

COMPANY DEEP-DIVE

CMO & Co-Owner at '58 Foundations Believes Basement Waterproofing Is Essential but Often Overlooked by Homeowners

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EXPERT PERSPECTIVE

Customer

ANALYST PERSPECTIVE

Business-Led

PRIMARY COMPANY

ANGI

OTHER COMPANIES

SIREN LTD

Summary

The client is researching a digital marketing company that is considering adding basement waterproofing to their services. They ask the CMO & Co-Owner at '58 Foundations about the needs of basement waterproofing contractors and the decision-making process for customers. The CMO explains that it is more of a need, but some people decide to live with the problem. They also discuss the difficulty in categorizing leads and the importance of asking specific questions to detect the type of waterproofing needed. The client also asks about the types of leads that don't fall into the category of basement waterproofing, and the CMO mentions yard drainage leads and slab waterproofing. They also discuss lead qualifications, including the acceptability of leads for condominiums and modular homes. The CMO explains that they focus on the cost per sales appointment and aim to stay within a certain rate.

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Client ⏪ 00:00:00

Hello. Thank you so much for taking the time to speak with me today. So we are researching a digital marketing company that's in a similar business as lead generating companies such as HomeCMO & Co-Owner at '58 Foundations, Angi, but they are smaller. And they are looking at basement waterproofing as a possible new business line to add to their offering.

So I'm just trying to understand the needs of basement waterproofing contractors in terms of their marketing efforts. And their main differentiation from the competition is that they only offer with exclusive leads. So I have a bunch of questions here for you. And I'm more interested in the industry practices, industry averages, so you can generalize your answers. So my understanding is your role within '58 Foundations is the Chief Marketing Officer, correct?

Expert ⏪ 00:00:50

That's correct.

Client ⏪ 00:00:50

And just maybe to get me a little bit of the context from your side, so that I can position the questions better. Marketing includes like what geographies in your case? And what channels are you responsible for a specific region? Or do you oversee all the marketing operations of '58 Foundations? And how are you structured within sort of marketing area?

Expert ⏪ 00:01:12

So I do oversee all of the marketing activities of the '58 Foundations in waterproofing, and the question I believe, was what channels are we marketing and advertising on? Is that correct?

Client ◎ 00:01:22

Right. I was wondering if you have like people responsible for digital and then there's other parts of marketing responsible for other channels. So how are you structured? How big is your marketing? How is it structured?

Expert ◎ 00:01:36

So we're smallish. But we do have somebody that's responsible for our paid digital advertising, somebody who's responsible for our search engine optimization, and I have two people responsible for traditional ad buying across our geographical footprint and then a few support staff members. And we're bringing somebody on staff shortly and affiliates will be a large part of their activity. And then we have some support staff also, graphic design and such.

Client ◎ 00:01:59

May I ask you what exactly you mean by affiliates?

Expert ◎ 00:02:02

Affiliates are the lead sellers. We refer to them either as affiliates or aggregators, but they are the HomeCMO & Co-Owner at '58 Foundations, the Angis that sell lead to us.

Client ◎ 00:02:12

Interesting. So you see that like as a separate category?

Expert ◎ 00:02:16

I see it as a separate category because of the challenges, I guess it's the opportunities and challenges it has.

Client ◎ 00:02:21

Would you mind developing on that? I want to start with the customer, but since we're kind of touching up on the question, and it's important for us to understand what kind of challenges do you see in particular, with the affiliates or lead-generating companies?

Expert ◎ 00:02:35

Well, the basic right at the heart of the challenge is getting the consumer who you've purchased the information for to respond and actually set that sales appointment with us, that's the underlying challenge to the whole affiliate industry for us.

Client ◎ 00:02:46

So you either bring this person would help to kind of improve the quality of the leads that you're getting?

Expert ⏴ 00:02:51

That's right. So it's a person to work with the affiliates. And to work with affiliates to get the best quality leads we can from them and not leads that are out of our categories or potentially more difficult to reach and then find the right affiliate partners to work with because they don't all work out.

Client ⏴ 00:03:05

Great. So we will get back to that question maybe a little bit later but thank you very much for that introduction. I would like to start with a customer and understand a little bit better waterproofing job. And again, I had a privilege of talking to several contractors on the similar subjects. And kind of structure the sector is basement waterproofing, here is crawlspace waterproofing and insulation, and then there is like also foundation repair jobs.

And what we have in mind currently is to focus on basement waterproofing and crawlspace waterproofing. So most of the conversations would be about these two types of services, if you don't mind. Although I understand that in '58 Foundations you offer the full spectrum. So talking about basement waterproofing or crawlspace waterproofing, would you say that it's rather a need job or a want job? And if you happen to know how long is usual the decision-making process between, let's say, appointment and the moment customers says, I'll go with you.

Expert ⏴ 00:04:06

Well, I would say it's a need, but one has to want to fix it because they can live with the problem and not fix it if they so choose. So I mean, it can lead to other things. But anyway, I would say it leans much more on the need side. And so the question is from appointment to sale, what's that time range. It's fairly fast. I mean it can be from running the appointment for a sales rep to get out to the house and unto the close could happen anywhere from the same day to 30 days. Usually, it doesn't even go that long. So it's a pretty short sales cycle.

Client ⏴ 00:04:35

And do you have an impression or maybe even have a statistic of like how many offers does a typical home order have on average before they decide?

Expert ⏴ 00:04:43

I would say two to three is a typical average of estimates.

Client ⏴ 00:04:46

Would it be reasonable to say that it's less than two weeks? Or you think it could be more?

Expert ⏴ 00:04:51

Well, to go from appointment to sale?

Client ⏴ 00:04:53

Yes, from appointment to sale.

Expert ⏴ 00:04:55

It's more. More probably happens within the first two weeks.

Client ⏴ 00:04:59

You said something really interesting. You said it's more of a need, but it also can happen that people sort of decide to live with that problem. So in that context, I wanted to follow up with the following question. For example, somebody might have a little moisture on the wall, so just the basement could feel damp. It's not they're standing in three inches of water, but still it's a problem.

And in that case, the person can either do a proper solution, go for a waterproofing company, or just do a quick fix or decide to spray some bleach on the wall, get this mold out and/or then redo a drywall. So just your gut feeling, what percentage of people do a proper basement waterproofing and what percentage of people might just do some quick fix or decide to live with it out of total leaking basements in the United States?

Expert ⏴ 00:05:47

That's a hard one for me to really understand. I would say more people probably tend to not do a proper solution than do select to. That's a tough one for me to answer because I don't really know what the size of the market is, especially across the U.S. It's hard even to understand it in my own markets, exactly the size of how many basements leak.

But I would say most people probably do. It's probably a medium solution versus not necessarily the cheapest thing they can do, although some people do that, but not the full water and moisture. They don't purchase everything they could to make it perfect. And some people do, but it's probably in the middle somewhere is the majority.

Client ⏴ 00:06:21

Okay. So next question is, in your experience, how much does the homeowner usually know about what is causing his or her problems. Like, for example, I noticed that many leachates asking very detailed questions about the type of the problems they have and what's wrong with the basement. Do people really know what's going on with their basement?

Expert ⏴ 00:06:42

I would say not really before they talk to somebody live, meaning after they talk to a waterproofer, there's many good waterproofers that explain the situation well, especially the larger companies.

They do explain why this is happening. I think homeowners though, prior to that do enough research to convince them sales of a solution, but it might be not a solution, but the reason it's happening. It might not be the right diagnosis, but I think they have an idea when we initially talk to them, and then we would educate them, or a lot of waterproofers educate the customer on what is happening.

Client ⏴ 00:07:11

So for example, one of the set of questions that I've seen is the person might be asked, and I'm not talking about the conversation. It's like when the person is landing on a page of the leachate company, and they have this question, they ask, what kind of problems do you experience? And then there is a multiple choice with saying mold, mildew, discoloration, white powder, hairline cracks, basement flooding, buckling of bowing walls, mud or clay. Like does this information really help you as a contractor to say, yes, that's a good lead or that's a bad lead?

Expert ⏴ 00:07:46

So I have a long explanation for this. As a contractor that buys the leads, that information isn't passed on to us, we get a very small snippet of the waterproofing problem or foundation problem. It's rare to get a full customer comment even of what the problem is from an affiliate. So you must have tested them. You don't get all the information that they ask for. And I'm a little biased here because I get frustrated with the affiliate program.

So as a contractor that buys leads, but I think the affiliates ask these questions for a couple of reasons, to put that person in a category because they have to sell the lead in a category. So they have to resolve that rather than really understanding if the homeowner knows anything, they're just trying to fill the category. It's why we get so many unmatched lead types from affiliates.

So I didn't say that, but we do. And I think that's how they determined to sell that lead. So I think the homeowner is going to have their view their point of view of what the problem is, and the affiliate can't really diagnose that or know if they're right or wrong. So I think they just ask questions to do their best to fit a category where they can move that lead to a contractor. But I don't think the homeowner always knows. And that's evident to me in how many leads we get that are not for services we offer, but they come through the categories where we've chosen to purchase leads in.

Client ⏴ 00:08:55

That's actually pretty surprising to hear because I mean basement waterproofing, it seems to be like a pretty clear category. Could you give examples of the leads that don't fall into the category you offer that, for example, you're getting most often. In the basement waterproofing category, we've seen companies with yard drainage leads because it's waterproofing.

So I don't know how they pick that out of basement, but maybe there's no waterproofing category, but it's the one they choose from the questions that they're asked. Another type of lead. And maybe this one's harder to diagnose and more difficult to diagnose is slab waterproofing, meaning there is no basement, but there's water coming at the ground level, but that's not a solution. It's a completely different type of solution needed than a basement waterproofing or crawlspace waterproofing.

So those are two of the more common mistaken lead types we've seen in the industry. If I understand it correctly, yard drainage is something that is not done to the basement per se, just like rubble takes the water out and it doesn't allow water to come near the basement.

Expert ⏪ 00:09:59

It's on the outside. So they have pooling water.

Client ⏪ 00:10:02

And what kind of questions do you think one could ask to detect the sort of basement flooding or whatever comes from the yard and not from something that you can fix?

Expert ⏪ 00:10:10

I mean an obvious one would be, are you looking for water prevention or water to be stopped from coming into your basement. I think basement's a pretty common word. I don't know. I think people understand it. Crawlspace sometimes is a little more difficult. Some people think their attic is their crawlspace in certain areas of the country, not in the East where I am. East of the U.S.

But in other parts of the country, Crawlspaces sometimes are referred to in the attic, I've seen that because I worked for a larger company prior to this. I think it could be more specific. I'm not 100% sure, thought about it from the affiliates asking questions. It does seem very obvious, doesn't it. I don't know how things get miscategorized at the affiliate level.

Client ⏪ 00:10:50

Right. So when you say slab waterproofing is basically when the house is built on a slab and there is no physical space as a basement.

Expert ⏪ 00:10:58

Correct.

Client ⏪ 00:10:59

So people still get moisture in their house, and, it's interesting because there could be a misunderstanding of the category, what is a basement? Because you can say a basement is like a space under your house like a potential livable space. You can say anything that is under the house is considered a basement because the house is standing on it.

Expert ◎ 00:11:18

Yes. A slab, there is nothing under the house. So it is an odd one that I feel sometimes the affiliates just don't have a category for that because it's a really difficult situation to resolve and a general contractor probably doesn't want that lead. So sometimes I feel the affiliates put it into this category, just to move it out of their bucket, so to speak, and hope for the best, maybe I don't. It's a tough one of why some of these come through sometimes.

Client ◎ 00:11:42

So if you would get a lead for slab waterproofing, your company would not be able to do that job.

Expert ◎ 00:11:47

Correct. We cannot.

Client ◎ 00:11:49

And what about exterior waterproofing for a house that has a proper basement, just sealing the walls from the exterior and not interior, which would mean like digging the space around the house and sealing it from outside. Would that be something that you do?

Expert ◎ 00:12:03

We've done it, but we would try to educate that customer into interior because it's a better longer-lasting solution than exterior. It's less expensive. It's a better solution. Some people are adamant about exterior, but it's very few that we would do exterior. And we only do it in a few cases. A lot of interior waterproofers do not do it at all.

Client ◎ 00:12:22

So in terms of sort of lead acceptance, you would reject the lead for slab waterproofing, for example, but you would accept a lead for exterior or potential exterior waterproofing might be decided by the customer, but then you would do your sales work in order to move the customers to a different.

Expert ◎ 00:12:38

Yes. We would accept a basement waterproofing lead, not if it's a homeowner and they're looking to solve their basement water problem. And then we talk to them and once you explain it, most people swap over to interior. We wouldn't accept exterior if it was on a new build or an addition to a house because that's usually just a footer drain and parging. I don't know if you know the term parging in the U.S., it's the asphalt spray. They spray on the walls of a new built house. So we don't do that. That's for new construction.

Client ◎ 00:13:05

I would like to dig a little bit more into that question because that's really important. So you wouldn't accept a new build because for what reason?

Expert ◎ 00:13:13

The new construction waterproofing is 99% of the time in the U.S. done on the outside. And the code in most states, if not all states, and I don't know the code in all states calls for a footer drainpipe around the exterior of the foundation as it's built. And then it's not waterproofing, it's a water-resistant membrane on the walls. So sometimes it's an asphalt spray, sometimes it's some kind of rubberized spray.

Sometimes it's like a dimpled plastic, that's rare, but it happens. Sheeting that they put around the house, there's a product out of Canada that's called Delta-MS or something. I've seen a few different things done, but it's all done on a new build before the backfill is put up against the foundation. So we don't do any new construction waterproofing.

Client ◎ 00:13:53

And how common do you think that is for other basement waterproofing companies. So they wouldn't want to be.

Expert ◎ 00:13:59

Yes, most don't do it. They're usually different companies. And typically, there are companies that do the spray and they do exist, at least they used to. I don't know of any, but I used to know of one. Usually, the builders themselves put in the footer drain, maybe they do the parging also. I can't answer the question because I don't really know.

Client ◎ 00:14:18

Yes. In general, how common is it to get a lead for a new construction? Because I have an impression that a newly built house should come with a certain guarantees that the basement is waterproof at least for the next, I don't know how many years. Is that not in the building code to waterproof the basement?

Expert ◎ 00:14:36

We usually see these in additions on homes than maybe a new built out, because a new built house would expect filling with it. And in addition, there's a general contractor and sometimes the homeowner general contracts, their own work or maybe it's a carpenter that's the general contractor and they don't have a solution for this, so they look or they tell the homeowner to look for the leads. It's not super common. It isn't that common, but we see them.

Client ◎ 00:14:58

So when they do an additional home, they like dig up a new basement and an extra portion of a basement?

Expert ◎ 00:15:04

It could be a basement, it could be a crawlspace, most additions are on crawlspaces now it seems.

Client ◎ 00:15:09

Interesting. But at least, do you have an impression that the customers? You mentioned before that sometimes people think that attic is their crawlspace. But if we ask people like do you have a basement or a crawlspace, what percentage of people do you think would answer correctly? And does it make sense to answer this question?

Expert ◎ 00:15:28

Most. 95%. Even maybe more only in very certain areas where the attic is referred to as the crawlspace. But it isn't that common either. But most interesting too, and I don't know why it's interesting to me that thinking from your point of view is there aren't crawlspace categories in any of the lead sellers or affiliates that we work with at this time that I can think of.

Client ◎ 00:15:47

Interesting. So if I were to ask and then co-create this question, would it be reasonable to say like what kind of foundation do you have or what do you have under your house? How do you formulate this question to understand whether it's a basement, a crawlspace or, for example, a concrete slab?

Expert ◎ 00:16:05

You could ask all three, and the homeowner, they don't always know because we know we ask them on the phone what their situation is. They don't always know, but you could ask that question. And I'd have to think more on how to better ask that question, but you could give them the three options. I'm not sure there's another option in those three.

Client ◎ 00:16:21

So for example, would you differentiate full basement from partial basement? Does it make any difference for you?

Expert ◎ 00:16:28

It doesn't make any difference for us, meaning a partial basement is a walkout basement? I'm not sure what a partial basement is, maybe it's a walk out basement.

Client ◎ 00:16:36

Basement under this whole house or basement under only part of the house. But it doesn't matter. So one option could be like a proper basement. Another option could be crawlspace and the third option could be concrete slab.

Expert ◎ 00:16:49

Yes.

Client ◎ 00:16:50

Does it matter whether it's a concrete slab foundation or poured concrete basement? So I'm going to read out the categories that I've seen also at one of the competitors in the space. So they ask a question, for example, what kind of foundation do you have? And then the options are poured concrete slab, brick, or stone foundation, poured concrete basement, concrete block foundation, concrete pier foundation, poured concrete with crawlspace. I mean, to me, it sounds totally overwhelming.

And I'm just asking, does it make sense to offer like so many categories? Or would it be sufficient just to say, for example, I have a proper basement where you can walk, or I have a crawlspace where you can crawl. I mean, I'm exaggerating a little bit. And third option, I just have some kind of solid foundation under my house.

Expert ◎ 00:17:42

Right. So for waterproofing to us and other contractors because I guess I've been in the industry long enough and with others that I know a bit is I don't believe the type of foundation matters as far as waterproofing. I'm trying to think of why I would care, maybe in the foundation repair, and that might be why they're asking the questions. There's some differences because something is going to be wall repair versus foundation settlement repairs.

So that might be the reason for those questions. But in waterproofing, I think I agree with you of it doesn't really matter to me if it's poured or concrete or brick or fieldstone. We're going to fix them off the same way for the most part. Fieldstone are tougher, but I think that those are very uncommon except for New England or the Northeast of the U.S.

Client ◎ 00:18:21

Right. But would you want to know whether it's a basement or if it's a crawlspace or it also doesn't matter?

Expert ◎ 00:18:27

Some companies don't do both. And what I mean by that is crawlspace may have a dirt floor and that's easy to work with, but some of them do have a poured concrete floor and you have to be able to jackhammer that and not all crawlspace focused companies can solve that.

Client ◎ 00:18:40

Yes. But the other way around it works if the company can work on a basement, they would be able to work on a crawlspace.

Expert ◎ 00:18:47

I would say yes.

Client ◎ 00:18:48

So if you were to get a lead for waterproofing, would knowing if it's for a basement or if it's for crawlspace, would that for you be a must or a nice to have information?

Expert ◎ 00:18:57

It's nice to have, meaning we're going to ask the customer anyway. So if it says waterproofing, that's a good question, meaning I would think the company selling me the lead would have the difference on it. And if it said basements, so you're calling about basement waterproofing. The customer may say, no, I have a crawlspace. We would change it and not even think twice about it. So I'm not sure if it's a must or a nice to have. It would certainly be nice to have. I don't know if it's a must.

Client ◎ 00:19:23

Good. It's important because it seems the fewer questions asked the more leads that can be generated because people usually don't like answering the question. But on the other hand, I want to make sure that if there are must questions that we do include them into the questionnaire like, for example, asking if it's a homeowner, making sure we don't pass on the leads for the people who are just renting the house and can't make the decisions and so on, so on, so forth.

So I would like to switch here and talk a little bit about lead qualification, although I still have questions here about the customer. I just want to make sure that I don't run out of time. So talking about the lead qualifications. What would you describe the leads, if they, for example, would be for condominiums as opposed to single-family residential housing?

Expert ◎ 00:20:10

So long as it's owned, it doesn't matter. We can do row houses. I'm not quite sure what the condominium if it has a basement and it's owned by the person, even if it has a shared wall basement, that would be a fine lead.

Client ◎ 00:20:22

So row houses I understood. But if by condominium, we mean like a high-rise building like multifamily apartment building?

Expert ◎ 00:20:30

Well, so in that case, it would probably be the property manager. I don't know if they go through an affiliate or not. Maybe they would. I can't say I've seen a lot of property managers go through an affiliate. But if it's a condominium, where it's the basement and the person owns it, and they have a water problem we could certainly fix that.

Client ◎ 00:20:47

So technically, you can fix the basement, and what about your competition? Do you think most of the basement waterproofing companies would accept the leads for high-rise buildings, for example?

Expert ◎ 00:20:58

Commercial. It would probably be a separate category, I would think. I'm trying to think if I've seen that, but I'm not sure I have. I don't think everybody can work on commercial buildings or would want to.

Client ◎ 00:21:08

It's clear. What about modular or manufactured houses. Well, first question would probably be like how common it would be for modular or manufactured houses to have a basement or a crawlspace?

Expert ◎ 00:21:21

Fairly common.

Client ◎ 00:21:22

And would you work on that type of construction?

Expert ◎ 00:21:24

Modular is fine, meaning it's mobile homes like a trailer something that's passed out a basement or a crawlspace, meaning it's going to be above ground. There's no solution for that. That's like slab. Some mobile homes have a skirting around it, so it just keeps animals and stuff.

Client ◎ 00:21:39

So for mobile homes you would say, no?

Expert ◎ 00:21:41

Mobile homes would be no, modular that are on a permanent foundation, meaning it's on blocks or on a poured foundation of some sort is yes, those are really no different than any other kind of home.

Client ◎ 00:21:51

But is it common at all for modular, for example, to have like a proper basement like a basement inside? Or it's also not common?

Expert ◎ 00:21:59

It's more common for a crawlspace in a modular home.

Client ◎ 00:22:02

And the crawlspace for a modular, would you work on that?

Expert ◎ 00:22:05

Yes.

Client ◎ 00:22:06

So would you probably refuse a mobile home but accept modular?

Expert ◎ 00:22:10

If I don't have anybody.

Client ◎ 00:22:11

If it has a proper crawlspace.

Expert ◎ 00:22:13

Yes.

Client ◎ 00:22:14

So if the waterproofing is somehow paid by an insurance? It's common.

Expert ◎ 00:22:18

It's very rare. Flood insurance is usually for damages, not even for waterproofing.

Client ◎ 00:22:23

And I understand that you would only work with a homeowner or an authorized person. You already mentioned that.

Expert ◎ 00:22:30

Yes.

Client ◎ 00:22:31

And are there any other factors that would make the lead unsuitable that you could detect upfront through a questionnaire.

Expert ◎ 00:22:36

And I'm not sure about that question, meaning I'd have to think on it. If this isn't a questionnaire question, but a way to check against the, I don't know. I mean I would pay more if the lead data was checked against their database, meaning name, address, e-mail, phone, if at least two of those matched and I know it was a quality lead.

Client ◎ 00:22:54

And just recapping what you said before, you would reject new construction or home additions.

Expert ◎ 00:22:59

Yes.

Client ◎ 00:23:00

Great. So would it be possible for you to share with us what kind of questions, and is it common for a call center agent to ask when setting up an appointment always thinking about that angle like disqualifying leads that are not good or getting the necessary information to the salesperson.

Expert ◎ 00:23:15

Sure. They're probably similar. We ask, do you own the home because we can't work with buyers or renters. We would ask, is it a basement or crawlspace, we would identify that, and we would identify the height of the crawlspace, meaning if we can't crawl into it, we can't really fix it.

Because some are very close to the ground. They're not slabs, but there is no space to do anything in. It requires a completely different solution of the floors being torn up and nobody wants to really do that unless they have some massive issue, and we can't do that, and I don't know any waterproofers that can do that anyway.

Client ◎ 00:23:47

What would be the sort of minimum height of the crawlspace that you would do?

Expert ◎ 00:23:50

Well, so our question is, can we crawl around on our hands and knees. It's about three feet. Three feet is probably a measuring way to do it, but homeowners don't relate to that as well as they can crawl into it. And then for waterproofing, we do make sure it's a basement. Is it below ground because I don't know why, but it tricks people up when they have a slab and it could be because they were moved from an affiliate to us, and they think we should be able to solve the problem if we're reaching out to them, but that they do indeed have some part of their basement below ground.

Client ◎ 00:24:18

When you say it tricks people up, meaning that if they have like a concrete slab foundation, and that means that they think their ground floor is a foundation?

Expert ◎ 00:24:26

I'm not 100% sure how that comes about, but we do have to ask, and we do find people that say, "No, it's not below ground." So I don't think they think it's a basement. I think that we're making the assumption because the category, the lead was sold us to was based in waterproofing.

So the conversation starts in that direction until we find out that it's not below ground than we realize it's a slab. I don't think the homeowner is necessarily confused, but I think the situation gets confused because the affiliate has moved a non-basement lead through a basement category. Only because it's a waterproofing issue and it's on the downstairs, And the downstairs just meaning ground level. Sometimes it gets confused. I don't know, we get second floor condominiums leaking from their patio or their balcony and we get leads for that.

Sometimes, I guess people just don't pay that much attention. Homeowners or condominium owners or whatever when they're filling out pieces. They're just looking for solutions. They see waterproofing. It happens sometimes. So we do have to just find out is it underground? Is it a basement? Those are the questions that disqualify people if they have crawlspace, whether it's a basement and if you're a homeowner. Permanent foundation not a mobile home. We talked about it as well.

Client ◎ 00:25:35

And do you ask how large is the basement?

Expert ◎ 00:25:38

We don't ask how large. Not one of our qualifying questions.

Client ◎ 00:25:41

Do you ask how old is the house?

Expert ◎ 00:25:43

We have, but we don't anymore. That's a sales question.

Client ◎ 00:25:47

Do you ask if people have their basement waterproofed before?

Expert ◎ 00:25:50

We don't ask that.

Client ◎ 00:25:51

Great. So let's now talk a little bit about marketing and leads per se. What would be an average marketing spend for the industry, for basement waterproofing industry if we measure it as a percent of sales?

Expert ◎ 00:26:03

I'm going to guess because I don't know what everybody does, but I think that 10% is probably the starting point of a typical company.

Client ◎ 00:26:10

And if 10% is a starting point, it usually can go up to how much?

Expert ◎ 00:26:14

Well, it can go up and I think long term would be to go down under that, so newer companies have to spend more established companies.

Client ◎ 00:26:21

Right. I would be interested to know how many leads do you usually handle in a month, if you can answer that question. And if not at least like what is the split of the leads that you get between basements versus crawlspaces versus foundations?

Expert ◎ 00:26:35

So the split is going to depend on the market. So in the U.S., further south you go, the more crawlspaces you have and the further north you go, the more basements you have. So that is the factor really for determining that.

Client ◎ 00:26:46

Right. And could you tell us how the leads that you're getting from affiliates are categorized? And it's in this sense like do you get lead that are marked for basements waterproofing separately and crawlspace separately and foundation separately? Or does it all come in one bucket, and you just figure it out which lead for what?

Expert ◎ 00:27:05

They come in different groups. There isn't a crawlspace category, but we do get basement waterproofing, and foundation repair leads separately.

Client ◎ 00:27:13

And so what would be best categorization for you?

Expert ◎ 00:27:15

Well, it just aligns with the services we offer. So we'll take basement waterproofing, we'll take foundation repair. So long as it aligns with our services, it can be a good category for us.

Client ◎ 00:27:26

So basement waterproofing, crawlspace waterproofing are the two sort of broad categories, would that be acceptable for you as a types of leads? Or would you need like kind of more details within them?

Expert ◎ 00:27:38

No, I don't need more details like those categories would work.

Client ◎ 00:27:41

Good. You mentioned already that you didn't get much of the additional information currently. So just to confirm that if for example, we were to ask the customer a question, what's causing the wet basements or what solution would you like to have if it's not going to add much value to you because the customer would know anyway.

Expert ◎ 00:27:59

We got a lot of value. We just don't get it because, and this is where some of my frustration comes in, then I started the conversation with those. I feel that, that information is withheld to make it so I feel that the affiliates understand you're not going to get in touch with all the contacts. You're not going to.

So I feel they withhold that information so you can't send those back as incorrect categorizations I feel they withhold a lot of information for that purpose. I think as the consumer of their leads, I wish it was better. And it's always a challenge of do we want to stay with this vendor or not

because of the quality of their. And once you do leave a vendor, you don't generally go back to them.

Client ◎ 00:28:34

Yes. So what would be like maybe three or four categories or possible answers to the question, what is causing your wet basement or wet crawlspace? What you think would be reasonable to give the homeowners a multiple choice in a question?

Expert ◎ 00:28:48

What reason they think is causing the problem?

Client ◎ 00:28:50

Yes. For example, I don't know cracks in their foundation or, I don't know, the rainwater? I'm just trying to understand like is this information not passed on to you because it's not reliable or because it's not asked and if it's just not asked then what could be the question that we, for example, could ask the homeowner on our lending page to get this information?

Expert ◎ 00:29:11

So rather than an open ended question, which I've seen on a lot of forms, where you say, tell us about your problem, that would be great information to get is, with the words from the consumer. The specific questions other than aligning that they do have the baseline of crawlspace as we've spoken about are they getting water in it?

Is it water? Is it standing water? Is it moisture that they're concerned with? Of that, that could be diagnosed. Is it a water problem, a standing water problem? Or is it a damp walls because people do call about moisture problems as well. And if there's no category, they slap themselves into waterproofing.

Client ◎ 00:29:45

Because usually, that's kind of a wide-open question where the customer has to describe the problem. It never gets answered, to be honest, that's why maybe only trying to give the customer like multiple choice or at least some help because it seems like nobody fills it in. So if you can share this information. I would like to understand what is like a minimum acceptable set rate for affiliate leads and closing rate to target to be at least on par or slightly above the expectations?

Expert ◎ 00:30:13

That's going to be correlated with the price of the leads. And so because I buy them from different sources and depending on how much they cost, I can tolerate different rates of set. If it's too low, and we're just chasing shadows so to speak, it's not interesting to me. So under 30% too low. It's just not worth the effort. And then again, exclusive leads, we pay more for those from sources.

And so I want to set higher rates, but it's always based on the percent I want to be at versus the cost of the lead, percent of cost per a point is what I meant.

Client ◎ 00:30:42

And so what would you say should be our target for this percentage. Let's just try to imagine that like an average project cost is like \$10,000. So for projects of \$10,000, what would be sort of a percentage of that project that would be an acceptable customer acquisition cost? Let's formulate it like that.

Expert ◎ 00:31:01

A project of \$10,000. How do I back this out? So not knowing the cost per lead, and I want to be at 10%. If I got one lead. Well, that's \$1,000, but if I don't sell all my leads. So let's say, I sell 25% of my leads to keep it round then I would need four leads to get to that \$1,000. Is that correct? four leads at \$250 a lead.

Client ◎ 00:31:24

So when you said like the minimum set rate would be 30%?

Expert ◎ 00:31:28

Those are for different leads. Yes.

Client ◎ 00:31:30

And a closing rate with the set rate of 30% with an average pricing that you might have in mind.

Expert ◎ 00:31:36

So in an inexpensive lead, you asked me to do math, but the way to back it out I can give you that formula I would think of in my head rather than trying to figure out the numbers is what I'm always looking for. And I think a lot of contractors think the same way is what is that cost per set appointment and then look at that as far as there's an average ticket.

There's something contractors used called the net sales per lead issued. So to get \$1,000, how many leads does the salesperson have to run out on. So if it takes some five leads to get to \$10,000 it's a different equation than it could take some two leads to get to \$10,000. With 50% close rate versus 20% close rate. So every company is going to be a little different here, but I understand that everybody pays the same price.

It's just who is the sweet spot of the companies that you're going to do business with. So okay, for me, the least expensive leads 30% set rate, and I don't care about much else after that. Of course, I'm going to look at my ROI at the end of the day, but ultimately, it becomes a sales issue so long as I can set leads enough of them based on volume to make my cost per lead 10% of my sales. That's the equation.

Client ◎ 00:32:38

That's the equation you're looking at. And what's your best experience with like raw lead to sale conversion? Like what's the highest lead to sale conversion you've had with affiliates irrespective of the price, I'm not asking now about the price because you probably wouldn't be able to share it.

Expert ◎ 00:32:55

Exclusive leads are, I would say over 60% is pretty acceptable. I'm trying to think of the sources we're using, but I would say over 60% because those are going to be more expensive per lead unit than when the contractor or the affiliate sells them four times.

Client ◎ 00:33:08

60% appointment to sell or 60%.

Expert ◎ 00:33:11

Appointment. From lead to appointment, I'm not worried about the sales so much. If we can get into the house, then it becomes a sales issue, not all leads are that good. So some sources, even though we get in the house, they're low bidders, people really price shopping and that doesn't do the best for us. So we don't go into those sources. I mean, we would get out of them.

Client ◎ 00:33:31

So as the Head of Marketing. You are more measured by a set rate, but how many people you can get to the appointment?

Expert ◎ 00:33:38

Not as Head of Marketing. This is more of what I'm looking for. Of course, I look for a return on investment at the end over a longer term. But I'm really aiming for a cost per sales appointment that is within the rate I want to be at we talked about the 10% versus sales that come in. I know what that is ahead of time. I know the average that we're going to sell because we've been doing it for a long time. So I do that. I think a lot of contractors look at it that way more than they look at what is going to be my return on investment here.

Client ◎ 00:34:05

Yes, it makes total sense. And for me, it's actually important to understand how you measure it. And if return on investment is sort of the indicator. So may I ask you what is your target return on investment? Or what kind of return on investment we should be targeting as in what we offer to our contractors?

Expert ◎ 00:34:24

I don't know if I have an answer for that because I think sources are all different. Again, what I'm trying to get at, at the end of the day, though, is to be at the percent of sales as far as in advertising cost that.

Client ◎ 00:34:35

Yes. Well, thank you so much. This was very helpful. Take care.