

# Improving the Sales Funnel With Value-Added Predictions

# Hello, Premium Remodeling!

I look forward to helping you improve your sales funnel to **increase the purchase rate** of home additions.



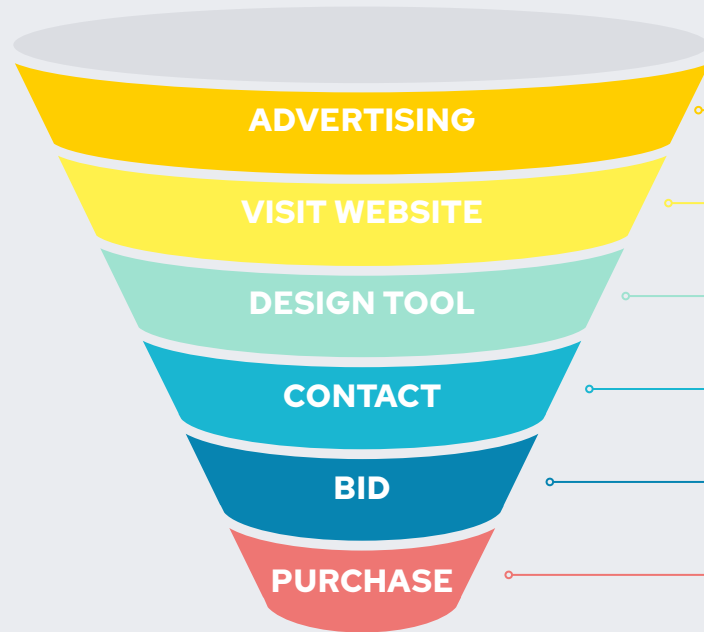
1

# Problem to Address

The sales funnel retention rate can be improved



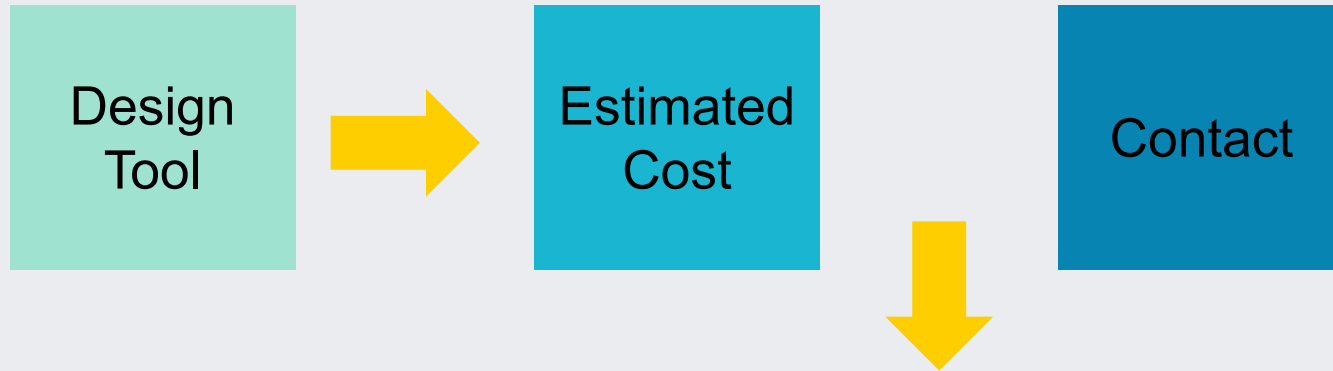
# Current Situation



92% of homeowners don't make contact after using design tool



# Current Website Design





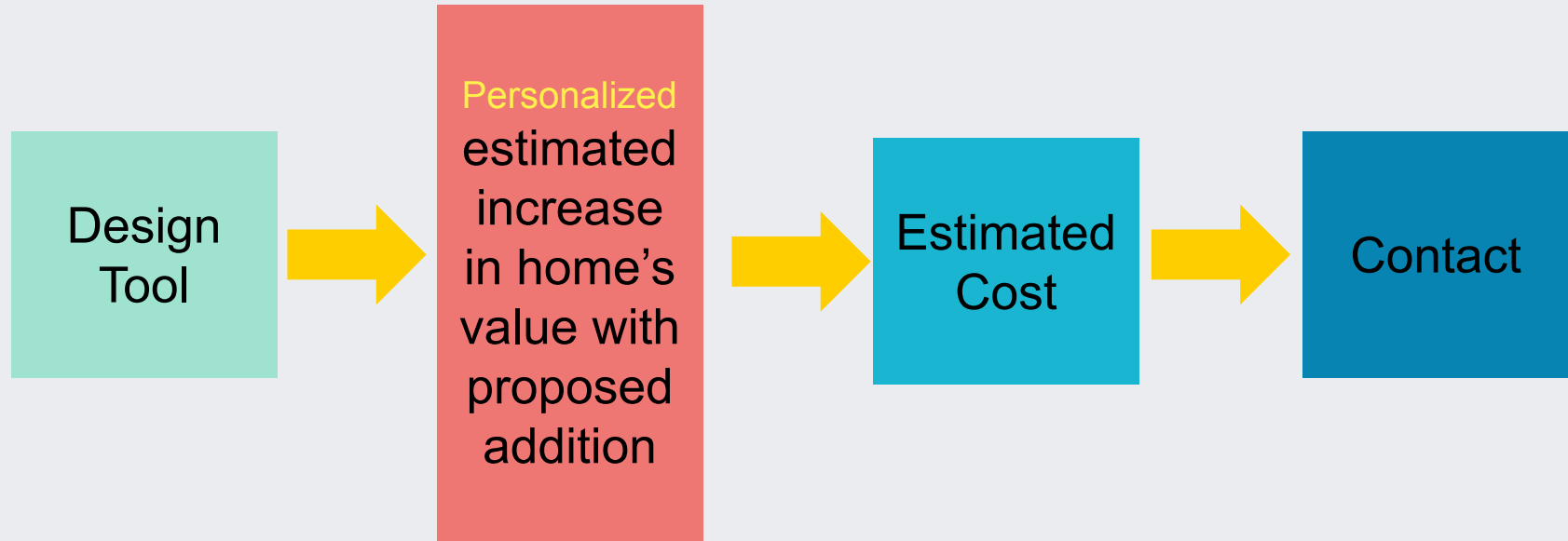
2

# Proposed Solution

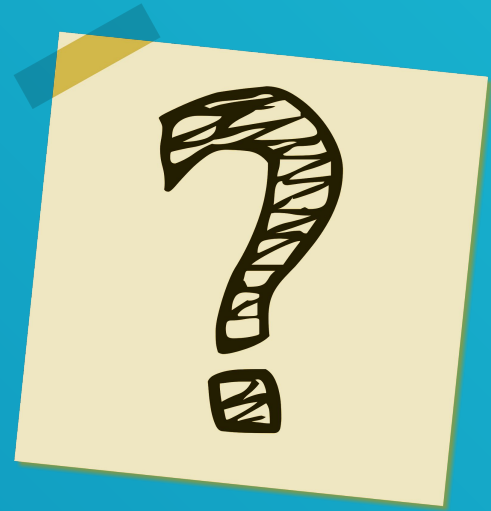
Personalize the value for the homeowners



# Proposed Website Design



How does the  
sale price  
prediction tool  
work?







## It all starts with data

The information from over 20,000 sold homes was collected and analyzed to find the relationships between a home's features and its sale price. This information can be used to predict future sale prices.



# The 5 Most Important Features for Determining Sale Price



The model is able to **account for 86%** of a home's sale price. The other 14% of the price comes from other factors.

The model has a mean absolute error of -\$96,000, which means it tends to underestimate the sale price of a home.

Since our **goal with this tool is to show the increase in predicted sale price after renovations**, and the underestimation is consistent, this error is **acceptable**.



## Examples of Expected Value

| Proposed Construction    | Increase in predicted sales price |
|--------------------------|-----------------------------------|
| 900 square foot addition | 21 - 23%                          |
| Adding a 2nd bathroom    | 2 - 5%                            |
| Adding a 3rd bedroom     | 2 - 4%                            |
| Any renovation           | 0.8-1.5%                          |



**All of that is a bit abstract.  
It is for the website users too.**

“

Let's instead **look at the impact** of various additions on the predicted sale price of a hypothetical home.

”



## Original Home

- 3 bedrooms, 1 bathroom
- 1410 square feet
- Built in 1970
- Has a basement
- Located in Shoreline
- Has not been renovated

Predicted Sale Price

**\$340,189**



## Add 400 Square Feet

Average cost to  
build: \$65,000

\$340,189

+\$70,355

Predicted Sale Price

\$410,544

**A 21% increase in value!**





## Add a Second Bathroom

Average cost to  
build: \$11,800

\$340,189  
+\$53,823

Predicted Sale Price

\$394,012

**A 16% increase in value!**



## Add a Fourth Bedroom

Average cost to  
build: \$7,500

\$340,189

+\$33,713

Predicted Sale Price

\$373,902

**A 9% increase in value!**



## Add 400 ft<sup>2</sup>, a 2nd Bathroom & a 4th Bedroom

Average cost to build: \$83,500

\$340,189

+\$93,326

Predicted Sale Price

\$433,515

**A 27% increase in value!**

## Looking at the Numbers

Even though an addition adds the most to the projected sale price, because of the expense of the construction, it does not have the highest ROI.

**Adding additional bathrooms and bedrooms within the existing square footage prove the most ROI for the homeowner.**

## ROI in Our Hypothetical Example

Adding 400 **square feet** → **108%** ROI

Adding a **bathroom** → **456%** ROI

Adding a **bedroom** → **449%** ROI

## What We Can Expect From Homeowners

- Overall requests for remodeling bids **will increase**
- Homeowners will be **most interested in adding additional rooms within existing square footage**. Because of this, we want to make sure we have designers and contractors that can work with porch and basement renovations.

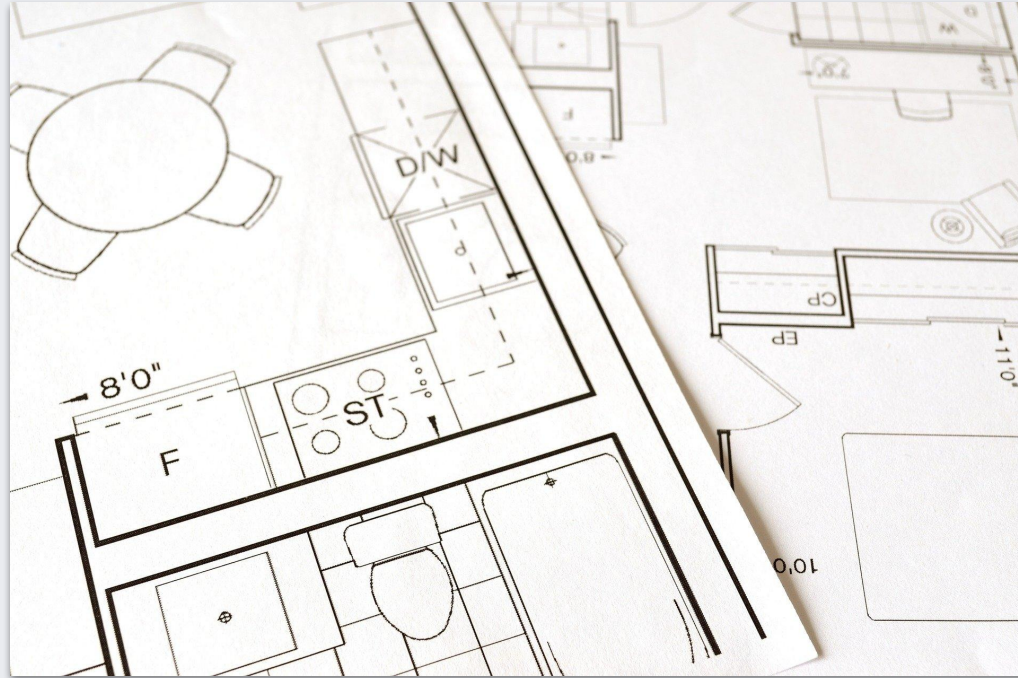
3

## Recommendations

Update the website to finalize more sales



## Keep the online design tool







# Ask homeowners for basic information about their property





# Add the sales price predictor tool



Show  
homeowners  
the **value** of  
their  
investment

**&** Close  
more  
sales





# Where Do We Go From Here?

Get **updated**  
sales and location  
**data**

1

Have website  
designer plan the  
**new interface**

3

**Continually**  
**update** tool with  
new sales data

5

**Finalize** price  
prediction tool

2

**Deploy** the  
prediction tool

4

**Hire new contractors**  
**to keep up with the**  
**increased demand!**

6

# Thank you for your time.

**Any questions?**



Thank  
You!