the company's management says that the company's progress into the international market will depend on finding the right business model; To do this, the company must distribute marketing in the countries of its presence.

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Продвижение архитектурно-дизайнерской компании на зарубежные рынки

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Аннотация

Архитектурные услуги – это сфера профессиональной деятельности, в основе которой лежит творческий процесс создания проектов архитектурных объектов. Основным продуктом этой деятельности является архитектурное решение, определяющее внешний и внутренний облик, пространственную, планировочную и функциональную организацию объекта. Актуальность темы статьи обусловлена тем, что в настоящее время, ввиду развития рыночной экономической системы, многим архитектурным компаниям необходимо выявить свои конкурентные преимущества и разработать стратегии развития компании на локальных рынках для поддержания высокой прибыли и доли рынка. В целях максимизации прибыли одним из способов ее увеличения является выход на международные рынки. Ввиду возросших темпов глобализации и высокой взаимосвязи мировых торговых и финансовых рынков для успешной работы компании на зарубежных рынках необходимо выбрать оптимальную стратегию и разработать алгоритм выхода компании на новые рынки. При этом необходимо учитывать его особенности, потребительские предпочтения, платежеспособность, а также анализировать риски, которые могут возникнуть при осуществлении международной деятельности, такие как глобальные кризисы, международные конфликты и глобальные пандемии.

Для цитирования в научных исследованиях

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Ключевые слова

Международный рынок, продвижение компании, архитектурные объекты, архитектурные услуги, рынок архитектурных услуг.

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