

BROWSERS TO BUYERS

PROVEN STRATEGIES FOR SELLING NEW HOMES ONLINE

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SELLING NEW HOMES ONLINE

BY **MIKE LYON**

WITH FOREWORD
BY MYERS BARNES

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First Edition

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To the one person who has been with me through it all and supported me every step of the way. Without my beautiful wife, I would be nothing. I love you, Cori.

To my son Scott, who's my joy and inspiration.

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TABLE OF CONTENTS

FOREWORD – BY MYERS BARNES	9
INTRODUCTION	10
CHAPTER ONE HOMEBUYERS SHOP ONLINE	
Why you need to pay attention to your online customers	12
CHAPTER TWO THE ONLINE SALES FORMULA	
Ingredients for a successful Online Sales Program	21
CHAPTER THREE HOMEBUILDER’S WEBSITE	
Your online sales center	31
CHAPTER FOUR ONLINE MARKETING	
Drive internet shoppers to your website	39
CHAPTER FIVE LEADS MANAGEMENT	
Selecting the right software	53
CHAPTER SIX THE ONLINE SALES COUNSELOR	
A sales agent for the information age	59
CHAPTER SEVEN THE ONLINE SALES PROCESS	
Step by step to higher conversions and more sales	71
CHAPTER EIGHT E-MAIL FOLLOW-UP CAMPAIGN	
Powerful scripts and examples that will invoke a response	81
CHAPTER NINE THE PHONE IS YOUR FRIEND	
Phone scripts for setting appointments	99
CHAPTER TEN LONG-TERM FOLLOW-UP	
Using e-mail newsletters to stay in touch	109
CHAPTER ELEVEN THE PRE-SALE CAMPAIGN	
Attracting buyers before the community opens	117
CHAPTER TWELVE MEASURING SUCCESS	
Tracking and reporting of the Online Sales Program	125
CALL TO ACTION	131
ABOUT THE AUTHOR	135
RESOURCES	137

FOREWORD

The ancient proverb instructs: “When the student is ready, the teacher will appear.”

My relationship with Mike began when he was my student and I was counseling him on how to establish an internet sales department for my good friend and favorite homebuilder.

Within days, Mike’s brilliance became evident and I was no longer counseling – but collaborating – with him. Shortly thereafter, I reinterpreted the proverb to read: “When the teacher is ready, the student will appear.” The roles were reversed and I was learning from Mike.

Now, it’s your turn. Thanks to this marvelous manual, you will discover how to attract and track online new home buyers. Whether you are on the information highway or a digital dirt road, Mike simplifies the complex process and tells you step by step how to establish the evolving role of an Online Sales Counselor. Follow his instruction and you will learn how to close more online leads – automatically, confidently and professionally – and make a favorable impression with every home buyer who visits your website.

Mike is, without question, the master of the internet. He delivers his message as someone who knows what he’s talking about because he has learned from experience. What he teaches not only makes sense, but is also simple to follow and easy to implement. He is literally the heavyweight champion of the world for online, real estate sales.

So, if you’re ready to be a student, the teacher has arrived.

Good selling,

Myers Barnes

Myers Barnes

President - Myers Barnes Associates

INTRODUCTION

You are running out of time! The competition is growing more sophisticated every day, which puts your market share at risk. Why? Because the internet has leveled the playing field. No longer does traditional marketing and advertising rule the world of homebuilders. They have discovered the broad-reaching power of marketing on the web. Hopefully, you have recognized this as well and are ready to jump-start your Online Sales Program.

If you still need convincing, here are five reasons you need an Online Sales Program:

1. **Because if you don't have one, you are losing sales to your competition.**
2. **It is the most affordable program to implement.**
3. **You are losing sales by not responding immediately.**
4. **You are losing customers by not responding enough times.**
5. **Your salespeople are handling internet leads incorrectly.**

This manual will give you the formula that will increase your overall home sales this year and for years to come. It will also insure that you retain your current market share. Finally, it will accelerate the buying process and drive customers to your models who will purchase a home one out of three times.

And guess what? You don't have to be a technological wizard to grab your share of online new home sales. All you need is the formula

and the process and you can create the same program that the nations top builders use.

From the Trenches

I wish this manual had been around when I was hired by a homebuilder in 2005 to implement an Online Sales Program. He was a forward-thinking builder who was taking a proactive step by realizing that he needed to expand his reach online. We were the first in our market to create a program and hire a dedicated person to handle the leads coming from our website. As a result, it took me time to research and create the program and implement a process to follow up with our internet leads.

This manual is the result of thousands of e-mails and thousands of phone calls with prospects. The process I use is consistent with almost every customer. By utilizing a process, I am able to work with more customers and increase my conversion rates.

In addition to my responsibilities as the Online Sales Counselor, I also handled all of the website marketing, advertising and promotion. Since my background is in web development, sales and marketing, I naturally saw a tremendous opportunity in the homebuilding industry and a need for successful online marketing. Many builders were hanging on for dear life to the old style of marketing and not realizing the power of marketing online.

This manual is a great tool for sales managers and Online Sales Counselors no matter where you are in the process. Whether you are just starting out or already have a program set up, the information in this manual will help to build and strengthen your Online Sales Program.

The bottom line is that, if you follow these practices, you will increase your sales and insure that you are not losing customers to your competition.

CHAPTER ONE

HOMEBUYERS SHOP ONLINE

Why you need to pay attention to your online customers

Homebuilders have several different marketing avenues from which to choose. Most builders allocate a large portion of their marketing budget to traditional forms, such as print advertising, radio and television commercials. Many builders have a website, but use it almost like an online brochure with fairly static information and low interactivity. By harnessing the power of technology and the internet, a builder can level the playing field and start attracting customers through the company's website. The dawn of the information age has changed

how customers think and act. Many builders have not taken the time to understand how to apply online marketing to their business model, leaving a large sector of home buyers undervalued.

Permission vs. Interruption

Most traditional forms of advertising and marketing that builders use are based on interruption. Magazine and newspaper ads, billboards, T.V and radio commercials all require consumers to stop what they are doing and pay attention to the message you are trying to get across, whether they want to or not. This is how most marketing has been done for ages and where most builders allocate their time and marketing dollars. While traditional forms of interruption marketing are still needed, builders are missing a large opportunity to engage qualified customers affordably and consistently.

This is where permission marketing comes into play. Permission marketing encourages customers to give you permission to send them information and communicate with them on an ongoing basis. Every day, hundreds of thousands of potential customers are starting their search online for new homes. By creating an interactive and engaging website and encouraging user interaction, you can capture these “leads” and start the permission marketing process. A website is the most effective way to gain a customer’s permission.

Once you have permission, you can qualify this customer and send targeted and affordable messages more frequently. With that frequency, customers will become familiar with you as a builder and this will garner their trust. Inevitably, trust will transform a browser into a buyer.

Why the Internet?

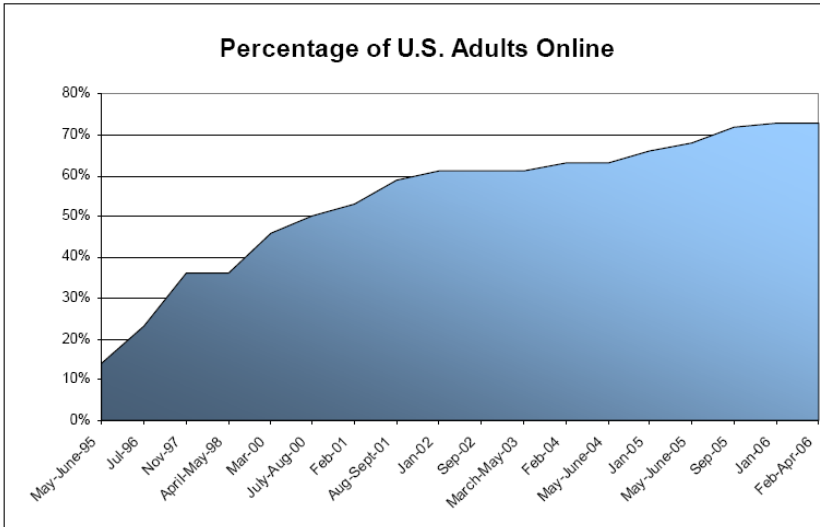
During the past 10 years, technology has made its way into every aspect of our lives. With the mass production of the PC and the integration of the internet, individuals and businesses have found new and exciting ways to capitalize on the increase of information that is readily available at our fingertips. Through the adoption of these new

BROWSERS TO BUYERS

technologies and the widespread use of the internet, we have seen everyday activities evolve right before our eyes.

Instead of CDs, you can download songs over the internet into your iPod. Online news portals and blogs have replaced the daily reading of the newspaper. Shopping websites have almost eliminated paper catalogs. E-mail has become one of the preferred methods of communication. Instant messaging has trumped the long distance phone call and now even broadcast TV and movies are being streamed over the web. Many Americans could not even imagine a day without the internet.

Figure 1.1



Source: Pew Internet & American Life Project Surveys, March 2000-April 2006. All surveys prior to March 2000 were conducted by the Pew Research Center for People & the Press.²

A survey conducted by Pew Internet & American Life in 2006 shows that internet penetration among adults in the U.S. has hit an all-time high. (Figure 1.1) This study shows that 73% of respondents (about 147 million adults) are internet users; up from 66% (about 133 million adults) in a similar survey in January 2005. And the share of Americans who have broadband connections at home has now reached 42% (about 84 million); up from 29% (about 59 million) in January 2005.

What a difference 10 years can make. The overall number of connected Americans is quickly approaching 100%. One of the biggest

changes ushered in by the internet is the method now used by businesses to connect with their customers. Some of the most successful companies in America were created to capitalize from the internet. Multimillion-dollar companies such as eBay, Google, Amazon, YouTube, Realtor.com, Zillow and more have no brick-and mortar-storefronts, but conduct their business purely online.

Many businesses have adapted to these new technologies and incorporated them into their business plan and marketing strategies. What we have seen from recent surveys is that the homebuilding industry still has room for improvement. While some builders have evolved, others still rely on the standards and practices set many years ago.

Let's take a look at a few important facts related to the homebuilding industry:

- **More than 80% of home buyers start their home search online.** That is a large percentage of your exact market. Shoppers are also frequenting the website more often to research a potential purchase and to look for additional information during their entire sales cycle.
- **More than 27% of American adults use the internet to research real estate.** This is a large portion of the adult population. This number has doubled since 2000 and is only increasing as the use of the internet increases.
- **Homebuilders determined that the highest quality leads come from their website.** Online customers are more informed, serious shoppers who can make a quicker decision than walk-in traffic. Specifically, online customers who have been qualified and well taken care of tend to write a contract 30% of the time.
- **The faster you follow up with a customer, the more likely s/he is to purchase.** When a customer receives a fast and courteous response to an online request, the conversion ratio increases dramatically. This is not easily accomplished by the traditional onsite sales agent.
- **Builders are not allocating enough marketing dollars to online sources to keep up with the demand.** Studies show the total lack

BROWSERS TO BUYERS

of marketing dollars allocated to online marketing. Similar studies also show that the amount spent for online marketing will almost double by 2010.

- **Less than 10% of builders have a dedicated person to handle leads from online sources.** Leads are coming in over the web with little to no conversions because builders are not handling them quickly or effectively. A large segment of the market is undervalued.

Builders must anticipate the increase of online shoppers and the growing expectations for these potential home buyers.

A recent survey conducted for the National Association of Home Builders Institute of Residential Marketing by Harris Interactive suggests that builders need to boost their online-marketing dollar allocations and develop their internet presence. By utilizing Internet Listing Services and improving online content on builder's websites, they will be able to meet the increased online traffic and benefit from greater sales activity. The potential for a higher volume of quality leads through these channels would allow them to focus the remainder of their marketing resources on what they identify as the most effective off-line marketing tools.

This study also revealed alarming trends in the lack of online contact between the builder and the consumer. Builders are missing an easy opportunity to connect with their target audience and would benefit by having a staff person dedicated to handling internet leads. According to the study, only 8% of participating builders claimed to have a dedicated internet salesperson to handle leads.

This revealing study is screaming one thing loud and clear: **Most homebuilders are not taking advantage of the large amount of people searching online for their new homes.** The exciting news is that this presents a huge opportunity for builders who are willing to channel their marketing efforts to where the buyers are. Not only that, but builders who initiate a program to effectively manage online customers will be well ahead of their competition.

A second study by the Pew Internet & American Life Project conducted in 2006 reveals the increasing number of internet users who

tap the web to research their next residence. The study shows that 39% of internet users have looked online for information about a place to live. This is double the overall number of Americans who had done so in 2000. This number has steadily increased during the past six years and is poised to increase at a higher rate in the future. Not only that, but more than half of internet users ages 19 to 29 use the web to research housing. This is a forecast of things to come. Those who have grown up in the information age will be more likely to start a search online. Are you ready for those customers?

Your Next Homebuyer

Builders need to take note. The next generation of home buyers will look much different than what you have seen to date. Your Baby Boomer buyers did not grow up with technology. They prefer phone calls and face-to-face interaction.

The new generation of buyers, Gen X and Gen Y, are much different and they make up roughly 32% of the population. They prefer anonymity. They would much rather research new home information online and communicate via e-mail and online chat. They do not want to commit to any product or builder until they have the information they need. This generation expects easily accessible information. And why not? They experience this type of service for a multitude of other products, so they expect the same results when they shop for a new home.

The Gen X crowd, born between 1965 and 1976, has been in the market for a few years and created the shift in expectations. The Gen Y crowd, born between 1977 and 1994, is starting to make its presence known in the market and, in the next few years, will comprise a large portion of your buyers.

The real question is: Will you evolve to deliver on this new buyer's expectations? **The same old song and dance does not work anymore.**

The Next Step

An Online Sales Program has an extremely high return on investment. The largest initial expense is a website; however, once it is up and running, the continuing cost to maintain it is fairly low.

Online advertising is much more affordable than almost all traditional marketing sources. It is scalable and allows a builder to track and adjust it with the simple click of a mouse.

The cost of e-mail marketing is low compared to other forms of direct marketing. When you examine the cost-versus-benefit ratio, there should be nothing holding you back from starting an Online Sales Program.

This manual was created for builders at any point in this process. Whether you are completely new to the world of the internet or already have an online presence, you will be able to apply the concepts in this manual to further your reach online and to stay in touch with the thousands of consumers shopping for a new home every day. Sales and marketing managers can use this as a reference guide for implementation and improvement. Current Online Sales Counselors can use this manual to fine-tune their program. Owners and managers can review the strategies and apply them to their businesses.

Regardless of which category you fall into, an investment of time and energy into this new online market is guaranteed to do one thing – **increase your sales!**

CHAPTER SUMMARY

If most of your potential customers are starting their search for a new home online, then a good portion of your marketing and advertising budget needs to be allocated to online marketing. Many builders mismanage their online customers and undervalue this medium. Take a page from the national builders such as KB Home, Pulte, D.R. Horton, Morrison and others. They invest heavily in their online marketing because they recognize the value of their online customers.