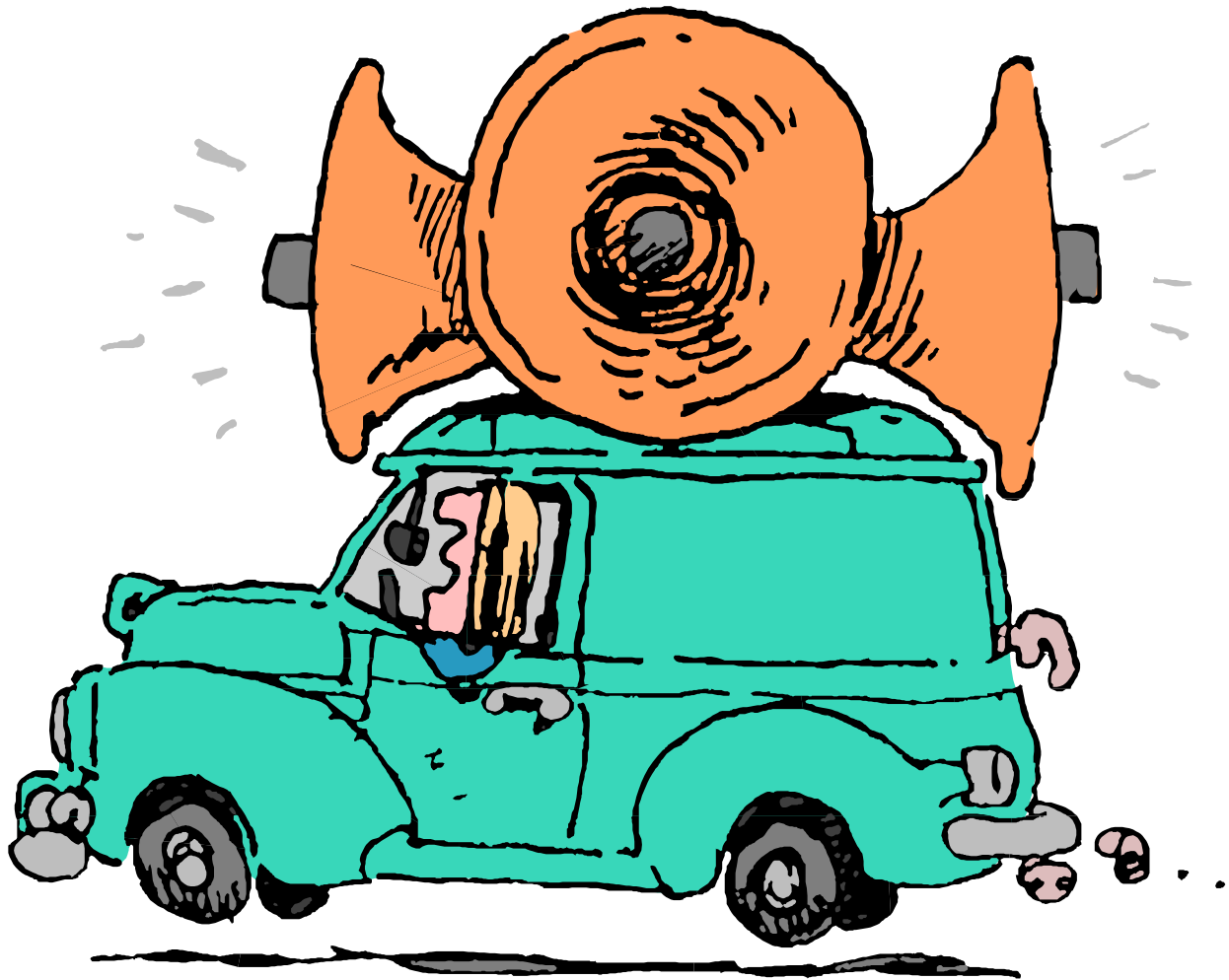




Home Builders Network
Making a difference in the housing industry

205 E. Ridgeville Blvd. Suite C
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(800) 823-4344

The Builders Guide to
Marketing Success
Presented by Al Trellis



What makes good marketing?

Good marketing is simple. It's marketing that results in increased sales and profits. Good marketing is memorable, it cuts through the marketing clutter, and it focuses on buyer needs and wants. It's consistent, sending the same message at all times. It creates realistic expectations, and separates the good customers (ones with money who are easy to work with) from the bad customers (who can't afford your product, or drive you crazy).

Bad marketing is equally simple. It's marketing that doesn't work. It gets lost in the clutter of other advertising – it fails to set the builder apart from his competition.

Most advertising for builders is notoriously bad. Part of that is due to the fact that the business is quite different from the typical retail or manufacturing businesses that marketing agencies are familiar with. Buying a home is a highly emotional, complex decision that takes many factors into account: location, type of home, design, neighborhood, price, and amenities. It is part product, and part service. And unless the builder hits the right note on every one of these factors, they can fail to make the sale.

The 3 M's of Marketing

Marketing effectiveness is the result of the 3M's of Marketing: The Message, the Media, and the Means.

The Message

The most important part of marketing effectiveness is the message.

These are the major benefits you provide your customers, and which set you apart from your competition. Creating the right message requires time and thought. If you need to, get help in framing your message.

The Media


Once you've developed the message, you need to consistently apply that message to all marketing materials,

including brochures, flyers, post-cards, and advertising. Make sure the media you use is appropriate for your audience.

The Means

Effective marketing is an investment in future sales and profits. You need to allocate sufficient resources (people, money, and time) to get the job done properly.

IMPACT



ACCORDING TO WEBSTER: The single instantaneous striking of a body in motion against another body.

ACCORDING TO YOUNG & RUBICAM: That quality in an advertisement which strikes suddenly against the reader's indifference and enlivens his mind to receive a sales message.

YOUNG & RUBICAM, INCORPORATED • ADVERTISING

NEW YORK • CHICAGO • DETROIT • SAN FRANCISCO • HOLLYWOOD • MONTREAL • TORONTO • MEXICO CITY • LONDON

Sell the emotion

Whether or not to buy a home can be a functional and financial decision. But *where* you buy a home is an emotional decision. You shouldn't be afraid to create those "Hallmark moments" based on family interaction, community, and status. What people want is a better lifestyle and more comfort.

Selling through emotion appeals to their ego, their family values, and their status. These are powerful motivators of human behavior.

Use imbedded questions to overcome resistance

Buyers have developed a strong resistance to sales pitches. They don't like being told what to think. An imbedded question is a statement, put in the form of a question. Say "Wouldn't you love to live in a Pinnacle home", rather than "You'd love to live in a Pinnacle home." To the second question, their answer might be "Says who?" But the answer to the first question is "Maybe they're right. I hadn't thought about it."

It's about them, not you

Builders feel they have to explain to the buyer who they are. But it's not about you. It's about *their* needs, *their* wants, and *their* egos.

Keep your ego out of it

It's hard for builders to keep their egos out of their work. But just as in conversation, the trick is to engage their egos, and keep your ego out of it.

Don't tell them what a wonderful builder you are... tell them that they deserve the best builder, and they'll infer the rest.

It's about their needs and wants

Needs are the minimum threshold criteria that will satisfy a buyer. If they say they need three bedrooms,

then they won't consider a house with two bedrooms, but will consider a house with four or five. Four or five bedrooms represent wants. A two-car garage may satisfy their needs, but a three-car garage satisfies their wants. The more wants you satisfy, the better chance you have to sell the home. But you have to TELL them about those needs and wants.

It's like falling in love all over again

Remember when you fell in love for the first time? Something about the way they looked, the way they made you feel comfortable, the way you knew you wanted to spend time with them. Walking into a Pinnacle home in Jamestown Village brings back those memories. With heartwarming exterior design, comfortable spaces for living and interaction, and the promise of years of pride and enjoyment for you and your family.

The finest homes begin with the best neighborhood

It's not just the homes you'll fall in love with. The neighborhood of Jamestown Village has everything you and your family would wish for... great schools, convenience to work and shopping, a village green for neighborly interaction. Open space and trails for recreation and leisure. It's a place you'll want to come home to, a place for you and for family to grow in and enjoy.



How to get to Jamestown Village
Take 1-270 North to 27 West. Turn right at the 3rd traffic light.

Map

**PINNACLE
HOMES**

1234 Main Street
Anywhere, USA

(301) 234-5678



Sell benefits, not features

To communicate benefits, you have to look at your product from the viewpoint of the customer. How does this satisfy their needs? How does this make their life better? What's in it for *them*? A feature is simply an aspect of the product. A benefit is how this feature makes their life better. For example, brick siding is a feature. The durability, low maintenance, and luxury status of brick is a benefit. Most builders make the mistake of telling the buyer all about the features of the home (the size, the number of bedrooms, etc.) and forget to sell the benefits. In selling benefits, ask yourself "So what?" If you use 3/4" drywall, and everyone else uses 1/2" drywall, the customer will say "So What?" That's a feature. They need to understand that 3/4" drywall provides extra fire protection and extra sound control. That's the benefit.

Sell ALL the benefits

Sell emotional, procedural, and functional, as well as financial and physical benefits. Builders are very comfortable with the physical (what something is) and the financial (what it costs). They're less comfortable with the emotional (how it makes the buyer feel), the functional (what it does, and how it does it), and the procedural (how easy you make it for the buyer). But buying a home can be a very emotional decision. By not selling all the benefits, you're missing a big marketing advantage.

Here are some ways to translate features into benefits in talking about your homes:

- Master suite separated from children's suite. **BENEFIT:** Increased privacy and convenience.
- (Brand name) windows with low-e glass. **BENEFITS:** Reduced glare (comfort), reduce heat gain (energy savings).

Make a difference

If you're going to talk about a benefit, it should make a significant difference to the buyer. A two-car garage may meet their minimum needs threshold. But a 2 1/2 or 3 car garage for the extra storage and workspace... that makes a difference, and is a true benefit.

If you're tired of living in a cramped, inefficient, outdated old home, we need to talk.

At Jamestown Village, we've created the homes you've been looking for. With spacious kitchens and family rooms designed for the way your family lives. With master bedrooms and baths that provide the luxury you deserve. With community features like club house and swimming pool, and Jackson County's most desirable school district.



The warm and comfortable eat-in kitchen becomes a focal point for family activity.

Go ahead. You deserve the best.

At Pinnacle, we work hard to make it easy for you to obtain the home of your dreams. For little more than the cost of a cookie-cutter home, you can enjoy the unparalleled luxury and comfort of a Pinnacle home.

What are you waiting for?

Call Pinnacle Homes today for a free design consultation. Isn't it time you lived in the home of your dreams?


**PINNACLE
HOMES**

*The height of
quality construction*

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(301) 234-5678
www.Pinnaclehomes.com

Builder of the Year 1999

Sell value, not price

The value of a product is the sum of the benefits, divided by the cost. Everyone understands this principle when they buy a car. Very few people buy a car based solely on price; otherwise, everyone would drive a Geo Metro. Most people decide on an acceptable quality level. *Then* they look for the best price, based on that quality level.

There are two ways to increase the perceived value of a product. You can drive up perceived benefits, or drive down perceived costs. Price wars often simply reduce the price, rather than reducing perceived costs. We tend to ignore the concept of increasing perceived benefits without spending additional money. If you can show that the resale value of a home built by your company is historically higher because of your reputation, you have increased the perceived benefits without spending an additional dime on your product. Here are three ways to think about price:

1. Price is relative to quality

A Mercedes costs more than a Geo Metro for a reason. The next time the customer gets hung up about price, ask them what kind of car they drive. What you are probing is their value system. Use *their* value system to defuse the issue.

2. Price is relative to time

Some things, such as better windows, may have a higher

initial price, but may actually save money over the life of the house, and add significantly to resale value. It would therefore have a lower total cost. If the builder can show that total costs are lower, then a higher initial price can be justified.

3. The lowest price isn't always the best price

A better grade window that is pre-primed or clad has a higher initial price than a standard window. However, by the time you install it and paint it, etc. the cost may be quite close.

Is the lowest price always the best price?

All things being equal, people would like to pay as little as possible for the same quality.

Unfortunately, when it comes to building a home, all things are not equal. A few dollars saved in design can have a major negative impact on the quality of life you home will provide. A few dollars saved on land cost can mean living in a neighborhood that isn't as nice as you would like. A few dollars saved in construction can often mean major headaches down the road in maintenance and repairs. Or you might have to settle for laminate instead of Corian®. To find the best builder, you may have to pay a little more. But you'll sleep better at night knowing you did.



Do you really want to scrimp on the quality of your dream home?

What are you waiting for?

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Builder of the Year 1999

Set yourself apart

In order to make your message stand out from the marketing clutter, you have to set yourself apart from the competition. Good marketing only works if you have a good product and good value. Other than competing on price, here are three ways you can set yourself apart from the competition. You should be using several, if not all, of these strategies.

1. Better design

No matter how good your quality of construction is, if the house doesn't meet their physical and lifestyle needs, or capture their imagination, they're not going to buy. Good design shouldn't cost more than mediocre design. In fact, it should cost less. Good design should incorporate buildability as well as livability and curb appeal.

2. Better location

Choose good quality and premium lots without overpaying in order to maximize value and consumer demand. A beautiful house in a bad location is still a bad location. But if you've got the house with the lot on the golf course, and that's what the buyer wants, you've set yourself apart. Even at the bottom end of the market avoid low prices tempting you into deal killing negatives such as powerlines and noisy roadways.

3. Better service and procedures

You should make buying or building a home with you as easy and pleasant as possible. Stream-

line your financing and customer selection procedures. Improve the response time on your customer service requests. Always return phone calls ASAP. If the answer is no, then say no, but say it quickly. And always go the extra mile to make sure that realistic expectations are met.

"The place to start selling is in the factory, and if the articles we make are not good enough consistently to be sold to the public without any hypnotic processes, then they are not good enough to sell at all."
– Harvey Firestone

This is not your average cookie-cutter home.

Ever notice how most homes are designed to fit the average family, with average needs and average incomes. But what happens if you're not average? A custom home from Pinnacle can tailor a plan to the way you and your family want to live.



The warm and comfortable eat-in kitchen becomes a focal point for family activity.

We make it easy for you

At Pinnacle, we work hard to make it easy for you to obtain the home of your dreams. You'll work with a professional interior designer to choose your options and components and tailor your home to your needs. Our subcontractors are selected for their attention to detail. For little more than the cost of a cookie-cutter home, you can enjoy the unparalleled luxury and comfort of a Pinnacle home.

What are you waiting for?

Call Pinnacle Homes today for a free design consultation. Isn't it time you lived in the home of your dreams?

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Builder of the Year 1999

The Marketing Toolkit

Once you have your message refined, the next step is to develop the full range of marketing tools you need to successfully convey that message to your potential buyers.

Characteristics of good marketing materials

The good news is that all these items should be easy and relatively inexpensive to produce. To maximize their effectiveness, each of these items should display the following characteristics:

Modular

Your positioning brochure should be for information that does *not* change from product to product, or community to community. Information that quickly changes should be provided in separate pieces such as price sheets and option sheets. That way, when prices or options change, you don't have to throw out the entire brochure.

Consistent

When you have a beautiful four-color positioning brochure, but your pricing sheet is hand typed and looks like it's a fifth generation copy, you've sent a mixed-message to the buyer about your commitment to quality. Create a format you like and then apply it to *all* your communications. You don't have to go overboard on cost – keep it simple, but attractive. Use desktop publishing to make it easy to modify. There's nothing wrong with photo copies, as long as they're crisp and clean.

Memorable

Just as you try to create memory points in your homes, you should try to create memory points in your brochure. Every page should have one or more points that you want to stick in the mind of the buyer. Use headlines, photos, captions and subheads to make those points.

Effective use of color

Studies show that full-color ads have several times the impact of the same ad in black and white. Four-color printing has dropped dramatically in price over the past several years. Use it effectively for your positioning brochure. You can use spot color for your other marketing materials.

Cost-effective

Why waste marketing dollars to produce expensive, inflexible, poorly focused pieces? It's better to have a simple, inexpensive black and white flyer with a strong message, than an expensive, inflexible piece that lacks focus.

Call to action

Every marketing piece, including price sheets, product sheets, and option lists should contain a call to action ...a reason for them to call, and a highly visible phone number, address, web address, etc.

Marketing materials needed

- Builder brochure
- Community brochure
- Product brochure
- Display ads
- Model posters
- Realtor sales brochure

Builder brochure

The builder brochure is the place where you get to tell your message - why people should buy from you rather than the competition. It should have lots of beautiful photographs, and a simple 4 or 5 part message. Typically these brochures are four to eight pages, in full color.

Because of their expense, builder brochures are not a mass marketing tool. They are usually distributed to qualified prospects (people who have visited your sales office, or who have requested information).

Product flyers

Product flyers can be as simple as a one page, one side black only sheet, or as complex as a four page full color, folder. The important thing to remember about product sheets is to keep them simple and don't try to cram too much information on them. Make the floor plans and primary elevation as large as possible for maximum impact. You can produce these in-house if you want, printing them in limited quantities on a color ink-jet printer.

A Place to Call Home





A country kitchen is a marvelous place for family and friends to gather.

A custom home for the way you live today.

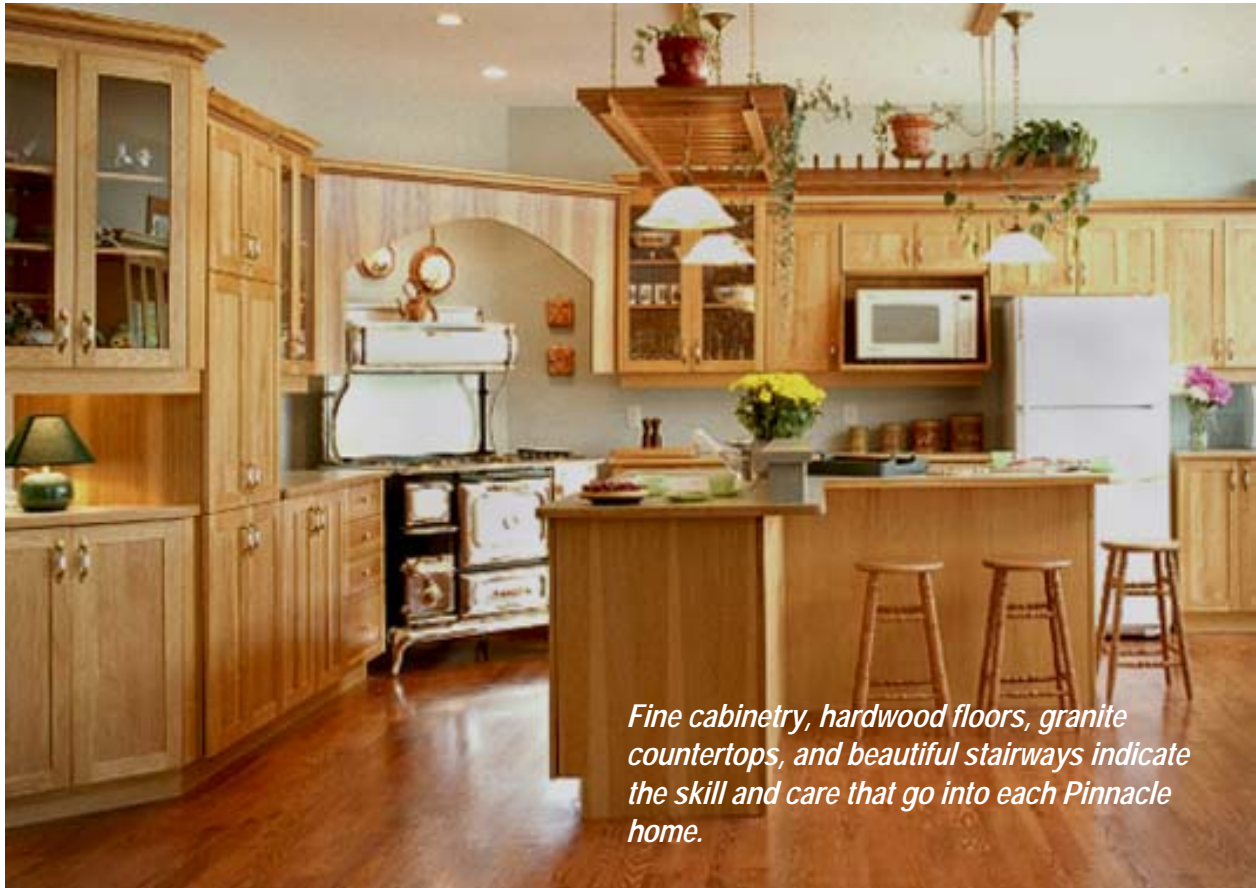
You've worked hard all your life to have the home that you've dreamed about. A place that provides the comfort and convenience of a home specially designed just for you and your family. A quiet retreat from the pressures of life, a place to entertain friends and family. A chance to express your lifestyle and personality. And when it's time to turn those dreams into reality, you need to rely on a builder you can trust, who understands your needs and wants, and who shares your expectations of quality and craftsmanship.

"Your helpfulness, attention to detail and genuine concern made our first build a pleasant experience. We appreciated all the little things that you did to ensure our house would be all we hoped it would be. Of course, we must not forget to mention the overall quality of our home – second to none in our opinion!"

— Bill and Betty Byer



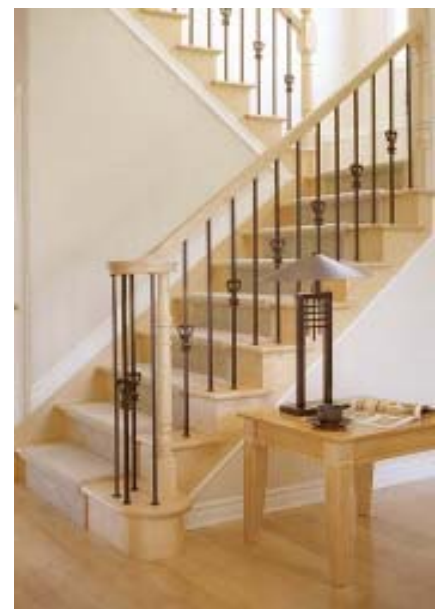
Timeless design, exceptional craftsmanship, and friendly neighborhoods are what make a Pinnacle home the place you want to call your own.



Only the finest craftsmanship is good enough.

Tue craftsmanship is at its finest in every Pinnacle home. Quality materials and premium structural components are installed and fabricated by veteran workmen skilled in the building trades.

The quality of a Pinnacle home is evident in the attention to detail and finishing touches that make every room a special place. The warmth and texture of natural wood and stone, window placement to take advantage of the scenic vistas, built-ins that give the room a focal point, all of these whisper “this is where I want to live.”



Pinnacle homes are noted for their charming and exciting exterior design, many in the beautiful and classic craftsman style.



We work hard to make it easy for you.

Building a home can be a complicated process, with hundreds of decisions to be made over many months of work. At Pinnacle Homes, our ten years of experience makes that process as smooth as possible. We start with a free consultation to discuss your needs and desires. We'll show you a wide variety of beautiful lots on which to build. From a proven portfolio of award-winning houses, we'll assist you in selecting a design to suit your needs. Once you have a lot and plan, we'll help you select materials and components that are beautiful, durable, and fit your budget. During construction we'll schedule periodic site visits so you can follow the progress. Before closing, we'll walk you through your new home and explain its features and operations. All this is so you can sleep better at night, during construction and for years to come.



What are you waiting for?

The sooner you call Pinnacle Homes, the sooner we can meet with you to discuss your needs and desires, and the sooner you can start living in the lifestyle you deserve. Isn't it time you started enjoying the luxury, livability and peace of mind that comes from owning a home built by Anywhere's leading custom builder?

www.PinnacleHomes.com

(123) 456-7890



Realtor marketing program

Realtors are an important source of many builder sales. However builders resent what they perceive as a high commission paid for very little work. Realtors resent the drawn-out construction time. Mostly they hate waiting for commissions.

Barriers to the sale

The biggest barrier to Realtors in selling custom homes is the length of time it takes to get paid. In order to get past the complexity, the builder has to have an orderly process that simplifies the decision making process for the buyer. However, you also need to define the process in terms of the Realtors. How do they fit into the picture? How do they protect their clients and ensure their commission? What is their responsibility in working with their clients?

Serving the Realtor's client

Most Realtors are genuinely concerned about meeting the needs of their clients. That's why any program aimed at Realtors should address not only the financial issues, but also the customer service and satisfaction issues.

To a degree, the builder consumer message and the Realtor message overlap. Simplify the consumer message, add Realtor specific benefits, and you have the beginnings of a good Realtor program.

Accelerated payment

There are several ways to address the "quick pay" issue. Some builders pay half the real estate commission at time of sale. Others prorate the commission and pay it at time of draw.

Realtor outreach

You need a consistent outreach program that targets the most active Realtors, gets the message across to them in a memorable way, and keeps reminding them that you should be their builder of choice.

Ten reasons Realtors should bring their clients to Pinnacle Homes

1. You'll sleep easier at night, knowing we're taking care of your customers.

We know how important happy customers are to your future success. Happy customers lead to more referrals – both for you and for us. That's why we spell out the entire construction process from the beginning of the job, and why every Pinnacle customer gets a weekly email or fax progress report. Your customers will sleep better too.

2. We pay your commission faster.

We offer selling agent a 3% commission and pay commissions faster than other builders. You can get the first half of your commission when the contract is signed (with loan pre-approval), and the balance at closing.

3. It's easy to sell value.

Our standard features and benefits look like most builders' option lists. That means no hidden costs – happier customers, and easier sales.

4. We let you get on with your business.

For today's active families, time is at a premium. Most real estate professionals have even more demands on their time. We take care of the building process so you can concentrate on building your referral base.

5. We give your clients more choices.

We have enough standard plans, each with optional elevations and layouts to give your clients the chance to create a unique home that will meet their needs.

6. We care about quality.

We're experienced enough to do the job right, and dedicated enough to care. You don't have to worry about fly-by-night construction practices, or shaky business longevity.

7. Our service keeps our customers happy after the sale.

With our scheduled Service warranty program, you clients receive pre-scheduled visits two weeks, four months, and 11 months after the sale in addition to 24 hour emergency service.

8. We've got the winning team.

Our subcontractors and suppliers are selected based on their reliability and attention to quality. That means a smoother construction process, earlier closing dates, less callbacks and warranty problems.

9. We respect your relationship with the buyer.

Once your client is registered with us, we protect your commission. You don't have to constantly check back and make sure that things are still going smoothly, or that paperwork has been submitted.

10. We love paying real estate commissions.

Realtors are our partners in providing for the housing needs of our buyers. When we pay you a commission, we both win.



Call 301-234-5678 today for details.

How to deal with an 800 lb. Gorilla

Many home builders operate in small protected markets. So they may lack a driving incentive to continually improve their product or their efficiency. When a large national builder comes to the market, it can mean trouble. Big builders are addicted to increased growth and profits. And one way for them to find that growth is to look for new markets where they don't have entrenched competition, and where their size and financial resources can work to their advantage.

"Gorilla" marketing

If you find yourself competing against an 800 lb. Gorilla, here are some marketing do's and don'ts that might help you even the odds.

1. Attack their perceived strengths, not their weaknesses. The fact that they're big is something they perceive as a strength. You can get around that by stressing both your competence and your attention to customer needs. ("We're big enough to meet your needs, and small enough to care.") If you attack a weakness, they could say "They're right, we should change that," and get even tougher.

2. Stress your "home team" advantage. If you know the market better than your competitor, use that in your marketing ("We make our town a better place to live.")

3. Stress your market advantages. If you give more personalized service or a higher level of custom design, let your potential customers know. ("Cookie cutter homes are fine for average people. But what happens if you're not average?")

4. Relieve their anxiety. One of the reasons people build with a bigger builder is that they feel (rightly or wrongly) more comfortable with what they get. It's the same reason people eat at McDonald's. It may not be the greatest food, but at least they know what to expect. People are often afraid of the complexity of the custom home process.

Relieve that anxiety by showing how you simplify the process to make it manageable.

Find your niche

Because Gorillas need large market segments, they often try to be all things to all people. When they do that, they can't be as competitive as someone who really understands and specializes in a particular market segment. In determining your niche ask – is it large enough for you to serve profitably, but small enough not to attract Gorillas? Does it take advantage of your particular expertise? Remember to look for style and lifestyle niches, not just demographic ones. You may find that you're the only builder in town who builds craftsman style low-maintenance homes for empty nesters. But that could be a very profitable niche.

Form alliances to create market advantages

Alliances are a way for you to have some of the advantages of bigness, without all the disadvantages. If you have several smaller builders in your market who build a similar quality product for different market segments, you can combine your efforts and resources and compete more effectively against bigger builders. Builders can form alliances to purchase land in larger parcels (and at lower costs), to increase sales velocity, lower risk, increase purchasing power, and share marketing and developments costs.

Get better or get beaten

In the end, you will only succeed against an 800 lb. Gorilla if you *deserve* to succeed. You must have a better product, a stronger message, and greater value, or the market simply won't care that you're a smaller builder and a nicer guy. Fortunately, the things you need to do to compete against Gorillas are the same things you should be doing now to increase your sales, productivity and profit margins. Don't wait for the Gorillas to come to town. Keep them away by being a better competitor yourself.



Straight talk about choosing a builder

Building a new home can be a complicated process. You have to select a location, a design and a builder. The builder you choose can have a major impact on the experience: it can be a smooth running, mind-expanding expression of creativity, or it can be a time-consuming, costly experiment in frustration.



Distinctive exterior design and landscaping highlight Pinnacle homes throughout Anywhere.

Who do you want to build your home?

When it comes time to build the home of your dreams, who do you trust? Nearly all builders claim to build a quality house, and some claim to build on-time

and on budget. Others tell you that their size and sales are an indication of their value.

The kind of builder you're looking for is someone who knows your

area. Someone with professional staff and tradesmen who care about their craft, and take pride in their work. Someone with whom you can build a rapport and ease of communication, and who listens carefully to your needs and desires.

Is bigger always better?

Does anyone believe that the biggest HMO's provide the best medical care? Or that the biggest automobile manufacturers make the best cars? Generally, if you want quality care and personal service, you need to deal with a company that's big enough to service your

needs, and small enough to care about the results.

Bigger builders have one major advantage. They have the resources, staff and expertise to design and print fancier brochures and place larger ads. Of course, none of that goes into the finish of your actual house. But you can always show your friends the brochures before you move in.



The Height of Quality Construction

"We've built four homes over the past 20 years. Without a doubt, Pinnacle Homes was the easiest builder we ever had. The result was an excellent home built by very good craftsmen to our complete satisfaction!"

Bill and Betty Byer



Your family room creates the feeling of togetherness needed by today's family.

What's the matter with cookie cutter houses?

Cookie cutters are great for cookies, but not so great for houses. Your family has special requirements that may not fit one of the production oriented houses a builder provides. A true custom builder, however, can help design a house to your needs and desires, taking the time to ensure quality materials and detailing.

Don't be fooled, however, by builders who say they can redesign your home around your needs, but whose flexibility is limited to extending a wall a few feet, or changing materials to pre-selected options. Yes, Burger King may make a hamburger your way, but it's still a hamburger, not filet mignon.

Is the lowest price always the best price?

All things being equal, people would like to pay as little as possible for the same quality. Unfortunately, when it comes to building a home, all things are not equal. A few dollars saved in design can have

a major negative impact on the quality of life your home will provide. A few dollars saved in construction can often mean major headaches down the road in maintenance and repairs. To find the best builder, you may have to pay a little more. But you'll sleep better at night, knowing you did.



The comfortable eat-in kitchen of a Pinnacle home becomes a focal point for family activity.

Go ahead. You deserve the best.

Choosing the right builder for you and your family is an important decision. So if you're serious about building a home, call us today. We'll start with a free consultation to discuss your needs and desires. We'll help you select materials and components that are beautiful, durable, and fit your budget. We'll provide an itemized estimate and help arrange financing. During construction we'll schedule periodic site visits so you can follow the progress. Before closing, we'll walk you through your new home and explain its features and operations.

It's not easy choosing the right builder. There's a lot of thought and work that goes into building a custom home. We want that process to be as easy and rewarding for you as possible, and result in a home you'll be proud to call your own.


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CUSTOM HOMES

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Construction*

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How Much Should You Spend?

The answer most builders are looking for is "As little as possible." We have a slightly different attitude. We think you should spend whatever it takes **TO GET THE RESULTS YOU WANT**. If you don't want to increase your sales, you don't have to spend a lot on marketing. We also think you should spend your money first where it will generate the most results.

We divide the budget into non-discretionary and discretionary costs. Non-discretionary costs are the minimum costs of setting up a program. This includes creating the message, graphic design, stationary, business cards, and signage. It should also include a minimal run of your positioning brochure. Discretionary costs are those costs that are a function of the level of sales you intend to generate. This includes additional copies of the brochures and flyers for direct mail, postcards, and space advertising in newspapers and newsletters. **DO NOT SCRIMP** on the non-discretionary part of the budget, since the effectiveness of the entire campaign is dependent on the quality of the message and materials. We generally recommend that you budget \$3,000 to \$5,000 for the design and creation of the materials, plus printing. Plan on spending \$2,000-\$3,000 for printing a good 4-8 page brochure in four color that will serve as the centerpiece of your marketing materials.

The discretionary part of the budget depends completely on the results you intend to generate. All other things being equal, and *given a good message and good media placement*, the more you spend on marketing, the more sales will result. We generally recommend spending 1-2% of your gross sales for marketing, not including sales commissions. If you want to increase sales, spend 2% of the sales volume you would *like* to generate.

Reducing your costs

There are several ways of reducing the cost of producing good marketing materials. One way is to list your major subcontractors as part of the building team, and then charge each contractor a small fee (\$100-200) for the exposure. If you have 15 subcontractors and each pays \$200, that's \$3,000, which could cover the design and printing costs of a 4 page 4-color 5,000 run brochure. The other method is to use co-op funds obtainable through your local building supply company. If you use Andersen Windows exclusively, for example,

they may be willing to subsidize part of the production costs for a small paragraph (with logo) promoting their products. Typically, co-op fees can pay up to half of production costs. Or you can combine both methods and essentially get marketing materials for free.

Proposed Marketing Budget – 1998

Sales volume	\$4,000,000
1% of sales	\$40,000

Non-Discretionary

Message and Graphic Identity	\$2,000
Includes design of logo, stationary, business cards, signage and creation of marketing message.	
4 page brochure design (2,000 copies)	\$3,000
Printing of brochure (2,000 copies)	\$2,000
Redo sales office posters	\$ 500
Redo sales office handouts	\$1,000
Signs – 6 @ \$150	\$ 900
Business cards/stationary	\$ 400
Redo web site	\$3,000
Office refurbishment	\$5,000
Total Non-discretionary	\$15,800

Discretionary

Flyer (2,000 copies) – 4 color*	\$2,000
Newspaper insert (4,000 copies)	\$4,000
Direct mailing	\$3,000
Ads – local paper 12 @ \$600*	\$7,200
Ads – targeted media 10 @ 350	\$3,500
2 open houses (1 custom/1model/spec)	\$2,500
Gifts/promotions	
10 @ \$50, 1,000 @ \$1	\$1,500
Total Discretionary	\$22,200

TOTAL	\$38,000
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TOTAL BUDGET	\$40,000
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