

Smart Marketing: Automated Marketing and Lead Management

Whether housing markets are booming or contracting, marketing is an area that needs constant innovation, analysis, and fine-tuning. In a hot market, home building and real estate firms need to look at ways to use marketing to capitalize on the opportunity and maximize market share. In a challenging market, marketers need to find ways to do more with less, zeroing in on the most cost-effective measures to continue to drive business to their companies despite reduced marketing budgets. In either situation, today's marketers are being called upon to prove the strategic and monetary value of their decisions.

That's why today's home building and real estate firms need to ensure that they're not just marketing, but marketing "smart." The marketing landscape has changed dramatically in recent years, and traditional marketing channels such as print advertising have been supplanted by a range of different online marketing outlets. Many companies have struggled to keep up with the changes. But even those who have moved more of their marketing efforts online may not be taking full advantage of the opportunities to reduce costs and track performance, increasing—and monitoring—the return on investment (ROI) of their efforts. Furthermore, taking advantage of the full potential of online channels and enabling technologies is not just about marketing online—it's about leveraging electronic tools to streamline the generation and management of both online and offline leads. It is not surprising, then, that there has been a recent surge of interest in "marketing automation" among home builders.

What Is Marketing Automation?

Marketing automation is a broad term that encompasses a variety of different kinds of technology solutions, all designed to facilitate the planning, execution, management, and tracking of marketing activities—from traditional print advertising, to direct mail and e-mail, to sales events and promotions. It includes event management solutions, e-mail and direct-mail applications, planning tools, marketing-analysis programs, and more. Marketing automation is about doing more with less: running more campaigns, reaching more prospects, and collecting more leads, while minimizing costs. Ultimately, then, it's about selling more homes, faster, at a lower cost of sale.

Taking Advantage of an Inexpensive Channel

Good marketing automation systems help users manage and analyze the totality of their marketing initiatives, whether these are advertisements in print newspapers, glossy brochures sent by mail, or in-person sales-center events. But one of the greatest advantages of automated marketing systems is that they allow builders to maximize the potential of the lowest-cost marketing channel: the Internet.

The Internet has rapidly skyrocketed in importance in the building industry, going from novelty to lifeblood in a few short years. Home builders aren't just using the Internet for marketing because it's cost-effective; they're using it because that's where the homebuyers are. A recent study conducted for the NAHB Institute of Residential Marketing found that not only did Internet-using consumers value online resources highly in their homebuying search; they found them the most

This article was previously published by the National Association of Home Builders as a business management resource.

useful, the most important, and the resources they were most likely to use in future home searches.¹ Combined with statistics from the National Association of Realtors indicating that 77% of homebuyers use the web when looking for a home, the picture is clear: builders who neglect or insufficiently utilize online channels are passing up an obvious and relatively inexpensive channel for reaching the majority of potential buyers.² Nor is the push toward more use of online channels driven purely by the consumer: builders themselves reported in the IRM study that the web was the source of their best-quality leads.

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Reaching More Homebuyers and Learning More About Them

The linchpin of marketing automation is e-mail marketing, a communication channel that allows builders to reach almost limitless numbers of potential customers without increasing costs. Automated marketing systems allow builders to create compelling, rich-media e-mail communications and customize them to reflect the recipient's name, location, and interests. With a small investment in blocks of content tailored to specific preferences and conditions, a home builder can design highly personalized campaigns that really connect with the buyer, increasing e-mail open rates and sales conversions.

Simple forms on the builder website or on kiosks at sales centers allow for fast, easy collection of initial information about interested homebuyers. Follow-up e-mails provide the perfect opportunity to gather further qualifying information in exchange for incentives and collateral. By using each touch-point as a chance to collect ever-richer information about leads, home builders can avoid overwhelming prospective homebuyers with a barrage of intrusive questions all at once, while also slowly building an ongoing relationship and valuable two-way exchange.

As builders learn more about buyer preferences and interests, they can use this information to further personalize communications. For example, if a prospect has young children, the builder can send useful information about the quality of neighborhood schools. Or if a prospect is a golf-lover, the builder can send tantalizing descriptions of area golf courses. As more in-depth information about prospects is

gathered, increasingly sophisticated database segmentation can be performed, allowing for precise targeting of marketing initiatives.

Managing Leads More Effectively

During the housing boom of the last several years, many builders have complained not about the ineffectiveness of their marketing efforts, but just the opposite: they've been overwhelmed by a massive influx of leads from the web and other sources, to the point where they have had trouble effectively assembling, assessing, and managing the leads. In a hot market, builders may be able to get away with ineffective lead management, but in cooler times, mishandled leads can translate directly into lost sales.

The secret to cementing marketing's importance in home sales is creating a fluid process that integrates marketing directly with the sales team. Builders can close the loop between marketing and sales and ensure consistent lead follow-up by implementing marketing automation systems that include robust lead management functionality.

Marketing automation systems enable home builders to define criteria, such as readiness to buy and financial preparedness, which can be used to automatically qualify and classify leads as they come in. If further information is required to qualify the lead, follow-up e-mails can be automatically triggered to complete the lead classification. Once leads are classified, they can be immediately funneled into an appropriate chain of activity, with hot leads assigned directly to appropriate home sales consultants according to territory, specialization, or other rules, and longer-term leads assigned automated communications based on their particular classification and attributes. This process ensures the most efficient use of sales consultants' time, while also guaranteeing that cooler leads are not ignored, but rather nurtured along an appropriate path of communication until they are ready to make a purchase. The often labor-intensive and error-prone steps of lead qualification, distribution, and nurturing become work-free, automated processes, imposing consistency and freeing up sales consultants' time to focus on the best leads.

Measuring Marketing Success

An essential part of the "closed loop" between marketing and sales is to accurately track the results of marketing initiatives. Marketing automation systems typically allow builders to track a range of useful metrics regarding campaigns—open rates, response rates, sales conversions, and more.

¹ 2005 New Home Buyer and Home Builder Survey. Conducted for NAHB Institute of Residential Marketing by Harris Interactive. Published January 13, 2006.

² 2005 National Association of Realtors® Profile of Home Buyers and Sellers, National Association of Realtors, January 17, 2006.

Sophisticated systems not only enable builders to track projected and actual campaign costs, but also to assign a persistent "lead source" designation to an individual, allowing builders to reliably trace customers back to marketing activities and to track the lifetime revenues associated with them. This provides the information required to accurately report on success rates and return on investment (ROI).

Many strategic-thinking builders are acting decisively, implementing systems now that will be comfortably in place by the time the market demonstrates significant change.

There's No Time Like the Present

It's often not until budgets are slashed that marketers start thinking seriously about ROI and efficiency. And it's true that marketing automation can be invaluable in helping marketers do more with less when times are tough. But even when markets are booming, marketing automation tools can prove

extremely valuable in streamlining operations and measuring performance, alleviating a lot of manual processes and freeing marketers to think more creatively.

Strategic-thinking builders look beyond current market conditions and invest in solutions that will help them realize immediate returns while also equipping them to more effectively deal with inevitable changes in the market. As builders consider areas for greater efficiency and cost-cutting and look to market "smarter," marketing automation and lead management systems offer an attractive area for exploration.

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