

2022

3RD ANNUAL ONLINE HOMEBUYER MYSTERY SHOP REPORT

How have things changed?



melinda brody
& COMPANY

denim
MARKETING

Three years ago - when COVID threw the new home builder industry into overdrive - **Melinda Brody & Company**, **Blue Gypsy Inc.**, and **Denim Marketing** embarked on a discovery of what builders were doing to communicate with their prospects.

For the past three years, we shopped 50 national, regional, and local home builders from across the country for 30 days to see what their follow-up is like and how customers receive communication. This year, we partitioned our groups into five sub-groups, comprised of 10 builders each.

These five sub-groups include*:

- National Production Builders, building over 10,000 homes in 2021
- Large Production Builders, building between 4,000 – 9,999 homes in 2021
- Medium Regional Builders, building 1,000 – 3,500 homes in 2021
- Small Regional Builders, building 180 – 500 homes in 2021
- Small Local Builders, building 50 – 500 homes in 2021

**With each production and regional builder, we picked one market to shop, and we did not shop any one builder in more than one market.*

In this year's report, we compare the mystery shop results between all 50 builders to the five builder sub-groups. This diverse sampling and the results that follow give insight into how builders are connecting with their prospects. And in some cases, how they are not.

2020 saw trends across the country for the building industry that were out of the ordinary, to say the least. Website traffic increased and, in many cases, we went to appointment-only on-site. Supply chain issues elongated most build times. Builders went to long interest lists, throttled sales, and some saw bidding wars over available inventory and even went to lottery systems. To say we saw a total upheaval is an understatement. In 2020, we noted that 42% of builders still didn't have OSCs. Many companies were trying to figure out how to sell during a pandemic.

In 2021, we saw more of the same with a lot of builders going in and out of appointment-only, more sales throttling, and in many cases, there were more leads than land to build on. We found that now 60% of builders had OSC programs but follow-up was lagging by OSCs. Was it burnout? Was it training issues? What was causing the lackluster follow-up for builders with OSCs?

2022 was hopefully the year for more equalization, and while many people wished for “normal” in the face of COVID, the idea of normalization in lead generation put many builders in a fearful spot. As interest rates climbed, buyers began to perch on top of fences, not sure whether they were ready to buy. Well-honed online sales programs were ready for a return to normal, but with a whopping 80% of builders appearing to have an online sales program, the overall online sales counselor performance was disappointing. In analyzing the mystery shop data, we found ourselves asking whether some builders had true OSC programs or were they OSCs in name only. Were they lacking proper processes, structure, training and oversight? With a major slippage in follow-up, we find ourselves asking, “What gives?”

Is this a trend toward poor customer care? What kind of long-term effects will this have on customer service, the customer journey, and how well will companies be perceived by consumers?

At the end of the day, the builders that will win out will be the ones who finely tune their online sales programs. The goal should be to keep buyers engaged, provide transparency, increase confidence, and create expectations as we communicate with prospects from the outset. If we aren’t doing this right, we better get ourselves together as the market equalizes and leads get back to the typical numbers as seen pre- pandemic.



MYSTERY SHOP PROCESS

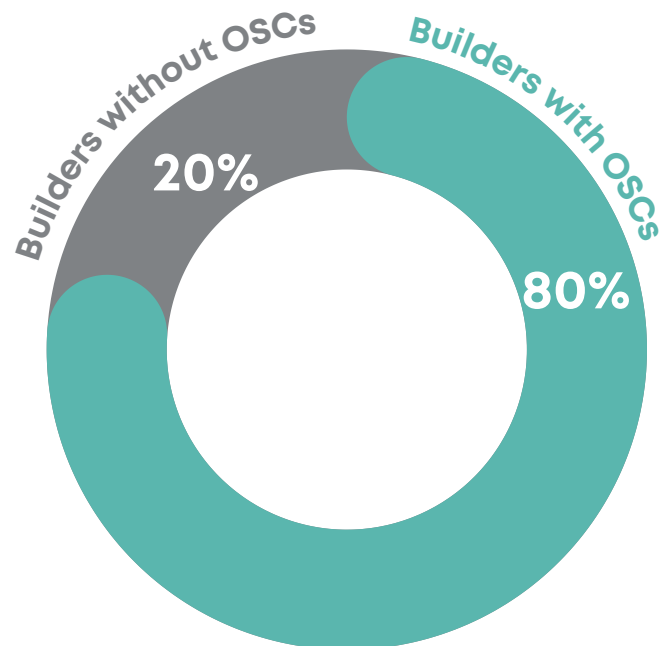
Mystery shoppers visited individual builder websites during normal business hours (Monday through Friday, 9 a.m. to 5 p.m. local time), completing contact forms with their name, phone number and email address, and including a relevant question about a specific community or builder. Builder responses were tracked for 30 days, and the resulting data were compiled and examined for three distinct groups: all builders and builders with and without OSCs.

Online Sales Counselors

Believe it or not, Online Sales Counselors (OSCs) have been around in the homebuilding industry for about 20 years. COVID accelerated the need for OSCs, but many builders did not have a clear understanding of the role. Foremost, OSCs play a vital role between marketing and sales, helping to develop incoming leads. By building rapport and trust, and providing stellar customer experience, strong leads are handed off to onsite sales agents and can reduce the time from first visit to close. During the pandemic, more and more builders scrambled to address this hole in their lead development process.

Of the 50 builders we mystery shopped in 2022, 80% of the sampling had OSCs. That's up 20% from last year and up 22% from our initial 2020 report. While some builders with OSC programs had, at times, disappointing or no real follow-up processes in place, it was likely some builders had OSCs in name only, or people in the role that truly just didn't know what they were doing.

Still, 20% of builders shopped this year didn't appear to have a dedicated online sales professional. In the past, builders without OSCs still managed to follow-up to some degree, but this year's survey indicated that those builders without OSCs had disparately poor follow-up.



How Do We Know If A Builder Has An OSC?

Determining whether a builder had an OSC was done by looking at whether there was an obvious presence on the website and by examining the signatures within the email follow-up. An online presence was indicated by someone who was the face of that website with pictures, videos and titles before an inquiry was even submitted. Some builders who initially didn't appear to have an OSC based on their websites actually did according to the signature lines and personalities of some of the emails. Of the builders who did have OSCs, 70% of them had an actual presence on the website, while 30% were uncovered in the follow-up process. This is up from 50% with a web presence in 2021. As the data is examined, there are comparisons between builders with and without OSCs. We also break things down into our five sub-groups.

Sub-Group	Builders Shopped	Have OSCs	OSC Web Presence	Have Live Chat
National Production Builders	10	100%	40%	50%
Large Production Builders	10	60%	30%	60%
Medium Regional Builders	10	70%	50%	100%
Small Regional Builders	10	70%	70%	20%
Small Local Builders	10	100%	90%	40%
Total	50	80%	56%	54%

Follow-Up | The Tides Are Turning

Last year, when builders were drinking through a firehose of leads, we were asked by an industry professional if the metrics we were measuring were outdated, and if our expectations of follow-up were too high.

The real question should be, are we willing to stake our reputation as builders on terrible customer service, lackluster responsiveness, and a careless attitude toward prospective homebuyers in the hopes that we'll continue to have far more people banging on our doors than we can ever provide a home for?

It's not an understatement to say that most builders experienced far more prospects desiring homes in the past couple of years than they could build. It's been an embarrassment of riches when it comes to homebuyers until the tides turned recently.

As leads for some home builders are slowing down in the face of continually rising home prices and buyers become warier of growing interest rates and inflation, some home builders are reacting with knee-jerk responses to current market conditions. At the time this shop was conducted, several well-known builders reduced their online sales programs, eliminated them or removed internal leadership overseeing online sales programs.

We've Got to Get Back to Basics

As we see leads reduce, we see well-trained, seasoned OSCs with targeted goals now able to take a breath and start working their leads again, systematically but with empathy, and true rapport-building skills.

Lazy OSCs are shining through too when we see limited follow-up, limited outreach, or total lack of follow-up in some cases.

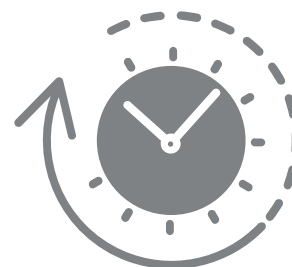
Buyers are going to remember bad service. They are going to remember the builders who wouldn't give them the time of day when they were busy. And they will surely remember the builders that continued to provide poor communication once things slowed down.

This is why we continue to emphasize the importance of speed, frequency and diversity of touchpoints, and personalization on the road to proper follow-up and customer care. *When we care, it shows in the way we communicate. When we don't care...guess what? It shows in the way we don't communicate.*

Speed - What Does That Look Like?

Initial OSC response on follow-up should be fast and personalized, and it should be across multiple contact channels. Not all buyers want to communicate in the same way. Some will respond to calls (please don't make excuses that no one picks up the phone anymore). Some will respond to emails, some to videos and some to text messages. We should begin our follow-up in 5 minutes or less whenever possible. When a buyer finally reaches out, they've likely been researching you for days, weeks or months – maybe even years. If they reach out to someone for more information via an online form, a live chat or a phone call, we've got to be prepared to reply to them as quickly as possible.

- **Preferred:** 5 minutes or less
- **Desirable:** within 30 minutes
- **Reasonable:** within 4 hours
- **Bordering on unacceptable:** between 12 and 24 hours
- **Ridiculous:** beyond 1 day
- **Shameful:** Never Responded



Speed - Personalized Email Responses in 2022

5 Minutes or Less (Preferred): 8% of all builders sent a personalized email in 5 minutes or less, 100% of those were sent by OSCs.

- These are the same numbers as 2021
- In 2021 4 out of 30 OSCs sent emails in 5 minutes or less, in 2022 4 out of 40 OSCs sent emails in 5 minutes or less – while the % stayed the same, the actual OSC performance is down.
- Only 10% of the builders with OSCs met this objective, down 3% from 2021

Within 30 Minutes (Desirable): 18% of all builders sent a personalized email within 30 minutes

- 100% of those were from OSCs
- This number is up 2% from 2021
- 23% of the builders with OSCs met this objective, up 3% from 2021

Within 4 Hours (Reasonable): 28% of all builders sent a personalized email within 4 hours

- 100% of those were from OSCs
- This is down 4% from 2021
- 35% of the builders with OSCs met this objective, down 5% from 2021

Between 12-24 Hours (Bordering on unacceptable): 8% of all Builders took within 24 hours to respond

- 0% were builders without OSCs
- 10% of the builders with OSCs met this objective

Beyond 1 Day (Ridiculous): 16% of all builders took more than a day to respond

- 20% were builders without OSCs, 15% were builders with OSCs
- 15% of the builders with OSCs met this objective, down 2% from 2021
- This is the same number of builders responding in over a day as 2021

Never Responded (Shameful): 22% of all builders never followed up by email, this is down 8% from 2021 because there were more OSCs

- 8% of builders with OSCs never followed up by email (the same as 2021)
- 80% of builders without OSCs never followed up by email (up 15% since 2021)

All Builders by Sub-Group: Speed - Personalized Email Responses in 2022

Sub-Group (All Builders)	5 Min. or Less	Within 30 Min.	Within 4 Hours	Within 24 Hours	Beyond 1 Day	Never Responded
National Production Builders	10%	10%	40%	30%	0%	10%
Large Production Builders	0%	0%	30%	10%	30%	30%
Medium Regional Builders	10%	30%	30%	0%	10%	20%
Small Regional Builders	0%	30%	30%	0%	10%	30%
Small Local Builders	20%	20%	10%	0%	30%	20%

Builders with OSCs by Sub-Group: Speed - Personalized Email Responses in 2022

Sub-Group (Builders with OSCs)	5 Min. or Less	Within 30 Min.	Within 4 Hours	Within 24 Hours	Beyond 1 Day	Never Responded
National Production Builders	10%	10%	40%	30%	0%	10%
Large Production Builders	0%	0%	50%	17%	33%	0%
Medium Regional Builders	0%	0%	43%	0%	0%	57%
Small Regional Builders	0%	43%	43%	0%	14%	0%
Small Local Builders	20%	20%	10%	0%	30%	20%

Speed and Auto Responders – Do They Count?

When we look at the speed of email response time, we look for a response to the mystery shopper's community- or builder-related question submitted with the online form to know this isn't just an autoresponder. However, in these busy times, an autoresponder can buy you some time, or at least allow a prospective buyer to know someone will be with them shortly (hopefully). And there is no rule that says an autoresponder can't sound warm and personal.

When we looked at the use of autoresponders, this is what we found:

Autoresponder Usage by Builder Group – Comparing 2022 to 2021

Group	2022	2021	Difference
All Builders	32%	52%	38% decrease
Builders with OSCs	38%	60%	37% decrease
Builders without OSCs	10%	40%	75% decrease

Autoresponder Usage by Builder Group – Comparing 2022 to 2021

Sub-Group (All Builders)	Used Auto Responders
National Production Builders	40%
Large Production Builders	20%
Medium Regional Builders	30%
Small Regional Builders	30%
Small Local Builders	40%
Total	32%

It's one thing to see that people are not doing their duties, it's another to see that the builders aren't even setting up autoresponders which can help set a tone for a buyer when done correctly. Across the board, we are down.

Personalized Emails Vs. Marketing Emails

While it's important to have marketing messages go out to your database regularly, personalized emails are much more likely to elicit a response. A message can simultaneously sound personalized and yet be automated. And with the increased volume of leads for many builders over the past couple of years, it's important to consider how you are delivering content and messaging to your prospective homebuyers. Just as at the beginning of COVID when it was important to audit all the messages going out and make sure they made sense, so too is it important to be auditing again.

You should be auditing your messaging every quarter, and whenever there are sharp changes in the market, in your communities or your company. This is especially important if you've set up a lot of automation. Automation is a recipe for sending out information that does not apply to certain situations.

If lead volume is dropping off and it's possible to remove some of the automation for more customized and personalized emails, the response factor will be stronger. But if you don't remove automation, at the very least, you must make sure the messaging is still on target.

Comparing our most recent mystery shop results to prior years, we found:

Never sent a personalized email	2022	2021	2020
All Builders	22%	30%	20%
Builders with OSCs	7%	7%	3%
Builders without OSCs	80%	65%	43%
Responded with at least one personalized email			
All Builders	78%	70%	80%
Builders with OSCs	93%	93%	97%
Builders without OSCs	20%	35%	57%
Didn't send marketing emails			
All Builders	38%	52%	20%

Marketing Emails – these are always different than the personal follow-up sent by the OSCs. These usually include pictures, are templated, and are worded as marketing messaging instead of personal contact.

In a 30-day period:

- 18% of all builders surveyed sent between 1 to 3 marketing emails, compared to 36% in 2021.
- 24% of all builders sent 4 to 6 marketing emails, compared to 12% in 2021.
- 16% of all builders sent more than 10 marketing emails compared to 0% in 2021.

One builder sent 15 marketing emails alongside their OSC follow-up of 6 personalized emails, 3 phone calls, 1 video and 1 text message. 26 touchpoints in 30 days is overkill.

What Does All of This Mean?

What all this data tells us is personal emails are down 8% even though OSCs are up 20%. More and more builders who have not added an OSC program continue to sink like a rock when it comes to following up with potential clients submitting inquiries.

Also, compared to last year, sometimes the percentages look better for builders without OSCs because there are fewer builders that fall into that pool. But in truth, their overall performance is the worst it's been in 3 years.

Are We Overwhelmed with Leads?

18% of all builders surveyed NEVER utilized any channel for personal follow-up. This is better than last year when it was 26%, and we are lower than in 2020 when the number was 20%. However the number of OSCs who didn't respond at all went up this year.

- 5% of OSCs never personally responded by phone or email
 - In 2021, 3% of OSCs never personally responded by phone or email
- 70% of builders without OSCs never personally responded by phone or email
 - In 2021, 60% of builders without OSCs never personally responded by phone or email

Personalized Email Response Times

We talked about speed and email response times above, but here we break it down a little bit further.

Within the first 24 hours of the online inquiries being submitted, 78% of OSCs (or 31 total OSCs) shopped responded with a personalized email, compared to 76% (or 23 total OSCs) in 2021.

Unfortunately, 0% of builders without OSCs responded within the first 24 hours which is way down from 20% in 2021.

Phone Response and Speed in 2022

64% of all builders never followed up by phone. This is an improvement from 2021, when 68% never picked up the phone.

- 58% of OSCs didn't pick up the phone in 2022 vs. 60% of OSCs in 2021
- 90% of non-OSCs never picked up the phone vs. 80% of non-OSCs in 2022
- 3% of OSCs followed up by phone in 5 minutes or less, improved from ZERO in 2021
- 8% of OSCs followed up within 5 minutes, improved from ZERO in 2021
- 15% of OSCs followed up between 30 minutes to 4 hours, down from 17% in 2021
- 15% of OSCs took more than a day to follow-up by phone, compared with just 8% in 2021

In 2022, the longest time it took anyone to make a phone call was 8 days. But hey, that's better than the 26-day wait last year!

All Builders by Sub-Group: Phone Response and Speed in 2022

Sub-Group (All Builders)	5 Min. or Less	Within 30 Min.	Within 4 Hours	Within 24 Hours	Beyond 1 Day	Never Called
National Production Builders	0%	10%	20%	0%	0%	70%
Large Production Builders	0%	0%	10%	0%	20%	70%
Medium Regional Builders	0%	0%	30%	0%	0%	70%
Small Regional Builders	0%	0%	0%	20%	20%	60%
Small Local Builders	10%	20%	0%	0%	20%	50%

Builders with OSCs by Sub-Group: Phone Response and Speed in 2022

Sub-Group (Builders with OSCs)	5 Min. or Less	Within 30 Min.	Within 4 Hours	Within 24 Hours	Beyond 1 Day	Never Called
National Production Builders	0%	10%	20%	0%	0%	70%
Large Production Builders	0%	0%	17%	0%	33%	50%
Medium Regional Builders	0%	0%	43%	0%	0%	57%
Small Regional Builders	0%	0%	0%	14%	29%	57%
Small Local Builders	10%	20%	0%	0%	20%	50%

Really Understanding the Numbers

It's important to understand that with each of these numbers, we've had far more builders with OSCs than builders without them in 2022. Historically, we've seen that builders without OSCs are not very responsive. But it's disheartening to see that the response rate numbers aren't markedly higher this year considering the number of OSCs that were present on these builder websites.

We often hear people say, "No one answers their phones anymore." This isn't true. However, it is true that some of the phone services that we use as businesses show up on people's phones as spam, prompting them to ignore our calls. This is why we need to get creative and couple our phone calls with text messages, which is not happening.

It's also still a law of averages – throwing in the towel on all phone calls means you will NEVER get anyone on the phone. But if you tried, a certain percentage WILL respond. Especially if you are diligent and couple your calls with other follow-up methods.

Frequency and Diversity of Touchpoints

While we know it's important to follow-up quickly, we also know that people are busy, and they may not respond the first time you reach out to them. It's important to have follow-up processes in place. With the availability of strong CRMs (Customer Relationship Management tools), there's no excuse not to have a personalized follow-up plan. This doesn't mean it can't be automated, but there is a big difference between marketing emails and personalized emails that sound like they are coming from a friendly person who is there to help them with their home search.

When someone submits an inquiry on your website, they are showing interest by asking for information, but they are likely looking at your competitor's websites as well. Sometimes the delivery of that information has to come from mixed sources to catch the attention of that would-be buyer. Not everyone will be responsive to emails, but they might open a video. Not everyone will answer their phone, but they might reply to a text message. It's important to meet the buyers where they are.

Just because our sales process has been upended doesn't mean it's okay to ignore people who are asking about your homes. Word of mouth is a powerful thing and if people are frustrated because they can't get a response, they will let the world know.

Don't default to the wrong thinking that says if they don't answer the first time, they aren't interested. There are any number of issues that can arise that will make customers think YOU didn't care. Do your best to be the proactive person in this relationship and not reactive.

Diversity of the Contact in 2022

- 22% of all builders in 2022 never followed up by email, an improvement from 30% of builders in 2021.
- 64% of all builders in 2022 never followed up by phone, also an improvement from 2021, where 68% of builders never followed up by phone.
- Sadly, for all builders, video email use only jumped 6% from last year to 16% and text messages declined 2% from 2021 to 12%. With an increase of OSCs by 20%, these numbers show the online sales programs are lacking in this form of follow-up.

All Builders by Sub-Group: Diversity of the Contact in 2022

Sub-Group (All Builders)	Sent more than 1 personalized email in the first 30 days	Made more than 1 phone call in the first 30 days	Sent at least 1 video email	Sent at least 1 text	Sent at least 1 marketing email
National Production Builders	70%	10%	30%	20%	60%
Large Production Builders	30%	0%	0%	10%	70%
Medium Regional Builders	60%	20%	10%	20%	60%
Small Regional Builders	60%	10%	40%	0%	60%
Small Local Builders	30%	10%	0%	10%	60%

Builders with OSCs by Sub-Group: Diversity of the Contact in 2022

Sub-Group (Builders with OSCs)	More than 1 personalized email in the first 30 days	More than 1 phone call in the first 30 days	Sent a video email	Sent at least 1 text	Sent at least 1 marketing email
National Production Builders	70%	10%	30%	20%	60%
Large Production Builders	50%	0%	0%	0%	67%
Medium Regional Builders	86%	29%	14%	14%	71%
Small Regional Builders	86%	14%	57%	0%	71%
Small Local Builders	30%	10%	0%	10%	60%

Builders without OSCs by Sub-Group: Diversity of the Contact in 2022

Sub-Group (Builders with OSCs)	More than 1 personalized email in the first 30 days	More than 1 phone call in the first 30 days	Sent a video email	Sent at least 1 text	Sent at least 1 marketing email
National Production Builders*	N/A	N/A	N/A	N/A	N/A
Large Production Builders	0%	0%	0%	25%	75%
Medium Regional Builders	0%	0%	0%	33%	33%
Small Regional Builders	0%	0%	0%	0%	33%
Small Local Builders*	N/A	N/A	N/A	N/A	N/A

***100% of this Subset had OSCs**

Frequency of the Messaging

Of those that responded with personalized emails:

- 28% of all builders who responded never sent more than 1 email – this is a 10% increase from 2021!
 - 30% of OSCs never sent more than 1 email, an increase of 13%
 - 20% of builders without OSCs never sent more than 1 email, the same percentage as the previous year
- 42% of all builders only sent 3 personal emails – this is up 18% from 2021
 - 53% were OSCs
 - 0% were builders without OSCs
- 28% of all builders sent 5 personal emails
 - 100% of those were OSCs

Of those that responded by phone:

- 26% of all builders who made calls never attempted another. This is up 10% over last year's numbers.
- 6% of all builders only made 2 phone calls. This is the same percentage as 2021. And in both years, all calls were made by OSCs.
- 4% of all builders made 3 or more calls and all of those were made by OSCs. This is the same percentage as 2021.

Of those that responded by text or video emails:

- 12% of all builders sent text messages – 25% came from builders without OSCs and 75% were from OSCs.
- 16% of all builders sent video emails – 100% of those were OSCs.

While builders without OSCs still seem to be less likely to engage or utilize multiple channels for communications – it's disheartening to see OSCs that are not living up to their full potential.

Wrap Up

The 2022 data from our mystery shops show that builders are less persistent in their follow-up. Fewer emails and phone calls are going out and less effort is being made to be proactive with follow-up. This is either a sign of burnout or complacency in a hot market - neither of which sets the builder up well long-term.

We need to come up with creative solutions to maintain and improve our customer experience. This means meeting your buyers where they start and providing a well-trained person who can handle that customer journey.

Numbers don't lie and the chasm between OSC numbers and non-OSC numbers continues to widen. Online leads should be vetted and warmed up so that only the top prospects end up in the hands of the on-site agents. This process allows salespeople to best utilize their time where it's needed, especially in overturning objections and closing sales.

We also saw the OSCs are not as proactive as they have been in the past. Is this from burnout? Not enough coverage? Lack of proper training and expectations? Whatever the cause, if we are implementing this role (and we should), then we must do it right. Otherwise, it's a disservice to our prospective homebuyers and can create friction points within the sales process and the sales team.

Now is the time to create a strong lead development department. You are generating the traffic, and it's crucial to handle it professionally and with the care and consideration homebuyers need to make you their builder of choice.

How do you think you'd measure up?

Mystery shopping your entire sales process including lead initiation, appointment setting, on-site visits and follow-up is an excellent way to determine whether a team needs more training. Melinda Brody & Company offers a comprehensive mystery shopping package to evaluate both the online and on-site teams. Please ask about their 45-day online mystery shop bundled with an on-site video shop.

Do you need trainers?

Once you have the shop results and you don't have an in-house trainer to work with your OSCs and sales associates, the two Leahs can help. Leah Turner with Melinda Brody & Company can bring her expertise and decades of training experience to your onsite team and Leah Fellows with Blue Gypsy Inc. can bring her online sales expertise to improve your online sales program.

Do you need more information on how to set up an online sales program or audit your current program for success?


For more information on how, when and why to use each follow-up type and to set up a winning online sales program, Blue Gypsy Inc. is your go-to resource. Blue Gypsy Inc. specializes in online sales counselor consulting and training, providing detailed insights and help to get the best out of your lead management and development. Utilize a free consultation to find out more about what you might need.

Is your marketing designed to drive leads and engage your buyers?

Marketing always needs to be on point. If your lead generation is not where it should be or you'd like professionals to look at your marketing campaigns and provide insight and ideas, then reach out to Denim Marketing.



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