

Three Marketing Myths Every Builder Should Avoid

by Sue Durio



Ever wonder why some builders' sales seem to stay on a steady course, while others struggle along? One key difference may lie in their approach to marketing. The most successful homebuilders — large and small — make marketing an integral part of their everyday business operations. The less successful often fail by succumbing to three common marketing myths. If you're serious about building business long term, here are some simple things you can do and some things to avoid.

MYTH NUMBER 1

Cash flow is tight. We can't afford to market right now.

Think of your marketing investment as you do a stock market investment. If you want to generate real results, you must plan a strategy based on your long-term goals, and then stick with it, even when times are tough.

The fact is, in tough times, you can't afford *not* to market. There's no better time to build name recognition than in slower times. Why? For one thing, there's less noise. As other (less wise) businesses cut out their marketing, your message gets through more easily and is more likely to be recalled. Improved recall, over time, can grow to become top-of-mind awareness. As the business climate improves, you are well positioned to expand market share.

Businesses that continue marketing during hard economic times let the public know they are alive and well. For homebuilders — whose production cycle can be many months — communicating that you are here for the long haul is critical to retaining consumer confidence.

MYTH NUMBER 2

Our sales agent handles our marketing.

True, a sales agent markets your products, but selling a home and marketing your business are two entirely different efforts. A good sales agent will have a marketing plan to move your product. They will list the home in the Multiple Listing Service (MLS), hold open houses, advertise, create sales flyers and more.

Marketing your company requires a different, broader focus than that needed to sell an individual home. Marketing your company is all about clearly communicating who you are, how you are different from any other builder and why a buyer should choose you. Having a good marketing initiative underway for your company will dramatically improve the sales agent's ability to sell individual products. (For tips on building a company marketing initiative, see sidebar.)

MYTH NUMBER 3

To implement a marketing plan is too expensive.

Marketing doesn't have to mean buying Super Bowl airtime. There are lots of smart,

and inexpensive, marketing strategies that any builder can and should use.

Customer Testimonials. We all know the importance of customer referrals, but few companies really maximize them. Interview customers for customer case studies. Print these as part of your sales kit, give them to agents, frame and hang them in your office with photos of the customer's home, and post excerpts on your Web site.

And remember, if you want a customer referral, ask for it! Many customers are happy with a company's service and product, but don't tell others because they simply don't think about it. Just as we ask for their business at the outset, we must ask for their referral at the end of the transaction. Customer satisfaction surveys, either by phone, e-mail or postcard, are a great way to get feedback about your performance and to ask the customer to refer you to friends.

Press Releases. Research has found that consumers view news coverage about a company as much more credible than information contained in advertisements. You can help place your company in positive news articles by developing relationships with business editors and providing them with relevant news about your business. Possible topics: new hires, new construction, company milestones like anniversaries or "firsts," awards, sponsorships and community service. Conduct a survey to uncover trends in buyer preferences or regional outlook, and issue the results in a press release. Build a relationship with editors and real estate reporters and offer to be an industry information source when they need one.

Co-op Marketing. Cooperating with other companies can offset the expense of marketing. Suppliers and subcontractors are ideal co-op advertising partners — the light fixture or appliance company, carpet supplier, even the bank or title company. You can team up to place ads or combine resources to host a home tour. An Austin garage cabinet company, Nascent Storage Systems, maximized its exposure in homes at last spring's Flintrock Falls Home Tour, through co-op press releases with the builders. The publicity appeared in area newspapers and generated additional traffic for both Nascent and the homebuilders.

Public Relations. Strong relationships with key influencers are invaluable. An unsolicited word of endorsement by a banker or architect can be pivotal in landing a new client. Keep your influencers informed about your business. Let them know about new starts, new developments, and new techniques you're implementing. Maintain memberships in professional organizations and become actively involved. Seek out opportunities to speak to realtors and other business groups. Sponsor events in the community where your company name will be recognized.

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Thank You. Everyone appreciates being appreciated. And it costs very little to say thank you with customized gift baskets and personalized cards. Companies like Nell Baking (www.nellbaking.com) offer appreciation programs in which you simply e-mail or fax them the names of individuals to receive a gift, and they take it from there. You can bet a new homeowner will remember a tin of cookies with a thank-you note that arrives on move-in day. It's also a great way to say thanks for a referral.

The Web. A Web site is a must-have for any business and most builders have developed some

level of Web presence. Now that you have the Web site, maximize that investment. Check the site frequently for usage and traffic patterns. Make it a priority to add fresh content at least monthly.

In addition, consider publishing e-mail newsletters as an inexpensive, efficient way to reach targeted audiences. The most effective e-newsletters are those that minimize blatant self-promotion and instead deliver useful information. For instance, you might include excerpts from other publications about the latest in home design trends or new ideas in landscaping. Feature a supplier each issue or have them submit a brief article, like for

instance, what's new in home security systems. Who should receive your e-news? Prospects, current homeowner customers, media, and influencers should. The beauty of an e-newsletter is you can easily and inexpensively customize content for different reader groups, without the cost of printing and mailing different newsletters.

With some planning and a commitment to make marketing an ongoing priority, your business can succeed even in slow economic times. The time spent in researching your market and creating and implementing a marketing plan is truly an investment in your company's future. ■

How To Develop a Marketing Plan

Every homebuilder, regardless of size, should have a company marketing plan that outlines where the company wants to be in the future and how it plans to get there. Specifically, a good marketing plan will include the following:

- **A Business Review.** It's tempting to skip this exercise and go with gut instinct. By forcing yourself to undergo this in-depth analysis of your business, however, you and your team may uncover some surprises and avoid some costly mistakes. Ask these questions:

Who is our target market? Is your typical buyer of the past the buyer you expect to see in the future? Is your target market growing, shrinking or stable? And what are their buying habits — how often will they buy a new home? How loyal are they to their previous builder?

Segment your target market into primary and secondary groups. Primary target groups might be potential buyers for subdivisions in which you're building over the next 12 to 24 months. The U.S. Census offers a wealth of information on customers. With minimal effort and at no cost, you can mine invaluable data about age, income level, family size and much more, down to a specific city block. The site is located at www.census.gov.

Secondary targets include "influencers" — individuals who don't actually make a purchase but can have a substantial impact on potential buyers' decisions. Think in terms of bankers, title companies, real estate brokers, vendors, architects, interior designers, chambers of commerce, and schools.

What's our market penetration? Of your target market, what portion do you believe you can capture in what timeframe? Be real-

istic. To do this, analyze sales over the recent past. Look at performance trends by month, location, price range, house plan, and new versus repeat buyers. Compare your company's trends with those of competitors. Which companies have gained and lost the most market share, and why? This analysis will provide a good picture of which products and locations hold the most potential for sales and profit in the future.

How well-known are we? Increased mind share leads to increased market share. How aware is your target buyer of your company and its homes? And what do consumers perceive are the strengths and weakness of your products compared to the competition? Investing in market research at this stage of your planning will pay off in the long run. If you can't hire a marketing research firm, conduct your own research. Make random phone calls to at least 100 individuals. Ask them to name builders with which they are familiar. Keep track of those mentioned first and how often your company is mentioned in this unaided response.

Then name your company, and ask if they are familiar with the name. Have they or someone they know been a customer? What attributes do they use to describe your company and your homes? What do they like and dislike about your homes? And what are important attributes they look for in a homebuilder?

Are we priced right? All other things equal, price is the most powerful sales determinant. If

your homes are comparable in quality to the competition but higher in price, it doesn't take a rocket scientist to expect your sales will suffer. Know what the gross margin is on your homes and how flexible you can be. Know how your homes are priced in relation to other builders and why.

- **Sales Objectives.** Now that you have a clear picture of the market opportunities and competitive, economic and business challenges, it's time to set goals. Be ambitious but realistic. Set measurable goals for dollars, numbers of homes, and profit.
- **Positioning Strategy.** Outline a positioning strategy against the competition to gain the consumer perception you desire and generate the sales you project. Understand exactly how your products are different (better) than those of your primary competitors. Be able to articulate your competitive differentiation in two or three sentences.
- **Marketing Objectives and Strategies.** Outline what you want to achieve to meet sales goals and how you intend to do so. Develop an annual matrix and budget that maps out marketing initiatives to meet your goals.

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