Cendant Corporation:

Real Estate Division

Case Study

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1. Company Overview

Company Description

Founded in 1997, Cendant Corporation is a publicly held company that provides real estate services, hospitality services, travel distribution services, and vehicle services (“Cendant,” 2005). In Cendant’s Real Estate Services Division, there are Real Estate Franchise Group, Real Estate Brokerage, Relocation, and Title and Settlement Services (“Cendant,” 2005). Through its Real Estate Services Division, Cendant franchises and operates real estate brokerage businesses. However, Cendant, itself, does not own or operate real estate brokerage offices, and instead, Cendant “provides their franchisee customers with services designed to increase their revenue and profitability” (Annual Report, 1998, p.16). The franchise agreements give the franchisee the right to use the Cendant name and real estate service marks in return for royalty payments on gross commissions generated by the franchises (“Cendant,” 2005). Cendant also provides home buyers with mortgages, and assists in employee relocation offers mortgage services (“Cendant,” 2005). The relocation group offers a variety of services to relocate employees, including the home sale and purchase assistance services, independent home marketing support, and management of other personal moving affairs (“Cendant,” 2005).

Ranking

In the real estate industry, Cendant is a leading company in many categories. According to Cendant Corporation, 2005, and Dun & Bradstreet Inc., 2005, Cendant’s Real Estate Division is;
• The world’s largest franchisor
• The World’s largest operator of residential real estate brokerages;
• A leading commercial real estate brokerage system
• A leading settlement services company
• The largest number of employees (87,308 employees)

**Management Structure**

Cendant Corporation includes real estate services, hospitality services, travel distribution services, and vehicle services (“Cendant,” 2005). In addition, Cendant’s Real Estate Services Division consists of four business units (“Cendant,” 2005). The management structure and the business units with its subsidiaries are described in charts below.

**Cendant’s Organizational Chart**
## Real Estate Services Business Units

| Real Estate Franchises                              | CENTURY 21®  
|                                                      | Coldwell Banker®  
|                                                      | Coldwell Banker  
|                                                      | Commercial®  
|                                                      | ERA®  
|                                                      | Southeby’s International Realty®  
| Real Estate Brokerage                               | NRT  
| Relocation                                          | Cendant Mobility®  
| Title and Settlement Services                       | Cendant Settlement Services  

### Chief Competitors


### 2. Marketing Challenge

In 1999, when Cendant realized that real estate industry was being revolutionized dramatically by technology, it decided to accept its businesses to the Internet technology, to maximize the opportunities in an information economy (Annual Report, 1999, p.7). In addition, Cendant had been focusing on the acquisition of other companies to expand its profits and market share before 1999, but Cendant shifted the strategy to concentrate on
maximize the potential profits and growth of its internal existing businesses as with the
discovery of accounting fraud after the merger between Hospitality Franchise Systems,
Inc. (HFS) and Comp-U-Card International Inc. (CUC) in 1997 (Annual Report, 1998,
p.4). For the real estate division, the Convergence Strategy was employed to connect
online and off-line assets as well as the Value Circle Strategy to facilitate Real Estate
Franchise Group, Real Estate Brokerage, Relocation, and Title and Settlement Services,
and to accomplish cross-marketing in the business units (Annual Report, 1998, p.3).

3. Response to Market Challenge

Technologies employed

In order to achieve the Convergence strategy and the Value Circle strategy in the
real estate division, “move.com” Web site was launched in 1999 for the foundation of
new Internet portal, based on “rentnet.com” Web site, which provided updated
apartment-rental listings that covered around two million units in the U.S. and some other
countries, focusing mainly on big rental properties although “single-unit owners can also
pay for listings on a week-by-week basis” (Annual Report, 1998, p.3 & Weber, 1997,
p.6).

Success Determination

By the Convergence Strategy and the Value Circle Strategy, the real estate
division could link online to off-line assets such as “call service centers, mortgage
originators, relocation counselors and national network of affiliated brokers and agents”
(Annual Report, 2000, p.19). Moreover, the real estate division also succeeded in the
cross-marketing by connecting "Phone In, Move In" telephone-based platform to "Log In, Move In" online platform (Annual Report, 2000, p.19).

4. Value Bubble

Attracting

In 1999, Cendant launched the “move.com” to expand its business opportunities although the “move.com” including apartment-locator “Rentnet.com” was acquired by Homestore.com Inc. in 2001 (Annual Report, 2000, p.19). In order to succeed in the online business, Cendant’s real estate franchisees needed to have “the capacity to upload listings and photos directly to Web sites, automate their office and agent management systems effectively, and send referrals to each other through the Internet” (Annual Report, 1998, p.3). Cendant took advantage of online and off-line advertising and public releases through its “Media Center” to attract existing and potential customers (Annual Report, 1998, p.3).

Attract Technology

Engaging

In order to build loyalty to the customer on the Web site, it was designed to communicate their specific needs and wants. On the Web site, visitors could choose a region or city, and also specify how large an apartment they wanted and how much rent they were willing to pay through “shopping list” that enabled to track units that they were interested in, and also enabled to calculate a cost-of-living for comparing different cities
Cendant further deepened its relationship with the customer by encouraging repeat visits. The content of the Web site was frequently updated. When negative experiences occurred, Cendant could cover them both online and off-line.

Retain Technology

Both online and off-line interactions are available, such as e-mail, phone, and Fax.

Learning

Cendant is gathering customer data from site registrations and subscriptions.

Learn Technology

Relating
Relate Technology

5. Discussion of Customerization

Through Customerization, Cendant would be possible to develop its services together with customers. For instance, Cendant would be able to improve its mortgage services by learning the customer’s needs and wants. On the other hand, the customer also would have benefits by receiving customized mortgage services based on its preferences.

6. Questions to Ask

- What was the technology used to transact smoothly online by the real estate division?
- What were the two types of strategies used to move online?
- What were the purposes of the two strategies?
- What technology did develop the ability to experience the products?
References


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