



Understanding Demographics & How it affects your business



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Demographics – doing our job and growing our business depends on them. To succeed in this industry, you must understand how demographics affect you.

Websters dictionary defines demographics as: *-noun*

(*used with a plural verb*) the statistical data of a population, esp. those showing average age, income, education, etc.

I think the definition is pretty straight forward. So what do we do with it? How does this apply to your business? This course will take apart your business and help you understand why defining your appropriate demographic is vital to reeling in your marketing dollar, providing world class service for your clients and making the most of your every day.

Market Positioning

Defining where you would like to position yourself in your local (or national) market is the first step in working your business. Who do you want to sell to? Who will your client be? How much work do you want to do? How much will you charge? These are all relevant questions when beginning your business. It is only through careful consideration of your targeted demographics can you really answer them.

Think of a shopping mall. What kinds of stores are in the mall? If you look around you'll find all sorts. Each store is merchandised and marketed to its own demographic. Narrow the field – think only of the women's clothing stores in this same mall. Can you identify stores that have a significantly different demographic – selling the same basic items, in the same basic location? Do any of these stores try to appeal to every shopper in the mall? No, of course not! They have determined what their demographic is and their entire business is built around it. This is what I want you to begin doing.

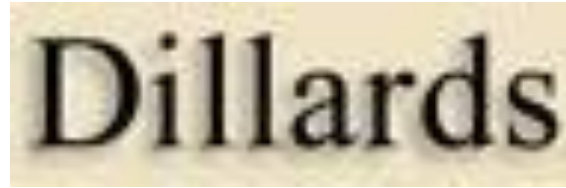
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Determine your demographic – So, who do you think your client is? What store in that imaginary mall do you want to be? I think of this as my Neiman Marcus, Dillard & Sears exercise.



Think about the buyer for Neiman Marcus. What you know about them? Can everyone afford them? Generally speaking, the reputation of Neiman Marcus is one of top notch customer service. They carry well-made, brand-name products that are sold at a premium. The majority of the population cannot afford Neiman Marcus. Still the business exists, and even thrives, in virtually every kind of economy. How can that be? Surely there are cheaper alternatives with similar products?

The fact is that the Neiman Marcus shopper places enough importance on the differences between this store and others who offer similar types of products. These differentiators are enough to afford a premium price and offer a successful business model. The marketing for Neiman is exclusivity, prestige and ultimate client servicing. Everything they do from the layout and fixtures of the store itself, to the publicity and marketing they use to bring the clients to the door shows off their branding. When marketing, Neiman Marcus does not use flyer inserts in the weekly paper but rather sends 'invitations' to their clients for special events. Store staff – at all levels – are properly trained on client satisfaction. To them, this is the ultimate way to build and keep their customer base.



The reputation for Dillard's (Macys is also a similar type store) is very different than Neiman Marcus. While not everyone could, or would feel comfortable with the pricing of this store, the majority of the population can in fact afford their goods. With an emphasis on well-made, main-stream brands, Dillard's has gained a reputation of being a quality store with good customer service. (Notice that it's not client services anymore, but customer service? This is because the larger pool of buyers has decreased the need for exclusivity and ultimate client care.) Prices in this store are moderate. Buyers expect to pay a little more for well-made services here.

In order to appeal to the larger population and still receive slightly higher pricing, Dillard's stores are merchandised well with lots of props and stylizing. Mailers are not only included in the weekly newspaper (on high quality paper) but they are mailed individually to their known customers (typically their credit card holders).

Dillard's and Neiman Marcus may occasionally compete for customers with buyers frequenting both stores. Ultimately the difference typically comes to whether the client values cost more than customer service or main-stream name-brand over exclusivity.



Compare and contrast the buyer for Sears to the stores we've just discussed. Who is the Sears shopper? What is their average sale price? What do they look for in the Sears brand?

The Sears shopper could be anyone who wants a low price. Nearly everyone can afford them. What they lack in quality or floor display, they make up for in low price – at least to the Sears shopper. For this shopper, price is King! Sears doesn't need to spend a lot of money on client relations and service. The discount shopper is accustomed to inconvenience in order to save money.

Advertising is typically very straight forward. Commercials and newspaper inserts are aimed at showing off low prices and sales. Inexpensive non-glossy inserts are common – just the deals are important here.

While everyone in the mall can probably afford to shop at Sears, it is unlikely that they will capture the Neiman Marcus client – it's also going to be seldom to capture the Dillard's shopper. Sure, there may be some crossover but generally speaking shoppers gravitate to one of these stores (or comparable stores in their area).

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So, who do you want to be? Neiman Marcus, Dillards or Sears? While there are a ton of options out there, defining whether price, customer service, exclusivity or availability is the most important aspect of your business is the first step to defining your market position.

Once you have decided what is best for you and your market, you will then need to plan all of your business around it. Here are some examples of things to consider:

- When advertising, what is 'visible' to your demographic?
- Quality of marketing materials – both in layout and paper
- Information, photos and language on your website
- Pricing
- Additional services offered (wine & cheese events, fresh flowers, professional photography)
- Minimum list price of staging job?
- Amount of staff (and quality of training) to meet job requirements

Differentiate Yourself

Now that you've decided what's important and how to position yourself, you need to show it off!! How will they find you in the crowd? What will make you stand apart?



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Too often in this industry we hear from stagers that they just can't compete on price or that they lose the deal because all the homeowner/agent cares about is getting the best price. If this is what you are hearing, you haven't done your job on positioning.

Make a list of the things that set your company apart from the other stagers in your community. Determine how you can use these to your disadvantage. Do you have better quality furnishings? Do you have shorter contracts? Do you have a higher close rate? Do you help market the properties after staging? When presented with the facts and differences, you may lose some deals to your competition but your demographics will want to use your services. *Remember, Dillards will frequently lose shoppers to Sears & Neiman Marcus but they still have significant sales of their own with their own clientele. Rather than trying to chase after everyone, they simply market to their demographics and are able to thrive.*

Creating Top of the Mind Awareness

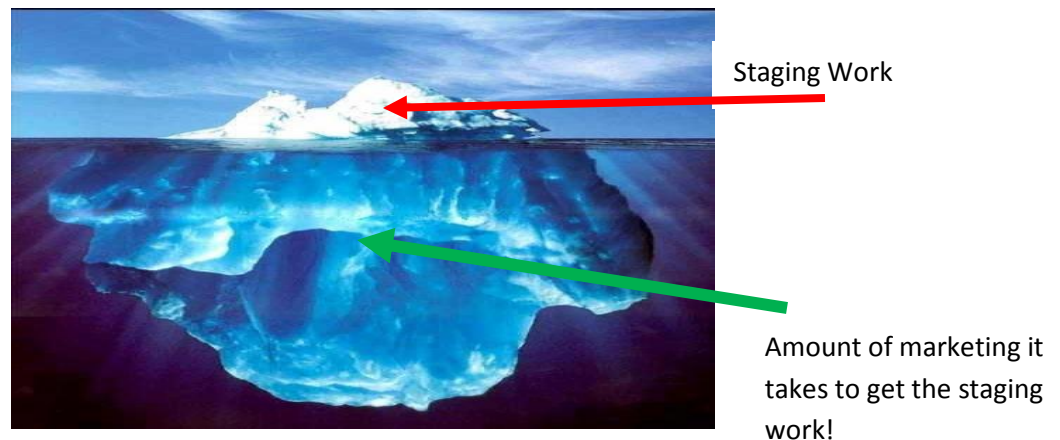
Once you've determined what your differentiating factors are and how you will showcase these to your clients and potential clients you will need to begin a campaign directed toward your specific demographic. Rather than loading a shot gun full of pellets and hoping something sticks, by understanding who your targeted buyer is you can load a high powered rifle and aim with precision.

For top of the mind awareness, you will need to be where they are. You will need to capture their attention. Remember our discussion on the marketing of Neiman Marcus, Dillards and Sears? Neiman Marcus does not rely on newspaper inserts. Instead they send pertinent information and marketing directly to their likely clientele. There are fewer potential candidates and so their approach is more selective. Sears nearly exclusively relies on

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newspaper inserts and TV commercials. They are looking for the masses. Dillards falls somewhere in between.

Consider a drip marketing campaign – look for multiple ways to be in front of your potential clients over and over. If they keep hearing your name they will (hopefully) eventually get the message. At the least, when they are asked by one of their clients or colleagues about staging they will know who to refer them to.



Make a list of opportunities based on your demographic and create a systematic way of utilizing all or most of them. Some different possibilities may be agent presentations, sellers' workshops, lunch & learns, luxury & land homes ads, wine & cheese events, event sponsorships, newsletters and webinars.

Remember when you are working on your advertising that you should be focusing on how you make them better agents, how they will get more clients or how they will sell more (i.e. make more money). While the marketing and advertising is to show what you do that makes you unique, it must be positioned such that if they hire you then they will be better. Don't spend your marketing time and money talking about you.... Most buyers tune into WIIFM – What's in it for me. That's what they care about!

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When you are new to the business, you may feel that you just don't care where the business comes from, as long as it comes. You will be inclined to advertise everywhere and to spend a lot of time, energy and money on markets that your company really doesn't mesh with well.... Does it make sense to advertise to luxury home agents, get a call for a staging, show up with cards from Vistaprint (inferior to moderate quality) and then have to explain that you don't have the luxury furniture and artwork required for such a staging job? (Because I know you would not take a job that you could not properly represent – or present.) Instead, had you focused on the demographics you were able to actually complete the transaction with, you would have had more confidence and would be able to please the client – to meet and/or exceed expectations.

Once you have been in business and established yourself you may decide that you have an even stronger niche demographic. There may come a time when you realize that most of your work comes from a smaller group inside of your determined demographic and wonder what would happen to your business if you just focused on that smaller group in a more targeted way. As many highly successful professionals have learned, when you focus on doing one thing very very effectively you are often able to increase your rates for these services. Rather than having to get more work to increase your income, you can charge a premium (within reasonable rates for your demographic) for your work. Even if you aren't able to increase your rates by focusing on a niche market, you may be able to create a more loyal base that uses you on a more consistent basis. You will be able to spend less time and money marketing for the same or increased business.

Creating a Niche market allows you to showcase yourself as an expert in this smaller market segment. Some examples of niche opportunities may include vacant staging, beach properties, luxury properties or small spaces. Advertising that you are the top expert in your market for these properties you will find that agents who mirror similar niches will want to work with you since you help make them more effective & unique.

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Demographics isn't just about marketing YOUR business

While we often think about demographics as far as our marketing goes, the truth is in the staging industry it encompasses nearly everything we do. The actual day to day staging work is significantly impacted by demographics. Once upon a time, staging was positioned as a broad appeal to the maximum number of potential buyers. Today it is appealing to the buyer that is most likely to purchase the home. This means that when we stage that we need to know and relate to the demographic that will likely purchase the home.

What do we need to identify when looking at staging demographics?

- Age
- Income
- Sex
- Familial status

Now, what kind of buyer does that translate into?

- Starter family
- First time buyer (young adult no children)
- Married, no children – dual income
- Parents purchasing for a college student
- Retired adults
- Established family with teenagers
- Secondary residence
- Rental property (long or vacation)

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Each of these different demographics have very different furniture needs. Just as you would stage a beach property differently than a mountain property, you would stage a property for a first time home buyer radically different than one for retired adults.

Now that you have identified the WHO consider the home's list price. While price is relative across the country, in your specific area you should know and understand the community you are working in and what furniture, rugs, art and accessories belong in each home based on list price and demographics.

Would you put the same furniture in a \$150,000 home as a \$1,500,000 home? In all likelihood the answer is no. Would you put the same furniture in a \$200,000 - 3000 sqft home as a \$200,000 - 600 sqft condo? Again, probably not.

Ask yourself (or the listing agent) – “Who is likely to buy this property?” When you come up with an answer, consider how they live. If necessary find other advertising specialized to them. Magazines, ads and stores that this demographic likes to shop in will give you invaluable information on what is required to appeal to them.

Ultimately understanding demographics is all about increasing the salability of either your business or the property you are staging. The best of the best have a clear picture of who they are targeting and master the art of servicing and being available to them. Growing your business requires at least a basic knowledge and understanding of this area. Mastering this area virtually guarantees success.