

Marketing is not simply about advertising but has its starting point by understanding how the majority of consumers react. It especially has to address their buying psychology. In other words, what motivates them when they are about to spend their dollars.

Whilst price is a very important issue it is not the most important. People do not buy the cheapest item available. What they do is decide the quality, configuration or standard of the product they want to purchase and then look to pay as little as necessary to get it. This is consistent with rich and poor alike. The rich may be able to well afford an item but they will still look to buy it for a bargain price and to negotiate the best price because the reality today is nothing is at a fixed price, almost everything is negotiable.

To emphasise my point let me use the purchase of a car as an example. People do not just buy the cheapest car available. What they do is look at what is available in their **price range**. This is the first observation. They don't look at a specific price of say \$25,000, they look at a range usually going below that range, say, \$20,000 to \$25,000. They are normally attracted by advertisements, and car distributors usually attract them by offering a package just below a price bracket. For example, often a model will be advertised for \$19,990 and this attracts a purchaser at the bottom of their range looking for a bargain.

What the buyer will then do is look at all offerings at a similar price and decide on the one they like. But then, a remarkable thing happens. Do they pay \$19,990? No. What they usually find is this base model lacks some of the creature comforts they want. As a result they may add extras like a CD stacker, air conditioning, maybe auto transmission etc. The end result may be a car costing them \$23,000 which is 15% more than where they originally looked. The point is the bottom of their range gets the inquiry in the first place. Later they will end up electing to pay more.

These buying patterns apply to everything we purchase, whether it is our weekly shopping or, on the other end of the scale, our home. Indeed it is with real estate purchases that my consumer research first revealed the Buyer Triangle.

Products fit into two categories. The fixed price products and market price products. A fixed price product is that category of product where you pay and don't negotiate. The 'Big Mac' meal, the loaf of bread you purchase from Bakers Delight, your newspaper etc. These products have a fixed price on them which we accept.

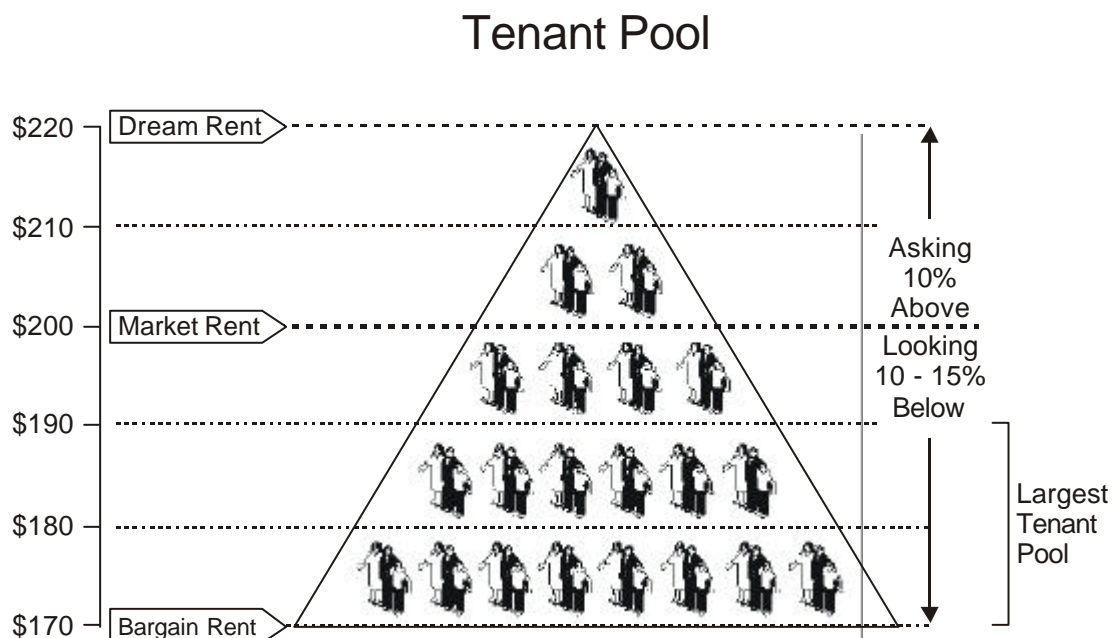
With an entirely different category of products we react totally differently. These products do not have a fixed price, in fact their price can vary widely and is determined by market demand. In other words, you get or pay whatever the market price is at the time.

Many products fit into this category. Oil, gold, wheat, wool are all sold worldwide on this basis. Stocks and shares are also determined by a market price. Likewise property prices and rents are determined on the basis of whether or not there is scarcity or a glut at the time.

When housing booms, prices rise rapidly. When there is a slump, prices fall, even though in the long-term they will increase. Likewise, if vacancy rates for rentals are low, rents will go up rapidly. On the other hand, if there is a glut caused by a building boom, the reverse will occur. The point is that, for both homeowners and landlords alike, what you can get for your property is a negotiable item and depends on what the market is like at that point in time.

The worst thing you can do is to declare your price, that is your rent, and cap it, because you have just eliminated the possibility of getting more.

At whatever level properties are rented there always exists a pool of tenants looking for a property. They form a triangle with the majority initially looking for a bargain rental. This tenant triangle is shown below.



Tenants will pay 10-15% more per week when they find a suitable property as the extra outlay is seen as only being short-term.

Within that triangle there are three rents. The dream rent that the landlord would love to achieve, the market rent which represents normal value and the bargain rent where tenants start to look because they are wanting to pay as little as possible. What they will do is look at the cheaper rentals first. If they find something that satisfies them they will rent it. If they cannot, they will raise their sights until they find something.

Under normal circumstances, landlords start at the opposite end of the triangle. They want to achieve as much as possible and because they don't want to under-rent it they will ask as much as they think they can. As a result this misses many of the tenants who don't even come to look at the property because it is considered higher than they would like to pay. Consequently properties remain vacant for longer than they should and the rent is subsequently reduced until the landlord may achieve less than could have been obtained originally.

The answer to this is amazingly simple. Instead of marketing the property with a single fixed rent at the dream level the property is marketed with a Tenant Inquiry Range. What we do is quote a rent range that includes the tenant's bargain rents and the landlord's dream rent. As a result we get far more tenant inquiry and you are therefore placed in a far stronger negotiating position to be able to select, not just the best offer, but the best combination of rent and quality of tenant. Because we are including everybody in the triangle the inquiry rate soars by at least three times and because the range is called Tenant Inquiry Range it is not the landlord's asking price. Not only do we attract everybody but we have not capped the rent.

It may be difficult to believe but there are many occasions when we achieve rents above the top of the range because of the competition for the property. This is what happened to the winners in Chapter 1.

Wonderful, but is it as simple as that? Unfortunately not, nothing ever is. The correct ranges are both sensitive and critical and the right ranges must be applied for each individual property. In addition, when the property is marketed, specific handouts and explanations are given. More importantly, people operating the system are not just trained in these areas but to be able to handle the numerous queries tenants may have and especially to negotiate the best rent. Your best assurance in getting an expert is by asking them to show you their Pilling Systems Certificate of Authority. This gives you the assurance they are qualified to operate in this manner with this system. But there is more. Rent Ranged™ is just the first step. Visit "Free products" on this website for your free booklet.