KellerCenter Research Report

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Keller Center Research Report

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Keller Center Research Report:
Intentionally Searchable and Global

Andrea Dixon, PhD – Editor, Keller Center Research Report

According to the National Association of Realtors ®, existing U.S. home sales in December 2012 were well above the level recorded for the previous year (NAR Release, January 22, 2012). In fact, more positive than negative news appears in online reports about the U.S. housing market. So as we begin 2013 amidst such an optimistic landscape, I am excited to share two 2013 initiatives with our *Keller Center Research Report* readers.

First, we are pleased to introduce our March 2013 *Keller Center Research Report (KCRR)* which leverages a new design promising an improved readership experience. The *KCRR* and the e-invitation to the issue appear in a new layout designed to make the content more visually accessible. As of this issue, all *KCRR* articles are indexed by keywords and all historical content is now searchable on our website. Consequently, the *KCRR* reader can easily comb the complimentary archives and identify articles addressing a topical interest. In addition, the new format allows the *KCRR* reader to easily share articles through all of the popular social media tools. Underneath each author's by-line, the *KCRR* reader will find the familiar icons allowing you to share the article via Facebook, Twitter, and email. Our goal is to bring cutting-edge content to our readers and make that content even easier to access and share. Thank you to all who participated in our readership survey during the fall of 2012 as that survey feedback drove our re-design initiative.

Second, with the launch of our 2013 Editorial year, we are announcing an intentional strategy to broaden our content globally. Since the *KCRR*'s inception in June 2008, we have published eighteen issues of the *Keller Center Research Report* containing 128 articles. Fourteen authors from outside the United States contributed to eight papers, which means that six percent of the historic *KCRR* articles provide a broader-than-US-only viewpoint.

During the 2012 editorial calendar, we laid the groundwork for this global initiative as we placed a call for international scholar partners through our professional associations such as the Global Sales Science Institute, the European Marketing Academy, and the American Marketing Association (AMA has a global membership). In our March 2013 issue of the *Keller Center Research Report*, we feature articles from scholars in New Zealand and Canada. Additional

contributors in 2013 include scholars from Germany, China, the United Kingdom, and Canada. Interestingly, our international contributors over the past five years include scholars from Belgium, Canada, France, Germany, Italy, Netherlands, Switzerland, and United Kingdom.

By studying buyer-seller relationships in global housing markets, our authors will provide the *KCRR* readers with the insights and implications to prepare them for changes ahead in their own markets. We look forward to the journey ahead!

About the Author

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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.

Communicating the Value of the Real Estate Professional

Daria Dzyabura, PhD

In the first decade of the 21st century, a profound shift has occurred in the way people shop for real estate. Unlike past generations, this new generation of consumers, known as the Millennials, have access to information on listings, neighborhoods, photos, and other information to determine available options. Before such resources were available, consumers needed the help of real estate agents to provide them with information on properties for sale, pricing, mortgage rates, and other data relevant to the transaction. But today's consumers, especially those under 40, take advantage of all available information – they often come into a home showing knowing everything about the property. This more egalitarian information distribution model may have some home buyers thinking they do not require the help of an agent when searching for a home. However, our research shows that the help of a professional realtor, especially when looking for one's first home, can make the process far more efficient: a good realtor can help buyers find a better home faster than they would have on their own.

While the internet has aided the consumer home search process, it is important for real estate agents to 1) understand how and where they create value for the consumer and 2) how to communicate that information effectively to the consumer.

Our Study

We conducted an online questionnaire among 140 real estate agents, asking them about their experiences when acting as the buyer's agent. Respondents were asked to answer with respect to their *last* client who was serious about purchasing a home, whether or not that client ended up purchasing. The survey, which took about 10 minutes to complete, consisted of four sections:

- *Section 1:* The preferences their last client stated at their first meeting, before going out to see any homes, as well as the realtor's impression, also at the first meeting, about how much these preferences would change;
- *Section 2:* The homes the realtor took the client to see;
- *Section 3:* The home the client ended up purchasing (if any), and how it compared to the preferences stated in the first meeting;
- *Section 4:* The real estate market in which the respondent works.

In Section 2, we examined several measures of how much the clients changed their minds during the course of the search. In the same section, we asked the respondents how many properties, in total, they took the client to see. The average number was about 10, and there was a very high correlation between the number of homes seen and the degree to which the client changed her mind about what she wanted. This means that learning what one is looking for is a key determinant in the length of the search.

We were also interested to see if realtors could accurately anticipate which of their clients will change their mind about what they want as they search for a home, and which ones are clear on their preferences. We asked the respondents to rate if they could anticipate, at their first meeting with the client, that the clients would change their minds about what they were looking for after seeing some homes. This means that realtors, being experts at helping guide people's search process, are good at identifying who is likely to change their mind as they search and who is not.

Additionally, we found that whether or not realtors observe their clients changing their desired attributes in a home impacts the homes they take them to see. This was measured using two scales. The subsection heading stated: "Please describe the following characteristics of your interaction with your client," and the scale items stated "I only showed the client properties that matched their stated needs," and "I chose some properties to help the client learn what they wanted." The respondents were asked to rate both items from 1 (Strongly Agree) to 5 (Strongly Disagree). The average responses were, respectively, 2.29, and 2.31. The correlations with the client's changing preferences were, respectively, -0.276 ($p<.001$), and 0.290 ($p<.001$). This means that the more the client changed his/her preferences, the less likely was the realtor to only recommend properties that matched the client's stated needs, and the more likely to include some properties to help them learn what they wanted.

What Exactly Do Agents Offer?

To understand the value that a real estate agent can provide to a home buyer, let us step back and examine the nature of the home-purchasing decision. The process is similar to other important choices, such as choosing a spouse or deciding where to go to college. While all three are very important long-term commitments, many people go into the decision without knowing exactly what they want from their ultimate choice. Some of the most common mistakes high school students make when choosing a college to attend are considering only colleges that their mom or dad attended, choosing a college based on the quality of the school's athletic teams, or applying to colleges based on geographical location. These mistakes do not arise from a lack of information about colleges, but rather from not knowing the importance of the information itself. Even in dating, research shows that people do not always know what they desire in a potential partner, even though they usually think they do (Finkel et al. 2012). Because people lack insight into what they desire in a potential mate, the characteristics they seek out in an online dating

profile may differ from those that will create a connection in person, not to mention a good long-term relationship.

In all these examples, decision-makers reach out to knowledgeable people for advice. These may be college counselors (in the case of college selection), and therapists or family and friends (in the case of relationships). One of the most important roles of these advisors is to help the decision makers refine their thinking about what exactly it is they are looking for.

Aside from having full information on the characteristics of the property, real estate agents have another, more subtle, area of expertise: knowledge of *what* home buyers want, versus what they *think* they want. Often, what consumers start out thinking they want is not what they end up wanting. This is especially prevalent for first-time home buyers. If the buyer keeps changing his mind about what he is looking for as he visits properties, the process becomes much more time consuming and frustrating for both the buyer and realtor. For this reason, several experienced realtors said it is very important to learn exactly *what the buyers need*, and *what they can do without*, before even leaving the office. Realtors report visiting, on average, about 10 homes with each client. This number may be reduced if both buyer and realtor make a strong effort to clarify the buyer's needs early on. In fact, our survey showed that the more a buyer changes her mind during the course of the search, the more properties she visits.

Help Shape the Buyer's Decision Criteria

How can a realtor help the buyer better understand what the buyer is looking for in a home? One way is to let the buyer know about common mistakes other buyers have made in the same market. After having worked in a certain market for a long time, realtors are most likely able to anticipate what property characteristics consumers over- or underweight. For example, an agent in Boston said that people moving from the suburbs into the city tend to underestimate the importance of what the common areas in the building, such as the lobby and staircase, look like. Another observed that home buyers tend to focus too much on the price per square foot, while ignoring the fact that a large apartment with a poor layout may be worse than a slightly smaller unit with a more convenient layout.

Similarly, there are attractive features that some buyers may have not even considered in their search, but ultimately drive the purchase decision. As one agent put it, "Let's say someone is looking for a 1 bedroom with a good layout. I show them one, and then I walk in the bedroom and open up a French door to a private deck. They love that, and want me to look for more apartments with a deck." In our survey, the majority of realtors stated that they could anticipate which clients would change their minds about what they wanted as early as their first

meeting with the client. While consumers may want to search for specific properties on their own, they greatly benefit from the help of experts who can advise them on what they may end up liking or disliking. By engaging experts early on in the home search, consumers can make the entire search process quicker and more enjoyable.

Help the Buyer Learn Quickly and Efficiently

How do realtors help their customers learn about what they want in a home quickly and efficiently? One approach is directly informing the customer about the characteristics that past customers like them have changed their mind about as they search. For example, one New York realtor warned a consumer moving from California that she would probably not like apartments with northern exposure because they get very little sun in the winter. This gives the client the possibility of thinking about the specific characteristic more carefully without having to take time to visit undesirable properties.

Another approach is taking the risk and showing buyers properties that do not align perfectly with what the buyers say they want. One example that came up in interviews was apartment condition: sometimes buyers say they want a fully renovated unit, but if they see something that needs a little bit of work, but has all the other features they were looking for, they may be open to the possibility. In our survey, most of the realtors who said they could anticipate that the client would change her mind showed some homes to help the client better understand what she wanted, even if she was unlikely to purchase those homes.

By thinking carefully about what consumers know when going into the decision to purchase a home, they are able to provide valuable advice to buyers. Even though today's buyers can find detailed information on available properties on their own without the help of a realtor, a buyer cannot find something if he is not looking for it. When beginning to look for a home, many consumers, especially if it is their first home purchase, have to learn not only what is available on the market, but also about their own preferences.

Conclusion

There is no question that the nature of real estate shopping has changed dramatically because of the internet. Almost everyone with access to the internet does some form of online research when shopping for a home – and although more people now use the internet to execute the home *search*, most still use an agent to facilitate the actual home *purchase*. This research explores one of the ways that realtors continue to provide value to consumers looking for homes, despite having lost their monopoly over information. Good realtors can do much more than search the database for the characteristics of available homes. They also have valuable insight into consumer behavior, which they use to help consumers find better homes faster than they would on their own.

By understanding how and where you create value for the consumer and learning how to effectively communicate that information to the consumer, you can reestablish your role as a necessary component of a successful home-buying experience. Help your clients understand that the internet is just a surface-level search tool – the agent is the key to a successful buying experience.

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Daria is an Assistant Professor of Marketing at the Stern School of Business at New York University. Professor Dzyabura's research focuses on analyzing complex decision-making rules and developing efficient forecasting methods for multi-faceted buying situations. Daria has published research in the *Journal of Marketing Research* and *Marketing Science*. Daria received an SB in Mathematics and a PhD in Marketing, both from the Massachusetts Institute of Technology.

Innovative Mobile Marketing via Smartphones: Are Consumers Ready?

Ajax Persaud, PhD and Irfan Azhar, MEBT

Today, the smartphone is central to the lives of most consumers regardless of age, gender or education level. In fact, many consumers cannot seem to live apart from their device – it is always on and being checked. The widespread adoption of mobile phones represents a significant marketing opportunity to reach and serve consumers anytime, anywhere.

The latest smartphones have larger and higher resolution screens and offer consumers a wide array of features, including mobile web browsing, thousands of applications, email, instant messaging, text/picture messaging, video, music playback, and much more. Further, smartphones can employ technologies such as RFID and e-wallets to enable a whole range of marketing innovations not available until now. Most telecommunication carriers offer consumers flat-fee unlimited data and social media plans that encourage consumers to use their smartphones more often and for a wider variety of purposes. The increased capabilities of the smartphone combined with the decline in costs for devices and data plans are having a very positive impact on consumers' smartphone usage. In fact, the smartphone is emerging as consumers' device of choice to access the Internet, conduct online searches, and complete financial transactions (comScore 2012).

The smartphone has opened up a wide range of mobile marketing possibilities that were previously unattainable with either traditional or Internet marketing. For example, a consumer in a physical retail store can use an app on his smartphone to make immediate price comparisons and check customer reviews while looking at the product in the store. Moreover, mobile marketing tools such as text and multimedia messaging, mobile apps, Bluetooth, location-based services, and QR codes combined with social media sites such as Facebook and Twitter enable marketers to integrate offline marketing strategies with mobile marketing strategies to offer consumers a wider range of pull-based services and promotions.

Paradoxically, while *marketers* see the mobile phone as a communication channel with virtually unlimited possibilities to reach and serve customers, *consumers* adopt mobile phones primarily to enhance their private and social lives. Most consumers view their smartphones as personal devices for business, entertainment, and social networking. These two very different perspectives could have profound implications for the sustainable success of mobile marketing. A deeper understanding of why and how consumers

want to participate in mobile marketing is key to the development of successful mobile marketing strategies.

The aim of this study is to deepen our understanding of the factors that motivate consumers to engage in innovative mobile marketing via smartphones. The results of our study can also have important implications for real estate agents looking to develop or fine-tune their mobile marketing strategies.

Our Study

The data in our study were collected through a web-based survey. A total of 428 completed questionnaires were obtained and used in the analysis. The survey focused on consumers' intentions to participate in innovative mobile marketing services and mobile phone usage behavior. Most of the questions asked respondents to indicate their level of agreement or disagreement with a series of statements on a scale of 1 to 5, where 1 = strongly disagree and 5 = strongly agree. The survey instrument was developed based on a review of the literature and in consultation with potential respondents and experienced researchers in the field of e-business. The survey instrument was then pretested on a small sample of 15 smartphone users who were asked to complete, evaluate, and suggest improvements for the questionnaire. This procedure generated minor editorial improvements and was used to fine-tune the survey instrument.

Our Study's Implications for Real Estate Agents

The study has several important implications for real estate agents. First, before embarking on a mobile marketing strategy, real estate agents need to develop a thorough understanding of what home buyers want when they decide to go mobile. Although it may be easy to reach buyers through their smartphones, it does not necessarily mean they want to receive messages from you. And although a customer may participate in one campaign does not necessarily mean they want to participate in all of your mobile marketing campaigns.

The study found that consumers prefer pull-based marketing communications, that is, marketing messages and services that they request or voluntarily opt-in to receive. Consumers also show a strong preference for targeted, personalized, in-context information and services. This suggests that real estate agents should tailor their initial marketing communications towards creating awareness of who they are, the services they offer, and how they can assist home buyers achieve their goals. The idea is to encourage dialogue with potential buyers in order to gain their trust and better understand their needs. Building this type of relationship is a key first step in influencing buyers' purchase decisions and positive word-of-mouth recommendations, which can generate new leads and sales.

Further, building brand trust is extremely important for mobile marketing. Real estate agents should use mobile social media (e.g. Facebook, Twitter, Youtube, etc.) more for building their

own brand reputation than for selling. Agents can also enhance the value of their brand by using tools such as QR codes, SMS, and location-based services to provide potential home buyers with relevant, accurate, and up-to-date information on the home-buying process, available homes, comparative information on home prices, features, and neighborhoods, locations, maps, and driving directions. This type of approach tends to encourage potential buyers to become more trusting of the agent as they learn more about her and perceive the information provided as trustworthy and helpful. Also, seeking home buyers' permission to engage in mobile marketing is crucial for developing a trusting relationship. The goal is for real estate agents to ensure that their mobile engagement with home buyers is mutually beneficial without being too intrusive.

Next, real estate agents should ensure that their mobile marketing efforts always offer the specific value or benefits individual home buyers are seeking rather than assuming that all home buyers want the same information or services. For example, if a home buyer is looking for information and services that will enable him to execute the home buying process efficiently and conveniently, then agents should provide only relevant information and services in a format (audio, video, graphics, text, website, etc.) that is easily comprehensible. Real estate agents could use a variety of mobile pull-based tools such as mobile apps, SMS, and QR codes to get potential home buyers to contact them or to request information, which could enable agents to quickly learn what the potential home buyer needs and how he prefers to be engaged. For example, if a potential home buyer is looking for additional home purchase-related services such as a moving company, a lawyer, a building inspector or a renovation company, then agents must be ready to

provide references of reliable companies or individuals to buyers. On the other hand, if a home buyer is a price/value or bargain-conscious customer, then real estate agents could shape her expectations of such benefits by providing a variety of comparative information. Regardless of the expectations of specific home buyers, all information and services provided must be current, accurate, and delivered in a timely and easily understood manner.

Finally, real estate agents must make every effort to strategically integrate their mobile strategy with their traditional and web-based marketing strategies because home buyers may want to engage across multiple media. Home buyers shopping styles differ and while some may readily embrace mobile marketing for some services (e.g. information gathering), they may want to engage in a different way for other activities (e.g. discussing price). Irrespective of the benefits sought (e.g. efficiency, flexibility, convenience, value) from mobile marketing, some buyers may still choose to communicate and transact using traditional methods such as face-to-face or telephone.

To integrate mobile marketing strategies with traditional and web-based strategies, marketers must invest time and effort to understand the mobile marketing value chain — that is, the technologies, people, processes, costs, and relationships involved in developing and executing mobile marketing. Real estate agents should choose a reliable and experienced mobile marketing vendor to not only develop and deliver integrated mobile marketing solutions but also to provide useful metrics on the effectiveness of the mobile strategy. This is extremely important for enhancing the value provided to home buyers, the brand reputation of agents, and to promote positive word-of-mouth and sales.

Conclusion

Smartphone adoption by consumers is increasing rapidly. The capabilities of smartphones have opened-up new possibilities for marketing that were previously not available. The real estate industry is a heavy service- and information-oriented industry, which makes it well suited for mobile marketing. Despite the seeming match between supply and demand for mobility, real estate agents should not assume that all buyers want to participate in mobile marketing. Agents need to understand what home buyers want when they decide to go mobile and to ensure that their mobile marketing efforts deliver value. Also, building trust and respecting the shopping styles of their buyers are crucial for mobile marketing success.

Appendix: Summary of Our Findings

The results of our study indicate that smartphone consumers are willing to participate in mobile marketing. The majority of responses indicate that consumers are open to receiving up to five marketing messages per day on their smartphones. Additionally, consumers also show a strong willingness to engage in innovative mobile marketing services that employ location-based, Bluetooth, SMS, QR and/or other advanced mobile marketing techniques (with an average rating of 4.6 out of 5). However, the majority of respondents indicated that they would only like to receive mobile marketing messages that are targeted to their needs and they opt-in to receive.

The analysis revealed some differences in consumers' intentions to participate in mobile marketing based on their age, gender, and level of education. For example, consumers over 35 years old tend to use their smartphones more heavily for utility or task-oriented purposes (e.g., email, news, research, maps, commerce, and banking) whereas younger consumers use their smartphones more heavily for social and entertainment purposes. No difference was observed in terms of consumers' willingness to participate in mobile marketing.

In terms of gender, both males and females are equally open to participating in mobile marketing. However, males and females differ in their response to marketing offers through their smartphones. Men are more likely than women to respond to offers distributed through their mobile phones. Also, men's usage pattern is somewhat different. Men use their smartphones for gaming, entertainment, and shopping, especially when incentives are offered. Women tend to use

their phones more for social networking, research, and obtaining information on health and fashion. We also found that more educated consumers (those with graduate degrees and professional qualifications) place a higher value on the content they receive through their smartphones over discounts and promotions. These consumers place a premium on mobile marketing services that increases their shopping efficiency, convenience, and flexibility by providing relevant, timely, and targeted information and services.

Apart from these demographic considerations, our results also indicate that consumers' willingness to participate in innovative mobile marketing through their smartphones are significantly influenced by three other variables - *perceived value*, *shopping style*, and *brand trust*. Perceived value is the consumer's overall assessment of the benefits of a product based on perceptions about what is received and what is given up (Zeithaml 1988). Basically, if consumers perceive the value they are getting from participating in mobile marketing is high, they will be more inclined to engage in mobile marketing. Conversely, if consumers perceive the value as too low, annoying, or intrusive, then they may decide to avoid mobile marketing since they may conclude it is not worth the effort. Mobile marketing could provide greater value to consumers by making it easier, faster, better, or cheaper to accomplish a variety of shopping tasks. Our results indicate that consumers evaluate the benefits of mobile marketing differently. For example, consumers who travel frequently or lead busy lives find location-based marketing more helpful and of greater value because it reduces their search costs and increases their shopping efficiency by providing just-in-time, in-context, personalized marketing offers and services. On the other hand, value-conscious consumers place a higher value on discounts, promotions, and other financial incentives.

Trust is the foundation of online buyer–seller relationships (Hoffman et al. 1999). In the context of mobile marketing, consumers who are suspicious of or uncertain about marketers' motivations for engaging them may try to avoid their offers, while those who are more trusting are more likely to accept their offers. Our results indicate that brand trust is a key determinant in mobile marketing, especially with respect to location-based marketing. This is hugely important because location-based marketing uses tracking technology to determine a consumer's location in order to deliver context-specific, personalized information to consumers. Hence, it is more intrusive than other types of mobile marketing because it is capable of delivering marketing messages from virtually any company at any location with no concern about appropriateness. Respondents in our study indicated that they would be wary of messages from marketers or brands they do not know or trust and of messages received at inappropriate times.

Consumers' shopping behaviors, patterns, and scripts in both online and offline contexts vary widely (Mattson & Dubinsky 1987). For example, consumers looking for personalized or customized products know exactly what they want and their shopping patterns and behaviors are different from those who prefer standardized products (Pine 1993). Consumers who are interested in customization are more likely to participate in the design of their own products and

believe that customized products offer greater value because they more closely meet their needs. Our study shows that consumers' shopping style is a key factor influencing their willingness to participate in mobile marketing. Those who see mobile marketing as inconsistent with their preferred methods of shopping will find it difficult to participate in mobile marketing. Conversely, those who view mobile marketing as a good fit with their preferred methods of shopping will embrace mobile marketing.

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Legislation as a Tool for Reform:
The Case of New Zealand
Robert Davis, PhD

In November 2009, The New Zealand Government introduced the Real Estate Agents Act 2008. This new act replaced the Real Estate Agents Act 1976. The main purpose of the new act "is to promote and protect the interests of consumers and promote public confidence in the performance of real estate agency work" (REAA 2010). In essence, the act seeks to radically transform, through legislation, the service process and culture of the industry. Change is given momentum by the acts' new regulations related to Audit, Complaints and Discipline, Duties of Licensees and Licensing.

According to REAA (2010), key changes introduced by the new act include; (1) the requirement for agents, branch managers and salespersons to be licensed individually, (2) creation of the Real Estate Agents Authority, (3) the introduction of a new complaints and disciplinary process, (4) the development of new responsibilities for real estate licensees and, (5) the abolition of compulsory membership of the Real Estate Institute of New Zealand (REINZ). The act creates a new service process that is inflexible, that is, it is enshrined in law (Edvardsson and Enquist, 2006). By going from a relatively flexible process that was industry led, the act imposes new structure and behavior.

Despite these aims, little is known about the impact of this type of legislative change on service industry transformation. In particular, there appears to be little understanding of the impact on service culture (Ostrom et al. 2010). As these authors argue, the approach applied with the new act may actually contradict with how to develop and maintain a service culture, that is; "(1) Recruiting, training, and rewarding associates for a sustained service culture, (2) Developing a service mind-set in product-focused organizations, (3) Creating a learning service organization by harnessing employee and customer knowledge and, (4) Keeping a service focus as an organization grows, matures, and changes." Therefore, the main aim of this paper is to explore and develop a greater understanding of how this industry change will develop its service culture (Lemon 2010).

Why Legislation?

The imposed legislation is designed to impose a new service culture on this industry as a whole. While some authors have explored the effect of laws on this industry (Trombetta 1980), little

attention has been given to the fundamental nature of service and industry culture. As Johnson and Loucks (1986) argue, the consumer largely gains when regulations are introduced to raise the quality of service.

Exploring the impact of this change is important because service process design is imperative (Kupers 1998), particularly when changing a service culture radically from goods-based to genuinely service-based (Ostrom et al. 2010). As change begins to occur, providers start focusing on the influence of external pressures and subsequent required internal responses (Antonacopoulou and Kandampully 2000). Legislation has driven the external pressure in this context, and a dearth of evidence plots the recommended provider response in terms of service processes and culture. This is concerning because both employees and users/customers must understand the service process in order to practice it effectively, which often requires additional training (Edvardsson and Enquist 2006). External pressure, though, also helps customers to become service co-creators (Lusch, Vargo and O'Brien 2007).

When large shifts occur, organizations seek to ensure that they transform their own mission, who they serve and that they have a supportive internal culture (Edvardsson and Enquist 2006). These authors also argue that while external pressure drives continuous quality improvement, the "fear of change" can prevent service culture transformation. Kupers (1998) argues that such disruptive emotions will rupture the expression of the service and the service experience interactions between provider and customer. Such radical change may impinge on an organization's ability to develop and maintain a service culture (Ostrom et al. 2010) in terms of employee development, their service mindset, learning, and the service focus as an organization transforms.

Response to Legislation

Following the introduction of the new legislative structure, the real estate industry has started the journey toward the transformation of its service processes and culture: an industry seeking a greater level of cohesion, direction, and professionalism. Despite the best intentions of the major brands, there is a feeling that the real estate industry has languished – fallen behind and become complacent. Therefore, the disatsified customer has been driving this change. The real estate practitioners lament the high profile 'rogue seller' cases that have fuelled public distrust of the industry. Customers often refer to real estate agents in a derogatory way. It was argued that the recent changes are seen as long overdue, although for some, the changes are seen as a reinforcement of what was there already but not adhered to. It was also argued that the legislation may disrupt the emerging service culture as defined by existing employee knowledge.

> *"I hope that real estate is deemed by the public to be more professional, real estate agents have been thought very poorly of, we're down there with car salesmen. We are not well regarded and that's a shame because people like myself strive very hard. I have put a lot into my reputation and my community over the years and I think I have a good name*

but I am tarred by the same brush. You are only as good as the lowest common denominator, so my hope is that [legislation] lifts the bar." Manager

Many participants in our study argued that at an industry level, stakeholders support the view that it is time to create and maintain a service culture and improve the level of service customers receive. Participants argued that the real estate industry is a "profession" and needs to be seen as such. However, there is little sense of a clear industry direction, research and development or a shared learning culture that typically characterise a profession.

The commission-based, highly competitive and individualistic nature of the industry creates considerable resistance to change. To create momentum and change, the profession must become a respected career choice for younger people who see knowledge development and learning as a requisite. Hence, the application of new skills and knowledge is part of the service-dominant logic to foster a more sustained service culture by providing better processes for the recruitment and training of service employees.

> *"We've got to think differently and the training probably needs to be more upmarket rather than the old school. You know, we call ourselves professionals but 90% aren't ...we need to revamp the whole thing, and I think that ongoing education is absolutely paramount, for everybody." Franchisee*

A key issue that evolved from the industry participants were the polarized attitudes towards change, the industry and the role of knowledge in the emerging service logic. Some visionary practitioners are leading the way forward in the creation of a redefined service culture. These polarized views may both promote and hinder the service focus as the industry transforms:

> *"You have got two groups - one that has taken it to the extreme, they have been really watching everything, they are asking their vendors to have moisture tests done in their houses, etc., and then the other group is basically 'who cares' or 'we've been doing it for so long, so why change?' It just hasn't bothered them." Salesperson*

A key problem that would hinder the transformation of the service culture was the way in which the industry had been led. There appeared to be a call for the revision of the concept of leadership in the industry and the core skills and knowledge that enable management.

Transforming the industry culture was seen to relate to simple ethical principles and by knowledge and definitions of service outside the industry. Therefore, service culture transformation is being changed by external knowledge.

> *"I love the fact that the industry is going to be cleaned up as I potentially enter it, because it means that it will be an even playing field and I can use my non-real estate skills to hopefully gain advantage." Salesperson*

Implications for Other Markets

As seen in the case of New Zealand, the real estate industry lacked effective industry-wide practices and required significant governmental intercession. Through legislation, New Zealand's government took control of the industry and mandated specific practices influence the service culture and processes. While the *result* may have been effective, the *means* ultimately took power from the hands of the practitioners and transferred it to the government.

Other markets (and even other industries) can look at this case as an opportunity to consider self-regulation before governmental regulation becomes a necessity. Some of the ways a market can encourage self-regulation include:

- Analyze current industry knowledge and practices by comparing/contrasting effectiveness based on industry experience (e.g., salespeople with 20+ years experience vs. salespeople with < 5 years experience). Identify what works (should be retained), what is not working (should be discarded/rethought)

- Engage in cross-industry benchmarking processes to identify best practices and opportunities for process refinement (including benchmarking codes of ethics, service provider licensing/accountability practices, disciplinary procedures, etc.)

- Institute a country-wide consumer satisfaction index to drive the focus for the entire industry

- Implement a variety of consumer feedback mechanisms to collect and analyze customer feedback, increasing visability and accountability throughout the industry

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Housing & Health Care: Why Should You Care?

By Dennis Thé, MBA Candidate – Health Care Administration

The Bureau of Labor Statistics reports that the major components of spending – food, housing apparel and services, transportation, health care, entertainment, and personal insurance and pension – account for approximately 90% of household expenditures in the US. Housing is the largest component of this spending and accounts for about one-third of total expenditures. Health care expenditures, while only representing about 5% of this total, do not represent a major component of spending but nevertheless are a very necessary expense. Data from the Bureau of Labor Statistics show that health care expenditures are gradually increasing even in the midst of economic uncertainty (Bureau of Labor Statistics 2012).

While seemingly unrelated, this economic trend has important implications for real estate professionals. Agents must understand that a constant increase in health care expenditures means that households will spend less in other areas– in particular housing. Additionally, during times of economic uncertainty, this trend becomes magnified as total household expenditures will likely decrease while the overall proportion spent on health care will continue to increase.

This article will examine how housing and health care expenditures changed during the recent Great Recession of 2007-2009 and why real estate professionals must remain engaged in the conversations surrounding health care and the economy. Health care spending in the US is growing at an unsustainable rate and rising costs affect all facets of our lives. Holistic reform must occur to curb this spending – but in the meantime, it is vital for agents to understand the adverse effect of increasing health care costs on the overall spending habits of their clients.

While the real estate industry may not be able to completely offset the effects of a recession or curb rising health care costs, the enlightened real estate professional can play a role in educating clients and actively campaigning for health care policy reform. As consumers, we must recognize that, similar to the price of houses, health care expenditures cannot continue to rise before a tipping point is reached.

The Great Recession (2007-2009)

The Great Recession stemmed from turbulence in the sub-prime segment of the US housing markets and mutated into a full-blown recession. The US Bureau of Economic Analysis (BEA) reported that this down cycle started in December of 2007 and ended in June of 2009 – although the lingering effects of high unemployment rates still plagued the US in subsequent months

(Bureau of Labor Statistics 2012). The National Bureau of Economic Research (NBER) reported during the 2007-2009 recession, Real GDP growth slowed to 1.7% in 2007 and was negative in 2008 and 2009.

Between 2007 and 2009, foreclosures skyrocketed to 4 million homes and 8.4 million jobs were lost (Cadiuex & Conklin 2010). The sharp rise in the unemployment rate and a discouraging job market caused a decline in the percentage of the US population in the labor force (those either working or looking for work). As a result, the percentage of the population with a job fell sharply (see Appendix). In January 2013, the labor force participation rate and the percentage of the population with a job remained near levels last seen in the 1980s (Cadiuex & Conklin 2010). The rate of growth of housing expenditures also slowed to 1.1% in 2008 and decreased by 1.9% in 2009. However, during this time, health care expenditures increased by 3-5% annually.

This economic uncertainty impacted all components of spending. During the Great Recession, median incomes of family and personal consumer expenditures both fell. As a result, the personal savings rates of American households – which are inversely correlated with the value of homes – increased indicating that American households reeled-in their spending habits and cut expenses across the board. When coupled with constantly increasing health care expenditures, housing expenditures were directly impacted. Since American households spent less as a whole and housing expenses represent such a large proportion of expenditures, it was logical that the amount households spent on housing decreased.

While it may not be entirely feasible to make significant cuts on necessary expenses such as food or transportation, households *are* able to cut back or limit housing expenditures. Consumers considering a move may buy a more inexpensive home, decide to rent, or may not move at all. Most real estate professionals felt this effect severely, and some areas of the country saw an exit of agents from the profession by upwards of 25% (Lawrence 2011). The Great Recession was an important economic event for us all – but it held severe implications for the real estate industry.

The Increasing Cost of Health Care – We Are All Effected

In 2009, when the full weight of the Great Recession was in play, US households spent less on all major components of spending with the exception of health care (Bureau of Economic Analysis 2009). A continued increase in healthcare spending can be attributed to a number of factors, including the *third-party payer system*, *increased expenses in the medical technology sector*, and an *aging baby-boomer population*, all of which moderate the impact of a recession on the consumer.

With a third-party payer system, patients who utilize healthcare services are not economically liable for the healthcare services that they consume. Payments to providers are made by private insurance companies. Consequently, patients consume more health care services than they otherwise would if they were economically responsible. As a result, this third-party payment

system drives up the overall cost of healthcare services through higher costs of insurance premiums.

There are plenty of social and economic incentives to spend on medical technology. In fact, spending in this sector has become highly valued and almost expected by Americans (Khan 2010). Advancement in medical technology helps to provide new treatments and therapies with improved success of medical care to patients. Historically speaking, the advancement of medical technology has improved the quality of patient care but is very capital-intensive. Health care economists estimate that spending in medical technology accounts for 40%-50% of the increase in healthcare costs (The Social Security Advisory Board 2009). As the US has become a global leader in health care technology, there is a continuous demand for breakthroughs in medical technology. As a result, more capital investments are made into medical research and development that has significantly driven up the cost of health care.

Lastly, our aging population plays a critical role in rising health care expenditures. Born between 1946 and 1964, Baby-Boomers count for 79 million or about 30% of the population of the US (Barry 2010). Couple this influx of baby-boomers with an increase in life expectancy rate, and it is easy to see that how elderly populations account for such a disproportionate amount of the utilization of health care resources. For this reason, Baby-Boomers are often at the center of the health care policy debate regarding issues such as Medicare and Social Security.

Why Real Estate Professionals Should Care

The Great Recession has shown us how economic uncertainty effects overall household expenditures. More specifically, we know that during these times, households tend to save more and spend less. This is especially relevant to the housing sector, which accounts for about one-third of all household expenses. The US spends more on health care than any country. And at the US current rate of growth, health care costs are predicted to double to $4.5 trillion, representing 20% of total GDP (Centers for Medicare and Medicaid). This rate of spending is unsustainable. We have attributed rising health care costs to an imperfect payer system, increased medical technology costs, and an aging Baby-Boomer population – it is likely that health care expenditures will continue to climb despite economic uncertainty.

Knowing this, real estate professionals must recognize that their opportunity to capture a slice of the spending "pie" is going to decrease. Households that cut back on spending will likely look to housing as one of the most obvious areas to cut expenditures.

The real estate industry may have little power to effect economic cycles or curb health care expenditures, but this does not mean that the industry is helpless in affecting health care reform. Because we see that the rise in health care costs have a direct impact on the real estate industry, agents must take a more proactive stance in health care policy. This starts with understanding how state and federal policies affect the lives of their clientele. Other ways of taking action include writing to respective public officials, attending community health information meetings, and/or serving on boards for community hospitals and health care organizations. Real estate professionals must become a person of influence in their communities by proactively advocating for health care reform and providing a "voice" on the threat of rising health care expenditures and how that potentially affects their community. In truth, we all have a responsibility to take action.

Real estate professionals who wish to better understand their clientele must be able to think beyond the scope of an isolated real estate industry and realize the dynamic relationship between the economy, health care, and housing expenditures. It is clear that rising health care costs will impact the trends of housing spending.

Appendix: Supplemental Data

The following data was used to support the overall conclusions drawn in this article.

Median Income per State

The median U.S. household makes over $50,000 annually, but median income rates vary dramatically from state to state. Trends emerge within geographic regions--some of the lowest rates can be found in southern states. The median household in Mississippi makes less than $37,000 a year. New Jersey, Connecticut, and Massachusetts boast some of the highest median incomes. (Median U.S. Household Income by State, 2010).

Healthcare Spending per State

In 2010, the Center for Medicare and Medicaid reported that the US spent $2.6 trillion on healthcare which amounts to a little over $8,000 per person. The U.S. spends more on health care than any other country in the world as a percentage of gross domestic product (Kaiser Family Foundation, 2012). The Centers for Medicaid and Medicare (CMS) reports that health care spending per capita was $7,845 in 2008 and will jump to $13,709 in 2018. Additionally, US healthcare spending is anticipated to skyrocket to almost 20% of GDP in 2020. There is significant variation in spending per capita per state. The District of Columbia leads way with

spending per capita of $10,349 and on the other side of the spectrum, the cost of healthcare spending per capita in Utah amounted to $5,031. (Center for Medicare and Medicaid 2010)

Housing Spending

Home prices vary substantially from state to state but there is no systematic measurement of new home prices across the US. In 2007, The National Association of Home Builders released a study that reported median prices of new homes built in each state .The median new home price estimates for 2007 vary by as much as 300 percent across the US. Hawaii has the highest median new home price ($543,512), followed by California ($518,836). States along the east coast such as New Jersey ($469,293), Virginia ($463,566) and Maryland ($435,528) also show high estimated median new home prices. These five states have the highest median price estimates. States in the South have relatively low estimated median new home prices. Louisiana, Arkansas and Mississippi fall into the lowest median price bracket and the five states with lowest median new home prices are West Virginia ($164,661), Alabama ($154,433), Louisiana ($147,310), Arkansas ($137,516) and Mississippi ($135,260).

As a benchmark comparison, in the years leading up to 2007-2009 recession, Real GDP grew by 3.1% and 2.7% in 2005 and 2006 respectively. Median income and personal consumer expenditures rose each year. Additionally, housing expenditures saw growth rates of 9% in 2005 and 7.9% in 2006. Lastly, it was not uncommon for health care expenditures to rise by 7% to 9% annually.

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INSIDER:
How Technology is Changing the Selling Environment

Jacob Christie, MBA Candidate; Andrea Dixon, PhD; Curtis Schroeder, MBA Candidate; Mark Tarro, MBA Candidate; and Dennis Thé, MBA Candidate

In a recent issue of the *Journal of Personal Selling and Sales Management,* four scholars report on a research initiative involving sales practitioners in the United States and the United Kingdom (Marshall, Moncrief, Rudd and Lee (2012), "Revolution in Sales: The Impact of Social Media and Related Technology on the Selling Environment"). Exploring the role of technology and social media in the selling process, the authors identify six major themes of interest to the academic community: connectivity, relationships, selling tools, generational, global, and sales/marketing interface.

To bring this research into focus for the *Keller Center Research Report* audience, we discussed the themes and their relationship to our real estate audience. We believe that the real revolution for real estate lies in the use of technology and social media to *deliver value*. Value can be brought to life as we consider the way salespeople *manage information*, *conduct client research,* and *generate leads* WITHOUT getting lost in the "social side" of social media (i.e., using social media for pleasure) or losing one's sense of life balance due to constant connectivity.

Using Technology to Deliver Value

Development and innovation in the technology sector has changed the business and personal landscape for all consumers. For some, new technologies have trickled into everyday activities over the span of a career. For others, there has been no life without technology. As Marshall et al. (2012) discuss, the rise in technology usage over the past decade has had a significant impact on the buyer/seller relationship. The value of extant and emerging technologies, particularly in business, lies within the user's ability to exploit its benefits to *deliver value*.

In the real estate industry, value can be derived in a number of ways. Real estate professionals should be looking to technology to streamline work functions, reduce costs, and maximize return on investment (both in relation to time and money). Smart phones, applications, and Cloud-based services provide users with access to data, colleagues, and clients, among others, irrespective of location. Videoconferencing technologies minimize the time and expense of travel – across the world or even across town – to engage in face-to-face meetings. Internet marketing, social

media, and blogs empower salespeople to manage their personal "brand" through various channels in the marketplace. In relation to information, customer-relationship building, and lead generation, there is an important opportunity for real estate professionals to take advantage of all available benefits of technology. Real estate professionals may benefit by asking clients (at the close of an engagement) what recommendations clients have for leveraging technology even more effectively in their recent home-buying process.

Using Technology to Manage Information

Myriad technology products exist for salespeople today under the aegis of "customer relationship management" (CRM). Contact with each and every lead, customer, and former customer requires the retention of significant amounts of information. Nowadays, the Rolodex is gone, replaced with technological CRM solutions that preserve and organize this information in order to streamline the work of the salesperson. Many of these solutions can be accessed through applications on a smartphone, freeing the salesperson from being physically tied to his/her desk phone and desktop computer.

This ease of information access allows salespeople to "touch" more customers, more often, with more precision, and even more effortlessly than before. Now the salesperson can be automatically reminded of customers' milestones, like birthdays or the anniversary date of when they purchased their home. Little notes commemorating these occasions help keep the technological agent top-of-mind.

There is an emerging demographic of customer that does not value a ten-minute phone conversation to get an answer to a question that could otherwise be condensed to 160 characters. What they do demand are instant answers to basic questions (e.g., when is my agent available, what are the latest homes on the MLS, etc.).

These days, technology provides consumers with a comprehensive information solution. In fact, Marshall et al. (2012) find that technology provides consumers with near perfect information – no longer does a customer need to contact the salesperson for each and every request. Instead, they can often get answers by perusing a website or getting an automatic out-of-office reply by email. And, in fact, some customers wish to maximize their self-service approach to the home-buying and home-selling processes. This idea of understanding how consumers manage the information search process in the home-buying process is discussed further in another March 2013 *Keller Center Research Report* article, Communicating the Value of the Real Estate Professional.

Even when these technology-savvy customers do want to communicate with their agent, they do not reach for their phone to dial up the agent first. Instead, they are probably more inclined to send an email or a text message or a message through social media or perhaps even chat/video-chat by Skype. For a segment of customers, these methods are becoming preferable to phone

calls or in-person visits. Finding creative ways to leverage access to and the flow of information can ultimately result in a significant value-add for the agent and her constituents.

Using Technology for Client Research and Lead Generation

Marshall et al. (2012) confirm that social media sites that have become common tools are becoming permanent fixtures in the sales process. If used effectively, advances in technology and social media for client research and lead-generation activities can yield positive results for the real estate industry.

Social media can assist greatly in the pre-call planning and prospecting phases. Sites such as LinkedIn and Facebook empower the salesperson to customize his sales pitch to each individual client. Consider using LinkedIn to conduct research on a prospective client. Such sites may carry information on where she went to school, where she works, what social circles she runs in, etc. Armed with this information, a salesperson can tailor his entire selling approach for each client, providing a systematic and strategic way to build relationships.

Keller Center Research Report authors have discussed technological tools to support an overall prospecting strategy (see "Blogging and Chatting to Promote Your Business and Generate Leads"). Blogging, for example, can be a powerful tool for an agent to brand himself in a specific area of expertise through social media. Blogging must be done consistently and provide quality, pertinent information. This means dedicating time to the process of research and writing. A blog that caters to a specific niche will go a long way in delivering value to potential consumers. Over time, this area-specific expertise can help a blogger cement his position as a thought leader in his industry.

Most importantly, agents must remember blogs (and other social media approaches) should not serve as a platform for sales pitches. The goal of a blog is not to sell, but rather to become established as a credible source of information in a field of expertise. Once a blogger gains traction as a visionary thought-leader, lead-generation opportunities will likely follow.

While these selling tools can potentially enhance the sales experience for you or your clients, it must be noted that these tools should be managed strategically. Sales people must take care not to allow social media selling tools overwhelm or become a substitute for other traditional sales efforts.

Technology and Social Media - for Business or Pleasure?

The pervasiveness of technology and social media shapes news and business headlines on a regular basis. As Marshall et al. (2012) document, communicating via social media is becoming more acceptable each year. While it is important to recognize this shift in consumer behavior, the research findings suggest that the actions of employees connecting with customers via social media must differ from social use of social media. Key informants in this research note there is a key difference between *activity* (social) and *productivity* (business) when using social media. Since we live in an "always on" environment, utilizing social media websites has become necessary in the workplace. However, knowing which tools are productive and what is "mindless activity" is vital.

The three main social media websites that dominate most discussions are LinkedIn, Facebook, and Twitter. At a business-level, LinkedIn seems to gain the most traction for productivity by providing tools such as "recommendations" and "skill endorsements" for building-out the agent's profile for a potential customer. With LinkedIn, a current client can recommend or endorse her agent using all of the information (company, title) visible on the profile. The visible information combined with recommendations and endorsements allows potential clients to view and consider a prospective agent. Company pages with discussion boards allow clients and employees to connect.

While Facebook has many similar capabilities, especially in the company page and interaction categories, it may be more difficult to discern and segment one's time spent on Facebook. There appears to be a real gray area between time spent on Facebook for personal versus business use. While connecting with prospective or past customers, there can be peripheral clutter that clouds an agent's ability to be as productive as possible while online. Similarly on Twitter, real estate professionals may find it difficult to make the distinction between personal time and business time. Using Facebook or Twitter to post home listings, conduct client research, or announce open houses are all effective business activities – but it may be difficult to *start* business activity and *stop* personal activity when using these mediums.

Technology and social media websites can provide value for your business but can just as easily take it away. Consider shaping a personal (or company-wide) policy for social media business activities and plan to use these websites *productively* instead of just being active on them.

Disadvantages of Connectivity

Technology clearly creates opportunity for increased efficiency. Tasks that used to require days (i.e., delivery via Federal Express) now occur quickly (i.e., emailed attachments) or instantly (i.e., shared document via a wiki or shared computer screen via joinme). In addition to increases in *efficiency*, technology delivers on the promise for increased *effectiveness* through a variety of tools, not the least of which is customer relationship management (CRM) software. However, as

the *Revolution in Sales* article summarizes, there is a dark-side to technology, social media, and connectivity.

Carrying a microcomputer in your pocket (a smart phone) means that not only can you get more work completed, you are *expected to get more work done*, and done faster than ever before. Consequently, one dark-side to constant connectivity concerns expectations about productivity. In fact, as the *Revolution in Sales* research shows, the expectation for productivity does not appear to be a constant. Rather, the tone and perspective shared by the authors is that *the expectation for increased productivity is ever increasing*. Consequently, residential real estate agents whose jobs already span non-normal working hours are likely struggling with this issue even more than the typical business person.

One approach toward balancing this escalation is to keep stats on your inputs, For example, you might consider tracking the number of hours spent each week on various social media tools, and the number of emails and text messages fielded each week. The purpose of keeping your stats is to identify when "enough is enough." Is 10-14 hours/week (2 hours/day) enough time of various forms of social media? Does spending 18 hours/week on social media send your life out of balance? Only through tracking can you identify appropriate boundaries.

Participants in the *Revolution in Sales* research spoke about the dark-side of social media as: "no place to hide," "always on and it feels as if there is no choice," and "connectivity makes us do more work without getting more work done." As we consider the impact of this new work landscape, we recommend that real estate professionals reframe the conversation for themselves.

Instead of considering technology as introducing "no place to hide," we recommend that agents consider how they might use technology to create good connectivity as well as appropriate boundaries. For example, clients engaged in the home-buying process are only buying one home. The agent is engaged in selling homes to multiple home owners thereby creating an imbalance in communication expectations. Perhaps the agent can designate specific times of day when s/he will be answering email or text messages, and then convey those times to clients. By engaging with email and text messages within a bounded time period, the agent exercises more control and reduces the anxiety that might be felt due to over-connectivity.

In addition to setting time boundaries, the research suggests that salespeople and real estate agents consider framing which technology tools will be used for various stages of the home-buying and home-selling process. Do you want to leverage Facebook with clients during the home buying process? If so, what parts of the process make the most sense using Facebook as a tool? The real estate agent can help today's client understand what technology or tools you expect the client to use for the various parts of the home-buying process. You have an arsenal of communication tools and it is up to you to define for the client which weapons or tools will be used for what purpose. By guiding the client in this way, you establish appropriate boundaries in use.

Conclusion

Marshall et al. (2012) identify a number of important considerations regarding the cumulative effect of technology on the sales environment. As real estate agents consider how to utilize these tools to their maximum potential, agents must learn how to deliver value without succumbing to the potential negative consequences of the connected sales environment that increased technology usage has fostered.

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INSIDER:
Using "Power Questions" to Improve Your Business
Mark Tarro, MBA Candidate

Questions are a part of our everyday life and we can often overlook the importance and power of questions we ask. This is often because the person being asked the question determines its importance. In *Power Questions: Build Relationships, Win New Business and Influence Others*, authors Jerold Panas and Andrew Sobel present some of the most powerful questions and provide examples of how posing them in the right (or wrong) setting can strengthen your business relationships.

THINK POINT #1: Build the Relationship

In order to build a strong buyer-seller relationship, it is important to gain an understanding of one another. Equally as important is the fact that the focus should always remain on the client – talking in-depth about yourself should be a last priority and should only take place at the buyer's request. During the relationship-building phase, ask thought-provoking questions that allow the buyer to share information about his/her background.

"How did you get started?"

This question is often useful for business-to-business sales or networking contexts but has clear application for real estate professionals. Typically, asking a client how she got started invites her to share about her beginnings, which also presents an opportunity to unearth other relevant information. Asking slightly modified questions such as: *"How did you first come to the area?"* or *"What were your favorite aspects of your first home?"* can provide additional insight about the buyer's past and uncover what might be the most important drivers of her new home purchase.

"Tell me about your plans."

When this question is employed, the buyer is encouraged to share his vision for the future – before the salesperson begins to offer input or suggestions about the purchase. As a college student, I remember looking for an apartment near my beachside university in California. Because most students lived near the beach, my realtor assumed I would want the same and only showed me locations near the beach. I was without a car at the time, though, and my proximity to the grocery store far outweighed my desire to be near the beach. My plans – or my vision for the location of my home – were key to my
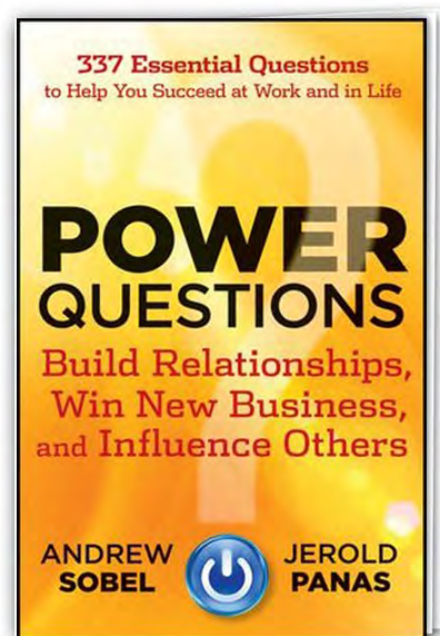
purchase decision, and my agent missed an opportunity to strengthen our relationship by making an incorrect assumption.

THINK POINT #2: Win New Business

Often, digging deeper into a client's responses will set you apart from your competitors. Not only will your client remember the extra time and attention that you spent on a seemingly minimal issue, but you will also unearth more information than other realtors. Digging deeper through questioning has a direct correlation to positive relationship building.

"Can you tell me more?"

Although it seems simplistic, asking a client to share more during a conversation can command immense power. First and foremost, it conveys your interest in her story and demonstrates that you have been listening and truly care. Secondly, it allows the buyer to talk about what is important to her and provides insights that would be difficult to uncover through secondary research. It is very important to use this question sparingly, though – you do not want to fake sincerity or interest.

"Why?"

Asking "why" can be one of the most valuable questions a real estate professional can ask. "Why" keeps the buyer talking and encourages him to share his true reasons for acting or thinking a certain way. You will not only gain a more thorough response by asking "why," but you give your client an opportunity to provide the answers himself (which ultimately keeps you from speculating). When we make a statement in our own words, we are much more inclined to believe it and buy into it versus hearing it second-hand – allow your clients to speak for themselves, which will translate into more effective communication throughout the sales process.

Consider a scenario where your client is adamant about finding a home that has a basement. He could be seeking a home with a basement for a variety of reasons. Asking "why" can help the buyer explain his reasoning – perhaps he will tell you he sees the basement as a dedicated space for his children to play. Having this insight will help you explain that dedicated play space can be designated in other areas of a home, as well, which can open up the number and variety of homes that you will show your client (even if they do not have a basement). When you understand your client's true reason for wanting a specific feature or location, you can help find a home solution that fits his needs.

THINK POINT #3: Have a Positive Influence

As the real estate professional, you have a specific expertise you bring to the home-buying process. Using this expertise to positively influence your clients ensures your relationships remain strong and healthy.

"What are the most important factors in purchasing a home for <u>you</u>?"

While the authors pose a different question, they approach the same point. In the text, a sophomore in college is posed with the question: *"If you had to write your obituary today, what would you make it say about you and your life?"* This question caused him to reevaluate his current major, a decision he made only to please his father and grandfather. Upon realizing this, he changed his plans and chose a major that would ultimately bring him happiness. When doing so, he found out his happiness was all that his family really cared about.

Make a point of probing for what your clients feel is most important. By focusing on their "happiness," your buyers can achieve the same contentedness that the young man in the text experienced. The authors also reference Robert Frost's poem "The Road Not Taken" to emphasize that the right choices make all the difference – this is especially applicable to major decisions like a home purchase. Using your expertise to influence buyers to make the right decision for them is an experience that no buyer will forget to pass along to other potential clients.

"What is your question?"

The other side of influencing buyers focuses on guiding the conversation so that no time is wasted dancing around the real issues. It is important to have a strong relationship built so that you know how to appropriately ask this question. This question should never be used to demean the buyer, but instead should cut through the fluff and guide the buyer to the direct question he has. Not only will this make meetings more efficient, but it will also allow your answers to be more direct and concise for easier understanding.

Conclusion

There are words we use and questions we ask every day that have untapped power waiting to be unleashed. It is vital to be intentional in the questions we ask, the way we ask them, and to realize the influence that they can have. Used the right way and in the right context, any question can be a power question. How will you use power questions to maximize your business?

Recommended Reading

Panas, Jerold and Andrea Sobel (2012), *Power Questions: Build Relationships, Win New Business and Influence Others*, Hoboken, NJ: John Wiley & Sons Inc.

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