

Point of View

Filling a Need

Focus on the sweet spot in your market.

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It's a tough market out there. Builders who have survived have made deep cuts and carefully evaluated their internal processes and product lines. Cutting costs and building efficiently have become the norm, and are the areas I have focused on when I have spoken with many of you.

Today, I want to address another important issue—finding the sweet spot in your market. There are builders out there who, despite all the challenges in the marketplace, have been able to grow. In fact, some have even expanded their operations, opened new communities, and even have had to put some buyers on hold because they don't have the capacity to do more.

With so few buyers in the market and so many foreclosures and short sales competing for those same buyers, how have these builders succeeded? Have they broadened their marketing campaigns and targeted anyone and everyone willing to buy a home? Have they increased their marketing dollars to develop high-cost advertising for events or to place ads in a location where everyone can see them? Have they been all things to all people?

Surprisingly, that is not the answer. These builders have been successful because they understand their market and are working to fill a specific need for a specific group of people. These builders have found and capitalized on a sweet spot.

Let me share a couple of examples. In a town that has opened a new military base, one builder shifted his entire focus to providing energy-efficient, low-cost military family housing. He created a neighborhood close to the base with walking trails and other amenities soldiers and veterans desire and/or need in their lives. He marketed directly to the military families through their channels and supported community events where the military were present. He did not waste his money on bulletin boards or newspaper ads because this was not where his buyer was. He didn't turn away civilian buyers, of course, but his main focus was on providing housing where military personnel wanted to live.



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Because of his strong focus on this sweet spot, the builder is selling more homes than anyone in his area. He gets his buyers and has created a place where they want to live that has now become much in demand.

Another builder we work with had a different strategy. This builder built in an area that has become a hot location for young, first-time buyers. To take advantage of that market, he revised his product to make it smaller and more economical, then created a targeted campaign. After a year of marketing to the general first-time buyer through ads in apartment complexes and locations where young buyers hang out, he had gained little traction.

He looked closer at the demographics of the buyers and discovered that it was mostly women moving from their parents' homes. Looking at which competitor products had the most success, he saw that these young women purchased energy-efficient upgrades when buying new homes. Once the builder realized that, he reevaluated his product, modified his outreach campaign, and made other minor adjustments. The results? More sales in the last three months than in all of last year.

I could tell you a few more similar stories, but the point is that if you try to satisfy everyone, you satisfy no one. You don't need to pursue the largest population of buyers. If you focus on a sweet spot there will be less competition for that buyer. Your competitor is pursuing the typical buyer—young, first-time buyer or empty-nester.

To sell more homes in this market, you need to evaluate who is buying, understand why they are buying, and then create a product and campaign to capture those specific buyers. Segment your market further. Does that young buyer like to hike and spend time outdoors? Is that buyer looking to be closer to work? Do they take in roommates to offset the mortgage? If you can establish the exact profile for your community, your campaign will be more targeted, successful, and profitable.

Good luck to you! **B**