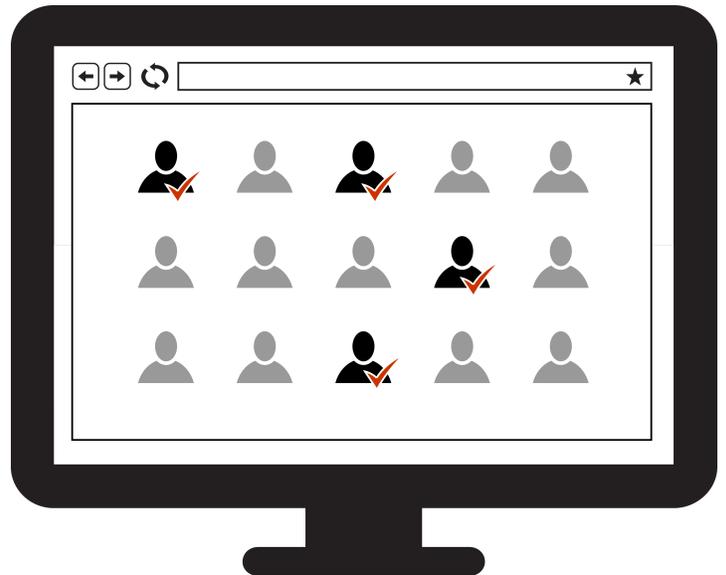# CENTER FOR REALTOR® TECHNOLOGY

THE INTELLIGENT INTERNET LEAD

Providing Context, Coaching & Confidence to Web Sourced Leads

MAY 2014

TODD CARPENTER, MANAGING DIRECTOR, DATA ANALYTICS GROUP, NAR

NATIONAL ASSOCIATION of REALTORS®

AUDIENCE

- **REALTORS®, brokerages & team leaders** interested in investing in Internet sourced leads.

ABSTRACT

The purpose of the white paper is to help REALTORS® understand the overall investment of capital, technology and man-hours that is being made by many, modern brokerages and teams to convert Internet sourced leads into real estate clients. It also highlights how the organizations providing these leads are working to provide tools and services that can increase lead to client conversion.

OVERVIEW

According to the 2013 NAR Profile of Home Buyers & Sellers, buyers are increasingly using the Internet as their first step in the home search process. Forty-two percent of buyers first looked online for properties for sale as their first step—a jump from 35 percent in 2011. 91% of the buyers surveyed reported that they used the Internet at some point during their home search, and 43% found the home they ultimately purchased on the Internet.(Lautz et al., 2013, p.46-47) Clearly, the Internet now plays a significant role in a buyers' search for a home.

Real estate portals, MLSes, franchises, brokers, and agents have built significant public web presences to attract the attention of homebuyers using the Internet to search for a home. Some systems represent multi-million dollar investments, others are as simple as a $50 a month hosted agent site. While even the most basic sites can do a competent job of serving up a user-friendly home search, the biggest difference that exists between those who are successful and those who are not is in the conversion of these Internet "leads" into real clients.

Ask an agent who's had little or no success in converting Internet leads what the primary reason for this is, and the primary answer will revolve around the "quality" of leads. As NAR's own survey reports, prospective homebuyers who use the Web are often very early in the conversion funnel and not ready to talk to an agent yet. When agents incur limited initial success in converting those early leads, they begin to de-prioritize the act of following up on those leads. Some real estate portals have reported that less than half of all the leads they generate are followed up on by an agent. This includes situations where as many as four agents were given the lead.

Ask almost any successful CIO for a brokerage, franchise, or portal about converting Internet leads, and you'll find the two secrets to their success are context and confidence. Context is the information about the lead that sets the correct expectation of the outcome of a follow up. Confidence is simply the qualification quality of leads provided to the salesperson. By providing leads that are more likely to convert, agents are more likely to prioritize a timely response to them.

This report address the systems employed to create context and confidence in converting Internet leads into real estate clients.

IMPROVING LEAD QUALITY

Delivering higher quality leads to agents is key to maintaining confidence, on the agent's part, that the leads are worth responding to.

The first step in this process is to make sure the lead is genuine. Realtor.com® invests heavily in using technology to weed out spammers. The company works to ban an ever-growing list of known IP addresses used by spammers and has monitors in place that identify when an abnormal number of inquiries are being made. These systems work to limit the number of advertisers who want to reach agents with their own marketing, as well as spam bots that are trying to harvest agent email addresses.

In addition, Realtor.com® uses highly trusted sources of listing data, including local MLSs. While many real estate organizations coach their agents to convert consumer inquires based on homes that are no longer on the market, it's much easier to convert leads into clients when the property they are inquiring about is still on the market. Publishing from MLS data also results in a more detailed property details pages. The portal wants to answer as many questions as possible before the consumer inquires about the property. The goal is to decrease the percentage of inquiries related to minor details about the property, while increasing the percentage of inquiries that are closer to initiating a transaction. "At Realtor.com® we build experiences that accurately answer as many questions about a listing as possible." Says Tracy Mahnken, senior vice president of product management at Realtor.com®, "When consumers complete the lead form on Realtor.com®, they are not a "lead." Rather they are people who have a question that can only be answered by a REALTOR® -- creating a great opportunity for the REALTOR® to provide a skilled response and begin to cultivate a new client."

It's important to balance the generation of as many leads as possible without creating situations where the consumer is inquiring about a property under false pretenses. More bad leads can be worse than no leads at all.

Adding information about the lead inquiry can also provide an layer of confidence in a lead. For instance, FiveStreet, a Move Inc. company that specializes in lead management, matches the information provided in a lead inquiry to that in a consumer's social graph. Surfacing the consumer's LinkedIn, or Facebook accounts may help confirm that the person who inquired about the property is who he says he is. Realtor.com®'s TigerLeads product scrubs the consumer's submitted email address and phone number against a validation service that helps to predict whether or not the information submitted is legitimate.

When evaluating what services to use to generate leads, consider the following questions:

- What measures do the lead providers take to limit spam?
- What is the source of listing data being used in the lead provider's home-search product?
- If the lead provider generates leads from off-market products, is there a coaching process in place at the real estate company to overcome this situation?
- What has been the historical average rate of conversion for this provider's leads, and how long did it take for these to convert?

ADDING CONTEXT TO DELIVERED LEADS

Pre-qualifying leads can help agents establish the proper expectation of what an interaction with a web visitor will likely yield. Mariana Wagner, who co-leads the Wagner iTeam for Keller Williams Partners Realty in Colorado Springs notes that, *"many leads do not generally respond until after the eighth contact attempt, and agents stop trying to contact them after two tries."* So, for instance, when a lead comes from a registration system that grants access to the real estate company's home-search tools, it's important for the agent contacting the prospect to know that the first call with this lead isn't necessarily going to result in a conversion. A lead that comes from an inquiry on a particular property may have a shorter cycle to conversion.

Eddie Krebs, chief information officer for Better Homes & Gardens Metro Brokers in Atlanta, built analytics tools to help provide further context for his agents. From the time consumers first visit the firm's website, their activities are tracked. In the beginning, this is done by monitoring the IP address of visitors. Once visitors register their contact information, the IP address is matched to their prior history at the site. Over time, consumers exhibit patterns that resemble historical buying signals. The brokerage uses this information to grade the engagement of each lead

and provides agents with this context when they follow up.

Krebs is beginning to offer this platform to other brokerages under a spinoff company called Brytescore. The process of providing this context to lead inquiries is explained on Brytescore's website:

"With our proprietary Brytescore™ algorithm, visitor behavioral data is analyzed in depth and each visitor is scored based on their engagement with the website, agent and company.

Brytescore uses years of behavior analyses and 'Big Data' techniques such as machine learning to identify visitors who are close to performing a transaction. Agents can now spend more time with the customers who need them the most, exactly when they need them."

LEAD MANAGEMENT SYSTEMS

Since many leads will require multiple contacts before they convert to a client, a platform to maintain a long-term marketing campaign is essential. Brokerages are beginning to view their web marketing strategy as more of a holistic program that includes their own lead management and client relationship management (CRM) systems.

BoomTown, an inbound marketing system provider for real estate teams and brokerages, considers CRM to be the hub of its marketing platform. Leads are presented to agents through a system called the "Opportunity Wall." From the company's site:

"With showings, closings, and hundreds of leads at every point of the buying process, it can be difficult to determine where to focus time and energy, but the Opportunity Wall takes out the guesswork. With one click the Opportunity Wall generates a real-time, prioritized list of high-quality leads based on a lead's website search behavior."

By measuring the activity of web visitors, the Opportunity Wall helps prioritize the top

opportunities for an agent to act on and provides relevant information for each opportunity.

Real estate portals have also increased their focus on managing leads. Within the last two years, Zillow acquired Buyfolio, Trulia acquired Market Leader, and Move Inc. acquired FiveStreet. These CRM products are built to handle leads from a variety of sources. For instance, the FiveStreet platform consolidates leads from more than 40 lead providers into a central dashboard. FiveStreet offers automated email responses, as well as web and mobile tools to help agents quickly respond to consumers. While NAR's Member Profile (Lautz et al., 2014, p.17) reports that less than 50% of all REALTORS® use a CRM more than a few times a year (if at all), it's clear that the portals see CRM products as essential tools for today's agent.

Regardless of the CRM used to manage leads, it's important to understand the context of the leads coming in, so the proper expectations can be set. Consider the different outcomes that should be expected for four common types of Internet leads:

- A newly registered lead that wants access to the website's real estate search.
- A lead that continues to your website over time.
- A new lead displaying a high interest in a particular property.
- A lead that continues to view a particular property over time.

Often, the successful conversion of leads has been a numbers game. Agents who maintain a consistent marketing campaign over time will have more leads and, thus, more will convert. However, analytics about leads will help agents know when and how to market to those lead in the most effective way.

BUILDING CONNECTIVITY SYSTEMS TO DELIVER LEADS

As brokerages build their own inbound marketing platforms, companies that market leads to these brokerages are seeking deeper connectivity with

those systems. One example of these integrations is Zillow's Tech Connect program.

"The majority of real estate companies and professionals have heavily invested in proprietary productivity and CRM systems, and while Zillow offers excellent tools such as Agentfolio, we think it's important to support various technology platforms," said Greg Schwartz, Zillow chief revenue officer.

The program allows partners' software to directly access and manage contacts from the portal. This is important because many of the brokerages and teams invested in generating leads from the web need to acquire leads from multiple sources including portals, public facing MLSes, franchise sites, and their own brokerage websites. These integrations allow the CRM systems to quickly map the lead data into a single, central lead management system.

When making decisions around investing in leads from a third party, consider the following:

- How will the leads generated be delivered?
- What level of integration to the agent's CRM tool is possible?
- How often will the agent be required to visit the lead providers web site to properly service their leads?
- Is there an additional cost involved with a direct integration?
- Do these integrations require data sharing back to the third party, and if so, what are those requirements?

These points should also be considered when choosing a lead management system. Is the software provider working to automate the integration of lead data from multiple sources, or will the end user handle this process?

COACHING AGENTS

In a recent survey[1] sponsored by WAV Group and Weichert Lead Network, researchers posed as consumers and inquired about listings on broker websites, Zillow.com, Realtor.com®, and Trulia.com. They found that 48% of buyer inquiries were never responded to. (Lund, 2013, p.3) Of those agents who responded to a lead inquiry, the average number of call back attempts after the initial contact was 1.5 and average number of email contact attempts was 2.07. Finally, the average response time was about 15 hours.

So, to look at it another way, just responding to a lead inquiry puts a real estate organization in the top half of all companies trying to convert leads into clients. Responding with a combination of at least three phone calls and two emails, and doing so within 15 hours puts that organization in the top half of the group responding, and, therefore, in the top quartile of all companies invested in lead conversion. These are hardly lofty standards to exceed, so coaching agents to meet these expectations is certainly possible.

Mariana Wagner, whose Wagner iTeam is focused on converting Internet leads, sets the following standards for their team, "Every lead inquiry receives a phone call within five minutes. In an instance where there is no response, an immediate follow-up call is made. Additional phone calls are scheduled based on times when the consumer is likely to respond. The team also initiates a mix of personal, semi-canned, and property-specific emails, all with calls to action to connect and set an appointment to go over their real estate goals."

The team's goal is to contact each lead at least ten times. Mariana noted that, "Consistency in how you communicate and how often you communicate is crucial. Systems are crucial in maintaining this consistency, especially for sellers. About 50% of all of our listings come from our dedication to consistency... Sellers who are finally ready to sell two months, six

---

[1] http://waves.wavgroup.com/2014/01/13/agent-responsiveness-study-reveals-critical-flaws-in-real-estate-lead-response/ #sthash.SPz770Ad.dpuf

months... two years after initially registering on our site ... we were the only ones (consistently) staying in front of them. Our messages, look, and feel are consistent, so we get the business."

While BoomTown uses predictive analytics to prioritize leads in its Opportunity Wall offering, coaching is still a key part of the company's overall product offering. Boomtown notes that some clients who come on board have limited knowledge of Internet lead generation and little to no structure or process in place. The company's "Success Managers" work to ensure that clients have a solid foundation and understanding of the unique handling of an Internet lead. This support includes initial strategy calls and ongoing coaching. Because BoomTown includes its own CRM in its platform, these Success Coaches can track agent interactions with the platform and make suggestions based on that activity. It's an additional level of accountability that helps to ensure a successful campaign.

Trulia approaches coaching from a partnership perspective. As part of the Trulia Accelerate Program, the company partners with franchises and brokers to give agents the training and support to convert more leads. Trulia has paired with RE/MAX LLC to offer training through RE/MAX University, the franchisor's online education program, and by providing training at the regional and local level.

Ginger Wilcox, director of industry marketing for Trulia, notes that, "Research has shown that responding to a lead inquiry by phone within three minutes can improve lead conversion by over 100%, and responding with a combined phone and email campaign can improve conversion by 128%. Having both the marketing tools and processes in place to follow up on leads is key to increasing conversion rates."

"Training is critical to help our agents leverage the tools we provide to them," said John Smiley, Technology Strategy Officer at RE/MAX, LLC. "By working with companies like Trulia, we are able to help our agents learn best practices that help them increase their productivity and win more business."

Move Inc.'s FiveStreet uses a different technique to encourage agents to quickly respond to leads. All leads for the brokerage are distributed into a single pool. As a new lead is published, every agent in the program receives a mobile alert about the lead. The first person who can respond to that lead, gets it. By encouraging inter-organizational competition, FiveStreet drives users to respond – and to respond more quickly.

In each of these examples, companies are using both technology and coaching to change the culture within the real estate organizations. Often, a campaign's success is based on multiple people and systems that all have to work together. While many individual agents are fixated on the cost of lead acquisition, it's these back-end systems and services that require a far greater commitment. This seems to be an important point, but it's buried.

THE INTERNET LEAD OF THE FUTURE

As technology progresses, the process of finding a home on the Internet will become even more natural. Already, large portals like Realtor.com employ predictive analytics to suggest homes that they've determined to be a likely matches. Tracking consumers as they search the site over time does this. The search patterns exhibited are then matched to those of other searchers who exhibited similar patterns. This results in a "shoppers like you, also viewed.." type algorithm that presents properties that may even be outside of the consumer's search parameters.

While the patterns consumers exhibit from the time they visit a site until they become a client are becoming clearer, the next step will be in mapping a holistic view of a transaction, from click to close. Brokers likely have better insights into these patterns than the portals do. Eddie Krebs of Better Homes and Gardens Metro Brokers is looking to integrate paperless

transaction reporting into what his company already knows about the user's web activity to build a more accurate model of what successful transactions look like.

Soon, mobile will play an even larger role in the home search. As consumers search for homes over time, real estate apps will be able to consider the consumer's location, free schedule, homes they like, and homes available in that location to serve up potential suggested homes on the fly.

Systems like this may put even more pressure real estate organizations to have the systems in place to respond quickly.

Meanwhile, mobile apps can be a valuable measuring device for marketers. The patterns around how, when, and where the consumer is using a mobile app to search for a property may give real estate companies additional insight into how a lead inquiry becomes a client.

BIBLIOGRAPHY

Carpenter, T., 2014a. Email Interview with Jeff Corbett, Boomtown ROI.

Carpenter, T., 2014b. Email Interview with Eddie Krebs, Better Homes and Gardens Metro Brokers & Brytecore.

Carpenter, T., 2014c. Email Interview with Mariana Wagner, Wagner iTeam for Keller Williams Partners Realty.

Carpenter, T., 2014d. Email Interview with Ginger Wilcox, Trulia.

Carpenter, T., 2014e. Email Interview with Tracy Mahnken Move, Inc.

Carpenter, T., 2014f. Email Interview with John Smiley, RE/MAX LLC.

Lautz, J., Doyle, T., 2013. 2013 Member Profile. NAR Research Department.

Lautz, J., Doyle, T., Dunn, M., 2013. 2013 Profile of Home Buyers and Sellers. NAR Research Department.

Lund, V., 2013. Agent Responsiveness Study 2013.

Thompson, J., 2014. Zillow Adds 9 New Partners to Zillow Tech Connect Program. Zillow for Pros Blog.