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Quality Houses wants to create a brand that will woo Gen Y

Building a brand that focuses on the young generation is the objective of Quality Houses in the next two or three years, the company's new president and chief executive officer Chadchart Sittipunt said in an interview to The Nation. Chadchart, a former transport minister in the government of Yingluck Shinawatra, took over as president and CEO on January 1 this year.

"My goal is how to drive Quality Houses to achieve a sustainable average growth of 10 per cent a year by focusing on the quality of our products to serve all market segments. That is why we have to build ourselves into a recognisable brand for the young generation," he said.

According to the company's survey, the Quality Houses brand is well known to people aged 40 and above. As a result, the company has to refresh its brand to serve Gen Y who have purchasing power.

Chadchart said the company has revised its business structure, especially the design concept from separate design departments for brands such as QH, Casa, Trust, and Gusto. It has to integrate the design departments of all the brands. This will enable it to have designs that cover all generations and also have a unique concept.

Earlier, when the individual brands had their own designers, they did not liaise with other brands under the Quality Houses umbrella. Some designs of other brands looked similar hence the customers could not identify the differences between the various brands.

Currently, the company is pooling together the designers of every brand so that they can work together. This will change the design concept to focus on customers under the same concept and also have different designs, he said.

"Our design theme will serve our goal to design residences that serve the needs of the young generation and also continue to retain our existing customers. Our concept is to have premium products in all market segments," Chadchart said.

Building a brand is not only about advertising; it means quality of products, the best location, and after sales service. The company may use a lower advertising budget and expect its customers to tell others to buy its residences through word of mouth. To achieve this goal, the company has to build quality residences to serve customer demand, he added.

Sustainable growth

Meanwhile, the next objective is create sustainable growth for the long term. Chadchart said that in terms of value, the company has continued to maintain growth average of 10 per cent a year, while the business has continued to be a brand in the minds of customers when they decide to buy residences.

"When the country's economy slows down, our total revenue may drop but we have to drop lesser than the overall market slide while the customers have continued to pose confidence in our brand. This is the meaning of sustainable growth," he said.

For example, this year the company is targeting 10-per-cent growth with total presales of about Bt23.6 billion and total revenue of Bt22.1 billion, up 23 per cent and 10 per cent respectively from total presales of Bt21.4 billion and total revenue from residential projects of Bt19.4 billion in 2014. This is revised down from the earlier target of 20-per-cent total revenue growth. The company also revised down its new residential project launches from 30 projects worth Bt33.01 billion to 26 projects worth Bt28.5 billion.

"Although, we revised down our new project launches and our total revenue target, we have continued to maintain business growth above the overall market growth. The property market in Bangkok and its suburbs is estimated to grow lower than 10 per cent this year, as demand in the first five months of the year only saw slight growth," he said.

He also plans to reduce its debt-to-equity ratio to 1:1 from the current 3.9:1.

"When we talk about sustainable growth, we have to have healthy financial results, cut debt-to-equity ratio to 1:1 in order to build a strong foundation to expand our business in the long term," he said.

Focus on domestic market

Meanwhile, the company's strategy is to continue its focus on the domestic market instead of expanding overseas, especially as the company still sees potential for growth in the domestic market.

The domestic expansion will be through its own investments as well as joint ventures with foreign firms who are interested to expand their investment in Thailand.

The company is negotiating with a Japanese property firm to develop serviced apartments for ageing citizens to serve a potential rise in demand in the future.

Japanese property firms are interesting to expand their investment in Thailand, especially in Chon Buri province and other provinces. As a result, they need a partner to do business. After the negotiations, they may either set up a joint venture firm or Quality Houses will only manage the serviced apartments. Whether the deal is finalised will depend on business opportunity, he said.

Meanwhile, the company's domestic investment is focused on both Bangkok and the provinces.

The company is targeting provinces where purchasing power comes from domestic demand and foreign investors such as in Chon Buri and Hua Hin.

Currently, Quality House and its subsidiaries have launched residential projects in seven provinces - Chiang Mai, Chiang Rai, Cha Am in Petchaburi, Hua Hin in Prachuab Khiri Khan, Nakhon Pathom, Chon Buri, and Rayong - excluding Bangkok.

