

MARKETING HABITS OF SUCCESSFUL REAL ESTATE AGENTS & BROKERAGES



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|| A MAN WHO STOPS ADVERTISING TO SAVE MONEY
IS LIKE A MAN WHO STOPS A CLOCK TO SAVE TIME **||**

- Henry Ford

OVERVIEW

The intent of this report is to identify and analyze which marketing mediums the most successful real estate agents and brokerages are currently using. With the abundance of real estate marketing tools and resources available, it is often a struggle to accurately identify where one should dedicate marketing dollars. To better understand the spending habits of top brokerages and agents and to accurately identify the most valuable marketing mediums in real estate, REAL Trends conducted a nationwide broker and agent survey targeting the top performing U.S. brokerages and agents. The survey generated a phenomenal response that attributed to a substantial amount of valuable data collected.

The objective post-collection was to analyze the data and discover conclusions and correlations regarding the use of specific categories of marketing tools, the subjective value and overall cost of the tools, and the ability to identify and track those tools as lead sources. From this analysis, identifiable steps are outlined on how brokerages and agents may improve the use of their marketing dollars, and, as a result, increase their ability to track leads and conversion rates.

SOME FINDINGS OF THE SURVEY INCLUDE:

- The most successful agents and brokerages use a combination of print and digital marketing.
- Direct mail marketing resulted in effectiveness rates above 65 percent.
- Newspaper/magazine advertisements were the most expensive monthly cost for brokerages while also being voted the least effective marketing tool by brokerages.
- Brokerages struggle to identify lead sources and track conversion rates. Only 61 percent of the brokerage respondents could track leads by source.
- Print marketing has proven to be an effective marketing source for tracking leads.

This report will highlight each topic section from a brokerage perspective and then from an agent perspective, with key takeaways at the end of each topic section.

STUDY METHODOLOGY

The REAL Trends Marketing Sources Survey was conducted in the 4th quarter of 2014. An e-questionnaire was sent to 1,600 real estate brokerage companies in the REAL Trends 500 and Up-and-Comers report. The brokerages returned 126 surveys. We also targeted an agent audience of over 9,000 top performing U.S. real estate agents that have been nationally ranked in the REAL Trends The Thousand, as advertised in The Wall Street Journal and REAL Trends America's Best ranking reports. Agents returned 435 surveys. No incentives were given to survey participants. We consider this a significant and reliable data sample size.

THE MOST POPULAR MARKETING CHANNELS

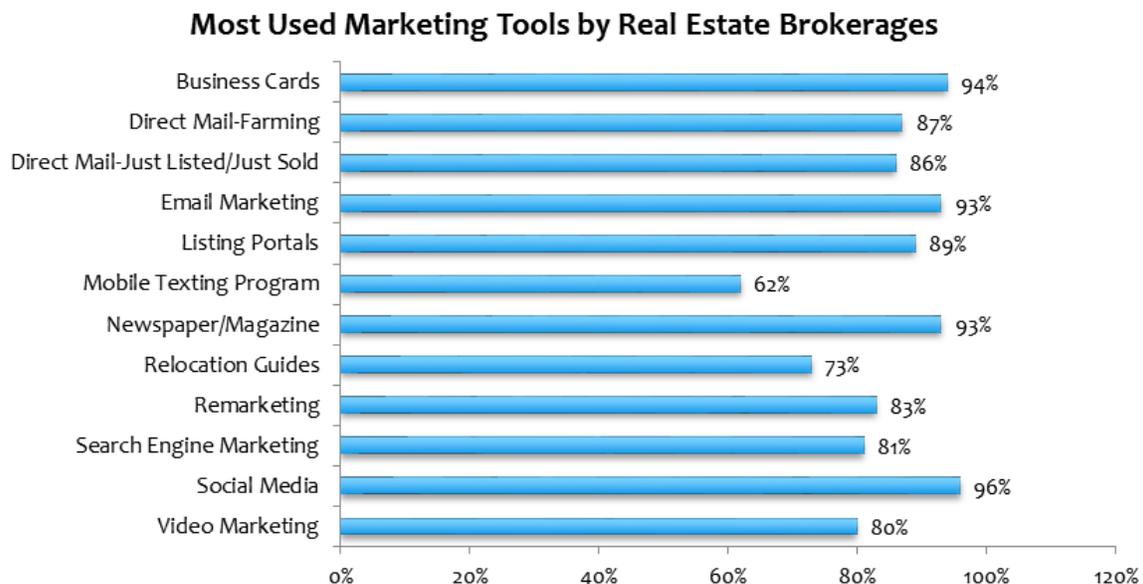
Marketing is an integral part of any successful business model. Real estate brokerages and agents across the nation consciously or subconsciously commit to spending a certain amount of marketing dollars each year. The list of marketing avenues in real estate is seemingly endless, with: listing portals, newspapers, Adwords, and the list goes on. For the purpose of this study, the focus is on the twelve identified common types of marketing categories below.

1. Business Cards
2. Direct Mail–Farming
3. Direct Mail–Just Listed/Just Sold
4. Email Marketing
5. Listing Portals
6. Mobile Marketing
7. Newspaper/Magazine
8. Relocation Guides
9. Remarketing (targeting individuals that visited your site or app)
10. Search Engine Marketing (i.e. Google Adwords)
11. Social Media
12. Video Marketing

The first objective of this study is to determine which marketing resources real estate brokerages and top performing real estate agents are using and to identify the effectiveness of these marketing efforts.

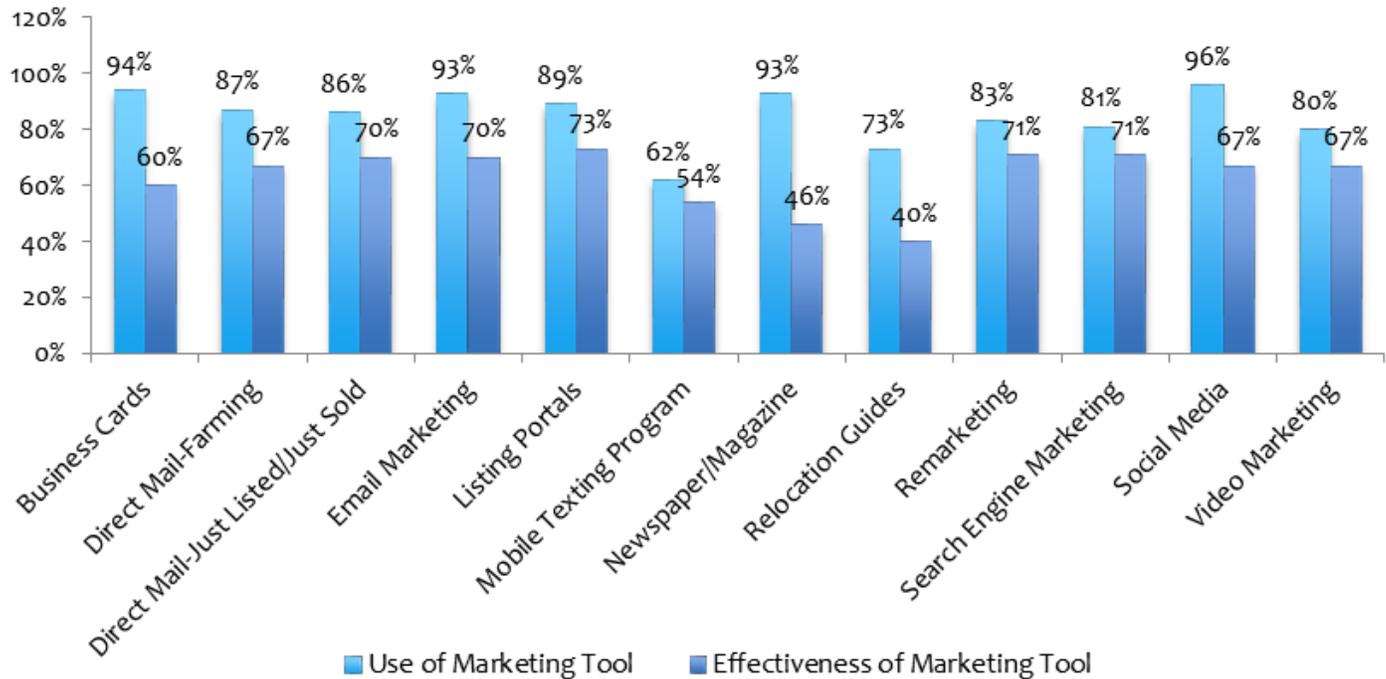
POPULAR MARKETING RESOURCES FOR BROKERAGES

Real estate brokerages across the nation ranked social media, business cards, and email marketing as their most used marketing tools. The marketing tools least used by real estate brokerages are mobile texting programs, relocation guides, and video marketing.



Brokerages ranked listing portals, search engine marketing and remarketing as the top three effective marketing tools. The marketing tools voted the least effective were relocation guides, newspapers/magazines texting programs.

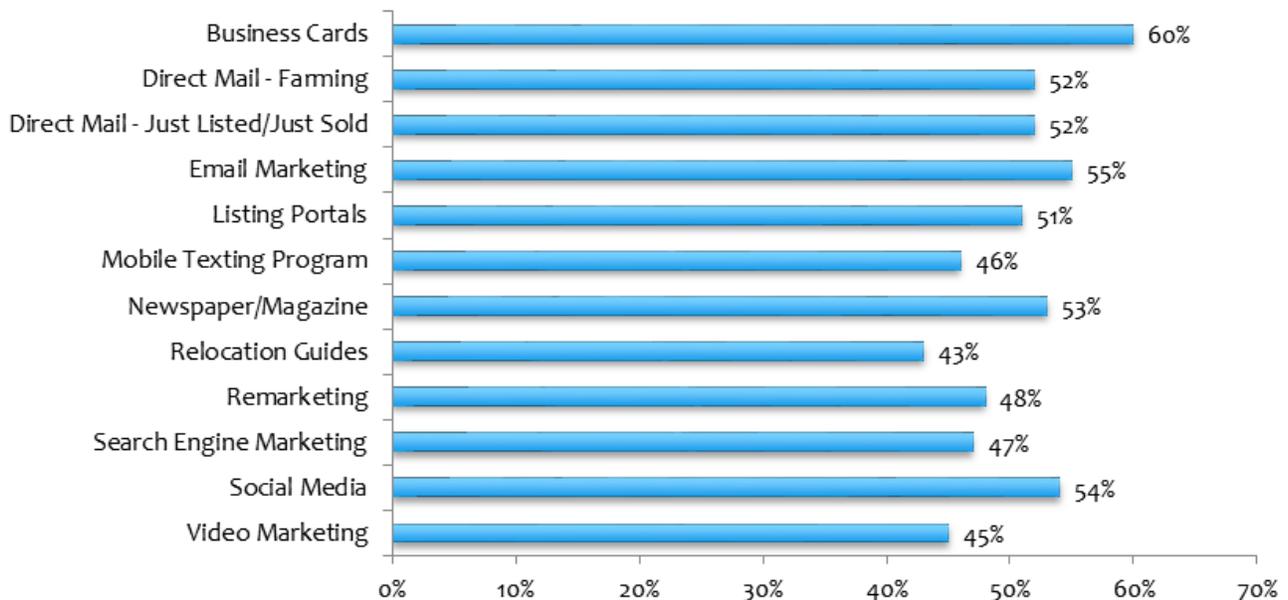
Use vs Effectiveness of Marketing Tool - Brokerage



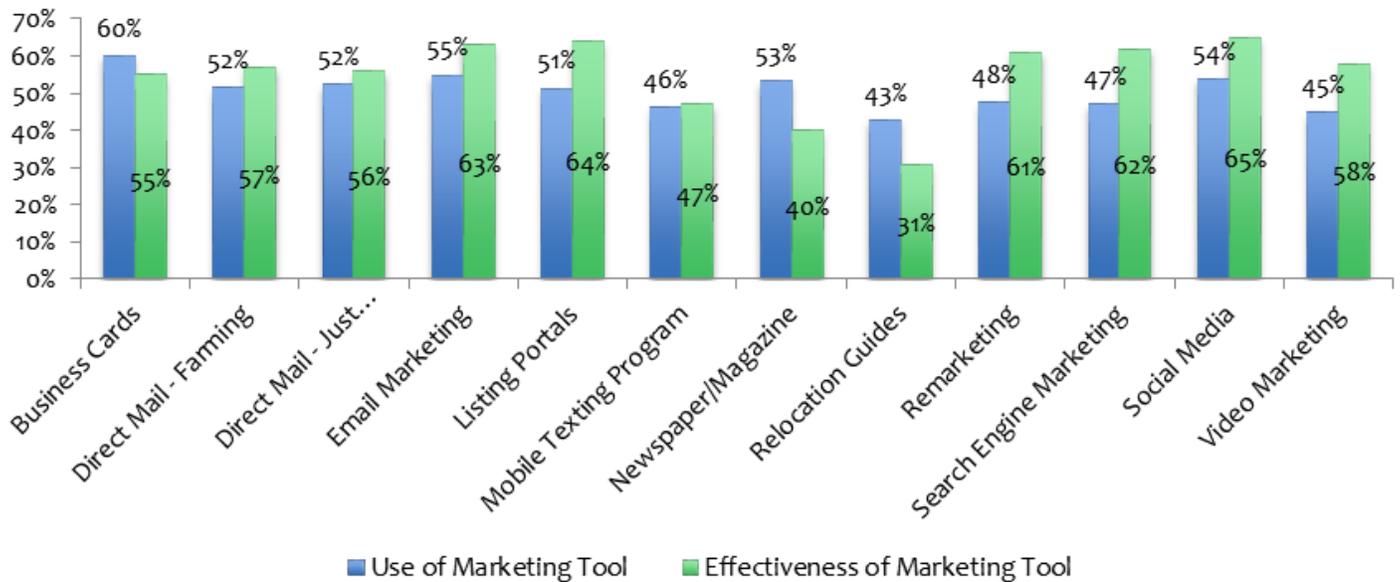
POPULAR MARKETING RESOURCES FOR AGENTS

Out of the marketing tools categorized in the survey, the resources used most frequently by top performing U.S. real estate agents were business cards, email marketing, and social media. The least-used tools were relocation guides, video marketing, and mobile texting programs.

Most Used Marketing Tools by Real Estate Agents



Use vs Effectiveness of Marketing Tool - Agent



In terms of value, real estate agents ranked newspaper/magazine advertising and relocation guides as the least effective marketing resources. Similar to real estate brokerages, agents categorized social media, listing portals and search engine marketing as the most effective.

KEY TAKEAWAYS

In analyzing the data, it is clear that real estate brokerages and agents leverage a collection of print and digital marketing resources. Brokerages and agents both selected social media, business cards, and email marketing as their most effective marketing tools. Similarly, both groups indicated relocation guides, newspapers/magazines, and mobile texting programs as their least-used tools.

With effectiveness rates above 65 percent, it is easy to see why, in today's digital age, brokerages still incorporate direct mail postcards and direct mail farming into their marketing strategy. The anomaly to this logic is that brokerages continue to use newspaper and magazine advertisements with an effectiveness rate below 50 percent.

MONTHLY SPEND ON MARKETING TOOLS

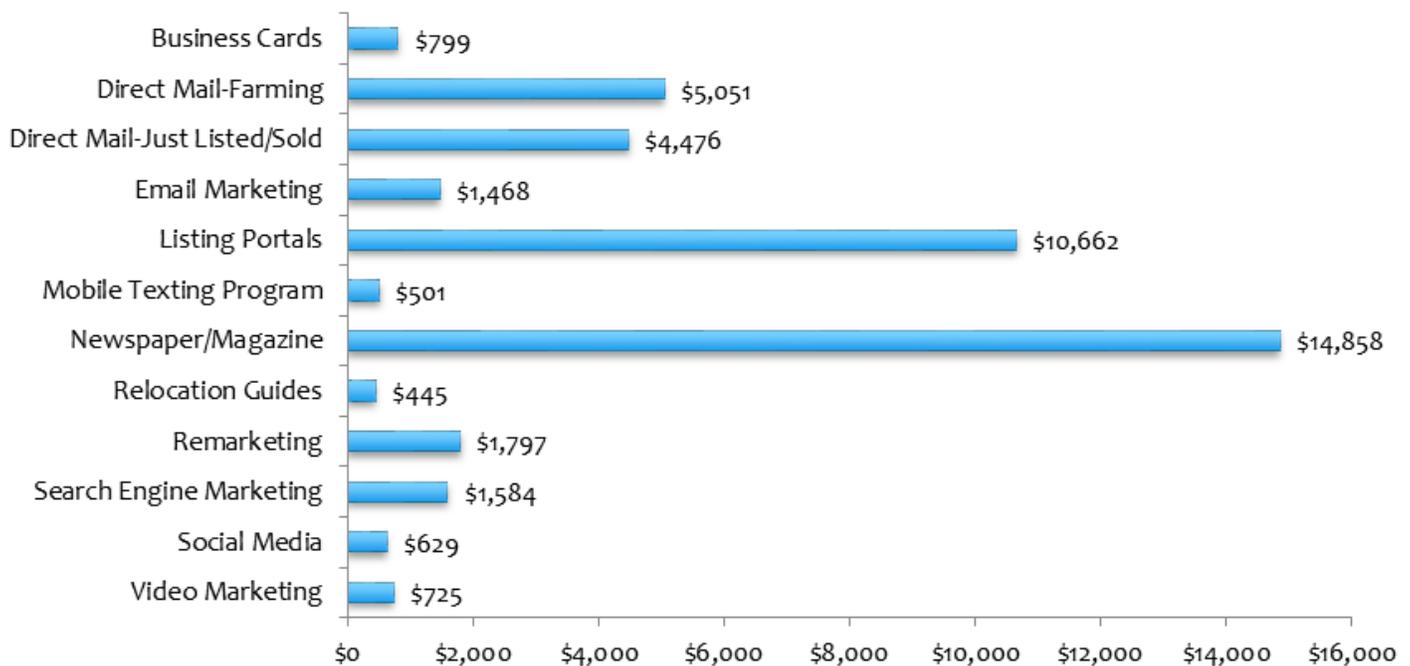
Not every marketing tool is created the same, and the cost of common marketing tools previously mentioned varies considerably. The next goal of the study is to determine the amount of money brokerages and agents are spending on marketing resources on a monthly basis.

REAL ESTATE BROKERAGE MONTHLY MARKETING SPEND

With a brokerage response rate of 73 percent to the question “What is the total monthly spend you allocate towards these [marketing] sources?” an average monthly spend was identified for each marketing category.

Not only are newspaper/magazine advertisements the most expensive average monthly cost for a real estate brokerage, but also they were voted the least effective marketing tool by real estate brokerages. It is important to consider why real estate brokerages continue to spend the most money on a marketing source they deem to be the least effective.

Real Estate Brokerages Monthly Marketing Expenses



The second-highest monthly marketing expenditure for real estate brokerages is on listing portals. Unlike newspaper/magazine advertising, real estate brokerages ranked listing portals as their most effective marketing tool with a rating of 73 percent.

The third- and fourth-highest monthly marketing expenditures for brokerages are direct mail farming and direct mail postcards. Similar to listing portals, both of these marketing tools are valued as being effective with ratings of 67 percent and 70 percent, respectively.

REAL ESTATE AGENT MONTHLY MARKETING SPEND

Real estate agents allocate a significant portion of their monthly budget to marketing. With an agent response rate

of 47 percent to the question “What is the total monthly spend you allocate towards these [marketing] sources?” an average monthly spend was identified for each marketing category.

Real estate agents’ highest average monthly spends are found in search engine marketing, listing portals, and direct mail, in the form of Just Listed/Just Sold postcards and other pieces used for farming. An additional area where significant marketing dollars are invested is in newspaper/magazine advertisements. Now, more than ever, real estate professionals are challenged to maintain a strong local presence through both print and digital marketing.



KEY TAKEAWAYS

In the last decade, the shift from print-based marketing to digital marketing was evident. Agents can now email property brochures, share an open house event on social media and enhance their listings on listing portal sites, such as Zillow, Trulia, Homes.com or Realtor.com. Similarly, brokerages now can advertise their property offerings far beyond their local MLSs. Brokerages, by using remarketing advertisements, can now brand themselves as the preferred real estate company long before consumers make the decision to buy or sell.

This does not mean that agents or brokerages are cutting ties with print-based marketing. When it comes to where real estate brokerages and agents are investing their marketing dollars, there wasn't a clear winner between print and digital tools. This would suggest that, among top performing real estate brokerages and agents, it is vital to incorporate a combination of print and digital marketing strategies to be successful.

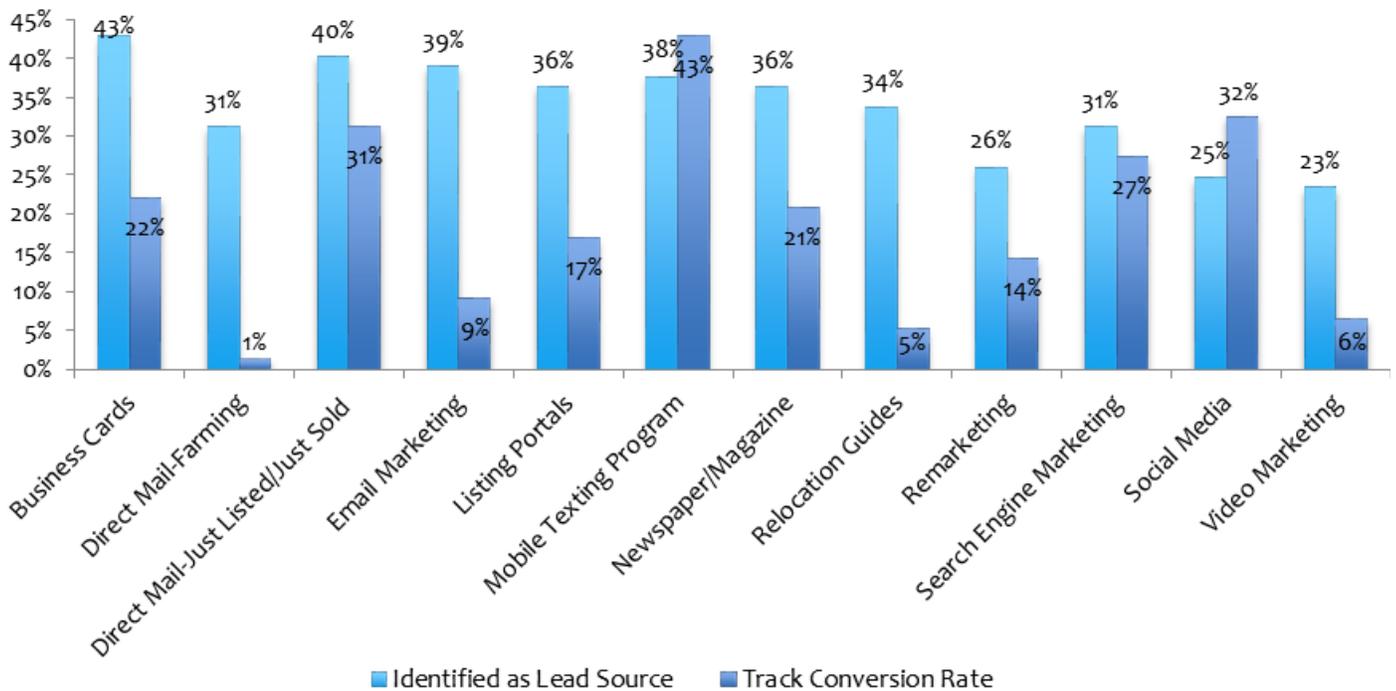
Calculated from the average monthly spend on marketing materials by real estate agents, 48 percent is spent on print marketing and 52 percent is spent on digital marketing. In terms of real estate brokerages, they are still heavier on the print side, with 60 percent of the average monthly spend on marketing materials allocated towards print marketing and 40 percent towards digital marketing.

TRACKING MARKETING LEAD SOURCES & CONVERSION RATES

Investing money in marketing sources is an integral part of doing business and is usually perceived as beneficial if there is a measurable return on the investment. When surveying identifiable marketing lead sources and conversion rates, the survey’s participants had minimal benchmarks in place to track where leads came from and had limited knowledge of which marketing efforts resulted in the highest conversion rates.

BROKERAGE LEAD SOURCES AND CONVERSION RATES

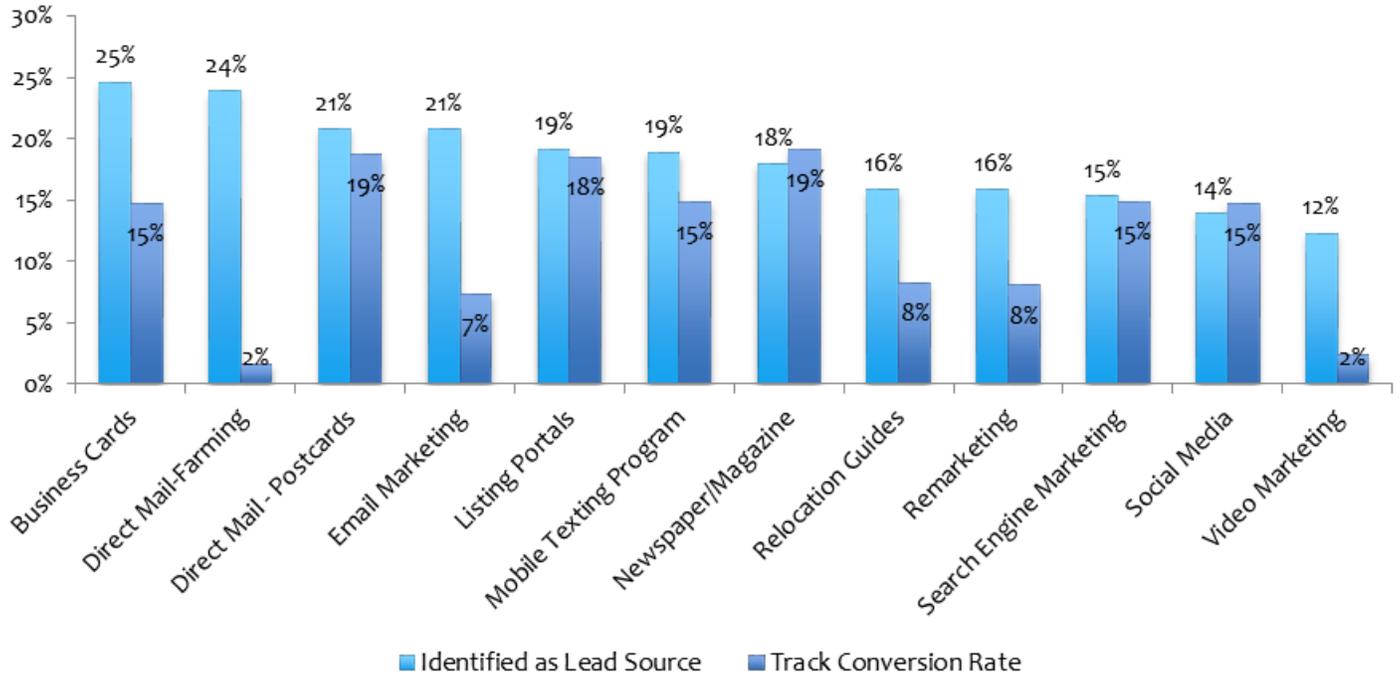
The most identified marketing lead source for 43 percent of real estate brokerages is social media. Even as the most identified source, only 22 percent of brokerages can track the conversion rates from that source. The second most identifiable source for leads is email marketing, with a confirmed track of conversion rates at 31 percent.



Brokerages highest success in tracking conversion rates (43 percent) was found using listing portals, which was the fourth most identifiable source for leads. The second-highest source for tracking conversion rates was remarketing at 32 percent.

REAL ESTATE AGENT LEAD SOURCES AND CONVERSION RATES

The most identified marketing lead source for 25 percent of real estate agents surveyed was social media. As the most identified lead source, only 15 percent of agents were able to successfully to track the conversion rate of those leads. Agents’ had the most success tracking conversion rates when using direct mail (farming & Just Listed/Just Sold) and email marketing.



In contrast to real estate brokerages, real estate agents had a surprisingly difficult time tracking conversion rates for digital marketing tools, such as listing portals, search engine marketing and remarketing.

KEY TAKEAWAYS

It is good to know where your leads come from, but the key is to know which lead source gives you the best conversion rate. Some conversion rates are difficult to track, for instance, business cards. However, agents expressed the ability to track conversion rates for direct mail pieces that rivaled tracking for digital marketing tools, such as search engine marketing and email marketing.

There is a disconnect between identifiable lead sources and the ability to track those leads for real estate brokerages and agents. Of the brokerages surveyed, only 61 percent answered the survey question regarding identifying lead sources and tracking conversion rates. Agent response for the same question was at only 56 percent.

Without a better understanding of where leads come from and how they move through the pipeline, it will remain a challenge for real estate agents and brokers to know if they are investing their marketing dollars in the right resources.

WAYS TO IMPROVE MARKETING EFFECTIVENESS

Improving marketing effectiveness is not a one-size-fits-all solution. In order to determine where and how many of your marketing dollars need to be spent, you must assess your marketing systems, create a revised marketing budget, implement a measurable marketing plan and enlist marketing support, if needed.

ASSESS YOUR MARKETING SYSTEMS

Whether you are a brokerage or an agent, step back and review the marketing systems you have in place. Then ask yourself, “Are these marketing tools working for me?” More simply put, what do you get out of the marketing tools that you are using?

If you are a real estate brokerage, is newspaper advertising the correct place in which to invest your marketing efforts? If you are a real estate agent, do you invest in listing portals and continue to farm and communicate with your sphere via direct mail?

Those questions can only be answered if you can determine why it is that you market the way you currently market. Do you do it because your competitors do it? Do you do it for local brand recognition? Do you do it because that is the way you have always done it? Knowing the answers to these questions is critical to moving your marketing plan forward.

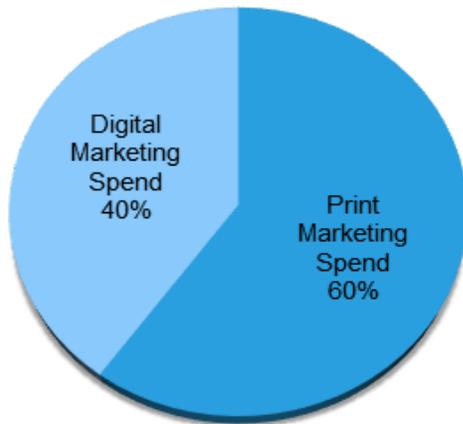
Once you acknowledge the benefits and drawbacks of your current system, you can make the necessary strategy adjustments. What’s more, you can be at ease knowing that you are using the systems that work best for your business, and stop worrying about what the competition is doing.

CREATE A MARKETING BUDGET

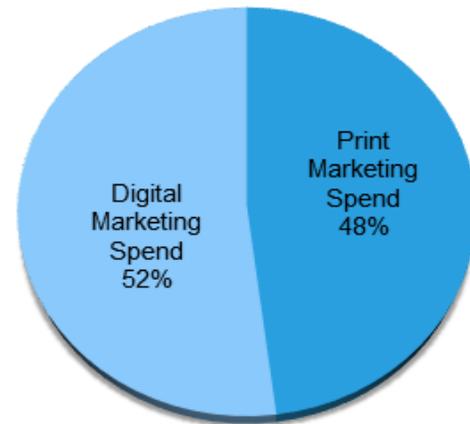
Now that you have a better idea of where to put your marketing efforts, you can determine how much of your marketing budget to allocate to your worthwhile activities. It is much easier to determine a budget once you know how much your preferred systems cost.

If you have successful remarketing campaign, it may be worthwhile to bump up your monthly spend by \$100. If you see success from the videos that you create, you could post one or two more videos each month. If your sphere enjoys receiving your monthly newsletter, consider sharing that same newsletter with your entire farm.

Real Estate Brokerages Monthly Marketing Spend



Real Estate Agents Monthly Marketing Spend



Whichever combination of marketing efforts works best for you, focus your marketing dollars there and stick to your budget. Keep in mind that a budget close to a 50/50 split between digital and print marketing was found to be most effective for brokerages and agents.

IMPLEMENT A MEASURABLE MARKETING PLAN

Now that you have your marketing systems in place, you need to track their effectiveness. The best way to review the success of your marketing efforts, three, six or 12 months from now, is to identify and track from where your leads come.

If you are using direct mail postcards or farming materials, create an identifiable call to action using a custom website URL or a direct phone number to track your leads. If you are using a mobile marketing campaign, review Google Analytics to see which ads are giving you the most clicks.

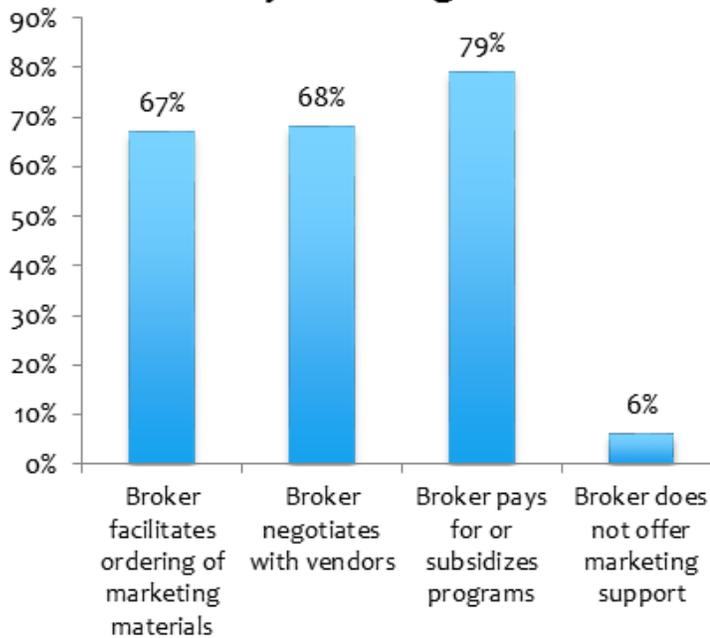
Make sure you find a way to track your leads. Investing the time, energy and money in this now will pay off in the months and years ahead.

ENLIST MARKETING SUPPORT

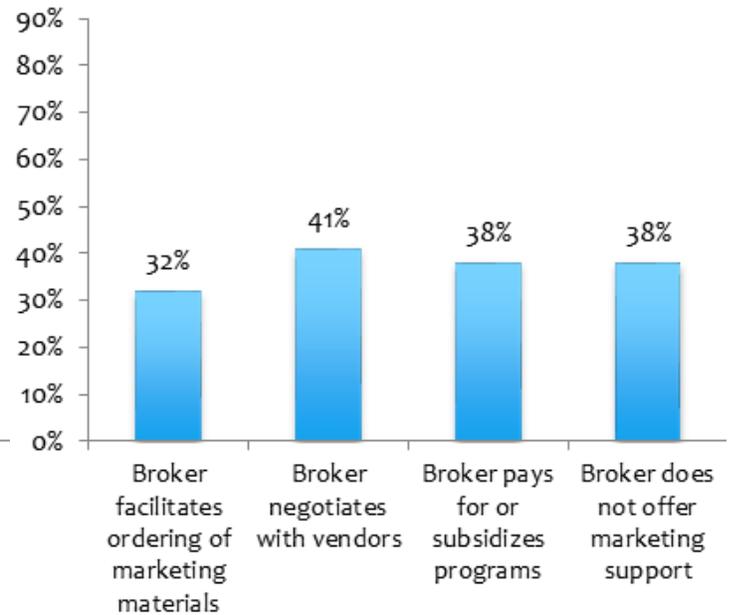
If running your marketing campaigns or tracking your conversion rates prevents you from your daily selling activities, then delegate the task to someone else. This does not mean that you should hire a marketing firm or an assistant. When it comes to finding support for your marketing activities, the possibilities are endless.

As a real estate agent, take advantage of the resources provided to you by your broker. As a brokerage, consider the benefits of a marketing department or vendor relationship that will service the needs of your brokerage and agents. For agents, if your brokerage does not currently offer support, consider sharing the expense of an assistant or part-time marketing person with other sales associates in your office.

Marketing Support Offered by Brokerages



Marketing Support Received by Agents



Don't let the lack of support deter your marketing plan, even if that means adding the cost of support into your marketing budget. Consistent and clear marketing to your audience is worth every penny.

KEY TAKEAWAYS

The ability to look at your marketing strategy as a whole will provide insights in regards to which marketing systems are producing a return on investment. Once the top producing systems are identified, other systems and methods should be considered for refinement or retirement.

Proceeding with a refined list of marketing tools will allow you to allocate your marketing budget to resources that have already proven as being affective marketing channels. In addition to a budget, another major component of your marketing plan should be support. Support is critical to ensure marketing efforts are not done in vein. A dedicated support person or team will ensure that each marketing channel that is part of the scheduled budget is performing at its maximum potential.

CONCLUSIONS

The findings of this report produced valid and conclusive information regarding how top performing brokerages and agents use popular marketing channels. One can conclude that brokerages and agents should analyze their current marketing tools and consider more effective ways to spend marketing dollars. The implementation of the most effective lead sources should be considered. Eliminate those that are not effective. Brokerages and agents should also consider using a multi-channel marketing approach, including both digital and print marketing strategies. Our findings support that the most successful brokerages and agents use a combination of digital and print options in their marketing efforts.

ABOUT REAL TRENDS

Since 1987, REAL Trends has been the trusted source for news, analysis, trends and information about the residential brokerage industry. REAL Trends is a privately held publishing, communications and consulting company based in Castle Pines, Colorado. Residential real estate leaders look to REAL Trends for timely and trusted information and analysis through our monthly newsletters, such as TechTouch, conferences, and publications.

In addition to research studies, REAL Trends is a leading provider of high-level business consulting services to the residential real estate industry. We provide a wide range of advisory services to local, regional and national real estate organizations. Our areas of expertise include operational analysis, valuations, merger and acquisition advisory services, real estate industry technology consulting, as well as consumer and business research and strategic planning.

For more information, contact REAL Trends at 303-741-1000, email us at RealTrends@RealTrends.com or visit www.realtrends.com

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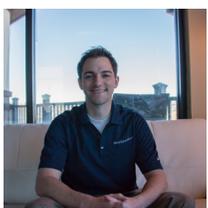
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