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How to Reduce Client's Perceived Availability of Alternative Agents and Increase Client Retention

By Brian N. Rutherford, PhD, Scott B. Friend, PhD, and G. Alexander Hamwi, PhD

Given the highly competitive market in which real estate agents work, striving to attract and retain valued customers is important. Understanding what makes a client want to leave the relationship is key to long-term agent success.

Recently, a stream of research has emerged from the business-to-business sales literature examining buyer defections from suppliers and buyer intentions to stay in the relationship when multiple suppliers exist for a given product or service (e.g., Rutherford, Boles, Barksdale, Johnson 2006; 2008; Friend, Hamwi, Rutherford 2011). These studies examine customers who are already purchasing from firms and/or have alternative firms easily available to use as additional sources of supply. On the basis of these three studies, we identify the implications for the real estate agent-client context and recommend methods that real estate professionals can use to reduce both customer defections and client's perceived available alternatives. By building client satisfaction and trust, as well as increasing the perception of agent commitment, clients will experience lower levels of perceived alternatives, and agents will achieve increased levels of client retention.

Defections From the Client-Agent Relationship

Client defections occur on the selling side when a client terminates the relationship and decides not to renew the listing agreement. When a client defects from the relationship, the agent's losses include the monetary expenses incurred to list the property, as well as the time lost to research the value of the property, meet with the client, and show the property.

From the buying side, a defection occurs when a client decides to work with a different agent, and/or decides to look for a property outside the current agent's area and/or realm of familiarity. In either case, if the buyer decides not to continue to work with the agent, the agent loses time and money invested to show properties to the potential buyer.

Client defection naturally occurs for various reasons. Some examples include: (1) the property does not receive an offer at the price the seller is willing to accept (i.e., financial reasons), (2) the

SELLING-SIDE CLIENTS

- *Develop an understanding of what clients are looking for in a relationship.
- *Actively promote the property through various communication outlets.
- *Inform the client truthfully about the level of buyer interest in the property.
- *Convey the realistic market value of client-owned property.
- *Be on time for appointments when meeting with clients.

Build a STRONG Client Relationship

BUYING-SIDE CLIENTS

- *Develop an understanding of what types of properties buyers seek.
- *Be knowledgeable about the overall market.
- *Inform clients promptly when new properties enter the market.
- *Convey the realistic current market value (range of value) of properties to be potentially purchased.
- *Be on time for appointments when you show properties to clients.

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seller determines that the property s/he currently owns is acceptable, and thus decides to discontinue the listing (i.e., no need), and (3) a client fails to qualify for the type/price property which he/she desires to purchase (i.e., not understanding needs). While these types of defection are important, we highlight the strategies to minimize defection due to issues specifically within the relationship between the agent and client.

Assess Client Satisfaction

Clients in most real estate markets have a number of alternative real estate firms and agents from which they can choose. As the number of alternatives increases, the likelihood of client defection also increases. Based on a study of 130 business-to-business buyers of a Fortune 100 firm, we find that organizational buyers who procure from one supplier, versus from multiple suppliers, have a stronger association between satisfaction with their salesperson and propensity to stay in the relationship (Rutherford et al. 2006). Further, the study finds that buyers who procure from a single source and have a large level of perceived alternative suppliers (versus no/few alternative suppliers) place a high level of importance on satisfaction with their salesperson. Given the highly competitive real estate market for acquiring a qualified buyer or a property listing, and the large number of agents operating in most markets, making sure the client is satisfied with the relationship is absolutely crucial for reducing likelihood that the client will defect to an alternative agent. Our study prompts this challenge: *Do you, as an agent, have a programmatic approach for assessing satisfaction during the selling/buying process?*

Demonstrate *Your* Commitment, Increase *Their* Commitment

In another study surveying 126 business-to-business buyers of a Fortune 100 service firm, we found that as a buyer's perception of salesperson commitment increases, the buyer's propensity to stay in the relationship also increases (Rutherford et al. 2008). Further, we found that the relationship dynamics change depending on whether the buyer uses a single source or multiple sources for procurement. Specifically, buyers who engage in single sourcing are more likely to remain in the relationship as their perception of a salesperson's commitment increases. Given that most client-agent real estate relationships are single-source in nature, agents should show their clients that they are fully committed to selling the property (helping them find a new property). By doing this, the clients are more likely to reciprocate commitment by remaining with the same agent, versus searching for an alternative agent.

Build Trust to Reduce the Perception of Alternatives

In a third study focused on customer defections, we surveyed 229 employees who purchase from multiple competing suppliers and found that a buyer's trust in his/her salesperson reduces the buyer's perception of available alternative suppliers (Friend et al. 2011). Further, the data show that satisfaction with the salesperson, commitment to the salesperson, and a reduction of perceived available alternatives reduces the buyer's intentions to defect from the relationship. For real estate agents, this study emphasizes the importance of building a strong relationship

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with clients in order to reduce defection intentions. Specifically, agents should strive to show clients that they are committed to the relationship, given the impact that perceived salesperson commitment has on both satisfaction and actual commitment by the client. Further, the research highlights the impact that building both client satisfaction and client commitment has on reducing the client's defections. Finally, with the dual goal of not only reducing defections, but also reducing perceived availability of alternative suppliers, this study emphasizes the importance of building client trust in the agent.

Conclusions

This article provides methods for real estate agents to reduce client defections through relationship-building techniques when alternative agents are available. First, agents should work to show their client(s) that they are committed to helping the client(s) meet their goals of either buying or selling a property. By building client perceptions that the agent is committed to fully serve their needs, clients will be less likely to leave the relationship for a different agent. Further, by increasing the client's perception of the agent's commitment, the client will experience a higher level of satisfaction and will be more committed to the agent. Finally, by ensuring that the client is satisfied with the relationship, the client will have higher levels of trust and, thereby will be less likely to leave the relationship.

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To Pay or Not to Pay - Understanding Consumer Willingness to Pay for Professional Services

By Nada Nasr Bechwati, DBA

When it comes to utilizing professional services, consumers have a choice: perform the service for themselves or outsource the job to a service professional. The purpose of this research is to propose a model for understanding consumers' willingness to pay for professional services, including lawn and garden services, plumbing, vehicle maintenance, apparel cleaning and alteration, tax return preparations, financial services (including investment/retirement planning), and real estate transactions.

Such professional services present an interesting challenge to service providers. Consumers' perception of the value of a service may have particular importance in pricing, especially related to professional services where consumers have the option of performing the service themselves. For instance, a consumer wanting to sell her house can hire a real estate agent or she can elect to sell the house on her own ("For Sale by Owner" or FSBO). While previous researchers have studied demographic and economic variables, I argue for a key role for behavioral variables in determining whether or not consumers are willing to pay for professional services. The outcomes of this research have important marketing implications for the professional services industry, with particular relevance for real estate agents wanting to create greater impact.

Why Would I Pay? Developing a Framework for the Study

As illustrated in Table 1, consumers' willingness to pay for professional services is mainly driven by two broad determinants: (1) the consumers' *ability* to either do the work themselves or pay for it, and (2) the consumers' *readiness to pay*.

A consumer's *ability* to do the work or pay for the service is represented by two dimensions. The first dimension relates to *skill availability*, i.e., consumers' perceptions of whether or not they can do the work themselves. Skill is driven by a consumer's subjective knowledge (confidence that she can perform a job comparable to a service provider) and the perception of a difference in quality of the outcomes between her work and that of a service provider. Both of these variables are expected to affect willingness to pay. The second dimension relates to the *financial ability* or availability of monetary resources to employ a service provider. Financial ability is driven by job security (or financial anxiety expected to affect financial ability) and the financial costs associated with performing services on your own. These variables are expected to positively influence consumers' willingness to pay for professional services. For instance, the cost of advertising (e.g. web-based ads, newspaper ads, physical "For Sale" signs, etc.) that would typically be wrapped into an agent's commission would all need to be paid separately by the consumer if she chooses to sell the house on her own.

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Table 1 – Drivers of Willingness To Pay for Professional Services

Determinants of	Dimensions	Variables in Model	Code
Ability to Work or Pay	<i>Availability of Skill</i>	Subjective Knowledge	KNOWLEDGE
		Difference in Quality of Outcome	DIFFERENCE
	<i>Availability of Money</i>	Job Security	JOB ANXIETY
		Cost of Performing Services On Own	COST
Readiness to Pay	<i>Opportunity Cost</i>	Opportunity of Extra Income	EXTRA INCOME
		Appreciation of Leisure	LEISURE
		Value of Time	TIME
	<i>Fun</i>	Effort	EFFORT
		Effort Saved	EFFORT SAVED
		Enjoyment	JOY
	<i>Interpersonal Influence</i>	Reference Group	REF GROUP

WILLINGNESS TO PAY

$$\begin{aligned}
 &= \\
 &\text{Ability to Work or Pay} \quad + \quad \text{Readiness to Pay} \\
 &(-.67_{\text{KNOWLEDGE}} + .31_{\text{DIFFERENCE}} + .49_{\text{COST}} - .29_{\text{JOB ANXIETY}}) + (.46_{\text{EXTRA INCOME}} + .31_{\text{TIME}} + .45_{\text{LEISURE}} + .3_{\text{EFFORT}} + .3_{\text{EFFORT SAVED}} - .3_{\text{JOY}} + .29_{\text{REF GROUP}})
 \end{aligned}$$

A consumer’s readiness to pay is mainly influenced by what else he can do with his time (*opportunity costs*) and by his interests and preferences. Instead of spending his time performing the service on his own, a consumer can (1) work or (2) enjoy leisure activities. Individuals have different levels of capacity and appreciation for work and leisure time. With this in mind, the consumers’ valuation of time is expected to influence his readiness to pay for professional services. Moreover, a consumer’s perception of the effort needed to do the work on his own (and the *fun* associated with the task, or lack thereof) is expected to influence his willingness to pay for professional services. Research in consumer decision-making provides strong support for consumers’ attempts to minimize the effort they put into tasks.

Additionally, other personal preferences and interests are expected to influence one’s readiness to pay for professional services. For instance, a consumer may enjoy performing a particular professional service that could otherwise be outsourced (such as landscaping) on his own. Such enjoyment is expected to negatively affect consumers’ readiness to pay to outsource professional services. Moreover, research on *interpersonal influence* lends support to the influence of others,

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e.g., friends and colleagues, on one's behavior. Accordingly, consumers' readiness to pay is expected to be contingent on the behavior of their reference groups.

The Study

To test the factors outlined in Table 1, I conducted online surveys focused on two industries with contrasting usage frequencies: apparel cleaning and tax form preparation. Apparel cleaning was chosen to represent services that consumers might use with some regularity, while tax form preparation was chosen to represent services that consumers might use infrequently. Real estate services, while not directly examined in the study, would fall into the infrequent use category. The data collected from the tax form preparation survey is relevant and implications can extend to the real estate industry and other industries with similar usages frequencies. Data were collected from a random sample of 488 consumers for the apparel cleaning survey and 480 consumers for the tax forms preparation survey.

In the survey, respondents were first asked to indicate their willingness to pay for the focal service. Other questions included the consumers' perceptions of (1) subjective knowledge of performing the service, (2) difference in quality of outcome between professional service provider and personally completing the service, (3) job security, (4) costs of personally completing the service, (5) opportunities available to earn extra income, (6) appreciation of leisure, (7) value of time, (8) effort, (9) enjoyment, and (10) reference group. The last section was devoted to demographic questions including age, income, education and family size.

Understanding Behavioral Variables – Implications for Real Estate Agents

The results of the study lend support to the importance of behavioral variables as predictors of consumers' willingness to pay for professional services. Perceptions of *subjective knowledge* of how to perform the service and *enjoyment of performing the service* were the most significant variables in both of the studies. Interestingly, the inclusion of the traditionally studied demographic variables did not result in better models. In addition, for each of the data sets, another type of analysis with usage of the service (users vs. non-users) as the grouping variable revealed that users and non-users of both professional apparel cleaning and tax preparation services differed primarily on behavioral variables such as enjoyment and reference group behavior.

The specific implications of this research for the real estate industry (as well as for other professional service firms) can help agents achieve stronger results through behavior-specific marketing efforts. By identifying the most important behavioral variables that influence the decision whether or not to use a professional service provider in a particular industry, promotional messages can be tailored to have the greatest impact in local markets. Consider this example from the real estate industry:

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The [2010 National Association of REALTORS Profile of Home Buyers and Sellers](#) revealed interesting results with respect to homes sold by owners (“For Sale By Owners” or FSBOs). In 2010, 9% of all home sales were FSBOs. Additionally, FSBO sellers noted that the most difficult tasks experienced when selling a house on their own were: getting the price right (23%), preparing/fixing up the home for sale (18%), having enough time to devote to all tasks of the sale (13%), and understanding and performing paperwork associated with the sale (10%). Each of the tasks that FSBO sellers considered most difficult appear to relate to the behavioral categories of *subjective knowledge* and *enjoyment of performing the service*.

Knowing that these specific behavioral variables are present as FSBO sellers (and likely most other home owners) consider whether or not to list a home on their own, agents might consider framing their promotional messages around the benefits associated with outsourcing home selling services: “List with me – my ___ years of experience will help you get the *most value out of your home*.” Or, “Worried about the *time and effort* it will take to sell your home on your own? Leave the work to us and make the most of the time you have with your family.”

Tapping into the FSBO market (while only 9% nationally) can have significant impact on an agent’s sales, which could lead to an even stronger network of referrals and more substantial local market share. This is only one example of how leveraging behavioral variables in a particular industry can create impact.

In all professional service industries, understanding behavioral variables that most accurately predict willingness to pay for professional services can help marketers tailor messages to have even greater impact on prospective clients (gaining new business) and with current clients (fostering loyalty and repeat business). Consider how approaching a specific market through the lens of behavioral variables can shift the way you might market your services – and ultimately, how focusing the marketing approach can lead to more sales.

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INSIDER: Listen, Contribute, Connect – Leveraging Social Media Marketing for Real Estate

By: Dennis Thé, MBA Candidate

By now, most consumers are familiar with social media. It is easy to track how many Facebook friends, Twitter followers and LinkedIn connections exist on an individual basis. This article will not serve as an introduction to social media but rather will focus on how real estate agents and marketers can improve or fine-tune already existing social media strategies to enhance their firm's web presence.

Twitter, Facebook, dashboard readers and blogs are the most basic ways to secure and maintain a strong web presence. In real estate, the application of these instruments has great potential: How can social media make a business *more* relevant? Social media empowers consumers to ask more questions and be more direct; however, a social media strategy cannot be implemented blindly. In *Social Marketing to the Business Customer*, Paul Gillin and Eric Schwartzman provide insight on how to gain the biggest return on investment by implementing an effective social media strategy for your organization.



THINK POINT #1 – Dashboards: *Listen to the Conversation*

Listening is often considered one of the most important skills needed to be successful in business. Listening to the conversations created through Internet communities is a great way to keep current on market trends and to stay informed about market expertise (which is also the result of and basis for effective blogging – see Think Point #2). However, with the torrent of information dispersed across the Web, accessing this information can be both labor-intensive and inefficient. A dashboard is the perfect solution to address this issue.

A dashboard is a Web-based reader that allows the user to peruse, update, manage and monitor the content of numerous websites at once. Dashboards are analogous to what the TV Guide is to television, “grabbing” the web content that the user wants to monitor and displaying it in a centralized reader. Instead of wasting time browsing through Internet “favorites” tabs and visiting multiple websites, dashboards can aggregate industry-specific or keyword-driven content in one location, saving valuable time. Dashboards have become intelligent business tools, equipping users with customized access to daily news headlines, blogs, Twitter feeds, audio and video content. Dashboards subscribe to RSS (Rich Site Summary) feeds to deliver regularly

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changing web content to a customizable dashboard. Once a user subscribes to an RSS feed, the new content from that source (website) will appear automatically in a dashboard. Dashboards also give users the ability to update different social media from one centralized location.

Currently, there are a variety of social media dashboards on the Web, including [Hootsuite](#), [Spredfast](#), [TweetDeck](#) and [Google Reader](#). These dashboard programs offer a free basic service, which limits the number of RSS feeds a user can subscribe to, and premium services, which allow users to access additional features. Some premium services allow users to access Web analytical reports, to subscribe to an unlimited number of RSS feeds, and to set up separate accounts for multiple employees (if applicable).

Real estate agents might consider using a dashboard, such as Google Reader, to access the latest trends in the real estate industry. The following steps illustrate how easy it is to build a basic dashboard with Google Reader:

1. Go to [Google Reader](#) and either login with your current Google account or [register for a Google account](#) via the link provided.
2. Click on the “Add a subscription” button to link to begin searching for relevant content. Users can search either by a specific feed URL (e.g. RISMedia’s Real Estate Feed: <http://feeds2.feedburner.com/rismedia/lgnb>) or by keywords (e.g. “real estate” or “Boston real estate” for a local market). After adding feeds, all new content from these websites will populate in your Google Reader home page.

THINK POINT #2 – Blogging: *Contribute to the Conversation*

One of the simplest ways to build Web visibility is by creating a blog. Blogging provides a way to connect with an audience in a specific area of expertise. But what should an agent blog about and how would someone differentiate the agent’s blog from the seemingly numerous other blogs that exist? There are three general guidelines that will help initiate building a relevant blog geared towards professional audiences.

First, new bloggers should start by focusing on a specific area of expertise. *Find your niche and do not deviate.* Countless blogs may exist about real estate trends, but there are far fewer that exist regarding the development of real estate technology. Focusing on a niche and being as specific (or concise) as possible will go a long way in delivering genuine value to the consumer. Over time, this area-specific expertise can help a blogger cement his position as a thought leader in his industry.

Secondly, bloggers must be consistent, updating the blog periodically with quality and pertinent information. *Derive a posting schedule and stick with it.* This means dedicating time to writing, conducting research, paying attention to the market and studying trends. In order to further differentiate his blog from competitors’, a blogger might consider revealing his trade tips and

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secrets. In the digital age, information is available to the consumer at the click of a mouse and audiences will judge blogs based on how much valuable information they can extract from it. By giving a little knowledge away, an agent can establish a reputation for being a credible source in his field.

Lastly, blogs cannot be sales pitches. *The point of a blog is not to sell products or services, but to establish a strong position in a specific field.* Sales pitches do not translate well over the Internet and consumers will respond with disdain if they believe that a blog operates under the guise of a sales pitch. Once a blogger establishes himself as a visionary, educational and informative thought leader, results will likely follow.

THINK POINT # 3 – Social Media Marketing: *Connect* with Prospective Clients

Lead generation is consistently a hot topic in the real estate industry. Lead generation through traditional, *outbound* marketing tactics such as print advertising, cold calling, and mass emailing is slowly being replaced by *inbound* marketing methods such as social media. Inbound marketing is often cheaper than traditional marketing tactics, more efficient and delivers a strong return on investment for organizations or individuals. In fact, Twitter and Facebook now have the potential reach as many, if not more, consumers than traditional marketing channels. By leveraging the benefits of the social media environments, prospective leads can be discovered quickly and organically.

To convey the importance of understanding where consumers are in the purchase process, Gillin and Schwartzman outline five specific stages along the buying cycle. The consumer's stage in the cycle impacts how a salesperson should approach and inform the consumer regarding available products and/or services.

The first and second stages of this cycle are *Impression* and *Sales Lead*. At these stages, prospects may read white papers, blogs, articles or listen to podcasts in an effort to gather general information about the field. Stages three and four relate to *Quality Contact* and *Prospect*. At these stages, prospects are more vested in the buying cycle and start to focus their search on gathering information through case studies, recommendations and word of mouth. The last stage in the buying cycle is where the prospect makes the final decision to become a *Customer*.

Agents may connect with prospects at different stages of the buying cycle, so identifying and understanding where a prospect is in terms of the cycle is important. A prospect that arrives at an agent's website or blog after searching for a specific company name is further along in the sales cycle than one who arrives by searching for an agent generically (e.g. "Boston real estate agents"). Blogs, LinkedIn, Facebook, Twitter and YouTube are all powerful tools for effective social network prospecting. In this regard, consider that social media should target buyers at every stage of the buying process. For example, a blog or Twitter feed should have a balance of generalized and specific content: consumers in the *Impression* stage of the buying stages can access the general, industry information they require, but prospects looking to make the jump to

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the *Customer* stage can also gain the more specific buying information they require. A real estate agent may also choose to separate her blog or Tweets by content areas, such as home financing, open house experiences, or how to make an offer on a home. All of these strategies can help agents leverage their social media efforts to reach a broad range of consumers in multiple stages of the buying cycle.

Listening, contributing, and connecting through social media marketing can have both short- and long-term impact in the real estate industry. Returns on social media investment may not be immediate, however social media continues to be a viable tool to propel individual and organizational business growth.

Recommended Reading

Gillin, Paul and Eric Schwartzman (2011), *Social Marketing to the Business Customer*, New Jersey: John Wiley & Sons, Inc.

Necessary Condition #7 – The Right Approach Method

By Charles Fifield, MBA

What is the right approach method for the professional salesperson to lead a buyer-seller interaction and achieve effective, efficient and consistent sales results? The pragmatist would probably answer, “Whatever works.” From a tactical planning perspective, however, haphazard and disorganized efforts (more often than not) will produce two undesired outcomes: marginal productivity in the short term and an unmanageable sales practice over the long term.

Tactical planning is the process of taking the sales call’s strategic plan (see [Necessary Condition #6 – The Right Approach Plan of Action](#)) and breaking it down into well-defined call steps or procedures to execute the defined strategy. By so doing, the salesperson should be closer to achieving the pre-call objectives. Objectives, strategy and tactical plans are three essential components to achieving highly productive sales call results. As the architect of their customer’s bridge-to-change, salespeople must learn to use these planning skills.

Many salespeople fail to spend much time planning for their individual sales call success. As a consequence, sub-optimal, inconsistent outcomes and waste are too often the result. Many salespeople are inadequately trained and inherently lack the required focus or discipline. Also, the process of developing a useable tactical plan is not easy as some flexibility is necessitated to allow salesperson response to the chaotic state that naturally exists during individual sales call exchanges.

Sound, tactical planning is essential to the sales call approach. By engaging in quality, strategic preparation, the salesperson can enhance productivity, make order out of chaos, and realize consistent productivity gains.

The Approach Call’s Tactical Plan

There are three essential ingredients to the consistently productive sales call tactical plan:

1. Present your sales call story in four progressive courses or phases.
2. Continually build your bridge-to-change for greater buying decision momentum and strength.
3. Consistently practice heart selling, not hard selling.

The Approach Appointment’s Four Phases

The four phases of the approach appointment are a set of interacting and interdependent movements to the sales call plan. Each phase should build on the previous step in an orderly progression. Also, the tactical plan should closely parallel the order contained in strategic plan’s map, i.e. get the buyer’s attention, develop interest for a change, build desire to change, provide

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validation and conviction to the suggested change, and gain commitment and close to implement the recommended change. To picture the four phases, consider a baseball diamond with each phase representing one of the diamond's four base paths.

First, second and third bases represent key transition points in the planned buyer-seller exchange. Home plate symbolizes both the beginning and the end of the sales approach. The sales call started there with the end in mind and the attendant formulation of the pre-call plan. It will also hopefully successfully finish there.

Note: The illustrated individual sales call components that comprise the recommended four phases will vary according to individual salesperson styles and tactical thinking. What is presented here is offered as an example.



<u>Keys to the Four Approach Phases</u>	
<p style="text-align: center;"><u>Presentation/Demonstration Phase</u></p> <ul style="list-style-type: none"> • What, Why, How? • Summarize Critical Issues • Address Resistance 	<p style="text-align: center;"><u>Diagnostic Phase</u></p> <ul style="list-style-type: none"> • Vision • Needs • Eager Wants • Problems/Deficiencies
<p style="text-align: center;"><u>Gaining Commitment and Closing Phase</u></p> <ul style="list-style-type: none"> • Be Prepared • Be Patient • Be Value-Driven 	<p style="text-align: center;"><u>Preliminary Phase</u></p> <ul style="list-style-type: none"> • Introduction • First Impression • Rapport • Attention

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The first base line's *Preliminary Phase* includes many sales concepts including the introduction, first impression, rapport building and attention getting. Also included herein are such items as the approach overview, which summarizes the meeting's proposed agenda, the confirmation of the appointment's time allocation, and the buying center review of who, how and when.

First base might represent what is termed the diagnostic agreement or the transition to the diagnostic second phase. It is simply the salesperson gaining permission to begin with some investigative questions.

The base path between first and second bases represents the *Diagnostic Phase*. It is during this phase that the salesperson mines for the buyer's vision, needs, eager wants, problems or deficiencies, etc. One method used to execute this phase is the SPIN Technique, developed by Huthwaite, Inc., an international research and training organization, after analyzing data from thousands of actual sales calls. Their findings indicate that successful salespeople traverse a sequential process of needs identification employing various types of questions (situation, problem, implication and needs payoff). Whatever method employed by a salesperson, the diagnostic or investigative phase should uncover what the prospect is seeking, why, and identify deficiencies and some form of resulting pain if not corrected. The prospective buyer wants to feel understood.

Second base is the transition to the next critical phase, the *Presentation/Demonstration Phase*, which at this point in the relationship is often a preliminary offering. Some salespeople use this transition opportunity to summarize the critical issues or problems heretofore discovered and gain the buyer's confirmation. It is during this time that the seller should also invite the buyer to burn off any obvious resistance points to jointly working together. Some salespeople use this transition to address real objections, which should be positively viewed as windows to the buyer's hidden, inner soul. Another way to use the transition is to provide an overview or outline of the presentation's what, why and how to follow.

During the Presentation/Demonstration Phase, it is critical to focus the discussion on specific benefits as opposed to an array of features. A benefit is engendered when the salesperson successfully matches or relates a feature or capability with a previously discovered and confirmed buyer need, want or problem. Salespeople need to be specific in emphasizing how the proposal correctly responds to the buyer's critical issues with comments such as, "What this feature/capability will do for you is ... which is what I think we agreed you wanted to change/achieve."

The presentation or demonstration can be significantly strengthened by orchestrating it as a joint effort. It is important to address the issues being analyzed and discussed as those of the buyer, not the salesperson. To own the solution, buyers must feel like they have been understood and they can now see or feel the solution or the proposed change working to resolve the discovered challenges. In other words, the buyer must own the solution. It is also during this phase that the

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salesperson must be ready to offer third-party proof, support, or validation for the efficacy of any proposed changes.

Another key item to be addressed is price and the related incremental value considerations resulting from the proposed change. The consideration of price is always a relative concern to other value implications such as quality. The value proposition presented should be tailored to the metrics indicated by the buyer.

The next transition opportunity is represented by third base and it is here that the salesperson needs to make a final attempt to assure that the buyer is connected to an offered product or service (solution) in an emotional ego state. The buying decision is mostly an emotional decision - meaning there is no reason to expect a successful close if the buyer hasn't emotionally connected to the proposal as a valid answer or solution to the previously agreed critical issues. At some point in phase three, the buyer needs to influence the seller's transition into the emotional state, or the state that ultimately influences the buying decision.

One way to accomplish this is to offer an "imagine" inquiry or statement after confirming the value proposition's adequacy. For example, in an effort to "seed" the desired pro-buying emotion, a salesperson could offer something like, "Once we get this proposal implemented, imagine how relieved you will feel not having to be concerned about delayed order fulfillments and the disgruntled customers who have been complaining lately." Another real estate oriented statement might be, "Imagine how your family is going to enjoy the back yard entertainment area, especially the swimming pool on hot, summer days." Assuming it is used correctly, the word "imagine" can trigger a feeling or a vision-producing response from the buyer.

The fourth and final phase is *Gaining Commitment and Closing*. Many salespeople have been trained to always "ask for the order." Having to make this request after all that has tactically preceded this point in the exchange is usually not a positive sign. If the salesperson has effectively delivered all of the phases, practiced professional active listening skills, and maintained a vigil of watching for non-verbal indicators of a either a positive or negative buying decision, then the desired close should be the buyer's asking something like, "This all sounds (or looks) great, (seller), what do we need to do to get this started?"

Since the order close is often the best case sales call objective, salespeople should always go prepared with what is necessary to reach home plate or close, assuming that obtaining the order is a reasonable objective. Whatever a salesperson does at this point, implementing a buying decision should be made simple and easy to do.

Each phase and its individual components should build on the previous phase's progress in an orderly progression. Although the components contained in each phase will vary based on the salesperson and the customer, the salesperson should not "leapfrog" phases. To do so only defeats the purpose of a more disciplined approach to quality sales results.

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It is also important for the seller to be always working on improving the structural strength of the bridge-to-change under construction. The salesperson does this by consistently adding buying momentum linkages and regularly taking the buyer's ready-to-purchase pulse.

Building Buying Momentum and Bridge Strength

The key structural ingredients to building buying momentum and infusing strength in your buyer's bridge-to-change are the buyer's regularly invited verbal confirmations or "yes" linkages. Some sales trainers insist that salespeople should always be closing (the ABCs of selling). In the context of our four phases, this would invite an undesirable leapfrog effect. On the other hand, assuming the suggested "closing" is getting positive "yes" responses from our buyers as we move through each individual step of our four phases should serve to strengthen our probability of a desired outcome by adding momentum to the buyer-seller exchange. In the context of our tactical plan's execution, this may call for twenty or more buyer confirmations.

Dr. Robert Cialdini in his highly regarded book, *Yes! 50 Scientific Ways to be Persuasive*, defines six "Weapons of Influence." One of those is commitment and consistency. In brief, if people commit, orally or in writing, to an idea or goal, they are more likely to honor that commitment. Even if the original incentive or motivation is removed after they have already agreed, they will tend to honor their commitment. When one's words and actions are inconsistent, tension is created and social pressure comes into play. If a buyer acts inconsistently with the positive responses yielded throughout a sales call exchange, the effect of this is that a prospective buyer tends to feel that others (the seller) will see him/her as being untrustworthy and unbelievable (at best), and unworthy of their attention (at worst).

Soliciting and gaining regular confirmations throughout interactive sales calls is an essential influencer to the seller's achieving the desired objective, a close or getting the buyer to take a positive action step. Sellers should seek to establish a trust-filled relationship with the prospect, including being consistent in their sales approach, so that appropriate sales will be earned or naturally flow from the developed relationship and traditional closes will not be required or employed. In other words, help buyers to consistently realize value-adding solutions to jointly discovered issues in a highly persuasive pro-relationship manner.

The Necessary Salesperson Skill Set: Heart Selling

Viewing the salesperson's tactical role in the typical buyer-seller exchange as a "helping others to buy" process versus "selling" is a critical distinction for highly effective sales results. The role differences seem trivial, almost a play on words, but in action they are widely different. Selling from a "helping others to buy" mindset is an integral component to Heart Selling.

Selling using a traditional salesperson mindset invites a "what's in it for me" sales approach with too many long-term relationship-burdening side effects. As we will discuss in Right Condition #8 – The Right Outcome, we should always seek a win-win outcome from selling efforts;

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however, who is supposed to win first? At a minimum, buyers must perceive that the recommended changes produce measurable positive gains for them. Once a salesperson adopts a “helping others to buy” sales tactic perspective, the salesperson opens the door to a paradigm shift in the approach method and the buyer-seller dynamics contained therein.

Highly regarded motivational speaker, Zig Ziglar, is often credited with the phrase, “People don’t care how much you know until they know how much you care.” Central to the concept of Heart Selling and its nurturing style is how it is designed to connect the heart of change – the buyer’s emotions and their trust in the seller’s intent and capabilities.

There is an acronym, *LOVE*, that summarizes the critical salesperson interpersonal skills necessary for selling from the heart mode.

- *Listen* actively for answers to the counselor or diagnostic questions that best get to the heart of the buyer’s needs and wants while minimizing the buyer’s natural resistance to change.
- *Overcome* the “diagnosed” buyer challenges/issues through empathetic understanding.
- *Validate* proposed jointly-designed changes or solutions with third-party generated proof or evidence.
- *Exceed*, if financially feasible, the buyer’s relationship and post-change performance expectations.

Summary

The right approach method is all about tactical planning and the sales skills embodied therein. One method does not fit all, but in order to produce regular and consistent high performance results, certain characteristics should be included in the sales call tactical plan:

1. Develop a progressive, four-phase diagnostic approach to lead the buyer to a value-enhancing outcome by developing benefits, i.e. the successful matching of the seller’s capabilities to the buyer’s challenges.
2. Continually work to build a stronger bridge-to-change by developing buying momentum or influence through jointly working the pain-to-change-to-gain sequential process and the consistent obtaining of confirmation of thoughts, issues, pain and potential solutions from the buyer.
3. Adopt the role of being a customer-centric guide and employ the essential skills of Heart Selling – active listening, empathetic understanding, proposal validations, and exceed the buyer’s reasonable expectations of performance.

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INSIDER: Socially Identifying With Clients

By Amanda Holmes, PhD

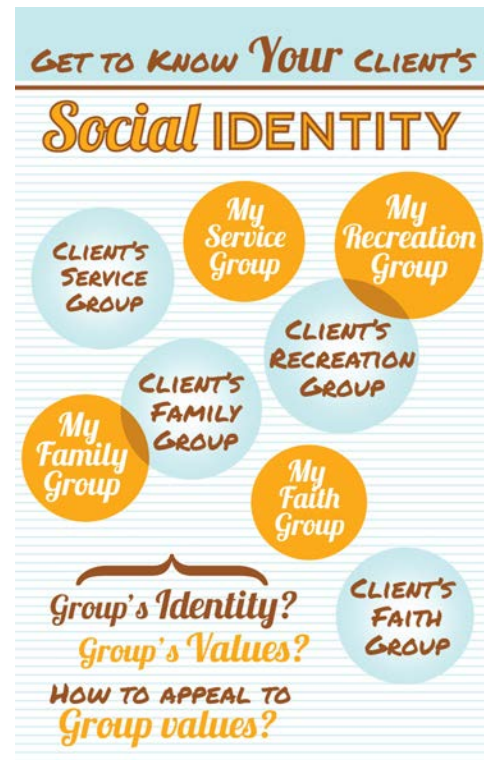
As a culture, we encourage young people to sample and engage in a variety of activities. The goal is, in essence, to understand one's gifts and talents, thereby finding those activities in which one naturally excels. As young people enter high school and college, we encourage these young adults to focus their attention on the more limited scope of activities, which begin to define bit of who they are. "I am a musician." "Soccer consumes my every waking moment." Individuals with a specific talent in sales, often a talent emerging early in selling one's point of view to one's parents, make a career with this talent. Research suggests that those who identify strongly with their clients generate more successful outcomes in their sales career (cf., Ashforth and Mael 1989). The purpose of this article is to define the implications of social identity for real estate and other sales professionals.

THINK POINT #1 – Establish Your Social Identity

The ancient philosophy to "Know Thyself" is particularly relevant as it relates to social identity. Developed in the late 1970s, social identity theory (SIT) is a social-psychological model of how individuals identify themselves as belonging to a particular social group based on some characteristic of themselves (Tajfel 1978). These social groups may include demographic categories such as age, race, and nationality, or elective characteristics such as lifestyle and religious affiliation. Social identification offers an organizing schema by which individuals characterize others and themselves, providing a convenient way to determine and describe their own place—as part of a particular group—in society (Ashforth and Mael 1989). High performers in the sales area derive a strong component of their social identity from their professional role.

THINK POINT #2 – Socialize—Match Your Identity With Your Clients' Identities

Social identification often leads to an individual identifying with more than one social group. The most valuable tool in making a lasting connection with a client is knowing which aspect of the social identity will contribute most to a particular client interaction. Portraying appropriate, relevant aspects of your social identity in different client interactions will lead to meaningful relationships with clients, and, ultimately, successful sales interactions. This can be addressed by asking some important questions: With what group(s) does the client most closely identify with? Which group identity is relevant to our interaction? What values does the group hold?



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How can I appeal to these values and anticipate the client's responses and perspective based on the values? The recently described *identity matching principle* has largely focused on organizational identification (Ullrich et al. 2007), but identity matching can be easily applied to personal identity matching in sales interactions. Think about a long-lasting relationship you have with your spouse or a close friend. Your personal identities are matched on some level and your closeness is based on that match. Considering a sales interaction as a type of relationship based on matching aspects of your social identity with that of the client will lead to a meaningful connection—and increased chances of a successful sale.

THINK POINT #3 – Build the Relationship Through Trust Bridges

Over time, a salesperson's professional identity is forged through a sequence of client interactions. Your reputation is built on the degree to which connections are made with previous clients by appealing to their social identity and values, which impacts your sales performance, financial rewards and personal satisfaction. Given the fact that you may not have overlapping social identities with every prospect, the question becomes: How can I maintain a favorable professional reputation, engender trust and achieve sales performance, while overcoming social differences between clients and myself, *and* staying true to my own personal and social identity? First, you must trust in your own abilities and exude confidence both personally and professionally. Second, cultivate a professional culture of trust between coworkers within your organization to build up an organizational identity with which everyone wants to identify. Finally, develop trust between yourself and clients by offering them customized value tailored to their individual needs and by matching identities and finding common ground with one another over repeated encounters. When you are engaging with a potential client with whom you have little in common, bring a business partner or support person into the process who may have overlapping social identity. As a proven driver of close relationships, trust is based on both calculating aspects (“What’s in this relationship for me?”) and affective dimensions (“Do I believe in this person?”) (Claro and Claro 2008). Trust built through mutual beliefs and overlapping social identities leads to congruent goals and relationships. Belief-based trust in another's word and deed can be described as credibility (Bradach and Eccles 1989).

THINK POINT #4 – Put it all Together

Selling takes more than just knowing what the consumer needs, knowing what you have to offer, and trying to reconcile the two. More efficient client interaction and effective sales performance results when you express part of your true self—your identity—during the interaction, when you get to know clients to find the parts of their identity they bring to the interaction, and ultimately, building credibility and trust over repeated encounters with clients that last long after the sale. The benefits of meaningful client relationships are many, not the least of which is a reputation of being customer-focused that becomes known to prospective clients. The result will be a sales career based on transactions that occur when you have invested not only your time and effort, but also a part of yourself.

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INSIDER: Establishing an Effective Search Engine Marketing Campaign

By: Mark Tarro, MBA Candidate

Whether a consumer knows it or not, using a search engine to browse content on the Internet automatically engages him with the world of Search Engine Marketing (SEM). Advertisements on a Search Engine Results Page (SERP) often feature content specific to recent search history and Internet search trends. There is a reason this phenomenon occurs: companies pay for this context-specific advertising. Marketers may wonder, “How do advertisers gain access to specific advertising space?” or, “How could a real estate agent use this form of advertising to promote real estate services throughout a local market?” *Search Engine Advertising: Buying Your Way to the Top to Increase Sales* by Kevin Lee and Catherine Seda outlines SEM fundamentals to help marketers optimize their online presence through search engine advertising. As the majority of information searches today are performed online, an effective SEM campaign is an essential component of an online marketing strategy. Incorporating SEM into real estate marketing practices has the potential to add significant value and create differentiation for agents who are willing to engage.



THINK POINT #1 – Why Pay for SEM?

Search Engine Optimization (SEO) works for the real estate engine by driving Web content higher up on the SERPs of major search engines such as Google or Yahoo. Unlike SEO, SEM is driven by keywords and pushes content onto search pages through paid advertisements. Since SEO marketers cannot always control the outcomes of their search engine positioning tactics, SEM and SEO can (and should) work together. Although paid, search engine advertising has proven to be the more effective way to reach specific target markets. Lee and Seda’s book compares the outcomes of SEM to a “perfect” direct mail campaign: if a direct mail advertisement could reach its intended customer at the exact time the customer thinks about the specific product or service, the direct mail ad would achieve similar results to that of effective SEM. SEM empowers its users to choose the specific market(s) to which they want to advertise. While consumers ultimately must choose whether or not to click on an advertisement, the chances of connecting with an intended audience are greatly increased. Most SEM platforms (such as Google or Bing) also provide the added benefit of analytics, allowing the marketer to

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track ad-clicks, which can help determine the specific return on investment (ROI) of a SEM campaign.

THINK POINT #2 – What Options are Available?

Once an agent has decided to invest in a SEM campaign, it is important to understand the available search engine advertising options. The two main SEM strategies marketers can choose from are 1) *run-of-network advertising* and 2) *behavioral-targeted advertising*.

Run-of-network advertising is an option that allows users to target advertisements to a generic advertising network (such as real estate or automotive) at the expense of the ability to dictate the specific sites where ads are placed. This option allows users to reach a large, broad audience in a general category with a relatively limited investment. *Behavioral-targeted advertising* uses data stored on users' search engine and web browsing history to target ads based on data collected while searching/browsing. For example, if a consumer searches for "cars" online, behaviorally targeted automobile insurance advertisements may appear in his subsequent searches, as purchasing insurance is a behavior commonly associated with the automotive category. The investment for this behavior-specific method is significantly higher, but allows marketers to target a specific audience more precisely with their advertisements. Distinguishing between these two methods of SEM (both driven by keywords, but focused in different ways) and considering the relative cost/benefits is necessary before moving forward with a SEM campaign.

In 2010, the Network Advertising Initiative (NAI) conducted research on the effectiveness of behavioral-targeted ads versus regular, run-of-network advertising. The study revealed that while the price tag is higher for behavior-targeted ads (the weighted average cost per thousand ad impressions (CPM) for behaviorally-targeted ads was \$4.12, as opposed to \$1.98 for run-of-network advertising), they are *more than twice as effective* as run-of-network advertising at converting users who click the advertisements into buyers (Network Advertising Initiative 2010). Additionally, behavioral-targeted ads converted 6.8% of clicks into buyers, versus a 2.8% conversion rate for run-of-network users. These figures translate into a cost effectiveness of \$.61 per 1% conversion versus \$.71 per 1% conversion, respectively. The additional investment for behavior-targeted ads may be seen as a downside; however, spending more initially can translate into a more cost effective method of SEM advertising in the long-run.

Table 1 – 2010 NAI Study

<u>Behaviorally-Targeted Ads</u>	<u>Run-of-Network Ads</u>
CPM: \$4.12	CPM: \$1.98
Conversion Rate: 6.8%	Conversion Rate: 2.8%
Cost Effectiveness: \$.61 per 1% conv.	Cost Effectiveness: \$.71 per 1% conv.

*adapted from: http://www.networkadvertising.org/pdfs/NAI_Beales_Release.pdf

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When considering the use of behavioral-targeted advertisements for a real estate business, consider the types of searches or web behaviors that could drive interest in real estate. Users searching for information about investment options, school systems, property taxes, and other market-specific searches might be a good place to start when considering behavior-targeted ads for real estate agents.

Behavioral-targeted ads and their anticipated expansion were discussed briefly in Lee and Seda's (2009) text. While the basic principles still apply, it is important to note that the use of behavioral-targeted ads have expanded greatly in the two years following the book's release and the information above reflects the latest information available.

THINK POINT #3 – Planning for Effective SEM

Pre-planning for a SEM campaign is arguably the most important step in the SEM process. Two main points should be considered when beginning the planning process.

1. Identify the Target Market and Message

As is true with all advertising, each market is different and requires different approach mechanisms. Simply put, it pays to know the market *before* you pay to reach the market. Research the intended audience and uncover what they find important before structuring a plan to sell to them. In the case of SEM, marketers pay to reach a context-specific audience, so it is important to plan with great intentionality. With SEM, marketers are purposely targeting consumers searching for their services, not someone casually browsing through ads. Therefore, the message of the advertisement should be product-specific, accomplishment-specific, or action-oriented, and all geared toward the specific targeted audience.

Consider advertising specific properties available for sale or for rent, highlight personal career or market-specific accomplishments, or encourage end-users to check out your latest ___ by clicking your advertisement. Understanding the intended market and message is the place to begin the SEM planning process.

2. Prepare the Landing Page

Where will a prospective buyer or client land after she decides to click on an advertisement? With this question in mind, consider that it is important to give as much attention to the landing page as is given to the creation of the ad: the consumer's attention is captured – now work to keep it! Once a prospective buyer or client clicks an ad, inspire her to stay on the site by delivering on promises consistent with the ad, providing quality content, encouraging her to take action, and by creating a clear, easy end-user experience.

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THINK POINT #4 – Launching a SEM Campaign

After choosing to incorporate SEM into a marketing strategy, considering the available SEM options, and engaging in pre-campaign planning, the SEM campaign is ready to launch.

Each SEM campaign is built on four decision areas: 1) search engine platform 2) keywords (words or phrases used to narrow searches) 3) categories (the general sectors or industries linked to the advertisements), and 4) budget available. Choosing search engines is based largely on personal preference and pricing models. More in-depth information about each platform (including demographic and category-specific data) is easily accessible on each company's websites. Some of the more popular SEM platforms to consider include [Ask's Ad Program](#), [Bing/Yahoo! Advertising](#) and [Google Ads](#). Additionally, choosing the mix of keywords and categories that fit the firm's specific objectives is very important. The words/categories chosen will dictate the advertising audience. Being mindful of the budget for a SEM campaign can also dictate the breadth of the available advertising audience. Whatever the "perfect" mix is, an effective SEM campaign will be carefully planned to reach the target market and should increase both visibility/recognition and sales from search engines.

In Wichita Falls, TX, real estate agent Ashton Gustafson (AG Real Estate & Associates) recently set up a search engine marketing campaign to promote his business' expansion to Waco, TX. Ashton considered a number of search engine advertisers' services and chose to advertise primarily on Google (he also advertises on Yahoo and Ask, but chose Google as the primary as it holds over 75% of the market share).

When considering keywords, Ashton picked words representative of the town and state he was advertising in ("Waco" and "Texas"), but also chose words specific to his listed properties. For example, Ashton used the keywords to target specific areas of a town (e.g. "homes near Waco High School") to capture both consumers looking for homes in that area and browsers looking at the high school or school system.

Ashton determined a general budget prior to signing up for Google's services, and was then able to invest specifically based upon the prices Google set for each particular keyword. His ads included a variety of more affordable, specific keywords and some expensive, general keywords. Ashton also emphasized the use of Google's advertising analytics (included with ad purchase) to track clicks on his advertisements and his conversion rate to sales and rentals – which ultimately helped him determine the ROI from his ads.

Take advantage of the potential to engage prospective clients through SEM. Being proactive in the space of online advertising will differentiate an agent from his competition and can increase his customer-base if he is willing to invest the time and resources into an effective campaign.

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Recommended Reading

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Three American Generations and the Real Estate Marketer

By: Charles S. Madden, PhD

Over the past 50 years, groups of people in the United States have been classified into generational categories to better understand how age groupings tend to behave similarly. From early in the twentieth century, age cohorts have been given names based on their common experiences. For example, the group of people born between 1946 and 1964 are called “Baby Boomers” (Kotler 2000). Baby Boomers represent the children born after the end of World War II, as a very large number of veterans returned from war and established their families. The similarity of anyone’s behavior to anyone else in that cohort is assumed to be a result of shared experiences such as President Kennedy’s assassination, the Vietnam War, the Cold War, easy drug access and the sexual revolution.

Today, the Baby Boomers cohort is made up of people who range in age from 47 years to 65 years. While they all have many common events in their lives, such as those mentioned above, those of each age may have a different view of certain iconic events. For example, when President Kennedy was shot in 1963, some Baby Boomers were 17 years of age while others were yet to be born. When the Vietnam War ended in 1975, some Boomers were only 11 years of age while others were 29 years of age. From a marketing perspective, each cohort has been seen as distinct from one generation to another. Unfortunately, the Baby Boomers and other defined cohorts (e.g. Generation X and Generation Y) are seen as monolithic groups with very similar experiences. In reality, the people in each of these generational groupings can be further segmented into two to four generational sub-groupings, based on common experiences and similar ages at the times of the exposures to the experiences.

This article looks both at the traditional methods marketers use when approaching different generational cohorts and at a non-traditional, trend-based approach to understanding generational marketing, which can have impact for both real estate marketers and salespeople.

What Makes a Generation?

When examining the three generations identified in this article, it is obvious that the length of time does not define the group as they vary in years. Throughout U.S. history, the length of a described generation varies greatly with the average being about 20 years. One definition of a generation is “a group of people who have grown up during a specified time period and share experiences, memories and symbols that translate into similar preference patterns” (Arnold, Price and Zinkhan 2002). Another author writes that, “a generation is a group of persons who have experienced a common social, political, historical and economic environment” (Hawkins and Mothersbaugh 2010). Regardless of how we define a generation, we must remember that the definition is based on shared and common experiences available to people in the formative stages of their lives. Although people who were born in a previous generation may also experience

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important events with those of a focus generation, it is the age at which people are forming their personalities and preferences that makes them a part of a defined generation.

Three Generations of American Consumers¹

Consumers born between 1946 and 1994 are generally classified as members of the “Baby Boomers Generation,” “Generation X” or “Generation Y.” Some authors refer to these three groups as “Baby Boomers,” “Baby Busters” or “Echo Boomers.” The underlying idea of behavior being rooted in the experiences of an age-based group has led generational groupings to become a popular paradigm in market segmentation. It is clear that the behavior of those born in the late 1940’s varies significantly from those born in the late 1970’s. Understanding generational differences can be very helpful in marketing.

As discussed earlier, Americans born between 1946 and 1964 are associated with the Baby Boom Generation. People in that age cohort are now between the ages of 47 and 65 years. This is the largest identified generational group in American history with approximately 77 million people and comprising just over 28 percent of the current U.S. population (Arnold, Price and Zinkhan 2002).

The second group, known as Generation X, is made up of individuals born between 1965 and 1976 and currently represents about 45 million people (Hawkin and Mothersbaugh 2010). Generation X currently makes up slightly over 16 percent of the U.S. population and is the smallest of the three generational cohorts discussed in this article (Arnold, Price and Zinkhan 2002). In 2011, the Generation X population is between 35 and 46 years of age. The most notable event that occurred during the formative years of this cohort was the fall of the Soviet Union.

The third group, Generation Y, is an age cohort that includes individuals born between 1977 and 1994 and is made up of people who are currently between 17 and 34 years of age. This group is second only to the Baby Boom Generation in size with approximately 71 million people, representing just over 25 percent of the current population of the United States. (Arnold, Price and Zinkhan, 2002). Among the formative events of this generation were the discovery and growth of HIV and AIDs as well as a major recession.

When Cultures Collide

These three generational groups coexist in the population and must try to understand each other. This is not an easy task. When an individual relocates from one part of the world to live in a different country, he must learn the social ways of that new country. Until he becomes familiar with social mores, values, language and other social and geographic differences, he must recognize the needs of acculturation to the ways of the new community. Much in the same way,

¹ Statistics in this section can be found Hawkin and Mothersbaugh 2010

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a person of one generation must expect some significant differences when interacting with someone from another generation.

Despite living in the same place, different generational groups may find that their differences make living together quite difficult. The term “acculturation,” is the process through which an individual encounters people of a different culture and makes attempts to embrace the customs and beliefs of that culture (Hoyer and MacInnis 2007). An example of acculturation may be the way a person adapts to a new job assignment and living arrangement when relocating from the United States to Scotland. Even though many cultural similarities may exist between the U.S. and Scotland, there will undoubtedly be many differences. There are common examples of such attempts to acculturate within the United States between people of different regional cultures, such as when a person relocates from New England to the Deep South and finds that many customs, figures of speech and values are different than one would find in the New England culture.

Despite people living side-by-side in the same macro-culture, they may be different in the way they view the values and the micro-culture in which they live. An example might be the difference in reliance on text messaging by Generation Y relative to Baby Boomers. Baby Boomers, having adapted to certain communication technologies such as texting, have the ability to select from and use multiple vehicles to communicate effectively. Members of Generation Y, on the other hand, were born into text messaging and often do not see other methods like phone and email as viable communication options.

Generational Differences in Real Estate

Based on population statistics, roughly 9 out of 10 real estate brokers probably fall into of one of these three generational cohorts. Thus, when real estate marketers interact with customers, they may likely deal with a different generational cohort. While matching brokers with customers may be a feasible approach in some settings, many real estate companies cannot match sales people to customers. Also, most professionals build networks of customers that yield buyers and sellers of various ages and backgrounds. Marketing efforts, then, must be strategically orchestrated to target and impact desired audiences using the breadth of information available.

Each of the generational groups holds slightly different views of home ownership because of their differences in buying experiences. Boomers generally believe that a single family, detached home, financed over 20 to 30 years is the norm and for many the “American Dream.” Due to a career mentality that may consist of multiple job/location changes, they have likely owned 3-5 homes over the course of their life. Many have seen interest rates as low as 4 percent and as high as 18 percent. The Generation X’ers, believing they should own a home, are likely to have acquired one or more homes by “creative financing” and also are likely to have had some credit problems or have friends who have had such problems. Many members of the Generation Y cohort have a much more pessimistic view of buying a home because they have either seen

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older friends lose houses, or have experienced such loss themselves. They lack trust in the home building, home marketing and mortgage financing industries.

The generations also have different views of careers because they have experienced very different outcomes through their working lives. Baby Boomers were the first generation to experience dual-career households and significant career mobility. Generation X was the first cohort to experience a significant number of career changes, some personally driven, others driven by their employers. Generation Y experienced turn over and mobility as youngsters watched their parents and others lose jobs and reposition careers... sometimes multiple times. As a result, these “Echo Boomers” were the first generation to trust their skills more than the companies for whom they worked.

There is an emerging difference across the generations regarding advertising and personal selling. Boomers typically see advertisements as informational and somewhat entertaining. They also see salespeople as a good source of information. The members of Generation X are somewhat less trusting of advertisements and salespeople. Generation Y has very little trust of either advertisements or salespeople. While there are exceptions in each cohort, generally over the past 60 years these three generations have become increasingly more skeptical of marketing efforts.

Over the past six-plus decades and the three generations, the nature of “community” has changed significantly. Boomers still think of community as mostly face-to-face in nature with some use of telephones. Generation X now relies on a combination of face-to-face, telephone, e-mail and texting. The Generation Y cohort is relying much more on technical bases of communication to form and maintain communities (Facebook, texting and e-mail). Because of increasing reliance on technology, communities arising from these three generations are moving from being local to regional and ultimately, national and international.

A Trend-Based Approach for Real Estate Marketers

Traditionally, attention is given to specific generational *differences* as a means of anticipating, tailoring, and segmenting marketing efforts across cohorts. These conventional efforts rely heavily on leveraging the shared experiences or events of the era to communicate and deliver offerings effectively. Marketers may spend a significant amount of time playing into the differences between cohorts, and may neglect important shared commonalities in generational marketing efforts. By identifying *trends* that exist across generations, marketers can harness the power of both generational differences and trend-based unities to create more impact for clients.

Trends are often realized in the form of patterns; generational variances are woven together across multiple periods. Trends across and through culture tend to mask the differences between generational cohorts, promoting a vein of consistency amongst all groups. Trend analysis, unlike the more traditional marketing model, can help agents identify growing commonalities between cohorts, and in turn, recognize important opportunities to drive sales and create value for clients.

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Consider the following for today's real estate marketers, resulting from trends developed through the Baby Boomer, Generation X and Generation Y eras:

1. Capacity and desire to purchase new and bigger homes.

Two main trends occurring between 1945 and 1990 have created significant purchase opportunities for real estate marketers: the *rise of women in the labor force* and the *expectation of life success*.

- Beginning in the 1940's, the dynamic of the "traditional" American family began to change dramatically as more and more women entered the labor force. In 1945, of the percent of women in the labor force was at 28%, by 1975 the number grew to 46.3%, and by 1990 it had risen to 57.5% (U.S. Department of Labor, Bureau of Labor Statistics 2011). In 2009, the figure had grown to 59.2%, down just slightly from its peak of 60% in 1999. As the rate of women in the labor force gained momentum across generations the earning potential and likelihood of dual-income households also rose.
- Partly based on the drive of those returning from World War II, Baby Boomers came to believe that they had the potential to accomplish anything. Additionally, as soldiers returned home from World War II, aspirations to attend college also rose. The introduction of the GI Bill and its impact on the returning veterans first resulted in the belief by the Baby Boomers that attending college was possible. Now, each subsequent generation has come to accept that education offers access to a better life, as reflected in the continually rising college enrollment rates. Since the mid 1960's, the college enrollment rate of 18-to-24-year-olds has trended up almost every year, rising from 25.5% in 1967 to 39.8% in 2008 (U.S. Census Bureau 2008).

The earning potential facilitated by the growing rate of women in the labor force coupled with the expectation of achievement and success developed through subsequent generations have afforded individuals and families the financial capacity and desire to purchase new and bigger homes – a clear opportunity for real estate agents to capitalize on developing expectations across generational cohorts.

2. Need for more homes.

The capacity and desire to purchase new and bigger homes results from a more positive trend in society, however some real estate opportunities emerge as a result of more unfortunate trends.

In 1940, the divorce rate (number of divorces per 1,000 married women age 15 and over) in the United States was at 14.4. Throughout the Baby Boomers Generation, Generation X and Generation Y, this rate has continued to rise, landing at 20.3 in 1975 and 20.9 in 1990 (Clarke 1995). While exploiting divorcees should never be a goal, the resulting effect on the real estate industry reveals itself, as a divorce usually requires one or both

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individuals to purchase a new home. Therefore, as divorce rates rise, the need for more homes also likely rises.

3. Technology and ongoing home information search.

Across the three generations discussed in this article, the pursuit of information and entertainment have merged, and the sources of each available to consumers is continually expanding. The Boomers were one of the first generations to use television as a source of entertainment. Boomers also used television to seek information. Over subsequent generations, television was gradually supplemented with (and later often replaced by) newer technology like the Internet and cell phones as a means for both information search and entertainment.

As access to information continues to become easier and more convenient, information search has become more constant. Thousands of news channels, faster Internet speeds, wireless “hotspots” and smart phones have given consumers access to whatever information they want, whenever they want. Home buyers often desire the same constant access to information, as well. A consumer’s ability (and often time his expectation) to identify a prospective home, do research on its history, neighborhood and school systems has become much more commonplace as a result of the available technology.

Providing timely, thorough and unique access to home information through Websites, blogs, phone-based applications, etc. can be a huge differentiator for a consumer seeking a real estate agent. Even if the consumer does not desire the extent of the information you are able to provide, doing your homework and having information available will prepare you to engage in prospective sales opportunities.

What It Means for You as a Real Estate Marketer

When interacting with a generational cohort that is different than your own, take time to identify both the differences and similarities of your cultural perspectives. It is also important to realize that generational cohorts are not monolithic but represent a continuum running as a trend over the years of a generation. Traditional generational studies and non-traditional trend-based studies both have value – considering commonalities and variances can help you understand your customers’ reference points, establish strong connections and identify sales and marketing opportunities.

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Prior to joining Baylor, Dixon was the Executive Director of the MS-Marketing Program and the Ronald J. Dornoff Teaching Fellow at the University of Cincinnati. She has co-authored the book, *Strategic Sales Leadership: BREAKthrough Thinking for BREAKthrough Results*, and multiple industry-wide research texts. Dixon serves on two editorial review boards and co-chaired the American Marketing Association's 2007 Winter Educator Conference. While serving as a faculty member at the University of Cincinnati (U.C.) and Indiana University-Bloomington (I.U.), Dr. Dixon taught an array of graduate and undergraduate courses. One of U.C.'s MBA EXCEL Teaching Award winners, Dixon was selected for a national teaching award by Irwin Publishing, as a distinguished professor by Indiana University MBA students, and for a university-wide award by her academic colleagues at I.U. In 2008, she was named the Academy of Marketing Science's Marketing Teacher Award winner. Prior to teaching at U.C., Andrea worked closely with GAMA International as the Senior Director of Product Development and Marketing.

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