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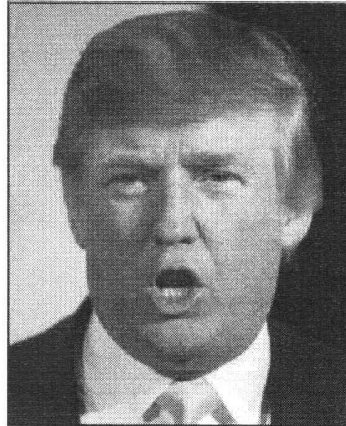
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TRUMP BRAND LOSING LUSTER?

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By Jennifer LeClaire

Even as Donald Trump battles for control of the failing casinos that bear his name, the developers of Trump International Hotel & Tower in Fort Lauderdale face a federal class action suit that claims buyers were misled about buying into the Trump brand.



Donald Trump

The Trump International Hotel & Tower sits empty and incomplete on A1A. Buyers who put down a security deposit on condo units have been put on notice: If at least 50 percent of the buyers don't close on their units the hotel won't open. If the hotel doesn't open, the owners can't move in. That means the building may lose the elite Trump insignia because of a default on the licensing agreement.

The class action suit seeks a refund of security deposits to buyers who expected to move into units long ago, units bearing the Trump brand name. A separate false advertising lawsuit was recently filed on behalf of 55 buyers.

So how does this impact the Trump brand? With Trump-named projects struggling like other South Florida condos, the Donald's properties are not immune to the economic downturn.

Chris Norton, chief strategist at Fingerprint Strategies, a real estate marketing and sales company in Denver, has a theory as to why Trump properties -- and properties that cater to similar affluent target audiences -- are hurting in this market.

Fingerprint Strategies just released research that shows consumers are split into two groups who spend differently, especially during an economic downturn: Traditionalists and members of what he calls the new economic order, or NEOs.

Traditionalists, who represent the majority of the population, are price-driven and brand-focused, whereas NEOs seek out products and services they connect with on a personal level and view as authentic, Norton said. There's nothing wrong with the Trump brand, Norton argued, but it appeals to consumers who are not currently active in the market.

"The Trump brand is what the Trump brand is," Norton said. "Donald can't suddenly become somebody else overnight to appeal to a new segment of consumers. But Trump could change its messaging to appeal to NEOs rather than just trying to get people to 'believe in the Donald'."

Norton doesn't expect traditional buyers to return to the real estate market until the economy has fully recovered -- and that could take several years. In order to sell more Trump branded properties, Norton said developers have to offer the deal of a lifetime. And local brokers say that's not likely to happen.

"The power of the Trump name is phenomenal," said Jack Studnicky, a vice president of sales at International Sales Group, an Aventura-based luxury broker that handles several Trump properties. "Of course, right now everybody is suffering."

Although most of the luxury condo developers Studnicky works with are cutting prices nearly 50 percent to move units and offering financing, he said Trump properties don't subscribe to the discounting strategy.

"If we did lower the prices, we could make more sales," Studnicky said. "But we can't destroy the integrity of the brand by lowering the pricing. The Trump name has suffered in the U.S. media, but the brand is just as strong as ever internationally. The easiest sales I've ever made were Trump brands."

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