

# SITUATION ANALYSIS

## LUMBERJACK PLUMBING



Prepared by  
**TRIAD**

# INTRODUCTION

Through in-depth research, we plan to put together a well-rounded proposal for our client, Gainesville plumbing company, Lumberjack Plumbing Inc., with the purpose of establishing a unique brand identity and effective web presence in order to build the company's local reputation. This proposal will include a detailed communications strategy that will promote Lumberjack Plumbing as a hyper-local small business brand that, with dedicated ties to the Gainesville community, values its customers as extended family. In the following situation analysis, we discuss the current state of Lumberjack Plumbing's business, business goals, strengths and weaknesses, and how a campaign based on genuine brand values and relationship building with customers on- and offline can improve Lumberjack Plumbing's brand authority, specifically on a localized level.



# ORGANIZATION OVERVIEW

## History of the Organization

Lumberjack Plumbing Inc. was founded in August 2015 by Nate O'Donnell, who, after gaining diverse plumbing experience over 13 years, decided to start his own business with co-founder and former plumbing colleague, Chris Swain (O'Donnell, 2016). Inspiration for the name "Lumberjack" came from memory of his late grandfather who worked as a lumberjack harvesting timber in Canada and ultimately inspired O'Donnell's own dedicated work ethic (and a hobby for climbing trees). O'Donnell also felt the name was more memorable than competitors who have more "generic" or family-named businesses.

O'Donnell grew up in Gainesville and currently lives there with his young family. Focusing his business in the the urban Gainesville area feels natural to O'Donnell who said "working in Gainesville is like

working in [his] backyard."

## Organization Today

The company remains small today, with two trained plumbers (O'Donnell and Swain) and a new trainee. While maintaining a tight service area of urban Gainesville, Lumberjack's current mission is to provide quality customer service to their existing loyal customer base, generated by family and friends referrals, while building brand recognition in the local market. Due to limited manpower, O'Donnell said he would like to grow the business "carefully," taking on new customers gradually in order to maintain high levels of customer service and availability for existing loyal customers (O'Donnell, 2016).

## Mission Statement

The company does not currently have a formal mission statement, however the

company's values are clear. The company wants to always serve customers promptly and with respect in order to build relationships and trust that encourages future business. Remaining loyal and available to their existing customers, their "extended family," is also of high importance.

## Description of Services:

Lumberjack Plumbing currently focuses on residential plumbing improvements and repairs. Services included typical full service repair work that covers a variety of home plumbing issues, from leaky faucets to clogged drains, as well as gas piping and repair and assisting in plumbing improvements as part of greater remodeling projects. O'Donnell notes the company's speciality services include home repiping in the case of burst or old pipes, as well as tankless water heater conversions and servicing.

# TARGET AUDIENCE

The client would like to target Gainesville homeowners, however, as we will reference later in this document, the majority of Gainesville residents rent their home as opposed to own. This could be due to the large population of University of Florida students, shortage of affordable housing, or the trend for young professionals (namely millennials) to favor a more flexible lifestyle. Because millennials (specifically ages 20-34) comprise the largest percentage of the Gainesville population and, as we'll discuss, make up almost one third of all home buyers, Lumberjack Plumbing should narrow their target audience to this particular group. While this generation may still be considered young, as Lumberjack Plumbing's business expands in the upcoming years, this group will continue to get older and take over more of the housing market share. Establishing a marketing strategy to target this generation

now allows Lumberjack Plumbing to build lasting relationships with this group for years to come.

## Age Range

Millennials are defined as born between 1982 and 2003, making the oldest members now 34 years old (Keeling, 2003). According to 2014 statistics, millennials make up the largest percentage of the local Gainesville population at about 44 percent (U.S Census Bureau, 2014a). Nationally, the median age of first-time home buyers falls into the "millennial" category at 33 years old and 32 percent of all home buyers are 34 years old and younger (Fuller, 2015; National Association of Realtors, 2015).

## Education

With the presence of the large University of Florida student population, 70 percent of



# TARGET AUDIENCE continued

the Gainesville population has “some” college education (U.S Census Bureau, 2014b). Of 25-34 year old residents, more than 54 percent have a bachelor’s degree or higher (compared to the national average of around 33 percent) (U.S Census Bureau, 2014b; U.S. Census Bureau, 2013).

## Geographic Location

Gainesville is located in Alachua County and is noted as the “cultural, educational and commercial center for the north central Florida region” (“About Gainesville”, n.d.). At about 63.75 square miles, the city’s population was almost 128,000 as of August 2015, with more than half of the county’s residents living inside the city limits. With the University of Florida’s presence providing a stable population, the city has seen about three percent in population growth in the last five years (U.S Census Bureau, 2014a).

As of 2014, there were almost 57,000 housing units in Gainesville, with about 54 percent of housing structures containing two or more units, indicating a significant number of apartment, townhouse and condo-style homes. During last decade’s economic downturn, Gainesville saw a lull in construction projects and a loss of 42 percent of its construction-related jobs (including plumbers) (Clark, 2015a). With the economy improving, the local media notes construction is now “booming” and there is a rising need for more skilled workers. With almost 85 percent of all Gainesville homes age 15 years or older, older homes may now also start to see a rise in needed repairs (U.S Census Bureau, 2014a).

It is important to note that Gainesville’s residential landscape is changing, with more building projects being categorized as “urban mixed use development” with condos or apartments mixed with retail, restaurants and

office space replacing old rental houses (Clark, 2015c). On-campus construction projects are also fueling demand for residential and commercial development in areas surround campus . Alachua County’s Director of Growth Management, Steve Lachnicht says while single-family homes are not going away, there is a “very dramatic shift in interest away from low density residential with large lots to mixed-use projects, following a national trend led by the lifestyle choices of millennials and active retirees” (Clark, 2015b). As we will discuss later in this document, these geographic and housing factors contribute to the disproportionate ratio between rentals and owner-occupied homes.

## Psychographics

With the University of Florida’s significant presence in the community, it is no surprise that Gainesville is labeled a “college town.”

# TARGET AUDIENCE *continued*

By definition, a “college town” is typically a transient place where residents are more likely to rent than to own homes and some neighborhoods, particularly near campus, are dominated by rentals (Gumprecht, 2003). Aside from their educational advantages, college towns like Gainesville also draw young professionals (millennials) looking for a high quality way of life typical of college towns, as well as the “cultural attractions, youthful energy, and small-town feel.”

Regarding generational trends, it is often noted that millennials are the most connected mature generation, spending 67 hours a week on average using media (including 35 hours with digital media) (Experian Marketing Services, 2014). Also known as the “Selfie Generation,” millennials are high smartphone users, with 77 percent of millennials having a smart phone and 43 percent accessing the internet more through their smartphone than

any other device. Mobile-first marketing is crucial in attracting this generation through its high 24/7 media use. In fact, most millennials feel more connected and loyal to a brand based on the content they see and read online via websites, social media and news (Brenner, 2015).

## Consumer Trends

### ***Renter vs. owner-occupied homes***

Due to lack of affordable housing or the attraction of a more flexible lifestyle, more Gainesville residents choose to rent rather than own a home in the city (Clark, 2015b). About 62 percent of Gainesville housing units are renter-occupied, compared to only 38 percent that are homeowner-occupied (U.S Census Bureau , 2014a). This trend is significant because renters do not always have a choice in who services their home for

repairs, or which updates can be made to their home. These decisions are often determined by the homeowner or landlord. Renters and landlords may not have as vested an interest in making home improvements or repairs due to the turnover nature of rental properties. This may weaken the ability for a home service professional, like a plumber, to establish a long-term relationship with these customers.



# TARGET AUDIENCE *continued*

## ***Millennial buyers purchasing older homes***

According to a 2015 study, millennials are more likely to make sacrifices on condition of homes they purchase in favor of better price and overall value (National Association of Realtors, 2015). This may be an opportunity for home service professionals, like plumbers, to find new homeowner clients who may need repair or improvement services sooner than later and are interested in establishing a longterm relationship with trusted professionals.

## ***Consumers expect local businesses to be online***

Consumers are highly interested in supporting local businesses because they are better at delivering quality work while providing personalized, reliable customer service (Yodle, 2015). About 72 percent of

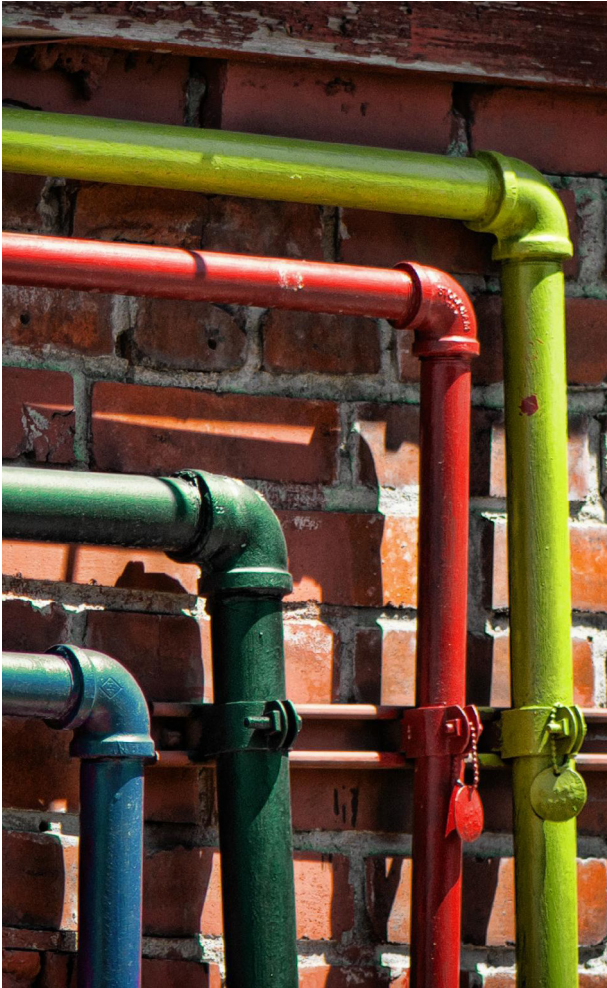
consumers are willing to pay more to a local business for better quality work, giving local brands an edge over national chains. In Gainesville, this may give small businesses like Lumberjack Plumbing an edge over national chains in the area, like Roto-Rooter.

On top of quality service, consumers believe local businesses must have websites, as well as online reviews, to gain trust and legitimacy. Seventy-five percent of consumers go online to find or research a business before they decide if it is the right choice, with 42 percent using online review sites and social media to research a business. Even if a consumer hears about a local business offline via word of mouth, 27 percent still want to visit the company's website or research the business online. The majority of consumers, 76 percent, say online reviews actually give businesses a competitive edge, or are simply expected. Not only do consumers want to read reviews, 62

percent want to write them for businesses they encounter and use, however most admit to never being asked to write such reviews.

Today's consumers do not feel that internet communication with brands is a one way street. Instead, most consumers are open to digital interaction with brands, with 69 percent open to communicating by email and 45 percent following local businesses on Facebook. Consumers are interested in digitally receiving appointment reminders, advice and tips, business updates, survey requests for feedback, personalized communication, invitation to events and newsletters from brands. These statistics confirm that Lumberjack Plumbing's website, social media and online review presence is key to gaining consumer trust and building loyal customer relationships in the digital age.

# INDUSTRY ANALYSIS



## Trends

The plumbing industry is in high demand but as with many skilled labor trades, there are not enough trained and licensed plumbers to fill the demand.

“Demand for plumbers and fitters is strong. The number employed is expected to grow 21 percent by 2022, versus 11 percent across all occupations, according to Labor Bureau statistics” (Carrns, 2014). Carrns also discusses the average salaries of plumbers, mentioning that the median salary for a plumber or pipe fitter is \$49,000 a year, which is well above the national average for a trade that does not require post-secondary education. The top 10 percent tend to earn more than \$84,000 a year.

Because of the demand for qualified plumbers and HVAC workers, job security and steady wages are almost assured.

Reports indicate that the plumbing and HVAC industries will need 700,000 new professionals by 2016; installation and service for HVAC, water heating and commercial refrigeration equipment is the second-fastest growing mechanical trade in the nation.” (Hall, 2013).

## Macro-Environmental Analysis

Homeowners are looking for more energy efficient ways to maintain their households. Often this requires changing out older pipes or forms of energy in the house. Gainesville Regional Utilities (GRU) offers several rebates and incentives to homeowners to help manage energy and water use and stay in line with federal energy saving initiatives. GRU specifically offers rebates for upgrading to natural gas central heat, natural gas ranges and dryers and natural gas water heaters (“Rebates and Incentives for Homes”).

# INDUSTRY ANALYSIS

Lumberjack Plumbing specializes in many energy saving solutions for homeowners. They specialize in piping or repiping natural gas lines and installing tankless water heaters.

The economy seems to be improving nationwide and home maintenance that was postponed during the recession is now being taken care of (whether by choice or by necessity). Kathleen Madigan from The Wall Street Journal also points out that many people have decided “to upgrade or expand their current residences rather than move.” (Madigan, 2014).

More people are also starting to buy homes again. According to the National Association of Realtors, “[y]ounger buyers tend to buy older homes, and are more likely to buy previously owned homes.” Gainesville is a college town and has an above average population of young people and an abundance of older homes (U.S. Census Bureau, 2013).

Major construction that was delayed during the recession is also picking up, leading to more demand for licensed plumbers. Locally, construction in Gainesville is booming, so skilled laborers like plumbers are in high

demand on construction sites. Unfortunately, many of the skilled plumbers, electricians and other trades workers moved into other fields of work during the recession and there is now a shortage of workers (Clark, 2015a).

