

Company Identity: Segmentation, Targeting and Positioning

By Alan Carson, Carson Dunlop, www.carsondunlop.com

Segmentation, targeting and positioning are three related concepts that say the same thing—you should narrow the focus of your marketing efforts.

What do we mean? You are a home inspector, but you could specialize in one or more of the following:

- High-end homes
- Old homes
- Structures
- New homes
- First-time buyers

Let's look at the definitions of the terms. Then we'll give you a few ideas about how these concepts can help you.

SEGMENTATION

Segmentation divides up the "mass market" into smaller, distinct markets, or "micromarkets."

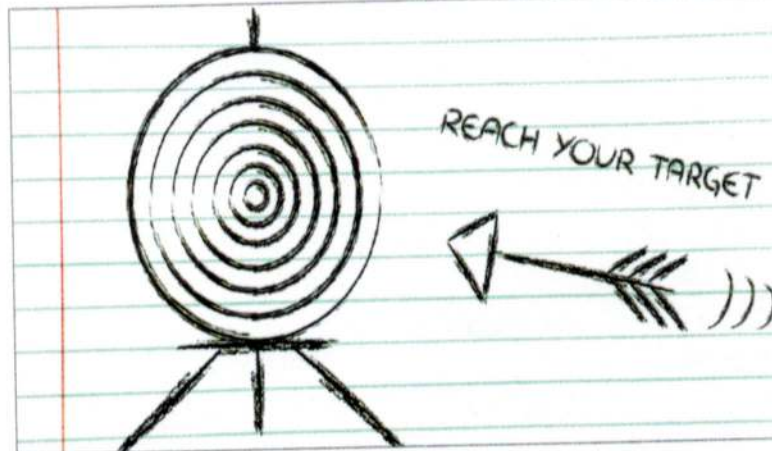
Segmentation is the opposite of mass marketing, which is what most home inspection firms practice. Mass marketing is ineffective for any professional service. Segmented marketing is much more effective.

Why do we break down the market into micromarkets? This segmentation process enables us to design a specific marketing strategy for that micromarket.

The idea is to tailor your campaign to fit exactly what the people in that segment are looking for. In other words, you show that you can meet the specific needs of that specific segment. Marketing experts suggest that in a competitive market, you can't compete effectively in more than one segment.

Here are two things to consider as you look for segments to target:

- The market must be large enough. If there are only 500 real estate transactions per year in your service area, you can't afford to specialize.
- The segment must be large enough. For example, it does not make sense to target the segment of the market that includes houses over \$10 million if there are only a few such houses in your service area.



TARGETING

Targeting means designing a marketing strategy for a particular market segment. For example, rather than creating a general brochure for home inspections, you would create a brochure for new home inspections, another for inspections for first-time buyers and still another for inspection of old homes or any other market segment you decide is worth targeting. The goal is to satisfy each market's specific needs.

POSITIONING

Your position is how your customers see you. For example, let's assume you are very good with first-time buyers. You are trying to create your position by targeting a market segment and by building a specific marketing campaign. Understand that the public decides your position, not you. You may guide the public with your marketing campaign and careful segmentation, but in the end, your customers decide. People who use "position" as an action verb are missing the point. The actions are targeting and segmentation. In this respect, there is no such thing as "positioning."

An Example of Segmentation, Targeting and Positioning

What do segmentation, targeting and positioning have to do with the home inspection business?

The Generic Inspector: The typical home inspector picks a name for the business, gets business

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advertises online and is in business. This home inspector is entirely generic. This home inspector does not stand for anything.

The Great Generic Inspector: If this same home inspector is a great inspector who is good with people, puts things into context and does all the other things that clients and real estate agents expect, that inspector eventually will carve out a market share and have a referral base. The problem is, it typically takes three years to build a self-supporting business using this strategy.

A Better Approach: Here's an example of a home inspector who uses the principles of segmentation, targeting and positioning to create a memorable inspection company and who will enjoy success in a much shorter period of time:

An inspector chooses to be a specialist in first-time buyers. (First-time buyers are the biggest market segment today. The millennials are starting to buy!) Now, rather than trying to create a marketing strategy that appeals to all, the inspector designs a strategy that appeals to first-time buyers. The inspector's goal is to create a position in the minds of his or her customers, particularly real estate agents, as being the expert in first-time buyers.

How does the inspector get the message out? With a brochure, flyer or letter designed for the real estate agent. The message is that the inspector specializes in first-time buyers. Here are sample statements for such a brochure, flyer or letter (and notes indicating whether the statement conveys a feature or a benefit of the business):

- We are experts at communicating with your first-time buyers. We leave no questions unanswered (feature). At the end of the inspection, your buyers will feel comfortable knowing they are making the right decision (benefit).
- We keep house conditions in perspective to avoid unnecessarily alarming your clients (feature). They should understand all issues and know which ones are typical of homes of that type and age. We help clients see not only the issues, but the readily available solutions. This means that a well-informed client can make good decisions (benefit).
- We help your clients learn how to operate the home and maintain its systems (feature). More knowledge and understanding will help clients control their emotions and make rational decisions (benefit).
- We are available free of charge at any time after the inspection to answer your clients' questions and concerns (feature). This saves you time and helps you enhance your reputation as an agent with satisfied clients for life (benefit).

The home inspector might have a special first-time buyer package. As part of the inspection fee, the inspector's clients might receive a free book about maintaining their home or a discount on a follow-up inspection.

Deliver the Goods: You should come up with a number of strategies that prove you are not only saying that you are the right specialist for first-time buyers, but that you also can *deliver the goods*. Delivering on your promise creates your position in the minds of your customers. With a segmentation and targeting strategy like this, you have an interesting story to tell real estate sales professionals one on one, in meetings and at events. The message should outline how this process helps agents streamline the process and saves time and money. Remember, the real message is in the benefits rather than in the features.

Stand for One Thing: The key to a solid marketing position is to stand for one thing. That one thing should be clearly identifiable and presented in a simple, clear message. This thing should differentiate you from other home inspectors.

Let people know what you stand for at every opportunity. For example, you can create a tagline for your company like, "ABC Inspection Services—The new home specialists." This tagline would appear on your e-mail correspondence, on your letterhead or anywhere your name appears.

Specialize: Why are home inspectors afraid to specialize? They fear that by standing for one thing, they will lose much of the market. For example, why would they want to target only first-time buyers when they want all of the business? It doesn't make sense to reduce the size of the pool, right? Not necessarily! You will get more business by reducing the size of the pool. In fact, you are not really reducing the size of the pool at all; by saying you focus in one area, you are becoming memorable. You stand out.

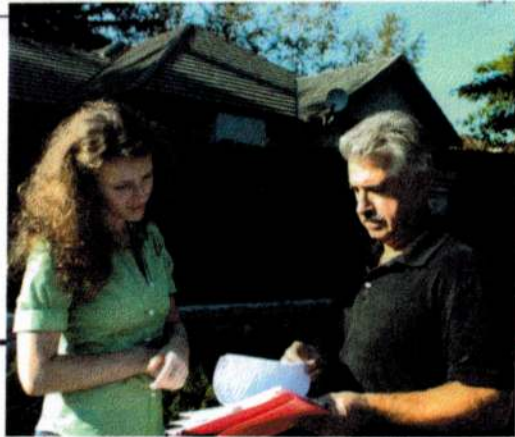
Let's say an agent is working with a client who is not a first-time buyer. Do you think the agent won't refer this client to you because you are a specialist in first-time buyers? Don't you think that the agent wants a home inspector to treat every client as a first-time buyer? The agent will most likely think, "If this inspector is an expert at handling tricky first-time buyers, he (or she) will be great with all clients."

The fear of focus is a common theme in every business. You have to trust the marketing experts in the same way that you ask your clients to trust the inspection expert. You will broaden your appeal by focusing on and targeting a single market segment.

Thanks to Roger Hankey and Kevin O'Hornett for sharing their experience and wisdom to make this a better article. 🙏

Your Company Image, *Part 2*

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In Part 1 of this series about your company image (published in the June issue of the *Reporter*), we described how clients will perceive your company and outlined some strategies for success. In this article, we continue the discussion with the importance of first impressions and how to build a relationship during and after the inspection. If you have been inspecting for years, this will be a quick checkup for you, and if you are newer to home inspection, you may learn some useful tips.

Make a Positive First Impression in Person

The first few seconds with the client are more important than the rest of the inspection. We all form opinions on the basis of first impressions. Your clients will have an expectation before the inspection and an immediate perception when they first meet you. They are hoping to meet someone who is experienced and competent, as well as friendly and approachable.

Be Presentable

Clients want someone who has their interests at heart and someone who will provide expert, unbiased advice. You should look the part and fit the role—from your vehicle to your clothing and from your business card to your personality. Be the professional your clients are hoping to meet.

Introductions

Smile when you introduce yourself to your clients. Let them know you're glad to meet them and that you appreciate the opportunity to help them with their decision. For the next few hours, your clients should be the most important people in the world to you.

Scripting and practicing your opening communication can be helpful, but be sure that you sound genuine. Your tone should be conversational and your first comments should be welcoming.

The introduction process should not take more than a minute or two. Introduce yourself and give the client a business card. A short statement about your credentials or experience working with homes in this neighborhood will reinforce the feeling that they are working with a well-trained professional and that they have made a good decision in choosing you. Some inspectors offer a positive comment about the neighborhood if it seems appropriate.

Explain the inspection process, including how long the inspection will take and when they will get the report. Encourage the client to accompany you on the inspection and ask questions. Assure your clients that they do not need to take notes; everything will be in the report.

The Contract

We are assuming that the client has accepted the inspection agreement before the inspection. Most inspectors electronically send this agreement when the inspection is booked and clients typically accept the terms online. If this has not been done, however, you should present and explain the contract and get the client's acceptance before the inspection begins. To minimize liability, this needs to be done before you get started.

Get Them Talking

The next step is to put your clients at ease and gather some information. Ask questions about them and find out where they are moving from. People are typically most comfortable talking about themselves—it's a subject they know better than anyone.

Ask your clients if they have any specific concerns about the home or if they are just looking for an overall checkup. Ask them to point out their concerns when you arrive so that you can address them during the inspection. This will help you remember to point out the issues that are especially important to them.

You have now set the stage for a professional, friendly, consultative inspection with the client's participation.

The Inspection Process

It is ideal for your clients to follow you around the home while you inspect it, although you cannot force them to do so. You can remind them that if they come with you on the inspection, then you will be able to discuss your findings and answer their questions as you go. The benefits to the client are significant. They get a much better understanding of the home. You get to develop a rapport with the client that can help reduce your liability. Clients who join you on the inspection and see how hard you work on their behalf are far less likely to complain. Most of our complaints come from clients who did not attend the inspection.

Your clients will be refining their opinion of you during the inspection. Most will not be able to evaluate your technical skills, so they will judge your communication skills. That is why the way you say something is as important as what you say.

Dos and Don'ts for Communication

It's a conversation, not a lecture. As you point things out, ask for feedback. You could say, "Does that make sense?" Make sure that your clients feel engaged and respected. Be sure to answer their questions patiently and completely. No matter how silly a person's question may seem to you, you should take it seriously and answer it fully.

The knowledge dilemma. Our challenge is that we cannot know everything. We do not get to take the house apart. We do not "get to live in it for three years to learn how it works. Remember, physicians don't know everything either. They have to recommend testing or provide referrals to specialists. In this way, you are like a family doctor.

Here are some suggestions for what to say (or what not to say) when you cannot be definitive:

Avoid saying, "I don't know," "I'm not sure" or "I think." You want to sound experienced and professional and you want to inspire confidence. Try saying things along the lines of these examples:

- "We don't have enough evidence..."
- "We can only see part of the story here..."
- "Based on the partial evidence we can see,..."
- "Although I'd love to see what's going on behind, we are not allowed to take the house apart."

The next step is to provide some direction. It may be recommending a further evaluation by a specialist or monitoring with an explanation of what the client should watch for.

You will be definitive in some cases. In other cases, you will be drawing conclusions on the basis of incomplete information and deduction. Make sure that you distinguish between fact and opinion. For example, you might say, "Based on the little we can see and my experience, there may be considerable concealed damage behind this wall." After offering your opinion, you should provide the client some direction such as, "I recommend the drywall be removed to determine the condition of the structure behind it and to determine whether repairs are needed."

Your Final Report is Important

The only thing more important than the first impression you make is the last impression. The inspection report is the last part of the inspection process and it's the only tangible evidence of your inspection.

The report has to knock your client's socks off. It is the material proof that they have

received a professional assessment. From a marketing perspective, the report is what will get you future referrals. If your report is unimpressive, your client's image of you and your whole business will be unimpressive. A great inspection can be wasted by a mediocre report.

Reports should look professional, with relevant color photographs to help tell the story. It's hard to look great with handwritten reports and checkboxes on a form. A lot of great software is available that can help make you look good. Whatever you use to create your reports, put forth your best effort and ensure that your report reflects how you would like your company to be perceived.

Closing Comments

Your report is important, but it is not the only opportunity to showcase your skill as an inspector. Perception is reality, and a professional and friendly demeanor at the inspection that puts your client at ease can turn a customer into a referrer. A positive impression is good for your business and good for our profession! 🏠

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