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Marketing and Property People

Owen A. Bevan

ARICS, MBCS, ACIS
The College of Estate Management, Reading

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MACMILLAN

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First published 1991

Published by
MACMILLAN EDUCATION LTD
Houndmills, Basingstoke, Hampshire RG21 2XS
and London
Companies and representatives
throughout the world

Typeset by
Ponting–Green Publishing Services, London

British Library Cataloguing in Publication Data

Bevan, Owen

Marketing and property people. – (Building and surveying series)

1.

I. Title II. Series

658.8

ISBN 978-0-333-55503-3 ISBN 978-1-349-21597-3 (eBook)

DOI 10.1007/978-1-349-21597-3

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Foreword

The timing of the publication of this book could not have been better. The first year of the last decade of the twentieth century saw the collapse of the property market in the United Kingdom and in many parts of the Western World. It also witnessed the opening up of new markets; the destruction of the Berlin Wall, the gradual drawing back of the Iron Curtain and the rapid progress towards the formal creation of the EEC produced both new opportunities and new competition.

Political and economic forces have now produced a truly global property market. Large investing institutions are seeking prestige property investments throughout the world. In doing so they are looking for property professionals who can operate at the highest level in all aspects of property investment, development appraisal and management.

There is increasing recognition that the skills possessed by the chartered surveyor are better suited to the needs of the international investor than those possessed by other professions.

What is now desperately needed is the confidence and the ability to market these skills to the ever-growing number of international investors. The theory and practice of marketing go far beyond the normal agency activities.

This book, although using examples of residential and commercial property marketing, goes deeply into the whole process of marketing and directs readers into a rewarding examination of the techniques available to them in the marketing of their firms and their services.

The remainder of this final decade of the twentieth century will present enormous challenges to the property profession, skilful marketing will be the difference between those who succeed and those who fail.

I commend this book to both students and practitioners; the lessons to be learnt from it will ensure their success in a highly competitive property market.

Peter W. Huntsman FRICS
Principal, The College of
Estate Management

Preface

The vast majority of property professionals in the UK run small businesses in an environment where there has traditionally been more than enough work to go around and where the possession of a professional qualification was virtually a meal ticket for life. As such they had little need for formal marketing or management training; after all why do you need to know how to compete if you don't need to compete?

The 1980s have seen swingeing changes in this – and other – professions and professional markets. Banks and building societies have moved into residential estate agency in force. Many commercial surveyors have been caught up as their firms took the residential golden penny and their commercial arms were amalgamated into what were planned to be nationwide commercial chains.

At the same time fundamental changes in the mainstream commercial arena became noticeable as trends moved into growth strategies. The commercial market is increasingly polarising into a relatively small number of international megafirms, well established and well positioned in major UK cities to attract prestige instructions, closely followed by a small number of large UK firms, well presented in the provinces. In addition to these is a diminishing number of established regional firms and the main mass of the professions practising in groups of up to five partners.

At a recent seminar in Reading, Professor John Magee of Templeton College, Oxford, the author of the Management Analysis Centre report which highlighted the lack of management skills within the profession, predicted an increasing polarisation of such firms towards the very big and the very small – the small players concentrating on niche markets. His view of the middle players? 'They will be squeezed – from both sides'.

The landed professions are not under attack solely from within their established professional ranks. Overlapping professional skills and spheres of activity have made it almost inevitable that opportunities to advise on matters of a professional nature would attract interest from other professions. Cost accountants have much in common with quantity surveyors; financial accountants are well equipped to advise upon investment matters; architects and structural engineers have been in regular demand as advisors upon matters structural; merchant bankers are realising that their financial

expertise positions them well for the disposal of property portfolios.

Perhaps most alarming of all for property advisors is the growing realisation that the importance of property holdings as strategic assets brings property advice firmly into the court of the large mixed discipline management consultancy organisations which are able to use their established high level contact networks to develop new areas of perceived expertise.

The professional property advisor in the nineties, therefore, is faced with challenges unlike those which he has ever had to face before. Not only does he have to face competition from his direct contemporaries, he also has to face challenge from increasingly sophisticated 'outside' competitors.

At the level of the sole practitioner the problems are, perhaps, slightly different in that he can still rely to a large extent upon his individual flair in cultivating local market influences and in building contact networks from which his business can flourish. Even here, however, clients are becoming more sophisticated and are demanding an even higher level of professional skill and sophistication to match their own expertise. The days when a 'Marketing Plan' could comprise a list of proposed advertisements are numbered, if not long gone.

The large firms and their major competitors are marketing-literate. They have to be if they are to retain their competitive edge. Yet even here 1990 brought a spate of redundancies as firms, responding to the market turndown, sought to find economies where they could – and where better than in the 'non-core' service areas which appear not to contribute directly to short term profits. The 'British Disease' strikes again – with a vengeance.

Given the fundamental importance of marketing as a management discipline – and this is the standpoint of this book – it is worth wondering whether the sacrifice, by these leading firms, of expertise in this discipline relates to a lingering misunderstanding amongst senior members of our profession of the role that marketing can, and should, play in the development and management of their businesses. Perhaps the marketing specialists, recognising the inherent limitations to understanding of their potential contribution, have contributed to their own downfall by producing what was expected – rather than by marketing their own potential adequately.

Why 'another' book on marketing?

When I was interviewed for the position of tutor in marketing I was asked if I could teach marketing. Having run my own practice for several years with responsibility for marketing property and developing working practices I was able confidently to reply 'Yes' – as would most chartered surveyors.

I was somewhat taken aback upon taking up my post to discover that marketing, far from being an extension of advertising and selling, was actually a broad-based discipline with an extensive literature, vocabulary and mythology of its own, and that few attempts had been made to link this

body of knowledge to the specialist needs of the property professional. There was one honourable exception; Ted Cleavelly's book (1984), *The Marketing of Industrial and Commercial Property*, is a worthy attempt by a marketing professional to weld the two disciplines together and to provide a bridge of understanding.

This book is a second attempt to bridge the gap – written from the viewpoint of a property professional who has come to marketing late in life – and found within it a wealth of ideas, knowledge and information that would have been invaluable in his earlier career. If, therefore, the reader detects an element of evangelism in some of the literary style and choice of examples, I am delighted as this reflects both the excitement of discovery in my own research and probably my Celtic heritage in wishing to pass on these 'discoveries' and 'insights' to others.

The book, as it stands, is a synthesis of considerable delving into some of the literature currently available covering marketing in general and some of its more arcane aspects in particular. This research has been a necessary basis for the development of teaching and course material at The College of Estate Management and the book aims both to make the bones of the material accessible, with expansions, to students preparing for property-oriented examinations and to stimulate the thinking and imagination of the mature property professional who has had neither the time nor the motivation in the past to undertake such research.

The form of the book

The book is written upon the premise that marketing is much more than a collection of techniques and ideas. Marketing is the whole basis upon which a business is run; it is a way of thinking; to some a way of life. Tom Peters says 'Business is easy; it's about making things and selling things'. Add 'profitably' to this and you virtually have a working definition of marketing as it is perceived within this book.

The word 'perceived' rears its head this early! Tom Peters (again) in *A Passion for Excellence* debates the statement 'mere perception' and makes the point that 'Perception is all there is'.

I commend this statement to marketers. The only reality is what you think things to be. Marketing is about the creation and manipulation of reality in the minds of buyers.

Some readers may be disappointed in the book. It does not contain any 'marketing techniques'. This was not deliberate. It simply reflects the fact that in two years' research I have not found any! I found plenty of sales techniques, advertising techniques, research techniques, planning techniques, product design and packaging techniques and so on – but no marketing techniques. This is because there aren't any. Marketing is a way of thinking and a way of relating specific techniques into a cohesive strategic

approach. It's a way of thinking about running a business.

The book reflects this approach to marketing. Nowhere will the reader find a 'how to do it'. There are, rather, principles which underlie approaches to problem solving in the marketing arena and it is towards the expansion of these principles that the book's thrust is directed. Each chapter should stand in its own right as providing ideas on how problem solving in particular areas can be approached. Most property people are already highly skilled in solving marketing problems. The book attempts to add a framework which can help to identify the problems and to provide some avenues down which root problems rather than symptoms can be identified.

We look at a number of areas. First products – what is a product in a property context? The answer to a question like this is not as obvious as it may seem and its exploration can point the way to changes of emphasis in product identification which can make a significant difference to the development of competitive advantage.

Given a product, how and why do people buy it? The exploration of process and motivation, both within the consumer environment and organisational environments provides significant pointers to potential changes in product design, packaging and delivery systems and leads to one of the most fundamental concepts in marketing – segmentation and targeting.

How does this translate into advantage? We consider the basics of product strategy from the viewpoint of the search for and development of competitive advantage. But strategies have to be implemented and this leads us into a consideration of the tactical weapons available to the marketer. In their book *Marketing Warfare* Al Ries and Jack Trent identify strategy with the successful implementation of tactical advantage. This theme is explored and the nature of tactical weapons available to property people examined.

Marketing is a management function and management implies planning and control. The book's final theme is the development of a marketing plan as the basis for a coherent implementation of advantage.

Objectives of the book

The principal objectives of the book can be summarised readily.

- (i) To the student it should provide an overview of marketing as a subject for study together with sufficient property-related detail to allow the student to prepare for professional examinations with confidence. In this context the book's level of complexity increases as it progresses. For the RICS Diploma finalist the whole book should be relevant; for other, less advanced students, the earlier chapters may be more important.
- (ii) To the mature surveyor it should provide a broad introduction to marketing as a discipline and should repay its reading through a contribution to the reader's ability to identify competitive advantage

both in his own products and in those of his clients. In doing this the book should help to demystify the discipline and remove uncertainties inherent in the use of 'professional jargon'.

In writing the book I have been acutely conscious that the body of marketing and related literature available to the student or seeker after knowledge is very large. I am also acutely aware that most of the best thinking within this field has already been done.

I have, therefore, drawn heavily on other sources in preparing the book, following conventions already well established and have tried, rather than reinventing the wheel, to express their ideas, where I found them appropriate, in terms which could be easily accessible to the property professional and property student.

The guiding light, throughout, has been to pass on the information that I would have found invaluable 10 years ago.

This means, inevitably, that I must acknowledge the great debt which this book owes to a number of authors, in particular:

Philip Kotler and Gary Armstrong, *Principles of Marketing* (1989) which is an invaluable and exhaustive introductory text dealing with marketing as a discipline;

Richard Normann, *Service Management* (1988) whose ideas and research into the fundamental principles of managing the delivery of services as a product form the basic structure to Chapter 5;

Michael E. Porter, *Competitive Advantage* (1985) from whom the concepts of the value chains and a rigorous approach to the identification and development of competitive advantage is derived;

J. F. Engel, R. D. Blackwell and P. W. Miniard, *Consumer Behaviour* (1990) whose scholarly work has provided a wealth of relevant and difficult-to-find research findings.

I am also acutely aware that the writing of this book has involved a triumph of application over my innate indolence and that it would have never happened at all without massive amounts of encouragement and help from many sources.

Foremost amongst these has been my colleague Karl Wiggins at The College of Estate Management who has borne the brunt of my natural Celtic tendencies towards manic depression and whose gentle prodding has helped immeasurably to restore equanimity and optimism when it was needed. In addition he has been, almost invariably, the uncomplaining sounding-board to whom each chapter has been committed for 'reading and opinion' hot off the press. His comments and suggestions have been

gratefully received, as have those of others similarly 'pressed': Peter Blake of The College of Estate Management, Richard Field, Peter Noblett (of Noblett Cuddy & Co. Preston), Dr Ken Hastings of TSB Property Services, being notable amongst them. I should also thank Professor Ivor Seeley, the Series Editor, for his helpful and encouraging comments.

Most importantly I must thank Carole Moody and Gail Martin of The College of Estate Management who have uncomplainingly battled with both my moods and my almost illegible handwriting in translating the text into readable matter.

I must also thank Peter Huntsman and Peter Goodacre of The College for their encouragement and forbearance during the preparation of the book, without which the research and writing time needed would have been impossible to find.

Finally, to my family, who have had to listen to my moans, groans and developing ideas – not without complaint but certainly with an excess of tolerance – my grateful thanks.

I should also stress, in acknowledging the unstinting input of others, that responsibility for the attitudes expressed and the final content of the book remains firmly where it belongs – with me!