



Marketing Intelligently

A White Paper by REAL Trends

Three recent events brought to the fore the concept there is marketing and there is intelligent marketing. The difference is using business information tools, not available in the past, to become more efficient and intelligent in your marketing efforts. And at no time can we recall how critical and pivotal being more efficient and intelligent is than in today's market.

The three events were 1) the results of a test program done by California based RealAgile using direct mail to a large audience of homeowner prospects, 2) a revealing statement made by an executive of Broker Metrics at the recent REAL Trends Leadership Institute regarding targeted recruiting and 3) a program launched by Quantum Training Systems in generating prospective new sales professionals from outside the industry. In each case the process of targeting prospects, whether potential sellers for real estate sales professionals or potential new or transfer sales professionals for a brokerage was refined using business information to make the process both more intelligent and efficient.

RealAgile provides targeted marketing and prospecting analytics for sales professionals and brokerage firms. RealAgile created a proprietary system using hundreds of pieces of public data about households, consumers and neighborhoods to more accurately predict which families have the highest likelihood of becoming sellers (and one would suspect subsequently purchasers) of a home within the next six months. RealAgile's technology ranks and scores homeowners in an area by their "propensity" to be selling their home in the near term future.

Here are some results from their recent test of a direct mail program in a major metropolitan area with one of the area's leading residential brokerage firms that renovates and lists properties.

Target marketing homeowners

Using an initial direct mail sample size of 10,000 households, the "test" group, which RealAgile ranked and scored according to their inclination to sell in the near future. An

additional 10,000 non-ranked names were selected as a “control” group to test against-called A-B testing.

The client mailed their standard direct mail offering to list properties: “We Guarantee to Sell Your House in 60 Days, or We’ll Buy It!” They used a simple one-page letter in a windowed envelope mailed into a major metropolitan area where they had almost no market penetration. The creative content was identical for each group.

The results were:

- RealAgile’s ranked list, the “test” group, produced 4 times the results than the standard “control” group.
- The “control” mailing scored a .29 response rate – 29 responses.
- The “test” mailing, using RealAgile lists” scored a 1.17 response rate – 117 responses.
- This result was validated by repeating the mailing two times into the same group with almost identical results.

So, using an intelligent marketing approach with data supplied by RealAgile increased the response rate by a factor of 4 in a market with no prior market penetration or brand awareness of the company.

Before you pooh-poo the results, remember this was a message that asked for a specific action: “Call and we will buy your house.” This is known in the direct marketing business as “direct response to a hard offer” which drives overall response rates down. In the business model of this particular home-renovation/real estate brokerage, for every 93 leads generated, they convert 1 lead to a full purchase (\$50-\$70,000 profit after renovation) and list 14 houses for sale (3% of \$300,000 average commission). You do the commission math. Therefore, to get these results, the intelligent thing to do is use market information supplied by a company like RealAgile that reduces your mailing costs by 75%.

Another key point here is that while the world moves online there remain great opportunities in the use of direct mail. While there are great connections to be made online and through social media, it should be surprising that many top producing sales professionals continue to rely on direct mail to both stay in touch with past customers and prospect and generate new customers. In our recent research about the best practices of top sales teams, more than two thirds reported that they still used direct mail in building their businesses and one quarter used it extensively.

The team leader of one of the nation’s most productive sales teams in fact told *REAL Trends* that fully half of his prospects come from Just Listed Just Sold programs. Doubtless this team is not alone.

Here are some helpful, simple facts supported by research done by the DMA (Direct Mail Association) for over 45 years.

There are three major factors affecting the success of a direct marketing program – how you target, what you offer and the creativity of your delivery:

1. 50% of the effectiveness is **targeting**; finding the most likely prospects – your list;
2. 30-35% is what you offer.
3. 15-20% is the creative look, feel, color and copywriting – the creative approach.

Target marketing for existing sales professionals

At the REAL *Trends* Leadership Institute at the end of July, Peter Krause, an executive with Terradatum's Broker Metrics group, was discussing how to use their business analytic tools to assist in targeting existing sales professionals for contact and recruiting.

He pointed out that one key piece of information that brokers should look for is the sales professional's production over the previous six months or so. Evidently in all of the data that Broker Metrics (and other firms that provide data like them) produces they have discovered a high correlation between the previous six months sales production and the movement of sales professionals from one firm to another.

So such tools can tell a broker, sales manager and/or recruiter not only what someone has done in terms of sales in the last few months or years but can also infer from that data the "propensity" of the sales professional to consider a move to another firm. That would seem to be an intelligent use of data to be more efficient in recruiting. And in today's market perhaps it would be priceless to have this information.

To make the best use of tools like those provided by a firm like Broker Metrics look beyond the contact and sales records of sales professionals to patterns of information and outcomes that will help you target sales professional prospects intelligently and efficiently.

Target marketing for new sales professionals

The last example of the use of intelligent solutions to business challenges was presented by Mike Stott of Quantum Training Solutions. Stott described a new service that his firm provides to brokerage firms in recruiting new people into the residential brokerage business.

The process is one of using both new and old marketing channels (print, direct mail and the Web) to communicate to the general public about job openings and the fact that a firm is hiring in the brokerage business. Quantum's service then includes a series of meetings,

interviews and qualifiers that result in a few highly choice candidates for the brokerage firm to interview.

Stott and his team use a variety of tools (we will let him tell you the details) to screen, select and de-select candidates from among those who have gone through all the steps of the process. This results in less time for the brokerage to spend and provides expert experienced help in the process. A more intelligent and efficient means of attracting new people into the brokerage business.

Conclusion

Regardless of today's market, every business has finite resources. The most important objectives of today's leading residential brokerage firm and sales professionals is to find and develop relationships with as many potential customers and clients who are serious about purchasing or selling a home or their real estate careers. On that, all leaders can agree. And with finite resources available to achieve your personal and organizational objectives, a leader must become more intelligent and efficient in every regard.

Business information is all around us and is becoming more available and easier to access. And not just data bases of names and contact information, but information about prospects of every kind that helps business leaders glean who the most valued prospective customers are at any time.

Whether you use direct mail or other means of contacting potential clients, targeting the right prospects is the single most important component to the success of your campaign.

These are three real world examples using new business information tools and approaches. Market intelligently.

About REAL *Trends*:

REAL *Trends*, Inc. is a publishing and communications company considered to be a leading source of analysis and information on the residential brokerage industry. REAL *Trends* is based in Denver, Colorado. For more info, visit www.realtrends.com.