Prospering in an affluent market

Wealthy clients offer contractors a unique opportunity to grow business in a lackluster economy.
The best way to build business

Affluent customer referrals are worth pursuing, but be ready when they come in.

BY TOM CRAIN

There’s no argument, times have changed in the landscaping industry. Take customer composition. We’ve all heard “The rich are getting richer and the poor are getting poorer” — not to mention the fact that the middle class is cutting back on its discretionary spending at an accelerated pace.

A recent study conducted by the Deloitte Center for Financial Services on the rise of the affluent points out that the number of U.S. millionaire households is expected to reach 20.6 million by 2020, nearly doubling the amount existing today. This segment of the population still has money to spend, is the last group to be impacted by economic turmoil and is developing more and more concentrated money circles.

Just what does that mean for landscapers? It’s rather obvious: Go after the affluent.

But, according to landscape consultant Jeffrey Scott, a Connecticut-based business coach for the landscaping industry, there’s a catch. In order to do this successfully, he says, it’s vital to gain a clear picture of who your unique affluent prospects are, how they think and how best to snag and hold onto them.

Know your audience

Affluent consumers find word-of-mouth and referrals from friends and colleagues extremely important when making buying decisions, according to a study by Entrepreneur magazine. As a group, they are very well informed and are often influenced by the reputation of a product and its seller. Affluent consumers like to be acknowledged as special (smarter, more sophisticated and so on), and they respond well to the notion of exclusivity.

“The best place to get referrals is through professionals and tradespeople that service the affluent,” says Scott. “It’s important to understand that the affluent use a lot of different consultants. They use interior designers, estate planners, builders and realtors. So, for the affluent, you can get referred by those who service the affluent. You want to be at the tip of their tongue.”

Scott also runs a peer program for landscape professionals and is the author of “The Referral Advantage” that includes how to generate more referrals from high-end clients.

When he ran his family’s landscaping and pool business, he grew referral sales from $50,000 up to $2 million, a 2,000% increase.

Scott attributes this remarkable growth to focusing on referrals from the affluent. When he owned his business, he zeroed in on real estate agents who sold high-end real estate. He conducted direct mail and email marketing campaigns to them. He joined the realtors associations being the only landscaper in his area to do so. He took out advertisements in magazines that he knew real estate agents would read. He would also ask his already existing affluent clients to introduce him to their ‘favorite’ real estate agent.

Scott also took it one step further by actually helping real estate agents to close their home sales. “For example, if one of their homes had a swimming pool, my company would conduct a free inspection for them,” he explains.

“I would do all these things,” he says. “I call it ‘marketing gravity’ — you want your referrals to see you everywhere.”
Targeted contact
Scott Cahill, a member of Scott’s landscaper peer group and owner and president of Botanical Decorators, Washington, D.C., believes it’s important to conduct traditional marketing to the affluent, such as running full page spreads in glossy society magazines strictly for image purposes. His landscaping company caters to residential customers living in high-end residential properties. Although it serves fewer than 100 clients a year, several of Botanical Decorators’ individual projects can bill out well over $1 million each.

“I know these ads and other promotions won’t necessarily result in any direct sales for us, but it helps create a reinforcing image,” says Cahill. “We spent a lot of money on customized uniforms, painting graphics on our fleet vehicles and upgrading our logo and website. It’s very important in the affluent market to create just the right visual impression consistently.”

When shopping for services, affluent consumers do find price highly important, according to The American Express/Roper ASW Global Affluent Study (AE Roper). The affluent appreciate saving money. While most will pay extra for convenience and to get what they want, eight out of 10 told AE Roper they enjoy their purchases more if they get a bargain. So, just because you are targeting the affluent doesn’t mean you should raise your prices.

The right incentives
Just like anyone, the affluent, too, like a good deal. So you would think that incentive programs would be effective. “Not necessarily,” according to Scott.

Scott suggests collective discounts as a good tactic for the affluent such as offering a group discount to an estate cluster in a particular cul-de-sac. “It’s not always an easy thing to do, though” explains Scott. “You need to ensure that all the estate owners get along and know each other and that’s not always the case.”

The affluent sometimes upset neighbors with disruptive remodeling or installation projects or they don’t know their neighbors because they are holiday or occasional weekend visitors. “We found that the affluent homeowners in our area were strictly weekend people,” says Newman. “Many of our clients are not full-time residents so landscaping for affluent clients for more than 20 years. “We thought the traditional approach offering incentives would work,” says Newman. “We’ve tried different things such as offering coupons and $50 credit vouchers in return for referrals. Our higher end clients don’t seem to care about a referral fee.”
they don’t have much interaction with their neighbors. It’s very difficult to get them to refer their neighbors to us.”

You should give something away. “A good idea is to have mixers where your clients bring their friends along,” says Scott. “An educational seminar or a party with great food will encourage them.”

Cahill will provide free maintenance to some of his highest referring clients without giving it a second thought.

Another marketing gravity tactic is to immerse yourself into your affluent client’s social circles. That doesn’t necessarily mean you have to ante up big bucks to join their golf or yacht clubs — although Scott says that sure can’t hurt. “Rather, you can volunteer for their favorite charities where they serve on boards, the private schools where their children attend and community events where they live,” he says.

**Delivering on expectations**

The most important thing about getting referrals from the affluent, though, is to demonstrate that you are worth referring. You must be able to consistently meet their very high expectations. “Referrals are all about how the affluent do business,” says Scott. “They will research carefully before they hire you. They will indeed check you out.”

No one knows this better than Cahill. On his wedding day, he got a complaint call from a demanding client whose estate was undergoing a landscaping installation when a set of lights went out. The client was also a high-powered Washington lobbyist. Cahill went out to the job site to find that the lights went out due to an automatic timer deliberately set. “My customer’s wife found out that it was my wedding day and not only screamed at her husband for allowing me to come that day, but also repeated the story to all her country club friends later that week resulting in an additional $5 million of business for me that year,” says Cahill. “If you are committed to doing whatever it takes 24/7 for affluent clients, referrals will come in.”

Scott says you need to allay any fears that potential affluent clients may have by showing that you are organized. “Don’t complain to your current affluent customers that you are too busy,” says Scott. “Don’t ever show up late. Don’t hesitate when asked to perform a service. Make it look like what you do is effortless. Make them think that they are your top priority and you have limitless resources. When they ask you to do the work, never let on that you are overstretched.”

“Sometimes the affluent don’t want to refer you because they want to keep you all to themselves,” says Scott. “If they perceive you as having limited resources, they don’t want to “stretch” your resources for fear that you won’t have adequate time for them.”

Newman agrees with Scott that a solid relationship with his affluent clients is really what matters. “It’s the process and the whole relationship that gets the referral,” he says. “Our affluent customers are really busy people. They don’t want any problems. We try to be as invisible to them as possible. You have to make their experience with you seamless, including writing out a bill easy to read with no hidden fees and no fine print.”

In the end, Scott explains, you have to be willing to hang in there. “It takes time,” he says. “It’s not instant gratification. It will take you a few years to get that type of representation in the affluent referral network.”

The author is a freelance journalist with more than 20 years experience writing about the Green Industry. Contact him at tecrain@goinggreenguy.com.
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The recently made popular phrase “one-percenters” comes with the implication that the most affluent Americans and their lifestyles are worlds apart from most other Americans. Does the same philosophy apply to their service expectations?

While lawn care and landscaping clients with home values passing the million-dollar mark might have more zeroes at the end of their maintenance or construction contracts than those with more modest homes, does that make them a different breed of customer?

Even the contractors who serve the upper echelon say the champagne and caviar set wasn’t insulated from the past few years’ economic downturn, which makes it even more important to try to make efforts to cultivate business as much as possible.

Some lawn care and landscaping company principals have set their focus on satisfying what they say are higher expectations of their more high-end clients. Other contractors are of the mindset that the most effective way to serve the client base is to employ the same principles that would be put into play when serving any other client. Either way, there are tune-ups that can help make sure customer service is fit for royalty.

**Constant contact is key**

Naturally, customers want to be kept in the loop about ongoing projects or upcoming maintenance. Some contractors take it a step further. This rings true even more for high-end clients who spend tens of thousands of dollars on large projects or yearly contracts.

Glenn Bonick, founder of Bonick Landscaping in Dallas, TX, makes sure his crews keep the clients updated daily or weekly — either in person or via e-mail — when they’re working on a big maintenance project.

“As long as we set expectations correctly, there’s less of a chance for miscommunication,” he says. Green Acres Landscape & Design in Monroe, CT, keeps lines of communication open with its clients, even when there are no upcoming appointments.

“(Wealthier clients) expect more communication and a higher level of attention,” says Craig Kopfmann, president of Green Acres. “They also expect to hear from you whether or not service is scheduled. They like a phone call just to check in. We ask if they’re happy with everything and if they have any additional needs.”

It’s not just phone communications. Kopfmann hired a property care manager to make face-to-face interaction more frequent. The company targets some of the more well-to-do clients for monthly visits.

“We found that it’s beneficial having someone who can stop by and knock on the door to check in and make sure all their needs are being met,” Kopfmann explains.

Green Acres also sends a periodic e-mail newsletter to keep clients informed and promote upsell items such as seasonal color.
Go to the source
Understanding the customer’s background and mindset can go a long way toward ensuring their satisfaction. Wealthy customers in Jay Townsend’s home turf of Charlottesville, VA, haven’t necessarily been born into the opulent lifestyle, he says. Many of the higher-end clients in have made a comfortable living by being busy professionals.

“Affluent customers may have higher expectations, less time and expect a higher level of service; in fact, that is true,” says Townsend, president of J.W. Townsend, adding, “Remember, our products and services are largely purchased out of disposable income. Our products are not a necessity.”

The fact that this customer set has more disposable income than less wealthy clients seems to have an impact on what attracts them to a company. Contractors find it’s less effective to advertise low prices than it is to showcase quality work.

Bonick Landscaping places ads in local high-end publications with the purpose of branding and keeping the company top-of-mind with customers and prospects. The ads aren’t meant to present a call to action so much as they are designed to inspire clients and to promote the brand.

Ads and other forms of marketing aren’t nearly as effective as word-of-mouth referrals, Bonick adds.

“Our customers know referrals are the greatest compliment they can give us and we appreciate them,” he says. “We’re never too busy for work.”

Several companies also build brand awareness by participating in the same community and charity events as their clients or donating to their clients’ causes.

It pays to be well connected
Becoming the preferred landscape or maintenance provider of the well-to-do can often mean going beyond the usual mowing and hardscaping jobs. Several firms have developed additional specialties or skills that help them stand out.

“Our reputation for doing quality work and being able to help solve the many permitting issues related to working along the water have helped us separate ourselves from the competition,” says Michael Prokopchak, president of Annapolis, MD-based Walnut Hill Landscape Company.

If there’s a task that’s out of Green Acres’ realm of services, Kopfmann makes sure his crews are prepared with recommendations on service providers that can tackle the job, such as electricians, plumbers and firewood providers. It’s not uncommon for clients to turn to them with such requests, he adds.

To help them and make informed recommendations, it’s good to foster relationships with other local businesses. It can also work the other way, when clients ask their builder, for example, for recommendations for a good landscape contractor. Many contractors work to make sure they’re the first company that’s mentioned upon inquiry.

“I throw a happy hour every year at...
Christmas for a custom builder, architecture firm and landscape architecture firm that provides us with the opportunity to work with their affluent clients,” Prokopchak says. “We work very well with these groups and they are always opening the doors to opportunities that may not exist without the personal relationship we have with them.”

The little things
Smaller details can have a huge impact when it comes to retaining upscale clients. To begin with, they seem to require help more so than other clients, Kopfmann says.

Walnut Hill offers additional help by proposing additional maintenance services after the landscaping is installed. The additional services answer the client’s need for help while keeping the company’s name on the tip of the clients’ tongues.

“I basically tell the client we will handle everything on the outside of their house so they can enjoy the spaces we have created without lifting a finger,” Prokopchak explains. “This has been very beneficial to us as our clients, especially the affluent, don’t want to spend time taking care of their gardens.”

A Green Acres company attribute that clients appreciate — although it can be a pain — is the willingness to take on a job at short notice.

“When the client is having an event, whether family is coming in or they’re hosting a charity event, if they have a request that’s over and above normal service, we bend over backwards for them — even if it’s only a 24-hour notice,” Kopfmann says. “It’s something we see pretty regularly when it comes to clients entertaining at their homes.

Respect the money
Contractors should remember to appreciate the chunk of disposable income that clients entrust to you, Bonick, says. This is especially true with larger projects.

“When people spend money with us, we have to respect the fact that they’re spending money,” he says. “We show them respect, with the way our contractors handle themselves on the property and we also communicate with them — we show that we care about them and their project.”

But whether a client’s home is worth $100,000 or $1 million, it’s wise to be respectful all the same, Townsend says.

“We treat all customers this way, not just the affluent; remember that many customers are not born into affluence,” he says.

In fact, he adds, lower end clients could end up being more valuable to contractors than they realize.

“They expect you to get things done within a timeframe.”

The company has found success with other small gestures as well. Its monthly face-to-face communication program includes periodically delivering unique gifts to clients, such as tree saplings or vegetables from a local organic farm.

“As long as we set expectations correctly, there’s less of a chance for miscommunication.” – GLENN BONNICK

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PROSPERING IN AN AFFLUENT MARKET

In affluence we trust

Developing a trustworthy reputation is key to reaching the wealthy client market. It takes time, effort and a little ingenuity.

BY DAN JACOBS / EDITOR-IN-CHIEF

Affluent customers don’t just live in mansions on large rolling estates. They live in communities all over the country, and they have money to spend.

“There are three kinds of affluent: The millionaire next door — the kind that have the money but you can’t see it because they don’t wear it,” says author and Green Industry consultant Jeffrey Scott. “Then you have the more outwardly affluent. Then you have the ultra affluent who are making the really big, big bucks who live a lifestyle that you or I couldn’t even fathom.”

Most affluent customers have worked very hard and they want to work with the best. “They want to spoil themselves; they want to show off. They want to work with somebody who can give them the best quality.”

Scott spend several years leading a landscaping business that served many affluent clients. He shares some of his secrets here.

LM: How does selling to the affluent community differ from others?
JS: The affluent buy more on referral, on word of mouth. They get a lot of their referrals from their friends and their trusted resources. You’ve got to build trust in the community and among trusted resources — architects, interior designers, etc. — in order to be referred. The affluent have more to lose. They feel more vulnerable and tend to be more conservative, slow to make change.

You have to have a really good sales process. They’re going to decide pretty quickly. How you handle that first phone call, how you handle that first sales presentation. They’re going to make their decisions very, very quickly if you’re a company they’re going to do business with. You have to have a well-organized process for helping them make decisions.

LM: What does that mean for the selling process?
JS: It happens slowly and happens over time doing business with clients that are more and more affluent. It’s like climbing the staircase. You’ve got to prove yourself, get a little bit higher, prove yourself, get a little bit higher.

LM: Are there any tricks to getting into their purview?
JS: You don’t have to be in their social circles, although it doesn’t hurt, but you do want to have a presence. A lot of them are planners. If you’re going to do marketing or direct mail, they’re watching. It’s one way they’re calculating whether they’re going to get involved with you. Getting involved in their charities and their community projects is a great way to build trust. If you can be seen doing work for one of the influencers in the inner circle, they’ll introduce you to other people in that inner circle. You support it with other types of marketing.

LM: What about asking for referrals?
JS: It’s going to happen by giving great service — servicing them 24/7 whenever they need you or want you. Either they’re going to have people over to their house and they’re going to say, ‘Who did that; who takes care of that’ or they’re going to feel like they owe you and you’re a unique resource they want to share. If you have to nudge, then you’re not doing something right. If you have to really ask for it, then you haven’t done enough.

LM: What should you do when something goes wrong?
JS: You’re always going to make mistakes in contracting. It’s important as you’re building your reputation to admit your mistakes quickly, embrace them and solve them. On one hand it can ruin your reputation. On the other hand if you can build a reputation as someone who admits their mistakes and fixes them quickly, then that can actually bolster your reputation.

LM: How do you make sure the rest of your team delivers all this?
JS: You have to hire the right guys. From the middle management — foreman and above — you have to hire people who like to learn. It takes teamwork to work for the affluent. There’s always a new challenge where the team has to pull together to pull off something. You want to have employees that have that thirst for knowledge. Then it takes a lot of internal reputation — training, teaching, talking about your philosophy over and over and over again. It’s like a balloon that slowly loses air. You have to be constantly blowing air into that balloon. Constantly showing examples of what’s good and examples of what’s not good enough. It’s an ongoing never-ending process.
Reaching the rich requires a consistent and trustworthy message.

Community involvement
Getting involved in the community will help you get noticed by a lot of different groups, but Scott says it’s particularly important for reaching the affluent. “The affluent are community-minded and therefore like to be affiliated with companies that are active in the community,” he says. “The wealthy like to give back. Think of Bill Gates. It makes them feel good, they can afford to do it, and there’s also social pressure to do so.”

Scott says that when you choose your community projects, consider picking a school or an organization within the same town as the affluent you’re trying to reach — this will produce positive PR for you. “Schools have a built-in PR network. A school is always sending flyers out to parents informing them of what is going on; their next flyer could be about you,” says Scott. “You should also get involved with the key charities within the towns you’re targeting, and donate your services to those charities in the form of auction items. Ask your affluent clients what boards they sit on, and get involved with those boards first. There’s a lot of value there because you’ll have an opportunity to meet potential clients and get introduced to the friends of your clientele. Start small and focus on the charities that your clients are heavily involved in.”

Building a reputation
Community involvement of course plays into building a reputation but there are other ways to make sure you are a company that the affluent will respect. One of these ways is your branding. The affluent population pays close attention to branding and signage, says Scott, so it is important to have a professionally designed, attractive logo, and truck signage that stands out yet in a classy way. Your employees’ uniforms should match your branding — think UPS. This will support your marketing and reputation building.

Direct mail marketing will help you build a reputation but Scott says this has to be done over time and is not going to work after a one-time hit. “People think the affluent don’t read their own mail but that’s not true,” says Scott. “If they’re repeatedly getting mail from you, they will see it and pay attention to it. The affluent are all about results. I suggest using ‘results words’ in the body copy of your mailers, but use ‘aspiration words’ in the headlines, like ‘Imagine’ or ‘Dream.’ These are words that will capture the affluent clients’ attention. Above all else, you have to use drop-dead gorgeous photos showing outdoor living spaces that are professionally stylized.”

The affluent rely heavily on recommendations of their peers so once you get in with one affluent property it could be your “in” for the whole neighborhood. “It’s true the affluent surf the Internet, but it is more for research. They’re more interested in whom their rich neighbors are using so that they can keep up with the Joneses,” says Scott.