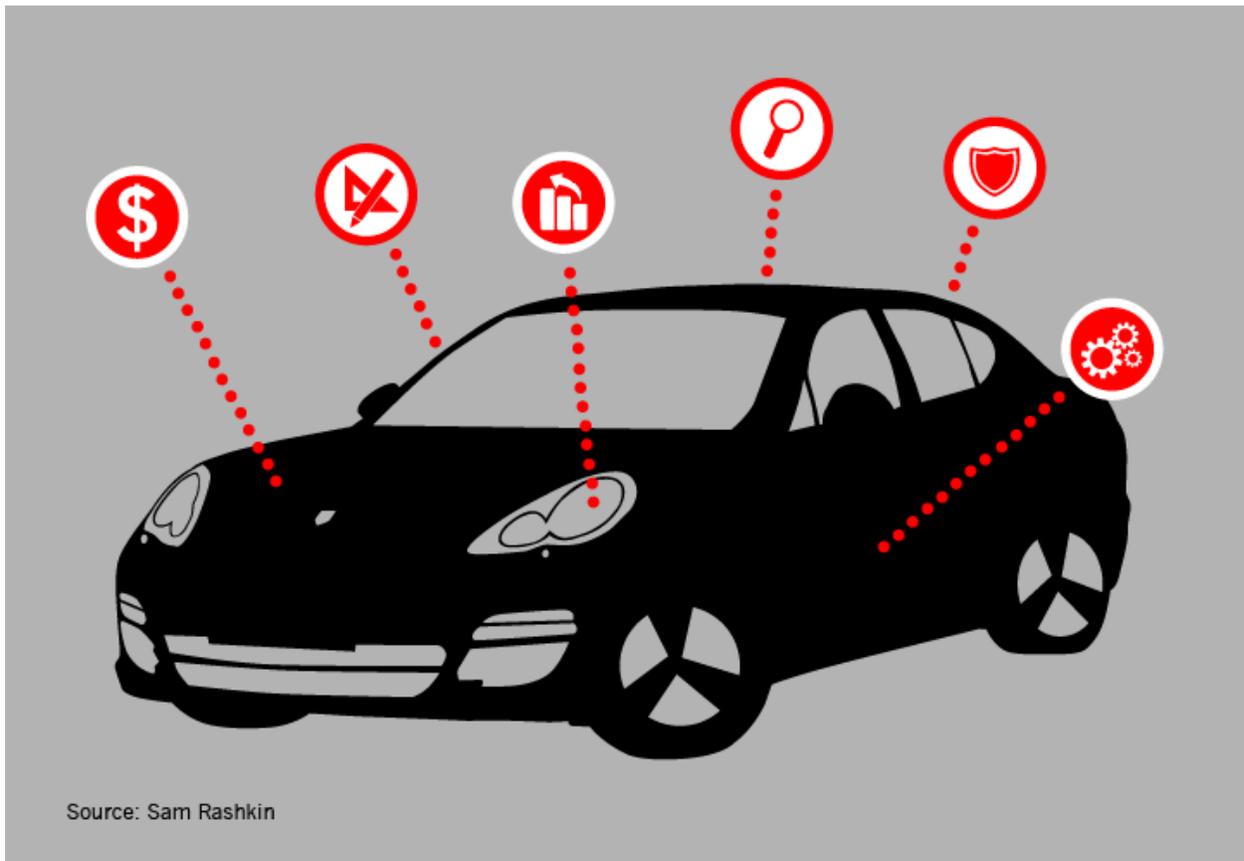


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Consumer Information is King

Are you ready for the informed home buyer? If not, notes Sam Rashkin, you'd better start getting ready because a new era's upon us.

Sam Rashkin – Founder, Retooling the U.S. Housing Industry



Think about buying a car today compared to a decade ago. In particular, think of all the information you have before you visit a car dealer.

Think about what you know about **Performance**. You know each car's efficiency in terms of its Miles-Per-Gallon rating, how fast it accelerates from 0 to 60 mph, turning radius, handling, and how well it performs in crash and safety tests.

Think about what you know about **Cost**. There are a variety of sources providing the invoice price, what constitutes a great, good, or fair price, expected resale value, and maintenance costs. Consumers now have an impressive cost negotiating advantage in the car buying process.

Think what you know about **Durability**. Consumer Reports for decades has been providing detailed survey results comparing repair records for all makes of cars. There are ongoing reports available on recalls. And ultimately, each individual car manufacturer has detailed documentation on their overall reputation when it comes to durability.

Think what you know about **Value**. There are an array of awards for quality, customer satisfaction, and maybe most significantly car-of-the-year. Many cars receive special recognition for performance, safety, and overall value. There are expert reviews from numerous sources, and increasingly owner reviews.

And lastly, think what you know about **Sales**. First, there is the overall 'brand' reputation for each manufacturer and often individual models. There is information about the sales process including such features as no-haggle pricing, quick processing, and special financing. There is extensive information about after-sale service programs. And most significantly the individual warranty coverage for each car is fully documented.

All of this information is on top of the readily visible design attributes including appearance, size, functionality, and details. The imperative to deliver an excellent product at a fair price in the automobile industry is huge because of the transformation from information asymmetry where the seller knew much more than the buyer to information parity where the buyer knows as much as the seller. Bottom line is that it's a lot harder being a car salesperson today.

Here's my prediction. If you're a builder you better brace yourself for information parity. It's quickly coming to a housing industry near you. It may only be in its infancy, but it's around the corner. Why? Because it's too easy for the equivalent of Kelley Blue Book, True Value, Consumer Reports, Edmunds, Auto Trader, New Car Test Drive, and any number of other car buying web sites to be developed for housing. And more importantly, there's too much revenue to be made doing so. If it can be done, it will.

So here's my advice. The time is now for builders to invest in innovating their product to ensure great **Performance, Ownership Cost, Durability, Value, and Sales** along with **Good Design**. You can safely bet all of these attributes will become increasingly important comparison factors for homebuyers. That's why we spend two days in Retooling the U.S. Housing Industry Workshops developing actions for each individual builder attendee relative to all of these value propositions. More informed homebuyers is a certainty.



What We Will Know Buying a Home*

Design

- Appearance
- Size
- Function
- Details

Performance

- Efficiency (HERS)
- Comfort
- Health
- Water Use

Cost

- Sticker Price
- Ownership Cost
- Resale Value
- Maintenance Cost

Durability

- Repair Record
- Moisture Risk
- Disaster Resistance
- Reputation

Value

- Awards
- Special Recognition
- Expert Reviews
- Owner Reviews

Sales

- Brand Reputation
- Sales Process
- After-Sale Service
- Warranty

* In addition to location

*This article is part of a series on housing innovation based on the author's book, **'Retooling the U.S. Housing Industry: How It Got Here, Why It's Broken, and How to Fix It.'** This book examines opportunities to transform the homebuyer experience relative to five key components: 1) Sustainable Development, 2) Good Design, 3) High-Performance, 4) Quality Construction, and 5) Effective Sales. Each article features one innovation or business principle covered in workshops with builder executives. Find out more at www.SamRashkin.com.*