



Report from the CHBA National Marketing Committee

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The National Marketing Committee met the last week of February 2011 in the beautiful Fairmont Banff Springs hotel. Key presentations focused on targeting underserved markets and an overview presentation from Tarion, the Ontario Warranty Program.

The first presentation was by Dr. Leslie Roberts from the GoForth Institute in Calgary on “Foundations of Competitive Advantage - Claiming the White Space”. By his definition the competitive advantage of your company is the advantage that you have over your competitors **as perceived by your customers**. He defined “white space” as an opportunity for a company to enter an unserved or underserved market where there is little or no existing competition.

Key points in brief:

- A competitive advantage is only as good as consumers believe it to be;
- Where one person has an unmet need, many others have the same need;
- Know who your customers are - in depth and inside out;
- Communicate clearly: you have the solution to your customers’ “pain”;
- Learn about your competitors from your customers;
- Get it right: don’t create products or services in isolation; talk with customers;
- Be proud of what you are.

In more detail:

- What is special about your company, services or products? What sets you apart from the competition from the consumers’ perspective? YOU may believe you have something special to offer, but it is only important if THEY, customers, see it as such.
- Develop a clear and detailed picture of your customers: their lifestyle, their hopes and dreams for the future, their needs, wishes, and their “pain”, i.e. the unmet needs that are not being filled by others in the marketplace. You may even want to give your customers a personality and name (Walmart’s “archetypical customer” is “Linda”, a soccer mom). Make all of your decisions with your customer in mind: will it work for my “Linda”?
- You need to be able to articulate your competitive advantage and explain it to your customers — whether it is the quality of your product, project management, technological innovation, customer relationships or something else.
- Understand your competitors (those in the same market, offering similar products or services to similar customers) from the consumers’ viewpoint. Ask who else you considered and why? Then you can find the “white space”, i.e. where you can do better than your competitors, and claim it.
- Also understand the “indirect” competition — what are consumers’ other options and alternatives? What are they going to do, if something doesn’t work out, e.g. they cannot find the right home at the right time in the right location?
- The best way to sustain your competitive advantage is to keep on talking with customers, and to manage your reputation well. And remember that customers’ first impression of you takes place on the Internet, so don’t neglect your web presence.

The next presentation was from Tarion, Ontario’s mandatory new home warranty program. They conduct an annual survey of new home buyers to determine their satisfaction with their

builder and their dealings with the program. The survey provides insight into changes, trends, and key drivers for customer satisfaction that can be helpful to the industry across the country.

Key points:

- Not all areas of customer service contribute equally to customer satisfaction. Some items are more important than others.
- At the same time, the industry as a whole does some things better than others, in the opinion of their customers.
- The areas of greater importance to homeowners where builders did well include accessibility (i.e., the builder and/or staff are easy to get hold of), customer service before move-in, readiness of interior, repairs, and, new for this year, the ability to listen and a flexible service schedule.
- The areas where builders as a whole need to focus attention in order to improve customer satisfaction are overall customer service, communication, and service after move-in.

Not all builders are the same...

- Not surprisingly perhaps, small-volume new home builders rate the highest in the ability to listen and understand homeowner needs, a key driver in customer satisfaction. However, medium- and large-volume new home builders are catching up and are no longer lagging far behind.
- Similarly, large- and medium-volume builders are becoming more accessible to their customers, another key driver. Overall, larger builders made gains in all the key areas that are important to homeowners, while medium-volume builders made slightly more modest gains in most areas.
- The ratings of small volume builders were unchanged in some key areas and went down in others, such as interior home readiness and willingness to schedule service at convenient times. In contrast, high-rise builders have slipped on all accounts.
- Overall, 56% of purchasers are likely to recommend their new home builder, unchanged from the previous year. However, there are significant changes by category: high-rise builders saw a 5% drop in this area, while customers of large-volume builders are now just as likely to recommend their builder as those who bought from small-volume builders (62%).
- The majority of survey respondents have a favourable impression of Tarion (85%), though results among high-rise buyers have slipped. 93% of those who had an “above expectations” experience with their new home builder think of Tarion favourably. This drops to 70% among those who had a “below expectations” experience with their builder.

A few additional observations...

- Contacting homeowners for feedback is strongly linked to higher levels of customer satisfaction. 70% of those contacted after move-in are “extremely/very satisfied” with their new home builder’s overall customer service versus only 31% of those NOT contacted for feedback.
- Homeowners who have experienced a delayed closing are almost twice as likely to rate their overall experience as “below expectations”.
- Builders have learned the value of the walk-through, or pre-delivery inspection (PDI) - more than 50% of homebuyers are extremely or very satisfied with the time spent on the PDI, the explanation of systems and equipment, and follow-up.
- On the other hand, the experience with the agreement of purchase and sale (APS) similarly leave less than 50% of homebuyers “extremely” or “very satisfied”. Although

less overall importance to customer satisfaction, builders still have an opportunity to improve their performance in this area and, hence; the likelihood of homeowner recommendations.