
REMAPPING DEBATE

Asking "Why" and "Why Not"

Leaving the picket fence behind

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June 6, 2012 — “The world splits” between two types of neighborhoods, Christopher Leinberger, a researcher on cities and a “smart growth” developer, recently told Remapping Debate. On the one hand, there is “drivable suburban, where you have to use your car to get most places,” and on the other, there is “walkable urban,” neighborhoods defined by a mix of apartments, townhouses, and single-family homes, with accessibility to public transit and with shops, restaurants, schools, and a library nearby. Walkable urban neighborhoods can be found today not only within cities in the U.S., but also in parts of older, “first ring” suburbs.

Preferences are “quite malleable; they’re not hardwired,” said Jonah Berger, assistant professor of marketing at the Wharton School of Business.

While the drivable suburb enjoyed a long period of dominance in the decades after World War II, some evidence now suggests that the allure of the auto-dependent suburb is wearing off (see bottom box on page 2), though Leinberger himself admits that “there are still a lot of people who want drivable suburban.”

It is well known that marketing and related practices can shift consumer preferences in connection with items ranging from laundry detergent to automobiles. In view of the positive features of walkable urban neighborhoods — said to include greater environmental sustainability, less isolation, a greater sense of community, and easy access to amenities — Remapping Debate wanted to explore the extent to which the same kind of marketing techniques could help build consumer demand for new or existing walkable urban neighborhoods.

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It is well-established that consumer preferences can be changed

“Preferences, really, I would say, are quite malleable; they’re not hardwired,” said Jonah Berger, assistant professor of marketing at the University of Pennsylvania’s Wharton School of Business. Consumers “use the context in which they are making their decision to influence their preference.” As Berger told Remapping Debate, a person may start with the pattern of preferring chocolate cake to vanilla cake. But, he continued, “if I give you those two options and I also give you fruit salad [as another dessert choice]...suddenly the introduction of a healthy option may change the way you think about those [other] not very healthy options...The context can greatly shape what we prefer.”

Berger also cited price, the attitudes of friends and family, taxes on certain goods, and advertising as factors known to be shapers of consumer decisions. Advertising, especially, Berger suggested, helps to establish context: “What is a big car? I don’t know what the answer is to a big car. Advertising helps me figure out whether a car is big or small.”

Matt Herrmann, director of strategy at BBDO San Francisco, a large advertising firm, agreed: “The truth of advertising is that it can generally change peoples’ perceptions as long as the product that you are selling delivers on the perceptions in some way that you want them to deliver.” When a group of people are not especially attracted to a brand or product, Herrmann continued, a key for advertising is being able to determine what “barriers that people might have and address those, alleviate those, or maybe give them a different context to be seen in.”

What are current preferences for neighborhood types?

In 2011, the National Association of Realtors (NAR) released an extensive [community preference survey](#). One question asked participants to choose whether they preferred a “smart growth” community much like Leinberger’s “walkable urban” neighborhood, or a “sprawl” community characterized by single family homes spaced further apart, and with no sidewalks or access to public transportation. 56 percent of respondents selected the “smart growth” community, while 43 percent picked the “sprawl” community.

Participant response, Joseph Molinaro, the project manager for the survey and the manager of the Smart Growth Program at the NAR, was quick to point out, “all depends on how you phrase the question.” 80 percent of respondents, for example, initially indicated a preference for single-family detached housing. However, when respondents were asked whether they would prefer to “own or rent an apartment or townhouse, and have an easy walk to shops and restaurants and have a shorter commute to work,” or “own or rent a detached, single-family house, and have to drive to shops and restaurants and have a longer commute to work,” the number preferring the detached, single-family home option fell to 59 percent.

To Molinaro, these results suggest that there is a “swing voter” in terms of housing preferences, because about 21 percent of participants who prefer single-family detached homes “are so interested in the benefits of smart growth” that when the survey gave them the option of living in an apartment or townhouse to gain the amenities of this type of community, they came to prefer it.

A [Brookings Institution study](#), authored by Leinberger and Mariela Alfonzo and released last month, showed that urban, walkable places in the metropolitan Washington, D.C. area carry a significant price premium over automobile-dominated neighborhoods in the region with low “walkability scores.”

Neighborhood choice is malleable, too

According to Berger, there is no reason why these widely-shared observations about the malleability of consumer choices could not be applicable to current preferences for neighborhood types.

Robert August concurred. He owns North Star Synergies, a real estate marketing and consulting firm based in Denver, Colorado, and is a former chair of the National Sales and Marketing Council of the National Association of Home Builders (NAHB). In a discussion with Remapping Debate, he said that marketing could “without question” help shift many buyers and renters to a preference for neighborhoods more urban and dense than the typical suburb. Focusing consumers on that type of option, he said, would be no different from other marketing that “revolves around education and teaching and stimulating consumers...When we do that effectively, what we are really doing is...making our ideas other peoples’ ideas.”

First steps in shifting neighborhood preferences

Asked how he would approach advertising urban places to people who are current suburban residents, Dan Goldstein, executive director of planning at TBWA\Chiat\Day in Los Angeles, an advertising agency that is one arm of the global advertising giant Omnicom Group, said that he would first “look at people who live in the suburbs...people who are basically using your competitor, if you like,” and find out, “what are the barriers for them moving to a city?”

According to Leinberger, who in addition to his work as a scholar at Brookings is also a founding partner of Arcadia Land Company, a development company committed to building walkable, urban developments, there are barriers — or what he called “bogeymen” — among consumers that inhibit their interest in urban living. These issues, which he asserts are “almost all perception...not reality,” include things from a sense that “you can’t raise children in the city,” to the fear that “oh my God, I’m going to get mugged.”

“Just have a billboard on an on-ramp in a city to a highway that says, average commute times to whatever the suburban or exurban environments are, and then some variation of, ‘if you lived here you’d be home by now.’” — Matt Herrmann of BBDO San Francisco

Daniel Levitan, the principal of Levitan and Associates, a real estate marketing consulting firm, and another former chair of the National Sales and Marketing Council at the NAHB, pointed to another central potential barrier to shifting consumers to more urban neighborhoods: “If you have children, school becomes one of the dominant buying influences...If you can afford private school, that opens up the ability to live anywhere. If you can’t, you buy where the best schools are,” a situation often leading middle-class families to auto-dependent suburbs and exurbs.

Identifying the range and the relative importance of those barriers, or “bogeymen,” to consumers constitutes a major first step in determining how to overcome them. Goldstein explained that, “You have to talk to them [consumers] to find out what they love and value about suburban life, and what it is they don’t like about cities, what they feel like they [would] sacrifice when they move to a city.”

INVISIBLE SUBURBAN COSTS

Shyam Kannan, of the real estate advisory firm RCLCO, argued that some of the costs associated with living in a drivable suburban neighborhood are underestimated. “The fixed costs of a housing arrangement, meaning your primary mortgage,” he suggested, are well understood because “require extraordinary amounts of paperwork and sweat, because you have to go and apply for a mortgage.” By contrast the “variable costs” — utilities, maintenance, and transportation — aren’t as well understood because “you don’t necessarily need to go and get a bank to approve you” on those expenses.

Kannan argued that if a “mortgage application... moved to a system where you also had to factor in utilities, maintenance, and transportation,” consumers would have the opportunity see exactly what their long commutes cost. If that change were made, he told Remapping Debate, “I’d bet you dollars to donuts...that we’d have a lot more people making financially sound decisions and a lot more walkability.”

Such a strategy is a variation on what real estate marketers already do when they work with homebuilders on a new development. “The first topic of any marketing,” Levitan said, is to identify the different market segments, and then “through research determine what would be a suitable product for those people: location, price, design, type of product, monthly payment.”

A focus group can be one tool used by advertisers to understand these preferences. Herrmann of BBDO San Francisco pointed out that, while they are “not really science,” they do provide insight from “people who are highly sensitized [an] issue.” They also provide an opportunity to “test out your pet theories and hypotheses going into a problem with people who are actually living through it,” he explained.

From these interactions with consumers, advertisers would prepare a set of what Herrmann calls “concept statements” and that might in turn “lead to a more nuanced understanding of what they are really missing.” Then, he added, “you could either modify or toss out [each] hypothesis.”

Specific marketing possibilities

With education, for example, Herrmann speculated that he might try both to uncover research that worked against perception that all urban schools are subpar and also play up the “strong argument to be made that cities have more enriching cultural environments that are just as critical to education... as what you learn in school.”

If consumers seemed hesitant about housing choices that offered higher densities and less space than the single-family homes and lawns of the suburbs, Herrmann suggested he “might create a campaign that talks about...how many acres Golden Gate Park [in San Francisco] is and compare that to the average backyard.” Cities can, in fact, provide substantial space, he pointed out. “They just do it in a different sort of shared context.”

Commuting time, an issue that people tend to “discount in the sacrifices they make...when they move to the suburbs and the impact that has on their family,” Herrmann said, could be addressed simply. “That would be easiest to just have a billboard on an on-ramp in a city to a highway that says, average commute times to whatever the suburban or exurban environments are, and then some variation of, ‘if you lived here you’d be home by now.’”

In Dan Goldstein’s mind, each of these individual issues could be grouped under a campaign that sought to “position the city as a place of family-life support, so you know all the things you think you get in the suburbs, you can actually get in the city.” The convenience and opportunities offered by the city could allow advertisers to “paint a picture of a more dynamic and fulfilled family life.” (See bottom box on differing views of whether a campaign should include what some see as negatives of suburban living.)

Anchoring a campaign in reality

Goldstein cautioned that the ideas that work best in advertising are the ones that are ring true. Advertisers reach consumers, he said “when we articulate something which is felt by the heart,” and, at the same time, “it is understood by the head.”

Going negative on the suburbs?

Matt Herrmann of BBDO San Francisco pointed out that the “darker side of advertising” is the “fact that people remember negative messages more than they do positive messages,” and suggested that part of a campaign could be built around “people who moved to the suburbs and regret it.”

By contrast, Sandy Thompson of Y&R argued, “You can’t build a brand on a negative.” She suggested that in an advertising campaign, “What you don’t want people to do is start comparing...this location to that location. What you want them to do is to fall in love with your location.”

Potential positive messages Thompson described include, “Wake up three blocks from work” and “sleep in every day.” Focusing too strongly on the negatives associated with suburban life — in this case the commute — does “not [help] sell your location. It’s only helping de-sell the competition.”

EYA, a developer that builds condos and townhomes in the Washington, D.C. area that are located near shops and public transit, is already practicing what Thompson preaches. Its central slogan, featured on its website, is “life within walking distance.”

Many issues facing urban places in the United States, especially disparities in the quality of public education, cannot be dreamt away. Shyam Kannan, the principal-director of the economic development practice group at RCLCO, a real estate advisory firm, said, “There is no doubt in my mind that if urban school districts weren’t terribly mismanaged and poorly performing, you wouldn’t have to have an advocacy group for smart growth, because you wouldn’t be fighting such a very, very important, but very, very weak spot in existing smart growth neighborhoods...And unfortunately it is one that politics makes it very, very difficult to solve.”

Kannan hopes it is possible to “find a way to bring the county and municipal education providers into these discussions about creating walkable communities so that we can find some way to put the might...and the wealth of the real estate industry behind the very real need to have better performing schools.” As it stands right now, however, Kannan noted that, though “we fund the schools through real estate taxes, [and] housing values are tied to school quality...educators are not at our real estate conferences.”

“If we think about cities as being in the business of attracting and obtaining households,” Kannan continued, unless they wrestle with education, cities will not be operating a sustainable business model because they will not be able to “keep [residents] there once they decide to marry and have children.”

And in the meantime?

Nevertheless, not all demographic groups would be equally concerned about schools. Dan Levitan said that when marketing a development, or region, “you look at the underlying physical, social, economic constraints of the property,” and “that’s one of the factors in determining...who you market to.” From his experience in his Florida-based business, he said that in areas with poor schools he tended to market to empty-nesters and snow birds, “because you are pushing rope uphill” in marketing primarily to families.

Sandy Thompson, the global planning director at Y&R (formerly Young & Rubicam), concurred, suggesting in a discussion with Remapping Debate that “Millennials” (the generation now between the ages of about 20 and 35) and empty-nesters might be the easiest to pull into a more urban environment, in part because they do not have children. Millennials, she suggested, are at a point in their lives where, “They are not looking long term, they are not looking to say can I live in the city for the next twenty years...they are looking to say what can I do today.”

“If we think about cities as being in the business of attracting and obtaining households,” said Shyam Kannan of the real estate advisory firm RCLCO, unless they wrestle with education, cities will not be operating a sustainable business model because they will not be able to “keep [residents] there once they decide to marry and have children.”

Likewise, empty-nesters could be drawn to the city because they are at a point in their lives, Thompson said, where they can have “new experiences and begin a new journey in” life as opposed to continuing a stale status quo. In some ways, she pointed out, those two groups might be looking for similar things: energy, diversity of experience, and the hope that “no two days are the same.”

WHAT ABOUT THE HOUSING UNITS THEMSELVES?

Though Matt Herrmann of BBDO San Francisco emphasized that focusing on the environment rather than the types of dwellings is a stronger strategy than focusing on housing itself because “selling a concept of the city” allows you to “deliver a clear message,” Joseph Molinaro of the National Association of Realtors also suggested that “a developer needs to look at the actual product mix they are building.”

In particular, Molinaro pointed to the importance of privacy to consumers and “so if you are building higher density I think one thing you have to think about a lot, is how you build units where people feel like they do have privacy and they are not hearing everything their neighbors say.” Additionally, urban developments are well placed, he suggested, to take advantage of the interest in green building, providing an advantage over “existing house[s]...out there on the market” in large quantity.

Thompson also emphasized the way that social media and an online presence more broadly could facilitate such a campaign by letting people who are already living in the city “become advocates for it and do a lot of the heavy lifting in terms of talking about [the benefits of] it.” She suggested using blogs where citizens can articulate what they love about city life, because “It is going to be much stronger coming from people who believe in it than from people who are selling it.”

Along similar lines, Goldstein suggested that a city or developer could put some marketing dollars not into traditional media like newspapers and television but into a smartphone app that could let families find out what is going on in the target neighborhood, thereby letting community events serve as advertisements for the place.

Eliminating governmental barriers

“The big challenge now is supply,” argued John Norquist, the president and chief executive officer of the Congress for the New Urbanism, an urban advocacy organization, and the former mayor of Milwaukee, Wisconsin, “because there are so many constraints on building urban, walkable communities.”

Norquist suggested that both federal transportation policy and home financing discriminate against creating mixed-use and walkable spaces in cities. Transportation departments at the state and federal level, for example, “only want to pay for big roads that concentrate traffic on just a few giant roads, and the net effect of it has been to expunge Main Street” — the places where people can walk, bike, or take transit — “from the American landscape.”

Likewise, loans insured by the Federal Housing Administration or the Department of Housing and Urban Development, and loans made by Fannie Mae or Freddie Mac each place caps on the percentage of commercial floor space that can be combined with a residence and on the percentage of a residential buildings income that can be derived from commercial rentals. “The government shouldn’t be forcing everyone to look at urban mixed use as automatically more risky than any other type of development when the market right now says it wants it,” Norquist said.

These policies, Norquist said, “are obstacles to cities functioning well, in ways that really create a high quality of life.” If they were altered, “the consumer preference for more urban living would manifest itself.”

When Remapping Debate asked Christopher Leinberger what could be done by local governments to encourage urban-like places, he replied: “Make it legal.” In his experience as a developer, he has found that in “most jurisdictions in this country it is illegal to build walkable urban places.” Separate use zoning and limits on density make it difficult to build the kinds of places that Leinberger likes and sees as necessary in order for an “urbanization of the suburbs.” Changing density limits and allowing mixed use development could appeal to consumers who “want to live in a walkable urban place, but they want to have their kids go to a suburban school.”

Residents of Montgomery County, Maryland and Fairfax County, Virginia — each a suburb of Washington, D.C. — have recently succeeded in getting their respective county councils to pass codes allowing for higher density construction and mixed-use development in areas previously known for their sprawl. Leinberger attributes these changes to an “upward spiral” resulting from suburbanites visiting nearby walkable urban neighborhoods in their region and asking themselves, “why can’t my neighborhood be like this?”

Rebranding at work

When Matt Herrmann worked at the advertising firm Bartle Bogle Hegarty (BBH), he participated in the rebranding of Johnnie Walker scotch whiskey. During the 1990s, Johnnie Walker, along with other “brown spirits,” was being consumed “less and less and less, and it was seen as being something for an older generation.” Previous Johnnie Walker advertising campaigns had used “the kind of trappings of success that were very staid and traditional — leather wingback chairs in libraries and that sort of thing.”

BBH conducted research “among younger consumers and found that for them...the material trappings of having made it when you are in your fifties and sixties weren’t as relevant.” BBH began to focus Johnnie Walker ads on what Herrmann described as the “the minor successes and the everyday triumphs that happen along the way to becoming a successful man.”

The new campaign, which launched in 1999, was called “Johnnie Walker, Keep Walking,” Herrmann explained, and it “used the ‘striding man’ as an icon and as an image of forward movement and progression.”

As reported in 2008 in [The Guardian](#), the campaign won three Institute of Practitioners in Advertising Effectiveness Awards, having resulted in a 48 percent growth in total sales over the previous eight years.

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