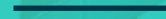




HOW TO WIN IN THE NEW NORMAL







LETTINGS IN THE NEW NORMAL

INTRODUCTION

The lettings industry - and life itself - has changed. Restrictions on lettings activity and house moves have been lifted (for now) but social distancing measures are here to stay for the foreseeable future, as governments around the world seek to prevent a second peak of COVID-19.

This means that, although many of us are now back at work, it's a long way from business as usual. Agencies are beginning to adapt to what lettings looks like in the new normal.

Change isn't necessarily a bad thing for businesses. In times of crisis, there are always opportunities and the winners are those who not only identify those opportunities, but act upon them. Success stories from businesses large and small have already emerged from the pandemic. Your agency's story could be one of them.

But how do you identify those opportunities and plan for success when the future remains uncertain? The consensus among economic experts is clear: Plan for several scenarios, not just one. What's the best case scenario for our industry? What's the worst case scenario? How can we ensure that our business doesn't just survive in each scenario, but thrives?

Letting agencies, whose business is putting roofs over people's heads,

could be in a better position to thrive post-pandemic than many other types of businesses. After all, people will always need somewhere to live, which is perhaps why, historically, the lettings market has fared better than the sales market in recessionary periods.

In the downturn following the Global Financial Crisis (GFC), rents in the UK only fell by around 1%, while capital values fell by nearly 20%¹. Less people are likely to be buying, with early estimates suggesting that 150,000 fewer mortgages will be issued to first-home buyers in 2020, which means more people will be renting for longer². And, after many agencies switched their focus to providing their local communities with information and support during the pandemic, they're likely to prove the first port of call for tenants looking to move (and landlords looking to let) in the new normal.

"I think the letting side of our business will go from strength to strength," says Richard Poole of Michael Poole Estate Agents. "The appetite to be a landlord and buy to let, I don't think will go away very quickly. We're firmly of the belief that the lettings market will bounce back and we'll be all guns blazing before the end of the year."

1 - "CBRE Residential Market Briefing", CBRE, [cbre.co.uk](https://www.cbre.co.uk)

2 - "Urgent government stimulus required to reignite housing market", Knight Frank, [knightfrank.co.uk](https://www.knightfrank.co.uk)



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CHAPTER



PLAN FOR DIFFERENT FUTURES

01

PLAN FOR DIFFERENT FUTURES

The consensus is clear: if you want your business to survive and thrive in the post-pandemic world, you need to be planning for multiple versions of the future.

Don't assume that just because we've come through the peak of COVID-19, it can't happen again. Any plans for your agency in the short, medium, and long-term should reflect the ambiguity ahead.

In this highly uncertain environment, businesses need to think differently about how they plan. "Scenario analysis is the best technique to allow companies to test the resilience of

their operations and finances against a range of plausible shocks," advises the EY ITEM Club, a leading UK economic forecasting group³. "This analysis should be designed to reflect the scale of each shock, with the reboot reflecting the approach taken to the relaxation of the lockdown, and the likely future state and how close to historic trend growth the economy recovers to, and in what time frame." What could these scenarios look like for the lettings industry?

3 - "UK economy headed for record contraction as coronavirus has heavy near-term impact", EY, ey.com



SCENARIO 1

Coronavirus is contained with a slow economic recovery

- Lockdown ends in the UK, social distancing measures remain in place in the short to mid-term
- No restrictions on house moves
- Slow growth in rental supply and demand
- Increase in rent arrears
- Decrease in landlord confidence

SCENARIO 2

Coronavirus is contained with a strong economic recovery

- Lockdown ends in the UK, social distancing measures remain in place in the short to mid-term
- No restrictions on house moves
- Fast growth in rental supply and demand
- No increase in rent arrears
- Increase in landlord confidence

SCENARIO 3

Coronavirus recurs with a slow economic recovery

- UK goes in and out of lockdown, social distancing measures remain in place in the long-term
- Changeable restrictions on house moves
- Slow growth in rental supply and demand
- Increase in rent arrears
- Decrease in landlord confidence

SCENARIO 4

Coronavirus recurs with a strong economic recovery

- UK goes in and out of lockdown, social distancing measures remain in place in the long-term
- Changeable restrictions on house moves
- Fast growth in rental supply and demand
- No increase in rent arrears
- Increase in landlord confidence

You will need consider what your letting business would need to do differently in order to succeed in each of these scenarios, including what capabilities, partnerships, segments, and workforce strategies you need to learn more about⁴.

How many scenarios should you plan for? At least four, advise the experts at McKinsey. "If you only have three, it is all too tempting to default to a middle option as the base case"⁵. It might seem like a lot of groundwork, but it will help to ensure that your lettings business is prepared for every scenario and, as a result, more resilient, in the long run.

"Contingency planning is having the ability to not focus too inwardly on

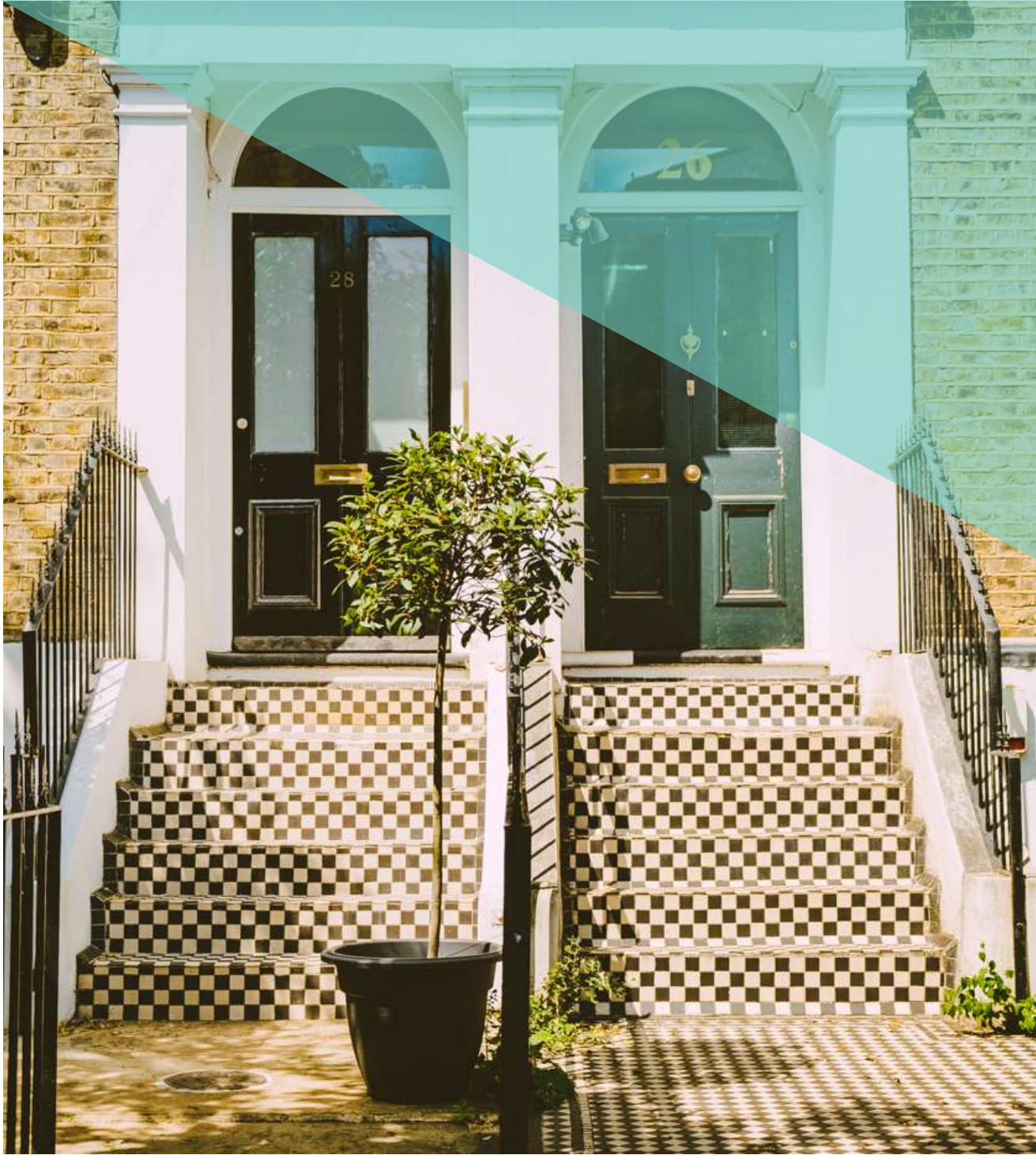
the immediate all the time and making sure you're aware of what's going on outside your agency," says Tim Leffler of Ezytrac Property Group. He says that the group will continue to set out contingency planning and training as it prepares for the future - safe in the knowledge that the agency has already successfully adapted once. "Something like this could happen again. I think there's always going to be the risk of the virus coming back to bite us again - but we can take confidence knowing that we can already adapt to operate this way."

4 - "The world remade by COVID-19", Deloitte, deloitte.com

5 - "Getting ahead of the next stage of the coronavirus crisis", McKinsey, mckinsey.com

2

CHAPTER



MANAGE YOUR MESSAGING

02

MANAGE YOUR MESSAGING

“People will remember the way you made them feel,” says Christopher Watkin, an expert on agency marketing.

“We need to be caring and compassionate and go out there and give great advice that’s educational and interesting, which people will remember. They’ll start to trust you, and people do business with people they trust.”

Many people will be feeling vulnerable for a long time to come, and your marketing should continue to reflect that. It’s unlikely businesses that revert to their pre-pandemic marketing strategy will fare well in the coming months. “The nuances of brand voice are more delicate than ever,” notes the Harvard Business Review. “Present with empathy and transparency”⁶.



Watkin says he saw many agents taking a “business as usual” approach to their content during the pandemic and he thinks that was a mistake. “These are not the messages that people need to be seeing at the moment.” Instead, he suggests creating compelling and important content that helps your community navigate the new normal. “Become the brand that collates all that information,” says Watkin.

6 - “Brand Marketing Through the Coronavirus Crisis”, Harvard Business Review, hbr.org





That's the approach that Leader Fox has taken, says Ryan Woolfenden, setting up the We Love Local BH14 Facebook community. "I don't think it's a time to be talking about how great we are as estate agents. I think it's more about how we can be helpful, what we can do for our community," he says, noting that the agency will continue running the page after lockdown. "We've always been focused on the community, so we would like to keep it up."

Bryan Mansell of Allstars Group, which offers bespoke training to agencies, advises going even further by segmenting your audience and adapting your messaging to meet their individual needs in the coming weeks and months. "You need to make sure

you're not just communicating one message to everybody," says Mansell.

Sarah Edmundson, also of Allstars Group, suggests taking "an authoritative but empathetic approach - be the trusted advisor," says Edmundson. She advises agents to keep their messages frequent as they build towards a longer-term strategy, making sure their messages are consistent across all marketing channels.

"The industry has a once in a lifetime opportunity to change the perception of estate and letting agents," says Edmundson. "To position ourselves not only as advisers from a property perspective, but also as wonderful people."

3

CHAPTER



INVEST IN YOUR VIRTUAL FOUNDATIONS

03 INVEST IN YOUR VIRTUAL FOUNDATIONS

Lockdown forced the entire lettings industry (along with the rest of the world) into digital transformation and the “momentum behind digital-experience adoption is unlikely to reverse,” suggests the Harvard Business Review⁷. McKinsey notes that “there could be lasting changes to consumer attitudes towards physical distance [making it] possible to imagine a world of business—from the factory floor to the individual consumer—in which human contact is minimised⁸.”

This means that, even if your agency hadn’t digitised its letting processes before the pandemic, you should make every effort to make sure you do so now so that your business is able to meet the needs of the new, contact-free economy.

This starts with virtual viewings, demand for which soared in the weeks after the lockdown began, with Zoopla recording a 215% increase in visitors who viewed new-build homes virtually and Matterport, which sells the 3D cameras used to film virtual

viewings, reporting an increase in sales of more than 600%⁹. Although the increase in virtual viewings arose out of necessity, it’s a trend that could continue long after social distancing measures have ended, with virtual viewings set to become a routine precursor to in-person ones.

“I do suspect virtual tours are here to stay now,” says Christopher Toynbee of Redmayne, Arnold & Harris. “We’ve found them incredibly useful during this period not only as it’s allowed us to let properties on the back of them, but we’re predicting they will act as a good filter going forward to enable us to more effectively manage our physical viewings. I suspect there will be fewer viewings as a result.”

7 - “Brand Marketing Through the Coronavirus Crisis”, Harvard Business Review, hbr.org

8 - “The future is not what it used to be: Thoughts on the shape of the next normal”, McKinsey, mckinsey.com

9 - “Property sales go virtual to work around Covid-19”, FT, ft.com



Ryan Woolfenden of Leader Fox agrees. “I think agents get fed up when you’re showing people around a property and they’re not interested and I’m sure applicants don’t like going to a property and thinking, ‘well if I knew that was there I wouldn’t have come and seen it’,” he says. “I’ve always tried to get as many viewer as possible, but I think lockdown’s made me re-evaluate and think, actually, I’d rather have better quality viewings, and if we reduce the numbers and then we can actually look after the clients better because we’re not run ragged with appointments all the time.”

Meanwhile, signing contracts and providing proof of identity virtually has become routine for many during the pandemic, with governments around the world recognising “the need for digital signatures, some of which include biometrics, during the pandemic to prove the identity of individuals and institutions’ representatives who may be in isolation for two weeks or longer”¹⁰.

In the UK, this has seen the government temporarily altering its processes to allow right to rent checks to be carried out using scanned identity documents and video calling. Although the changes are temporary, they represent a major time-saver for letting agents, and show just how powerful technology can be for any industry that needs a contact-free solution.

10 - "How Covid-19 is affecting the digital signature industry", Biometric Update, biometricupdate.com



“
**Virtual tours
are here to stay**”
”

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4

CHAPTER



RETHINK YOUR SERVICE OFFERING

04

RETHINK YOUR SERVICE OFFERING

Agencies that win in a post-pandemic world will need to adapt their service offering to meet a completely different set of needs and expectations.

“Consumer research by Nielsen asserts that, after the crisis, people’s daily routines will be altered by a new cautiousness about health, suggesting that some shifts in behavior could be long-term,” notes Deloitte.

“Recovery will create anxiety among stakeholders as the post-COVID world takes shape. Understanding the fears that stakeholders are grappling with—and how their expectations for safety and security have changed, perhaps permanently—will be critical for leaders as they seek to restore confidence and chart a new path forward.”¹¹ What could this mean for your landlords and tenants? For landlords, it could mean an easier upsell to your top-tier, fully-

managed package. Many let-only landlords will have spent this period navigating queries from tenants, on top of everything else, demonstrating better than ever before the value that full management brings. It could also mean placing a renewed emphasis on rent protection insurance, to reassure those who are concerned about missed rent payments during the economic downturn.

11 - "The essence of resilient leadership: Business recovery from COVID-19", Deloitte, [deloitte.com](https://www.deloitte.com)



Indeed, the pandemic has “presented an opportunity for businesses to showcase their commitment to customer service and highlight the essential role for societal good that insurance still has to play,” notes Insurance Business Mag¹².

For tenants, this might mean offering a contact-free move-in experience to avoid further in-person contact once rent checks have been completed. Sound impossible? Take your cue from Airbnb hosts, who have been offering contact-free, self-check ins for years, utilising key safes and providing detailed instructions on the property to the guest in the week of their arrival. This means that both check-ins and check-outs can be conducted at the convenience of both parties.

Chris Toynbee of Redmayne Arnold & Harris says their agency used key safes during the lockdown to manage essential moves. “To make sure that they do get in, we’ll ask the tenants to take a photo of the key and send us an email to confirm that they’re in the house and everyone’s happy,” says Toynbee. “It’s just a case of being creative.”

Make sure that you’re communicating the new innovations that have arisen from the pandemic, advises the Harvard Business Review. “Tell your existing customers how you are serving them

in new ways. Reach out to potential customers by offering new products or services that solve a new problem.”

12 - “Insurance companies weigh in on the societal good of insurance”, Insurance Business, insurancebusinessmag.com



5

CHAPTER



BUILD LONG-LASTING RELATIONSHIPS

BUILD LONG-LASTING RELATIONSHIPS

The pandemic has provided letting agencies with an invaluable opportunity to prove their value to landlords and tenants alike by providing advice and support during a period when both groups are worried about their futures.

Beyond the pandemic, these relationships could drive even more business for your agency. If you can support your customers now, they will be significantly more inclined to keep using your services - or purchase additional products or services from you when you offer them - and shout about you to their friends, family, and colleagues. Many people could have had a poor customer service experience during lockdown and your professionalism will only be

amplified now. But it is important that you're able to provide tangible evidence of the value that you're providing your customers during this time. A "customer success" approach to customer relationships can help agencies to achieve this.

Customer success, a role within a business which emerged from the tech giants of Silicon Valley, means "ensuring that your customers achieve their desired outcome through their interaction with your company". Businesses of all shapes and sizes, operating in a range of industries, are now adopting the principles of customer success to ensure that as many customers as possible are seeing the full value in their services.





How can you do this at your agency in the post-lockdown period? Continue to communicate with both your landlords and your tenants about what you're doing to support them during this period.

“We've got a watch list of tenants where we've preemptively agreed payment plans depending on each individual situation. This makes sure all tenants are reassured, know what's going on, and know their responsibilities during the pandemic - and we can make all landlords aware well in advance of any issues actually arising,” says Samuel Fitz-

Hugh of Settio Property Experience. When the situation stabilises, start highlighting the time savings you have provided them. Also, don't be afraid to provide a comparison of those time or money savings compared to your competitors. It is important to bear in mind that the value of your service will vary depending on the customer, so you need to have a good understanding of their goals - their “desired outcomes” - from the outset of your relationship. One landlord might view value as a fully comprehensive service that takes care of everything, fully managing the property and including insurance, while for others, value might mean simply finding suitable tenants for the next year. Whichever it is, show your customer that you've provided them with what was expected, where you've been able to provide additional value, and how you did this.

Fitz-Hugh hopes that the business's proactivity to ensure continuity in the long-term for their landlords pays dividends in the long-term. “It's a great way for us to benefit by showing developers - our target market - how we coped in the situation, with stats on our hopefully very low arrears rates. It'll demonstrate further that we're the right people to work with. You only see who's the best in any market in a crisis situation like this.”



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