KELLER CENTER RESEARCH REPORT

Baylor University Waco, Texas 76798 1-800-BAYLOR-U

Table of Contents

Dear Reader,

It is with great pleasure that I welcome you to the inaugural issue of the Keller Center Research Report! Here is a fresh look at how to approach your business with empirical research to support it. There are many unknowns in the residential real estate industry leading many of you to ask "*what works*?!" And it is a fair question. How can you know how to distribute your marketing dollars or how consumers feel about your commissions? What is the best way to generate leads and, once you have them, how can you ensure they are converted to sales? How do customers determine what value your service holds for them and have you created an image that they recognize and remember? Those of you in residential real estate must have incredible resilience to be working in this time when it seems the chips are down. Now more than ever, you need a strategy to fine tune your business and maximize your profits.

Enter Gary Keller, Founder and Chairman of Keller Williams International. Recognizing the severe lack of research in residential real estate, he approached Baylor University with a proposal to find some answers. He generously funded the creation of a center focused exclusively on the marketing and sales practices of the residential real estate industry. The faculty and staff associated with Baylor's Keller Center have taken this challenge and hit the ground running. Starting with a summit in the fall of 2007, the Keller Center gathered premier minds in real estate that functioned like a large focus group and determined which questions most needed answering. We reviewed existing research in comparable industries with relevant conclusions and performed our own research on those questions yet unaddressed. The end product is a compilation of articles written by Baylor faculty and staff and adjunct contributors such as Dr. David Lill and Jennifer Lill, authors of *Selling: the Profession*, and Lynn Schleeter, Director, Center for Sales Innovation, College of St. Catherine. We have also included summaries of the core findings of pertinent published research in our Research Insider articles. This report represents a synthesis of our contributors' past empirical work and current projects yet to be published.

And now we are ready to share our findings with you. The results of these research projects show some practices work significantly better than others. As you read through the articles, think "How does this apply to me?", "Is this something I am already doing or do I need to rethink my tactics?", and "In my market, given my individual circumstances, how can I effectively implement change?" I encourage you to use the feedback option at the top of each article to let us know what you think. We strive to make this information clear and approachable and want to hear your comments.

Wishing you success,

Laura Indergard
Editor, Keller Center Research Report

What is Brand Equity and What Does the Branding Concept Mean to You?

By Chris Pullig, Ph.D.

Brand equity is a term most of us are familiar with and probably even use from time to time. But, as with many business concepts we may have a less than perfect understanding of what the term really means. This limits our ability to effectively develop marketing plans to create the kind of brand we want to project. So, exactly what is brand equity? What does it mean to create an effective brand? Why does any of this matter to an individual agent?

Brand Equity – What is it?

Brand equity is the *value of the brand* in the marketplace.[1] Simply put, a high equity brand has high value in the marketplace. However, what this means exactly is often not fully or clearly understood.

High brand value, a brand with high equity, means that the brand has the ability to create some sort of *positive differential response* in the marketplace. This can mean that your brand is easily *recognizable* when encountered in advertising or seen on a yard sign. It can mean that your brand is one of the first ones *recalled* when a relevant prompt is used – “who would I call to discuss listing my house?” It could mean that individuals would be willing to pay a *premium price* for your brand’s offering. In the case of a real estate transaction, individuals would pay a standard commission and feel as if they received a valuable high-quality service from a well-known and trusted brand. It could mean that when someone asks for a referral, your brand is the first one that is *recommended* to others. All of these are positive responses to the brand – a readily recognizable brand, a brand that is recalled quickly and easily when needed, one that individuals are willing to pay a premium price to acquire, and a brand that is recommended to others. These are all characteristics of a high equity brand.[2]

But, how is this overall positive response created?

What creates this positive response?

So if brand equity is simply the value of the brand in the marketplace and this value is the positive differential response to the brand, what is it that creates this response? The answer to this question lies in understanding the source of the brand’s value. Essentially, where does brand equity reside?

An interesting question to ask anyone with a decent understanding of business and financial statements would be “where on the financial statements is brand equity listed?” The answers you would hear would vary from “in retained earnings” to “it’s listed as goodwill” or “I’m not really sure.”

Obviously, brand equity is an intangible asset, meaning that it is something that is not easily accounted for. And, in fact, it is not listed on any specific line in a firm's financial statements. It is reflected in earnings and in stock price. But, where is this value held?

The answer is that *brand equity ultimately resides in the mind of the consumer*. [3] A brand is essentially a perceptual entity and this is the reason it cannot be accounted for in a financial statement. The value of the brand is essentially made up of two dimensions: 1) brand awareness and 2) brand image. These two dimensions represent: 1) *How well known is your brand?* and 2) *What does your brand represent?*

When your brand is well known, has high brand awareness, it is easily recognized in the marketplace and easily recalled when faced with a brand-related need. A high level of awareness with your target market is a necessary dimension for a strong brand.

Well-known brands must also carefully manage what it is they represent: their image. Given that a brand is a perceptual entity, it is not surprising that when we think of brand image we use psychology to understand this concept. The brand's image, what is known about the brand, is information and associations with the brand stored in your memory. When you see an ad or a yard sign, recognition of the brand leads to the retrieval of these associations from memory.

Managing Your Branding Elements to Create a High Equity Brand

You create these associations in everything you do – advertising messages, logos, names used, segments served, etc. If you use a statement in your advertising that you are the "Team to Trust" – you hope that "trust " will become a brand association. If you serve a specific segment, then that segment is likely to become associated with your brand. Everything you do in terms of marketing and actions creates brand associations.

Basic Branding Elements:

- Brand Name
- Slogans
- Logo
- Symbols/Pictures
- Marketing Messages
- Markets Served

Traditionally, your branding elements are the most noticeable features associated with the brand itself – the brand name, slogans, logo, and symbols or pictures used on product offerings and contained in any marketing messages. But, it is important to know that branding elements extend to the content of the marketing message itself and even your positioning within the marketplace. Every aspect of these elements creates your brand image. It is important that this image is relevant to your customer, clear in what it stands for, and offers some point of differentiation from your competition.

A Relevant, Clear, and Unique Brand Image – This is what you want!

A brand image is strongest when it is highly relevant to your customer. Relevance is determined by what customers want as they choose their realtor. It may be aggressive marketing, it may be a solid reputation, or it may be a certain type of expertise. Market research and understanding your strengths and the needs of the segment you find most attractive will help you to determine what type of brand image and specific associations you want to create.

It is important that you be specific and succinct in the associations and the image you create. Strong brands are also brands that have a very clear image.[4] The signal that a high equity brand sends is very clear and easily understood. It is easy to fall into the trap of creating a brand image that has a diverse mix of associations in an attempt to appeal to as many customers as possible. When this happens you can dilute the strength or equity of your own brand.[5] Be careful to not weaken your brand through your own actions. Competition will do that without your help. One method of avoiding this is to focus on a more intangible image – perhaps a general expertise or flair. In this way your general expertise or creative flair can be seen as a benefit in many different segments. [6]

Finally, your brand is by definition a way to identify your offering as unique from others in the marketplace. Branding has been used for centuries. The term itself is derived from the Old Norse word *brandr,* which means “to burn” as branding was and is still used to mark the ownership of livestock. Today branding is used with a variety of products, services, people, places, ideas, and concepts with the same purpose in mind - to distinguish each offering from the other. So, choose your branding elements so that they set you apart. That means unique signage, logos, slogans, marketing messages, and team names. All of these branding elements can set you apart as unique. But, be careful that they are also relevant and clear.

Brand Equity – How well and what is known about your brand!

Ultimately, brand equity = consumer brand knowledge. You create your brand’s equity as you create your market’s consumer knowledge. Recall that brand equity is the value of the brand in the marketplace. We should think of brand equity as an asset that we will receive returns on today, tomorrow, and the days to come. As with any asset, you have to decide how best to invest in it. Invest wisely and you will have the type of brand equity that provides good returns. Build a brand that is *high in awareness*. Grow a brand that is readily recognized whenever and wherever it is seen. When consumers think of needing a realtor, your brand should be the first one that comes to mind. Such a brand leads customers to easily construct an image of your brand that is relevant to their needs, clear in what it stands for, and stand out from your competition. When you have accomplished this then you have made the right investments in building your own brand value – high brand equity that won't appear on a financial statement on its own unique line, but will be reflected in the top-line revenue and the bottom-line profitability.

[1] Keller, Kevin Lane. 2003. *Strategic Brand Management: Building, Measuring, and Managing Brand Equity, 2nd Edition*. Upper Saddle River, New Jersey: Prentice Hall.

[2] Netemeyer, R.G., Chris Pullig; B. Krishnan; D. Dean; J. Ricks; G. Wang; F. Wirth; and M. Yagci (2004), "Developing and Validating Measures of Facets of Consumer-Based Brand Equity", *Journal of Business Research*, Vol. 57 (1), 209-224.

[3] Bettman, James R. (1979). Memory Factors in Consumer Choice: A Review. *Journal of Marketing, 43*(2), 37.

[4] Tülin Erdem, Joffre Swait (2004). Brand Credibility, Brand Consideration, and Choice. *Journal of Consumer Research, 31*(1), 191-198.

[5] Pullig, Chris; Carolyn Simmons; and Richard G. Netemeyer (2006), "Brand Dilution: When Do New Brands Hurt Existing Brands?" *Journal of Marketing,* Vol. 69(2), 130-142.

[6] Johnson, Michael D. and Claes Fornell (1987). The Nature and Methodological Implications of the Cognitive Representation of Products. *Journal of Consumer Research (1986-1998), 14*(2), 214.

About the Author:

Chris Pullig, Ph.D., Associate Professor of Marketing, Baylor University
Director of the Keller Center for Research and Keller Center for Professional Selling

Before beginning his academic career, Professor Pullig worked in the retail industry as the CEO of a chain of specialty clothing stores and also as a consultant with the Small Business Administration. He received his PhD from Louisiana State University and was previously on the faculty at the University of Virginia. His research is in consumer attitudes and decision making, with an emphasis in effective creation and protection of consumer-based brand equity. His previous work has been published in the Journal of Marketing, Journal of Academy of Marketing Science, Journal of Retailing, Journal of Consumer Psychology, Journal of Public Policy and Marketing and others.

How Consumers Respond to Commissions

By Ann Mirabito

The traditional real estate commission structure is under fire. Commissions used to average six or seven percent, but with the escalation in housing prices over the past decade many local markets are seeing four or five percent as the norm. And many sellers are tempted to seek lower commissions. Articles in the popular financial magazines and on consumer web sites encourage home sellers to negotiate commissions. Discount brokers claim that traditional brokers are overpriced. Adding fuel to the fire, in today's soft housing market, the agent's commission may exceed the cash the seller gets from the sale of his home. While many home sellers are satisfied with the traditional commission structure, the constant barrage of warnings leaves many sellers skeptical about the fairness of full-priced commissions.

For some prospective clients, the level of the commission may seem to be unimportant. The human mind has a difficult time translating percentages to dollars. Because the percentage seems like a low number, many home sellers may ignore it until you present the contract. And then, even sellers who may not ask directly often wonder what they're getting for their money.

How Much Do Your Services Cost? Viewing Commissions as Prices

Real estate commissions represent the price sellers pay to brokers for selling their homes. The traditional commission structure has one of the hallmarks of good pricing: it is easy to understand. Cellular telephone service providers offer a bewildering number of service packages and an even more bewildering number of pricing variables within those packages. A consumer's monthly bill depends on the kind of messages transmitted (voice, text, email, pictures), the time of day of transmission (peak and off-peak), and the level of transmissions contracted in advance. Consumers generally prefer simple structures, and the traditional realtor commission structure is simple.

Real estate commissions also eliminate uncertainty for the client, another aspect of good pricing. The price is typically a flat percentage regardless of the number of resources required to perform the service. Some lawyers and architects and other service providers charge their fees based on the number of hours or other resources used. The client knows the hourly rate, but is unsure of the total bill until the project is completed. Consumers are generally risk averse; they prefer to shift that risk to the service provider. Brokers that offer a traditional commission structure remove that risk from their clients.

However, perhaps the most important element of good pricing is that it must reflect the value of the service to the customer. Clients who are unsure of what they are getting for their money are more inclined to think the price is unfair. Value reflects the benefits the consumer receives, less the costs paid to get those benefits. Consumers skilled at assessing the value of other products are often daunted by the task of discerning the value of real estate services.

Service Quality Is Difficult to Evaluate

Think about how you decided how much to pay for your new big screen HDTV and how you decided whether that price was fair. If you're like many people, you visited a couple of home electronics stores and compared the features and costs of various models. You may have read the sales literature and examined the richness and clarity of the pictures on the demo models. If you are particularly price sensitive, you may have looked for rebates or other special pricing. You selected the model that offered the highest quality and the most features for the amount you could afford to spend. You looked for the best value.

Clients cannot evaluate real estate service quality and prices as easily as you evaluated HDTV prices and, as a result, homeowners may be particularly sensitive to the fairness of commissions. Brokers offer clients a service, not a good. And, by their very nature, services are harder to evaluate than goods. Real estate services are intangible. Unlike consumer electronics buyers, home sellers cannot visit a store and head for the real estate aisle where they will examine informational literature and compare the quality and prices of various choices. All real estate offices offer the same solution ("We'll get the best price for your house") but the way they perform the service and their ability and willingness to deliver on the promise varies widely.

Products differ in the extent to which consumers can evaluate their quality and when that evaluation occurs. Services are particularly difficult for consumers to evaluate, and that evaluation often cannot be made until after the service is performed. Economists have coined terms to describe product attributes based on when quality can be evaluated by the consumer. *Search* characteristics can be evaluated prior to purchase, *experience* characteristics can be evaluated during or after the purchase, while *credence* characteristics often are never fully evaluated. Unlike services, the quality of many tangible goods can be evaluated prior to purchase. In buying a sweater, for example, you can often determine the quality of the style, fabric and workmanship before heading to the cash register. The quality of *services* often cannot be evaluated until the service has been performed. If you're going out for dinner, you can evaluate the menu selection and décor prior to ordering. But you won't be able to evaluate the flavors, textures, and presentation of the entrees and the appropriateness of the service until you've experienced the meal. Restaurant reviews and your prior experiences may help you form expectations for the service quality, but the actual quality of tonight's meal will depend on your server's training and mood, and the chef's ability to procure fresh ingredients for tonight's menu. Some products have so-called credence attributes that are even more difficult to evaluate. A physician's medical skill may forever elude a patient. Was the poor surgical outcome a result of the surgeon's error or because medical science is unable to deal with the patient's particular illness?

Real estate services are rich in hard-to-evaluate experience and credence attributes, those that ultimately are most important to clients. While clients may be able to search for agents who specialize in their neighborhood, they will be unsure of the agent's responsiveness and marketing prowess until after the listing contract has been signed and the agent has begun to perform. The client may never be able to ascertain fully the quality of other aspects of the listing agent's performance.. Did the disappointing contract price reflect the agent's negotiating skill or market conditions? The inability to evaluate real estate services until after committing to the listing agreement – or, perhaps, never – creates a cloud over the client's ability to determine the value of the services.

The quality of service performances are intrinsically heterogeneous, adding to the risk clients perceive. Manufacturers are better able than service providers to deliver goods of a consistent quality. Despite a firm's best efforts at training and setting quality standards, the quality of the service provided by agents within the office varies. The quality also varies within an individual agent. Clients implicitly recognize this variability in quality, making it difficult to determine the agent's value. Of course, agents also experience the risk associated with services. Service quality often depends on the client's ability and willingness to cooperate with the service provider. Agents are often unsure of how responsive the seller will be to requests to show the home on short notice and what the condition of the property will be when prospective buyers tour the property.

Clients expect your price to be somewhat related to your cost structure. While clients can sometimes discern the cost structure of goods, they tend to underestimate the cost structure of businesses in which the costs are largely overhead. And that highlights another difference between services and goods that influences clients' perceptions of price fairness. You weren't in the Sony factory, observing the manufacture of your big screen HDTV. But your clients may be in your service factory, observing the way you and your colleagues conduct your work. For agents, your service factory is often out in the field, in clients' homes and in your car. Clients observing an agent working an open house or showing homes to prospective buyers may underestimate the skill required to perform those tasks effectively. Good agents make those processes enjoyable for clients. So not only are clients notoriously handicapped in discerning your overhead costs, they may also think it is fun for agents to spend their day showing engaging home buyers interesting properties. Clients' presence in your service factory obscures their ability to figure out fair prices.

Showcase the Value in Your Proposal

Because the value of your services is difficult for clients to appreciate, the listing agent's task is to fully educate home sellers. Evaluate the way your agents present listing proposals to sellers. Clients who object to a full commission are typically ignorant of the value associated with a traditional brokerage. Does your proposal demonstrate the value the home sellers will gain from working with your team? High-quality, traditional brokers offer many services that home sellers may overlook in evaluating the fairness of the proposed commission.

When you're presenting your services, think of the classic Ginsu knife TV commercials. The announcer explains that you get not one, not two, not three, but six knives. And then he promises "But wait, there's more!" Those advertisements leverage an important aspect of consumer psychology: more is better. While you certainly don't want to adopt the tone of a carnival barker, your clients will appreciate knowing all that they are getting from your services. Ask yourself:

- Do you describe your marketing plan in detail? Rather than saying you'll advertise the house, show when and where you'll advertise it. Show the quality of your photography. Explain in detail how agents' open houses work and what you'll do to encourage agents to show the home. Paint a clear picture of how your marketing will attract qualified buyers.

- Do you explain how your telephone system works and the hours that it's manned? Inexperienced home sellers may not understand the importance of having the telephone answered promptly by a pro who can fully describe the home and its special features and arrange for immediate showings.

- Do you demonstrate your special expertise? Are you a great negotiator? Recount a specific example of how your savvy negotiations turned into a higher contract price for a seller. While statistics demonstrating your prowess are powerful, for many clients anecdotes are more memorable.

- Do you show the financial impact of your expertise? By illustrating the benefits of a faster closing and better qualified buyer, sellers will be able to see the impact on their bottom line.

Finally, recognize that the full services provided by traditional brokers may not satisfy all clients' needs. Clients selecting real estate services, like all other clients, are heterogeneous in their needs and ability to pay for services. The value proposition offered by a traditional broker may not meet some clients' needs, but most clients will be better satisfied with your commission structure when they fully appreciate the value you are offering.

For further reading:

Berry, Leonard L. and Yadav, Manjit S. (1996), "Capture and Communicate Value in the Pricing of Services," *Sloan Management Review* (Summer) pp 41-51.

About the Author:

Ann Mirabito, Ph.D., Assistant Professor of Marketing, Baylor University
Keller Center Faculty member

Ann researches how consumers make complex decisions related to value (quality evaluations, price fairness, risk management) and the role of biases and heuristics in those decisions. Ann earned a PhD from Texas A&M, MBA from Stanford, and BA in Economics from Duke. Before becoming a professor, she was a marketing executive with Time Warner, Frito Lay, and Rapidforms, specializing in revitalizing companies by reinvigorating product lines and infusing employees with a desire to make magic happen for customers.

Lead Generation: What Really Works?

By Chris Pullig, Ph.D., Laura Indergard, MBA, Suzanne Blake, MBA Candidate, and Jacqueline Simpson, MBA Candidate

A Survey of Real Estate Professionals

As a way of beginning to understand what really works in the area of lead generation, a survey was created and conducted with a large group of real estate professionals from across North America. The survey was conducted entirely online. Over 50,000 real estate professionals were emailed a link to the survey with a request to respond to a series of questions that ranged from their spending in areas designed to create leads to perceptions of the local real estate market conditions. Responses have been kept entirely anonymous. After eliminating surveys due to incomplete records (missing data) we have 1176 usable responses.

The sample is representative of a large-scale study in that the population of the markets served by the respondents varies from 50,000 or less (8% of the sample) to 500,000 or greater (40% of the sample). Twenty-four percent (24%) of the respondents have been in the real estate industry less than two years. Fifty-four percent (54%) have been in real estate between two and ten years and 22% have been in the industry at least ten years with 9% reporting over 20 years of experience. Seventy-one percent (71%) of the survey participants indicated that they had some type of Professional Designation (ABR, GRI, etc.).

Overview of the Survey

In the survey we focus on the lead generation process as a three-step process: 1) lead generation, 2) conversion of the lead to an appointment, and 3) closure of the appointment to a transaction (listing or sale).

Lead generation, the first step, is defined as identification of potential customers. Identification of potential customers is most often accomplished through direct contact (i.e., face-to-face, telephone, Internet, etc.). This may be the result of marketing efforts such as print advertising or other means such as individual consumers seeing a yard sign and contacting the agent. Identification of potential customers could also be accomplished through other means such as a referral, acquisition of a list of customers, or other more proactive means.

Conversion of the lead to an appointment, the second step, would mean moving from identification to establish a meeting for the purposes of consultation on the potential of conducting a transaction. It is possible that this could occur simultaneously with the initial contact.

Closure of the appointment to a transaction, the final step, we define as follows. When dealing with a seller we define the transaction as a listing. When dealing with a buyer we define the transaction as a sold property.

Prior to beginning the survey respondents were asked to gather detailed information on each of these three activities and to set aside roughly 15 minutes to complete the survey. Acknowledging that respondents might not have exact data on all issues of interest, we asked them to simply estimate when needed. To allow us to separate those respondents who estimated from those with accurate records we included a measure of whether the respondent kept records on lead generation activity and then how detailed these records are for each of the three areas listed above.

Survey Results: Defining Characteristics of the Respondents

In this section we address several very basic questions. We first approach the nature of the market for the respondents. In addition to reporting this information here we use this information later in our analysis. The next set of questions focuses on the extent to which records are kept in the area of lead generation. We also look at how much effort or spending is placed in various lead generation activities, and at the success rates from these efforts in terms of leads generated and conversion of leads to appointments and closed transactions. In addition, we asked about the nature of the lead generation effort as being more of a "seek" or prospecting strategy (i.e., calling prospects) versus an "attract" or marketing strategy (i.e., advertise and wait for the phone to ring). We also evaluated the average time elapsed before responding to a lead and the strategy in dealing with excessive lead loads.

So, how is business?

The challenges of the real estate local market are great with sixty-three percent (63%) of the sample reporting their local market as having an increasing real estate inventory. Twenty-three percent (23%) report the inventory as remaining level and 14% report that their local real estate inventory is decreasing.

But, the group of respondents remain upbeat as 68% report that their local market is in their opinion "Somewhat Better, Better, or Much Better" than the national average. Fourteen percent (14%) report their local market is about the same while 18% report it is "Somewhat Worse, Worse, or Much Worse". In a similar vein, 63% of respondents report that they are doing better than average in the local market, 18% report that they are doing about the same as everyone else, and 19% report they are doing somewhat worse, worse, or much worse than their peers.

When asked about the relationship of the average *selling* price relative to the average *listing* price, respondents indicated that this figure ran on average 89.6%. That is, a property listed sells on average at 10.4% below the listing price. This ratio did not significantly vary across market conditions. [1]

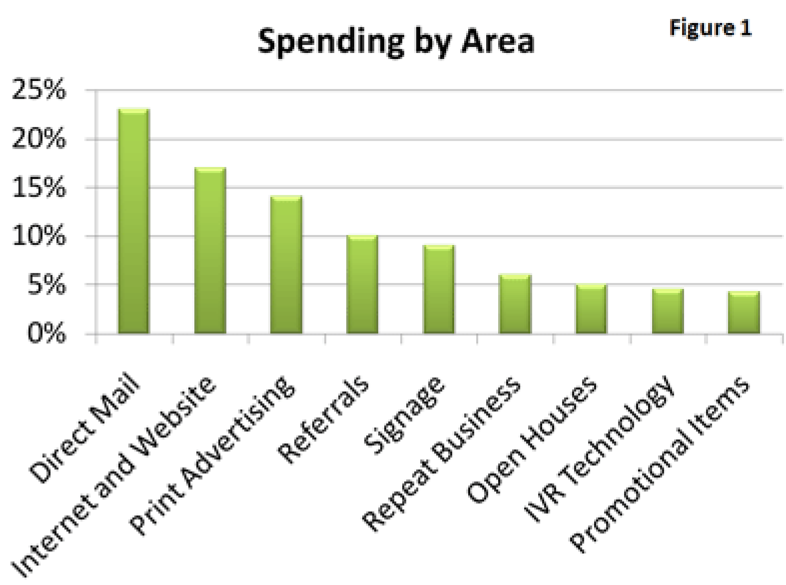
***To what extent do individual agents keep records of lead generation activity and how detailed is this information**?*

Respondents were asked the extent to which they kept detailed records in their lead generation efforts. Seventy percent (70%) of respondents report that they keep lead generation records, 53% keep records on conversion of leads to appointments, and 66% keep records on conversion of appointment to close.

Using a 5-point scaled item, we asked how detailed these records are (*1=Not Detailed at All, 2=Not Very Detailed, 3=Neutral, 4=Moderately Detailed, and 5=Extremely Detailed*). In terms of Lead Generation and ***Conversion to Appointment***, only 23% of the respondents report their records as at least Moderately Detailed or Extremely Detailed. Detail in the records for ***Closure to a Transaction*** is somewhat better with 32% of respondents reporting their records as at least Moderately Detailed or Extremely Detailed.

Where do agents place their effort or spending in creating leads?

Through a review of previous lead generation articles in marketing in general and also specifically the real estate industry we identified 18 different sources of leads. Respondents were asked to allocate the level of effort or spending in these areas as a percentage of their total spending. Using the same method as described above, respondents were asked about the level of detail in their spending records. Spending records are on average more detailed with 60% of respondents keeping at least Moderately Detailed records. Only the respondents who reported confidence in the detail of their records are used in the analysis. The allocations for the top nine lead generation areas are reported below.



As can be seen in Figure 1, on average respondents allocate spending to *Direct Mail* more than any other area (23% of total spending) with 17% allocated to *Internet and Website* activities, 14% to *Print Advertising*, 10% to acquiring *Referrals*, 9% on *Signage*. Roughly 6% of spending is to ensure *Repeat Business* followed by 5% on *Open Houses,* 4.5% on *Interactive Voice Response (IVR) Technology*, and 4.2% on *Promotional Items*.

More about the leads and how they are handled.

Respondents report the leads they generate are slightly more for buyers (58%) than sellers (42%). They report that the conversion rates average 50% for leads converted to appointments and 48% for appointments converted to a transaction.

On average, respondents are fairly balanced in their lead generation strategy focus. When asked to allocate between two basic strategies what percentage of their efforts are “attract” focused versus “seek” focused, respondents allocate on average 49% to seek and 48% to attract.

In terms of how long most respondents take to follow up on a lead, 64% reported that they normally would do so within 4 hours and 87% within 8 hours. A substantial number indicated it might be the next day or longer.

Only 39% reported that they did not ever face a situation where lead generation outpaced the ability to follow up promptly. When asked about how excess lead volume is handled the remaining 61% reported that they most likely would either “Refer” the customer to another agent (64%) or they would “Cherry Pick” or work the most recent leads first (57%).

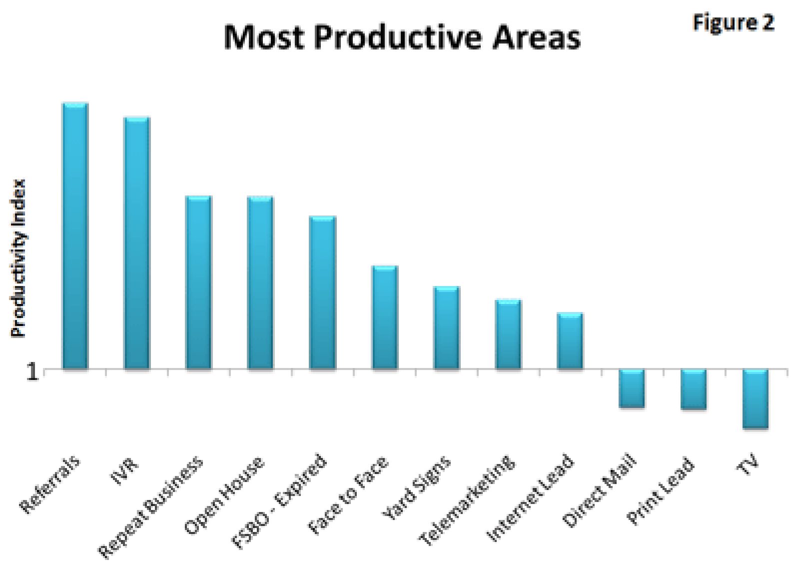
More Analysis: What the Data Says Really Works

In this section we address questions related to what lead generation activities and strategies work best. We examine this basic question for the entire sample as well as taking into consideration self-report success in the local market and local market conditions.

What lead generation activities are most productive in generating leads?

Respondents were also asked to allocate 100 percentage points to the 18 lead generation activities in terms of which ones created the most leads. To assess which of the areas is most productive, a metric we have labeled the **productivity index (PI)** was created. This was done by simply dividing the lead generation allocation by the spending allocation. That is, if the respondent attributed, for example, 20% of their leads as a result of print advertising this was used in the numerator and the allocation for spending in print advertising, for example 15%, in the denominator. Using the numbers given here would return a value 1.33 (20%/15% = 1.33). Assuming all leads from all sources are of equal value this provides a measure of lead generation productivity. A value in excess of 1 would reflect a more productive activity than one with a value of less than 1.

Using the computed values, we tested this to see if each of the lead generation activities were significantly different from a value of 1. If the productivity index (*PI*) is significantly less than 1 then the activity is seen as less productive than the spending put into the activity. If the productivity index (*PI*) is significantly greater than 1 then the activity is more productive relative to the investment.



In Figure 2, you will see that nine lead generation activities that are rated as significantly productive (*PI >1*). Activities related to Referrals as a source of leads, IVR Technology, Repeat Business, Open Houses, FSBO Expired leads, Face-to-Face/Networking, Yard Signs, Telemarketing, and Internet/Website are all seen as productive relative to the spending in these areas. For the most part, these activities are not as cost intensive.

In Figure 2, you will also see that three activities are rated as less than productive (*PI<1*). Television, Print Advertising, and Direct Mail are all rated as significantly less productive relative to the spending in these areas. These activities are in most cases all more cost intensive. Thus, investment in these areas is to be chosen wisely.

What do those who report doing better than their local market do differently?

Is there a difference in lead generation activities for those individuals who self-report doing better than the local market?

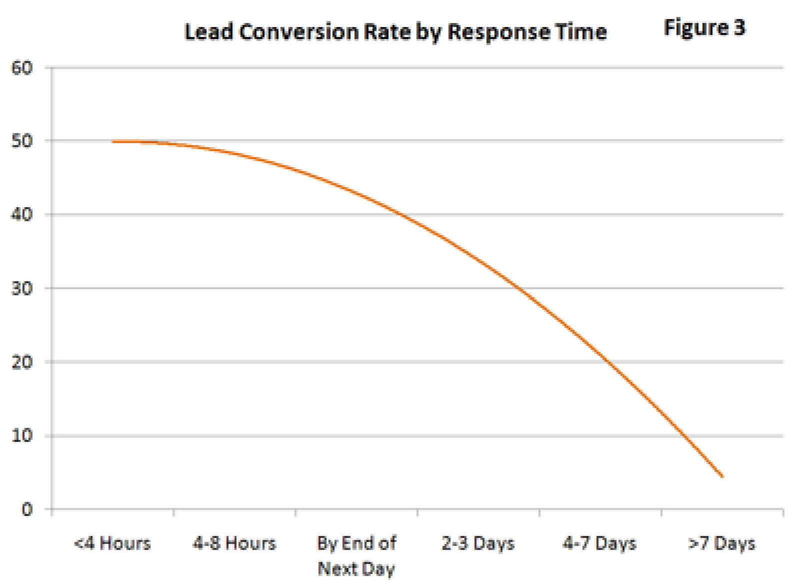
For starters, those who say they are doing better than average also report significantly higher lead conversion rates to appointments (51% vs. 42%) and higher conversion rates from appointments to a transaction (52% vs. 41%) when compared to those who say they are not doing as well. It is difficult to say what the cause of this might be. It may be the way they generate their leads or it may be that they simply do a better job with the leads once they have them.

In terms of spending on lead generation activities, those who report they are having success also report significantly lower levels of spending on Open Houses (5% vs. 8% of total spending) and Promotional Items (3.8% vs. 6.2% of total spending). Interestingly, these individuals also report that Open Houses are more productive in generating leads. This is likely due to a more focused approach in use of this lead generation method.

Two additional differences stand out as well. Those who report greater success on average respond to initial leads more quickly. They are also more "seek" oriented in their lead generation strategy. They report that they use more "seek-like" strategies, more prospecting proactive strategies, than they do "attract" or marketing-only oriented strategies – 55% "seek" vs. 45% "attract". Respondents who report not doing as well report a 44% "seek" and 56% "attract" strategy orientation.

What's the effect of faster versus slower follow-up on lead conversion?

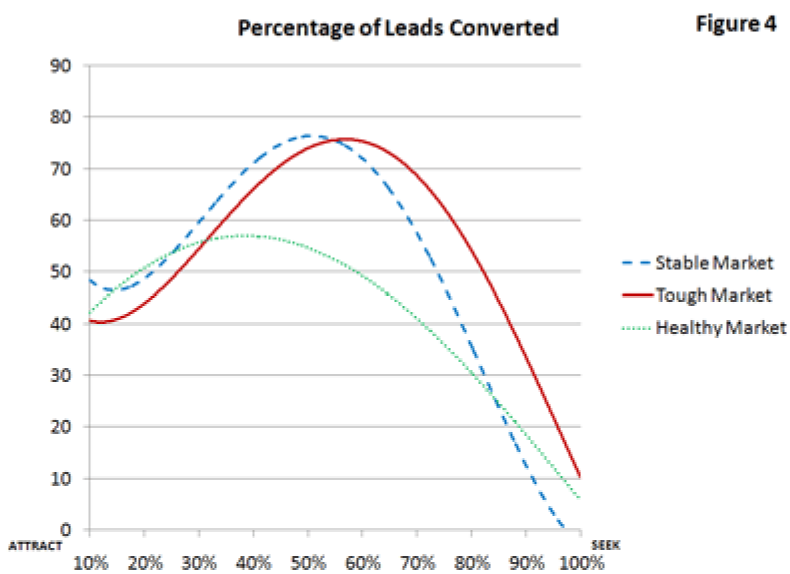
Does faster follow-up mean higher lead conversion rates? This is likely the case. In the Three-Stage Model article reviewed in the Research Insider section faster follow-up to initial lead inquiries resulted in higher conversion rates. But, that research was conducted in a different industry with different norms for follow-up delays.



We examined the relationship between time to follow-up and conversion rates within this study. We and found that the relationship was more complex and nonlinear than we had expected. As you can see in Figure 3, there is no real difference between a response that occurs within 4 hours and one that occurs between 4-8 hours. But, there is a decline in conversion rates once the response is greater than 8 hours. Thus, there is a critical point at which the follow-up begins to lose its effectiveness. A follow-up within 8 hours is best. A follow-up by the end of the next day is less effective in converting leads to appointments and transactions. And, waiting later than this creates a significant drop in conversion rates.

Is there a difference in a "seek" versus an "attract" orientation in creating more convertible leads?

We also examined the relationship between lead generation orientation and lead conversion rates. Again, the relationship it is again not a perfectly linear one and it depends on the nature of the market. [2] These results are illustrated in Figure 4.



When the market is relatively "stable," a *balanced* approach appears appropriate in delivering lead conversion. That is, an approach that is about 50% "seek" and 50% "attract" results in the greatest percentage of leads being converted to an appointment and a transaction.

When the market is "tough," it appears that the best strategy is one where the shift is more towards a "seek" orientation, a more *aggressive* prospecting strategy. The ratio appears to be best at about a 60/40 seek orientated strategy.

When the market is "healthy," a strategy that is more "attract" oriented is desired. Marketing your properties in a more *traditional* way (i.e., advertising) with less focus on seek strategies may be more appropriate when the market is more healthy.

Finally, what is that those individuals doing well in a "tough" market do differently?

As expected, these individuals report significantly higher conversion rates to appointments (54% vs. 43%) and closure to a transaction (52% vs. 42%). They also spend significantly more on their Internet/Website lead generation activities (18% vs. 12%) and IVR Technology (3% vs. .5%). These individuals also report significantly less spending in Signage (9% vs. 12%) and Open House activities (5% vs. 9%) when compared to those who are not doing as well. And, these individuals report that they are more "seek" oriented than their peers.

Conclusions.

So how do you use this information? This information is useful as a benchmark for average spending in lead generation activities, conversion rates, lead generation orientation (seek vs. attract), time elapsed to follow up on leads, and how to handle excess lead volume.

The results of the study also give insights into what others report as most productive in generating leads and the areas in which some of the better performing agents are focusing their efforts. The results also illustrate the impact of delay in responding to leads once generated and the effectiveness of your lead generation orientation.

Key Findings:

- **Lead Generation Spending On Average (for those with good records in spending)**
  - Direct Mail (23%)
  - Internet/Website (17%)
  - Print Advertising (14%)
  - Referrals (10%)
  - Signage (9%)
  - Repeat Business (6%)
  - Open Houses (5%)
  - Interactive Voice Response (IVR) Technology (4.5%)
  - Promotional Items (4.2%)

- **More Productive Lead Generation Activities**
  - Referrals
  - IVR Technology

- Repeat Business
- Open Houses
- FSBO Expired Leads
- Face-to-Face/Networking
- Signage
- Telemarketing
- Internet/Website

- **Less Productive Lead Generation Activities**
  - Television Advertising
  - Print Advertising
  - Direct Mail

- **Characteristics of More Successful Agents**
  - Higher lead and appointment conversion rates
  - Less spending on Open Houses as a percentage of their total spending
  - Less spending on Promotional Items as a percentage of their total spending
  - More productive use of Open Houses
  - More “seek” oriented in their lead generation activities

- **Characteristics of More Successful Agents in “Tough” Markets**
  - Higher lead and appointment conversion rates
  - Greater spending on Internet/Website as a percentage of their total spending
  - Greater spending on IVR Technology as a percentage of their total spending
  - Less spending on Signage as a percentage of their total spending
  - Less spending on Open Houses as a percentage of their total spending
  - More “seek” oriented in their lead generation activities

- **Lead Follow-up Must Occur Within 8 Hours to Ensure Higher Conversion Rates**

- **“Seek” versus “Attract” Lead Generation Orientation**
  - More “seek” oriented (60/40) for highest lead conversion in a “tough” market
  - Balanced orientation (50/50) for highest lead conversion in a “stable” market

- More "attract" oriented (40/60 – seek/attract) for highest lead conversion in a "healthy" market

CAVEAT:

As with any research there are limitations. Specifically, any survey research results should be considered in the context of your own business and local market conditions. That is, there may be specific characteristics of your business model and the local market that are not captured in the survey that would affect your own individual results.

We do hope you find this research helpful in that it gives you issues to think about as you devise your lead generation strategies going forward. Obviously, the best method of creating an effective lead generation program is to track your own efforts in each lead generation area and the number and quality of the leads each area generates. Then you will be in a position to track your performance and adjust to maximize your lead generation efficiency for your business and the local market conditions.

If you have any questions or comments regarding this research please feel free to use the feedback option at the top of the webpage where you found this article.

References

[1] Using two indicators we formed a composite measure of local market conditions. We used the 3-point scaled item – whether respondents thought their inventory was increasing, staying the same, or decreasing – and the 5-point scaled item asking respondents their perception of the local market as better or worse. The two measures were standardized due to the scale length differences and a summated scale was formed. Then a three-group variable was formed such that we have one group of respondents in a "tough" market, one group in a "stable" market, and one group in a "healthy" market. This variable is used in subsequent analysis.

[2] For the non-linear relationships a regression is run with linear, quadratic, and cubic curve fit estimations. For the regression model using "time to respond" as the independent variable the model that fits best is a quadratic regression. For the regression using "seek vs. attract" as the independent variable the cubic curve fit model is the best fitting model. For both of these regression models the model and individual coefficients are all statistically significant (all *p-values*<.05). Additional information on any of the statistical analysis is available upon request.

About the Authors:

Chris Pullig, Ph.D., Associate Professor of Marketing, Baylor University
Director of the Keller Center for Research and Keller Center for Professional Selling
Before beginning his academic career, Professor Pullig worked in the retail industry as the CEO of a chain of specialty clothing stores and also as a consultant with the Small Business Administration. He received his PhD from Louisiana State University and was previously on the faculty at the University of Virginia. His research is in consumer attitudes and decision making, with an emphasis in effective creation and protection of consumer-based brand equity. His previous work has been published in the Journal of Marketing, Journal of Academy of Marketing Science, Journal of Retailing, Journal of Consumer Psychology, Journal of Public Policy and Marketing and others.

Laura Indergard, MBA, Baylor University
Associate Director Keller Center for Research and Keller Center for Professional Selling
Editor, Keller Center Research Report
Laura earned an MBA from Baylor University and a BS in Radio-TV-Film production from Texas Christian University. Her background includes work in the advertising industry as a copywriter for IT Network and independent small business marketing and feasibility consulting.

Suzanne Blake, MBA Candidate, Dec 2008, Baylor University
Graduate Assistant, Keller Center for Research
Suzanne is a second year graduate student from Tahlequah, OK. She earned her BBA in Entrepreneurial Management from Texas Christian University.

Jacqueline Simpson, MBA Candidate, May 2009, Baylor University
Graduate Assistant, Keller Center for Research
Jacqueline is a first year graduate student from Georgetown, TX. She earned her BBA with a double major in Marketing and International Business from Baylor University.

Lessons from the Top: Strategies for Building Your Business Game

By Lynn Schleeter

Real estate professionals looking for a winning business strategy should take a hint from high performers in sales who responded to a recent national study — called "Top of Her Game" — that focused on success factors among top saleswomen. Although gender differences arose, the findings and insights are applicable to all who seek to build their business game. Here are four lessons learned from the Center for Sales Innovation at the College of St. Catherine to help you play hard and smart:

Lesson #1: Stretch your mind. Best practices among the "A" squad include many self-training activities, such as attending industry seminars and conferences, reading and getting help from colleagues. Top sales performers carry out these activities *significantly* more often than middle and bottom performers. Most commonly read are leadership books and industry e-newsletters.

To reach peak performance, go beyond sales e-newsletters and real estate trade publications by reading a variety of sources — including what your local newspaper is saying about the housing market — as preparation for client conversations. Seek out a source of localized market data and trends to pass along to your clients.

While driving, listen to today's best business books summarized on CD or audiocassettes. To take an innovative idea to the next level, it's possible to stretch your mental muscles by listening to sales nano books/podcasts via MP3 player during your daily run, walk or other exercise activities.

Top producers always want to elevate their game. Therefore in getting help from colleagues, know what you want and ask for it directly. Successful people are attracted to individuals who are focused and goal oriented – they will support you in reaching the next level. Both parties report benefits from the relationship.

Lesson #2: Power networking. Every level of sales performer values the power of networking yet the survey showed top performers do it *more frequently and more strategically*: networking at the businesses they are selling to (50%) and networking at professional associations (43%).

Overachievers tend to think about networking in *all arenas of life*: from attending leadership programs and professional association meetings to watching kids at the soccer field or volunteering at a church social. By listening for interests and common ground, a conversation that starts small socially can build to sharing business contacts and ideas.

The strategy for top performers — across multiple industries, from technology to real estate — is leveraging their centers of influence to build relationships among individuals with complementary services. Trusted partnerships develop over time with focused effort by working together on committees, boards and programs. Volunteering to work an event registration table provides the opportunity to meet and greet attendees. A number of software tools provide a systematic approach to timely, detailed follow-up in building a network.

Varsity players use a contact management system to coordinate business development and give credit to partners who help them move the ball forward.

One survey respondent begins her fiscal year planning with three key steps: (1) set revenue goals (2) review her circle of influence and (3) target individuals to seek as business partners. Another wrote that she made contacts at a charity-driven event and, within two weeks, closed a big sales number without having to cold call or even “sell.”

Time is the most common constraint on women, to which respondents reported they stay in touch through e-mail, phone and over coffee. These are shorter, personal times to maintain relationships versus a round of golf. Men do more social events while women do more “touching base.”

Top producers know a specific purpose or goal is required before pitching a high-value prospect. They reinforced the amount of research and reflection time to be fully prepared. For example, I recently participated on a panel of businesswomen and decided to be purposeful in adding these women to my network through advance research of the other panel members. This provided a foundation for establishing common ground at our first meeting by pre-determining what I wanted to share and what questions I wanted to ask of them.

Lesson #3: Prove yourself. One major challenge faced by women in sales — that their male counterparts do not — is the constant need to “prove oneself.” Yet all sales professionals can benefit from the anecdotal evidence that indicates those who can bring knowledge that their competitors do not have to the table can gain entry into business deals.

Being the expert is the price of admission and knowing more about your clients and the market results in long-term credibility. Effort is not enough — it’s the results and your reputation that are recognized.

You can also build credibility through someone that already has a relationship with the prospect. To continue expanding your web of influence, connect individuals together for business value and the network will reciprocate. Real value starts to come back to you in dynamic flow.

One unexpected “a ha!” in the data was how much women struggle with confidence levels. Respondents reported being intelligent, competent and accomplished yet still struggling with doubt and low self-confidence. To prove themselves requires a solid support system — including real estate credentials — to reaffirm their abilities.

Focus groups report that people who speak in a direct manner seem more composed and logical. Increasing your composure leads to credibility. Use focus in speaking by emphasizing the solution within a bottom-line context. State the issue, why the person should care, the impact to the individual/organization and, finally, what she or he needs to do. Be clear about the action to address issues**.** Sticking to the facts and bottom line numbers by using a straightforward approach builds credibility.

Each new client offers an opportunity to prove yourself. Listen to understand needs — and all the emotions tied up with house buying and selling — and then present the best solution. Across industries, active listening is the most critical skill to be able to move clients successfully through the decision-making process and deliver results. Active listening to hear, understand and actually communicate back that you understand what the client is intending.

Lesson #4: Put on your game face. The top three issues identified by the survey are all outside of top producers' control: getting customers to change; dealing with delayed decisions; and, pricing pressures. Rather than sit on the sidelines, these overachievers focus on controlling their own behavior to get positioned for success. For example, by keeping up on marketplace climate and street talk, they can think more critically about ways to improve their clients' options and opportunities. They also stay in touch with decision makers to be available as market conditions shift.

People are justifiably nervous and stressed out in today's economic pressures in the housing market. This makes it more important than ever to put on a game face of prudence and confidence. Be realistic by working smart versus working hard. Put multi tasking and time prioritization skills into high gear. Acknowledge that success will take a high level of activity without direct payoff yet the ability to stay the course and dig deep to solve challenges for clients.

Further Reading:
Getting to Yes by Roger Fisher and William Ury
Influencer by Kerry Patterson, Joseph Grenny, Ron McMillan, David Maxifield, Al Switzler
Beyond Reason by Roger Fisher and Daniel Shapiro
Difficult Conversations by Douglas Stone, Bruce Patton, Sheila Heen

About the Author:

Lynn Schleeter, Director, Center for Sales Innovation, College of St. Catherine

Lynn Schleeter (lfschleeter@stkate.edu) spent 18+ years in a business-to-business sales career before entering the academic world. As a consultant to 3M, she worked with colleges and universities across the country to build awareness about sales careers through the 3M Sales Initiative. In Sept. 1998, she joined the College of St. Catherine to launch the Center for Sales Innovation. St. Kate's is the only college in Minnesota offering a four-year sales degree. Lynn is the director of the Center for Sales Innovation at the College of St. Catherine, the largest college for women in the nation. The Center for Sales Innovation is celebrating its 10th anniversary in preparing performance-ready sales professionals for business-to-business and healthcare sectors.

A Strategy For Referrals Pays Big Dividends

Dr. David J. Lill and Jennifer K. Lill

Location, location, location – three critical words in real estate! But there are three other words that perhaps are even more important: referrals, referrals, referrals. There is no more valuable source for clients than that of asking for referrals — the real estate agent's lifeblood. The use of referrals is one of the most powerful but underutilized prospecting techniques. Agents are told countless times in continuous education classes and training to employ this effective tool. But when it comes right down to it, they often neglect this essential step in the selling process.

Referrals

So what exactly is a referral? A referral is a name given to you by a customer, friend or someone else who feels good about you and the services you offer. Referrals generally provide qualified prospects that have a *need* for your services, the *authority* to make the purchasing decision, and the *ability* to pay or obtain financing.

The factor that makes this prospecting method so valuable is its *leverage*. Until the proper time to use that leverage arrives, a referral is just a lead like any other. When you have qualified a referred lead by securing all the information needed to show that this person fits the pattern of prospects you call upon, you are ready to use this valuable leverage.

Those who provide referrals should be willing either to make an initial contact for you or at least allow you to use their names. Referrals work because people are naturally fearful or skeptical of strangers; especially those who seem too pushy. People trust you to help them buy a home or sell their home more readily if someone they know and respect has sent you to see them.

Referrals come from everywhere! Referrals can come to you through a customer, friend, or even a prospect that did not buy (they were "just looking") but felt good about you and the services you provided them.

Gain More Referred Leads

Many agents have fewer referrals because they don't ask, or perhaps because they don't know how to ask. The fear of rejection is probably the main reason people avoid asking for referrals. One way to overcome the fear of rejection is to make asking for referrals an integral part of the sales process with your clients.

When you believe in the services you provide to both buyers and sellers, you should feel that you are doing your clients and prospects a favor. So rather than feel apologetic about asking for referrals, remind yourself that you are simply offering your customers the opportunity to do their friends and colleagues the favor of introducing them to you.

Why don't agents get more referrals? There are two reasons why people do not immediately give you referrals. The first is that they may find it difficult to think of names to give you. Basically, they just do not want to exert the mental effort to decide who might be interested in your services. Help clients focus on the qualities you would like to find in a prospect.

"I'd rather be a master prospector than be a wizard of speech and have no one to tell my story to."

Some general questions are: "Do you have any friends or co-workers who are relocating to or from the area?", "Have any of your neighbors recently gotten married?", "Have any of your clients or colleagues had a recent addition to the family?", and "You mentioned your brothers and sisters. Where do they live?" Design other questions applicable to specific clients given what you know about their unique situations.

The second reason why people do not give you names is that they consider themselves "conscientious objectors" – they claim they just do not give referrals. So ask for their help in this way. Soften them up by saying, "I am trying to build my business and I would value and appreciate your help." Then go on to ask for a referral from another point of view that makes the client feel comfortable about giving you names.

What to Ask

The principal thing you ask for in a referral is for them to make it easy for you to contact a new prospect. The variable in each situation is how much contact should be made. What to ask for depends upon your client's need for control of the situation.

▪ Some customers want to handle the communications themselves.

▪ Others want minimal involvement. They prefer you initiate the contact for them.

▪ Still others may have very specific instructions on what they want you to do or say with their referrals.

The best way to find out how much control your client wishes to have is to simply ask by using an alternate of choice question: "Would you prefer that I call Mr. Evans, or would you want to personally call and talk to him on my behalf?"

Here is a sample statement that can be used to make your client feel comfortable about giving you names:

"I'm not asking you to recommend me or my services, I am merely asking you to give me an introduction to some people you know. I will talk with them, as I have with you, in a professional manner and give them the opportunity to learn about me, my company and the services we offer."

How do agents recognize referrals? Much of the time, clients will reveal leads in their everyday conversation with you as you are out showing properties or even while you're waiting at a closing. Watch for trigger comments like, *"My sister and her husband are moving here next month."* Or it might be a client who says, *"Our son's entire company is relocating to the area."* In both cases, it is easy to recognize the potential for obtaining qualified prospects.

How can you be more effective in gaining referrals? You may want to design a form to record important information provided to you by your referrals. These can be formally printed cards or just a form you fill out from verbal reporting.

When you can't get the referral source to contact the prospect directly for you, ask the person to sign a simple introduction card or even the back of your own business card. Remember that without the referral source's open support, you really have just a name, not really a referral.

A Practical example

Here's a great way to ask for referrals that really takes the pressure off the asking process. "If you feel that I did a great job, please don't keep me a secret," says Linda Carter of *Pride Homes Realty* in Nashville, Tennessee. She likes this statement because it is informal, low-pressure, and it even gets a smile most of the time.

Linda also likes to use this phrase: "The best thank you is referring someone you know." This is good to use after a successful close when clients are their most grateful. She just helped them buy their dream home, or perhaps sold their home just in time for them to make their big move to a new job. Not only would they not mind giving Linda referrals, they are actually happy to do so.

"**The single most important ingredient** in the formula for success is *knowing how to deal with people*."

At times, however, even after several attempts, a customer may still not be responsive in providing referrals. You've done a good job and they are pleased with the results. But when you ask for referrals, they seem to hesitate. These types of customers are rare, but they do exist. The best way to handle them is with a response like this: "I completely understand. I am just pleased we were able to find you exactly what you were looking for—and we even trimmed the closing costs! Well, I am always looking for other great people to help, so just keep me in mind!"

Give them some of your business cards, but don't be pushy. If you truly did a good job, your name will come into their minds the next time a friend mentions they are looking to buy or sell. *You want to be graciously tenacious without being obnoxious*.

When to Ask

Ultimately, the best way to get referrals is to do a phenomenal job for your clients. If you work hard for them, they won't hesitate to speak your praises to others. Make asking for referrals a part of the sales cycle. The best time to ask for referrals is usually right after the close. A satisfied client — one for whom the process has run as smoothly as possible and is pleased with the end result — is likely to feel good about giving you names.

Sometimes, however, the new home-owner wants to live there for a time before giving referrals. This is good. Overly aggressive agents go after referrals at the wrong time. They start asking for them before the ink on the contract is dry. *You can't ask for referrals; you must earn them. The best referrals come from satisfaction, not a signature.*

One last piece of advice! Remember the Golden Rule. If you have established a good relationship with your client and you feel that his line of business could benefit other people you know, then tell the appropriate people within your own customer base and your personal friends. This type of *value-added* thoughtfulness will make you stand out even further and enhance your client's loyalty to you.

About the authors:

Dr. David J. Lill has a combined 30 years of professional sales, sales training and teaching experience. Dr. Lill is a business consultant specializing in sales, advertising and communications skills development. He is the co-author, publisher and marketer of

Selling: The Profession, now in its 5th edition. His relationship selling model is being successfully used by companies throughout the country in a wide variety of industries including real estate, hospitality, telecommunications, banking, insurance, chemical and automotive.

You may reach him at (615) 476-5035 (mobile) and (615) 941-2747 (DM Bass line) or email him at: dlill48@comcast.net. His mailing address is: 6635 Broken Bow Drive, Antioch, TN 37013. Go to his Web site: www.sellingtheprofession.com to view the sales training material available that supplements the textbook.

Jennifer K. Lill comes from a background of sales, authorship and entrepreneurship. She has co-authored three books with Dr. Lill. In addition, she was president and co-founder of the Tom Black Center for Selling Inc., located in Nashville. The company was formed as a conduit for national sales training and publisher of business training products. Jennifer is also a free-lance author (ghost writer) and business consultant. One of her projects ended up on the New York Times best-seller list and she is currently working on two more book projects. To contact her, please call or write Dr. Lill.

Selling the Lean Way

By Charles Fifield, MBA

To achieve increased productivity, competitive advantage, and profitability, high value-creating businesses around the world have consistently turned to "lean thinking" for solutions. Manufacturing processes have widely adopted lean production systems to gain improved operational effectiveness and the lowering of costs. Most recently, the "lean thinking" wave has been advanced to better identify and understand the expectations of consumers, i.e. lean consumption.

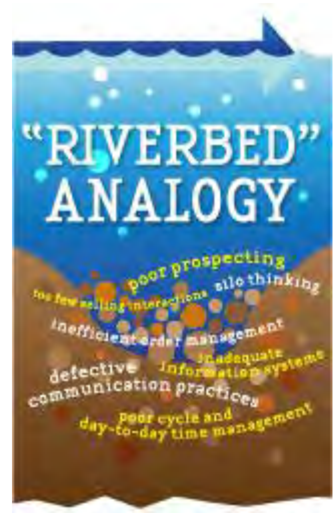
According to James P. Womack of the Lean Enterprise Institute, the essential principles of "lean consumption" are the following:

1. Solve the customer's problem completely, by insuring that everything works the first time.
2. Don't waste the consumer's time.
3. Provide exactly *what* the customer wants.
4. Provide value *where* the customer wants.
5. Provide value *when* the customer wants.
6. Reduce the number of problems customers need to solve.

The baseline essence of value creation is the successful matching and synchronization of customer wants with business process capabilities. Intuitively, everything done in business should be system-oriented and designed to create value via some process of transforming inputs into outputs. The problem is that the traditional selling process in terms of overall productivity isn't functioning very effectively. How is it that the essential linkage between widely understood lean production processes and lean consumption processes is in such productivity disarray? Regardless of the core problem or reason, a door of significant opportunity is open for lean thinking applications in every sales-driven organization.

The long-term solution to poor sales productivity can be summarized in one concept – the consistent elimination of sales process waste. Waste is essentially any process activity that fails to add customer value, which, as previously noted, is being progressively "lean" defined.

The river analogy has been popularized in publications describing the Toyota Production System, the generally accepted origin of lean solution thinking. Visualize the constraints to sales productivity gains to be process imperfections – poor prospecting, poor cycle and day-to-day time management, inefficient order management, silo thinking, too few selling interactions, defective communication practices, inadequate information systems, as rocks and other debris lying on a riverbed. The water level in the river represents waste in the form of either short-term safety measures or outright process mismanagement, resulting in suboptimal performance. In the long-run, the appropriate "lean" response is to methodically identify and remove the debris so that a sales process can operate smoothly in shallow water. The river analogy strongly advises the gradual and consistent lowering of the river's water level to expose and subsequently eliminate



unwanted defects. Two factors, however, inhibit sales organizations from achieving viable long-term lean solutions:

1. Inertia, i.e. resistance to change
2. Ignorance, i.e. lack of knowledge regarding lean consumption

In summary, much has been written about how to achieve sales productivity gains, yet relatively little overall improvement has been achieved. The average salesperson continues to spend the majority of his/her time in unproductive and wasteful non-selling activities. Insanity has been defined as continuing to do something that is not working. Producers and customers alike are demanding change to a lean approach to doing business and sales must reengineer to become properly aligned with today's market demands.

Sustainable productivity gains will only be achieved through initiatives that drive the continuous and systematic removal of waste, specifically designed to help sales processes work smarter, work faster, and do it right the first time. A lean-thinking approach is the right productivity solution and now is the right time.

For further reading:

Womack, James P. and Jones, Daniel T. (2005), "Lean Consumption," *Harvard Business Review* (March) pp 58-68.

Want to Convert More Leads into Clients?
Dig Deeper into What Customers Value

By Chris Blocker, Ph.D.

Today's consumers are demanding and more sophisticated than ever. They have a world of information at their fingertips – and in a crowded real estate market they know they have choices when picking a real estate agent. Buying or selling a home also carries high stakes for consumers, so expectations rise and emotions can get involved as they start to meet with real estate agents.

In response, successful agents recognize these tensions and handle prospective clients with care. Seasoned agents maximize the short time they have to showcase their abilities and deliver well-crafted presentations that they hope will strike a chord with consumers.

The problem is that sometimes consumers don't hear the music.

That is, consumers form key impressions of an agent during initial meetings and sometimes sense a mismatch or disconnect between their desired value and the value they perceive an agent is offering them. The usual result for an agent when this happens? Unreturned phone calls and consumer sound bites about deciding to "go a different direction."

Unfortunately, many of these unconverted leads might have progressed into clients if agents had a more vivid picture of *what those consumers' truly value in an agent*, and in turn had used that insight to propose a more compelling vision for the agent-client relationship.

In a fairy-tale world, agents could peer into consumers' minds to find out just what it is they value. Fantasy aside, there is some hope here. Customer value research has made significant strides in the past few years. Specifically, studies in this area can help agents:

- Understand what *customer value* really means to consumers
- Gain insight into how consumers assess the value of salespeople
- Learn how marketers can better uncover what customers value, and
- Craft meaningful value propositions for potential clients

What is Customer Value … Really?

Although customer value is a fundamental concept in marketing, it has been defined in so many ways that it can seem like a nebulous concept. To some, value is just another word for satisfaction. For others, value represents a selling style where salespeople focus on providing a "value-add" to consumers. In recent years, however, experts have been building a consensus on a few distinctions that salespeople can hang their hat on.

For one, customer value involves a customer's ideas about what they want and believe they get from buying and using a product or service.[1] This means that customer value is *perceived by customers* and different from a popular concept like "customer-lifetime-value," which takes a seller's viewpoint and tries to calculate what a customer's patronage is worth in dollars over the lifetime of the relationship.

Customer value is strongly related to, yet distinct from, *customer satisfaction*. Satisfaction is a customer's positive or negative feelings about the value they received as a result of using a product or service. ***Customer value, on the other hand, is a customer's perceived trade-off between benefits (what you get) versus sacrifices (what you give) in a given situation.***[2] The difference between the two may seem subtle, but it becomes important to realize that insights about customer satisfaction largely give salespeople a report card, whereas customer value insights can give salespeople direction on "what to do." In other words, while satisfaction can tell a salesperson how much further they have to climb, customer value can tell a salesperson which wall they need to be climbing.

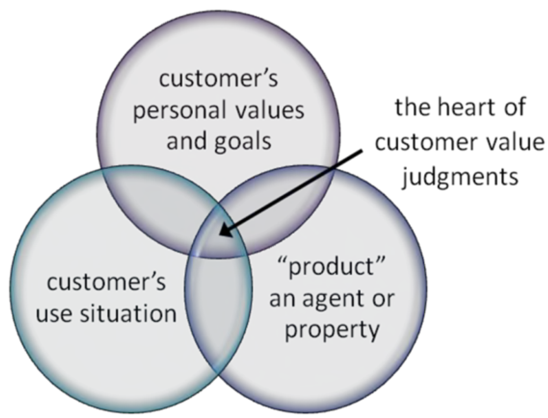
To Understand Customer Value – Focus on Three Areas

Customer value perceptions are a blend of three areas an agent can pay close attention to:

(1) *a consumer's personal values and goals*, meaning their central beliefs about right and wrong and goals that motivate them,

(2) *a consumer's use-situation*, meaning the specific context, purpose, and relevant circumstances surrounding their purchase decision, and

(3) *a consumer's perceptions of the product*, where a product is broadly defined to encompass any combination of products or services being offered. This diagram shows how value resides at the heart of this *interaction of product, person, and purpose*.[3]



the interactive nature of customer value

Take for example a twenty-something, first-time home buyer who has been out of college for several years and begun advancing in her career.

Taking into account this individual's *personal values and goals* may reveal that she really likes being a part of a community, but feels boxed-in by apartment living, where her neighbors are transient and security can be a concern.

Her *use-situation* may take shape around where she works geographically in town, where her friends live, shopping areas she frequents, as well as her budget for a down-payment. These factors place boundaries on what she will value in this specific purchase. That is, even though she might love the aesthetics of a home far away from her workplace, if she can't stand long commutes, it will not be valuable to her.

Her perceptions of homes (a product) may be shaped by social influences such as family and friends, regional/cultural values, or a variety of other factors. Finally, the way *she perceives value in an agent* (a service) – whether she realizes it or not – likely draws upon her history of working with salespeople in various contexts, her preferences for the kinds of interactions she likes to have with salespeople, the degree of trust she is willing to extend under various circumstances, interpersonal styles, as well as a host of other beliefs about how an agent can help her accomplish her goals of buying the right house.

All of these factors and more interact and come together to form this individual's perceptions of customer value. Furthermore, these elements can be just the tip of the iceberg. This is especially true when one considers the fact that a consumer's value perceptions can change, sometimes rapidly. During the purchasing process from start to finish, consumers can learn a great deal, be influenced by various people, and re-orient their priorities and preferences based on how their experiences unfold.

How Do Consumers Assess the Value of Agents?

So, if the nature of customer value is clear, how then do consumers assess value in agents? The subjectivity involved in value perceptions means that "value is in the eye of the beholder." An agent's mother might think he or she is a fabulous salesperson! But each client brings their own set of lenses about what makes a great agent *as they see it*. Still, research reveals at least two major factors consumers generally consider important in salespeople: a salesperson's *expertise* and *trustworthiness*.[4]

With regard to agent expertise in a real estate context, consumers have raised the bar. In contrast to the traditional approach of buying or selling real estate in years past, consumers today commonly do a lot of homework online before even approaching an agent. As such, they often come with a list of detailed, even technical, questions about the process, particular properties, etc. Consequently, the first test for an agent might be their ability to quickly demonstrate that they understand the issues and can apply expertise beyond what a consumer can exercise themselves. Furthermore, research shows that establishing expertise requires the ability to use and convey accurate, current, and specialized knowledge in a way that offers a tailor-made service experience.[5]

With regard to trustworthiness, consumers rely on their perceptions of this trait in granting their loyalty to salespeople.[6] *Mistrust of marketers is currently at an all time high* and, unfortunately, many consumers have been jaded by one or more sour experiences with salespeople.[7] Typically these experiences involved a breach of trust, an invasion of privacy, awkward feelings of being prodded to buy before they were ready, or some combination of these. As such, an agent must assume that consumers have had these experiences and carefully navigate through their initial feelings of doubt. Research shows that consumers extend trust when they see salespeople as being dependable, honest, competent, customer-oriented, and likeable. It is also critical to note that consumers' feelings of risk and vulnerability in home buying or selling might be imposed upon how they feel about agents. In these situations, consumers may not share the information agents actually need to understand what they value and create the right solution. Put simply, some level of trust is needed before an agent can even assess what a consumer wants from them.

Understanding the value consumers' desire from salespeople is an area in need of further research, but other factors that consumers likely use to assess the value of agents include[8]:

- Superb listening and understanding needs
- Easily accessible
- Being an excellent problem solver
- An advocate, first-rate negotiator for them
- Highly responsive to needs that arise
- Ability to keep consumers up to date
- Commitment to a successful outcome
- Competitive pricing

How Can Agents Better Assess What Customers Value?

Traditional ways of assessing customer value for a market involve conducting surveys, focus groups and, on an individual customer basis, asking questions like "tell me the top three things you are looking for in an agent (a home, etc.)?" While these approaches can yield some useful results, marketers feel these methods have tapped out their potential and are looking for innovative ways to gain deeper insights about customers.[9] The drawback to traditional approaches is that they skim the surface and fail to uncover nuances about consumers' personal values/goals, specific use-situations, and idiosyncratic perceptions about the product-service based on their life history and experience.

More recently, some research firms and experts advocate the use of softer, qualitative approaches to understanding customer value.[10] For individual customers this means creating intentional space to ask clients very open-ended, unstructured questions with a goal of eliciting their "stories." This is no doubt a skill that an agent can hone, but requires thoughtful reflection and persistence. Individual agents may broach or phrase these questions differently in the context of a conversation, but some examples are: "If you could create a dream home-buying experience, what would it look like?" "Tell me about the last time you made a major life decision (large purchase)," with additional probes like "How did it go?," "Who else was involved?," "What roles did they play," or "What made the process more/less painful?" Questions along these lines consistently reveal deeper insights into customer value. Another technique to use is called the "grand-tour approach."[11] In this case, when asking questions like the ones above, consumers are gently guided to structure their response in as much detail as possible, as if they are giving a "tour" of what they saw, heard, and felt – or are replaying a movie of what it was like to be there. Ultimately, researchers are finding that techniques like these can reveal fresh, powerful insights.

Crafting Compelling Value Propositions

Ultimately, agents want to craft compelling value propositions that resonate with consumers. Often times, salespeople want to give consumers a holistic sense of the value they can provide, so they are prone to present a laundry list of benefits and talking points. Experts suggest that these days focus is what counts.[12] Honing in on one or two important points of difference between the value one can offer relative to the nearest competition makes it easier for consumers. In the process, agents should strive to craft value propositions that are *distinctive, memorable, measurable, and sustainable*.

The prevailing market conditions might influence potential clients to put undue focus on an agent's commission rate and not listen to their pitch. In response, successful agents will go out of their way to understand what creates value for consumers and help them to believe in their superior ability to facilitate that journey.

References

---

[1] Bagozzi, Richard P. and Utpal Dholakia (1999), "Goal Setting and Goal Striving in Consumer Behavior," *Journal of Marketing*, 63 (Special Issue), p. 19-32.
Woodruff, Robert B. (1997), "Customer Value: The Next Source for Competitive Advantage," *Journal of the Academy of Marketing Science*, 25 (2), p. 139-54.
[2] Smith, J. Brock and Mark Colgate (2007), "Customer Value Creation: A Practical Framework," *Journal of Marketing Theory and Practice*, 15 (1), p. 7-23.
[3] Woodruff, Robert B. and Sarah Fisher Gardial (1996), *Know Your Customer: New Approaches to Understanding Customer Value and Satisfaction*. Cambridge, MA: Blackwell Business.
Ratneshwar, S., Allan D. Shocker, June Cotte, and Rajendra K. Srivastava (1999), "Product, Person, and Purpose: Putting the Consumer Back into Theories of Dynamic Market Behaviour," *Journal of Strategic Marketing*, 7 (3), 191-208.
[4] Liu, Annie H., and Mark P. Leach (2001), "Developing Loyal Customers with a Value-adding Sales Force: Examining Customer Satisfaction and the Perceived Credibility of Consultative Salespeople," *Journal of Personal Selling & Sales Management*, 21 (2), p.147-156.
[5] Ibid.

[6] Ibid.

[7] Sheth, Jagdish N. and Rajendra S. Sisodia (2005), "A Dangerous Divergence: Marketing and Society," *Journal of Public Policy & Marketing*, 24 (1), 160-162.

[8] Johnston, Mark W. and Greg W. Marshall (2005), *Relationship Selling and Sales Management*. New York: McGraw-Hill Irwin.

The Chally Word Class Sales Excellence Research Report: The Route to the Summit. (2007), accessed from http://www.chally.com, April 2008.

[9] Donath, Bob (2005), "Customer Knowledge Takes Priority in Study," Marketing News, 39 (20), 7.

Oliva, Ralph A. (2005), "Know Thy Customer: The Very Heart of Marketing—Understanding Customer Needs and What They Really Value—Tops Business Marketers' Priorities," The Pennsylvania State University Institute for the Study of Business Markets (Ed.).

Nussbaum, Bruce (2004), "The Power of Design," in Business Week, May 17th, 2004, Issue 3883, 96-103.

[10] Ibid.

[11] McCracken, Grant: *The Long Interview*. Sage, Beverly Hills, CA, 1988.

Spradley, J. P.: *The Ethnographic Interview*. Holt, Reinhardt & Winston, New York, 1979.

[12] Anderson, James C., James A. Narus, and Van Rossum (2006), "Customer Value Propositions in Business Markets," *Harvard Business Review* (March), 91-99.

About the Author:

Chris Blocker, Ph.D., Assistant Professor of Marketing, Baylor University

Chris completed his Ph.D. at the University of Tennessee in marketing. His research focuses on understanding the dynamics of customer value and its implications for important strategies like relationship management and segmentation. Prior to pursuing a PhD in marketing, Chris held various marketing/sales positions in the high-tech sector, including work in professional services and as a global account manager for AT&T and in business marketing at Sprint. He has published research in respected journals such as *Industrial Marketing Management*, *The European Journal of Marketing*, *The Journal of Business and Industrial Marketing*, and in the proceedings of several international marketing organizations.

Research Insider
Current Trends in Web Data Analysis
By Suzanne Blake

Is it possible that you could be using web data analysis more extensively? In *Current Trends in Web Data Analysis,* Arun Sen, Peter A. Dacin, and Christos Pattichis discuss the current trends in web data analysis. They look in detail at why clickstream data is underutilized and make suggestions to employ it more effectively. This research offers insight into ways real-estate agents can get better customer information from their websites. **Please note, the industry studied here was not real estate, though the core findings will still be relevant to your field. The results of this research should not be applied blindly, but with serious thought as to how they might be relevant in your particular market. Specific types of marketing media, measures of time, and percentages should be altered to fit your industry.**

1. "[Clickstream] data includes visitors' clicks (including what they looked at, what they selected and how long they spent looking) and Web server's response."
   THINK: If you, as a real estate agent, could harness this information, you would have valuable insights into which customers are visiting your site as well as which aspects of the web site are working. This information begins to draw a more complete outline of the faceless customers who look at your site.
2. Few companies fully understand exactly how to use clickstream data effectively.
   THINK: Considering this, if other agents are not capturing this information and learning from it, taking advantage of its benefits would put you at a competitive advantage.
3. "Even a conversion of 1% of 'window shoppers' to 'buyers'" can boost your sales substantially.
   THINK: As the web analytic market is growing, newer ways to attract and convert customers are coming to fruition. As real estate information becomes more available on the Internet, it becomes more necessary to use that portal to draw them into your business. Using clickstream data can help you refine your site to turn those who are anonymously browsing into your clients.
4. "With continuing rapid growth of online shopping, the time has come to put a 'structured methodology' in place that promotes a deeper understanding of visit behaviors and how they directly relate to important outcomes."
   THINK: How could understanding potential clients' visit behaviors help to convert them into leads? If you can understand what attracts customers, what entices them to enter our website, you have a higher probability of converting them to leads in the future. Your website should be focused around the customer outcome that you desire. Understanding visit behaviors can help to do that.

5. "The different types of trails can be evaluated to measure their effectiveness in driving sales and better customer experience."
   THINK: If you can understand what customers want to see in a website, how could you tailor the website more effectively? Carefully thought-out web design can make a world of difference when attracting new customers.
6. At level-3 Customer Segmentation, "the key service is to create segments of customers by using clickstream and other available data."
   THINK: By segmenting customers, agents are able to more accurately target those within the demographic for which they are aiming. Tracking clickstream data will allow you to take a closer look at your customers and understand their similarities and differences.
7. "Loyal customer identification can lead to more targeted marketing activities that can yield higher value of return from loyal customers."
   THINK: Customers that view particular houses several times on a website may be more interested in that house and houses similar to it. This gives you a chance to study up on clients before showing houses.

About the Author:

Suzanne Blake, MBA Candidate, Dec 2008, Baylor University
Graduate Assistant, Keller Center for Research

Suzanne is a second year graduate student from Tahlequah, OK. She earned her BBA in Entrepreneurial Management from Texas Christian University.

Research Insider
Effective Use of Your Marketing Budget
by Laura Indergard, MBA

How did you spend your marketing dollars this year? Do you really know how effective they were? In *A Three-Stage Model of Integrated Marketing Communications at the Marketing-Sales Interface* (Journal of Marketing Research, 2006) T.M. Smith, S. Gopalakrishna, & R. Chatterjee analyze the impact of marketing media distribution, timing, and the consideration of sales force capacity in the marketing mix planning process. During their research process, each marketing medium was given its own unique toll-free number so that efficacy could be tracked individually. Their research draws conclusions that may help you spend your marketing budget more efficiently. **Please note, the industry studied here was not real estate, though the core findings will still be relevant to your field. The results of this research should not be applied blindly, but with serious thought as to how they might be relevant in your particular market. Specific types of marketing media, measures of time, and percentages should be altered to fit your industry.**

1. "Leads followed up within five days of being identified are converted to sales at 20% higher rates than those that wait longer than ten days for a sales visit."

   THINK: Increasing marketing expenditure in order to generate more lead volume may not always be advisable if you do not have the capacity to follow up promptly. Though in the real estate industry you think in terms of hours not days, if you take in mass quantities of leads without regard to your ability to respond, it could work against you.

2. "Delays [between inquiry and sales force follow-up] linger in the system beyond the period in which they are created."

   THINK: What is today's delay going to cost me in weeks to come? When you fail to respond today you generate a delay that will combine with any other lag created when you are slow in the future. Your delay today could hurt your response time to tomorrow's lead.

3. Leads generated from newspaper advertising, referral programs and telephone directories are converted to appointments at higher rates. Exhibitions, direct mail and radio leads are converted at significantly lower rates. However, the research here also shows that direct mail and radio advertising cause indirect increases in leads from newspaper advertisements and exhibition.

THINK: Is your marketing media balanced? The planning of marketing expenditures should be integrative at the front end of the process. When you are planning which media to utilize think about how they work together to bring you the leads you desire. Which marketing media work best for your potential customers? Observe when you alter them how successfully they work independently of one another than they do together.

4. "…In general, accommodating additional customer-driven lag has a positive relationship to the likelihood of sales."

   THINK: When the customer is responsible for the delay, it does not have the same negative impact on sales as when the salesperson is responsible for the delay. So when your customers are twiddling their thumbs and taking their time calling you back, don't panic. This research has shown those customers are more likely to close a sale.

5. "If marketing activities create enough stress on the sales force to generate even minor levels of capacity-driven lag, the predicted sales conversion rates for repeat customers and referral program appointments are adversely affected. A sales visit conducted within a day of a referral lead is expected to be converted into a sale 60.7% of the time, but if that lead waits 15 days, it is converted only 22.6% of the time."

   THINK: Time is of the essence. If the amount of leads you generate is so much that you cannot respond quickly, don't expect to close as many sales. Delay decreases sales exponentially. Increased quantity of leads may harm your overall sales.

6. When you release your media can impact lead generation, conversion to appointment, sales and profit. The interactive effects of media, i.e. the effects they create by working together, are best when the media are used simultaneously, rather than in alternating weeks. In this research simulation, leads increased by 9.1%, appointments increased by 7.1%, sales orders increased by 5.2%, and profit increased by 8.0%. Sales call lag increased by 7.2%

   THINK: Are you spending your marketing budget when it is most effective? Using more than one type of marketing medium at the same time can bring in more leads. Keep in mind that you need to be aware how many leads you can handle efficiently. Consider how much you can increase lead generation before the sales call lag will ultimately decrease your profit.

7. The way you spend your marketing dollars affects lead generation, conversion to appointment, sales, and profit. In this research simulation, increasing the radio budget and spending it to leverage newspaper and exhibition advertising, while simultaneously reducing the direct mail and newspaper budgets (in conjunction with the media timing noted in item 6) had a positive

overall effect. Leads increased by 12.7%, appointments increased by 10.2%, sales orders increased by 7.3%, and profit increased by 11.3%. Sales call lag increased by 10.8%.

THINK: Are you spending your marketing budget on the right media? By balancing your marketing mix and using that mix interactively with appropriate timing (item 6) you can create a more efficient use of your marketing dollars. Observe which medium brings in the most leads. How about the best leads? Does the answer change when you use the media together in different ways? Consider which types of media are smartest to invest in for your potential customers. At what point will the increased leads impact you negatively due to increased sales call lag?

8. Decreasing the marketing budget can also have a positive impact on sales and profit. In this research simulation, the marketing budget was reduced by 10%. The reallocation of the budget to increase radio advertisement dollars and decrease direct mail dollars had a positive overall effect. Though this impacted lead generation and conversion to appointment slightly negatively and increased orders only marginally, profits increased by 6.1%. Sales call lag decreased by 1.2%.

THINK: This research suggests that you should understand how your communications influence each other "simultaneously (among media in a given week) and sequentially (between media and selling activities)." If you are having difficulty servicing all of your leads in a timely manner, think about reducing the amount you spend on marketing overall. If you have a smaller group of leads on which to focus, that can "permit increased service quality (in the form of the response time) and selling efficiencies (higher closure rates) downstream."

About the Author:

Laura Indergard, MBA, Baylor University
Associate Director Keller Center for Research and Keller Center for Professional Selling
Editor, Keller Center Research Report

Laura earned an MBA from Baylor University and a BS in Radio-TV-Film production from Texas Christian University. Her background includes work in the advertising industry as a copywriter for IT Network and independent small business marketing and feasibility consulting.

Research Insider
Making the Most of Website Advertising
By Chris Matcek

Are you using your website to its maximum potential? How do you know if your marketing initiatives are really bringing in sales leads? In *A Two-Stage Model of the Promotional Performance of Pure Online Firms* (Information Systems Research, 2006) Jianan Wu, Victor J. Cook, Jr., and Edward C. Strong examine the relationship between a two-stage process of advertising to bring customers to a website and then using the website to generate leads or transactions. The importance of this research leads us to find out how advertising and the website work *jointly* not analyzing *separately.* We can also note where each complements the other, or how costs can be reduced in combination. **Please note, the industry studied here was not real estate, though the core findings will still be relevant to your field. The results of this research should not be applied blindly, but with serious thought as to how they might be relevant in your particular market. Specific types of marketing media, measures of time, and percentages should be altered to fit your industry.**

1. "Immediately after each ad exposure there is an increase in website visits and an increase in sales leads."
   THINK: The more people you reach with advertisements, the more people will come to your web site. Once they are there, your web site must be in top shape to set up for a transaction.
2. "A double issue [of a magazine with an advertisement in it] generates more traffic than a single issue."
   THINK: Rather than spreading your marketing dollars equally over multiple advertising campaigns, a single campaign that provides more repetitive exposure is a more effective use of your budget.
3. "Placing ads in the right-most column of the right page produces higher traffic than in the left-hand column of the left page.
   THINK: Where do you place your advertisements? A simple request for placement of your ad on the right side of the page could increase your traffic.
4. "Advertising indeed has carryover effect on website visits, but the effect wears out."
   THINK: Advertising will definitely bring more people to your website, but continual advertising will keep the traffic there longer.
5. "Visitors who have visited the website immediately after the exposure to an ad are more likely to return to the website again in the same period."
   THINK: How can you get someone to go straight from your advertisement to your website? Maybe you could say "for more information visit our website" or "finish this story at our website." Once the potential customer has visited, they are more likely to come back.
6. "Visitors who are most likely to become sales leads have the following characteristics: (1) they made more visits to the website and (2) they spent more time on each page and they downloaded more pages each time they made a visit."

THINK: Can your website track individuals as they view your website? Information such as which pages they visit, how long they look at each one, and how many different pages they viewed can be attached to an RSVP form and have personalized data for each visitor.

7. "A visitor is more likely to submit an RSVP form if the link is placed at the top of the page than at the bottom of the page."
   THINK: For such an easy way to increase RSVPs, this is a simple necessity for a website, easily taken care of in a short time.
8. "Advertising characteristics surrogated by response latency have a stronger impact on sales leads than website characteristics."
   THINK: The advertisement qualities are more important than the web site qualities, so spend as much time, if not more, on advertisement creation and complementation with the website.

About the Author:

Chris Matcek, MBA/ME Candidate, Dec 2008, Baylor University
Graduate Assistant, Keller Center for Research

Chris is a second year graduate student from Katy, Texas. His undergraduate degree is in Electrical and Computer Engineering and is currently working on his Masters of Engineering and MBA.

June 2008 Keller Center Research Report Contributors

Suzanne Blake, MBA Candidate, Dec 2008, Baylor University

Graduate Assistant, Keller Center for Research

Suzanne is a second year graduate student from Tahlequah, OK. She earned her BBA in Entrepreneurial Management from Texas Christian University.

Chris Blocker, Ph.D., Assistant Professor of Marketing, Baylor University

Chris completed his Ph.D. at the University of Tennessee in marketing. His research focuses on understanding the dynamics of customer value and its implications for important strategies like relationship management and segmentation. Prior to pursuing a PhD in marketing, Chris held various marketing/sales positions in the high-tech sector, including work in professional services and as a global account manager for AT&T and in business marketing at Sprint. He has published research in respected journals such as *Industrial Marketing Management*, *The European Journal of Marketing*, *The Journal of Business and Industrial Marketing*, and in the proceedings of several international marketing organizations.

Bryan Gregory, MBA Candidate, Dec 2008, Baylor University

Graduate Assistant, Keller Center for Research

Bryan is a second year graduate student from Phoenix, AZ. His undergraduate degree is in Management Information Systems from Texas A&M University.

Charles Fifield, MBA, Lecturer, Baylor University

After 33 years in sales with an emphasis on financial services, Professor Fifield has spent eight years teaching undergraduate and graduate courses including Professional Selling and Communications, Negotiations and Conflict Resolution, and Operations Management. He serves as the coach for the Baylor Sales Team and coordinates the Music and Entertainment Marketing Degree. He holds an MBA in Finance and International Business from the Kellogg School of Management at Northwestern University and a BBA in economics from Southern Methodist University.

Laura Indergard, MBA, Baylor University

Associate Director Keller Center for Research and Keller Center for Professional Selling

Editor, Keller Center Research Report

Laura earned an MBA from Baylor University and a BS in Radio-TV-Film production from Texas Christian University. Her background includes work in the advertising industry as a copywriter for IT Network and independent small business marketing and feasibility consulting.

David J. Lill, Ph.D.

David has a combined 30 years of professional sales, sales training and teaching experience. Dr. Lill is a business consultant specializing in sales, advertising and communications skills development. He is the co-author, publisher and marketer of *Selling: The Profession*, now in its 5th edition. His relationship selling model is being successfully used by companies throughout the country in a wide variety of industries including real estate, hospitality, telecommunications, banking, insurance, chemical and automotive.

Jennifer K. Lill

Jennifer comes from a background of sales, authorship and entrepreneurship. She has co-authored three books with Dr. Lill. In addition, she was president and co-founder of the Tom Black Center for Selling Inc., located in Nashville. The company was formed as a conduit for national sales training and publisher of business training products. Jennifer is also a free-lance author (ghost writer) and business consultant. One of her projects ended up on the New York Times best-seller list and she is currently working on two more book projects.

Chris Matcek, MBA/ME Candidate, Dec 2008, Baylor University

Graduate Assistant, Keller Center for Research

Chris is a second year graduate student from Katy, Texas. His undergraduate degree is in Electrical and Computer Engineering and is currently working on his Masters of Engineering and MBA.

Ann Mirabito, Ph.D., Assistant Professor of Marketing, Baylor University

Keller Center Faculty member

Ann researches how consumers make complex decisions related to value (quality evaluations, price fairness, risk management) and the role of biases and heuristics in those decisions. Ann earned a PhD from Texas A&M, MBA from Stanford, and BA in Economics from Duke. Before becoming a professor, she was a marketing executive with Time Warner, Frito Lay, and Rapidforms, specializing in revitalizing companies by reinvigorating product lines and infusing employees with a desire to make magic happen for customers.

Chris Pullig, Ph.D., Associate Professor of Marketing, Baylor University

Director of the Keller Center for Research and Keller Center for Professional Selling

Before beginning his academic career, Professor Pullig worked in the retail industry as the CEO of a chain of specialty clothing stores and also as a consultant with the Small Business Administration. He received his PhD from Louisiana State University and was previously on the faculty at the University of Virginia. His research is in consumer attitudes and decision making, with an emphasis in effective creation and protection of consumer-based brand equity. His previous work has been published in the *Journal of Marketing*, *Journal of Academy of Marketing Science, Journal of Retailing*, *Journal of Consumer Psychology*, *Journal of Public Policy and Marketing* and others.

Lynn Schleeter, Director, Center for Sales Innovation, College of St. Catherine

Lynn Schleeter spent 18+ years in a business-to-business sales career before entering the academic world. As a consultant to 3M, she worked with colleges and universities across the country to build awareness about sales careers through the 3M Sales Initiative. In Sept. 1998, she joined the College of St. Catherine to launch the Center for Sales Innovation. St. Kate's is the only college in Minnesota offering a four-year sales degree. Lynn is the director of the Center for Sales Innovation at the College of St. Catherine, the largest college for women in the nation. The Center for Sales Innovation is celebrating its 10th anniversary in preparing performance-ready sales professionals for business-to-business and healthcare sectors.

Jacqueline Simpson, MBA Candidate, May 2009, Baylor University

Graduate Assistant, Keller Center for Research

Jacqueline is a first year graduate student from Georgetown, TX. She earned her BBA with a double major in Marketing and International Business from Baylor University.

Kirk Wakefield, Ph.D., Professor of Marketing, Baylor University

Chair, Department of Marketing

Dr. Wakefield's current research focuses on (1) valuation of sponsorships, (2) marketing of music & films, and (3) how fans process information and make decisions. His book on Team Sports Marketing and 50+ publications (including Journal of Marketing, Journal of Retailing, Journal of Advertising, Journal of Leisure Sciences, Journal of Advertising Research, Journal of Business Research, and others) involve conducting research in virtually every professional sport (NASCAR, ATP Tennis, anything with a ball or puck) and with teams such as the San Antonio Spurs, Dallas Mavericks, Texas Rangers, Houston Rockets, Houston Texans, and San Francisco 49ers.