
PRS : Three initials that can't express the full potential of a new approach to renting

The Private Rented Sector (PRS) needs to put more focus on consumers. It runs the risk of missing a trick by being too modest in its ambitions, too cautious in its approach and insufficiently thoughtful in its brand and communications.

In the property world, PRS has moved centre stage with predictions that it will account for 7.2 million households by 2025 (PwC). But although the sector is highly active with many significant corporates entering the rental market for the first time, and £20bn committed in investment, only a small number of developments have reached the market so far.

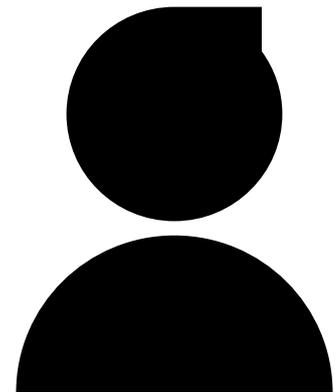
The prize is potentially huge. It could be the thing that finally persuades people that renting can be a truly attractive alternative to owning their own place. Bigger developments, backed by strong service, will increase control for the developers and make it possible to own more of the customer relationship. Good-quality schemes, communicated effectively, will mean higher occupancy, lower churn, happier tenants and lower marketing and other costs. In some locations, there's the opportunity to add amenities, facilities and services that command a premium, and generate a greater ROI. All this taken together also opens up the marketing lexicon in this sector to include new themes, which have been strong in other areas but notably lacking – such as loyalty, cross selling and brand extension.

But, consumers are still in the dark. They are not familiar with the term PRS, although most of them are familiar with the idea of renting from private landlords. At first glance, they don't see much difference. Yet it is to these people that PRS players must market their new schemes. How will these go down with them? As a revolutionary and better way of renting? Or as more of the same as already exists in the market? A lot depends on what the schemes are like and the way they are marketed.



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PwC



We've been working with Inhabit, who are bringing seven significant schemes to regional cities in the UK, including Manchester, Glasgow and Leeds. Recognising that UK renters have particular preferences and face specific challenges, they asked us to carry out a bespoke programme of research with their target market to discover how and what will be best received. Some of what we found, they might have guessed. Some they are keeping up their sleeves. But much of what we can share was illuminating.

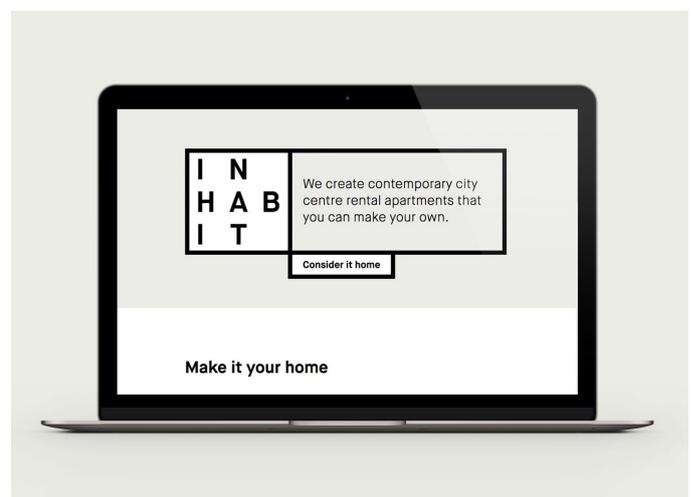
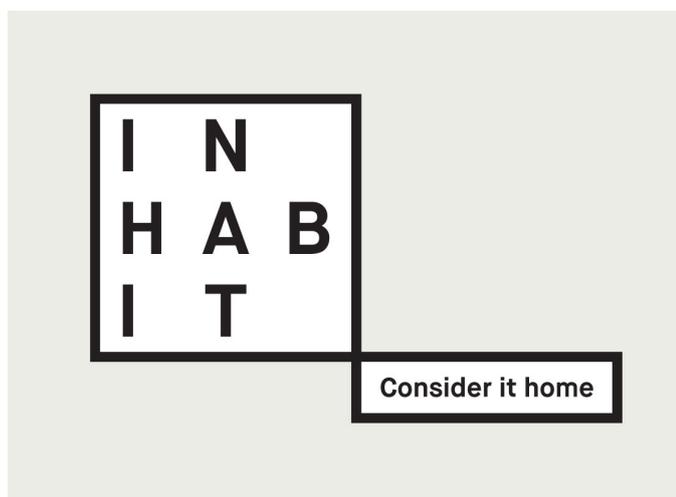
Many consumers already have good rental experiences, but many more do not. As well as a shortage of properties they are fed up with variable build quality, poor layouts that don't use space effectively, unresponsive landlords and agents, inflexible lease terms, furniture that feels like someone else's leftovers, the inability to personalise spaces and the feeling of a lack of permanence. This has left many with the firm idea that renting is second best.

It's going to take time to change this – partly because of the reality in the market today but also because people's convictions are so deeply held. They can be slow to tune into the benefits of change and are often suspicious of big companies and brands. Changing perceptions may prove even more difficult than changing the housing stock! So marketers in the sector have their work cut out.

Images from left to right:

- Inhabit logo mark
- Inhabit holding page

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A path well trodden?

Other businesses in different sectors have been there. Airbnb has transformed the short-term rental market in little more than a decade by being fresh, relevant and different. They have proved that people will change their attitudes and habits, even to the point of allowing strangers into their homes, if they get genuine utility along the way. And, through their choice of language and communications, they have been brilliant at showing that they are on the same wavelength as their target market. They do speak about properties – ‘Discover new, inspiring places’ – but even more they focus on experiences and the emotional values that drive satisfaction – ‘we imagine a world where you can live anywhere’. As a consequence, they have not only built a new market, but have helped raise rental margins in some areas – renting through Airbnb in some parts of Manhattan is as expensive as staying in a hotel.

Maybe the distance between Airbnb and PRS is too great. Let’s look at another ‘utility’. When mobile phones came into the UK market 30 years ago, telephones were purely functional. There was little choice and most of the customer conversation centred on high prices, and low service levels.

Mobiles did bring new functionality, but the companies behind them realised that there was a bigger opportunity: to position them not as an expensive luxury but as an essential lifestyle tool. Even before the arrival of the smart phone, they made phones sexy and desirable by offering us new products, new services and new financing options to pay for them. And, to support this, they developed powerful brands and made their communications more relevant, exciting and inviting – whether selling expensive value-added options or straightforward budget solutions.

Similar thinking can be applied to the world of PRS. The market is, as we’ve reported, forecast to be huge. It won’t be one size fits all and we cannot hope to address all the brand and marketing issues that will be involved – we’ll know the full answer to that in 2025 when we have the benefit of hindsight.

But in an attempt to offer some foresight, here’s our starter for 10 for all those who are involved in the sector and charged with making PRS a success.



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Our advice for ambitious PRS players:

Form a relationship with your customer

Spend time with them. Observe what they do, as well as what they say. Share your ideas with them. See what excites them. Ask their advice and challenge their thinking. Setting up a real, two-way dialogue with them will help you to innovate successfully, tailor your offer, reduce risk and stay ahead in a market where, for too long, landlords have called the shots leaving tenants feeling ignored and unloved. And you can make this conversation even more powerful by involving colleagues from across the organisation. It's not a just a marketing challenge – you need your planners, architects, designers and even contractors focused 100% on the customer opportunity.

Develop a clear proposition

Maybe your target is the mass market, maybe it is a specific group with particular needs and tastes. With more than a million customers to go after you'll need to segment the market and decide whether your pitch is a value-added one (rooftop gardens, gyms and concierge services, perhaps) or more vanilla (could be functional, boxy-but-good-value-living with a strong price message).

Make it about service, as well as space

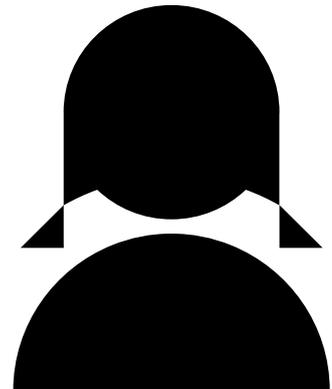
Used to unhelpful agents, disappearing landlords and slow repairs, tenants get excited at the prospect of getting even the basics sorted. There's a clear opportunity to build loyalty by delivering against this. It will also extend your customer relationships by taking direct responsibility for more of the customer experience, perhaps by removing the need for agents altogether, or having more of your own people involved in customer interactions.

Make your brand feel human

Consumers are brand savvy. They often know developer brands, contractor brands and agent brands, but there are no well-known PRS brands currently – although there are a good few in the pipeline. Your customers want brands that are clearly on their wavelength and with whom they can have a relationship. They don't want the feeling that everything is controlled and specified by big business. This means more conscious planning of how they can have a relationship with you – what the key touch points will be, and how you want them to feel.

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Landlords have called the shots leaving tenants feeling ignored and unloved



Keep it personal

Most people don't seriously expect to live in a Grand Design but the majority are looking to make their living spaces into a real home that says something about them. They worry about living in large-scale developments if it means a 'box' which is the same as everyone else's. Designing spaces with character and offering scope for even limited personalisation, will go a long way to address this. Communications have a key role to play here. Consumers want it to be all about them and are allergic to terms like 'unit', which reinforce their anxieties about loss of individuality.

Substantiate your claims

When something new sounds good, consumers are often sceptical. When they don't understand it, they may reject it out of hand. Perhaps you'll be offering a service promise, or a better deposit scheme, or fairer contracts. But they will be wondering whether 'new' PRS is really better, or whether it will get watered down and end up being same old, same old. Your customers may fear disappointment and be risk averse, so share the facts and be ready to show them exactly what to expect. They won't truly believe it until they see it.

Tell it like it is

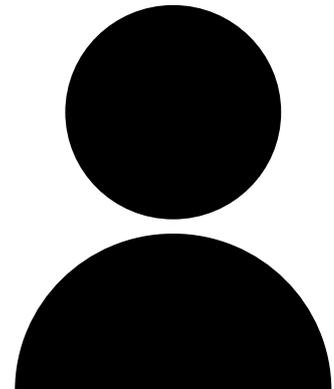
Tricky landlords and surprise rent hikes drive people out of rental accommodation – be the upfront and transparent alternative. Estate agents have had a bad press over the years. If you make the renting experience a constantly positive one, they will come direct to you, which will speed up communications, give you more control, improve margins and potentially make it possible to cross sell when they want to move.

Localise your offer

Your PRS scheme may personify modern living but the world around you will vary, so you need to be ready to adjust your approach – and your communications – depending where you are. Habits and expectations vary from location to location, with some parts of the country favouring period properties, and others more open to new build, for example. Public services and amenities vary: parking is more important in some locations than others, car-sharing services such as Zipcar are not universal, and Uber isn't yet everywhere.

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Watch out for landmines

We don't yet know where all these are planted, but there are already some that are staring us in the face. Consumers often try to reframe new concepts into something they are already familiar with, and PRS can sound like student accommodation or residential care homes, both of which are big turn offs. Equally, overpromising and under delivering will severely damage your brand and potentially harm the sector as a whole.

Think about the future

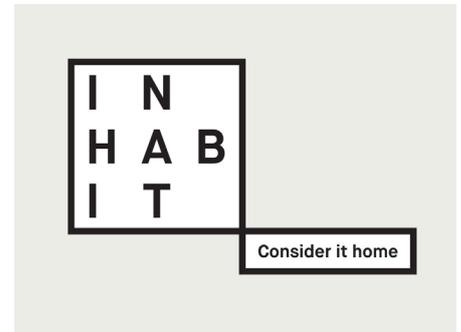
Educating people about the possibilities and benefits of 'new' PRS will be important in the near term. But don't base your brand on being a new way of renting because soon it won't be. Look at how PRS has changed over the last 10 years and the growth that's expected in the future. The job today may be to persuade people to migrate from more traditional rented options, but tomorrow it's likely to be more about competing with other powerful and savvy developers.

Traditionally, the property sector has not been good at many of the things needed to deliver against our advice: businesses tend to be siloed, they are often producer- rather than customer-driven and they can be slow to innovate. As Ana Nekhamkin, Managing Director, Inhabit Residential, says: "There's a big opportunity here. One of the best things we did was to start by speaking to our potential customers, addressing the fundamental questions about what would make a brilliant experience – and then listen to what they told us. Some of what they want is difficult to deliver but we know that giving them those same things will make us stand out and drive our success."

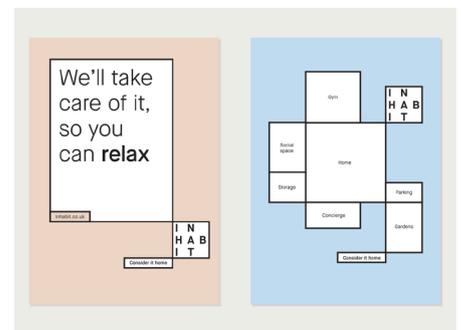
PRS offers the chance to build new and better approaches from scratch, and to address old weaknesses. Like other parts of the property sector, it will be fiercely competitive but for successful players there will be great commercial potential.

Pollitt & Partners worked with Ana and her team to create first the proposition and then the name and brand for Inhabit, the rental apartments you can personalise to make your own.

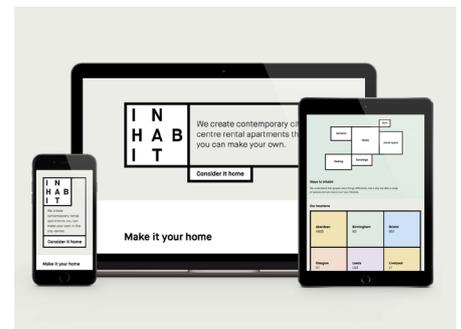
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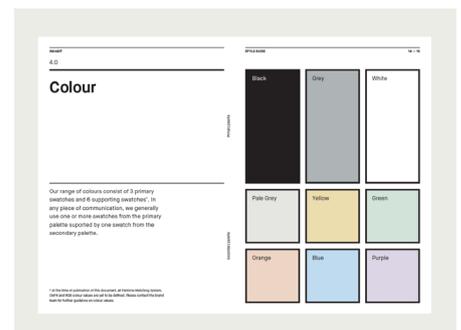
Inhabit logo



Inhabit brand identity



Inhabit holding page



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