



Morningstar Multimedia
A Realtor's Guide to Marketing

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A Realtor's Guide to Marketing

"WORK WITH SOMEONE WHO'LL WORK WITH YOU. WE'RE REALTORS®. REAL ESTATE IS OUR LIFE."

That is the theme for NAR's nationwide 2004 Public Awareness Campaign. The campaign is made up of four tv ads targeted at FSBOs, Buyers, Sellers, and Commercial buyers as well as a mix of radio, outdoor and print ads, brochures, and web banners. The reason? To continue their annual awareness campaign demonstrating the valuable services Realtors provide during the buying and selling process.

"Of course," you say. "I'm easy to work with and I'm good at what I do. Why wouldn't people want to work with me?" Still, the number of FSBOs is predicted to rise from 20% in 2003 to 25% in 2004. Potential buyers and sellers are turning to FSBO websites, the vast amounts of information available on the web or to discount firms to save themselves a few bucks. Or perhaps to shield themselves from yet another bad experience with a Realtor. They might try FSBO but soon are bombarded with a million calls and mailings from agents looking to convince them that they'll never sell their house on their own. And all have the same marketing material template with the agent's name and picture slapped on the front. And all say the same things - "I have so much experience. You should hire me." Or "I'm different from other agents."

So why is there such a disconnect between the way people perceive Realtors and how Realtors want to be seen? And better yet, how can you translate that into results that generate more leads?

Stop Selling - You're a Consultant!

The purpose of this booklet is to describe an entire system of marketing that focuses on Realtors as consultants, not sales people.

There is nothing people hate more than to sit through a sales pitch on something they don't think they need. You may think they need your services, but at least initially, they may think otherwise. When you are focused on selling, you take every opportunity you can to get the prospect to close the deal and go with you. Instead of listening to their concerns, you think of what you might say next or how you can overcome their next objection. This causes prospects to become defensive and unresponsive to your message.

While it's true that some selling is necessary in marketing (this should be subtly mixed throughout your marketing materials and in your consultation), the initial stages of your marketing process should be designed to attract prospects to you. You do not want prospects to view you as a salesperson ready to jump at any and every possible lead thrown your way. You want them to see you as a successful Realtor who has more than enough business and who values your time. You want them to call you because they are interested in your valuable services as an experienced and successful Realtor. After all, it's far easier to convert prospects into clients when they have a genuine need for your services and actually want to work with you.

The method of marketing I will be describing combines image marketing (also known as "branding") with proven direct marketing techniques to build your reputation as an authority in a target area. It focuses on knowing your

clients and prospects extremely well and educating them about their problems and the solutions you provide. It is built around giving your clients as much information as they need to move to the next step of their purchasing cycle. There is no sales pitch involved. All materials are designed to educate your prospect about his problem and how he can go about fixing it. And during the process, you do your best to explain in a clear cut fashion what he gets for your commission fee, including behind the scenes services he might not be aware. These might include the process of negotiating the deal, understanding the latest changes in Pennsylvania law as it relates to real estate, and possessing the most up-to-date forms and materials.

An example of this process might be: you create an informational piece (usually in written form). You then offer your free handout/booklet/tip sheet to prospects that are interested in your services through direct mail, advertising, or the media. To get this free information, prospects must call your office or fill out a form on your website. At that point of contact, you respond by sending the materials and potentially inviting him to attend a seminar you are giving or to join your newsletter. For each contact, your prospect grows more familiar with you and your services and becomes increasingly more likely to become a paying client. And with each step, he becomes more knowledgeable about potential solutions to his problem. At the same time, you build your reputation as an authority figure in your community.

The benefits of this approach include:

- 1) Prospects contact you, rather than you seeking out prospects
- 2) Prospects see you as an authority and a reliable source of information rather than a salesperson.
- 3) You can charge a higher fee for your services because prospects see you as a reliable information source.
- 4) You can pick the clients who you enjoy working with and who will be more profitable rather than taking on any prospect that comes your way.
- 5) You save time by answering common questions in your marketing materials rather than answering the same questions over and over.
- 6) You can measure the return on your marketing because you know the number of prospects who respond to a particular marketing piece.

Understanding Marketing

Marketing is an umbrella term that has come to mean a variety of things. The approach we build into our clients' marketing plans involves a 6 step process designed to:

- 1) Generate initial interest with free, helpful information
- 2) Follow up to get an appointment
- 3) Ace the initial meeting
- 4) Get the project
- 5) Keep clients 'delighted' as you work with them
- 6) Keep in touch with past clients

This guide will only focus on the first 2 steps, but look for future guides and articles on our

website that will address steps 3-6. Morningstar's approach requires that you treat your real estate career as an entrepreneurial endeavor and that you standardize your marketing and sales processes. It is designed for those who are hungry for more leads and sales each year, rather than those who are content to sell just enough houses to make their living. If that's you, then read on!

Understanding Professional Services Marketing

Most of the marketing books on the shelves today focus primarily on marketing a product. While there are some similarities between marketing a service and a product, there are many differences. These include:

Services are intangible.

When you buy a product, you have a fairly good idea of what you're buying because you can physically see it - and maybe even give it a trial run - before you buy. The selling process involves ordering the product, paying for it, and having it delivered within a few days. On the other hand, services are highly customized and tailored to your client's specific needs. As a Realtor, your prospects either want to buy or sell a house. While this is a very familiar process for you, they may not be aware of everything that you do behind the scenes. They may have had or know of someone who had a bad experience with a Realtor and wonder if maybe they should go FSBO. They may be bombarded with a number of materials from other Realtors and be uncertain who to choose. Regardless, buying and selling a home is ranked as the fourth most stressful event you can experience (behind losing a loved one, getting a divorce,

or losing a job). With this comes an element of uncertainty. They want everything to go as smooth as possible but must evaluate whether you can do what you say you will, whether your proposed solution is right for them, and whether they can develop a good working relationship with you.

Service marketing involves building relationships and working together with clients. With products, chances are that once you buy the product, you'll never see the salesperson again. With services, however, you will be working with your prospects throughout the job so the last thing you want to be perceived of is a sales person. Therefore, that initial consultation is the first step towards building a working relationship and setting expectations that will be carried through the rest of the project. If the initial 'personal chemistry' just isn't there, you'll save yourself a lot of headaches walking away from the job.

Service providers must be more selective when choosing prospects.

You can sell a product to anyone with the money to buy it. With services, money is a factor, but there are a number of other qualifiers. These include whether your services match the problem your prospect wants you to solve, how easy the prospect is to work with, and whether your prospect will be satisfied with the services you provide. You want to weed out any clients you believe might become 'difficult.' Ideal clients are 'good fits' with your company.

Similarly, with product selling, salespeople are trained how to overcome their prospect's objections. Their goal is to make the sell

regardless of if the prospect wants it. With services, objections may be a red flag warning that this prospect is a 'bad match' for your company.

6 Marketing Mistakes Realtors Make

1) **Relying solely on referrals.** While referrals are a great source of business, you can't predict when you're going to get one and when you'll have a dry spell. Instead, implement an approach that incorporates other marketing channels and doesn't rely solely on third parties to generate leads for you.

2) **Relying solely on networking.** Like referrals, networking can also be a good way to attract new leads. It is also extremely time consuming. If you choose to network, pick events you know good prospects will be attending, but don't stop your other marketing efforts.

3) **Competing on low price.** If you charge too little, you diminish your prestige and importance as well as the perceived value of your services in the eyes of your clients. And the less you charge, the less you make overall. You are working with a finite amount of time to make your living, so time is something you just can't afford to give away. Besides, if you are offering the lowest price, chances are, someone else will eventually undercut you. Price shopping clients are loyal only to rock bottom prices - they have no loyalty to you.

4) **Relying on your name and reputation.** Unless you've spent time positioning your name to stand for something in the mind of your prospects, this isn't going to happen. People want to work with specialists whom

they know can get the job done, and unless you've spent time and money building your reputation as the specialist that works directly with people like them, it's not likely this is going to be your primary lead generating system.

5) **It's a great market out there - I don't have to market.** That may be true this year, but how do you generate leads in years where the market may not be as good? Implementing a systematic marketing plan will generate leads on a consistent basis regardless of the state of the economy and overall market.

6) **How a promotional piece looks is not as important as what it says.** While it's true that copy can make or break a piece, it is usually the graphics that grab people's attention. And if you can't get their attention, they won't read the piece.

Step 1: Marketing Research

Effective marketing begins with doing some initial research on your clients and prospects, your competitors, your industry, and your own company. The goal is to gain a greater understanding of the marketplace you are working in. Topics to be addressed include:

- 1) Who are you and what do you stand for? What are your strengths and goals?
- 2) What are the most important needs of your clients and what motivates them to buy?
- 3) What are your competitors doing and how do you differentiate yourself from them?
- 4) What are the current trends in your industry? These can include new laws and regulations, prices, and the state of the overall economy.

Understanding You and Your Company

The starting point with research begins with you. Ask yourself and your employees

- ✓ What do you do best?
- ✓ What are your strengths?
- ✓ What makes you unique?
- ✓ What are areas you could use some improvement in?
- ✓ Why do employees like working for you?
- ✓ What could you do to be more efficient in your day to day operations?
- ✓ What are your short and long term objectives? Where do you see yourself in 5 years? In 10 years?
- ✓ Are you more entrepreneurial or risk adverse?
- ✓ Why did you choose to go into real estate?
- ✓ What is the mission of the company? The vision?

The objective is to analyze how and why you do business, what you are good at, and what you could improve to be more efficient. You should also pick qualities of your job you like and can be enthusiastic about when telling other people what you do for a living.

Additionally, you should do an audit of all your current marketing materials. This involves gathering all the materials you use to reach prospects and clients - from brochures and flyers to sales letters to your website - and look at the messages you are sending. Can you pick one message that you consistently repeat through all your materials? Or are your materials all over the place in terms of message, writing style, and tone? Do they

look professional or have they been thrown together quickly as you needed a piece for this or that?

Knowing Your Clients

Your clients are a wealth of (usually untapped) information for an outside perspective of your firm. Take them to lunch or send them a letter asking them to evaluate your performance and how satisfied they are with your service. After all, your clients know what your strengths and weaknesses are because they've worked with you and seen your processes first hand. They can tell you areas where you excel and areas that need improvement. They can also give you insight on why they chose you initially as their Realtor.

Additionally, you should ask yourself where your last 5 clients came from. Make a list of how they contacted you initially, how long it took to move them from initial contact to signing the contract, and your working relationship with them during the house buying or selling process. Note anything that didn't go as smoothly as you would have hoped it to go so that this can be analyzed later on. Which clients did you most enjoy working with and wish you had more of? Which clients (if any) did you consider to be 'difficult' and why?

Finally, if you've had any clients that you lost during the job, look into the reasons why and how you can improve your client relations in the future. This may be a change in their current needs (they decided not to buy just yet), a competitor offered a sweeter deal, they were referred to someone else, or they felt you weren't responsive or accessible. Maybe

they blamed a breakdown in communication. Regardless, find out why they left and work towards not repeating the same mistake twice.

Competitive Analysis

Everyone has competitors - those companies that provide similar services to yours or companies that offer a substitute service to what you offer. Your prospect could even perhaps do it himself. As a Realtor, your competition probably comes from a combination of other Realtors, the internet, and FSBOs. But how much do you actually know about how your competition does business? Do some competitive research. Visit their website or get a few of their marketing pieces and compare them with your own. Now for the kicker - take their name and picture and substitute it for your own in 1-2 of your main marketing pieces. Does the text still sound good? If so, that's a sign your marketing materials aren't working as hard as they should be.

I find that within the Real Estate industry, templates are fairly common. Almost every agency provides a generic template to their agents so all the agent has to do is throw in their name, photo, logo, and a brief bio and instantly they have "personalized" marketing. The problem with these templates is that they don't feel personal. They also certainly don't differentiate you from the Realtor down the street who might be using the same template.

Marketing materials should be "personal" (not "personalized"), meaning it was made specifically for you and conveys your message to your prospects in a sincere way that creates rapport. With Realtors, that differentiation

usually comes from your personality and life experiences. This isn't just a checklist of all the great things you've accomplished and houses you sold, but a piece that reflects your personality, life philosophy, core values and way of doing business. Yes, this involves more effort to create, but your nearest competitor can't just replace your information with his own and have it work for him.

Additionally, you should evaluate your current marketplace. If you already have a farm, start there. How many other Realtors also send materials to it? What's the turnover rate within your farm? You can calculate this with the following equation:

$$\text{Turnover} = \text{number of homes in the target} \\ \text{versus number of listings taken}$$

That number should be at least 5% and you should have little competition within that farm for it to be profitable.

Industry Analysis

The final component to your research involves the overall real estate industry. Is it a buyers' or sellers' market? Do you foresee a downturn in housing purchases? Rising interest rates? Legislature in the works that might affect the real estate market? Now brainstorm potential outcomes for how each might affect your business. These should be taken into consideration when planning your marketing strategy.

Step 2: Segmenting and Targeting

The biggest challenge in marketing is to identify those people who need your services and are willing to pay your prices to receive them.

This involves picking a target market and perhaps even a niche to focus on. Many people are initially scared of narrowing down their prospects and ask "You mean I have to turn away clients?" For your marketing to be cost effective, the answer is yes. There will only be a small portion of the population who will even be interested in your services - why waste your money on marketing to those that don't need them or are half way across the country and difficult to access? By targeting a small group of people who already have a need for your services, you immediately increase your marketing campaign's likelihood of success.

Narrowing Your Focus

How might you narrow down a target audience? First, you want to focus on people you enjoy working with. Go back to your company analysis and look at the clients you wish you had more of. What characteristics do they have in common?

Usually, real estate farms are based on:

1) **Demographics** - Here, the focus is a particular characteristic of people such as their career choice, a hobby or interest, an income level, a phase in their life cycle. With this type of farm, you focus on collecting information about the people themselves. When they move, you still retain their information in your database and continue market to them.

2) **Geographical area** - Here, the focus is on a particular neighborhood, community, or geographic area. With this type of farm, you focus on the properties. As people leave, you delete their information and replace it with the

new homeowners' information.

Benefits of Picking a Target Audience

The benefits of picking a target market include:

- ✓ **Increased marketing results.** You can focus your message to address the unique needs of your smaller audience. This means addressing their common concerns and speaking to them in their own language.
- ✓ **Decreased marketing cost.** Because you are working with a select number of people, you don't have to spend as much money reaching them. You have lower mailing costs. You have a good idea of where to advertise - and it's usually in cheaper publications rather than expensive mass media.

On average, direct response marketing (mail, postcards, email) gets a 1-2% response. The reason for this is because we can't read our prospects' minds to tell them exactly what they need to hear to go with us. You will never communicate to everyone in a single letter or marketing piece because each person has different motivations for buying, personal needs, professional needs, wants, goals, and the like. What is an effective sales piece to one person may be a complete turn off to another.

For instance, lawyers have different needs than a blue collar factory worker or a hospital administrator. The CEO of a company has different needs from a line manager or an entry level administrator. The goal of

marketing is to get into the heads of your prospects and figure out their motivations for wanting to buy or sell and their objections and concerns to using a Realtor (YOU!) and address them in your materials. You can't do that with a generic letter that goes out to everyone. If you try, you end up with a generic message that states something like "I am the best person for the job" but never adequately explains why or how you are different.

By the way, it is possible to target different segments. However, to do so, you need different sets of marketing materials focusing on each of your different segments.

Now that you have an idea for who you want to target, you should look at its size. How big your target is depends on how much income you want to generate. To do this, calculate:

- ✓ A target income range
- ✓ Your average sales/client
- ✓ How many clients you need to reach that goal (target income/ ave sales per client)
- ✓ How many prospects there are in your target (look in the yellow pages, use a geographically focused list or organization's members list, or hire a market research firm to do the research)?
- ✓ How many current clients do you have in that segment?
- ✓ What is your market penetration? (# of current clients / # of prospects in area)
- ✓ Calculate the market penetration of any competitors you know to farm the area
- ✓ If your focus is geographic, calculate the turnover rate of this target (# of homes/# of listings taken)

Now that you have those numbers, is your target realistic? Don't forget that your turnover rate should be about 5% annually and you should look for an area that has little competition. Most Realtors pick a farm of anywhere from 500-3000 prospects depending on how much business they want to do and how much their marketing budget is.

If your target is based on a demographic, look for trade shows, mailing lists, publications, associations, and other media targeted at this group. Sometimes people have great ideas for prospects they'd like to target, but the group is virtually impossible to reach. If you can't find any type of organization that caters specifically to these people, odds are that it isn't a good target.

Now that you've picked a particular audience, will you profit from these types of clients? If these people are characteristically penny-pinchers or overtly stubborn, they may not be such ideal prospects. Remember, you are looking for a mutually beneficial relationship whereby you enjoy working with these profitable clients while they value your services and enjoy working with you.

Step 3: Branding and Positioning

Understanding Branding

Your brand incorporates every interaction you have with your clients from your logo to your direct mail, to the way you present yourself to clients, to the level of customer service you provide. Your brand is your relationship with your clients.

A brand is not the service it represents, but is

the public's perception of what you offer. It is not your logo, but what images come to mind when your clients and colleagues see your logo. The emotional association a client has with a particular product or service. Through a carefully planned branding campaign, you can mold how the public views you.

For example, think of Nike's "Just do it" campaign. When you see the Nike swoosh or hear "Just do it", what images come to mind? Athletes pushing themselves harder. Trying to be the best. Giving it their all. Now think of what Nike sells - sneakers. But they don't focus exclusively on sneakers in their campaigns. You don't see them comparing their products to Reebok or Puma or Sketchers based on quality or price. No, they focus on the raw emotion of victory. The blood, sweat, and tears of athletes who won't settle for number 2. Price and quality appeal to your logic, but pain, exhaustion, winning - they are emotional qualities. And emotion is what people relate to. Emotion is what sells.

In service based industries, prospects have a much more difficult time evaluating which company to turn to because services are intangible. Your prospects can't go to the store and evaluate ten different product models by the way they look, what features are included, how much they weigh, etc. They must first communicate call you up and schedule a phone or face to face consultation, explain to you what they want and hope you understand. When they sign your contract, they don't know you very well, but hope they will develop a good working relationship with you.

And so people become more important in the overall evaluation. Prospects use every means they have to evaluate the intangibles that services present. And often times it is difficult to differentiate one Realtor from another - so many present themselves the same way. Therefore, prospects place added emphasis on tangible things. They judge you on what your office looks like, the quality of your marketing materials, how you dress, who you've worked with, whether you were on time, etc.

Making "You" the Product

And that's where you come in. Personal branding is about promoting you as the expert in your area. People more often base their purchasing decisions on emotion rather than logic, so the goal of personal branding is to create an emotional link to you through your marketing materials. It is that emotional link creates rapport and trust similar to a face to face meeting. You become the product that is marketed, and because you are comprised of a unique set of personal characteristics, attributes and life experiences, that is what is used to differentiate you from your competition.

To be more specific, a Personal Brand is not you, per say, but it is the public's perception of who you are and what you can do. It is based on a carefully targeted marketing plan that focuses on humanizing you - presenting you as someone who is just like your target audience - and positions you as an expert in your field. You are someone they can trust. A Personal Brand focuses on your characteristics such as your personality, skills, what interests and hobbies you have your lifestyle, and your appearance. This doesn't mean "giving up the

real you" or even exposing all of yourself to the public, but it does mean taking your best qualities or philosophies and using them as your differentiating aspect. And it requires focusing on getting to know yourself better both internally and as how other people - friends, family, coworkers - see you. Of course, the Personal Brands that work must be sincere. If you try to be something you're not, your Personal Brand will come across as fake, leaving a negative lasting impression instead of a positive one.

Personal Brands are around us every day - just pick up any entertainment magazine and you'll be reading about Oprah, Madonna, or Martha Stewart. In sports, there's Michael Jordan or Tiger Woods or a number of other athletes you can name off the top of your head. Each one of them has an established Personal Brand that is well recognized. I'm sure a number of images (good, bad, controversial) come to mind when you think of each.

Benefits of Personal Branding

- ✓ **Greater differentiation from competitors** - By focusing on personalizing your marketing materials and not going for a hard sell, you can present yourself as a likeable person who is just the person to get the job done as their partner.
- ✓ **Positions you as a partner** - When clients view you as their partner, they will be more likely to be satisfied with the service you provide them. They will understand that you are working with them to achieve their goals - and they will trust you.

- ✓ **Greater client selectivity** - Finally, it allows you to pick your clients from your target audience, rather than trying to weed out those who may not be your ideal candidates. This allows you to focus on the types of clients you want to serve, rather than taking in everyone - even those who may not be profitable for you to keep.

What Personal Branding Will Not Do

A personal brand is a tool to help you get to where you want to be - having prospects come to you. It will not cover up incompetence. You still have to work hard to satisfy your clients and establish a great working relationship, but it will make the process easier. However, if there is a disconnect between the 'you' you present and the 'you' who works with clients, your personal brand will not hold up. Prospects and clients see through lies and exaggerations fairly quickly. It also will not make you famous. It can help you establish a reputation as an authority in your field, but you still must put effort into continuing the brand. You will still have to do seminars, write articles, talk to the press, and continue your marketing.

Step 4: Creating a Marketing Plan

After you've done the initial research and know who you want to target and with what message you want to use to reach them, it's time to write up a document that describes your course of action. A formal strategic marketing plan can take well upwards of 80+ hours to put together, but you will probably find a mini-plan of a couple of pages will be good enough. You don't want to get bogged down with details, but you do want to include

enough information on objectives, cost, time-frame, budget, and tactics to get you through the next year.

Objectives and Goals

This is where you focus on the 'what' and 'why' of your plan. You probably have an idea of where you want to be by a certain date, so this section of the plan outlines the logical, concrete goals or 'milestones' you need to accomplish to reach your objective.

Your main objective should be a concrete goal such as "By the end of the year, I'd like to have X new clients in Y target market and Z total sales." Note: this has to be within reason. If you are currently selling \$1-2 million in sales, jumping to \$20 million in 1 year isn't realistic. Think of where you currently are and how much business you can handle with your current capabilities. If you're looking to grow your company, address the issues of adding new staff members, leasing a bigger office, and buying new office equipment as well as added marketing costs.

Once you have a list of all the goals, add another level to the mix and detail the steps involved in achieving those goals. Here is where you can focus on the who, what, when, and where. And as you're doing this, you should pull out your calendar and make note of which tasks are critical to the completion of each goal and by which date you should have each task completed.

Budget

Once you have a good idea of the tasks ahead of you, you must then evaluate how much it will cost. Everything costs money, and effec-

tive marketing is no exception. Yes, there are tactics you can do for virtually nothing (usually PR related), but you will still need to invest in design, printing, and mailing costs of other aspects of your campaign. Be as objective as you can about the costs you can anticipate. If you have little experience in budgeting an area, add 25% to your best estimate. You should also separate out staff time and any out-of-pocket expenses you might incur. The rule of thumb is that you should spend what you need to spend to do it right without cutting corners. Marketing is going to be an investment initially to create everything and get organized, but it will pay off in the long run.

Alternatively, some Realtors use percentage of annual sales to estimate what their annual marketing budgets should be. I've heard numbers range from about 7-15% for those with established campaigns and upwards of 25-40% for those trying to get their marketing off the ground. Depending on whether you had a good or bad year, you can see how this can fluctuate greatly. Personally, I find that those that use an annual percentage tend to cut corners with their marketing when they find they haven't budgeted enough for one activity or another. This can have a significant impact on the overall performance of their campaign.

Realistically, you will have a maximum spending limit, so you may have to focus your efforts on achieving a handful of specific key goals rather than spreading yourself too thin over the entire set.

Measuring Return on Investment

The purpose of setting clearly defined objec-

tives and goals is so you can go back and compare how you're doing to how you hoped to be doing at different points throughout the year. The plan isn't set in stone, so if things aren't working, try tweaking them until they do work or you decide they should be cut. Marketing is an art, not a science, so you'll probably find some things are working great. Others are behind schedule. Something may have cost more than you thought. Plan to schedule time to re-evaluate your marketing efforts quarterly and adjust accordingly to get things back on track.

When you do start making changes to your marketing plan, make sure they are documented in the plan itself. Add a note explaining your understanding of why one part didn't reach its goals and add recommendations for how to improve this for next year. If you add a new tactical step such as an additional postcard mailing, make sure you document why.

Step 5: Prospecting

Now that you've spent some time getting to know your clients and prospects, you have a message to tell them, and you have well defined objectives and goals, it's finally time to start generating initial interest in your services.

Keep in mind. This will not be an instantaneous process and you will rarely get an immediate sale. Unlike with products, you can't mail them a catalog hoping that when they see this great new house, they will spontaneously get the urge to buy, mail back their order form with a check enclosed in a couple of days, and the order is complete when you

fedex the front door keys to them. Buying a house is a stressful process for those involved, so you have to catch prospects at the right time - when they are thinking about moving or buying an investment opportunity.

As you prospect, you will probably find a number of people that show some interest in your services. These prospects will fall into the following categories:

- ✓ Buyer has a reason to move and a date - These are the ones you want!
- ✓ Buyer has a reason to move but no date
- ✓ Buyer would like to move sometime

Whenever you make contact with a new prospect, you should always classify them by their level of interest - or how close they are to taking that next step. You can then use this to send prospects highly targeted messages designed to help them decide and take the next. Remember - often times prospects don't take the next step because they are uncertain what to do and doing nothing is far easier than making a potentially bad choice.

Your job is to educate your prospects through each step of the process. Notice I said "educate" not sell. During this critical time when you are trying to attract interested prospects to you, if you try to sell here, you will drive them away.

Now, that doesn't mean you shouldn't use a call to action in your marketing materials. In fact, I'm going to stress this - you should always use a call to action in your marketing materials. This is absolutely critical to increasing your response rate.

Types of Offers to Include

There are a number of types of offers you can use in your advertising. These include:

- ✓ **Soft Offer** - This requires no face to face interaction, but promises the prospect that if he sends a business reply card back or visits your website, you will supply him with more information. This offer basically allows the client to say "I may be interested. Tell me more." It generally appeals to prospects who don't have an immediate need and are "just looking" or to those who do have an immediate need but would like to gather more information before they speak to a sales representative.
- ✓ **Hard Offer** - This requires either face to face or phone interaction, and promises the prospect a free appointment, consultation, demo, or whatever you are offering. It is ideal for prospects who have an immediate need and are ready to talk with vendors.
- ✓ **Deferred** - This allows prospects to send back a slip saying they are not interested but try them again in X months/years. This can give you an idea of a future need they might have and when you should contact them.
- ✓ **Negative Offers** - Occasionally, if you send a business reply card, you will get prospects who fill out the card and return it to you with the box "Not interested" box checked. These negative responders are interesting because they've taken the trouble to fill out the

form, but they specifically mention they aren't interested in your service. That usually means they were interested, but your message didn't appeal to them. After all, those with no interest wouldn't have bothered filling out the card.

You should always consider using a hard and a soft offer in all of your marketing materials. However, because of the nature and complexity of Realtor's services, your soft offer should always be the primary offer and should contain some free information that prospects can receive free of charge.

While you don't have to offer a free booklet or other free offer, using one has proven time and time again to generate a higher response rate than the same ad or direct mailing would without the free offer. Those that are looking to buy or sell a home are looking for as much information as possible so they have a solid foundation to make their purchasing decisions, so if you offer free, no obligation information, they feel they have nothing to lose by responding.

Keep in mind: from your prospect's perspective, unless they have an immediate, urgent need, your mail is just another piece they receive with yet another sales pitch. A free booklet says to them that even if you have no immediate need. Even if you don't have time to read my mailings. Even if you don't want to think about buying or selling a home. You can still respond to this mailing and get something free in return. The sell you make in your literature must be subtle - addressing the prospect's problem and offering an unbiased solution (which you just so happen to

specialize in).

And you always want to add the next step in the process - which can either be to request your information kit or to schedule a consultation.

Initially, you probably want to focus your efforts on at least some (if not all) of the following tactics.

- ✓ Advertising (usually print initially)
- ✓ Direct response (mailers, letters)
- ✓ Press releases
- ✓ Publishing articles
- ✓ Referrals and networking
- ✓ Seminars
- ✓ Website (including email newsletters)

I am not going to address the details of using those tactics here, but we do offer a monthly newsletter devoted to Marketing for Realtors at

www.morningstarmultimedia.com/realestate/ if you are interested in articles and tips on using those tactics more efficiently.

Your Information Kit

Your information kit is a more detailed package that presents in depth details for those who are ready to buy. You usually send this out after a prospect has already contacted you about your free literature and is now ready to move to the next step of the buying phase. If he still sounds skeptical, you can send him your information kit before you visit him. You can also send this kit out to pre-qualify leads to make sure they understand what services you provide, your fee structure, your working procedures, and other logistics.

This kit should detail a variety of details about you, your background, your personal brochure, your client list, reprints of articles, your services, your fees, terms and conditions, and whatever else might be appropriate. You should always include a cover letter thanking the reader for his interest in your services.

Having a brochure is important in business these days. Often, prospects are afraid of doing business with a firm or individual they don't know. Anyone can pay a couple of bucks to get business cards and letterhead printed at their local Kinkos, but a brochure establishes credibility. It also presents your story in a logical, consistent fashion ensuring that all key points in your message are delivered to your prospects. They can they look over your brochure if they have questions long after you've left the meeting. A good brochure creates an impression that you understand their needs and thus you're a step closer to winning their confidence and trust.

For Realtors, I recommend a personal brochure to be included in the kit. This is a high quality, full color piece that emotionally appeals to your target audience. This piece is designed to let people get to know you, and to break down at least some of their natural resistance to sales. The first 75% of text should be about you and shouldn't even mention selling. You can talk about a life lesson you learned, a memorable anecdote, or an achievement. It should be something that demonstrates your personality, interests or philosophy.

The brochure is also designed to make prospects trust you, so the look and feel

matters. I'm sure you've received a number of cheap brochures that look like they came off a Xerox machine. You probably also received a couple of really nice, glossy pieces on expensive paper. Think of what impressions came to mind when you received each. You were probably far more impressed with the quality piece. Quality tells prospects that you're successful, and that they can trust you.

Following Up

After you have sent out the requested information kit, you should always follow up with a phone call a week or so after you send it. Those with genuine interest will be happy you called. The best prospects will be those who call you before you have the chance to call them back.

During the phone conversation you should ask if they've had the chance to look over your kit and if they have any questions. Carefully note the tone of the person on the other end. If they sound agitated, always respect that and ask if this is a bad time. If they're busy or they don't want to talk to you, they won't be receptive. Remember, you are a service provider, which requires you to listen. You must establish a closer, more personal relationship than product sellers and you should always look to take actions that are in your prospect's best interests - not yours. If they seem happy to talk to you over the phone, go through your prequalification questionnaire with them.

Your goals for this phone conversation should be:

1) pre-qualify prospects - make sure they

- have an immediate need
- 2) make sure they understand what you offer
- 3) find out what the prospect's motivations are for buying or selling their home
- 4) ask to set up a consultation with them

Remember, you are a consultant, not a salesperson. Therefore you 'consult' or 'plan' or 'evaluate' or 'analyze' or a number of other terms rather than 'sell.' That initial meeting is then the first step in the process of solving your prospect's problem. They haven't hired you yet, but you must act to a degree like they have - giving away just enough information to convince them you are experienced and can do what you say.

FSBOs and Expireds

I will say just a couple of words about popular prospecting categories for Realtors - getting FSBO and Expireds. I'm always amazed when I hear how many times some Realtors contact a FSBO or an Expired. I've heard upwards of 12-15 contacts over a period of a month or two. I don't know about you, but when I hear that, I think wow - they must be really desperate for clients that they virtually have to beg. Think about it. If you're contacting a prospect that many times, don't you think they'd get annoyed that you've decided to harass them?

To put it into perspective, have you ever had the same phone company contact you 4 days in a row with 4 different sales people trying to get you to switch phone service providers (yes, this did happen to me). Each time, I told them I wasn't interested until the fourth day when I was so annoyed, I told them to take me off their calling list. And I guarantee you

that I will never do business with that company any time in my life. I've heard a couple of similar stories about people who've donated to a particular political campaign, only to be bombarded with a number of phone calls and direct mail asking for more money within a week of their donation.

If that's not enough to convince you, there are currently 54 million households are on the Do Not Call list. Given that there are only about 104 million households in the US, I'd say that speaks volumes about how people feel about telemarketers. I'm on the list - are you?

My point is that annoying your prospects isn't the way to go about getting them as paying clients. You don't want them to see you as a salesperson (or even worse - a telemarketer). You're a consultant. You're there to help them solve their problems. Keep that in mind when you analyze which marketing techniques you want to implement.

Expireds

You can find Expireds each day by searching the MLS database. However, if you do try to get in touch with your prospect, know that so are a number of other agents in your area and he's probably annoyed that agents won't leave him alone.

When you approach an expired prospect, remember - they are probably very tired and annoyed by now that their house didn't sell, and even more so that their agent couldn't sell it. What you don't want to do is tell them how great you are, how you're different from all other agents, and how you can do a far better job of selling their home than their previous

agent - that's selling.

What you do want to offer is an information kit detailing next steps for Expireds. This should be a comprehensive package and should focus on them and their needs - not sell you. You can, however, include your personal brochure (mentioned above) if you have one, and in your cover letter, you can tell them if they have any questions about the material you provided them, they can call you. If they do call you for more information, send them your standard information kit.

FSBOs

Statistically, most FSBOs do end up listing with a Realtor, but that doesn't mean you should bombard them with literature telling them they'll never sell their house unless they hire you. FSBOs are usually highly motivated and are selling their homes themselves because: they've had a bad experience with a Realtor, they want to save money, or they know someone who did it and want to try.

Like Expireds, the best way to reach these prospects is with a targeted information kit that tells them what they want to know - which in this case would be steps involved in selling their home on their own, getting the highest price for their house, perhaps market information. The point is to be as helpful as possible so you create a positive impression.

Again, I stress, you are a consultant not a salesperson, so you must provide prospects with information helps them solve their problems. If they can't sell their home themselves, they'll be far more likely to turn to you for the next steps. If they do, you've just created

goodwill that may come back to help you later on down the road when they sell another house and don't want to bother with doing it themselves.

Conclusions

The purpose of this guide was to offer you some new ways to think about marketing your services as a Realtor. As I stress throughout the guide, you are a consultant not a salesperson, so you must act like a consultant and put your clients and prospects first. That requires knowing as much as you can know about them and tailoring your marketing message to suit their problems. It also requires a shift from the traditional 'selling' approach to an educationally focused marketing approach. After all, it is far easier to sell to an enthusiastic prospect who already wants and values your services than to someone who has no interest in your services, crosses their arms in front of them and taunts you - "go ahead, convince me."

About Morningstar

Morningstar Multimedia LLC is a marketing communications firm established in 2000 by Krista Baker and James Balaguer in Philadelphia, PA. We specialize in strategic marketing analysis and planning for professional service firms. We also create the marketing tactics such as identity, print, and web design to put that plan into action.

How May We Help You?

Wherever you are with your marketing efforts, Morningstar Multimedia provides a clear, results-driven path that can take your firm to a new level of growth. For a free, no-obligations consultation of how we can help you solve your firm's toughest marketing challenges, contact us today at (215) 546-7940 or by email at info@morningstarmultimedia.com.



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