

Chapter 8



Developing your Marketing Strategy

Chapter 8 Goals:

- Developing your marketing strategy
- Advertising guidelines
- How to choose the best advertising medium
- Budgeting for advertising
- Legal implications of real estate advertising

Chapter 8: Developing your Marketing Strategy

Key Terms

Agent Evaluation Form	buyer's drag	staging
broker open house	MLS caravan	virtual home tour
Buyer Feedback Form	open house	weekly status report

Chapter Review

The chapter will explore the following:

- Agent/client communication
- Preparing a home to be sold
- The value of cleaning, staging, and home improvements
- Open houses
- Broker open houses
- Virtual home tours

Agent/Client Communication

Buying or selling a home is the largest financial transaction most individuals will experience in their life. Sellers not only have to contend with selling their home; typically, they also have to find a new home and get approved for a new mortgage. Consequently, it can be a highly emotional and stressful period.

Not knowing what is going on with a transaction only compounds a seller's anxiety. Sellers cite an agent's failure to keep them informed as the most common reason for why they become unhappy with an agent and ultimately decide to discontinue listing with that agent.

One of an agent's primary responsibilities is to make a seller feel at ease throughout a transaction. Therefore, an agent should establish a communication process immediately after he or she obtains a listing.

As a rule, an agent should err on the side of over-communicating, rather than under-communicating.

Clear communication establishes trust and confidence in an agent's services. It makes sellers more receptive to suggestions, such as changes to the listing price, staging tips, or marketing strategies.

Sellers should have a clear understanding of the work an agent is doing on behalf of their listing. An agent should send clients a weekly or bi-weekly activity report. This report should provide all points of activity regarding a transaction, including:

- Potential buyer leads
- Current buyer offers
- What buyers and other agents are saying about a listing
- What can be done to increase their chances of selling the home
- Negotiations with buyers or agents
- Activity level on the listing
- The state of local market

For example, an agent may discover through discussions with buyers and agents that a seller's property is overpriced. An agent should recommend an appropriate price reduction to the seller right away. If the agent waits until the end of the listing period to do so, a seller will likely feel that the agent is only recommending it because he or she doesn't have the ability to sell the house.

Even if a week did not generate a high level of activity and there are no significant updates, an agent should still contact a seller. This lets the seller know that he or she matters, and also gives the impression that continual work is being done on the listing.

Weekly Status

Property Address: _____

Owner of Property: _____

Potential Buyers: _____

Agent Inquiries: _____

Number of Open Houses: _____

Open House Date(s): _____

Comments: _____

Preparing a Seller's Home

Most buyers purchase a property based on the conditions they see it in, not the conditions they imagine it could be in in the future. Therefore, an agent should evaluate a seller's property for ways to maximize its appeal and value prior to reaching out to buyers.

Common agent suggestions include:

- Cleaning the property
- Staging the property
- Making home improvements

Many agents are reluctant to suggest improvements to a seller's home for fear of offending or losing the seller as a client. However, a small investment of time and money can greatly affect a property's final sale price. Therefore, an agent cannot be afraid to make respectful recommendations.

An agent's recommendations should be based on the goals of the seller. For example, if a seller wishes to sell his or her property as soon as possible, an agent would likely not recommend making large additions or alterations to the property. Instead, the agent might recommend simpler cleaning or staging suggestions.

Cleaning

A prospective buyer's first few seconds in a home leaves a deep impression. If a home appears disheveled, dirty, or aesthetically displeasing, a buyer will be less interested in the home or be inclined to put in a lower offer.

An agent should provide a seller with basic instructions on how to make a home as presentable as possible. At the very least, a seller should do a deep clean of the property or hire someone to do so.

Some exterior cleaning suggestions include:

- *Paint.* Oftentimes, the sun's rays damage paint on one or multiple sides of a house. Exterior paint can be repainted to maximize a property's value.
- *Roof.* A roof is one of the first things prospective buyers see upon being introduced to a property. If the roof needs to be repaired or replaced, an agent should advise a seller to do so prior to selling. Oftentimes, the cost of repairs is relatively inexpensive compared to the increased value they bring to a home.
- *Fence/Gates.* Fences and gates should be kept in good working condition and be free of holes, scratches, or major discoloration.

- *Walkway.* The walkway should be cleared of any distracting or dangerous dirt, debris, or brush.
- *Lawn/Shrubbery.* The lawn and any shrubbery should be trimmed and kept clean throughout the listing process.
- *Flowers/Trees.* Flowers and trees have the ability to transform the appearance of a property with very little financial investment. Flowers with deep and vivacious colors are highly recommended.

Some interior cleaning suggestions include:

- *Walls/Ceiling.* A home's walls and ceiling are a large part of what a buyer sees upon entering the home. If there are superficial scratches, marks, or discoloration, a seller should wash the walls. If the damage is beyond washing, an agent should advise the seller to repaint. Walls that are painted in light/bright colors create a positive atmosphere.
- *Flooring.* Dirty floors create an immediate negative impression and hide the true value of a home. If the home has carpet, a seller should hire a professional carpet cleaning company to steam them. If the flooring is marble or wood, a seller should hire a professional marble or wood floor company to polish them. If the flooring cannot be fixed through cleaning, an agent should recommend that the seller replace all or a portion of the flooring.
- *Clutter.* A seller should put away excess furniture, boxes, and/or personal property that can make a home appear crowded and claustrophobic.
- *Odors.* A seller should get rid of any unpleasant odors that may negatively impact a buyer's experience in the home. An agent should advise the seller to keep windows open or to use air fresheners that mask odors.

Staging

Staging is the act of “dressing” a home that is being sold in order to make it more appealing to buyers. This includes filling an unfurnished home with appealing furniture or optimizing the arrangement of a seller's current furniture.

Staging allows buyers to envision how a home looks when it is “lived in”.

Sellers can hire professional staging companies to furnish the home for the duration of the listing.

Studies and anecdotal evidence suggest that properly staged homes sell faster and for higher prices than un-staged homes. An agent should recommend that sellers stage their properties, if feasible.

Example of Messy Home and Room



A little time organizing can go a long way in increasing the value



Before and After Transformation



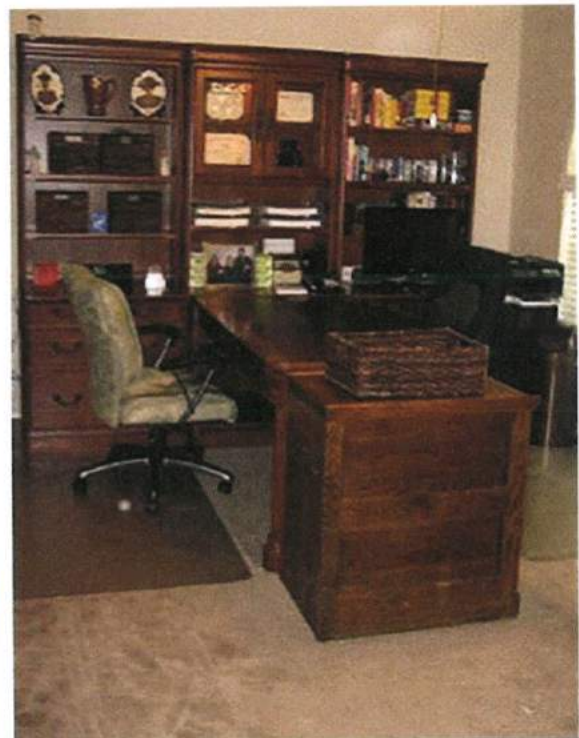
Before



After



Before



After

Home Improvements

A small investment in home repairs and/or additions can result in a large increase in a property's value. This not only benefits the seller's net profit, but also the agent's commission.

Home improvements may include:

- Fix roof or update roof design
- Paint exterior of the property
- Landscape work, such as adding shrubbery or trees
- Fix walkway
- Adding a bedroom or bathroom
- Update windows
- Add molding around windows and doors
- Replace front door
- Repair downspout

It is an agent's responsibility to explain how certain home improvements will benefit a property's final sale price. For example, a minor fixture may only cost \$1,000-\$2,000 to install, but it may improve a home's value by \$20,000.

Home Improvement Example

Say a subject property features a 1,900-square foot home on a 7,000 square foot lot. It has 2 bedrooms and 2 bathrooms. If the estimated price per square foot in the area is \$229/square foot, the property's estimated value is \$435,100.

The home's square footage is relatively small compared to the size of the lot. A seller could easily add 500 square feet to the home by adding another bedroom and bathroom. The cost of such an addition is around \$39,000.

Although this is a large, short-term expense for the seller, increasing the home's square footage to 2,400 drastically increases the final sale price.

Before: $\$229/\text{square foot} \times 1,900 = \$435,000$

After: $\$229/\text{square foot} \times 2,400 = \$569,000$

In this case, the property's value increased by over \$130,000. After the cost of the addition (\$39,000), the seller would still net \$530,000. This is \$95,000 more than if the seller had decided not to do the renovation.

Before



After



Lockbox

A **lockbox** is a locked box that stores a copy of a property's keys. Typically, it is attached to a gate, fence, or door handle near the entrance of a property.

The lockbox features a code that can be entered by authorized users. This code is typically included in an MLS listing for the property. This grants any authorized MLS agent access to the property if they wish to show it to a potential buyer.

A lockbox is effective for listings that generate high traffic. It allows a buyer's agent quick access to the property in the event that the seller's agent is not available for a showing. They are particularly effective for short sales, foreclosed properties, or properties where the homeowner is not living in the home.

Before setting up a lockbox for a listing in which the homeowner lives at the home, an agent should advise the seller to remove expensive objects (i.e. furnishings, artwork, personal items) from the property.

Some owners may not feel comfortable using a lockbox because of the security risk it poses. In this case, an agent might suggest that the homeowner obtain temporary insurance to cover the risks associated with open access to the home.

Alternatively, newer lockboxes have technology that provides agents and buyers with information about lockbox usage, including who used it, when it was used, and how often the home was accessed. This provides a homeowner with a security measure; it also allows an agent to follow-up with visitors who view the home.

Open Houses and Tours

Open House



One of the most effective methods used to sell residential real estate is an open house.

An **open house** opens a subject property to the general public and allows prospective buyers and agents to see the property.

Open houses usually attract traffic from neighbors, curious passersby, and individuals who found the property on the MLS or a real estate website. Typically, the listing's agent will also invite other local agents and buyers in his or her network to attend.

One of the main benefits of hosting an open house is the illusion of competition. When multiple buyers/agents view the same property at the same time, they naturally feel as though they are “competing” with the other attendees for the same property.

Preparing for an Open House

Suggestions for preparing a home for an open house include:

- *Seller should not be present.* A seller’s presence may make prospective buyers feel like they are intruding in the seller’s home. This may cause buyers to rush or to not examine the home thoroughly. It may also make them feel uncomfortable about asking honest questions about the property.
- *Curb Appeal.* The first thing prospective buyers see of a home is its exterior. An agent should encourage a seller to implement applicable cleaning suggestions or home improvements that will maximize a home’s “curb appeal”. For example, mowing the lawn, placing flowers, or painting the exterior.
- *Cleaning/Tidying.* As previously mentioned, a home should undergo a deep clean prior to being seen by buyers. An agent should also ensure that the home is tidy prior to the start of an open house. This includes making the beds and putting away a seller’s personal items and family photographs.
- *Organization.* A cluttered house can drastically diminish its appeal. An unorganized home turns away prospective buyers faster than nearly any other factor, except for the price. A seller should remove excess furniture, boxes, or other items that could be deemed “clutter”. He or she should also arrange furniture in a manner that allows prospective buyers to easily engage with the space.
- *Lighting.* Dark rooms create an unfavorable atmosphere for an open house. Some homes have abundant natural light that elevates their appeal. If a home does not have abundant natural light, a seller can add lighting or turn on all available lights to create an inviting feel for prospective buyers.
- *Music.* Music can provide a welcoming and peaceful atmosphere.
- *Smell.* A home should be free from all unpleasant odors. The smell of freshly baked cookies, pies, or breads is a common trick that gives a home an inviting appeal.

Draw People In

The purpose of an open house is to generate as much traffic as possible. An agent must be creative with his or her advertising strategies in order to maximize his or her chances of making a sale. An agent can use various advertising methods in conjunction with a “For Sale” sign outside the property, including:

- *Signs.* An agent can place “Open House” signs on neighborhood properties, on cars parked outside the property, or on nearby streets with heavy foot and/or driving traffic. (Note: an agent must get permission before placing anything on someone else’s property.)
- *Arrows.* An agent can place arrows on street corners and neighboring properties to lead consumers directly to a property.
- *Balloons.* An agent can attach large or colorful balloons on a “For Sale” sign or the front entrance of the property.
- *Blimp.* An agent can suspend a blimp above the property on the day of the open house.

Effective Hosting

Buyers and agent typically view multiple listings in one day and may experience **buyer’s drag**. They get tired, lose concentration, and start forgetting which properties they’ve seen.

An agent who presents a pleasant atmosphere at an open house will improve a buyer’s experience and make the listing more memorable. Small touches can get buyers to slow down, relax, and view a listing with a more focused eye.

For example, an agent can set out drinks and snacks that match the season in which a home is being sold. If it is wintertime, an agent might prepare hot chocolate drinks and set out brownie bites on the table.

An agent should hand out a property brief to everyone who attends the open house. An agent should also have a visitor’s log in which attendees can write their name, phone number, and email address.

Afterwards, an agent can contact attendees and ask what they thought of the property. An agent can reaffirm the favorable details of the listing and inform prospective buyers and agents what they need to offer to purchase the property.

Prospective Buyer Feedback Form	
Property Address: 111 Clark Ave. West Covina, 90000	
Visitor Log	
Name: _____	Phone Number: _____
Email: _____	Date: _____
Features of the home that you like: _____	

Features of the home that you do not like: _____	

Do the features of the home that you do not like negatively impact your decision to purchase the home?	

General opinion of the home: _____	

The listing price is:	
<input type="checkbox"/> Accurate	<input type="checkbox"/> Too Low
<input type="checkbox"/> Too High	

Broker Open House

A **broker open house** is an open house hosted specifically for other agents/brokers.

A broker open house allows an agent to introduce a property to other agents/brokers. Agents typically visit at least five new properties a week, some of which are very similar. An open house allows them to spend more time at a property and increases the likelihood that they will remember it.

Broker open houses also provide an opportunity for agents to network with other agents. Real estate is a business of relationships. Agents should catch up with familiar agents/brokers and introduce themselves to those they don't know.

Afterwards, the agent who hosted the open house should follow up with every agent/broker who attended and ask what they thought of the property. More importantly, an agent should try to figure out if other agents have buyers who would be interested in the property.

Agent Evaluation Form		
Property Owner: Sam Perkins		
Address: 111 Clark Ave. West Covina Ca, 90000		
What feature/s of the home is most appealing to buyers?		
<hr/>		
<hr/>		
What feature/s is the home missing? What features are viewed as negative to buyers?		
<hr/>		
<hr/>		
To maximize the odds of a sale, the owner should do the following:		
<hr/>		
<hr/>		
The listing price is:		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Realistic	Too Low	Too High
Why and by how much? <hr/>		
<hr/>		

MLS Caravans

An **MLS caravan** is when an agent invites other agents to a home, or a series of homes, listed for sale in order to attract agents that might have a buyer interested in the property. A MLS caravan is the same thing as a broker open house.

Virtual Home Tours

Many buyers do not have the time or ability to visit every available home in person. A virtual tour reduces this problem.

Virtual home tours give buyers the ability to “tour” a home on a computer without physically visiting it. Through a series of photographs, buyers can see a home’s different rooms, style, and size from almost every angle, including up, down, and side-to-side.

An agent can hire a professional photographer to help set up a virtual tour, or use various software programs to develop a virtual tour by him- or herself.

Any buyer or agent with a computer can view a virtual home tour.

A virtual home tour is not necessary to sell a home for the maximum price in the shortest amount of time; however, such a tour does give a property a competitive advantage over properties without one. Real estate is a numbers game: the more eyes on a property, the more offers a listing will get.

Providing a seller with a virtual tour for his or her listing also makes an agent appear more professional.