



Appeal of New Product Among Developers

Focus Groups

**International Builders' Show
February 2008
Orlando, Florida**



Executive Summary

Client asked to test these hypotheses:

- 1. Developers will appreciate the aesthetic value of the product**
- 2. Developers will be willing to pay a premium for this product as it offers cost savings. The Total Cost of Ownership of the new product is less than the traditional one.**
- 3. Developers of large communities of 100 or more homes are more likely customers than developers of smaller communities or in-fill lots**

Developers will appreciate the aesthetic value of the new product

False

- Developers were confused by the new product as it did not look like traditional ones.
 - “Quote”
- Developers who appreciated the aesthetic value of the product did not think the improvement was worth the added cost
 - “Quote”

Client may benefit by providing developers with more information about how the improved product works. That way, developers can appreciate the added aesthetic features without the barrier of confusion. With less confusion, developers may be able to evaluate cost with more confidence.

The Total Cost of Ownership of the new product is less than the traditional one.

Perhaps

- Client over-estimated costs of maintenance, repairs, and misjudged frequency of day-to-day issues
- Client learned, nonetheless, of additional problems associated with traditional products
 - Developers hated to think of time spent handling emergencies, assuaging communities and municipalities in the event of failure of traditional products
 - Developers did not associate that time with money, instead they associated time spent on emergencies as a time of great worry, and a point of vulnerability
 - ‘Quote’
 - “Quote”

Client may be better served to compare failure rates of traditional to new product rather than costs of traditional to new. Further associate cost/damage to reputation in the event of a failure or emergency.

Developers of large communities of 100 or more homes are more likely customers than developers of smaller communities or builder/developers of in-fill lots

False

- Developers of large communities had more issues to juggle than developers of small communities, and therefore had little time to evaluate new products, especially when the purchase price of the new product was greater than the purchase price of traditional ones
- Builder/Developers of in-fill lots had fewer issues to juggle than either developers of large or small communities. Builder/Developers of in-fill lots tended to build higher-end homes in urban settings where home prices could command a premium
 - “Quote”
 - “Quote”

Builder/developers were the most likely segment to purchase the new product. They had the greatest need for a key feature of the new product. They also had the greatest opportunity to spread costs over both land acquisition and construction in contrast to developers who profited from land sales alone.

Cost of emergency - in real and soft dollars – was a common concern among all developers

Key feature/benefit of new product is most associated with risk mitigation

- Price of product category is important, of course, but is easily less than price of emergency
 - Attorney fees
 - Restitution costs to residents, municipalities
 - Damage to reputation of developer which may affect approval of upcoming projects
 - As skill set of labor force declines, likelihood of emergencies increases

- Outreach materials to customers can address peace-of-mind as lead benefit with aesthetic features as follow-ons.