

# ADVANCED PROPERTY SYSTEM

2021.08.16



This portion of the program looks at the first steps in creating a property product for the market. You can find a link to the form-based questions [here](#).

## 7.1 DIFFERENTIATION

A product that sells is different from the other products in its environment. It defies the status quo and creates value for its customers in a way that is remarkable. This creates trust with your audience, making permission marketing possible. Your property product seeks to make a change in a specific culture, instead of creating hype through unwanted advertising. Spamming, mass emailing campaigns, and marketing to a generic audience has been an effective leads-generating tool in the past, but these days the noise created by thousands of distracting advertisements has made us numb to generic promotion. Focussing on building a quality product is a far better strategy than constantly hustling to grab attention from the mass market and using invasive tactics to interrupt your customers.

## 7.2 SETH'S FIVE STEPS

In his book *This is Marketing*, Seth Godin talks about marketing in five steps. Each step leads you further towards defining a differentiated product. They are as follows.

1. Invent a thing worth making
2. Design and build it in a way that few people will particularly benefit from and care about
3. Tell a story that matches the dreams of your smallest viable market
4. Spread the word
5. Show up regularly, consistently, and generously

Applying these tools to the property industry, one can assemble a powerful product-based strategy to reach your customers in an engaging way. These five actions can establish you as an organised market leader, and help your development make an impactful change in the market.

### Exercise

Based on the five steps above, identify the key product that your development is selling, and briefly describe how your story aligns with that of your smallest viable market.

### **7.3 SMALLEST VIABLE MARKET**

By focussing your project, it will help you find the smallest group of people that you need to give your attention to. Your property project is not for everyone so when planning your product delivery, ask yourself these questions.

- What is the minimum number of people that need to be convinced by your development?
- What are you trying to change? Is there a specific problem that your property project is solving?

For example, you may have found an interesting and unusual trend in your research of the area that your property is located in. Perhaps there is a significant shortage of affordable housing in the area, and you have found a way to make it accessible to a specific income group. This is a niche market opportunity that could be worthy of your time in order to assemble a development. Delivering a property development is delivering on a promise that you have made to your customers. What promise is your development making? For example, is it offering a safer, more convenient place to live? Is it a connector for a focussed residential community and the transport that they need access to every day?

### **7.4 WHAT IS YOUR STORY?**

In real estate development, a product that stands out is one that generously helps solve someone's problem. It has the power to influence the target market that it is catering to and will change the culture for the better. The way in which the development is communicated plays a vital role in determining the willingness of your customer to engage with your product, and whether they care enough to invest in it. These days, explaining the buyer benefits and listing the value proposition is simply not enough to be convincing. Your customer needs to feel heard – that you understand the need for your development narrative to align with their personal aspirations. Doing this requires empathy.

The way we communicate how our property project works involves storytelling. When writing the perfect story, it is hard to even begin without having a specific character (or characters) in mind. By visualizing the journey of your customer, you are placing yourself in their shoes. The ability to form a connection with your audience depends on this, and on distilling your message until it is simple and clear. Your story needs to follow a defined structure – one that progresses through a three-part plot in which you have a beginning, a middle and an end. Personal experiences that have led you to where you are – preparing for a development - can be used to support the key points of value. Audience engagement is focussed on relatability of experience and authenticity. There is a strong chance that the experiences that have influenced you on your development journey will equally influence the journey of your customer, who may have been triggered by the same awareness of a need as you were.

### **7.5 IDENTIFYING A PROBLEM TO SOLVE**

A business opportunity is defined as a product or service that creates value for customers and offers profit potential to the investor or property entrepreneur. When developing a product for the market, you need to be sure that you are solving a clearly defined problem and that this problem exists in the first place. Look into the environmental conditions that are driving your customers in terms of their buying behaviour. This can guide you in correctly positioning your development product.

There are always major unknowns at the outset of a property project, and one of the key questions to ask of your development is whether there is really a market for the product that your development is providing. If you can say with confidence that this market exists, how

big is this market? What evidence, or data is available to support your claim? Can some of the potential buyers be further engaged to understand more detail about the product that they are looking for?

Remember it is critical to assess the value that your project is bringing to its customers to find out how much they are willing to pay for it.

When creating your product, begin by asking the following customer and marketing questions.

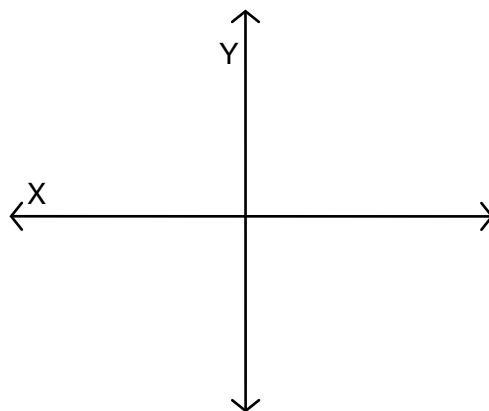
- What problem is your development solving?
- How many customers can benefit from your solution?
- Are your potential buyers aware of this problem?
- Are you going to market at a time when sales are stable or growing?
- What percentage of the total market (market share) are you hoping to capture?
- Put yourself in the shoes of your purchasers. Can you describe them?
- How can you reach your customers and which platforms do you intend on using?
- How does your product compare with your competitors? Is there a more affordable substitute?

## 7.6 NEEDS ANALYSIS

By choosing to stand for something, your development reduces the size of the market that it caters to, and as a developer you are being selective about the wants and needs of your audience. The property that your customer uses is serving them in a specific way and solving a problem by combining services and housing them in a space. Here is a list of attributes that your development may provide in a unique way.

- |                                |                                |
|--------------------------------|--------------------------------|
| - Speed of delivery            | - Experimental Living          |
| - Price (Low or high)          | - Privacy/Exclusivity          |
| - Environmental Sustainability | - Family friendly              |
| - Trendiness                   | - Exclusivity                  |
| - Security                     | - Views and Nature             |
| - Quirkiness/Unusual design    | - Generic design/Custom Design |

In finding the positioning of your development, it can be helpful to write down which features are important in shaping your product. Combining two or more of these traits can push you further onto the edges of your niche market and lead you to satisfy your customers more directly.



### Exercise

Identify two unique characteristics of your development and assign them to the X and Y axes of your graph. Try to avoid choosing generic qualities, as these will be less helpful in narrowing your audience and will lead you back to a crowded space in the market. Now, plot your project on these axes. Where do other nearby developments and rank on the same graph?

## **7.7 AVOIDING COMPETITION**

Having a grasp of the developments competing in the same market can aid the process of differentiating your product. Strong competition in a focussed market can severely impact your ability to convert sales for your project. It is up to you as a developer to be aware that the same information given to you by your researchers may also be given to your competition. In other words, your speed to market critically affects your ability to come up with something unique. Avoiding competition is as simple as finding new methods of bringing value to your customer. Disruptive products can change the market status quo because they add value to buyers in completely original ways – usually by delivering benefits in proportions that seem to significantly exceed the cost of doing so.

## **7.8 COST ENGINEERING**

Once your product has been created, it can be further enhanced through value engineering. In property, this involves maximizing the number of rentable areas and reducing the unnecessary spaces that don't contribute to the overall income of a scheme. Rentable spaces include the primary use of the building (such as office area) as well as spaces of secondary income such as parking bays, storerooms and income producing common areas. The relationship between rentable areas and the total development area is expressed as a proportion, known as an efficiency ratio. Improving rentability drastically benefits the feasibility and makes a huge difference to your efficiency ratios.

Drawing out value in the design can improve a product's overall profitability. Cost engineering also looks at balancing the expense of various materials used in the development relative to the income potential that the project can generate. Typically, market conditions dictate that a maximum potential income is achievable based on a development's location. This should prevent developers from overcapitalizing based on the limits of their target audience.

## **7.9 PACKAGING YOUR PRODUCT**

Preparing your product for sale means taking your development vision from a concept into a representation that resembles the final product as closely as possible. All the important development information is packaged into a sales pack which will be marketed to your audience and aid you in concluding a sale. Some crucial information that needs to be prepared includes the following.

- Marketing brochure
- Sales postcard (summarized content)
- Development website
- Social media package – Facebook and Instagram
- Email content

### Exercise

Using the precedent studies provided, prepare a list of documents that you think need to make up your sales pack. How can you market your development as adding value in a unique way that creates distance from your competition?