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Online Marketing Tools

Rules for real estate marketers

- Know thy acquisition cost
- Be channel indifferent
- Save yourself first



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Tech No Threat To Agents

Agents unsure of their own value

It is not control of the MLS

Its your sales skill dummy!

Tech can't cultivate buyer dependence or push them to borrow beyond their means.

- Agent's cycle of questions raises anxiety
- Then cultivates dependence by consumers

Are tech, bank or discounters the threat? NO!
Establishing broker value to agents is key.

Separate Sales from Lead Gen

Most consumer sectors specialize -
acquisition is delegated to media

Specialization = efficiency

Separate acquisition from selling

Agent not at economical scale for call
center, contact management, incubation.

Let agents sell. And restore broker power

Central Lead Production

Centralized acquisition lowers costs

Agents can't retain or incubate consumers

Economic scale above agent. Broker? Maybe.

If broker buys leads. Who pays? Agents!

Rebalance commissions to cover costs.

Know your acquisition price?

Be channel indifferent.

What % of agents' leads are from broker?

Integrate Online & Field

Most web leads wasted or underutilized.

98% don't register. 97% don't buy!

Few brokerages adapting to web leads

Web leads overpriced AND under valued.

LendingTree feeds HomeLoanCenter & Brokers

NewHomes online marketing feeds 300 agents

End to End - Six Steps

Attract users with compelling content

Register prospect, trap name, phone, email

Incubate monthly until ready. Forever!

Detect when prospect moves to "buy zone"

Distribute to the right agents. Quickly!

Convert high quality leads in agents hand.

Let them Eat Dough

Web leads are like dough. Not ready.

A name, not a prospect.

90 seconds to fill form = low commitment.
But don't make registration form long.

Low yield leads don't fit brokerages.

Brokers weak at incubation, filtering.
No systems, no content to stay engaged.

More Dough...

TRADITIONAL LEADS

convert at DOUBLE digits ~15%

WEB LEADS

convert at SINGLE digits ~2%

Bridge the gap.

Low conversion = burned out agents

No call back = unhappy clients

Without incubation, lead wasted.

Incubate-Managed Lead Care

National incubation **factory** (not by agent)

End to end lead management Convert 5%

Call center + analytics + email = success.

Incubation and qualification best practices.

- Standards: training, rate agents
- Cut callback: 16 to 8 hours to 30 min.
- Lead management, CRM, tracking
- Save ALL emails. Touch monthly.
- Warm call handoff.

Registration/Incubation Tools

Listings 2% register For buyers only

Comps 12% register! Buyers & owners.
"Spy on your neighbor." Upstream & downstream

Everything else is secondary:

School, weather, crime, toxic, commute

Email alerts incubate until ready. **Forever!**

Software for Profiling

- Behavioral tools mine portfolio
- Sentry detects “buy zone”
- Marketing precisely timed

OUTPUTS

	Segment?	Loan Type?	Urgency?	Talking Points
Registration				
Click-stream				
eMail response				

Tonight's Homework



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I have been watching the residential brokerage industry for over ten years. In this time, I have seen many speakers pound the table and warn Realtors of one enemy after another, all red herrings. So, why are Realtors afraid of this mythical fish? The fish has many names: technology, consumers and new entrants. These are not the real problems facing the industry. These are red herrings that won't die, that persist for years stifling innovation meanwhile, the real estate side of major brokerages is barely profitable.

There are two real industry problems that desperately need creativity, capital and new entrants:
First, building broker value (and power) in the eyes of the agent through central sourcing and management of sales leads.
Second, making the Internet a valuable channel for business through new software and business models that bridge the gap between high-volume, low-value Web leads, and the relocation department's requirement for low volume, high yield leads. Everything else is a red herring. So first let's know the enemy, the red herrings that persist.

Technology is the Enemy

What happened when Daniel Ellsberg, the Pentagon Papers and a copy machine were all in the same room? Looks... Put technology near information and that information will always leak out all over. The same is true with MLS listings. The

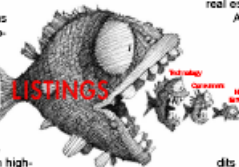
introduction of the IBM Selectric typewriter was the first crack in the dam. As soon as listings were stored on a computer, listings were sliding fast down the slippery slope to public accessibility.

Today's debates over IDX and VOW are way too late. The horse is not only out of the barn, it has been out for a few years. The listing horse has been sold twice, re-branded and it is grazing in retirement in Kentucky. Control of listings is gone and that's a good thing for real estate brokers. At the recent Houston Association of Realtors SUCCESS conference, one speaker said, "I wish we could go back to the MLS books". In the back of the room, a prominent local broker said "Amen!"

The red herring strikes again. Technology IS the enemy. It DOES erode control of information, but this erosion is inevitable and beyond your control. Don't let the pundits focus your spotlight on technology. It might be the problem, but you can't stop it. It is bigger than you. And me. And NAR. Have you looked outside our industry? You will see the same trends.

The Consumer is the Enemy

The Realtor IS still at the center of the transaction, but control is slipping and the "center" is on the move. The consumer is winning. Assertive, information-hungry consumers demand control in the form of direct, unfiltered access to all property details. If you deny that control and withhold information, then they will surf to another more cooperative broker as soon as



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LET THEM EAT DOUGH

The trouble with Internet mortgage leads is that people prefer to eat bread not dough. The average web lead is not cooked properly, just a name, not even a lead, certainly not a prospect. Here's what I mean.

The average web lead converts (to funding) at less than 3%. This low yield is not compatible with the way most lenders operate. These leads are too cold. A typical inbound call converts at 10-20% for mortgage brokers. If one in ten off-line leads is a winner, why buy web leads that take thirty calls before closing one deal?

In the mid-nineties, my company, INPHO thought we were selling bread, but we were selling warm dough.



We faxed and emailed leads to top lenders (GMAC, BoA, Countrywide and Chase) that resulted in closed loans at a \$600 acquisition cost. So far so good. That was about half of their cost. But the conversion rate was just 3%. That was not compatible with the infrastructure and expectations of the consumer direct operations of these top lenders. My leads converted

at 3%, but lender practices were geared to 20% conversion. Big gap! If they modified their business practices to MY model, all was well. But anyone who deals with large institutions knows that little guys win when they adapt to big guys, not the other way around.

So, fast forward to 2004. Same problem with Internet leads. Low yield, big gap. Most lenders are burned out on Internet leads. Most internet leads are like dough, a product released prematurely. Stand back for a moment as I illustrate how most internet lead generation schemes work, to demonstrate how that they are not ready for prime time in 2004.

A web site visitor takes 90 seconds to populate a lead capture form. No money down, and a blink of an eye to hit SUBMIT. This suggests low commitment to me! This person has a 1 in 500 chance of executing a loan application in 90 days. Further, the web site lead generator tries to give that lead to multiple competing lenders. So, now the chance for success drops to 1 in 2,000! Unless the lender's handling of the lead is automated or based on labor costs in Bangkok, this lead is expensive. Such low conversion rates burn out the loan officers or call center reps who handle them. Somebody needs to bridge the gap

between lead generators and lead users.



Warming up these leads is a job for sophisticated analytics technology not people.

There are two solutions to the problem of cold doughy mortgage leads off the web. A bad one and a good one.

The bad solution is for the lead buyer to adapt their business practices. Remember what I said about big firms adapting to small ones?

A small proportion of the nation's lenders and real estate brokerages have set up specialized units to handle these leads. They can convert low yield leads into high conversion prospects. For real estate brokerages it is a relocation like operation with a low cost structure. Take away the expensive high-touch customer service and hand holding of the traditional relocation department. Substitute automated email response technology for the high cost neighborhood-savvy relocation counselor. Or use a low cost team that simply stays in touch with the leads until they warm up. When this "relocation-lite" unit has isolated cold leads

Realtors and Red Herrings

Let Them Eat Dough

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TECHNOLOGY
ADOPTION:
Slower than
anticipated...

impact larger
than
expected.



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