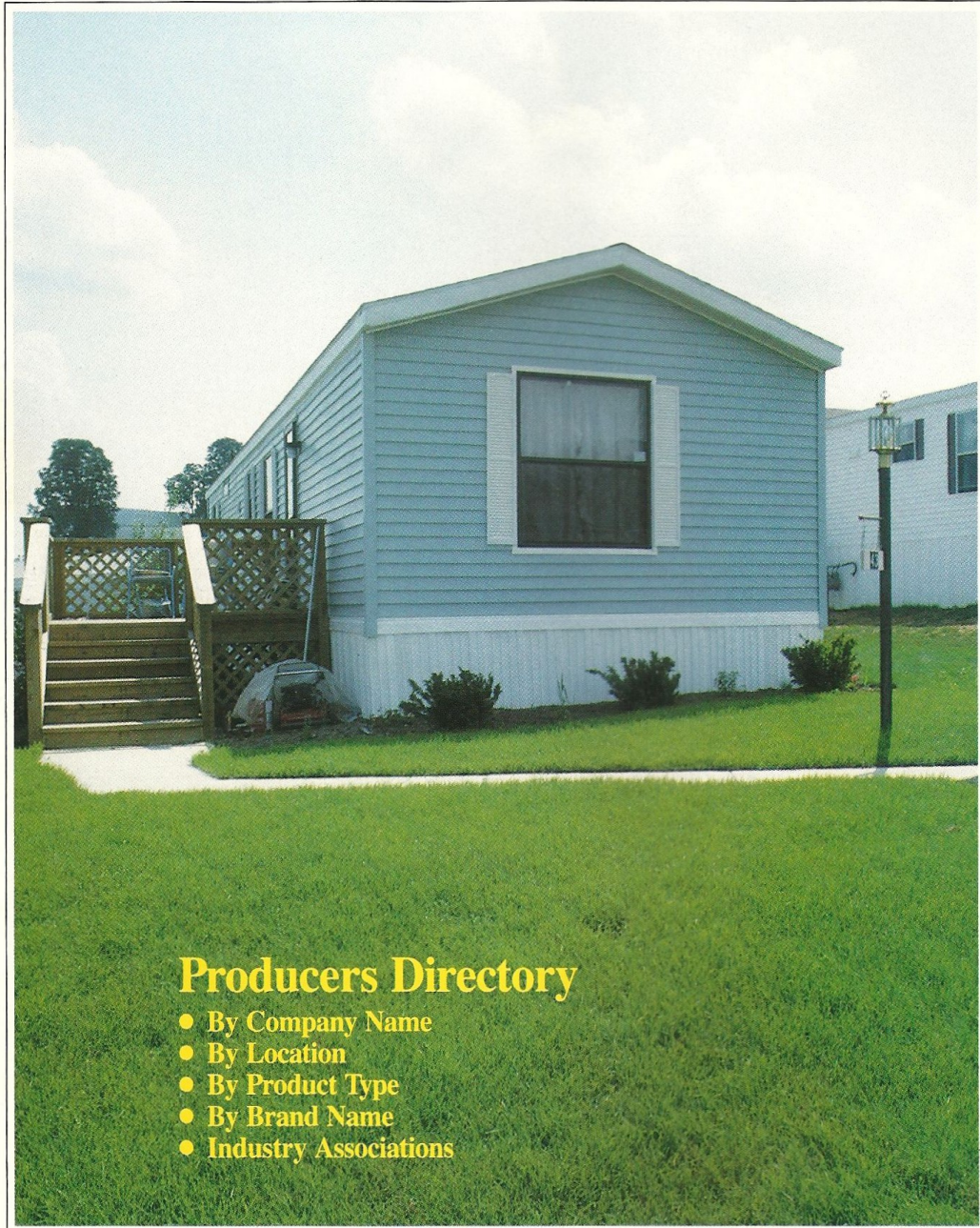


Styles, technology and terms changed since this was first published. But as you read this, **consider all of the 'basics' that are as true today as they were when this was written.** LATonyKovach.com

Mobile/Manufactured Home MERCHANDISER

NOVEMBER 1988



Producers Directory

- By Company Name
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- Industry Associations

Serving the entire manufactured housing industry

Increasing sales in a "down" market

by L. A. Kovach

L. Kovach is the director of sales and marketing at S & L Mobile Homes in Purcell, Oklahoma. He will be the special guest speaker at the Alberta Manufactured Housing Association meeting in Edmonton, Alberta, Canada this month. His topic will be successfully selling mobile/manufactured homes in a down market.

Today, many retailers are selling in areas of declining or at best stable sales. If your retail operation has been struggling in these types of conditions, take heart. There are simple, basic ways to achieve increased sales and profitability in even poor market conditions.

I know from my own experiences what declining market conditions can be like. Just a few years ago, Oklahoma was among the top states nationally in sales with some 12,000 homes sold in 1982. Yet in 1987, barely 1,100 new homes were sold—a drop of about 90% during five years. The local and regional economies have caused retailers to fold by the hundreds, and many manufacturers have suffered and gone down as well.

Not only have new home sales suffered, but some lenders, frustrated in their attempts to sell repossessed inventory in the numbers and price ranges they need, have sadly pulled or sold homes to others states where local economies are stronger.

I think much of this is and has been unnecessary. Because even in poor economic conditions, there are opportunities for sales that are simply being overlooked and neglected. I can say this with certainty, because during the last three years S&L's sales have increased every year to the tune of more than 300%. I often sell against lower prices and interest rates, and have still come out with the sale to the customers—and have done so by the dozens. And I believe that S&L's sales will continue to improve.

If a one-town retailer in a community of 4,500 people can achieve this kind of growth with limited resources, many of you reading this article can do this and more. Let me share with you some of the key con-



cepts that S&L has used in thankfully moving forward while so many others have fallen by the wayside.

First, take a look at the mobile/manufactured home business nationally within the economic and social context.

The industry has remained stagnant with about 250,000 new homes a year being built and sold. While these are not puny numbers by any means, it is just a fraction of the numbers of sales that are statistically possible.

Government and private industry studies have shown by the end of this century millions of people will be unable to afford new site-built homes due to ever-rising prices. Some foresee a major social impact on the country due to the problem of declining home ownership in the years ahead. In fact, even today there are huge numbers of people who are priced out of the housing market.

Who is in the best position to solve these needs for affordable housing? Mobile/manufactured home retailers and manufacturers, that's who. You have a quality home available for a reasonably low investment. And yet mobile/manufactured homes continue to be the second choice in housing for many, and aren't even considered a choice at all by many more.

Why is this? And what impact does this have on you as individual retailers?

In many respects, the industry has been the victim of the public's and some of the industry members' preconceived and **misconceived** ideas. Industry members have too often accepted the fact that mobile/manufactured homes are a second choice,

for whatever reason. It is hard enough to sell against the public image. But how can an industry grow with this type of self concept? Simply put, it can't. And retailers who accept that image as permanent are in trouble, too.

Picture the automotive industry about 100 years ago. If the people who were the movers and shakers believed all the negative impressions the public first had and accepted them, everyone would be riding around in horse drawn carriages today. If the pioneers in aviation had accepted such thoughts as "man was not intended to fly," no one would be "flying the friendly skies" with the airlines on business or pleasure trips either. These and many other industries overcame the initial negative public reactions and are now major parts of the economy.

The mobile/manufactured home industry can do the same thing.

The first thing that is needed in the mobile/manufactured housing industry is a vision of what the industry can and should be. Industry members must begin by accepting the product as one that fills the needs of people. Mobile/manufactured homes are already good, and they can work at getting better.

By taking a more positive view of mobile/manufactured homes and opening your eyes to your market potential, you will be taking an important step toward growth.

Once you adjust your self concept individually as sellers, and collectively as an industry, you should focus in on some other key areas needed to improve sales. And you should begin with the customers you are **already** seeing, and convert more of them into buyers. Once you sell more of the people you see, you can focus on bringing in more and often better customers. Start with the basics—attitude and selling.

In your own area, it's easy to spot the negative attitudes of so many salespeople. A car pulls up to a retail sales center, and the salespeople think or say things like "I'll bet it's just another flake," or "It's probably another tire-kicker." Sound familiar? There should be no surprise to

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anyone when the potential customers in that car leave shortly thereafter with no sale having been made. Negative attitudes are quickly picked up by customers and can kill sales.

Not everyone who pulls up is going to be a qualified prospect. But **every-one** who shows interest in your homes should be treated with respect and consideration. The more people who leave your sales center with a good feeling about you and your homes, the better off every retailer, and the industry, will be. On a practical level, even people who can't qualify have friends who can. How you treat them will influence them in where they should (or shouldn't) send their friends.

Positive attitudes open the door for doing business with your potential customers. But even with the best of attitudes, it takes selling to turn prospects into customers. Take a look at improving your businesses by closing more of your current customers through good selling.

First of all, selling should **not** be an "I win—you lose" type of situation. The ideal is when both the sellers and buyers "win" when the contract is closed and the home is sited. The more people who have your homes and are happy with them, the better off everyone will be. Satisfaction leads to favorable word-of-mouth business. And referrals from satisfied customers are almost a sure way of making a new sale.

Secondly, you must begin to act, dress, think and **be** professionals. If you want to sell more and earn more, you need to look the part and do the groundwork that will earn you the extra business. This takes some self-discipline and an investment in time and a little money. Here are some examples.

Some salespeople in my area greet their customers wearing baseball caps, blue jeans, T-shirts and tennis shoes. Now, I don't think three-piece suits or evening dresses and high heels are a requirement for a professional look. But your appearance and that of your sales staff does tell prospects a lot about you and your business.

Many people would lose some respect for their doctors if they met

them in their office dressed in a sloppy way. That's why they do dress "professionally" while on duty. You can reverse this point and gain respect by looking sharp and clean yourself. How do the store managers in your area dress? That can be a good clue to how you and your sales staff should look, too. It can make a difference with the better qualified prospects who come to your sales center. And no one gets offended by someone who is dressed sharp at work.

But professionalism is more than just how you look, although that is an important start. Because your bread and butter is supposed to be selling homes, get better at it. And this is how you go about improving your sales skills.

A good start is to have your staff read articles on sales. At S&L, we also buy, read and listen to a wide range of books and cassette tapes on sales. Then we have regular sales meetings and training sessions. We've also attended seminars held by experts on sales and motivation when they come to the area. All of these should be geared to learning the fundamentals of selling—good listening skills and learning how to persuade and motivate your customers.

Professionals in other fields—such as doctors, lawyers and pharmacists—attend regular seminars and read constantly on advances in their specialties. Professional salespeople need this, too. By learning how to properly persuade people from being lookers and turning them into buyers, you will close more people and sell more homes. Too often, retailers count on increasing traffic alone to improve sales. No matter how good you may be in sales, it is vital to work at getting better or people skills tend to decline. When you learn to sell more of the traffic you have consistently, then you will have the additional financial resources (due to the extra sales and profits you've made) needed to go after a wider market.

What is needed to attract more buyers is simply good merchandising and marketing. At S&L, as in many of your situations no doubt, the budget didn't allow for expensive envi-

ronmental displays or other major investments. But you can still do many things that can lead you in phases to more business. Look at how simple this can be.

Start with an honest assessment of your display. Are your homes well arranged? Is your sales center clean, neat and free of unsightly trash and debris? First impressions are so important to both the people who want to come in and to those who *might* want to as well.

At S&L, we use attention-getting streamers and banners on the display. And we have developed "company colors:" uniform colors for signs, banners, cards, etc. This can be pleasing to the eye and adds to the overall professional look of your business.

Once you've caught their eye and the customers are at your sales center, is your office well arranged and inviting? Think of how other offices look and compare yours to them. It doesn't take fancy furniture or fixtures. It *does* take cleanliness, a pleasant atmosphere, and some decorations to make people feel comfortable. Avoiding turn-offs is the first step to creating turn-ons for possible buyers.

The same goes with your homes. You should have at least some of your homes decorated and properly displayed, and add to this as you go along. If it *looks* like home, prospects will be more inclined to *make* it their home. It's just that simple. Every such move, combined with the previous ones, should result in a higher percentage of sales for your sales operation.

The next step is to **increase** your exposure to the public. Look at your advertising program. How much business does it bring in? Are you spending your ad dollar in the best possible ways? At S&L, ads or promotions are measured in a very practical way. How many sales are they likely to generate and at what cost? How many customers have they brought in and with what results? The answers to these questions will tell you whether you should continue what you are doing or change it. It will give you a good feeling for what new ideas are worth the investment

and which ones aren't.

S&L uses ads that promote low living costs and ease of ownership with a positive lifestyle. When customers come in, they are often amazed at how much they can get for so little. You can pick up ideas for what may work best in your area based on what local Realtors are doing in their advertising. Ads and promotions can start with the low cost items and work up to the more expensive ones. Ads in local free shoppers, regular newspapers' classifieds, and flyers to apartments and shopping centers fall in the low-cost categories. Direct mail, radio, television, and remote radio or television broadcasts are among the more expensive ways of promoting your product. The key here is to be consistent, attract attention honestly, and do a good job with the customers you bring in.

At S&L, the experience has been that when people are properly exposed to the homes, most of the "image" problems fade away. And many good customers will buy as a result. Part of proper exposure is good merchandising, as mentioned above. These two must go hand in hand or the impact of the homes on your new prospects will be lost.

S&L has started small and worked into more expensive and sometimes elaborate promotional concepts. Some have worked better than others. The key here is to see what works for you and improve it. And those things that don't work, change or drop.

But every promotion or ad should teach you something, if you are sensitive to the results. If it doesn't appeal, why didn't it? If it worked well, why did it? Ask some of your customers, they will often tell you amazing things if you have earned their confidence and trust.

I don't believe that the mobile/manufactured home business is a "get-rich-quick" scheme. There are very few short cuts to success. There are tried and true ways that other industries have used to become successful, and the mobile/manufactured housing industry should take the lead from them as much as possible. And naturally, good bookkeep-



Inside S&L Mobile Homes' sales office, some of the staff is pictured with customers. From left to right are Greg Herr, assistant sales manager; customers Lora and Jim Driskil; Connie Beams, customer services; and L Kovach, director of sales and marketing.

ing, inventory and other fundamental business practices are a must for any retailer.

I've talked about a sound and positive perspective of the business, the importance of attitude and improving on often-neglected professional sales skills, what can make for better merchandising and finally improved marketing. I could talk about dozens of other things that all help and make a difference, but these areas are among the real foundations needed for growth for retailers and the industry in general. By tackling these areas in this order, you can phase in improvements paid for by new sales. And by doing these things, I feel that you can experience growth in almost any market area.

S&L has been blessed with success and growth in an area, like Oklahoma, with problems. What has happened for S&L has been accomplished with resources so limited as to make most people blanch. If S&L can take next to nothing and get something good, most of you can do far better by just applying the principles I've talked about. If you aren't satisfied with your results, start doing things to change them. Too

many people complain or just read and think about ways to improve. In the final analysis, there is only one way to move ahead. Start **doing** the things needed for growth.

I feel that the future can be very bright for the mobile/manufactured home industry. There is a lot that associations, lenders, insurers, suppliers, communities, government, developers, service, transport and other organizations can do that would have a positive impact on things. But retailers and manufacturers can and should get the ball rolling themselves. You have the tools and resources to do much more than has been done in the past. You need to make things happen, not wait for things to happen to you.

If enough people in the mobile/manufactured home industry do what is needed, you will look back a few years from now and think about sales of 300,000 homes a year as being just a drop in the bucket. It is only a drop in the bucket, or more to the point will be, if you just recognize your opportunities and then do the things necessary to make those opportunities become a reality for you. □