

Builder Sales and Marketing . com

New Home Sales by Al Lewis

Why Most Projects Never Reach Their Maximum Sales Potential and How to Achieve It.

Welcome.

Following are some of the things I have learned about the sale and marketing of new homes; some of the tactics I use to help my clients and their projects win in the marketplace.

I am not a builder or developer, that is your specialty. Developing homes, I know, requires a vast knowledge of many things including real estate sales and marketing.

Most developers I have met are sales and marketing professionals themselves, even Brokers, but they choose to work with a professional like myself because they just can't do everything alone.

Some clients want to work with a professional they can rely on to carry the ball without assistance, one that will take care of every element of a sales and marketing plan with little direction or input; while some merely need a helping hand because they have definite ideas about this or that.

Either way, I have the desire [coupled with the experience and energy] to be that professional for you.

I am proud to have sold most every type of housing: entry level, middle range and high-end homes and condos; ranch units; stacked units; lots; mobile homes; mobile home lots; manufactured homes; senior housing and master planned communities; many hundreds of projects in all.

I've experienced just about every conceivable market and marketplace since beginning my sales and marketing career and have learned the importance and gravity of right thinking and right actions.

Experience counts!



I plan and execute grand openings and troubleshoot problem projects. I do not beat around the bush trying new ideas, but provide the leadership needed to generate sales on my clients' projects. Now!

If sales are slow on any particular project; if you are not satisfied with the way things look or with the way things are going; if you want a new sales and marketing plan (fresh, energizing, executed with vigor) or a new sales staff (motivated, focused) call to arrange my visit.

I'll look at your projects, determine their needs from the point of view of an outside expert, and help you turn things around fast.

This workbook in its entirety is a resume of sorts, a portfolio of ideas and tactics put forth to get your attention; to let you know, first, that I exist and, secondly, that I am available to fill the need for the effective sales and marketing of any of your projects wherever they may be. It is by no means all-inclusive, but it is a good start.

The principles and tactics I share are bits and pieces of sweat-earned knowledge gained in the field. I hope you enjoy the reading and find an idea or two that will benefit you and your sales and marketing of new homes.

Of special interest are the sections entitled as follows:

Making an Impression. What Makes an Ad Work?

Why Most Projects Never Reach Their Maximum Sales Potential and How to Achieve It.

The Psychology of New Home Sales.

Sometimes, there's nothing better than the opinion of an outside expert: one versed on the subject; one detached from the object; one eager to prove the value of his knowledge.

Call any time to talk: 714-744-0617.

Thank you.

Leadership Orientation.

Every great marketing program is made up of three elements:

(1) Principles (2) Strategies and (3) Tactics. Think of this as the law, meaning "the" law of marketing.

Principles / A principle is a fundamental truth or proposition that serves as the foundation for a system or belief or behavior or for a chain of reasoning leading to some wanted result.

Principles always work in accordance with the conditions provided for their fulfillment (1) Strategies (2) Tactics and (3) Action.

Strategies / A strategy is a plan of action or policy designed to achieve a major overall aim; it is the art of planning and directing overall operations and movements of one kind or another.

Strategies always work in accordance with the conditions provided for their fulfillment (1) Tactics and (2) Action.

Tactics / A tactic is the action derived out of a carefully planned strategy to achieve a specific end; it is the art of organized operations executed with clockwork proficiency and regularity.

Tactics always work in accordance with the conditions provided for their fulfillment (1) Action.

Of paramount importance is the establishment of principles that will drive decision making throughout the entire sales and marketing process.

This is Where We Start.

(1) Merchandising precedes both marketing and sales. It is purposed product development, presentation and point-of-sale demonstration by means of a Sales Center, Product Displays, Printed Literature and Model Complex.

(2) Marketing is advertising purposed to generate inquiry and traffic and is doable within the expanse or limitations of any budget. Though used generically, marketing is not merchandising nor selling, and selling is not marketing.

(3) Selling is a misnomer for closing. Closing is a process of acting on the implied consent of visitors to a project's sales center and model complex by on-site salespeople. Acting on implied consent is closing, not selling.

(4) All the above, unified, are referred to as Sales and Marketing.

(5) Winners, when the market tightens up, dwell on Closing. Losers dwell on everything else.

Steadfast adherence to fulfillment of The Leadership Orientation and phased marketing will ensure success.

Making an Impression. What Makes an Ad Work?

I'm asked that question all the time and, frankly, there is no perfect answer, but there are some things that work better than others.

The ad, itself, or the subject of the ad, I usually say, must make an impression on its readers and inspire action.

It's that simple, but that doesn't even remotely answer the question.

"What makes an ad work?" requires a more detailed answer and, although there is no perfect answer, my answer follows.

Attention-Getting Subdivision Advertising.

There are two basic kinds of attention-getting subdivision advertising: Image-Building Advertising and Value-Buy Advertising.

Every ad whether a (1) Website (2) Traditional Display Ad (3) Print Ad or (4) Sign (for these all are ads purposed to generate inquiry and traffic) will fall closely within one category or the other, although each may be classified further as project-oriented or non-project-oriented advertising.

Image-building advertising seeks to implant ideas in the buyer's mind about a project's unique advantages, appeal or quality through feelings, without overtly revealing in any detail the bene-

ficial facts, logic or cost-related reasons to buy, even though they may truly exist.

Sidebar / The ad shown on page one of this article is an example of an Image-Building Ad, though offset by value-buy considerations making it a rare, but doable, combination of the two.

Value-buy advertising, on the other hand, seeks to capture the attention of buyers through the use of product oriented, savings related attention-getters: value for money story lines, feature lists, product photos, reduced price announcements, below market financing, giveaways, low cash down financing and the like.

Each has its place within your marketing plan, but as a general rule image-building advertising will generate substantially more buyer interest than value-buy advertising for some very simple reasons I hope to define and convince you of here.

Value-buy advertising, at times, can work as well as image-building advertising, but only when the savings-related attention-getters are absolutely superior and excessively better than any competitor on the market. The deal has to be really good or this type of advertising will fall flat on its face, yet it is the most common type of advertising utilized by builders.

To try and combine the techniques of each into one ad generally defeats the objectives of either. They are independent of one another and should remain so.

Image-Building Versus Value-Buy Advertising.

"There is no reality, only perception," goes the saying. What the eye sees and the mind remembers are not necessarily the same thing.

Objects, ideas and experiences move gracefully through time and circumstance, emerging at the other end as impressions rather than a literal documentation of the objects, ideas and experiences themselves, and the impres-

sions are almost always better than the reality.

While most people integrate this phenomenon into their daily lives, barely noticing the nuances of change between reality and their impressions or memory of it, artists capture the nuances of their impressions on paper with sketches and illustrations; usually, the best part of the reality.

An artist's work portraying the appeal of some project whether it be the lay of the land, a bird's-eye view of the project as a whole or model elevations, therefore, portrays an image of "some reality" within the minds' of persons seeing it and that portrayal is where "Marketing" begins.

Because the impressions the artist captures are his or hers, and specifically not yours or mine, we are challenged, even inspired to imagine what the reality is that his or her impression is attempting to portray, but it's impossible to do.

It's a mind-game that can be interesting when visiting a gallery and viewing art, but when reading an ad regarding a product you may want, it can be frustrating.

That's exactly why a good image-building ad, one that conveys impressions of a product rather than product defining photos and facts, will entice and disappoint you at the same time. It's the disappointment-factor that makes it a good ad.

Impressionist or image-building advertising dissolves solid objects related to the subject of the ad into pleasant, but intense images, leaving behind an impression of the subject rather than a literal picture.

The images built or impressions made inspire action by its readers somewhere down the line to discover reality for themselves, to satisfy the appetite for knowing whetted by the images within the ad. They visit the project.

Freed from the obligation to imitate

life, image-building ads can pursue a broader spectrum of human interest by letting their readers decide for themselves what to hope for. They just have to investigate the product (project), itself, to find out if their hopes can be satisfied by it.

An image-building ad will generate up to four times more buyer interest and traffic per square inch than its inch-for-inch counterpart: the value-buy ad.

Value-buy ads, on the other hand (whether (1) Websites (2) Traditional Display Ads (3) Print Ads or (4) Signs) rarely if ever disappoint their readers.

Should a reader have a question, they answer it. For example:

What do the houses look like?

"Oh, I see," says the reader by looking over the many photos provided.

What are the floor plans like, how large are they and how many are offered?

"Oh, I see."

What are the project and model amenities?

"Oh, I see."

How large is the project?

"Oh, I see."

What is the neighborhood like?

"Oh, I see."

How much will it cost to buy?

"Oh, I see."

What will my monthly payment be?

"Oh, I see."

Should I go see the project today?

"Maybe later, I know enough for now."

New home buyers, while it is important to know they want to buy a new home, rarely if ever intend to buy or have decided to buy when they first visit a project. Their basic intentions are to look and to think about the possibilities, to develop their options.

They intend to look and go, but the fact that they want to buy makes them closable, even on their first visit provided you have an "A" closer manning the sales office.

The money we spend on advertising is

invested to make buyers aware of our product (our projects) and to motivate them to visit the sales office. Once there we can close them on the purchase.

I have yet seen an ad sell a home to a buyer by filling out a purchase agreement, solving move-in problems, financing and the like.

Only a salesperson can do that.

Yet many builders and agency people try to sell through their website and print ads with their question-answering format and copy. It doesn't work that way.

Value-buy advertising, the most common type of product-oriented advertising used by builders and their agencies, actually diminishes the potential for traffic by clarifying product reality to such a degree that discovery by their readers is unneeded.

These types of ads are usually just too good at showing and telling. They don't disappoint enough people. The buyer's intentions to look, to think and to develop options are completely satisfied by the ads themselves.

It's commonly believed buyers cruise the Net or peruse the New Homes Section of a newspaper in a process of selection. *"Which of these wonderful projects shall I visit?"* is the question generally believed buyers ask themselves as they click and flip the pages.

Because of that, builders and agencies are duped into developing ads that define their product and answer questions in the hopes of being selected.

But the exact opposite is actually true. Buyers cruise the Net and peruse the New Homes Section in a process of elimination and say to themselves, *"There's so much here, which projects do I definitely not need to go out of my way to see today?"*

Both conscious and subconscious mechanisms eliminate things from our lives we don't need so that we have the bandwidth so-to-speak and the energy to focus on what remains.

Value-buy ads with their wonderful project photos, floor plans, maps, prices, facts, features and benefits offer an awful lot of opportunity for the discriminating buyer to eliminate the object of the ad from their list of options: projects to visit.

Image-building ads, if done correctly, really get the goat of most buyers. They have to wash their cars, get all dressed up, groom their hair, figure out what to do with the kids and drive to the project to find out what the heck the ad was trying to say. In this instance, less definitely pays off, it is more.

Once these perturbed buyers make it to the sales office, you've got em; provided, again, you have an "A" closer on site.

And finally, Yes!, value-buy ads can be designed to resemble image-building ads and to have appropriate value-buy information within them, but only very craftily. When done well, you can double-whammy your buyers. There are no hard rules about this, but be wary.

To make an impression, whack your buyers upside the head with powerful image-building advertising, get their attention, but don't answer their major questions about your product.

Demand they visit to discover the answers for themselves. Images can include leading project and/or unit illustrations, sketches of one kind or another, creative headlines, even cartoons, and the like.

The possibilities are endless.

Sidebar / Not long ago a builder called to inquire about my services because sales on his project had fallen flat, to near zero on a monthly basis after being robust before. He and it were in serious need of some "Turn-around" sales and marketing magic.

During our conversation he elaborated proudly on the great strides he and his people had made relative to marketing – the highest, greatest and utmost development of their overall marketing program – and

because of this his puzzlement at how things have slowed down.

He was most proud of the website they had developed for the project and directed me there to look it over while on the phone.

The site, of course, was a great-elaboration of the value-buy oriented facts and features of the project relative to everything imaginable: photos, floor plans, features lists, and so on and so forth of every model, every room, every amenity; the front and rear yards of every model were photographed and videoed; and, to compliment this, an elaborate aerial video tour of the project itself was front and center; financing and cost worksheets were available as well, not a single thing was left to the imagination.

Great selling!

What a closing tool provided the buyer could complete a purchase agreement, open escrow, process a loan, and close without having to visit the sales center.

Yes, I am being facetious.

After a laborious guided tour of his website, eyes drooping, I woke to ask a simple, but introspective question of this builder: I said, "Tell me, if you can, exactly when your sales started to slow down?"

He thought about this for a moment and said, "The slowdown started about the middle of September last year and has continued through to now (February)." I then said, "Tell me, if you can, when you launched your website?"

He thought about this quietly for a moment. The silence was heavy, I could actually feel it and through the quietude he said, "The first of September." The weight of this realization was overbearing.

Sometimes less "is" more.

This is not heavy philosophy that has to rule everything we wish to experiment with or publish relative to sales and marketing, but a principle to guide our efforts.

As Said (1) Marketing is advertising purposed to generate inquiry and traffic. Though used generically for every type of sales and marketing activity imaginable,

marketing is not merchandising nor selling and should not be attempted to be used for those purposes (2) Selling is a misnomer for closing. Closing is a process of acting on the implied consent of visitors to a project's sales center and model complex by on-site sales-people (3) All the above, unified, are referred to as Sales and Marketing and this is what generally gums up the works.

Subdivision sales and marketing is not always a blood sport, but often it is. When the market is good, all things work, or seem to; when the wheel turns, knowhow rules.

When the economy crashes and sales stop; or when the market flips from a seller's market to a buyer's market and sales stop; or when a project is located within a locale or region awash in competitive projects of a like kind and sales stop, the first priority of marketing is to give a builder an edge on competition in the market by making their project the first one a buyer will look at if they want to buy a new home priced at the price-point of the subject project wherever it may be located and however far from where they live.

Powerful Image-Building Advertising can do this; thorough Value-Buy Advertising cannot for all the reasons cited. It is because buyers of new homes must go to where new homes are built that they are mobile and lax relative to buying within a community to which they have never been.

When a buyer comes upon an ad or website that shows and tells "enough for now" and they drive to another "first" that requires a visit to find out more that also is manned by an "A" closer, well, they just often work with the workable, do the doable, and buy right there never bothering to go to the other. That's the crux of it.

My Role.

It is my job to determine which type of advertising will best suit a project, its product and its target: image-building or value-buy, project oriented or non-project oriented advertising.

Once I determine the most appropriate type of advertising, I develop soft art representing a few ideas for project marketing.

To support and illustrate recommendations I make, I use real life examples of project turnaround marketing I've created on fifty or sixty other developments.

I then review these ideas with the project's developer and, if retained to provide services, evolve the concept to completion.

Why Most Projects Never Reach Their Maximum Sales Potential and How to Achieve It.

New home buyers, for the most part, buy at the top-most level of their financial ability. They stretch to get into the most house they can for the money they have.

Because of that, buyers drawn to a project by whatever means of price-included marketing a builder or its nearby like-competitors have employed should be considered price-qualified closable prospects.

Conceptually, there are no marketing-direct lookie-loos.

Fifty of fifty marketing-direct buyers should be ready, willing and able to buy; but as we know, closing ratios run only 1-in-50, 1-in-75, 1-in-100 and so forth, even among price-qualified closable prospects.

So what's the problem?

If only 1-in-50 or so buyers that visit a project actually purchase a home there, should we assume it is because only 1-in-50 perceive the project to have a perfect home for them within their price range?

That may be somewhat true, but what about the other 49 buyers?

Are we to believe the 49 of 50 buyers not purchasing are buying better, more perfect homes elsewhere?

The answer of course is No!

A perfect home or one hardly even better, after all, cannot be found, but 49 of 50 price-qualified buyers are buying elsewhere anyway.

From that, we can surmise that people actually have a tolerance for imperfec-

tion in their housing and eventually buy the first imperfect home they are led to buy for reasons other than their perceived ideal of the perfect home.

If we can believe, however, that all marketing-direct buyers are price qualified and closable and, additionally, that they will purchase an imperfect home, then why is it that only 1-in-50 buy?

The basic reason, I have learned, is that buyers themselves believe a perfect home does exist somewhere and that it is their job to find it.

New home buyers are mobile. That is fundamental to the problem. They will consider moving to new counties, communities and locales; places to which they have never been.

Because buyers are mobile, the number of projects among which they can shop is large. Going project to project they forestall buying, even when a doable house is found, hoping the next project will have a more "perfect" home.

This goes on week-to-week, sometimes even month-to-month until they drop out of the market completely or are fortunate enough to happen upon a project and/or sales team organized for non-product oriented selling.

The product in all reality is fixed and cannot be sold: it sells itself. There is no need to dwell on it.

Forty-nine out of fifty lookie-loo buyers will sign on the dotted line at virtually any project if systematically led to make a decision to buy in spite of their pre-conceived idea that a perfect home exists somewhere.

They are closable.

How different, after all, can one \$300,000 home, for example, be from another?

I've come to believe homes within the same price range are, basically, all the same floor plan with a different arrangement of the rooms and that buyers, after a short time in the market, sense that also.

Yet 90% of developer sales and marketing activities are perfect-home, product oriented, so justifying the industry average 1-in-50 closing ratio.

It's a builder's product oriented tunnel vision, an advertising agency's product oriented focus and an inexperienced sales team's product or value-buy oriented sales effort that prevent a project from ever reaching its maximum sales potential.

The 49 out of 50 lookie-loos (as they might be called) that do show up as a result of perfect-product, value-buy marketing, if handled with perfect-product value-buy sales tactics, merely keep on going.

I call this negative sales effect the "49-to-1 Rule" and consider it my job to eliminate it.

Sales can be multiplied by doing one or both of two things: by multiplying traffic and/or by bettering a sales team's closing ratio.

Doubling, tripling, even quadrupling sales merely requires methodical activities and bold moves that go far beyond the sweat-earned experience of most sales and marketing achievers.

Sales practices that worked yesterday, but are not working today, need to be discarded.

Builders, sales organizations and marketing people need to be flexible, to let go of obsolete ideas and practices to make room for new winning tactics.

Why MLS Is the Kiss of Death.

As I begin this section I would like to advise that "Everything Works at Least a Little Bit." Not very eloquent, but a principle of marketing I discovered responsible for the most irresponsible acts of "Optimistic Bias" relative to subdivision sales and marketing committed in the name of good intentions. MLS (the Multiple Listing Service) is one of them.

Whew, that felt good. I've wanted to get that off my chest for a long time. Actually, MLS works a little bit, but should you have 40 or 60 or 120 or 180 or more units to sell at one site, listing any of your units on MLS can be the kiss of death for your project.

Here's Why.

Basically, there are two kinds of buyers: Mobile and Pre-Disposed.

A "Mobile" buyer is one that will consider the purchase of a home in a new county, community, region, neighborhood or locale, someplace they have never been before. Mobile buyers are almost exclusively buyers of New Homes. They want a New Home and unless they cannot get one, they will not buy anything else.

New Homes, though, are not built except as infill in pre-existing communities that are for the most part built-out, and they are built on the outreaches here and there. That's why New Home buyers are "Mobile." They must go to where these homes are built. It is because these buyers are Mobile that a builder can create demand for any particular project through creative advertising properly placed.

A "Pre-Disposed" buyer, on the other hand, is "Not Mobile." A pre-disposed buyer knows ahead of the time they enter the market for a home just about exactly where they want to live: what county, what community, region, neighborhood, locale, and even the street they prefer. Often, they know what house they want to live in if it ever becomes available.

When a "Pre-Disposed" buyer enters the market for whatever reason -- they've sold a house, got married, had kids, got money, new jobs, etc. -- they do not immediately look for advertising representing properties all over helter-skelter, but drive to the neighborhood within the community they want to live and see what's for sale by looking at signs in yards placed by Realtors and they visit Open Houses.

No amount of advertising by Builder or Realtor can get pre-disposed buyers to change their minds about where they want to live. Advertising aimed at redirecting a pre-disposed buyer is a waste of money. Only very defined "locale" oriented advertising like some of the neighborhood-oriented Realtor magazines, or area-specific classified advertising, or MLS accessed online, or the very same MLS data accessed through any number of feeds from MLS to Realtor.com, Homefinder.com, Homes.com. Zillow, Trulia, Facebook, Realtor.com and others appeal to this buyer. MLS is a form of marketing targeting pre-disposed buyers.

Here's the Problem.

It takes years to build up this subtle demand made up of pre-disposed buyers for a pre-existing neighborhood; years for people to grow and mature within the community, to get married, to dream and plan of buying when they can; years to mature, grow income, assets, etc., to finally enable buying in a neighborhood that gives them the pride of ownership they want. Pre-disposed buyers just trickle into the market on their own time. Demand is not created, it is "Encountered" over time as it occurs.

That's why pre-existing neighborhoods experience, maybe, 20 sales a year out of 40 listings. No amount of advertising can create 40 sales out of 40 listings. The extra 20 buyers do not yet exist and they cannot be redirected from other locales.

That's why Realtors take "six month" listings on properties, put signs in yards for the whole time, and hold open house every weekend for six months straight on one property. They "encounter" demand as it occurs. They do not create demand like a Builder.

If this were not true, every time a Realtor listed a million-dollar property for a six-percent commission (\$60,000), why wouldn't that Realtor pay \$10,000 to run a full page ad in the

local paper on Sunday for the sale of that house knowing that by "creating demand" and selling the property they could pocket \$50,000 on Monday? Believe me, many have tried and all have failed. Experienced broker/owners know this by having learned the hard way and they do not even try.

A development of New Homes, even though they may be located within a pre-existing neighborhood, does not have any pre-existing demand built up over time for it. Not even one buyer. You would think there would be crossover, but there isn't. That's the counter-intuitive optimistic-bias that leads many down this path.

I have seen it so many times: a great project nicely located within a pre-existing neighborhood marketed by MLS by some Builder and Realtor sure it would work wonders dumbfounded six months later when they have sold virtually nothing. That's when I come in to pick up the pieces, take it off MLS and start anew as though from the beginning to create demand properly for a new project by advertising it to "Mobile" buyers the many ways open to us for doing this.

Realtors do not create demand, they only encounter it. Their type of marketing is proper and necessary for the pre-disposed buyer seeking a pre-existing product, but not valid for the sale and marketing of New Homes. They mostly do not have the experience to know this.

When a "Mobile" buyer visits a development of New Homes to consider a purchase and sees Realtor-oriented signs on lots here and there, or discovers that the homes are being marketed by a local Realtor and are listed on MLS, it means to them "No Buyers!" And then, "What's Wrong?"

That's why it is the "Kiss of Death." Paramount to effective selling is the creation of the image of "Demand" and "Risk of Loss" for not taking action. MLS "Means" time. Buyers know this.

But we have learned, “ Everything Works at Least a Little Bit.”

If you have the time, you could build out an entire community, list the properties on MLS with a local area Realtor and let pre-disposed demand for that particular locale start to build up during the next year, or two, or three.

Eventually, everything will sell.

On the Other Hand.

If you as builder or marketing company are stealthy and seek the advantages of low cost Realtor marketing gained by posting your homes on MLS and, particularly, the easy feeds of MLS data to online house-hunting portals like those mentioned, this can be done without your making it obvious by on-site signs, printed literature or, even, the business cards of the salespeople representing you.

All efforts, as said, must be directed at creating a perception of demand and risk-of-loss for not taking action among marketing-direct visitors: visitors that respond to mainstream advertising conducted by a project's builder. Invisibility will not diminish the response of buyers gained by MLS postings.

Knowing how things happen gives you more real power and ability to get to where you want to go than any amount of “Achiever” striving or “Money” spent. Pay heed to the principles and process will mutually arise.

My Role.

It is my role to define one or more tacts for both Realtor-referral marketing and Realtor-oriented direct sales on projects for which I am responsible for sales and marketing.

Accordingly.

I am ready, willing and able to assist developers with “Low Cost Realtor Marketing for Builders” wherever a developer's project(s) may be located to create pathways for (A) Leads (B) Referrals and (C) Direct Sales among hundreds-to-thousands of brokers and

agents by listing a developer's new-development homes on MLS (The National Association of Realtor's Multiple Listing Service) both locally and regionally.

Also, I am ready, willing and able to assist developers with proprietary “Liaison-Oriented Realtor Marketing for Builders,” a self-generated MLS among targeted brokers and agents with already-established business relationships inside sub-markets not accessible by any one standalone real estate company or agent by means of incentive-based agreements for both “Marketing” and “Sales.”

The outreach is both local and global with professionals – tuned-in, tapped-in, and turned-on – as the saying goes, inside targeted *International* communities as well as the Entertainment, Sports, Business, Finance and Legal industries: a marketing program par excellence that extends reach exponentially by means of unique-to-the-industry collaborative *Marketing* agreements and over-the-top *Sales* incentives that skyrocket the potential for sales; an unequivocal self-generated MLS for builder/developers that seek to stimulate both marketing and sales activity outside-of and alongside mainstream developer-oriented and Realtor-oriented methodologies.

These are only a couple of many proprietary programs I have developed for outselling the competition at any price point, within any market or locale, and irrespective of the conditions time: whether the market is up or down.

Try As You Might, You Cannot Squeeze Blood from a Turnip.

The “A” Closer.

In my experience there seems to be a common denominator that runs among the sales and marketing winners:

The winners seem to dwell on closing. They systematically put the buyers on hand (few as they sometimes are) on paper by using a

variety of soft and hard closing sales techniques and tools irrespective of the perceived value of the product.

The losers, on the other hand, seem to dwell on marketing and the perceived value of the product: ads, features, signs, boots, flags, referral programs, interiors, features, this versus that, the competition, etc.

You can never really depend on marketing to solve a sales problem. The market is constantly in flux and no one truly knows the fickleness of demand.

IBM, for example, as well as General Motors, Proctor & Gamble, Sears, Coors, Apple Computer, USA Today and others have together lost “Billions” launching new companies and lines, failing to develop a market for them in spite of the best conceived and executed marketing plans.

But a builder can always depend on the buyers themselves.

There are always a certain number of buyers that find their way to a project irrespective of its marketing activities everyday, every weekend.

They drive up and into the sales complex. They walk in. They're closable and they must be closed.

In professional athletics, championships are won before practice for a new season even begins.

Coaching is important, but it is player selection that ultimately wins games. Not necessarily this play, that strategy, the uniforms or the environment.

When a professional basketball team needs to improve scoring, do they have the existing players practice shooting more, hire a shooting coach, or do they recruit a new high-percentage shooter?

What they do is try to come up with tens of millions of dollars to buy a “Michael Jordan,” don't they?

Relative to subdivision sales and marketing, the same is true. It's imperative that a builder have “A” closers on their sales and marketing team.

Closing, not selling, is everything!

Why Successful Resale Agents Often Fail Selling New Homes.

The basic principles involved in sound real estate salesmanship are enduring and changeless. The “95% Rule” is one of them.

In November, 1976, I attended a lecture by John Lumbleau (trainer, lecturer for more than 40 years) at the Huntington Beach/Fountain Valley Board of Realtors in Southern California. His topic was, “Why sellers list with a particular agent.”

To summarize his talk, exhaustive research he conducted indicated 95% of sellers list with the first agent they meet once they’ve made a firm decision to sell.

That being true, he concluded it was not the attributes of any singular real estate company, the company’s or agent’s position within the marketplace or their home marketing activities; it wasn’t the company’s franchise or non-franchise status, nor was it agent gender, age, experience, persona, etc., that was the cause of an agent’s listing success; but agent timing while prospecting for listings.

Timing, said Lumbleau, was everything. Once a decision to sell has been made, sellers will work with the workable, do the doable.

Urgency nullifies loyalty. Sellers will, for the most part, list with the first able agent they meet.

The “95% Rule” suggests that any agent, irrespective of their personal dynamics, can be assured of listing (and selling) success provided they follow methodical lead development activities and talk, talk, talk real estate all the time whether they are a good closer or not.

That’s why real estate is such an opportune business for virtually anyone that enters it.

A lot of very aggressive people in real estate are lousy closers, but do well in

resales because of their unabashed approach to calling on people for business day-in and day-out.

In resales its talking real estate, not closing that counts.

Given an opportunity to sell at a new development of homes, a successful resale agent will often begin the activity full of confidence and ambition. But then, after 200, 400, 600 or more people have visited their sales office over a period of many weeks, even months without their having closed any at all or too few to mention, they lose their confidence and quit trying.

Then, of course, they and those responsible for sales at the project look to marketing: the buyers must not be targeted correctly; the ads should be changed; the furniture in the models must be too big, too small, too loud; there must not be enough signs out, etc., because it can’t be the agent!

New home buyers, as it has been mentioned, all want to buy, but rarely if ever intend to buy or have decided to buy when they first visit a development of new homes.

Their basic intentions are to look and to think about the possibilities, to develop their options.

They intend to look and go, but the fact that they want to buy makes them closable provided you have an “A” closer on site.

An “A” closer is a salesperson that energetically follows a methodical process for closing a buyer on their first visit to a new development: maybe 1 out of 10 to 25 visitors.

A “B” closer; a little less methodical or energetic by nature, but organized for closing, will close a buyer occasionally: maybe 1 out of 45 to 75 visitors.

A “C” closer; generally, will relate to each buyer individually and wing a sales process buyer-to-buyer. This closer rarely, if ever, really closes a buyer: maybe 1 out of 100 to 200 visitors.

A “D” closer never closes a buyer; even though the same person may have done very well in resales.

Coaching (training) is important, but championships are won before practice or the season even begins.

That, I’m sure, we can agree on.

But even after the season begins and in spite of the recruiting-team’s best efforts the big gun sometimes just doesn’t perform.

In that case, painful as it often is, a change of staff must be made.

Sales personnel can be selected because of their prior success or experience selling either new or resale properties, but as you well know, when selling a product with a short-fuse like new homes, performance is everything.

Every marketing-direct buyer is price-qualified and closable.

The only sales rate that can be expected is the rate earned out of buyer traffic on hand.

If you want sales to double, then double the closing rate, first; and evolve marketing to increase traffic, second.

Sales rates are improved by practicing an effective “Psychology of New Homes Sales.”

The Psychology of New Home Sales.

Effective sales and marketing efforts typically include five phases of integrated sales and marketing activities:

Foresight Marketing

Team building for possibility thinking leadership.

Pre-flight Marketing

Planning, budgeting and organization.

Off-site Marketing

Advertising for public awareness.

On-site Marketing

Merchandising for appeal.

Insight Marketing

Effective sales management.

The five phases of marketing when well organized are a seamless blend of two distinct processes: the sales process and the closing process, each differing significantly from the other.

From this point forward, we will no longer call the overall effort of sales and marketing the “Sales and Marketing” process, but the “Sales and Closing” process.

The sales process relative to the buyer begins when a buyer first becomes aware of a development of new homes by whatever media they come upon that communicates its existence. Should a need or desire to buy a new home exist, the sales process continues. It may proceed to the point where the buyer makes a decision to visit the project, but a visit is not necessarily the next step.

Before visiting, buyers will make a considerable investment in the sales process themselves. The first investment they will make is personal: the loss of anonymity, and the insecurity that goes with it by acknowledging a need to answer self-revealing questions sure to be asked by a project salesperson should they like one of the homes they visit.

They know they will have to answer probing questions related to their jobs, their incomes and their personal lives, but that's not all. Because they will want to be held in high regard by the project's salespeople they'll have to wash their cars before visiting to help ensure a good first impression as well and make a special trip to the cleaners or laundry to get their best clothes ready for the visit.

These procedures and our recognition of them is a significant part of the sales and closing process.

Each player in the sales process has a relative role that each must act out.

The builder, for example, has a relative role to prepare for and act out, as well as the project's superintendent of construction, the interior designer, the advertising company, the escrow com-

pany, the lenders, the salespeople, the buyers.

Upon a buyer's visit to a project, the sales process continues.

The project's curb appeal, the appeal of the model complex, the overall appeal of the total sales environment, including the sense of professionalism gained or lost by project signage, etc., will cumulatively impact the buyer favorably or unfavorably: a favorable impact being a vital element related to sales success.

Should a buyer walk into the sales office for a model preview, the sales process continues. Sales office appeal, the project's printed literature and the personal, professional demeanor of the on-site sales personnel will, again, cumulatively impact the buyer favorably or unfavorably.

The sales process is not yet completed though. It is continued by the buyer's personal preview of the models. The models are, perhaps, the most influential part of the sales process. It is hoped they will appeal to the buyer's emotional desire to want and to own; but whether they succeed or fail in that regard, the sales process doesn't end there.

The buyers must continue the sales process, themselves, by returning to the sales office and expressing an interest in owning to a salesperson. That's why a model “trap” is paramount to effective selling.

A buyer can express an interest in owning by their saying so directly, “I like the models, especially Plan B,” for example. Or they can express an interest in owning indirectly by stating an objection, “Plan B doesn't have enough cabinet space in the kitchen.”

In either case, guess which plan they are interested in?

Whether the buyer's interest in owning is stated directly or indirectly, it is a closing cue, a prompt requiring acknowledgment and a specific response by the on-site salesperson;

but more important, it is the end of the sales process and the beginning of the closing process.

The role of the on-site salesperson is “Closing,” not “Selling.”

It is paramount to success that the sales personnel not make their presence felt during the sales process any sooner than the very end of the process itself.

Their roll in the sales process should hardly be any greater than unlocking the sales office door and models for buyer entry. That's about it outside of a polite greeting. They should never even think about selling.

Should a salesperson begin the closing process before the buyer has decided they could own, by asking or answering closing-related questions or by pointing out special features or financing when the buyer first enters the sales office, they will stifle a project's maximum sales potential.

Even though it may seem the proper thing to do, to point out special features, financing or some of the special value-buy incentives that may be offered, it just shouldn't be done.

They must let the sales process take care of itself and implement the closing process appropriately when the time is right.

There is no magic to closing. It merely requires that a salesperson be astutely aware of the difference between the sales process and the closing process and realize closing is nothing more than a step by step process just the other side of the sales process that acts on implied consent.

There's an old saying salespeople should keep in mind. It goes something like this, “*You cannot sell a home to a buyer that has not already bought it themselves.*”

The Closing Process.

The following steps outline a typical closing process that might occur on any project and are my thoughts about closing in a nutshell.

There are, of course, an endless number of variations of the process that may be played out, but all should follow the general theme closely.

Step One

Greet the buyer properly.

A proper greeting is merely a warm welcome and thank you for coming. Immediately offer a brochure and direct the buyer to the models.

Do not handout price lists and do not offer statements or answer questions related to the benefits of owning.

If questioned, just politely refuse to enter value-buy oriented closing conversations at this time and lead them toward the models offering to answer all of their questions upon their return.

Step Two

Upon the buyer's return from the models ask these four questions to help determine if this buyer is one you will select from among many buyers that are visiting to spend time with; and when they answer, just listen.

How did you like the models?

Are you seriously thinking about buying a new home?

If yes... Why?

So you really want a new home?, or you really need a new home?

Do not respond to anything the buyer says except by acknowledgment: oh, ah, I see, hmm, etc.

Agree with anything the buyer may say, no matter what, for it is their opinion you are agreeing with, not your own; and, ignore anything they may say about their intentions to buy or not.

It is the buyer's job to continue looking for the perfect home, but you and I know they will eventually settle for the doable, one that is not perfect.

Step Three

If they indicate an interest in buying a new home, anywhere, say, "Thank you for that, I appreciate your comments,

let me tell you a little more about our homes, our community and the area. It'll just take a second."

Then, standing in front of the map table or whatever presentation tools you have to work with, review benefits and features related to the inside of the units, themselves, then the outside, the neighborhood and area.

Select features that may ignite a spark of interest within the listener.

But you must remember, even though this may appear to be a selling activity, it is not.

This apparent presentation-sale activity is in reality a rapport building, respect generating activity that shows the buyer you respect them as a buyer by paying attention to them.

You are to present a memorized list of features made up of approximately 15 benefits and items without hardly taking a breath.

You should be animated and are to speak quickly while pointing and gesturing here and there so that the buyer cannot find an opening to interrupt and redirect. It is here that you take the closing initiative.

Lastly, if upon a buyer's return from the models, they respond to your questions negatively about their intent to buy, somewhere, merely thank them for visiting and let them go. Focus your attention and energy on another.

Step Four

At the end of your presentation, again, without allowing your listeners time to interact, you say, "Let me show you exactly what it would cost to purchase a home here, Plan B for example, that you indicated you liked best. I'll give you some information you can take home with you. Follow me and have a seat at my desk, it will only take a minute."

Always let your buyers off the hook by thinking they get to leave with the information you will prepare for them.

This is what I call "On the Fence, Off the Hook, Authorized Closing."

When the buyer follows you into your closing room, they have authorized you to close them irrespective of anything they may have said about buying or not.

All buyers are on the fence about buying, it is our job to get them off.

Turn, that is very important, "turn" and walk to the closing room, most will follow without hesitation because you have let them off the hook by offering information of value that they can take home with them.

If they do follow, choose to work with this buyer exclusively until they buy (or prove to you they will not) today.

You can only close one buyer at a time. Once you sit at your desk with a buyer that has gone this far through the sales process, never leave, even to greet other buyers.

It is not your job to be a professional host or hostess, that is your assistants job if you have one. It is your job to close one buyer at a time.

If you do not have an assistant, when you sit this buyer at your desk, advise them that you will need to greet visitors as they enter your sales office just like you did them, and to perhaps motion them to the brochures and models, but that you will not leave the desk to answer questions or help others in any way that will redirect attention from them to the others.

Doing this will gain permission for you to interrupt your closing session as many times as you must without insulting this buyer for your apparent lack of focus and attention.

Step Five

Tell your buyer that you are going to prepare financing related to their interest, for example purposes only, but you must know how much money they are considering putting down or have to invest in the purchase.

When they answer that and other relevant questions, prepare a personalized financing and buyer's cost worksheet.

When you have finished preparing it, and take your time, do not review the bottom line numbers, but turn the worksheet around and start a thorough explanation of every financing and closing cost item from the top down.

Explain every element in such detail as though you were training a person to pass the real estate license exam.

Then ballpark qualify the buyer.

If they appear to qualify for a purchase, it's here you discuss the extra special value-buy incentives you may be able to offer: seller assistance, decorator allowances, moving expenses, first-day purchase bonuses, upgrade options, etc.

And it's here you plant ideas related to fear-of-loss by discussing the fast sales pace, coming price hikes and such.

If you don't give your buyers a reason to buy, they won't.

Then move on to step six.

Step Six

Pursue a conversation similar to this:

"It appears to me that you could qualify for the purchase of a home here or at any other project with homes similar to ours (off the hook).

"If you have a few moments, before you go (off the hook) I'd like to close the sales office, so to speak, and show you some of the best locations of the plan you like out on the available lots.

"It'll just take a few minutes. And with some of our homes still under construction (or as production units), I can show you some of the special, even hidden, details that make our homes unique in the marketplace. Come on let's go."

Get up and go.

Did you get that, "Get up" and go.

Say, "Follow me!"

If they follow, expect to close.

If you do not have a sales office assistant, merely put up a sign that says you are out on the project showing property and will return shortly. If you leave your sales office unlocked, and I suggest you do, your sign should advise visitors to take a brochure, visit the models and to wait for your return.

Step Seven

Take a portfolio containing your purchase agreements and a financing calculator with you.

Knowing that people do the doable and work with the workable, if your buyer qualifies, why should you expect them to need to go elsewhere to compare homes or to take more time to think about a purchase.

Just believe they are working with you (following your leadership) because they are hoping you will help them buy a home and get off of that fence they've been straddling for so long.

That's your job, to know they are always on the fence, to gently work a psychology that acts on their hope and gets them down onto the ground, your side of the fence, of course.

Step Eight

While out on the project, show the best available unit you believe they can qualify for.

If in a car, drive up to it from across the street, their window to the house even if you have to face the wrong way on the road and don't say too much.

Don't try to sell. Just say, "This is the house I want to show you, the best one at the best price."

Then get out, escort them to the door and let them in. Indicate that you are going to stand outside a few minutes while they look at it alone.

Listen to their conversations if you can, but let them come to find you before you interact again.

Once they find you, you can take them back inside the home for product demonstration to point out special details you feel they may find of value.

If, for some reason, you feel you need to show other homes, or homes with lot premiums, go ahead, but follow the same process at every single showing.

When your buyer shows any interest in owning, Close!

Step Nine

To close, follow a conversation similar to this, "I can see by your interest that you could own this home and really enjoy living here. There's nothing to it."

Pull out a purchase agreement.

"It all starts with this, a purchase agreement and today's date, here at the top. I'm going to take a few minutes to fill it out, right here on the kitchen counter. You keep looking at the home while I work on it."

"Hold on..." They say, "We're not going to buy today, etc."

Just continue... "I'm not expecting you to. I'm just going to fill it out and explain to you how it all works, just like I did the financing.

"Then, whether you buy today or not isn't important (off the hook).

"I'll give you this agreement for your take home review. It'll just take a few minutes. I'll come find you when I'm done."

Step Ten

When you complete the purchase agreement, gather the buyer(s) around you and explain it, again, as thoroughly as though you were training a new real estate licensee on the meaning of each clause. Take your time.

Silence on the buyer's part indicates acceptance (to some degree).

When you get to the signature lines, Close!

Irrespective of anything the buyer(s) may have said about waiting or looking, you must know they have not followed you this far without wanting to buy and without showing an interest in owning.

You must know they, as anyone else, will do the doable, work with the work-

able; and, you must know that you have gone a long way toward getting them off the fence.

If you and they have come this far, you must know they may buy, but not if you don't ask.

Step Eleven

When you have finished explaining everything and are at the signature lines, slow down, lower your voice and enter a very solemn conversation something like this.

"Now, if you sign here, here's what will happen: paint and wallpaper will fill this house, it'll become a home; a carpet of your own choosing will cover the floor; landscape of your own design will fill the yards; you'll be having family gatherings, holiday and birthday parties; happiness and laughter will fill your lives; you'll have new friends and neighbors to talk to; new everything.

"But that's not all. You'll have new tax deductions, pride of ownership, a wealth-building investment and a place in the community.

"If you sign here, all of this can start within as little as 30 to 45 days. In only 30 to 45 days a moving van can be driving up to the front of this house with all of your stuff in it. That fast.

"If we have a problem with the loan it could take longer, but I wouldn't count on it. If we have a problem qualifying, well then nothing gained nothing lost, money back guarantee.

"I can see you'd like to own this home. If you sign here, now, I can help you do that."

After saying that, be quiet.

With the agreement turned to the buyer, the first one to talk loses.

Summary.

If, by chance, you are able to complete the above eleven steps with a buyer and the buyer still does not buy, well, what can I say, except to congratulate you on a job well done, but you will likely have succeeded in gaining a sale anyway, a future sale that is by earning a be-back.

What other salesperson at any other project will treat the buyer with the attention, courtesy and respect you have shown?

That is reason enough to buy from you alone.

Buyers Buy for Three Reasons. Emotion / Logic / Security

Buyers buy for three reasons: their emotion based wants and needs; their logic based wants and needs; and their wants and needs for security: feelings of safeness and trust.

You cannot sell a home to a buyer that has not already bought it themselves: to a buyer that has not gotten emotionally involved with the idea of owning a particular home.

The sales process, appropriately, appeals to emotions first.

When it comes to signing a purchase agreement, however, the emotional affinity a buyer has for a home is likely to be of less significance than the inherent ability of the property to satisfy the logical needs of the buyer for space, price, financing, etc.

Appealing to logic is a closing process and occurs second.

Buyers, additionally, have a tolerance for imperfection in their housing and will often buy the first imperfect home they are led to buy for reasons other than the home itself: for reasons often based on their feelings of safeness and trust at the site, with the salesperson or with the builder.

Feelings of safeness and trust are the result of the overall sales and marketing program, as well as the sales and closing process, but can be considered the third invisible element of effective selling.

Always be conscious of the need to make people feel safe and secure.

Reversing the order of sale by discussing facts, features and figures before a buyer has had the opportunity to gain a personal affinity for any specific model or property can put sale-

inhibiting blinders on the buyer if the facts, features and figures are not exactly what the buyer had in mind.

Once a buyer is sold on a property emotionally, however, it is only natural for the buyer to justify any number of logical needs for the home and figure out a way to obtain what they want.

Sell to emotions first, logic second, and security third.

In Closing.

When called on to talk about winning in the marketplace, I'll define exactly how to get from a project its maximum sales potential.

To support and illustrate recommendations I make, I'll use real life examples of "Grand Opening" and "Project Turnaround" marketing I've created on many other developments.

My expertise is subdivision sales and marketing: new home sales.

Call any time to talk.

Thank you.



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