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What's Next for the Independent Retailer? – MHInsider at https://mhinsider.com/new-home-retails-sales/

By **John Ace Underwood**

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Editor's Note: *John Ace Underwood is providing a series of articles to MHInsider on retail sales strategies that reach the site-built homebuyer. This is the second in a five-part series.*

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Over the past four decades, the distribution of manufactured homes and modular homes has been a fairly well-developed system. Manufacturers built homes. Independent retailers sold them. Communities provided placement opportunities. Each segment depended heavily upon the others, and for years, the distribution system remained fairly stable.

A Rapidly Changing Relationship

Currently, across the country, manufacturers are aggressively pursuing direct relationships with developers, managing their factory-owned retail operations, partnering with conventional site builders, and in some cases even launching their own communities and subdivision-style developments. While these moves may make strategic sense from the manufacturers' perspective, they are creating growing concern among independent retailers.

The answer goes well beyond simply seeking additional revenue streams or greater operational control. While both certainly contribute, they do not fully explain the broader strategic shift now taking place across the industry.

Land-home projects often generate stronger margins and more predictable long-term growth. But perhaps most importantly, these strategies provide access to a vastly larger category of buyer: the conventional single-family home purchaser.

That may be the single most important factor driving this entire industry transition.

Manufacturers Have Recognized a Much Larger Market

For decades, much of the manufactured housing industry operated within a relatively narrow customer pool.

Most retailers traditionally marketed to consumers who already identified themselves as manufactured housing buyers — customers actively searching for affordable housing alternatives or those already familiar with the product category through prior experience, family exposure, or community living.

The problem is that this market, while important, is relatively limited. Manufacturers increasingly recognize something many retailers have discussed for years:

The growth potential of factory-built housing does not primarily exist within the current manufactured housing buyer market. It exists within the vastly larger conventional single-family housing market.

That market includes millions of buyers who have never seriously considered factory-built housing.

These are not "manufactured home buyers" in their minds. They are simply single-family home buyers and manufacturers clearly understand that most traditional street retail models have struggled to effectively reach them.

This realization may explain much of the strategic shift now taking place throughout the industry. Developers, builder-partners, subdivision projects, and manufacturer-owned retail operations all provide something many traditional dealerships historically have not: Access to mainstream housing buyers much earlier in their decision-making process.

Manufacturers are no longer simply trying to sell more manufactured homes. They are attempting to position factory-built housing as a legitimate solution within the broader single-family housing market. That is a fundamentally different objective.

Why Developers Matter

Developers play a critical role in this strategy because they normalize the product.

A buyer driving onto a traditional manufactured home sales center often immediately views the experience through the lens of "manufactured housing". Whether fair or unfair, decades of stigma, misunderstanding, and outdated perceptions still heavily influence that experience.

But a buyer touring a completed neighborhood of attractive factory-built homes on private land often sees something entirely different. They simply see housing. That distinction matters enormously. Manufacturers understand that context shapes perception.

Subdivision-style developments allow buyers to experience factory-built homes as part of a broader single-family housing environment rather than as a separate housing category altogether.

Conventional Site Builders Offer Similar Advantages

Conventional site builders already possess relationships, credibility, marketing systems, and visibility within the mainstream housing market. Partnering with them allows manufacturers to place factory-built housing in front of buyers who otherwise may never visit a traditional manufactured housing retail center.

In many ways, manufacturers appear to have concluded that the industry cannot achieve significant long-term growth simply by continuing to market primarily to existing manufactured housing buyers.

The Appeal of Vertical Integration

There is another factor driving this transition, as well: Control.

While not always successful, manufacturer-owned retail operations allow factories to control branding, customer experience, merchandising, pricing strategy, staffing, marketing, and follow-up systems. They can standardize operations, protect brand image, and capture retail margin.

From a purely business perspective, the appeal is obvious.

Independent retailers vary dramatically in professionalism, operational discipline, sales process, customer approach, marketing sophistication, and leadership quality. Some operate exceptionally well. Vertical integration reduces inconsistency, but it also fundamentally changes the factory-retailer relationship.

At some point, many independent retailers will be asking how long they will be viewed as valued long-term partners within the historic model.

A Critical Wake-Up Call for Retailers

Despite the concerns, independent retailers should view the transition as evidence that manufacturers may actually be signaling where the future opportunity exists. The broader single-family housing market is enormous.

Millions of buyers struggle with affordability. Site-built construction costs continue rising. Labor shortages persist. Interest in attainable housing alternatives continues to grow. Manufacturers clearly see this opportunity.

The retailers most likely to survive and thrive over the next decade may not be the ones who continue waiting for manufactured housing buyers to find them. They may be the ones who begin intentionally reaching conventional single-family housing buyers instead.

It requires repositioning the business model, marketing strategy, and customer experience around a very different audience.

Historically, many retailers focused primarily on selling manufactured homes to previous customers and referrals. Sixty percent of all factory-built home buyers either previously owned a factory-built home or knew someone who had.

On the other hand, there are thousands of single-family home buyers in every market who are looking for an affordable way to own their own home on their own land, not one that is in a subdivision. These buyers would be delighted with a factory-built home, but they don't even know it exists and therefore have never considered our industry as an option.

The future may require learning how to market and sell attainable single-family housing solutions built with factory efficiency. That is an entirely different mission.

The only remaining question is whether retailers will evolve quickly enough to move with the market and prosper beyond anything they've even experienced — or whether they will be left competing for a shrinking segment.