

12 SEVEN KEYS TO SUSTAINABLE DESIGN MARKETING

There is no single competitive response to the growing green building market that is “right” for every design firm. Your firm needs to consider its response in the light of the “4 C’s” – the *clarity* of its strategic vision, your *capability* to execute the vision, the *capital* available for marketing and sustainability initiatives, and the *character* of the firm’s principals – their willingness to “walk the talk” of green design. Nevertheless, a conscious choice among strategies and a clear focus on one dominant approach, are vastly preferable to having none or just improvising responses to opportunities.

Industry surveys and diffusion of innovation theory (see Chapters 8 and 9) contribute to an understanding of what the marketplace for green development wants and needs. Green building design firms, contractors and consultants marketing sustainable design services and projects should incorporate the following information and techniques in their marketing strategies and marketing communications programs:

- Case study data from finished projects, accompanied by solid cost information, including initial cost increases for various green building measures and post-occupancy surveys of occupant satisfaction (the latter is almost guaranteed and the survey itself garners an additional LEED NC 2.2 credit point at little additional cost).
- Comparative cost information, within and across building types, as to the full costs of LEED certification, including documentation, for the firm’s various projects.
- Demonstrable information and marketplace feedback on the benefits of green buildings beyond well-documented operating cost savings from energy and water conservation. In particular, gathering information on how clients have realized some of the business-case benefits, such as a rent premium, increased occupancy, faster lease-up and faster permitting, or greater employee retention, are essential to build credibility for green buildings.
- Clear evidence of usefulness of various green building measures, including the business-case benefits such as marketing and public relations, but also

independent studies of consumer and corporate demand, including willingness to pay for specific levels of LEED achievement, as evidenced, for example, by preferential selection of green buildings as a matter of corporate policy.

- Use of a growing cadre of LEED APs who can provide certainty about the LEED-certification process. The new LEED version 2.2 goes a long way toward providing more certainty through an end-of-design-phase review of applicable LEED credits, instead of having to wait until construction completion to begin the certification process.
- Stronger use of multimedia approaches and other modern sales tools to increase the connection with green building goals and methods by stakeholders and decision-makers, including the use of BIM design approaches for communicating the costs and benefits of key green building measures much earlier in the design process.

This chapter describes seven good ideas for developing a marketing strategy, explores the motivations that drive clients who are the target markets for green buildings and addresses some key points in selling green buildings.

THE SEVEN KEYS

In today's environment, a company must be remarkable in the eyes of its clients and the media just to get some attention. Finding points of differentiation and new ways to tell the sustainability story is the perpetual task of the marketing arm of the design firm.¹ Looked at in this fashion, the marketing function assumes strategic importance, as firms struggle to both retain clients and key employees in the face of an increasingly competitive global marketplace for design and construction services and people.

The seven keys to marketing green buildings are a combination of two familiar principles of marketing presented in Chapter 9: the STP formula – *segment* your market, *target* key segments and *position* your company; and the building blocks of competitive strategy – differentiation, cost and focus. Table 12.1 presents the seven keys. Most of them can be combined, but even a clear focus on one will yield results.

Segment markets

Marketers try to understand and segment markets in order to focus on the most profitable or available segments. As discussed in Chapter 9, segmentation variables can include demographics, geographics, firmographics and psychographics.

As for *demographics*, there is little evidence that this approach to segmentation is useful for marketing green buildings.

Table 12.1 Seven keys to green design marketing

Key	Rationale
1. Segment your markets	It is difficult for a firm to focus on more than four market segments
2. Choose competitive targets	Many firms spend their resources chasing unattainable clients
3. Position your firm as a leader	Most clients prefer to choose known leaders in their business
4. Differentiate	Find a difference that makes a difference!
5. Become a low-cost provider	Low cost attracts many clients
6. Focused differentiation/relationship management	Focus on "lifetime value" of clients
7. Build a brand image	Brands facilitate choices in a complex world

Geographics – where people are locating and building – is certainly a prime variable to consider in deciding where to market green building services and products. Evaluating the number of LEED project registrations by state is one way to evaluate the impact of geographic location on the availability of clients for green design services (see Table 9.3). Within each state with a large number of LEED registrations, one can then “drill down” in the data and find out which cities are the most amenable to LEED-certification projects at any given time. Typically, green building activity is more prevalent in the largest metropolitan areas in each state.

Firmographics, a business-to-business marketing analog of demographics for individuals, helps marketers understand the nature of the client base. Here the focus is on the size of the client company or organization; whether it's a private, public or nonprofit entity; building (office, library, lab, classroom, etc.) type; and other pertinent data. Project type is also a type of firmographic segmentation and reflects the fact that most clients prefer to hire firms with prior experience in their type of project. This could include such specialized project types as new acute-care hospitals, biotech research laboratories, college and university student unions and high-rise condominiums, to name a few.

Psychographics refers to segmenting by psychological orientation. In segmenting the market for green buildings, a marketer would look for industry leaders and innovators in early-stage segments. Some people are just more welcoming to new ideas and new technologies than others. Knowing who the industry leaders are in given segments allows marketers to target them with new ideas such as green buildings, knowing that the vast majority of decision-makers want to see experimentation done successfully before committing to a green project.

Choose targets

Targeting is a process that marketers must use when deciding to focus on one or a few segments. Targeting is a critical component in setting marketing strategy because it limits the number of competitive targets in order to focus on those most likely to be successful. Most design firms specialize in one or a handful of client types (public, private, nonprofit), project sizes (under \$10 million, over \$100 million) and market segments (K-12 education, cultural, fire stations, commercial offices, retail, hospitality, healthcare), so the choice of targets is necessarily limited by the company's prior experience, financial capability and the project resumes of key individuals. Some marketers aim to increase market share in a given industry or extend their geographic reach in tackling a certain type of project, but most focus on increasing revenues from current relationships to grow their businesses. Designers who have built a reputation in a particular market segment and a history of successful projects are often invited to compete for projects far from home, often as associated architects with a local design firm, and they are often successful in this endeavor. Most clients want the best design firm for their green project.

Prime targets for green building marketing share these characteristics:

- They are *early adopters* of new technology, or in some more mature segments, in the early majority.
- They may be *potentially significant users of a new approach* (e.g., they control multiple properties or represent a large campus).
- They may be *opinion leaders* (able to sway others, both inside the organization and in a larger community of peers).
- They *can be reached at relatively low cost* (e.g., already are clients of a firm or interested in new green approaches).

Since few prospects share all of these characteristics, marketers must choose targets by considering each of these factors along with some intangibles, which might include the quality of existing relationships, stakeholder activity pushing the prospect to choose green buildings and market forces pushing local entities to keep up with innovative companies.

Position your company as a leader

Positioning is the third activity of the STP formula. It takes segmentation and targeting analyses and turns them into messages designed to influence clients and prospects. Positioning is something you must do or it will be done for you (and to you). In marketing, we learn from hard-won experience that “perception is reality.”

Positioning is a strategic and tactical communications activity that aims at changing a target prospect's perception of a firm, to create a “difference that

makes a difference.” These differences should be important, distinctive, superior to others, communicable, not easily copied and affordable to the client. Architects, engineers and builders seen by the client base as green building experts because of their project successes, find it possible to maintain their “top of the market” positioning even as more competitors come up to speed in sustainable design.²

Positioning, then, is what a company does to take real facts and position them as reality in the minds of the targeted prospect; positioning deals with creating lasting perceptions. In marketing green buildings, positioning is an essential component of a design firm’s communications strategy and serves to reinforce a single powerful message. Because green buildings are a new industry, they offer the positioning strategy of seizing the high ground and occupying a new, position that clients and prospects will value. For example, a company could claim the most LEED-registered projects in a given industry or location, or the most LEED APs, or the most LEED Gold projects with a certain technology.

Differentiate your green development offerings

Differentiation is an approach to marketing strategy that takes decisions regarding segmentation, targeting and positioning variables and focuses them on particular markets (see Figure 9.3). This approach must be coupled with a specific project type, owner type, geographic or other focus. *Focused differentiation* is the main marketing approach used in professional services. The main green building differentiators for design firms are:

- successful projects (especially LEED-certified buildings),
- satisfied clients,
- high levels of LEED project attainment (Gold and Platinum ratings),
- demonstrated ability to deliver green building projects on conventional budgets,
- number of LEED APs.

A design firm usually needs to show high levels of attainment on several of these key variables to secure major new projects in highly competitive situations.

As discussed in Chapter 9, each design firm needs to excel in one of three key disciplines of market leaders: customer intimacy, product leadership and operational excellence, while providing at least good service in the other two areas:³

- I. Prospective clients expect *intimacy* in the form of high-quality relationships between them and the design firm. Successful projects are seldom one-shot affairs. Rather, the continuing relationships among clients, design

teams, builders, public officials and owners yield the most successful projects in each major urban area.

2. Companies show *operational excellence* in terms of meeting building program goals, budgets and schedules while achieving specific LEED certification goals. For designers, this means getting a project finished within specific market windows and meeting cost and quality goals set by the client.
3. Companies that have a signature technological approach such as green roofs or solar power often attract clients who value *product leadership* in the area of sustainable design. Design firms focused on such unusual project types as brownfield redevelopment, moderate-income or affordable housing, and complex urban infill, mixed-use projects can excel in this area.

Five of the top ten differentiation activities for professional service firms are most often used by design firms to assist with their green building marketing efforts:⁴

1. Advertising campaigns to establish or maintain positioning (done in less than 20 percent of the firms, according to one survey).
2. Improved relationship management programs to strengthen bonds with current clients (this is by far the most common, cheapest and fastest way to get results, in my professional experience).
3. Manage a public relations campaign to highlight achievements and reinforce green market positioning.
4. Hire specialized individuals, often with control of key relationships (this is done in less than 25 percent of firms, according to one survey).
5. Improve or evolve a firm's current services, particularly in setting up a separate green building consulting division (this is done in less than 10 percent of the firms, according to one survey).⁵

Design firms can find one or more approaches on this list that will differentiate their services over a two to three year period in the green building industry. Research shows that the leading companies are particularly adept at using differentiation strategies such as advertising, public relations, new visual identities and attracting key people. Improving or evolving the company's services typically takes place over the course of several green building projects.

When embarking on a program of focused differentiation, remember that existing clients already know your firm and appreciate its strengths. Communicating a new message about green building should not be at the expense of these relationships, and the message needs to reinforce current positive perceptions of your firm as a cost-conscious, schedule-conscious, client-focused organization. Key relationship managers need to meet with existing clients and explain how the new people you're hiring, the newly accredited LEED APs, and

the new green building focus of the firm will benefit them and their projects. In turn, this requirement implies a need for strong internal communications before embarking on new green building marketing initiatives.

Become a low-cost provider of green design and construction services

Many building projects are budget-challenged. Projects are exposed to rapid increases in materials and labor costs in many urban areas. The ability of design and construction firms and green technologies to compete on price is valuable. Low cost of operations does not necessarily mean low profitability; instead it gives a firm more flexibility to negotiate profitable fees for green building projects, even in a very competitive environment.

For example, the ability to be creative with green building engineering for energy and water savings, along with high levels of indoor air quality, might help an engineering firm create far more valuable green buildings for the same fee as a more conventional competitor. The ability to specify building-integrated PV systems would fall into the same category, both for an architectural firm and for an engineering firm. Knowing the costs and the engineering details for PV systems would help an engineering firm convince owners to move forward with these systems.

One example of a developer focused on low cost as a basic competitive strategy is Workstage, LLC, which is focused on the corporate build-to-suit market, primarily in the Midwest. Based in Grand Rapids, Michigan, Workstage aims to wring out costs of doing green buildings by standardizing every element of the design and construction process. They use interchangeable modules (“a kit of parts”) and like-minded architect–engineer teams for each project.⁶ Workstage’s corporate and institutional clients want green buildings, but they do not want to spend an extra penny to get this benefit. Workstage’s approach is not to change architects or engineers, but to work with the same designers on the same project types, as a means to “wring out” costs from the system. If a design firm wants to engage such clients, it needs to understand how to produce standard designs that can quickly be customized for each location and specific program requirements.

Focused differentiation/relationship management

The essence of marketing wisdom is knowing in which markets to compete in and which to ignore, which clients a company wants to keep and which it does not. Often by being unfocused, a design firm will try to serve too many clients, at the expense of not satisfying the clients it really wants. To derive an effective strategy, marketers need to combine a laser-like focus on market segments and key targets within those segments, with either low cost or differentiation.

One of the most effective tools for differentiation is to connect with the clients' value systems. After all, how many design firms take the time to really connect with a client's deep-seated mission and purpose? Kirsten Sibilias, Marketing Director for FXFOWLE Architects in New York City, says:

A lot of our marketing involves trying to connect with our clients' value systems. If you look at the mission statement of most of the Fortune 500 companies, for example, it includes something about sustainability or environmental responsibility. So we try to get them to understand the impact that the built environment has on the natural environment and illustrate that their new building can really be a symbol of their corporate goals. It's similar for our education clients. Their mission is to educate, to nurture, to protect; and we demonstrate that the building can represent that and be an educational tool in myriad of ways. We designed the School of Management building at Syracuse University where they train future business leaders. Part of what those future business leaders need to understand is the role that built environment plays and the power of architecture and sustainability together.⁷

Points of focused differentiation can include:

- *Regional vs. national focus.* Firms that are very focused locally are often able to compete against much larger national firms or else to team with them to secure larger projects.
- *Client types.* Architects focused on winning design competitions, for example, clearly seek out adventurous decision-makers for projects that embody a community's or an institution's highest aspirations. When the City of Seattle chose the Dutch firm, Office of Metropolitan Architecture (OMA), to design its dramatic new main city library in 2002, it consciously decided to place this building on the world stage, much as it had done with the Space Needle for a World's Fair 40 years earlier. For OMA, it was worthwhile to go after such a high-profile design competition, since *avant-garde* architecture is its main business, and it teamed with a local architect to win the commission.
- *Building or project types* such as office buildings, secondary education, higher education, healthcare or laboratories. Likely to be affected in the future by higher electricity rates, these building types, including office buildings and institutional buildings (colleges, public agencies), might be good candidates for energy-efficiency investments, particularly in states or utility service areas with significant incentives. Therefore, a green design firm can identify such clients, make energy-efficient buildings its major marketing focus and direct most of its communications to their needs.
- *Signature green measures.* While it can be risky for developers and designers to always include green technologies to their projects, it is riskier *not to be known for anything in particular*. Branding a company in the green building

arena with specific technology solutions for particular building types and sizes can be an effective marketing measure, allowing such companies to at least make the “short list” for interviews.

- *Project size.* An example might be a focus on maintenance and operations facilities for public works; that is a type of project that is typically smaller than most office buildings, but can occasionally exceed \$10 million in construction cost.

Build a brand image

In today’s commercial world, a major task is to create a brand that incorporates the key differences in a design firm that make a difference in the mind of a buyer. A design firm might want to be thought of as a leading-edge technology innovator (think of Frank Gehry or Thom Mayne of Morphosis in this context) or as dominating a large product category (such as HOK Sports in arena or Skidmore, Owings and Merrill in large complex office buildings) in order to limit its market but sharply define itself to buyers who value that experience or approach.

To understand the branding opportunity, consider the following statement: “All marketers are liars.”⁸ One way to read this statement is to understand that we create stories about projects, capabilities, values and interests for ourselves and our clients on a regular basis. The story about the green building project you just finished is already manifesting in the minds of all project participants, readers of new stories about the project and the general client base (“It’s only a LEED Silver project, what’s the big deal?”). And it will continue to be permuted, just like a message in the game of Rumor; if you don’t proactively shape it. Therefore, you must tell a story about your project: if it is significantly different from the contractor’s experience and the owner’s experience and the occupants’ experience, then one of you is a liar! The point is that green building branding is best done when it is a story about project successes and lessons learned.

The essence of a brand is incorporated in how you deliver your services, in your firm’s personality and core values (which in turn determine who you hire and who you let go), your culture (collaborative or confrontational, or something in between) and all the promises you want your client to believe (clear and frequent communications, for example, on each project; the highest level of expertise and technological competence, etc.). A brand is something that creates a strong personal and professional relationship between your people and the client’s staff, that builds loyalty and fosters lasting relationships.

The marketing benefits of branding are multiple. It can shorten the decision cycle of a client and reduce your cost of marketing. If you’re always “short listed” by certain clients and client types, you have a brand. It gives you some

pricing flexibility; after all, if they really want you, they'll pay for all the special things you bring to the project, within reason. It helps you attract the kind of people that in turn reinforce the brand.

This point deserves the strongest emphasis: *Marketing and recruiting are two sides of the same coin.* The same values and branding attributes that attract clients also attract good people, and a professional service firm is nothing if not a “talent agency.” Without the talent, you have nothing to sell, and you will never be a market leader. You can see, therefore, that this is a “positive feedback loop.” The clearer you are about your market positioning and values, the more likely you are to attract the talent that will help you grow market share and dominate various green building niches. The successful execution of your brand promises generates loyal clients, which in turn builds your business. Since many clients perceive design services as a commodity, and since many design firms deliver them as a commodity, a brand differentiates your services in a significant way from those of “also ran” firms.

What makes a brand in the green building marketplace?

- *A brand is a story told between marketer and consumer, between architect and client, between developer and tenant or buyer.* The story must resonate with the client or buyer to be effective. The storytelling focuses on the features of the project, but translates those features into benefits that the recipient can clearly appreciate.
- *A brand sells an experience or a series of benefits to the consumer.* People must be led from understanding the value of the features to understanding how they will benefit from them. Think of Starbucks: it sells a commodity product you can buy in thousands of locations in any big town, and at a significant price multiple. Starbucks has managed to create more than 5,000 permutations for the basic “cuppa java” to give you a unique taste experience.
- *A brand delivers on its promises.* For example, in my own LEED Gold-certified apartment building in Portland, the presence of a trash room with recycling bins, just down the hall and on every floor, and the enforcement of the required “no smoking” policy, both reinforced daily the promise that the green building experience was something different and valuable.
- *A brand walks the talk.* Consumers expect sellers to live by the values of what they are selling. A green design firm should have offices in a green building. A green firm should craft a LEED-EB or LEED-CI certification for its own offices. A green design firm should be promoting sustainability in all its activities, not just in an isolated design project now and then.
- *A brand communicates its differences effectively.* A common observation is that the average adult is subjected to about 2,000 commercial messages daily. Getting through the “fog” with an effective communications program is a

great art. Most savvy design firms engage a strong public relations firm to tell their story and support a continuing dialog with the marketplace as an integral part of their marketing effort.

Of course, one can create differences for each market segment that one chooses to address: some might value innovation, while others value low cost or specific technological choices, such as geothermal heat pumps, PV or roof gardens. *Almost without exception, there are few established brands in the green building marketplace today.* Without a leading brand (and with due apologies to the major companies involved in this business), the average client will not have a basis for making a purchase. In commercial situations, the lack of a brand can have drawbacks. While a home builder can sell Energy Star, GE or Whirlpool appliances to residential buyers, the lack of name recognition for most green technologies forces the design firm or the developer to become the brand. This is a heavy burden for a service firm, but one well worth the effort, even if it takes five years or more.

MARKETING AS AN EVOLVING STRATEGY

Practitioners need to understand how their marketing must evolve in order to compete effectively:

- They must choose a strategy that incorporates *high levels of differentiation or lower overall costs*, with explicit focus on particular market segments that might include geographic, project type, owner type, psychographic profile, project size, specific technological approach or signature green measures.
- This strategy must be *reinforced internally and externally* so that it becomes recognizable as a brand identity. Internal reinforcement includes incentivizing people to get educated and accredited as green building professionals and offering small bonuses for those who do. External reinforcement includes activities to increase the visibility of the firm and its key professionals in the chosen niche markets.
- Larger design firms should consider developing their own *proprietary tools* for managing sustainability goals in their projects, as part of a branding approach. Along with these tools, firms should develop methods to successfully execute LEED projects without additional design fees.
- Design firms must form *close working alliances* with contractors and clients to ensure that their green building projects will actually get built within prevailing budget, time, technology options and resource constraints.

UNDERSTANDING DEMAND FOR GREEN BUILDINGS

Now that we've presented how a design firm should market sustainable design, it's important to recognize also that a clear analysis of current and potential clients and future project opportunities is critical to refining the marketing message. This