

Competitive Strategy-Final version

Characteristics:

How is our industry defined?

Co-living is a new trend of living with many other people in one space that encourages its residents to interact and work together. It is an alternative to current housing models like the travel housing and the real estate leasing housing industry as it is a mixture of short- and long-term stay. The purpose of Coliving is to create a home environment that inspires and empowers its residents to be active creators and participants in the world around them. It enables sustainable lifestyles through sharing and efficient use of resources and space where residents usually have their own bedroom and bathroom but will share common areas like cooking and living spaces. Coliving is designed for people who want a home environment that actively supports them in living with purpose and intention, where convenience and value go hand-in-hand with comfort and community.

How is our industry segmented?

- **Travel housing:** In less saturated markets like the French Caribbean, there are fewer international players and many more local distributors. **AirBnB** in particular has a larger footprint on the targeted area, whereas **international hotel chains** are rather careful with their market share and use of resources in less saturated markets.
- **Real estate housing:** is widely available and accessible to international clients. There is a fair diversification of different providers. Some are targeting local customers, others international customers like **Remax** and **Sotheby International**, who have large portfolios of leasing properties listed.
- **Co-Living:** Direct competitors in the region are very rare, and awareness is just starting to come to the region such as in [this article](#) from the nearby US Virgin Islands. Nevertheless, there is still enormous growth potential, as the current lack of competition doesn't accurately reflect the enormous volume of tourism in the region.

What is our industry's geography and export intensity?

For our customer segment, the international providers are relevant and there, the intensity is rather high. In the coliving market, there is little intensity seen, but estimated to grow with time here, as with everywhere else.

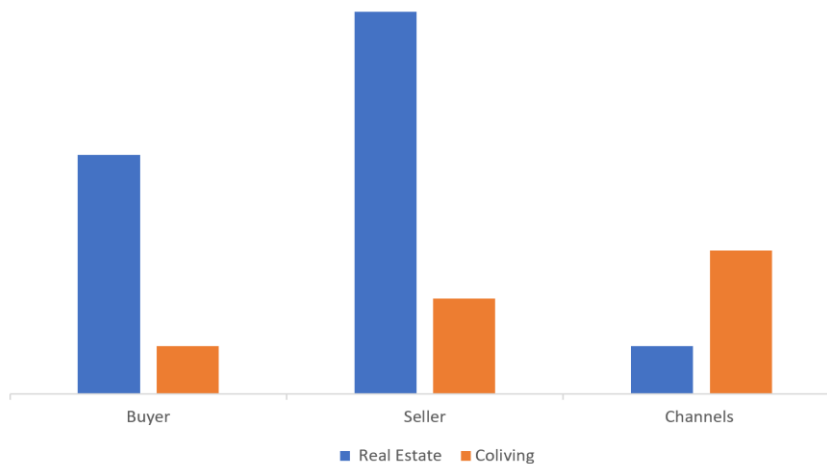
What is our industry's R&D intensity?

The R&D is still very intense. Providers across the globe are experimenting with different models and there is significantly more flux than you would expect in a mature market. The same can also be said for the prefabricated housing which forms the bulk of our physical assets, with a large probability that the R&D intensity will decrease once growth stabilizes.

Who are the largest and most important players?

- **AirBnB** currently offers more than 2000 listings on Martinique alone and is the clearest competition in the area.
- **VRBO** also offers a number of listings locally, with good variety but less reach than Airbn.
- **Ici et La** provides villas and rental properties in the region, although is limited to St. Barths. However, their limited geographic reach and upscale targeting make them less of a threat than the first two.

What is the concentration of buyers, sellers, channels?



Changes:

What are current trends and important developments?

- Huge growth in number of remote workers
- Democratization of housing
- Cost of housing in urban areas exploding

What problems is our industry experiencing?

Investor perception of sharing economy, particularly re: coworking in light of the **WeWork** IPO Increased regulation, particularly in Europe (which, as a part of the EU, affects the islands)

What national and international events have/will influence our industry?

- Brexit
- Global economy
- Terrorism/unrest
- Natural disasters in the region (ie. hurricanes and storms)

What are growth forecasts?

It's tough to say specific to the region due to a lack of hard data, but globally it looks phenomenal - major operators in the space currently have 3,700 beds with another 9,300+ in the pipeline. It predicts that over the course of the next five years, significant capital will be deployed toward delivery of thousands more beds across the world. With renters accounting for 65% of the under-35 cohort and only an estimated 5,000 co-living beds currently available, co-living is at a tipping point and increasingly on the radar of institutional investors.

What are important uncertainties in the industry?

There are questions about how attractive the shared economy as a whole will be to investors in the long term as well as potential regulatory hurdles. Indeed, two standard bearers for shared services, **Uber** and **WeWork**, reported nearly \$4B (!) in losses for 2018.

Where is our industry within the industry life cycle?

Coliving, like all great markets, is always evolving and improving, and part of that process is the life cycle of some operations, which makes way for even better things to come. Currently, it is in the growth stage where sales start to grow rapidly, prices may be reduced and new competitors enter the market and profit start coming.

Competitive Advantage:

Explain how you will use your resources and capabilities to build and retain competitive advantage in the market.

How will you differentiate your company and product/service offerings?

Prefabricated housing offers a substantial advantage over traditional models in that it offers both tremendous value and offers flexibility unheard of with brick and mortar housing in that it can quite literally be packed up and moved in a weekend should there be problems with a particular locale. This offers a modicum of safety should there be issues with unrest, terrorism, weather, or any of the other issues that sadly have become all-too-common features of modern life. In addition to that, it is significantly less expensive than traditional, allowing for us to spend more money on design elements, and to have much of the dwellings themselves designed for this purpose.

What best practices of existing firms will you imitate?

- [Outsite](#) has an excellent membership model and a great events and programming to keep people involved.
- [Roam](#) is excellent at weaving world-class throughout their spaces.
- [Unsettled](#) manages community incredibly.

What will you do better than existing firms, and how?

We differ by providing a more local experience while living in cabins in greater places. The cabins provide more privacy whereas common areas still foster the interpersonal connections. We encourage customers to enjoy local activities, those can include yoga, surfing, hiking, and the like depends on the location.

How will you leverage the 5-forces (e.g. erect entry barriers)?

- **Competitive rivalry:** by analyzing the competition we face both on a macro and micro scale about the direct competitors we have in the industry and the services they offer in comparison to ours.
- **Threat of substitute:** by observing our customers' behavioral changes, where we can find opportunities to update our services, or even grow a new service offering to meet their new needs.
- **Bargaining power of buyers:** by being flexible on service while maintaining an authoritative position in our market.
- **Threat of new entrants:** by creating barriers for new entry include absolute cost advantages, access to inputs and economies of scale.
- **Bargaining power of suppliers:** by securing the greater number of suppliers, so it's easier to switch to a cheaper alternative when needed. Since, the fewer suppliers available the greater control they have over our business as any rise in their prices has an immediate effect on our bottom line.

How will you compensate for resources and capabilities you don't have?

By realign capabilities and resources in new and differentiating ways with the strategic plan and determining which work to retain and which to allot resources, and prioritize them to our strategy. When necessary, we will consider streamlining or even outsourcing.

How will you ensure that your capabilities are dynamic and evolve as needed?

By adapting our business' resource base to react adequately and timely to external changes which requires a combination of multiple capabilities.

Who has a vested interest in your success and how will you get them to help you?

- **Our partners:** by providing exchange marketing with us which will assure their business continues (ie. catering, housekeeping and maintenance companies...)
- **Stakeholders:** by encouraging them to inject more funds to upscale the business.
- **Loyal customers:** by advertising for our business with their word-of-mouth which has proved to be the most effective way of marketing over decades.

Out of Porter's 2 choices, which one is going to be your long-term growth strategy?

Differentiation Focus: will be our long-term strategy where we create a unique desirable service for our customers in a niche market.