

The Loose Screw

July 22, 2009

Upcoming Ohio Valley NARI Events

Ohio Valley NARI in partnership with NKBA will be hosting our **Annual Golf Outing** Thursday August 13th at the Glenview Golf Course. This joint effort promises to be bigger and better than ever before. Registration begins at 9:30am. and Tee Off is at 10:00. There will be Lunch, Drinks, Dinner and Prizes so RSVP today! Oh yea, did I mention Golf too?! Register online at www.naricincinnati.org or call 1-800-498-NARI today. **Sponsorships are also still available!**

Leverage Craigslist for New Leads

by Joe Giovanni, Apache Stone; NARI of Greater Phoenix

Having opened a brand new showroom around Christmas, I had to come up with a way to get the word out about it. With today's economy and a very limited advertising budget, I had to come up with a creative way to market my business.

Apache Stone LLC is one of Arizona's premier stone suppliers, not only to contractors, but also to homeowners.

At first, I bought clearance and discontinued goods from three branches and reduced the price (many below cost) to attract customers. After selling the majority of the discounted goods, I decided to lower my margins on select products, to keep the new customers coming in.

Free online advertising through Craigslist

I turned to Craigslist, the popular online classifieds site. Each morning, starting at 7, I post an advertisement under the materials category, featuring a great deal on my products. Throughout the day in one-in-a-half-hour intervals, I post again and feature a slightly different deal.

I've noticed that Craigslist is similar to Google in that, having your advertisement at the top of the list will result in more views and hopefully more customers. Another strategy to attract customers is to keep the specials as seasonal as possible.

In order to post several times in one day, I had to create a few e-mail accounts and post from different addresses. These e-mail accounts are also free through Web sites like Gmail and Yahoo.

To track which sales are coming from the list, I include a phrase such as: "This price is for my Craigslist customers only, so make sure to mention you saw it here."

I have found that in today's market, I am getting a great increase in customer traffic. One of the more established suppliers has recently started utilizing Craigslist and has seen an increase in their traffic as well.

Scoping out new leads

Additionally, I spend anywhere from 30 to 60 minutes a day looking for new contractors. Craigslist is a good place to locate contractors because most likely, if they are advertising on Craigslist, than they have jobs and probably need a supplier like myself.

Although there are many unlicensed contractors and also unlicensed businesses that advertise on the list that I've been able to reach out to, I am limiting my contacts to only licensed contractors.

When I find contractor advertisements on the list, I send them a nice invitation for them to come out to my showroom, see what I have to offer them and their customers.

Once they are there, I attempt to get an account set up, which has increased my contractor base in excess of 10 percent. Again, these are clients that would have normally never come to us had I not found them through Craigslist.

Beware of the scammers

The one drawback that I have found from using Craigslist as a business tool is the scammers that will try to get something for nothing. They are very easy to identify so long as you use common sense when reviewing the e-mails.

There are a few red flags when identifying scammers. Responses from anyone located outside the country and sometimes out of state are questionable because it's very costly to ship stone, especially long distances. Also, be very suspicious if a responder claims to be an investor or requesting you to invest or partner in something.

And always, if you're not sure about a lead, take the time to investigate. Check the company's Web site or Google the company's name. Anything you can gather about the lead before contacting them will be helpful.

For the time being, I am averaging in excess of \$15,000 each month since starting this practice. I would say about 90 to 95 percent of my business from Craigslist comes from homeowners and the remaining comes from contractors. This is profit that our company would not have realized in the past.

I've also started a popular referral program where for every \$100 a referred customer spends on their first purchase in my store, the referral customer will be credited \$10 on their next purchase.

It's been working very well, and it allows me to track the sources of new leads.

In experimenting with similar sites like Diggers List and Kijiji, I have found limited response from these outlets. So for now, I will continue put most of my efforts into Craigslist and I hope to find other new and creative ways to advertise my business

Interest in home remodeling is growing

By Russell Grantham

Quoted: Mark Buelow, president of NARI Atlanta

Despite the dismal economy, Ashley Lee launched into an ambitious remodeling of her family's home in January.

With a growing 2-year-old daughter, Lee and her husband decided they needed more room than their two-bedroom, 1940s-era home offered, but they didn't want to move.

"I guess we just decided [to remodel] now because our house was so small," Lee said after a recent meeting at her Avondale Estates home to go over project details with her contractor.

A few houses down, another neighbor recently demolished his home to build a bigger one after waiting for two years.

"It was too expensive, and then everything turned," Robert James said. "Then it became affordable."

Low mortgage rates and falling construction costs are spurring some home-owners to go ahead with long-delayed improvement projects. As a result, home remodelers are faring better than home builders who have failed in droves amid the housing market's meltdown.

"We've been pretty lucky," said contractor Ed Turner, who is adding a family room and a second floor with two bedrooms and an office to the Lees' home. Turner said he has a handful of other projects going, including two investment properties he's renovating and two he recently sold.

The picture is still mixed, to be sure. Remodelers' revenue has declined during the recession. And they're facing stiff competition from home builders who have fled their industry.

What's more, the recession and depressed home prices are making it difficult for some homeowners to qualify for loans to bankroll their projects.

The days of \$100,000 kitchen renovations and "Extreme Makeover" projects seem to be over. These days, homeowners are doing more practical projects, such as major maintenance jobs and improvements to cut energy consumption or make their homes more useful.

“People are staying put, so they are, in fact, investing in their homes,” said Mark Buelow, owner of Distinctive Remodeling Solutions in Roswell and president of the Atlanta chapter of the **National Association of the Remodeling Industry**.

Industry players believe they also will see a boost in activity with the help of billions of dollars in federal government incentives and cash injections into mortgage markets.

Last week, the Federal Reserve committed to buy an additional \$750 billion in mortgage-backed securities and \$300 billion of Treasury bonds. Similar moves last November to inject cash into the troubled credit markets helped drive mortgage rates down and that is expected to happen again.

Other federal money and incentives could directly spur remodeling work.

“There is a lot of money in the stimulus package for remodeling,” said David Ellis, executive vice president of the Greater Atlanta Home Builders Association. Federal grants to weatherize older homes, mainly aimed at low-income elderly homeowners, will jump from \$200 million last year to \$5 billion, Ellis said.

The stimulus package also includes tax credits to encourage homeowners to invest in “green work,” he said, such as installing energy-efficient windows. “There’s going to be a lot of opportunity,” he said.

Some contractors and lenders are already reporting an uptick in activity. Others disagree, saying tight credit, falling home prices and job worries are making customers scarce.

“We have not seen a bigger demand in home remodeling,” said Rocco Sinisgalli, owner of Oneida Builders. Sinisgalli, who is also chairman of the remodeler’s section of the Greater Atlanta Home Builders, said sales at his Dunwoody-based remodeling business are now down about 50 percent compared to its peak about two years ago.

But he expects it to pick up later this year. “I think we’re going to see some life,” he said.

Lower interest rates are driving a boom in mortgage refinancing applications by homeowners. Most are hoping to lower their mortgage payments rather than finance their dream home makeover, according to industry executives.

“We’ve seen three and four times the regular monthly number of applications” for mortgages so far this year, said Todd Marksberry, Delta Community Credit Union’s chief operations officer. Most of the new volume has been for refinancing “to take advantage of the interest rate environment,” he said.

But some remodeling contractors say they’re also getting more calls from potential customers.

Buelow expects his Roswell company’s sales to be up about 10 percent in the first three months of this year, compared to the final quarter of last year, the first such

increase in a year and a half.

He said callers seem to be more serious about their plans than a few years ago. They want to take advantage of low interest rates and lower prices for construction materials and work. Prices of lumber, bricks and other materials have dropped to their lowest levels in years. Lumber purchased in bulk costs half as much as three years ago, said Stephen Melman, with the National Association of Home Builders.

After bricks dropped from \$400 per thousand to \$325, "we were able to make our house all brick," said Lee, the homeowner in Avondale Estates.

Meanwhile, hotter competition between remodelers and home builders has driven down their fees by 10 percent or more.

In the past, Sinisgalli said, only one home builder typically bid against him on most projects. Now, there are often five. In a recent case, a Cartersville home builder won a remodeling project practically in his Dunwoody firm's backyard.

"That would never happen" earlier, he said, because home builders didn't need to venture 40 miles from home for work.

The stiffer competition has been good news for customers.

"The prices have come down dramatically," said James, who is replacing his old house with a four-bedroom home that will be wheelchair-accessible for his mother-in-law.

"This is a great time to build a house. You have the pick of the tradesmen," he said. He expects to save

12 percent compared to when he first planned the project two years ago.

But, like many bargains created by the recession, homeowners must have good credit, stable employment and enough home equity or other assets to take advantage.

Industry players said tight credit markets, falling home prices and more rigorous appraisals are still blocking some customers from financing their projects.

Home values in many parts of metro Atlanta have declined 20 percent or more. So new appraisals required for loans block some would-be borrowers from getting new loans, or force them to pay extra for mortgage insurance that can add \$1,000 or more to annual costs.

"The line of credit that was there two years ago for a homeowner to borrow against is gone," Sinisgalli said. Now, many homeowners' choices are to use their own savings, scale back plans or "don't do the project," he said.

Builders / Remodelers Report Signs of Life

Associated Press, Chicago Tribune, Wisconsin Public Radio, Fox11online.com

MADISON, Wis. - It's been a rough couple of years for Wisconsin builders and remodelers.

Wisconsin Builders Association president Doug Scott says that after hitting rock bottom, the industry is finally seeing some encouraging signs.

Scott says the \$8,000 federal tax credit for first-time buyers is helping deplete some of the abundance of inventory. He says it's also helping homeowners sell their property so they can build a new house.

Tom Weiher is the president of the National Association of Remodeling Industry's Milwaukee chapter.

Weiher says business is also picking up in remodeling. He says competition in his industry increased because new home builders turned to remodeling to help make ends meet.

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