

Strategies for Effectively Operating Your Largest Real Estate Office: Your Web Site

Leveraging real estate content and data to maximize online customer acquisition and retention

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A white paper contributed by Trulia, Inc.

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FOREWORD

Trulia has interviewed and consolidated the feedback of dozens of leading real estate brokerage firms to prepare this white paper. In the following pages, we discuss winning strategies for operating a virtual real estate office—namely your Web site—which will certainly become your largest and most important future place of doing business with consumers.

We will:

1. Explain the importance of your virtual office, and how the availability of and access to data and changing consumer behavior will affect your business.
2. Focus on how to creatively leverage your own content, such as real estate listings through syndication, to maximize the results of your online customer acquisition efforts.
3. Explain how you can provide consumers interesting content on your own Web site to maximize user retention by leveraging content from third-party online sources.

In an effort to educate the real estate brokerage industry about search and innovative marketing strategies online, Trulia respectfully submits this white paper for your review and use. Trulia is committed to the ongoing publication of white papers to enhance the advertising and marketing opportunities for brokers and agents in today's fast-changing market.

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EXECUTIVE SUMMARY

Importance of Internet to Your Business

- Thanks to the often-quoted statistics related to consumer behavior in residential real estate –“77%”, “24” and “69”¹—practically no one underestimates the impact of the Internet on a broker’s business anymore.
- Your office with the address end in “.com” has already become the most-visited of all your offices. You should ensure that your best office is staffed with the best people, and that it receives your full attention and resources.
- Employing new online marketing strategies and lead conversion tactics is critical to getting customers through the door and keeping them coming back.
- Cultivating prospects to closed transactions can take several months, so leveraging your automated online office and content is a must for your business success and agent productivity.

Impact of Increased Availability of Real Estate Data and Content

- The value chain of servicing real estate customers typically includes marketing the home and acquiring consumers, in addition to providing access to product, expert advice and transactional services.
- The widespread availability of digitized real estate data and content has opened this previously industry-controlled value chain to new companies and business models.
- Given that data distribution costs on the Internet are low and the new online consumer is hungry for information, brokers should now be focusing on how to efficiently leverage all their data for maximum business benefit rather than limit consumer access to information.
- The wide distribution of massive amounts of raw data has just begun, and the pace will only accelerate: the next challenge is to offer home buyers and sellers meaningful tools that help them navigate the home purchase or sale process with a real estate professional.
- Brokers should carefully evaluate their data acquisition strategy in the midst of all these changes.

¹ National Association of REALTORS® 2006 Survey

About Acquiring Customers Online

- Typical paid online customer acquisition is focused on paid advertising using search engines, listing portals, various media sites and lead generation companies.
- Brokers should pay more attention to their online product/content syndication and acquisition strategies; leveraging real estate data offers an attractive customer acquisition opportunity.
- In competitive markets the cost of data goes towards marginal cost, so you may not want to buy basic content, but rather, leverage data and its presentation abilities from others. Selectively syndicating your own proprietary content out to others might be the most cost-efficient customer acquisition option ever.

About Keeping Customers at Your Online Office

- Getting customers to your doorstep is only the beginning: here is your opportunity to engage the consumer in a dialogue that leads to a solid customer relationship and eventually a closed transaction.
- A lead form at the front page of your Web site isn't enough in today's marketplace: you need to offer consumers instant gratification and reasons to come back to your site. Look at creative ways to present information and incent consumers to interact with you on an ongoing basis.
- Information access and transparency can make you more productive and keep customers coming back. Even if the opposite strategy worked offline, the nature of online users necessitates that you reconsider this approach.
- Leverage your own and other people's real estate data to minimize your costs.

What You Should Remember After Reading

- If you are a CEO/Principal: The Web is not just your Web site; it is your largest real estate office, and it should receive the attention it deserves: talent, resources, and your time.
- If you are a Marketing Executive: Forget the Super Bowl ads. Paid Internet advertising works and you can measure its success; but consider spending time on your product, content acquisition and syndication strategies, too.
- If you are a Technology Executive: Reevaluate your content acquisition strategies. Paying for all the digitized raw data may not be the best decision when the cost of data is going down and the focus should be on visual presentation and the "so what" value proposition.

THE IMPORTANCE OF YOUR LARGEST REAL ESTATE OFFICE

Chapter Summary:

- Thanks to the often-quoted statistics related to consumer behavior in residential real estate —“77%”, “24”² and “69”³ —practically no one underestimates the impact of the Internet on a broker’s business anymore.
- Your office with the address ending in “.com” has already become the most-visited of all your offices. You should ensure that your best office is staffed with the best people, and that it receives your full attention and resources.
- Employing new online marketing strategies and lead conversion tactics is critical to getting customers through the door and keeping them coming back.
- Cultivating prospects to closed transactions can take several months, so leveraging your automated online office and content is a must for your business success and agent productivity.

In addition to the total advertising dollars spent by the real estate industry, the numbers 77 percent, 24 percent and 69 percent have been the most-quoted “online real estate” statistics during the past 12 months. These figures detail: percentage of home buyers searching online, percentage of home buyers who found online the home they actually purchased, and percentage of Internet consumers who interviewed only one agent in their home purchase process, respectively. The other significant statistic cited by many industry experts continues to be the disconnect between distribution of advertising dollars (i.e., mostly offline) and where consumers are searching (i.e., mostly online).

A less frequently showcased statistic is the disconnect between overall resource allocation of online versus offline operations, including human resources and management bandwidth. The question is: how serious are you about your company’s online customer acquisition? The staffing of your e-commerce or technology department with the best people and your careful evaluation of partnership opportunities with online companies is mandatory to building your biggest real estate office. This virtual office is open seven days a week, 24 hours a day, and is visited by tens of thousands—if not millions—of consumers each month. If it is managed by a budget-restricted, mid-level manager with limited decision-making authority, how is your company positioned to grow its online presence, i.e., succeed in the real estate business given “77-24-69” facts?

² National Association of REALTORS® 2006 Survey

³ California Association of REALTORS® 2006 Internet Vs. Traditional Buyer Real Estate Research Report

The online real estate office is representative of both your corporate positioning and your sales office—and it is now visited by the majority of your prospective and existing customers, potential new agents and even possible investors. However, attracting and retaining your customers at your online office is just the beginning. Your online office is also a highly productive customer management tool where prospects and existing customers interact on a continual basis. If one presumes that the average home sale cycle ranges from 6-18 months, the only way to cost-efficiently capitalize on these online consumers for such an extended time frame is to apply technologies such as interactive Web site tools populated with fresh, relevant content, evaluate and segment prospects and maintain an ongoing dialogue and relationship until the transaction is closed—with minimum manual effort.

Underscoring the value of a robust online strategy in real estate is the fact that the market is evolving at a record pace. New entrants are entering the industry almost daily—powered by the potential of the Internet. These new entrants are utilizing new technologies and have open access to massive amounts of information. Brokers and agents alike are now faced with an abundance of new opportunity and competitive threats.

Perhaps most important now is to understand this evolution and that such *technology will never replace brokers but - believe it - brokers with technology will replace brokers.*⁴

AVAILABILITY OF REAL ESTATE DATA

Chapter Summary:

- The value chain of servicing real estate customers typically includes marketing the home and acquiring consumers, in addition to providing access to product, expert advice and transactional services.
- The widespread availability of digitized real estate data and content has opened this previously industry-controlled value chain to new companies and business models.
- Given that data distribution costs on the Internet are low and the new online consumer is hungry for information, brokers should now be focusing on how to efficiently leverage all their data for maximum business benefit rather than limit consumer access to information.
- Brokers should carefully evaluate their data acquisition strategy in the midst of all these changes.

⁴ Adapted from a quote given by Burke Smith, Prudential California Realty, at the “Vertical Search Masters Class,” Inman Real Estate Connect SF Conference, San Francisco, July 2006

The residential real estate value chain consists of roughly four steps, as illustrated in Figure 1 below:

1. Marketing/customer acquisition
2. Access to product
3. Expert advice
4. Transaction-related services.

The emergence of the Internet triggered a shift in marketing strategy as agents and brokers began to create and publish Web sites designed to promote themselves and acquire customers online. Next, it became possible to provide online “access to product” or simply “access to for sale listings” through the creation of IDX and VOW data feeds and direct data feeds from the MLS. This change was motivated by a mixture of evolving consumer behavior and real estate professionals’ interest in less expensive means to market real estate, coupled with a more efficient solution to provide enhanced brokerage services.

Figure 1. Simplified residential real estate value chain until a few years ago.



The consistent changes that have taken place within the “Marketing” and “Access to Product” categories is *easier, more transparent access to real estate data by consumers*. Real estate professionals benefit from both changes in terms of lower customer acquisition costs and increased productivity (e.g., printing and mailing newspapers and magazines versus letting consumers search listings online 24x7).

The current trend toward transparency and open access to data—and the resulting debate about such open access—is now gradually affecting the expert advice portion of the real estate value chain. Traditionally, some real estate professionals have viewed property data protection as a method of justifying the “expert advice” they provide clients, much in the same way that access to listings—or lack of it—has in the past been believed to be necessary to ensure consumers make contact with a real estate agent. Recent articles such as “Real estate’s Net turf war”⁵ suggest the protective sentiments of some industry participants. However, past history through decades of human communication has proven that information which is not deemed confidential or proprietary will eventually become publicly available. If you don’t agree with this premise, then consider the following select facts:

- Search Google for “home valuation” and get 1,510,000 search results. Free, instant, automated valuations (or price predictions) are available through a handful of real estate sites, such as RealEstateABC.com, Reply.com, HomeGain.com and Zillow.com.
- Sales comparables from public records, sometimes and sometimes even from the MLS, are available online through dozens of free Web sites—from broker sites to hobbyist sites to lead generation services.
- For sale property listings are available through tens of thousands of sites, some more accurate than others.
- School data and other neighborhood data are available through practically every large broker site.

The two strategic options brokers have selected are:

1. Protect and hide my real estate data because my services will somehow be devalued by consumers as they access more data themselves.
2. Enable consumer access to real estate data and find ways to leverage this access to maximize my own business, e.g., allow me to provide more quality advice to educated consumers and be more productive and efficient in servicing customers while increasing the volume of consumers with whom I can do business.

Option one is a non-option. If it holds true that a professional adds no value, a devaluation would happen regardless of efforts to “hide” data that is not completely confidential or proprietary.

It is clear that option two is the option brokers and agents should support. In the end, access to more data will inevitably be made available to the consumer, and there is little that can be done to change this fact. A true professional service provider will always be valued as the “expert advisor,” particularly when he or she is facilitating easy access to more information. The fact is that home purchase decisions are not simple; the entire process requires complex judgment and the presentation of subjective variables that cannot be effectively delivered through machines or technology only.

⁵ “Real estate’s Net turf war,” CNET News.com, July 28, 2006; http://news.com.com/Real+estates+Net+turf+war/2100-1038_3-6099762.html

Consider the health care and legal professions: Well-read, educated patients ask more sophisticated questions from doctors, but are not likely to decide to treat themselves at home. Similarly, lawyers commonly have more in-depth and valued discussions about the law with clients who understand at least the basics of legal issues at hand. Simply put, public access to non-proprietary “industry” information will not devalue professional service providers; access to more information can in fact assist service providers in being more productive and better able to serve more customers with less effort, and in less time.

Apply this same philosophy to real estate: technology and open access to data will not replace the value of a real estate professional. The only risk that a real estate professional faces is being replaced by a colleague who endorses open access to information when you do not.

So how should a real estate professional view data acquisition and syndication?

As illustrated in Table 1 below, real estate listings are not the only type of data real estate professionals should take into consideration. Given that there are millions of information-hungry consumers to satisfy, the acquisition and distribution of raw data has only just begun. The good news is that the cost of non-proprietary and non-confidential data in a competitive market goes towards its marginal cost, which is nearly zero online. This means it is now far easier for companies to acquire this raw data at low or no cost, and then transfer one’s true competitive differentiation to much higher-margin, valued-added services.

Table 1. Types of Real Estate Data (A-C) and the degree of value add/processing (1-3)

	1. Raw Data (examples)	2. Integrated/ Formatted Data (examples)	3. Analysis - So What? (examples)
A. Real Estate Transaction Data	Homes for sale Past transactions	Overlay homes for sale on a map Display comps on a map	What should I list my home for? Should I sell or hold?
B. Real Estate Property Data	Property records Tax records, etc.	Display parcels on a map Search violations	What is my home worth? Is this a risky investment?
C. Other Supporting Data	School information Local census statistics Raw map/geo data	School comparisons Color-coded maps showing safest areas Mapping platform	If I want my kids to go to the top school, where should we move in the city?

The challenge is how to format volumes of data into a presentation or user interface that makes sense and is appealing to end users. Consumers are ultimately interested in value-added content and presentation, not just the raw data packaged into a mediocre user interface. With the wide availability of data now on the Internet, the true value in the delivery of real estate brokerage services occurs in the display and analysis of data and related content.

Those brokers and agents who endorse open data access and transparency with the consumer should have a clear idea in their mind of how they would answer the following questions:

- What kind of data do I want to offer and display to my users?
- Do I have the resources to continuously package, display and analyze raw data or should I let others do that given the increased pace of innovation online?
- Where can I get this data/content? Is someone able and willing to syndicate it for my use or does it need to be purchased?
- If I get the content for free, is there a downside or cost/risk in using it?

Next, we will look at how data can be used to acquire and retain customers at your virtual office—your Web site.

GETTING CUSTOMERS TO YOUR ONLINE OFFICE

Chapter Summary:

- Typical paid online customer acquisition is focused on paid advertising using search engines, listing portals, various media sites and lead generation companies.
- Brokers should pay more attention to their online product/content syndication and acquisition strategies; leveraging real estate data offers an attractive customer acquisition opportunity.
- In competitive markets the cost of data goes towards marginal cost, so you may not want to buy basic content, but rather leverage data and its presentation abilities from others.
- Selectively syndicating your own proprietary content out to others might be the most cost-efficient customer acquisition option ever.

“I would not like any other Web site to exist. I would not like Yahoo, Google or MSN or any portal to exist. I would like my own broker site to be the destination site that consumers come to—directly. But I know this is not the reality... And therefore I promote my Web site widely and syndicate my own content to other sites as much as possible on the Internet.”⁶

While it is a nice, idealistic idea that all the roads would lead to Rome or that all the customers would find your main street real estate office without any advertising, clearly this is not the way the offline or online worlds work.

To acquire customers online, real estate professionals typically work with—or advertise at—the following types of online sites:

- Lead generation companies, e.g., Homegain, HouseValues and Reply! through which brokers or agents can buy home buyer or seller leads (i.e., not online visitors to your own site, but actual customer prospects).
- Real estate media sites, e.g., Domania, USA Today online or Zillow, which offer consumers interesting content around which real estate professionals can buy advertising such as banners.
- Listing portals, e.g., Realtor.com or New York Times Online, where you can promote your listings for a fee.
- Search engines, e.g., the horizontal ones like MSN, Google and Yahoo!, or vertical ones like Trulia, where you can receive free “organic” traffic through search results and/or pay for additional enhanced advertising.

The ultimate goal of a sound online customer acquisition strategy is to spend the least amount of advertising dollars necessary to reach the most qualified consumers through the most effective, efficient media—ensuring that this media fulfills its promises and supports the listing broker business model. The two most interesting strategies of customer acquisition outside of the typical “paid advertisements” are:

1. Superior product that generates significant word-of-mouth and PR effects.
2. Selective content syndication to drive traffic back to your Web site.

Focus on product

By providing truly useful content to your users you can differentiate yourself from the competition and give consumers a reason to refer your Web site to their friends. How much money did Amazon, eBay and Google spend on advertising versus product development in the very early days? The answer: each chose to emphasize product and product development rather than advertising and paid promotion. Some others chose the “other road”—the Super Bowl ad path—with the results we best know from the

⁶ C-level executive of a TOP 20 US brokerage firm in May 2006 about online advertising strategies.



years 2000 and 2001.

Figure 2. Power of content in traffic acquisition: online traffic comparison of two small real estate blogs (curbed.com and raincityguide.com), and a large broker, JohnLScott.com.

Note: traffic figures are from Alexa ranking, not directly from the respective site owners.

In the online Web traffic example featured in Figure 2 (left), the comparison of Web traffic⁷ between two small online blogs and a major corporate Web site illustrates the power of useful real estate content online. Raincityguide.com is a Seattle-area blog site and Curbed.com is a New York blog—both run by just a couple of individuals. JohnLScott.com is the corporate Web site and online office for one of the largest brokers in the country—with one of the best broker Web sites of all. Of the three, Curbed.com's traffic is clearly highest; Raincityguide.com's traffic is also very close to JohnLScott.com, even though Raincity-Guide.com just started a year ago and functions primarily as a Web site for blog posting and discussion.

What does this mean? With interesting content online, and a strategic focus on the product itself, you can generate significant visitors to your online office without multi-million-dollar marketing and advertising budgets—online or offline.

Now that more and more data is available on the Internet and distributed with sophisticated user interfaces, a broker should carefully evaluate its content acquisition strategy. For example, signing a multi-year contract to buy nonproprietary raw data at an expensive price tag may not be the best decision anymore. Instead, a broker should ask and act on the questions highlighted in the previous chapter about real estate data and the display and acquisition of it.

Content Syndication

If you have your own online content—such as your proprietary property listings—consider syndicating it out to other Web sites. Web syndication is a form of syndication in which a section of a site—or a small set of content—is made available for other sites to use. This can occur through a simple content license; however, more broadly, Web syndication refers to making Web feeds available from a one site to provide other people with a summary of the Web site's latest content (e.g., the latest news or forum posts). Web syndication originated with news and blog sites, but increasingly it is being used by

⁷ Based on Alexa (www.alexa.com) Web traffic measures.

marketing-savvy organizations to syndicate other types of information. Thousands of online publishers, including newspapers, commercial Web sites and blogs, now publish and syndicate their latest news headlines, product offers or blog postings in standard-format news feed online.

Syndication benefits the Web sites—or online offices—providing the information as well as the Web sites displaying it. For the receiving site, content syndication is an effective way of adding greater depth and immediacy of information to its pages, making it more attractive to users. For the transmitting site, syndication drives exposure across numerous online platforms, generating new traffic for the transmitting site and making syndication a free, easy form of advertising online. The prevalence of Web syndication is also something that online marketers are taking note of—Web surfers are increasingly wary of providing personal information for purposes of receiving marketing materials (such as signing up for a newsletter). More and more, they are expecting to have the ability to subscribe to a feed instead.⁸

Typical content that a broker or agent can easily syndicate includes content posts, such as blogging about local news or market conditions, and real estate listings. The typical options for listing syndication include direct-to-consumer as well as various search engines or portal/search sites, such as:

- RSS or similar feeds directly to your customers (consumers using your Web site)
- Google Base: accepts listings feeds across different verticals from real estate to used cars and food recipes
- Trulia Real Estate Search: accepts real estate listings feeds only, all listing search results are linked to the listing broker Web site for details
- Oodle classified listings: accepts listings feeds across different verticals similar to Google Base

As we have discussed earlier in the white paper “The Truth About Real Estate Search,”⁹ syndicating listings out to third-party sites should be done only after careful evaluation of an organization’s business model and the companies that endorses them.

When done properly, content syndication can result in a significant number of visitors to a broker or agent Web site without additional advertising costs. Regardless of the zero price tag, you should measure the performance, volume and conversion of the traffic to understand whether it is worth the other resources needed.

⁸ Web syndication definition adopted from Wikipedia: http://en.wikipedia.org/wiki/Web_syndication

⁹ Find out more information from <http://www.trulia.com/truth/>

KEEPING CUSTOMERS AT YOUR ONLINE OFFICE

Chapter Summary:

- Getting customers to your doorstep is only the beginning: here is your opportunity to engage the consumer in a dialogue that leads to a solid customer relationship and eventually a closed transaction.
- A lead form at the front page of your Web site isn't enough in today's marketplace. You need to offer consumers instant gratification and reasons to come back to your site. Look at creative ways to present information and incent consumers to interact with you on an ongoing basis.
- Information access and transparency can make you more productive and keep customers coming back. Even if the opposite strategy worked offline, the nature of online users necessitates that you reconsider this approach.
- Leverage your own and other people's real estate data to minimize your costs.

Customer acquisition to your online office doorstep is just the beginning. The next step is to offer consumers information and a user experience that (1) keeps them coming back and (2) allows them to easily register/form a business relationship with your company.

Today's online consumer has been spoiled with an overall superior user experience in other industry verticals and they are used to instant gratification. That means forcing consumers to register personal information with no immediate benefit to them is unlikely to yield positive results. Optimally, you would allow consumers to interact with your service without any hurdles or barriers and make it easy to request more information and/or register or contact an agent—at any point in the process.

Following are some recommended guidelines for leveraging real estate content online to promote your business:

- Keep content fresh and continuously updated; static information won't do.
- Everyone has property listings and news, so go beyond that.
- Talk less about yourself and your firm and focus on unbiased information that consumers are hungry to read about.
- Don't hold back: the more useful information you provide, the more you delight your consumers, and the more productive you will be when you don't need to hand-hold them through basic information needs.
- Don't force a sign-up; allow consumers to interact on your site without signing up.

- Focus on a more sophisticated display and the “so what”—raw data is or will be everywhere, so present it to consumers in a way that’s meaningful and sets you apart.
- Given that the Internet is rapidly accelerating the process and rate of change, each of your data/content delivery decisions should focus on whether you should build, buy or borrow to keep pace with this change.
- Sort out the ready-to-transact and “hot” leads from the rest of your online visitors using finetuned lead forms and content; then automate most of the interaction with the early-in-the-process consumers and focus your and your agents’ time on the hot leads. We have already discussed different types of real estate data in the previous chapters, but examples of free real estate content and tools available on the Internet include:
 - www.inman.com—Free industry news through a feed
 - www.trulia.com/truliamap—Free mapping interface for your Web site displaying your property listings
 - www.bankrate.com/brm/rss/entrypage1.asp—Free mortgage rates and news
 - Almost all real estate blogs—include free blog feeds for content from those blogs

ONE TAKE-AWAY FOR EACH

If you are a CEO/Principal:

The Web is not just your Web site; it is your largest real estate office and it should have the attention it deserves: talent, resources and your time.

If you are a Marketing Executive:

Forget the Super Bowl ads. Paid Internet advertising works and you can measure its success; but consider spending time on your product, content acquisition and syndication strategies, too.

If you are a Technology Executive:

Reevaluate your content acquisition strategies. Paying for all the digitized raw data may not be the best decision when the cost of data is going down and the focus should be on visual presentation and the “so what” value proposition.

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