

Cost-Effective MARKETING for Builders

My building business in Lindon, Utah, has grown and changed a lot in a short time. A few years ago I was building just three or four custom homes a year. But then two

by Sam Morgan

things happened. First, I started building both specs and customs and increased

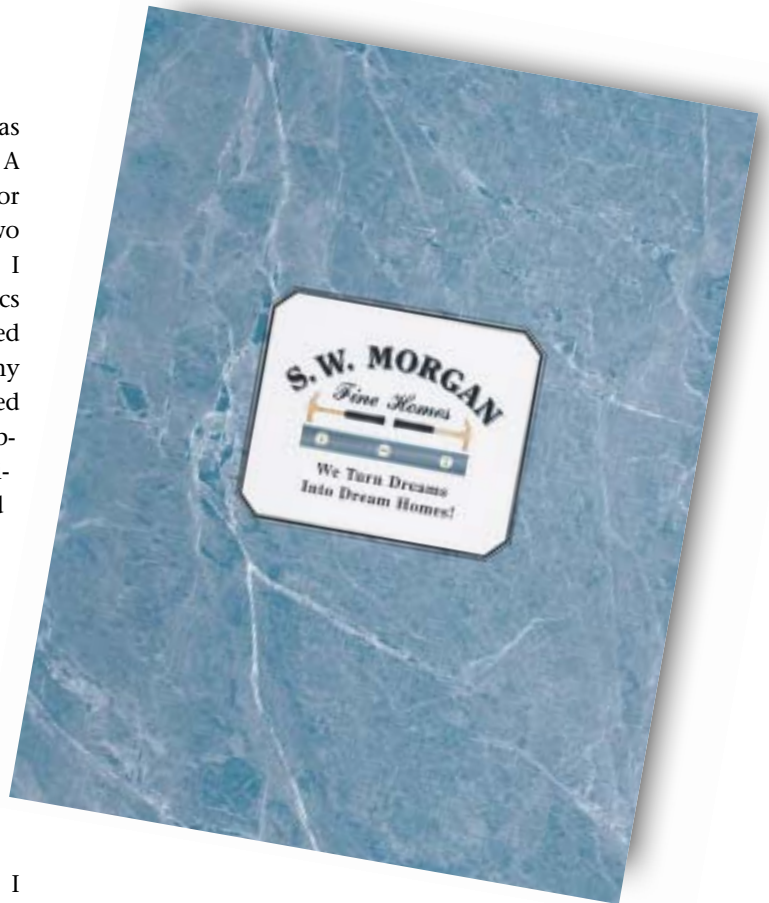
my volume to eight or ten homes a year. Second, my partners and I started developing land. Now I've reached the point where I'm selling lots in a couple of 40-lot subdivisions, putting together a third and larger subdivision, and still trying to build ten or more spec and custom homes a year, focusing on the upscale market in our growing city. It's a whole different ball game.

To attract enough serious customers to make these developments fly, I have to get my company's name in front of a lot of people and build recognition. And to attract buyers in the upscale market I'm after, I have to stand out from the pack. In other words, I need good marketing — and lots of it.

Good marketing's not free. It's not even cheap. But recently I've found a source of extra funds for the high-quality, high-volume marketing campaign I want. It's based on co-op advertising. The idea was brought to me by Shalee Johanson, who runs a Salt Lake firm called Advantage Marketing.

A Marketing Package

Here's how a company like Advantage Marketing operates: A builder who wants some basic marketing material to distribute in his area contacts the firm, which provides a simple website and a small brochure for a fee of about a thousand dollars. The marketing company will help design the website and brochure and help write the material.



Beef up your marketing
with the help of co-op
dollars from manufacturers,
suppliers, and subs

The marketing company then sells ads in the brochure and on the website to subcontractors and suppliers who work with the builder (see Figure 1). Just about all building product manufacturers devote part of their marketing budget to teaming up with builders, and that money can help the builder defray the cost of a marketing project. In some cases, income from website banner ads and print ads in a small brochure can even bring the builder a small profit on the project.

My goal wasn't to make money on the brochure. I wanted a comprehensive marketing program that would make my company stand out from the other builders in town. I was willing to invest whatever income the project might generate to creating a bigger brochure and a more impressive website with a more custom look.

Package deal. With that in mind, our marketing consultant developed a complete marketing program. It includes a full-color 12-page brochure (complete with photography, text, design, and printing); a website, designed and put online, with at least a year's hosting paid for; a CD-ROM that includes a PowerPoint presentation and ten minutes of video; and a kit folder that holds the brochure, CD, my business card, and other items I may want to include, such as model home plans or site plans.

For a builder my size, it's a comprehensive package, and one that I would never have time to put together for myself. Best of all, the whole program is costing me little or nothing to implement. Most of the money comes from the advertising budgets of big companies who supply the building materials and other products I use in my homes.

Co-op Funding

Every builder uses products — carpets, windows, flooring, countertops, cabinets, you name it — and the suppliers of every component down to the toilets have co-op advertising money available. There's fireplace money you can use, window money, insulation money, electrical supply money — all available to fund your marketing. For example, I can get \$500 for advertising every time I start a home that uses gas. All I have to do is put the gas company's logo on my material (Figure 2, next page). Companies usually renew their co-op advertising budget every fiscal year.

Most builders aren't aware that these kinds of funds even exist, because they're not in direct contact with the manufacturer's reps. But even now that I am aware of it, taking advantage of it on my own would be too complicated for me. Manufacturers have different sets of rules about what you can use the money for. One manufacturer might fund websites but not print items; another might pay for billboards but not a CD-ROM. They allocate the funds by various criteria too — some use a percentage of last year's purchases; others give you a flat rate. They may use different fiscal years as well, so the timing can be tricky.

A skilled marketing professional has established relationships with a network of manufacturers and knows the ins and outs of all of their programs. In addition to helping me put a plan together, my consultant collected the funds.



Figure 1. Specialty subcontractor ads in the author's brochure help promote the company's image as part of an established professional team. Subs pay for the ads to help defray the cost of the marketing campaign, usually with support from suppliers in their markets. Insulation, gas, fireplace, and other materials suppliers helped pay for this page in the author's company brochure.

I kicked in a little money of my own, to get 10,000 copies of the brochure instead of just 2,500. I'm also going to foot the bill for replicating the CD; however, the money for creating and producing the original is coming from others. The entire marketing package, including the consultant's fees, was paid for out of manufacturers' budgets.

My advice to builders who are thinking of taking this route is to start by asking your local suppliers to put you in touch with some manufacturer's reps. Tell the reps that you want to get involved with their co-op marketing effort and ask them what professional marketers they work with. With any luck, that will lead you to a company with the expertise to manage the process for you. Co-op marketing isn't limited to companies of a particular size. A small builder who wants to grow, or even to stay small while focusing on a specific kind of job or customer, can use the same methods to support the appropriate marketing effort. In fact, some companies will help support a builder who is brand new and has never built or sold a house. From the supplier's standpoint, that's a worthwhile way to lock in a customer for the long run.

Signing up subs. Advantage Marketing was able to bring my subs into the game by turning to their material suppliers. My painter has used money from a paint supplier to buy an ad in my brochure, and my electrician has gotten money from his electrical supplier. Having them in my marketing package conveys the message that I have qualified, professional specialty contractors on my team — one of the things that I believe helps me do quality work.

Brochure, CD, and Website

My brochure is almost like a small magazine. It's 8½ by 11 inches and 12 pages long, with glossy paper and a heavy cover. It has on-site photos of me and my crew, as well as interior and exterior photos of some of our finished homes. The text introduces me and my company, explains how I like to work, and highlights our strongest points as a company. The idea is to help customers feel friendly toward me even before we meet, so they will feel more comfortable about calling me to talk about their projects.

Getting personal. We also made a point of including testimonials from some of my past clients (Figure 3, next page). These personalized



Figure 2. This color brochure page emphasizing quality details includes the gas company's logo with a picture of a gas fireplace featured in one of the author's homes. The gas utility in the author's area provides him with \$500 for every home he builds that uses gas, to support his marketing effort.

endorsements carry a lot of weight with potential customers and emphasize that I personally deal with each client on a one-to-one basis. All my materials stress that I'm going to be on every job full time, and that I'm going to manage the whole process (Figure 4, page 5). I want potential clients to understand that when they entrust their money to me, I'm going to assume full responsibility and take a lot of care with the work.

The CD repeats the same basic formula — stressing the quality of the homes, but also the one-on-one relationship that I have with every client. Advantage Marketing works with a company that does video production, and a camera and sound team followed us around on jobs for a few days to produce the ten minutes of video

on the CD. They also did some interior and exterior filming on finished jobs. Soon we're going to add video content to our website as well, although people with slower web connections will have the option of a still-only page.

Taking aim online. The website repeats the same message in a different medium. The idea is that wherever people see any information about me and my company, they're getting the same ideas: that we do quality work, that we take pride in every job, and that we will handle their job personally and relate to them directly, one on one.

A lot of builders use their websites for business and production as well as marketing. Some guys I know use their website for scheduling, or have special password-protected sections that customers can visit to check on the status of their jobs. I'm not doing anything that advanced. My site is strictly for identifying my company to the public and giving potential customers another way to contact me.

Reaching Out: The Campaign

I distribute some of our marketing material myself by putting brochures in boxes at my new home sites and handing them out at home shows where we have a booth. But a good marketing person can take it quite a bit further.

Mailings and word of mouth. Direct mail, for example, can be a great way to get the word out. We send brochures to people out of state who've inquired about the area through the chamber of commerce and other local economic development organizations. We also mail the kit to people who list a home for sale. Our consultant supplies brochures to the human resource directors of large companies with operations in our area, so employees who are relocating here from other company locations will know about us while they're planning their move. In addition, we mail the kit to past clients and ask them to refer us to their friends and acquaintances. Client referrals are the best advertising a builder can have, and when the person providing the referral can pass along a professional-looking information packet at the same time, you gain even more credibility.

Our marketing person works closely with realtors in our area. She takes the packets to real estate offices and does a five-minute presentation about my business. That way, if the realtor has a client who can't seem to find the right existing home, or who likes the area where our development is located, the realtor can provide that client with both a name and a packet of information, as well as a personal contact to relate to. Realtors who sell a home for me get the same commission they would get on any other deal, so if I hand them a solid set of material to help in the sale, they've got every reason to put it to good use.

Handling Leads

My marketing consultant is not my salesperson. Her job is just to get my phone ringing; when the customer calls or walks in the door, the ball's in my court.

Custom vs. spec leads. Because I'm seldom in my office during the day, I put my cell phone number on most of my marketing material. This keeps me from missing calls and lets me deal with every custom home buyer myself, which is how I like it.

On the other hand, I don't want to take the



Figure 3. The author's marketing consultant emphasizes word-of-mouth marketing, especially from former customers. All the marketing materials feature personal testimonials from clients.

When you choose to build a custom home with S.W. Morgan Fine Homes, you can be assured of personalized service that only a genuine custom home builder can provide. This personalized, individual attention, combined with 15 years of experience in the home building industry means that you will have the home you've always wanted. Sam W. Morgan has the funds and experience, and easy to work with personality that makes building a home simple and gratifying. Sam and his family have lived and worked in the area since 1989. They are active in the community such as Sam taking his work a step further (one month and volunteering his time and materials to charities such as the "Ronald McDonald Foundation" building children's playhouses, donating them as a show home and then donating to charity). S.W. Morgan Fine Homes believes in building homes hand in hand with their clients and team of experts, providing each homeowner the finest general construction available, on-to-home craftsmanship, the best sub-contractors in the area and a professional sales staff to walk each and every client through the new home building experience. This ensures complete satisfaction. Any builder can build you a house, but S.W. Morgan Fine Homes sure to it that your house becomes a home, and it's GUARANTEED.



Sam W. Morgan
General Contractor




S.W. Morgan Family & Client's Pleasure



The spirit of natural

S.W. MORGAN
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Sam W. Morgan has built a business based on a solid foundation. This is similar in the way he builds homes. Recently Sam was featured in 2 issues of "The Journal of Light Construction" which is a national publication for contractors. One of the articles featured the efficiency and cost effectiveness of S.W. Morgan Fine Homes detailing the construction of a garage with a room below. The same construction concepts used in commercial and industrial building are incorporated into the homes increasing the integrity of the structure. This also provides today's custom homeowners more space at less cost, which makes S.W. Morgan home-owners VERY HAPPY!

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Figure 4. The author's marketing pitch focuses on things that make his company special. The brochure, web-site, and CD all point out that the author supervises every job personally, is easy to work with, and guarantees the customer's satisfaction.

lead on every sale of a spec house or building lot. I don't have time to handle every incoming call, especially if it's just a tire kicker. So I've made an arrangement with a young real estate agent in my area to work in an office at one of our developments six days a week. He ensures that callers who have seen our material get prompt, professional attention.

This agent works strictly on commission; if another agent brings in a customer, they split the commission. This is good service for my customers, and it's also a good way for me to have a full-time salesperson without adding anyone to my payroll.

Where do we go from here? Our marketing program is too new to evaluate fully, but we're already getting calls from realtors and people who have received our mailings. We're already looking ahead to an even wider campaign. In an effort to pull in some additional funds, our consultant will be getting in touch with companies

that haven't yet participated. We're hoping to get support to do some print ads in magazines and newspapers, and even some freeway billboards. A billboard in our area costs over a thousand dollars a month, and that's not something I have the budget for on my own. But in cooperation with some of the big boys, we might make it happen.

For now, I'm happy to have a well-thought-out marketing plan working for me, without over-committing my precious time or scarce cash to make it happen. Whenever the phone rings while I'm framing a house or trimming it out, I know it might be a new customer. And the whole thing is happening on somebody else's dime. It's hard to argue with a deal like that. 

Sam Morgan is a custom and spec builder and developer in Lindon, Utah. Thanks to Shalee Johanson for helping with this article. She can be reached at chooseapro@aol.com.