



Developing A Basic Marketing Plan To Sell Houses [And Neighborhoods] *Workshop Materials*

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Developing a Basic Marketing Plan to Sell Houses [and Neighborhoods]

Are you concerned about selling property you've developed with NSP or another acquisition-rehab- and –resale program? Every organization developing property for sale should have a marketing plan, preferably before the project starts. Who will you sell to? What do they want? How will you reach them? What is your competition? All of these questions are important considerations when crafting price, product and promotion strategies for home sales. If that weren't enough, those of us working in neighborhood stabilization must also consider the impact of our actions on the neighborhoods in which our properties sit, and the well-being of the buyers to whom we are selling.

In my community development career, I've worked with neighbors, nonprofits, local government, real estate professionals, lenders and others to develop many place-based neighborhood revitalization strategies and marketing plans to attract strong buyers to properties for sale in those neighborhoods. None of the neighborhoods I worked in were "first-choice" neighborhoods, and so the houses for sale there had a built-in disadvantage over those in stronger neighborhoods, no matter what their quality. I have learned over the years about the common mistakes people make when promoting neighborhoods and houses like these, as well as some techniques that give a home and a neighborhood a fighting chance to compete for strong buyers in markets that are saturated with sellers.

Because of the time limitations of this session, we'll focus on the house, and a little bit on the block it sits on – but neighborhoods can and should have marketing plans also in order to complement home sales marketing plans and accomplish many other stabilization and revitalization goals.

The basic components of my marketing plans include:

1. Marketing Goal
2. Target Markets: Identification and Analysis
3. Product Benefits: Analysis and Refinement
4. Marketing Messages
5. Marketing Strategies
6. Evaluation Strategies
7. Budget

Some Quick Market Research Techniques

But first – if you do not already know the market you are selling in, you may want to do some research. Here are some things I do to become familiar with a neighborhood market quickly:

- Interview most recent buyers in this neighborhood and of your, or similar, housing products: why here? Why this house?
- Interview neighborhood leaders: what are the three reasons you can imagine a friend, family or colleague buying here?
- Interview real estate agents and brokers – who has been buying this neighborhood and this type of home in the recent past? What is on the market now? What's it look like? What do lookers say?

- Interview homebuyer educators and counselors: who is in their classes? What do they want? How close are they to being qualified? What could make your properties fit them better?
- I also try to actually walk through other homes on the market in this neighborhood, and similar and slightly better neighborhoods.

To List or Not To List

I believe that property should be listed with a qualified, licensed Realtor® with access to the Multiple Listing Service (MLS)— either in-house or out-of-house. Unless you are in a hot market, there is no way that a nonprofit or local government agency can match the experience, infrastructure, time and contacts of a real estate professional, with the MLS behind them, who is good at selling property in your price range. Every month your property sits on the market incurs serious carrying costs. You should shop around for a listing agent (unless your agency has its own broker on staff who is experienced and has time dedicated to selling your property). You'll want one who understands the current market, the buyers in it, and how to sell properties like yours in neighborhoods like the ones in which you are working. Important facts: According to the National Association of Realtors, 36% of homebuyers start their homebuying process by looking online for properties, and 18% contacted a Realtor® as their first step.

1: Marketing Goal

Marketing goals make it very clear what we are going for and when we want to get it. They define success so that everyone is on the same page and all of our marketing thinking is in alignment. Marketing goals should be specific and measurable.

Examples include:

- Sell each of X new homes within 60 days of construction; all by September 2002.
- Secure purchase agreements on all homes prior to end of construction.

Your marketing goal may need to be scheduled over time, with sub-goals to express the pipeline of inquiries required to reach the marketing goal, e.g., inquiries, home showings, intakes, applications, pre-qualifications, income certifications and sales contracts executed. For example, this is how it panned out for an organization selling fifteen homes in one year:

208 inquiries were received,
 78 looked at homes, (a ratio of 1 showing for every 2.5 inquiries), resulting in
 15 purchase agreements (a ratio of about 1 purchase agreement for every 14 inquiries)

This community had a pretty strong housing market at the time, so adjust your numbers according to the strength of your market. Here’s an example.

Marketing Goal:

Sell 12 homes within 60 days of construction, in the following schedule (this schedule anticipates a stronger initial reaction to marketing strategies):

	March	April	May	June	August
Construction Completed	3	3	3	3	
Inquiries (20:1)	80	60	60	40	
Viewings (10:1)	40	30	30	20	
Sales Contracts		3	3	3	3

2: Target Markets: Identification and Analysis

Target markets are those groups of people with like characteristics that can help us achieve our marketing goal. They are the people we need to influence with our marketing strategies.

When segmenting the market, consider:

1. **Demographic** target markets: gender, race, age, income, family size

Examples:

- Single-female headed households
- African-American families
- Latino families
- Single women without children
- Young couples and singles
- Divorced men

2. **Geographic** target markets: where they work, where they live, where they buy

Examples:

- Employees of General Hospital
- Residents of the Spring Hill public housing development
- Downtown renters

3. **Psychographic** target markets: lifestyle, motivating factors

Examples:

- Life stage buyers, such as empty nesters, growing families, out of college, etc.
- Alternative lifestyles
- Active lifestyles
- Historic home buffs
- Profile segmentation by research firms (e.g., “Achievers”, “Authentiks”, “Heartlanders”, “Trenders”, “Self-Sufficients” – the AdWriter system.)

4. **Referral** target markets

Examples:

- Real estate agents
- Lenders
- Homebuyer counselors
- Friends and family of existing neighbors
- Past customers
- Other service providers

When you identify your target markets, analyze them in order to know enough about them to design effective products, marketing messages and strategies. Develop profiles based on these questions:

1. Who are they?

Who are they exactly? What do you know about their likely characteristics? What do they earn, where do they work, what's their family size, age?

2. Where are they?

Where do they live, shop, hang out, work? What media are they exposed to? All of these answers can provide insight into where to place your marketing messages and strategies so that the target market actually hears them.

3. What do they want?

This is the most important question of all. What benefits are important to them? What are their priorities? This is not necessarily the same as what **you** want, what you think they **need**, or what you think they **should** want. Consider what they want in terms of the house, the neighborhood, and the price.

4. How much will they pay?

How much are your product benefits worth to this target market? How much time, how much work, how much risk, how much inconvenience, how much money? This is not necessarily the same as what they can afford to pay.

3: Product Benefits: Analysis and Refinement

When marketers talk about “the product”, they focus on the bundle of benefits that product offers to the target market – because that is what the customer cares about. It is very easy to become wrapped up in the features of the product (the interest rate, the building materials, etc.), but what we have to sell is the benefits. Here is an example of the difference:

Feature	Benefit
6% interest rate	Low monthly payment
Forgivable second mortgage	Monthly payment based on your income; the best deal in town; xx% more house for your money, low down payment
High quality rehab	Low maintenance, energy efficient, low utility bills, the home of your dreams, sunny kitchen, granite countertops, etc.
Low price	A price you can afford, a hedge against negative equity, a once-in-a-lifetime deal
Affordable urban neighborhood	Friendly neighbors, family-friendly neighborhood, walk to work, convenient location, low commute, diverse and interesting community, etc.

Now that you know your target markets and have translated the features of your product into benefits from the customer’s point of view, you can identify refinements to the product.

- For example, you may need to design a home you are selling in a particular way to attract the target market. If the houses you have are small, maybe you should be marketing them to singles and couples. Open up the floor plans and add features attractive to a market that does not have children.
- Maybe you need to add an incentive, like a time-limited discount, a free washer and dryer with home purchase, or a security system and yard lighting for the first five buyers, to create a sense of urgency.
- Look at the block this house is sitting on – if other houses look terrible, do something about it. A neighborhood organization in Milwaukee made small exterior improvement grants to all of the occupied houses on a block with four vacant foreclosed homes – they made it seem like the normal standard was high-quality and they inspired confidence in the future of the neighborhood. Enlist neighbors or local government in cleaning up the other yards to make the best impression.

4: Marketing Messages

Marketing messages are a list of statements that speak directly to your target audiences and address what they want. Use your product benefits analysis to develop your messages.

- Your message should tell what your product could do for this target market.
- It should make your product stand out from others.
- Your target market should know you are talking to them and meeting their wants.
- Don't forget to use these in your marketing tools! Be consistent and coordinated in your message delivery.

St. Ambrose Housing Aid Center (www.stambros.org) uses a very clear message when selling their properties:

“New and updated systems, American Home Shield and contractor's warranties, complete appliance package with all new appliances, and the reassurance of purchasing from St. Ambrose Housing Aid Center, make our homes perfect for the first time buyer.”

Message Mistakes to Avoid

1. First Let's Talk About Me, Me, Me

This is when you talk about your organization instead of the benefits of your product. For the most part, customers do not care about your organization, who its board members are, when and why it was founded, and all that other ancient history. Talk about the target market and the benefits.

2. Hoops R Us

This happens when all your messages are about the hoops people have to jump through in order to get to your product. Income restrictions, family-size restrictions, geographic restrictions, resale restrictions, etc. If you must have any of these, don't lead with them in your message. Talk first about what the customer is interested in.

3. Let Me Tell You How Bad Off the Neighborhood Is/You Are

This is when you talk about the customer or a target neighborhood according to their deficiencies and weaknesses instead of strengths. Many organizations inadvertently convey through their marketing messages that only poor, downtrodden people with no other choices at all should come to see them. Who wants to think of themselves that way? Who wants to spend time with an organization that sees them that way? Likewise, neighborhoods. Who wants to buy a home in a “high-crime area” (HUD actually advertised a program that way) or a “revitalization zone”? Who wants to buy a home in an area that has numerous needs, where the key headlines are that neighbors are fighting the city for playground cleanup, or violent crime is down by 10% (but still higher than everywhere else)?

Be careful how you talk about people and places. We are used to talking about problems because we get funding to fix them, but that doesn't mean we should talk about people and places that way to anyone but funders.

Also, be careful about focusing exclusively on price – buyers in this market do expect a great deal, but there are lots of great deals out there, and they may be in better neighborhoods. You need to distinguish your homes as outstanding quality at a great price in a great neighborhood.

5: Marketing Strategies

Marketing strategies and tools are simply the means by which you will deliver your message to your target market. Going back to your target market analysis to review how you answered the “where” question can be very helpful to ensuring that your marketing strategies meet the customer where they are.

Here are some ideas for marketing strategies and tools.

Internet Media

- Websites – a must, either your own or your Realtor’s
- Links to other websites
- E-mail notices and list serves
- Facebook
- Craig’s List

Paid Advertising

- Newspapers: daily, weekly shoppers, business journals, alternative/entertainment weeklies, ethnic newspapers, etc.
- Transit ads: buses, light rail lines, trains, billboards
- Radio
- Television
- Movie previews
- Newsletters and other publications of other organizations

Free Publicity

- Stories about products and programs
- Stories about customers
- Editorials and letters to the editor about foreclosure and related issues
- Guesting on radio or television talk shows
- Press conferences
- Press kits
- Press tours

Events

- Special open-house events for neighbors, church congregations, employers, clubs, homebuyer ed classes
- Sponsorships of events (ethnic festivals, home fairs)
- Booths at events, at public transit stops
- Homeownership fairs
- Historic home tours
- Neighborhood tours
- Groundbreakings

Printed Materials

- For-Sale signage
- Editorials
- Coupons
- Fact sheets
- Bill stuffers
- Newsletters
- Flyers
- Direct mail
- Brochures
- Postcards
- Posters

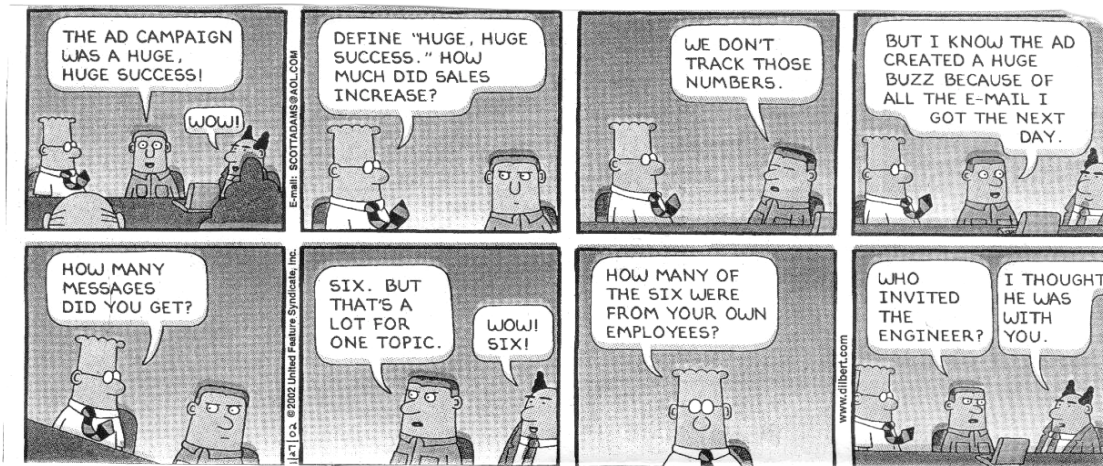
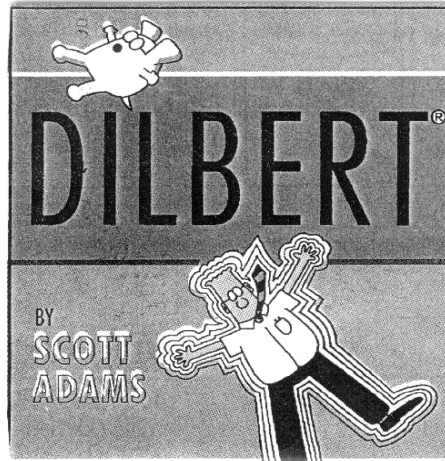
Partnerships

- Presentations at homebuyer ed classes
- Employer-sponsored presentations
- Lunch-n-Learns for downtown office workers
- Church presentations
- Realtors
- Lenders
- Presentations at schools for parents and staff
- Other nonprofits, service providers
- Post-college fraternities and sororities
- Multi-service agencies for particular ethnic groups
- Elected officials

Promotions

- Incentives with purchase
- Incentives for referrals
- Branding your product with a visible feature, like St. Ambrose's red doors
- Branding all NSP properties with a logo and marketing support to emphasize a great deal, great quality, etc.
- Time-restricted sales on loans and classes

6: Planning Evaluation Techniques



Evaluation Techniques

Measuring the success of marketing strategies allows us to determine what's working and what's not working, saving a lot of time and money. Use evaluation results to discontinue strategies that don't work and invest more in those that do, or try something else. Don't think that every marketing strategy you try is bound to be a winner – part of marketing is trial and error.

Try these basic evaluation techniques:

Benchmarking

Record the number of whatever it is you are selling (loans, houses) for a fixed period of time (3 months) before the marketing strategy is launched. Then measure the number for the same period of time after the marketing strategy is launched. The number of units should increase if your strategies are succeeding.

Phone Logs

Every time a customer contacts you, ask how they heard about you. Analyze the data regularly to determine which strategies are yielding the most success. A word of caution in interpreting the results: many people hear about products in several different ways before they act, and may only tell you the most recent or most important.

Customer Surveys

Ask why successful customers chose you, and what they liked or disliked about the experience. Ask customers who inquired about a product but did not follow up, or dropped out of the process along the way, why they did it ("lost customers"). Use focus groups, small lunches, written surveys (in your waiting room, mailed or phoned) and/or interviews.

Inquiries vs. Sales

Track the ratio of inquiries to sales to find out whether you are targeting the right audience with your marketing strategy or whether there is something unsatisfactory about the product or service.

For example, organizations that get general news coverage about their homeownership program have been inundated with calls from potential customers. Unfortunately, these inquiries took a lot of time to process, and it turned out most of the people did not qualify.

Another organization found out that 50% of its rehab loan customers were dropping out after loan approval – it turned out that was the first time they really understood they would have to pay back the loan, that it wasn't a grant. This organization changed the way it explained the program to customers to avoid this scenario.

7: Set and Fund a Budget

Recent interviews with high-producing nonprofit developers showed one thing in common: because their business model depends on fee income, they take marketing very seriously. They invest in a marketing plan and marketing strategies, and they have very specific goals that marketing efforts are expected to achieve.

A broker commission is one marketing expense. What else could be in the marketing budget?

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Ten Tricks for Marketing Neighborhoods as Places of Choice

By Marcia Nedland, Fall Creek Consultants

1. Get Clear About What Revitalization and Neighborhood Marketing Are Supposed to Accomplish.

Most bad marketing is confused marketing. What are your outcomes? How will you measure success? Whose behavior do you have to influence to achieve your outcomes? Does your staff and board understand the ramifications of using affordable housing as one of many tools to revitalize a neighborhood rather than as an outcome unto itself? Are they prepared to work to attract people with choices into the neighborhood in addition to responding to the needs of low-income neighbors?

The most common obstacle to organizational agreement about the point of revitalization and neighborhood marketing is fear of gentrification. Have this conversation with board and staff. Talk about ways to promote affordable housing without locking the neighborhood into a low- or no-appreciation market. Talk about the impact of a stagnant or declining market on low-income homeowners. Ask what people think the difference is between revitalization and gentrification. If the organization isn't clear and confident about marketing the neighborhood as a place of choice, marketing staff will get mixed messages and marketing will be confused and ineffective.

2. Prioritize Neighborhood Confidence as an Outcome.

Many community development organizations undermine their target neighborhoods by focusing on deficiencies, talking in the public media about problems they are fixing, etc. To avoid this, adopt an “acid test” which every program, project, marketing effort – every move the organization makes – must pass in order to get implemented. The one I recommend is **“Will this program/ project/ strategy /message inspire confidence in the future of this neighborhood among neighbors and potential homebuyers?”** By using potential homebuyers as part of your imaginary audience, you will be assured of carrying out revitalization programs and marketing strategies in ways that do not undermine confidence in the future of the neighborhood for all kinds of other investors, **including existing neighbors.**

3. Define, Expect, Cultivate And Reward A Set Of “Neighborhood Values”.

One of the greatest influences on a neighborhood's image comes from the degree to which neighbors embrace a set of basic “neighborhood values”. The values that support a neighborhood's quality of life and a positive image are simple and obvious, and don't require money to perform:

- Porches and yards are kept clean and tidy. No trash, no junk. Mown lawns.

- People do not litter streets and other public areas, and they immediately pick up any litter they find.
- People put their trash out on trash day in an appropriate receptacle, and they bring the receptacle in within a day of pickup. They do not place trash out days and weeks in advance of pickup because it flies away, is disturbed by animals, and is an eyesore for the street.
- People respect their neighbors and conduct their lives in ways that do not negatively impact their neighbors – no loud music, etc.
- People observe speed limits and other traffic regulations. They do not speed through the neighborhood endangering the lives of children, pets and others. They don't park in the middle of a street blocking traffic while they chat with friends. They don't park their cars in their front yards.
- People take responsibility for their children's actions and teach them to be good neighbors.
- People shovel snow from walks and porches, rake leaves, etc. in a timely manner.
- People do not deal drugs or allow drugs to be sold in their homes. Ditto for other criminal activities.

Do whatever you can to encourage, facilitate, and cajole people into embracing these values. Be creative – I've known organizations that pay for junk cars, old appliances and indoor furniture placed outdoors because for some people these items have value. Set up a tool lending library if people lack lawnmowers and other home maintenance tools. Get help for elderly or disabled neighbors. Use building code enforcement, environmental code enforcement, and even direct action such as picketing a bad landlord at his home or church.

4. Focus On Influencing All Sales Transactions – Not Just The Ones You Have An Ownership Interest In.

If your organization builds or purchases/rehabs/sells 10 properties a year, while 30 owner-occupied properties on the open market sell to investor owners who disinvest in the property and rent to tenants without neighborhood values, the neighborhood is experiencing a net loss of strong homeowners and you are bailing water with a sieve. There are many ways to influence sales in the normal market to make sure that properties sell to good landlords or to owner-occupants with neighborhood values who will signal stability and a bright future for the neighborhood.

5. Be “About the Neighborhood” Rather Than “About the Organization”.

If your mission is neighborhood revitalization, you should be focused more on marketing the neighborhood than on marketing your organization. If you have a booth at a neighborhood fair that draws in visitors, make the booth about what a great place the neighborhood is and how to buy a home there, not about how great your organization is and what you do. Don't lead your brochures and other marketing tools with information

about the organization – lead with what the customer cares about, the benefits available to them.

Remember – you are not in business to be in business, you are in business to promote and restore the neighborhood.

6. Segment the Market.

“One message fits all” doesn’t work best in marketing. People are different, with different interests and priorities, and they want marketing to speak directly to them. For each marketing goal, figure out who your key target markets are, and refine the product, message and marketing strategies to what will work best for them.

Many nonprofits react negatively to the idea of market segmentation because they think it is designed to exclude people. Quite the contrary; segmentation allows us to provide better customer service, more appropriate products, and helps us spend the most resources on the people with whom we will have the greatest chance of success.

7. Consider Risk Tolerance in Marketing.

When you identify target markets, particularly for home purchase, begin marketing with groups that have a high tolerance for risk, and work your way up to those who have a lower tolerance for risk. For example, a common consumer behavior model describes categories of people who buy a new product over time in a bell curve:

Innovators: A small group who buys first because they value being different. In neighborhoods, we often see artists and the gay community take on a declining neighborhood that eventually turns around. It is only after they “forge a trail”, so to speak, that lower-risk groups will consider a neighborhood with a questionable reputation. Other buyers may have a higher tolerance for risk because they grew up in the neighborhood, they already rent there, it is worth it because they work nearby, etc.

Early Adopters: The next group, slightly larger, who will buy a product after they see the innovators buy it. In neighborhood homebuyer terms, these could be markets like friends and family of existing neighbors, more skeptical renters, people who work nearby and want a shorter commute, people without kids for whom school quality is not an issue.

Early Majority: The next group, much larger, with, again, a lower tolerance for risk. They are made more comfortable about purchasing a product because they watched the Early Adopters do it. For neighborhoods, these could be families with children in the neighborhood public or parochial schools, young couples without kids who visit the neighborhood regularly for some reason, and people from all the previous groups who just had a lower tolerance for risk.

Late Majority: This next group follows the Early Majority at the peak of the bell curve. They would never have considered buying before the Early Majority did. These could be families with kids who could choose from other city neighborhoods, people of higher incomes who want their investment in a home to appreciate, children of older neighbors who now believe the neighborhood is worth returning to, etc.

There are a couple of other, even lower-risk groups that finish out the bell curve in this model. The important lesson here is not to focus first on attracting people in the Late Majority, because you will waste your resources.

8. Find Buyers Who Will, By Their Choice Of The Neighborhood, Signify To Others That The Neighborhood Is Improving – And Then Market Their Choice Like Crazy.

In Battle Creek, Michigan, Neighborhoods Inc. was able to recruit a past president of the local Urban League to buy a home in the target neighborhood. This was a person everyone knew could have chosen many other neighborhoods, and who caused neighbors to believe the neighborhood must be getting better. By making sure everyone knows when someone like this buys, you can push your way up the bell curve of risk tolerance faster.

9. Change the Subject.

One problem most declining neighborhoods face is a reputation with the media and the general public characterized by problems like crime and drugs. There are two ways to deal with this. The one that doesn't work is to attempt to change public opinion by talking about what the organization is doing to fight those problems. This usually reinforces the image of crime and drugs by reminding people all the time of the problems you are trying to solve.

The other approach, which works better, is to actively change the subject. Give the media and the public lots and lots of stories about things that are wonderful in the neighborhood. And don't act surprised that something good is happening in the neighborhood. For example, don't do a story that says "although this neighborhood is oppressed and downtrodden, a few dedicated neighbors are planting a garden anyway!" Do stories on the private gardens in your neighborhood, on the ethnic restaurants and groceries if you have them, on the winners of your Good Neighbor Awards, on recent home renovations, on recent homebuyers. Think of your job as replacing the image people have of your neighborhood rather than changing it.

10. Make Things Special.

As you consider options in neighborhood strategies and marketing, try to always figure out how to make a building, a park, a street, a neighborhood entry – whatever it is you

are working on – look special. For an overall neighborhood, this may mean identifying the sub-neighborhoods, naming them, developing logos for them, and then putting up banners and gateway signs that define them. For a home improvement or rehab, figure out what it would take to make that house look like the best house on the block. What's special in one place will be different from what it is in another, but it is always easy to figure out. The accumulation of making individual things special produces a special neighborhood. Special inspires confidence and special sells.

For more information on neighborhood and other marketing, visit www.fallcreekconsultants.com.

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