

MULTIFAMILY MARKETING IN 2021



Introduction

In 2019, we outlined the eight most critical areas of focus for multifamily marketers in 2020. Of course, at the time, we had no idea that all of those well-laid plans would be set aside because of the COVID-19 pandemic. Like the rest of the industry, we shifted gears at the end of Q1 to better support our on-site teams' ability to continue attracting residents and leasing in a socially distanced society. Virtual tours quickly became the new norm and the industry shifted toward retention strategies to help decrease rising delinquency. After the initial wave of the pandemic's effect, marketers tentatively began to reevaluate 2020 plans and chart a path forward under a new light. Now, with 2020 coming to a close and COVID-19 still upending everyday life, we are optimistically looking forward to 2021 and a return to "normal."



08

Key Areas Of
Focus For Leading
Multifamily
Marketers For 2021

01

Digital Is The “New” Normal

Many argue that the pandemic has drastically reshaped consumer behavior. While that may be true in some cases, apartment renters have maintained a consistent desire to shop online and tour in-person – even with new technology in place. Continuing to provide and update virtual leasing solutions is a must, if for nothing more than its convenience, but we must not get distracted from the core of our job: driving traffic into our leasing centers.

When the pandemic hit, many property management companies (PMC) across the United States were forced into an expedited digital transformation process. Areas like digital rent payments, digital events, and digital advertising became a priority, and with that the playing field has been leveled. During the past few years, savvy firms have been able to differentiate their marketing’s performance through more advanced tactics, while the majority of PMCs were still heavily dependent on ILSs. It is still common for PMCs to be overly invested in ILSs, but firms are beginning to catch up quickly as a result of this expedited digital transformation brought on by changes in consumer behavior. Those PMCs playing catch up are hiring dedicated digital marketing talent as they further recognize the overall importance, while others are in-housing these tactics in hopes of staying competitive.

This industry-wide, rapid digital transformation process will help PMCs become more efficient and more effective as they gain the ability to engage prospects and residents at scale. More on this in Section 4, but what will differentiate firms moving forward is their ability to leverage 1st- and 3rd-party data to reach in-market audiences through advanced digital advertising strategies.



02

Focus On Diversity

It is not a new concept that diverse teams outperform those that aren't. But in 2020, thanks to the Black Lives Matter movement and widespread civil equality reform efforts that ignited the country, we were all forced to acknowledge the need for a greater focus on equality in every aspect of society. This shift is one that has and will continue to take our industry from viewing diversity as a legal obligation to a universal standard of recognizing the power in building teams that reflect a diverse customer base.

In 2021, top-performing multifamily marketing teams will include the vision, voices, and talents of black, brown, and LGBTQ+ individuals who will push us all, as they always have, to be better.

03

Data Science Will Separate the Winners & Losers

An investment in data has never been more necessary than it will be in 2021. As discussed in Section 1, the multifamily industry underwent a rapid digital transformation process and, as a result, we now have access to more data to inform each decision we make. Rather than relying on hunches or what (may have) worked in previous years, we now have the ability to predict the future, allowing us to forecast the results of campaigns with great accuracy. Additionally, unlocking data to make it more accessible will also open doors for us to provide more relevant experiences for prospects and residents.

Let's be clear, the apartment shopping experience, as it exists today, is broken. You can buy a vacuum cleaner in under a minute online and have it in your hands the same day. Amazon perfected the retail buying experience; apartment shopping, however, has only evolved incrementally. Consider what it looks like: using an ILS to wade through thousands of irrelevant options; thumbing through Google search results or picking your way through the map, all while trying to decide which version of conflicting information about a single community to trust before trying to navigate a poorly built community website to schedule a tour or apply; then, waiting (sometimes) days for a response; signing a complex document, and finally moving your entire life. Woof! The good news is that data can make this process so much better.

We have the power today to provide personalized recommendations to renters. It is frustrating that ILSs are not evolving their platforms to provide personalized experiences, so PMCs must do it on their own. Your website experience and advertising should cater to the individual needs of each renter.

04

Efficiency Should Be Your Top Goal

The pool of renters has not increased proportionally to the growth of units coming online across the United States. As a result, we are all competing more heavily for the same prospects. Put simply, we are all fishing in the same barrel. PMCs that focus on efficiency will have the ability to reach prospects at a lower cost, helping their assets perform at a higher NOI.

To create gains in efficiency, process is most important. As referenced in our 2020 outlook, outsourcing the most important areas of the marketing function creates immense inefficiency, even with the best vendor partners. In-housing functions like advertising, reputation management, and content creation, along with centralizing activities like lead management, helps create opportunities for omni-channel balance, eliminates marked up expenses, and focusses teams on individual parts of the process to drive better results.


05

The (Continuing) Evolution In The Role Of The ILS

Just like 2020 where we were critical of ILSs due to an unwillingness to update their business models to be more performance-driven like other digital advertising channels, this remains an important consideration for 2021. Marketers must not default to any ILS as a necessary source, but instead, view them as an option in some strategies.

For 2021, the role an ILS plays in the marketing mix should be reversed from what it has been in the past. Previously, marketers would upgrade packages when properties began to perform worse. In today's digital ecosystem, ILSs serve more as a top-of-the-funnel awareness driver, and as such, it is more important to invest in an ILS when properties are stabilized. When occupancy dips at a property and a quick rebound is needed, budget should be put in bottom-of-the-funnel tactics, like Google Ads, that drive immediate leads into the property at a much lower cost.

The consolidation of ILSs is another important piece to keep an eye on in 2021. Apartments.com announced earlier this year their intention to acquire the struggling RentPath network (ApartmentGuide.com, among others). While that deal seems to be teetering, this potential decrease in online marketplaces is worth noting. With continued consolidation comes rising costs, and without an evolution in their business model, eventually (and perhaps already) we will reach a point where the cost of using an ILS no longer makes sense.



To be clear, we do invest in ILSs at most of our properties. However, about 20 percent of our portfolio has no active ILS in any given month, and almost none have more than two (apart from ApartmentList, which operates on a cost-per-lease model). Of those that do advertise with an ILS, a small percentage are on their top package. A single lease through an ILS tends to cost more than \$500, while a lease through non-ILS advertising can be acquired for under \$300. Which is why we are heavily invested in advanced digital advertising that targets prospects with the right message at the right time.

06

The Declining Role Of The Website

Over the past several years, we have watched Google disrupt several industries (airlines, hotels, rental cars, etc.) by getting access to their data and displaying it directly in search results – circumventing the brand’s website almost entirely. In fact, as of 2019, non-click Google searches exceeded 50 percent of all Google searches– meaning the majority of users searching on Google found the information in the listings without leaving the search results page. With Google’s ongoing collection of data and content, websites are becoming more unnecessary.

Think about what is available today via Google’s search results related to your property: photos, location information, contact information, reviews, announcements/specials, hours, and descriptions. The one item missing is pricing/availability, but that is coming. It is rumored that Google is in negotiations with one or more ILSs to license their (our) data to them. This would result in pricing and availability feeds that are already sent to the ILS, being passed through to Google. At that point, there is very little reason for a prospect to access your website. This will create a titanic shift in the industry. It likely won’t be realized in 2021, but you should be taking steps now to prepare.


07

Experience Is More Important Than Ever

In 2020, most of us truly learned the value of customer experience. When COVID-19 drove the economy into a tailspin and unemployment soared to unprecedented levels, PMCs braced for mass delinquency. Some came out much better than others, and the difference was, in part, based on the perceived value of the experience being provided to residents.

There's a saying that you can't fix your roof in the rain, and that is precisely what we saw PMCs trying to do in the midst of the pandemic. Today's renter is savvier than that. Like all people, they want to be valued when we aren't begging them to pay rent. Instead, you must invest in their experience ahead of the storm.

Customer experience has evolved over the years and continues to parallel the developing optimization of digital transactional experiences – payment processes, smarter/quicker applications, etc. – and plays a large part in providing exceptional service. But at the core of customer experience is a commitment to (and organizational process for) constantly listen to the needs of our residents, then making regular updates to serve them better. Yes, that could be more ice cream socials, but probably not. It is a property manager making a personal phone call to check in on the resident who just came home from the hospital with her first child. It is seeking input on amenity upgrades to provide what residents want. It is seeing a resident, not as a lease holder, but as the person who influences the future success of your property. It is rethinking your sales process so that it isn't focused on getting applications, but matching people with homes.



It is removing barriers that residents face in apartment living so that they can stay focused on the things they care about, rather than jumping through all of our hoops on a monthly basis. Tactically, that could look like a million different things, but it starts with reframing how your employees do their jobs.

Consider this: which would drive better business outcomes? Incentivizing “leasing consultants” to get a lease or incentivizing “resident experience specialists” on resident satisfaction metrics? Without a doubt, it is the latter. If your communities become known for providing the best experience, your resident acquisition costs will drastically decrease because retention, referrals, and reputation will increase significantly.

08

Plug The Holes In Your Lead Management Process

Most PMCs have implemented a CRM system to manage and track leads – are your teams good at it? Can you get 30-40 percent of your prospects to visit and 50 percent of those to apply? If not, you’ve got a leak somewhere in your lead management process.

In the past, on-site teams would wait for “traffic” to walk through the door, and they’d be there wearing their friendliest smile to get the lease. Today, the money, as they say, is in the pipeline. We must be the first to respond (within the hour) to email or SMS inquiries, we must answer all calls, our follow ups must be personalized and, contrary to what your asset manager might be telling you, you must not be selling in this phase. The key to successful lead management is quick and relevant responses. Prospects are shopping for a product that will cost them up to 50 percent of their income and lock them into a contract for 12 months. They are stressed and overwhelmed. They want to know that you will, at the very least, answer the phone when they call and provide immediate solutions. This outreach is as much of a test as it is a genuine inquiry. You are auditioning for the role of home manager.



All early stage touchpoints should accomplish three things:

1. Address the inquiry directly and efficiently (avoid all the rosy language because it will come across as exaggeration or hyperbole).
2. Build excitement. (“You remind me so much of Jane, our leasing consultant. You are going to love meeting with her.,” or “One of my favorite apartment units just came available; I can’t wait for you to see it.”)
3. Get the tour scheduled. (“When can you come take a look?”)

Final Words

2021 will be a pivotal year for property management companies and marketing is positioned to drive the outcomes. We will see a surge in consolidation of service providers and PMCs as renter preferences and habits are permanently transformed by the pandemic. Marketing's role is to be the voice of the renter, invest in and focus on the right areas to cater to their evolving preferences and as a result, position your company to be successful. And in your down time (as if you have any), prepare your company for the coming tidal wave of changes that will rock the industry over the next five years by asking your leadership team these questions:

1. What are we doing to make ensure our decision-makers reflect the diversity of our customers?
2. Where is the organization in consolidating and structuring data in order to accurately forecast results and provide personalized experiences for prospects and residents?
3. Can I regularly generate a lease today for under \$250? If not, how do I get there?
4. How is my organization investing in resident experience right now? Can I point to it in the corporate budget?
5. What will my marketing strategy look like when 50 percent of renters never leave a Google search results page when searching for one of my communities? How do I prepare for that now?
6. How do I know if I am losing tours because of my lead management process?

If you can confidently answer each of these questions, you are on the path to great success in 2021 and beyond. For most, there are areas where we need to focus to shore up the foundation.

About CARROLL

CARROLL is a Private Real Estate Company that combines the infrastructure and abilities of an institutional investor, with a best in class team of real estate operations professionals. This unique combination of skills has allowed CARROLL to become a top national real estate owner and operator. Our core focus is to acquire properties that exhibit attractive long-term investment characteristics, and improve the performance of these properties using our talented and passionate professionals.

CARROLL has made a conscious effort to become institutional in our execution, reporting, and communications with our clients; while maintaining the mindset of an entrepreneur. We study trends, make quick thoughtful decisions, and continually recruit and hire the brightest minds in the business.

Our investments focus on capital preservation, generation of current cash flow, and the implementation of value creation strategies. This investment philosophy, in our opinion, is what makes our company unique. While we will always be ambitious, CARROLL has the ability, and desire, to be patient and wait for the right investment opportunities.



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