

Websites as a Mission Critical Tool



The Essential Paradigm for
Realtors[®]



NEED: Challenges Facing Realtors

- Maintain commission levels
- Risk management
- Dealing with the Internet and the tech-savvy consumer



ANALYSIS: Using Agents

- Of home buyers, 41% are Internet buyers, 59% are traditional buyers
- In using agents to find a home, 72% of the Internet buyers did, 63% of the traditional buyers did

| | Agent yes | Agent no |
|-------------|---------------------------|------------|
| Internet | 30% +3% in 1 yr | 11% |
| Traditional | 37% -3% in 1 yr | 22% |



ANALYSIS: Finding Agents

- 79% of the Internet buyers found agents online
- 63% of the traditional buyers found agents in traditional ways (brochures, referrals)

| Found → | Online | Brochures | Referral |
|-------------|------------|------------|------------|
| Internet | 32% | | |
| Traditional | | 26% | 11% |



ANALYSIS: Time Spent Looking

- Contemplating home purchase before contacting agent
 - Internet buyer 5.8 weeks
 - Traditional buyer 2.1 weeks
- Looking for homes after contacting agent
 - Internet buyer 2.0 weeks 7.5 homes
 - Traditional buyer 6.6 weeks 15.2 homes



ANALYSIS: Communication

- Frequent communication leads to higher satisfaction with home buying
 - Internet buyers every 4.3 days
 - Traditional buyer every 6.5 days

| Method → | E-mail | Telephone | "in person" |
|-------------|------------|-------------|-------------|
| Internet | 88% | 36% | |
| Traditional | | 100% | 35% |



ANALYSIS: Buyer profile

- Homebuyer characteristics and the home purchased

| Characteristic → | First time | Median age | Median price |
|------------------|------------|------------|------------------|
| Internet | 11% | 37 | \$452,000 |
| Traditional | 6% | 43 | \$310,000 |



ANALYSIS: Impact

- Assume that an agent can support 6 house visits per week

| | Internet | Traditional |
|-----------------------------------|---------------------|--------------------|
| Concurrent buyers | 1.6 | 2.6 |
| Will require addl contacts weekly | 1.9 | 2.0 |
| Homes sold in 52 weeks | 32.5 | 20.0 |
| Value (based on median price) | \$14,690,000 | \$6,200,000 |



ANALYSIS: How Internet Buyers Use Internet

- 89% Find a real estate firm
- 87% Find a specific realtor
- 82% Preview homes
- 77% Learn about rights and obligations
- 75% Find specific homes
- 71% Home financing and down payments
- 69% Neighborhoods
- 61% Cities and areas relocating to
- 58% Loan pre-qualification



ANALYSIS: Why Internet Buyers are Better Prepared

- 71% Better understood the process
- 62% Understood what they could afford
- 59% Understood housing options
- 56% Locate best possible neighborhood
- 52% Shop for best deal



SOLUTION: Get a website

- Greatest success from prospecting (concern #1) from Internet buyers (concern #3)
- Work with more of them, but for a shorter period with each (concern #1)
- Sell more homes each at a greater value (concern #1)
- Expect more customers to return when they have their next property need (concern #1)



A Website?

- Bill Cozart, CEO, Realtors Association of the Palm Beaches
 - *"I now have a better understanding of how to use the Internet and other technologies to communicate with members, to market the Association's programs and activities and to provide better service to our members. Most of all I have a deeper appreciation of the importance of real estate practitioners becoming Internet proficient if they are to survive and prosper in this new environment."*



A Website?

- Mark Gibbs, *Real Estate* magazine, July 2002
 - *"You absolutely need to have a Web site! All the statistics show that the Web is an ideal medium for REALTORS and their clients. That's where the majority of California's Web buyers find their REALTORS."*



A Website?

- Michael Cohn, *Internet World Magazine*, November 2002
 - *“Real estate agents need to respond as soon as possible when a buyer or seller has an urgent question, or the business can go to another agent.”*



Characteristics of the Mission Critical Website

- Professional appearance
- Consumers must be able to search for properties
- Consumers must be able to contact agent
- Consumers must stay on the website as long as possible ("sticky") with content
- Consumers must have reasons to return to the website via content



Next Steps

- Many choices of quality providers – premium vs template; high cost vs low
- Make a choice - do something!
- Put your website address on your business card