

Hook, Line, & Sinkers

As big builders struggle to solve the sales equation in an ultra-competitive environment, psychographics may hold the key to proper customer care.

Writer Solomon Short once said, “Any great truth can—and eventually will—be expressed as a cliché” In the real estate business, of which home building is a significant part, entire conversations are comprised of clichés, many of which do express great truth. But clichés, like truth, can wither over time; what is true today may not be true tomorrow. Thus, yesterday’s broad-scale “location, location, location” or “luxury living” are rapidly being replaced by another, newer cliché: “Builder, know thy buyer.”

The truth is, a sparkling amenity package and decent location, on their own, no longer sell homes. In the current atmosphere, even spectacularly situated projects with all-inclusive, top-of-the-line standards can sit collecting drywall dust while a strategically targeted community sells out. The secret is in the word “targeted.”

Targeting involves the employment of the semi-science of

psychographics, which comes with its own splendid display of clichéd-but-true profiles: urban retirees or “ruppies;” ruralists; technophilic Gen-Xers; lesbian, gay, bisexual and trans-gendered (LGBT) Gen-Xers; the LGBT faction of the Eisenhower generation; Hispanic-, Asian-, or African-American—the list goes on and on. Demographics groups people according to birth year, gender, race and ethnicity, geography, income, and, perhaps, education. Psychographics goes farther in establishing kinship, to shared interests, buying preferences, cultural and historical reference points, etc.

Merely knowing who these groups are is insufficient, according to Teri Slavik-Tsuyuki, senior vice president and chief marketing officer at San Diego, Calif.-based Newland Communities. “Builders and developers tend to approach these and any groups—Gen-X, Gen-Y, Latinos, LGBT, urbanists, etc.—from the perspective of

BY LISA BROWN



PHOTO: GETTY

“The objections or fears from buyers have shifted as the psychology of home buying has changed.” – CHRIS SHAXTED, LAKEWOOD HOMES

homogenous groups and then make planning and development decisions that are sometimes based on a generic or narrow view," she says. "At Newland, we do a lot of our own proprietary research, and we combine that with large, nationwide macro trends that have been uncovered by the likes of Yankelovich. We believe that consumers in America today are struggling with some pretty big challenges: time famine, work/life balance, financial stability, and caring for their families (aging and otherwise). These challenges cross all categories, and the trick is to understand their relevance as motivators for each."

Just getting the message to individual members of these broad groups requires more than just cursory research. Scott Choppin, CEO of Urban Pacific Group, explains that while baby boomers tend to be more heavy newspaper readers than their younger counterparts, he sees less and less dependence on—and therefore a decreased value in advertising within—them. "A Gen-Xer won't even look at the newspaper," he says, noting their perception of it as an "archaic medium."

But Choppin has found that while print may still reach the boomers, so, too, does the Internet—boomers, he notices, are not quite as technophobic as conventional wisdom, at least among younger generations, might have it. This has driven the company's entire sales and marketing business plan to digital channels and prompted the creation of a more robust online presence.

DESIGNS AND DESTINATIONS

There are, however, broad trends that cut across the psychographic spectrum. One such trend is urban infill.

"The Gen-Y group isn't looking to buy their parents' suburban tract house; they're looking for more services close to where they're buying—infill, urban locations rather than suburban," says John Waldron, senior associate with Withee Malcolm Architects' Torrance, Calif., office. The same may be true of their grandparents. "In terms of the move-down buyer in the senior population, there's an advantage in being

closer to goods and services rather than being separated from them," he says.

Diane Zile, vice president of Louisville, Colo.-based McStain Neighborhoods, acknowledges her company's previously held misconception that empty nesters would be opposed to multi-level housing in the urban environment. "That is clearly not always the case," she says. "Today's active adults are looking for distinctive design and innovative floor plans located in vibrant, connected, walkable communities."

Waldron notes the importance of single-level floor plans with ample entertaining space and a second bedroom for guests in the housing market's mature buyer segment. Not so for the grandkids, however. "On the younger side," he notes, "they're



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looking for places in the urban environment, something with a little bit of attitude to it" Waldron characterizes these "edgy, loft-type spaces" as more open plans partitioned through the use of furniture rather than walls.

BEWARE STEREOTYPES

Of course, it's important to differentiate between psychographic market segmentation and stereotyping. Sometimes they get muddled up. One wrong step, and what's intended as a positively tailored and precisely aimed sales approach can quickly become a prospective buyer's nightmare.

"Builders often mention to me that women should be involved in designing homes because they are the ones spending time in the kitchen," notes Warmington

Homes California's vice president of sales and marketing Cheryl O'Connor. "That is a myth and stereotype that needs to go away."

A sales staff that automatically assumes the female faction of married couples will gravitate toward the kitchen packs the negative double wallop of potentially insulting a wife and alienating a culinary-minded husband. All facets of a home's design should be discussed with equal importance and detail across all parties involved, she advises.

Of course, that's not to say that women don't represent a strong potential for increased market share; O'Connor points to single women, both those who have divorced and those who have never married, as the fastest growing population segment to enter the housing market. "This segment of the population is 28 percent, and Fannie Mae says single women are becoming homeowners at twice the rate of single men," she notes.

CULTURAL CATERING

Perhaps of greater importance than sensitive gender issues is the need to identify and provide for the needs of various cultural market segments.

"We have spent a lot of time on cross-cultural training here at Warmington, so our entire team has an awareness of different cultures," O'Connor explains. "We also try to match the anticipated buyer profile with a salesperson that they can relate to. For example, our salesperson in Palo Alto, who works with primarily Asian buyers who are engineers in their line of work, has a background in the high-tech business. When they ask many technical questions, that salesperson is better poised to answer them."

Cultural differences not only necessitate targeted sales tactics, they often call for plan differentiation as well.

"From a design standpoint, we found that the suite downstairs was very important to our Asian buyers but did not translate to be as important to other demographics," O'Connor says. "One community with a heavy Asian demographic would only buy if there was a suite. Another heavier Filipino and Caucasian demographic really wanted the garage space?"

PHOTO: COURTESY WARMINGTON HOMES

PSYCHOGRAPHIC SOURCES

Where do you go for information on cutting-edge trends in market segmentation? BIG BUILDER spoke with several industry executives to get the answers.

"Constant reading of trends both in our industry and other businesses is very important," says Warmington Homes California sales and marketing VP Cheryl O'Connor, pointing to the local Chamber of Commerce, McCormack's guides, and Census information as just a few of her company's resources for up-to-the-minute info. "The Urban Land Institute does a great job with educational walking tours of new neighborhoods, which can be very beneficial in getting a feel for what is going on," she adds.

Newland Communities conducts its "own proprietary consumer research on values, attitudes, and lifestyles, including buyer preferences and purchase motivators," according to chief marketing officer and senior vice president Teri Slavik-Tsuyuki. "Some of this we do through our Lifestyle & Living panels, which are Web-based panels we have developed for our residents and visitors to our communities, where we can ask them a series of questions and easily and quickly tabulate their responses—either by community, region, or even nationally. We also use Claritas and ESRI for macro profiles and as a base for our own research; for larger trends, we rely a lot on our relationship with Yankelovich."

"We use all of the available market studies and resources to stay on top of current trends, including Hanley Wood Market Intelligence and Metrostudy," says Diane Zile, vice president of McStain Neighborhoods. "We also access local competitive analysis from strategic business partners and

consultants, such as Genesis. Honestly, our best source of information is our customers. We actively seek feedback and input from our interest lists and prospects in our sales offices and home design studio through a variety of surveys and tools."

"We tend to use a handful of advertising firms to do a lot of

research on the buyer profile, which is a unique product of the environment," says Urban Pacific Group CEO Scott Choppin. "Liquid Advertising out of Atlanta, they are as much of a demographic/psychographic research firm as they are an advertising firm."

Urban Pacific also utilizes surveys of existing buyers in order to



THE INSIDE SCOOP: GENERATIONAL MARKETING

GENERATION	BIRTH YEARS	ESSENCE
Echo Boomers	1979–1991	Authorship, Autonomy, Authenticity
Gen-Xers	1965–1978	Savvy, Diversity, Entrepreneurism
Baby Boomers	1946–1964	Individuality, Youth, Self Absorption
Matures	Prior to 1946	Duty, Victory, Teamwork

SOURCE: YANKELOVICH, WWW.YANKELOVICH.COM

correct during a project's second phase for initial market research that may have been slightly off the mark. "We have the opportunity to thoroughly find out what they like, what they don't like—that's how we found out boomers spend a lot more time online, with boutique-style advertising demographic research."

Across the board, maintaining an ever-present finger on the pulse of your target audience is crucial for success. "What might have worked well last year or the year before has completely changed because the objections or fears from buyers have shifted as the psychology of home buying has changed," says Chris Shaxted, executive VP of Lakewood Homes. "You need new focus groups, you need to update your information, 'cause it ain't the same."

“The Hispanic market has played a pretty significant role in our overall sales,” notes Chris Shaxted, executive vice president of Hoffman Estates, Ill.-based Lakewood Homes. “Recently, those numbers have deteriorated. Part of that is they’re obviously in tune with the media and what’s going on in the overall market; they’re also affected by the government’s inability to make decisions on the issues related to undocumented residents.”

Regardless of a recent stall in sales, Lakewood continues to focus on the Hispanic market, not only with Spanish-language collateral materials but also by manning its sales and mortgage company offices with bilingual staffers, according to Shaxted.

Similarly, Waldron identifies the Hispanic market as a unique opportunity, particularly in California. Working with builders and developers that specialize in Hispanic communities, Withee Malcolm situates larger floor plans with an increased number of rooms in close-in, transitional areas in order to provide a single-family alternative at a lower price point.

IDENTIFY AND ADAPT

Shaxted has also witnessed a decrease in the Gen-X/echo boom buyer segment with respect to its willingness or ability to react in the current market. “That group needs a little bit of extra hand-holding and comfort to get over the fears that are instilled these days,” he says. “We’re working closely to make sure they understand, when they come into our office, they’re dealing with professionals who are there to help them, counsel them, and provide some service for them.”

In a similar vein, Urban Pacific has partnered with Atlanta, Ga.-based Liquid Advertising to leverage its community Web site as a forward-thinking marketing mechanism. Via registration form and the addition of a cookie on one’s computer, the site self-tailors itself to each user’s psychographic profile. “What a Gen-Xer sees versus what a baby boomer sees, it’s a unique Web site,” Choppin says. “It’s responsive to the person’s preferences.” While the Web site may feature mountain biking or other adventurous outdoor activities when viewed by a returning Gen-Xer, a

boomer might be pitched downtown theater events and live music performances.

“The lifestyle profile is different; we want to make sure we’re delivering the right message to the right demographic,” Choppin explains. “Up until eight months ago, I never knew you had the capacity to do that. Having the ability to read somebody coming back to a Web site—it’s sort of Big Brother-ish, but in a good way.”

“We need to elevate the home buying process from a ‘transaction’ to more of an ‘experience,’” Slavik-Tsuyuki says. “It starts with understanding that, more than ever before, the customer is in control of the experience and that we are not. We need to work more intentionally with our own teams and our builders’ sales teams to ensure we have the right people, places, and processes to support buyers in their journey—not just to deliver the same information to everyone, regardless of their family type or what we might think are the important points to communicate about our community. I call it looking from the outside in, not the inside out.” **BB**

LEVERAGE THE LOVE

In today’s cut-throat climate, a builder’s longevity and future success may be determined by the ability to foster that “warm and fuzzy” feeling in the minds and hearts of its prospective buyers—rather than by a propensity toward slashing prices.

“At Berkeley Homes, customer service is part of our brand promise,” says president and owner Rich Laws. “Our customer service teams work hard to cultivate personal relationships with each and every one of our buyers. When we talk about a home under construction, it’s referred to by the owner’s name, not the lot number. Other than offering outstanding customer service, one of the ways that Berkeley keeps customers happy is through homeowner appreciation events.”



Laws enjoys thanking owners in person for their business and says that the events always generate a positive word-of-mouth buzz about the company—a sentiment echoed by builders nationwide.

“We hold ‘Get to Know Your Builder’ parties in every community we build in, so we get to know the buyers better and they get to know us,” says Cheryl O’Connor, vice president of sales and marketing for Warmington Homes California. “It’s amazing what you can learn from these informal get-togethers, and

you can see how the neighbors relate to each other.”

Located in the master planned community of Highlands Ranch, Berkeley Homes’ Firelight opened its doors in April 2002. Four years and 246 single-family homes later, the community celebrated its close out with a barbecue held in Firelight’s park on July 22, 2006. Berkeley Homes coordinated save-the-date flyers, formal invitations, and signage. Approximately 150 homeowners attended and enjoyed food, music, face painting, volleyball, and raffle

prizes such as a flat-screen TV.

While Chris Shaxted, Lakewood Homes’ executive vice president, notes the importance of customer appreciation efforts, he says, “There’s nothing terribly fancy about it. We do have a very strong communication process where we like to make sure that the buyer is informed and feels that they’re not neglected. The biggest issue is letting them know when the house will be done and being very accurate from that first meeting.”

Shaxted further notes the importance of maintaining honesty and integrity at the forefront of your day-to-day operations. “Without that, there’s suspicion and getting on the wrong side of the track from the get-go,” he says. “You’re never really able to recover once that happens.”

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