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An Investigation of Promotional Outlet Effectiveness for Ohio Real Estate Brokers

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An Investigation of Promotional Outlet Effectiveness for Ohio Real Estate Brokers

A Research Report submitted to
The Ohio Department of Commerce

February 2007

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An Investigation of Promotional Outlet Effectiveness for Ohio Real Estate Brokers

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An Investigation of Promotional Outlet Effectiveness for Ohio Real Estate Brokers

Executive Summary

This monograph presents survey data gathered from both Ohio residents and members of the Ohio Association of REALTORS®. The results of the public survey provide interesting information that may enable real estate licensees to effectively target their promotional efforts. The results suggest that if the objective is self promotion, any advertising medium is likely to have limited effectiveness. A large percentage of respondents indicated that they located the agent who assisted them in their housing transaction via reference from a friend or relative. Referrals are so important that a licensee should make every effort to cultivate this activity. Perhaps periodic follow-up contact with customers should continue indefinitely after a transaction.

The results also indicate that the most significant factor in the selection of an agent is the agent's reputation. Therefore, self-promotion activities should focus on this attribute. An agent's reputation is also communicated through recommendations of friends and family members. Many consumers find real estate websites through the recommendation of friends and family members. Yard signs, newspaper ads and other traditional real estate media also play a significant role in driving traffic to a real estate website. The most common way for consumers to become aware of a real estate company is through yard signs and television advertising.

While the Internet previously played a small role in the agent search, this is changing. It was the second most mentioned way in which respondents indicated they would start a new agent search; a distant second to the recommendations of family and friends. However, more than twice as many survey participants say they will begin their next home search on the Internet compared to those who plan to start with the newspaper.

An important contribution of this study is an analysis of consumers who are planning to make a real estate transaction within the next two years. Survey participants who intend to make a real estate transaction in the next two years spend significantly more time online, and they are more likely to have made a purchase online in the past year, than those not expecting to make a real estate transaction. These likely commission generators spend more than three times as much time online as they do with newspapers.

The effectiveness of the Internet is positively related to house price. The newspaper is an effective promotional outlet, however, for lower-priced properties, especially those under \$100,000. Although the role of the newspaper is declining in importance as a tool to sell homes, many home sellers still expect agents to advertise their property in the newspaper.

Real estate licensees were queried about, among other things, their use of various promotional outlets, their perceptions of the effectiveness of these outlets, and their intended future use of these outlets. Agents were classified into high, medium and low performance groups based on the number of transactions each closed in 2005, adjusted for the number of hours worked per week. Then the high and low groups were compared to determine if media use and perceptions differed. Top performing agents use suburban newspapers less than do low performing agents. Otherwise, there were surprisingly few differences between high and low performers. Both groups tend to use the same promotional tools and view their effectiveness similarly. The findings suggest that yard signs while one of the oldest, simplest, and least expensive promotional tools, remain one of the most effective. Yard signs also drive traffic to real estate websites, so all yard signs should have a web address to allow interested buyers an avenue by which to easily seek additional information.

The importance of the Internet in the future of real estate promotion cannot be over emphasized. Licensees indicate that over the next five years the planned increase of the Internet as a promotional tool is dramatically larger than that of any other promotional vehicle. This is consistent with the results of the consumer survey which show a dramatically increasing role for the Internet in real estate transactions.

An Investigation of Promotional Outlet Effectiveness for Ohio Real Estate Brokers

Introduction

“I know that half of my advertising is wasted but I do not know which half.” This statement, most commonly attributed to department store pioneer John Wanamaker (White 2002), resonates with many people in real estate brokerage because of the difficulty they encounter in measuring advertising effectiveness. Measuring advertising effectiveness is difficult in general. Measuring the effectiveness of real estate advertising is even more difficult because of the long time spans between transactions. Unlike consumer products which may be purchased weekly, the time between real estate purchases may be years or even decades. So the impact of an advertising campaign may not occur until months or years after the campaign.

The purpose of this paper is to provide information to the real estate brokerage industry that may enable practitioners to better target their promotional efforts. To accomplish this objective, we present and analyze survey data gathered from both Ohio residents and members of the Ohio Association of REALTORS® (OAR). The principal tool used was a telephone survey of Ohio residents. The goal of this survey was to gain insights into the home buying and selling behavior of Ohio consumers and learn more about their media usage. Particular attention was paid to those respondents who had made a recent real estate transaction and those who indicated that they intended to make a real estate transaction within the next two years.

A separate survey was conducted of Ohio real estate licensees. This study was done to learn about their perceptions of media effectiveness, current promotional activities, and future promotional plans. A comparison was made between high performing and low performing agents to identify best-practices regarding promotional activities.

The survey instruments used for both the consumer survey and the licensee survey were developed with the assistance of brokers and leading sales agents from the Dayton, Ohio area. The authors thank each of them for their valuable participation in the focus groups conducted for this purpose. The authors also thank the Dayton Area Board of REALTORS® for making their facilities available for the focus groups and the Ohio Association of REALTORS® for sending the electronic postcard to its membership which provided the link to the licensee questionnaire.

The report that follows will first discuss the findings from the public survey followed by the findings of the licensee survey. The later section concludes with a brief discussion of the effectiveness of some of the promotional tools used in marketing real estate. Throughout the report, notable findings are highlighted with red bullet points.

Public Survey Data

Between September 18th and November 17th 2006, employees of the Center for Urban and Public Affairs at Wright State University administered, via telephone, the “Public Survey” shown in Appendix A of this monograph.¹ They contacted 10,000 adult residents of Ohio. A total of 2,107 people elected to participate in the survey (a response rate of 21.1%). The average age of the 2,000 respondents who provided their age was 47.57 years. The oldest respondent was 89, the youngest was 18, and the standard deviation of age in our sample was 15.92 years. Females constituted 63.2 percent (1,331/2,107) of the respondents and males 36.8 percent (775/2,107). Examination of Exhibit P1 will reveal that a variety of household compositions are contained in our sample, but most respondents (73.3%) were a part of a married couple.²

The geographic distribution of respondents closely reflects the distribution of the general population. Usable surveys were obtained from individuals living in 71 of Ohio’s 88 counties. The number of responses (n), grouped by Ohio Association of REALTOR[®] District, are shown in Exhibit P2.³

Exhibit P 1		
Respondent’s Household Composition		
<u>Response</u>	<u>Frequency</u>	<u>Percent</u>
Single Male	146	6.9
Single Female	253	12.0
Married Couple	1,544	73.3
Unmarried Couple	61	2.9
Other	82	3.9
Refused to answer	21	1.0
Total	2,107	100.0

1 The survey was only administered to individuals who reported that they were at least 18 years of age and not a real estate licensee. The phone list was purchased from Marketing Systems Group in New Jersey. Because the sponsoring agency expressed particular interest in the opinions of recent home buyers, the researchers requested that the phone list contain at least 4,000 recent home buyers. Otherwise, the list was comprised of randomly selected residential phone numbers.

2 We did not distinguish between married couples with children and married couples without children.

3 For a map of the OAR Districts which includes the Counties in each District go to:

http://www.ohiorealtors.org/about_us/manuals/reference_guide/06RefGuide.pdf

<p style="text-align: center;">Exhibit P 2</p> <p style="text-align: center;">Geographic Distribution of Public Survey Responses</p>				
<u>OAR District</u>	<u>N</u>	<u>Largest City in District</u>	<u>Population in District</u>	<u>Location in Ohio</u>
1	197	Youngstown	1,256,459	Northeast
2	329	Cleveland	2,277,546	North Central
3	160	Akron	1,072,342	Lower North Central
4	167	Toledo	1,045,400	Northwest
5	337	Dayton	1,260,245	West Central
6	409	Columbus	1,737,358	Central
7	42	Zanesville	544,386	East Central
8	26	Chillicothe	497,867	Southeast
9	423	Cincinnati	1,624,628	Southwest
Not specified	17	n.a.		n.a.
Total	2,107			

Examination of Exhibit P3 will reveal considerable diversity in the highest formal education level attained by the respondents. Approximately three quarters of the respondents had some education beyond high school, and over 44% had either a bachelor's degree or taken at least some post bachelor's degree courses.

Survey participants were asked (1) whether they had ever purchased or sold a home, and (2) whether they planned on buying or selling a house in the next two years. In all, 285 people responded in the affirmative to the latter question. Only 201 people reported that they had never bought or sold a home, and 169 of them reported they are not planning to do so during the next two years. In essence, 32 of the people who said they were planning to "transact" in the next two years are people who have not previously been homeowners.⁴ Those respondents who reported that they had purchased or sold a home

⁴ We assume that these 32 people are would be buyers although it is possible they are planning to sell a home that was acquired via some means other than purchase, e.g., inheritance.

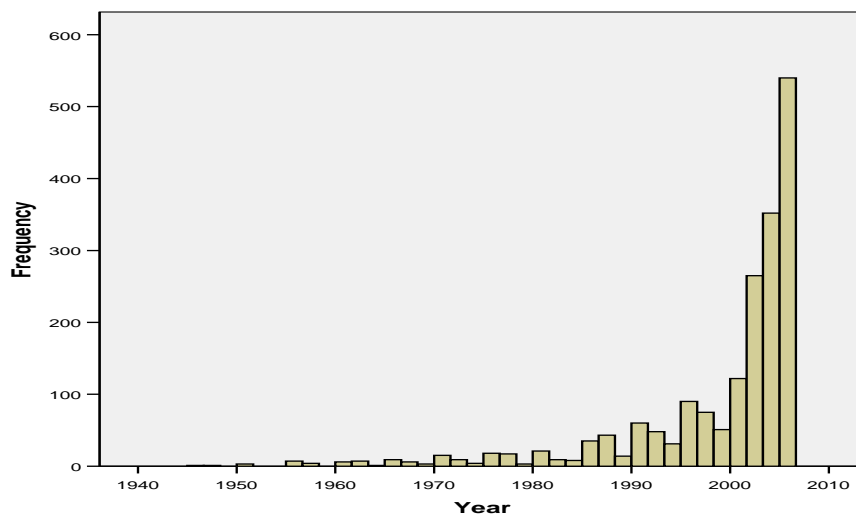
were asked to identify the year in which they last did so. The results for the 1,878 participants who responded to this question are plotted in the histogram shown in Exhibit P5. The oldest transaction reported occurred in 1946, but most transactions occurred in recent years. For example, 1,083 people reported that their last transaction occurred since 2002 (191 in 2003, 352 in 2004, 348 in 2005, and 192 in 2006). This pattern, reflecting many recent transactions and relatively few old transactions, is largely an artifact of the call list which specifically included 4,000 recent homebuyers.

Exhibit P 3
Public Survey Respondent's Educational Level

<u>Response</u>	<u>Frequency</u>	<u>Percent</u>
Some high school	64	3.0
High school diploma	460	21.8
Some college	453	21.5
Associate degree	181	8.6
Bachelor's degree	534	25.3
Post Bachelor's education	404	19.2
Refused	11	0.5
Total	2,107	100.0

Exhibit P 4

Year of Respondent's Last Home Transaction



How Consumers Found Their Real Estate Agent

Survey participants who had purchased a home were asked, in an open-ended question, how they located the agent who assisted them in their most recent home transaction. The responses, summarized in Exhibit P5, suggest that agent self-promotional efforts may be less effective than networking. Over half the respondents mentioned a personal contact. The agent they located was a relative or friend (30.9%) or was recommended by a friend or relative (20.5%). Of the traditional promotional tools used in real estate the three most frequently cited were open houses (7.6%), yard signs (6.4%), and office duty (4.6%). Less frequently mentioned were the Internet (2.9%), newspapers (2.5%), Yellow pages (1.1%), home book advertisements (0.1%), direct mail (< 0.1%), and radio (< 0.1%). These results suggest that networking is the key tool in attracting clients. It probably comes as no surprise that agents who are well connected in the community through family, friends, and other relationships attract many new clients. However, it also shows that office duty, which is distained by many agents, is a relatively effective tool for gaining new clients.

The survey results suggest that networking, rather than advertising, is critical for agents attempting to attract clients.

It should also be noted that the fact that advertising and promotional activities attract few new clients compared to networking does not suggest that promotional activities are irrelevant. To the extent that the marginal revenue of promotional activities exceeds the cost of the promotional activity it is a good investment. In other words, if an agent spent \$1,000 on newspaper advertising and that advertising generated an additional \$2,000 in commissions, the ad was a good investment. In fact, if the net after tax income generated from an ad merely covers the cost of an ad, it could be argued that the ad was a good investment. So even if the vast majority of the agent's business is driven by networking, some level of self promotional advertising may be valuable. The relatively limited effect that advertising has in attracting new clients does, however, mean that it must be used with caution. Agents should take care to track the effectiveness of any advertising or promotional tool that they use to the extent that it is possible to do so.

Exhibit P 5

How Agent Who Assisted Respondent Was Located

<u>Variable</u>	<u>Frequency</u>	<u>Percent⁵</u>
Agent is a relative or friend	420	31.0
Recommendation of a friend or relative	278	20.5
Visited open house and met agent	103	7.6
Yard sign	87	6.4
Walked into/called office, agent was on duty	65	4.8
Recommendation of employer or relocation company	56	4.1
Used agent previously	49	3.6
Internet	39	2.9
Used agent that listed the property	38	2.8
Newspaper	34	2.5
Personal contact by agent	22	1.6
Recommendation of another agent	18	1.3
Yellow pages	15	1.1
Home book advertisement	11	0.1
Direct mail	3	0.0
Homearama type/ builder events	4	0.0
Radio advertisement	1	0.0
Other	52	3.8
Don't remember	62	4.6
Total	1,357	100.0

Survey participants were asked how important newspapers and the Internet were in their search for an agent. Examination of Exhibit P6 will reveal that only 6.7% of respondents deemed the Internet as “important” or “very important” in their search for an agent compared to 7.9% of respondents for newspapers. However, 90% of respondents

⁵ Some percentages are listed as zero due to rounding.

indicated that the Internet was “not at all important” in their search for an agent and 87% indicated that in searching for an agent newspapers were “not at all important.”

Exhibit P 6				
Importance of Internet and Newspaper in Real Estate Agent Search				
	<u>Internet</u>		<u>Newspaper</u>	
<u>Importance</u>	<u>Frequency</u>	<u>Percent</u>	<u>Frequency</u>	<u>Percent</u>
Extremely important	44	3.2	47	3.4
Important	48	3.5	62	4.5
Slightly important	42	3.1	59	4.3
Not at all important	1,236	90.0	1,194	87.0
Don't know/Refused	3	0.0	11	0.1
Total	1,373	100.0	1,373	100.0

Respondents were asked to indicate the “item of interest” in their Internet search. The responses, summarized in Exhibit P7, are consistent with the information in Exhibit P6. Most (52.9%) of those who responded to this question did not use the Internet. Of the 723 respondents who did use the Internet, 64.6% (467/723) indicated that they used it to search for properties for sale, and only 8.9% (64/723) indicated that they were searching for a real estate company or agent.

Exhibit P 7		
Item of Interest in Respondent's Internet Search		
<u>Item</u>	<u>Frequency</u>	<u>Percent</u>
Properties for sale	467	30.4
General information about the area	178	11.6
A real estate company	27	1.8
A real estate agent	37	2.4
Don't recall	14	0.1
Did not use Internet	811	52.9
Total	1,534	100.0

Participants who indicated that they used the Internet in their search were asked to recall how they located the main website they used in their Internet search. The results are summarized in Exhibit P8. Not surprisingly, the largest group could not recall. The second largest group claimed to have used a real estate search tool. Examples of such tools include sites such as Realtor.com, as well as specific agency sites. The most frequently cited source for web addresses, with a frequency of 93, was Google. The dominance of Google as a search engine in our study parallels web search in general. In July 2006, Google captured 43.7% of the search market and Yahoo finished in a distant second place with 23.8% of the market (Sullivan 2006).

Exhibit P 8	
How Consumers Found the Website They Used	
<u>Item</u>	<u>Frequency</u>
Do not recall	155
Real estate search tool	142
Google	93
Recommendation (see below)	88
Other search procedure	78
Yahoo	20
Other search engine	20
Multiple Listing Service	11
Yard Sign	9
Newspaper	8
AOL	4
Television	3
Home Book	2
Billboard	1
Total	634

Eighty-eight respondents found the website they used via a recommendation. Of these, 51 said that they used a website recommended by their real estate agent and 35 said they used a website recommended by a friend or family member.

The responses to this open-ended question also demonstrate the interactive effects of media. For example 23 respondents were directed to the website by another form of media (those highlighted in yellow in Exhibit P8). Cumulatively these traditional media sources rank above Yahoo as a method of directing the respondents to a web site.

Many consumers find real estate websites through the recommendation of friends and family members. Yard signs, newspaper ads and other traditional real estate media also play a significant role in driving traffic to a real estate website.

These findings suggest an important role for the web as an efficient source of information. Customers working with an agent can use the web to quickly identify houses that may be worthy of a visit. House shoppers who see a web address on a yard sign or in a newspaper ad can get details about the house before contacting an agent.

In addition to asking how consumers found their agent, participants were also asked to identify what they thought was the most important factor to be considered in selecting an agent. The responses, summarized in Exhibit P9, suggest that the public considers the reputation of the agent and the agent's local knowledge to be critical; 31.2% mentioned the former characteristic and 17.8% the latter.

Exhibit P 9		
Most Important Factor in Choosing an Agent		
<u>Factor</u>	<u>Frequency</u>	<u>Percent</u>
Reputation of the agent	428	31.2
Agent's knowledge of the neighborhood	245	17.8
Agent who is a friend or relative	148	10.8
Reputation of the company	140	10.2
Listing agent (just use the)	77	5.6
Professional designations held by the agent	60	4.4
Recommendation/referral	55	4.0
Agent's association with a particular firm	42	3.1
Respondent's knowledge of / past use of / agent	32	2.3
Cost	14	1.0
Other	80	5.8
Don't know/Refused	52	3.8
Total	1,373	100.0

The most significant factor in the selection of an agent is the agent's reputation. This reputation is largely communicated through recommendations of friends and family members.

Survey participants who indicated that they had never purchased a home were asked if they could name a real estate agent or company. Responses to this question are summarized in Exhibit P10. On the surface it may seem that non-buyers would be an irrelevant market segment but this is not true. Of the 201 respondents who have never bought a house, 32 of them plan to buy within the next two years. This is an important market segment. Since these future buyers have no relationship with a previous agent they represent an important opportunity for new business. Agents and real estate companies that have a consumer's top-of-mind awareness are likely to have the greatest opportunity to attract these new buyers for their first purchase and they have the opportunity to build a relationship with them that could result in future transactions as well. Even those individuals who have never purchased a house and who have no immediate plans to buy one can be important. As mentioned above, recommendations from friends, relatives and co-workers is a critical source of clients for agents. Friends and relatives are also a source of recommendations for websites. To the extent that anyone, buyer or non-buyer, is aware of an agent, real estate company, or website they are a potential source of influence for others.

Exhibit P10 again demonstrates the importance of networking for agents. "Agent is a friend or relative," was the most frequently cited source of familiarity with an agent and almost all of the "other" responses involved an agent that the respondent knew from previous personal contact. Traditional advertising media were more important in bringing a real estate company to the attention of the respondent. The most common source of familiarity with a real estate company is a yard sign (28.7%) followed by television advertising (19.0%).

The most common way consumers become aware of a real estate company is through yard signs and television advertising.

Exhibit P 10

How Non-Buyers Who Can Name a Real Estate Agent or Company Learned of the Agent or Company

<u>Media</u>	<u>Agent</u>		<u>Real Estate Company</u>	
	<u>Frequency</u>	<u>Percent</u>	<u>Frequency</u>	<u>Percent</u>
Yard sign	6	8.6	44	28.7
Television advertisement	3	4.3	29	19.0
Billboard	2	2.9	13	8.5
Newspaper	3	4.3	12	7.8
Agent is friend / relative	29	41.4	11	7.2
Office location	4	5.7	10	6.5
Recommendation of friend / relative / employer	7	10.0	7	4.6
Internet	1	1.4	4	2.6
Radio advertisement	0	0.0	3	2.0
Direct mail	0	0.0	1	0.1
Yellow pages	0	0.0	1	0.1
Homearama / builder event	0	0.0	0	0.0
Open house	0	0.0	0	0.0
Other	15	21.4	18	11.8
Total	70	100.0	153	100.0

How Consumers Found Their House

Survey participants who indicated that they had purchased a home were asked how they first learned of the house that they purchased. Their responses to this question are summarized in Exhibit P11. Real estate agents were credited with locating the property by 26.4% of the respondents while a yard sign drew the property to the attention of 24.7% of the respondents. Newspapers were mentioned by 7.1% of respondents and the Internet was mentioned by a total of 11.1% (the combination of Internet sites indicated in Exhibit P11).

Exhibit P 11				
How Buyer First Learned About the House Purchased				
<u>Variable</u>	<u>Frequency</u>	<u>Percent</u>	<u>Frequency</u>	<u>Percent</u>
Real estate agent			473	26.4
Yard sign			442	24.7
Friend/relative/neighbor			275	15.4
Internet Total			198	11.1
multiple listing service website	59	3.3		
Realtor.com	43	2.4		
real estate company website	42	2.3		
other website	27	1.5		
real estate agent website	23	1.3		
for sale by owner website	4	0.2		
Newspaper advertisement			127	7.1
Home builder or their agent			94	5.3
We built the house			60	3.4
Knew the sellers			35	2.0
Home book or magazine			21	1.2
Flier			6	0.3
Open house			3	0.2
Television			1	0.1
Other			18	1.0
Don't remember			36	2.0
Refused			1	0.1
Total			1,790	100.0

Comparison of Exhibit P5 and P11 will suggest that the search for an agent is very different than the search for a house. Combined media sources: yard signs, Internet, and newspaper account for 40.5% of the responses to how respondents first became aware that the house they purchased was for sale. On the other hand, these same media are only responsible for 11.8% of the responses regarding how participants first became aware of their agent.

As shown in Exhibit P12, the Internet was deemed “important” or “very important” in the home search by 25.5% of the respondents in contrast to only 15.2% for newspapers. On the other hand, a substantial percentage of respondents indicated that newspapers and the Internet were “not at all important” in their home search, 74.3% and 66.9% respectively. However, as we discuss in a later section this finding is a bit misleading since both media play significant roles in real estate marketing.

Exhibit P 12				
Importance of Internet and Newspaper in Buyer’s Home Search				
	<u>Internet</u>		<u>Newspaper</u>	
<u>Importance</u>	<u>Frequency</u>	<u>Percent</u>	<u>Frequency</u>	<u>Percent</u>
Extremely important	291	16.2	129	7.2
Important	167	9.3	144	8.0
Slightly important	134	7.5	182	10.1
Not at all important	1,201	66.9	1,335	74.3
Don't know / Refused	3	0.0	6	0.0
Total	1,796	100.0	1,796	100.0

As noted earlier, the data contained in this report relates to real estate transactions from 1946 through late 2006 when the data collection took place. Although it can be informative to examine this full range of data, as we have in the discussion so far, it is also informative to focus on changes that have occurred in the past few years regarding how consumers became aware of houses on the market. Exhibit P13 shows how the importance of the Internet has grown in the past few years. Only 20% of respondents who purchased a house in 2001 indicted that the Internet was “important” or “very important” in their house search. Of those who purchased a house in 2006 the figure more than doubles to 48.8%. The importance of the Internet for real estate parallels the growth of the Internet in general. In 2000 less than 50% of U.S. adults were online. By 2006 the percentage of U.S. adults online exceeded 70% (Madden 2006).

Exhibit P 13						
Percentage of Respondents Who said the Internet was Important or Extremely Important in Their Search for A House: 2001-2006						
<u>Year</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Percentage rating Internet as at least “Important”	20.0%	25.3%	30.3%	38.2%	42.0%	48.8%

What Consumers Expect in Future Real Estate Transactions

Participants were asked to identify how they would begin a current search for a real estate agent or a home. The results for the agent search, summarized in the first two numerical columns of Exhibit P14, reinforce the previous observation that advertising efforts to promote the agent may be relatively ineffective. A plurality (32.2%) of respondents indicated that they would rely on the advice of family and friends in selecting an agent. Another 18.3% reported that they would use an agent who is a friend or relative, and 1.4% indicated that they would not use an agent. However, as noted earlier, the fact that networking is the most important way of attracting clients does not mean that all media efforts are ineffectual. To the extent that these efforts generate revenue that exceeds cost they are worth pursuing.

Exhibit P 14				
How Respondent Would Begin Search for an Agent / Home				
<u>Variable</u>	<u>Real Estate Agent</u>		<u>Home</u>	
	<u>Frequency</u>	<u>Percent</u>	<u>Frequency</u>	<u>Percent</u>
Internet site	282	13.4	833	39.6
Newspaper	133	6.3	367	17.4
Yard sign	54	2.6	217	10.3
Recommendation of friend or relative	679	32.2	121	5.8
Recommendation of another agent	47	2.2	99	4.7
Use Previous Agent	258	12.3	96	4.6
Walk into/call office	157	7.5	62	2.9
Other	46	2.2	50	2.4
Home book advertisement	16	0.8	45	2.1
Visit open house and meet agent	16	0.8	18	0.9
Yellow Pages	110	5.2	14	0.7
Television	4	0.2	5	0.2
Recommendation of employer, relocation company, lender, other professional	16	0.8	3	0.1
Use agent who is a friend or relative	127	6.0	*	0.0
Would not use an agent	29	1.4	n.a.	n.a.
Drive around and look for property	n.a.	n.a.	43	2.0
Don't know	119	5.7	121	5.8
Refused	13	0.6	12	0.6
Total	2,106	100.0	2,106	100.0
* In this case, agent who is a friend or relative was combined with previously used agent.				

Of the traditional ways agents promote themselves, the most frequently mentioned by respondents as their point of beginning the search for an agent were: the Internet (13.4%), walk into or call a real estate office (7.5%), newspapers (6.3%), Yellow pages (5.2%), and yard signs (2.6%). Of course, just because a person would start their search using a particular media/method does not preclude their use of the other possibilities as their agent search progresses. Therefore, it may not be advisable to ignore home book advertisements or open houses which were each mentioned by 0.8% of respondents.

While the Internet previously played a small role in the agent search, this is changing. It was the second most mentioned way in which respondents indicated they would start a new agent search; a distant second to the recommendations of family and friends.

The way respondents stated that they would currently begin a home search are summarized in the two rightmost numerical columns of Exhibit P14. The importance of the Internet in this regard is apparent; 39.6% of respondents indicated that this is the course they would follow, which is more than double the 17.4% who stated they would begin their search via newspaper. Yard signs were mentioned by 10.3% of respondents and these signs would likely be beneficial for the 2% of respondents who indicated they would start their quest by “driving around” looking for properties. Compared to the agent search process, almost all the media listed in Exhibit P14 were mentioned more frequently as the starting point for a property search. Only office duty and Yellow pages were mentioned less frequently.

More than twice as many survey participants say they will begin their next home search on the Internet compared to those who plan to start with the newspaper.

It is also instructive to compare the results in Exhibit P14 with the participant’s response to the question, “what media should an agent use to try and sell my house?” which are summarized in Exhibit P15. Respondents want agents to use the Internet (36.4%), newspapers (30.3%), and television (9.9%) to sell their house. This finding for television is particularly interesting since the data indicate that it is one of the least effective media tools for selling a house. Indeed only one of the 1,796 home buyers in the study indicated that they first learned that the house they purchased was for sale via television.

Exhibit P 15

Media Agent Should Use When Trying to Sell My House

<u>Media</u>	<u>Frequency</u>	<u>Percent</u>
Internet	1,258	36.4
Newspaper	1,049	30.3
Television	342	9.9
Magazines	212	6.1
Radio	179	5.2
Yard signs	59	1.7
Direct mailings	33	1.0
Home books/magazines	17	0.5
Fliers	10	0.3
Other	95	2.7
Do not know / Refused	205	5.9
Total	3,459	100.0

Although the role of the newspaper is declining in importance as a tool to sell homes, many home sellers still expect agents to advertise their property in the newspaper.

Targeting Potential Clients and Customers

Examination of the respondent's intentions by important subgroups may enable real estate licensees to more effectively target potential clients and customers. Toward this end, we examined the following two survey questions across a number of transaction and respondent variables.

- If you were going to start looking for a real estate agent today, how would you begin your search?
- If you were going to start looking for a new house today, how would you begin your search?

The response to each question was analyzed by subgroups based on the respondent demographic and transaction-related variables described below.

Respondent Demographics

The continuous variable, respondent age, was blocked into quartiles (equal fourths). Dividing the respondents into four equal groups based on age resulted in the following ranges: 18-34, 35-46, 47-58 and 59-89. These age ranges correspond reasonably well to life-cycle groups. For example, respondents aged 18-34 are likely to be first home buyers while those in the 59+ age group would be empty-nesters perhaps downsizing to a smaller home or a retirement home. Similarly, the 47-58 age group corresponds approximately to the Baby Boom generation. This generation is typically defined as individuals born between 1946 and 1964 who would have been aged 42-60 at the time of this data collection. The data was analyzed by household composition as presented in Exhibit P1. Finally, responses were examined by respondent educational attainment. Six groups were analyzed (less than high school diploma, high school diploma, some college, associate's degree, bachelor's degree and more than a bachelor's degree).

Transaction Price

The data was also analyzed by the value of the transaction. Since the data spans sixty years (1946-2006) prices were adjusted. The inflation-adjusted transaction price was calculated by adjusting the respondent's reported last transaction price to account for changes in the Consumer Price Index (with 1986 as the base year). The inflation-adjusted prices were then blocked into quintiles (equal fifths) with the following ranges: \$5,513 - \$99,711; \$99,712 - \$135,000; \$135,001 - \$178,055; \$178,056 - \$242,217; and \$242,218 - \$2,000,000.

Transaction History and Intentions

Respondents were classified into one of four groups reflecting their homeownership history/intentions as indicated in Exhibit P16.

Exhibit P 16	
Home Ownership and Purchase Intentions	
Group 1	Anyone who indicated that they plan on selling or buying a house within the next two years
Group 2	Anyone who purchased or sold a house in the last two years who is not planning a house transaction next two years
Group 3	Anyone who has never owned a home and did not state an intention to transact in the next two years.
Group 4	Anyone whose most recent house transaction was more than two years ago who did not state an intention to transact in the next two years

To accomplish our analysis, first, the SPSS procedure Cross Tabs was used to calculate the percentage of each subgroup that indicated a particular response to a question (e.g., would use the Internet to start their home search). Then, a Chi-square test was used to determine if, for each question, the percentage response for the subgroups differed significantly. Finally, to precisely identify the specific significant differences between subgroups for each question, a post hoc analysis was conducted using a Bonferroni multiple comparison test with Alpha set equal to .05.

For expository expedience we present only the significant results in Exhibits P17 and P18. For example, on the first line of Exhibit P17, the positive relationship between Internet usage and house price can be observed, and the footnotes to the exhibit show that the percentage of respondents who answered “Internet” to the question was significantly higher for respondents in Subgroups C and E compared to respondents in Subgroup A (modestly priced houses). Since no significant difference was discovered between any subgroup for numerous variables (e.g., real estate magazines, direct mailings, and fliers), these variables are not included in the exhibit.

It is surprising how few variables are found to differ significantly between subgroups. Examination of Exhibit P17 for example illustrates this point. Recall from Exhibit P14 that there were at least 15 named responses to the questions “If you were going to start looking for a real estate agent today, how would you begin your search?” A handful of promotional outlets had significant differences based on various independent variables such as house price, household composition etc. Only Internet and newspaper almost always contain significant difference by each independent variable.

The effectiveness of the Internet is positively related to house price. The newspaper is an effective promotional outlet for lower-priced properties, especially those under \$100,000.

Our analysis indicates that if one wishes to advertise a house, the promotional outlet mix depends upon a number of factors. Examination of Exhibit P17 will reveal that a higher percentage of all subgroups would start their search with the Internet compared to the newspaper, and that the effectiveness of the Internet is likely to be positively related to the price of the house and also the consumer’s educational level. However, the newspaper is more likely to be an effective promotional outlet for lower-priced properties, especially those under \$100,000. When subgroups are based upon consumer age, similar results are obtained. The Internet was preferred over newspapers by all subgroups and younger people are more likely to start their search with the Internet, but older people are more likely to begin with the newspaper. Stated differently, if an agent wishes to target relatively young consumers, and/or relatively high income consumers the Internet should be a part of the marketing strategy. If an agent wishes to target relatively older consumers and/or lower income consumers the newspaper should be a part of the marketing strategy.

Exhibit P 17
Subgroup Responses Concerning How Respondent Would Start a House Search

Subgroup Criteria / Variable	Subgroup A	Subgroup B	Subgroup C	Subgroup D	Subgroup E	Subgroup F
Transaction price	< \$99,712	\$99,712 - \$135,000	\$135,000 - \$178,055	\$178,056 - \$242,216	> \$242,217	
Internet	33.8%	44.8%	49.5%	45.5	53.9%	
Newspaper	24.2%	17.9%	14.7%	17.7%	13.6%	
Year of transaction	<1997	1997-2001	2002-03	2004	2005	2006
Internet	25.2%	33.9%	50.6%	55.4%	50.6%	54.7%
Newspaper	30.5%	20.8%	14.1%	10.3%	12.3%	14.0%
Recommendation of friend/relative	9.2%	6.4%	8.2%	3.8%	4.2%	2.2%
Drive around and look	5.1%	1.7%	1.6%	0.9%	1.5%	1.1%
Respondent age	18 – 34	35 – 46	47 – 58	59 - 89		
Internet	62.7%	51.3%	35.3%	14.5%		
Newspaper	11.5%	13.9%	21.6%	29.2%		
Yard sign	7.1%	12.6%	12.4%	13.0%		
Recommendation of friend/relative	3.4%	4.1%	4.9%	12.7%		
Household composition	Single male	Single female	Married couple	Unmarried couple	Other	
Internet	27.7%	26.8%	46.6%	37.3%	32.9%	
Recommendation of friend/relative	5.8%	10.5%	5.2%	6.8%	9.6%	
Educational level	< H.S. diploma	H.S. diploma	Some College	Assoc. Degree	Bach. degree	>Bach. degree
Internet	16.4%	24.2%	38.4%	45.1%	54.4%	51.9%
Walk into office	10.9%	3.7%	3.2%	4.0%	2.0%	2.0%
Home book	1.8%	4.4%	1.6%	4.0%	1.2%	1.3%
Transaction history/intent	Next 2 years	Last 2 years	Other	Never		
Internet	50.4%	54.5%	37.3%	29.6%		
Newspaper	14.1%	11.4%	21.1%	28.9%		
Yellow pages	0.0%	0.5%	0.0%	3.5%		

Significant group differences at alpha = 5%.

Transaction price:

Internet – A from C & E.

Newspaper – A from E.

Year of transaction:

Internet – A & B from C,D,E & F

Newspaper – A from C,D,E & F and B from D

Recommendation of friend/relative – A from F

Drive around and look – A from D

Respondent age:

Internet – all groups differ.

Newspaper – A & B from C & D.

Yard signs – A from all other groups.

Recommendation of friend/relative – A from D.

Household composition:

Internet – A & B from C

Recommendation of friend/relative – B from C

Educational level:

Internet – A & B from other 4 groups and C from E & F.

Walk into office – A from E & F.

Home book – B from E.

Transaction history:

Internet – A & C from B & D.

newspaper – B from A & C, and C from D.

Yellow pages – B from C & D.

Exhibit P 18
Subgroup Responses Concerning How Respondent Would Start an Agent Search

Subgroup Criteria / Variable	Subgroup A	Subgroup B	Subgroup C	Subgroup D	Subgroup E	Subgroup F
Transaction price	< \$99,712	\$99,712 - \$135,000	\$135,000 - \$178,055	\$178,056 - \$242,216	> \$242,217	
Recommendation of friend/relative	27.3%	30.9%	35.2%	37.5%	39.6%	
Year of transaction	<1997	1997-2001	2002-03	2004	2005	2006
Internet	8.6%	11.2%	13.9%	18.8%	16.2%	15.5%
Newspaper	10.4%	6.0%	4.4%	3.9%	4.0%	3.3%
Use previous agent	6.3%	15.9%	20.7%	15.8%	19.2%	11.6%
Respondent age	18 – 34	35 – 46	47 – 58	59 - 89		
Internet	25.0%	14.7%	11.2%	5.6%		
Yellow pages	4.4%	3.8%	5.7%	8.5%		
Educational level	< H.S. diploma	H.S. diploma	Some College	Assoc. Degree	Bach. degree	>Bach. degree
Internet	10.7%	10.0%	17.1%	14.6%	17.6%	11.6%
Newspaper	16.1%	10.2%	7.8%	8.2%	3.9%	3.6%
Yellow pages	14.3%	10.9%	4.0%	5.3%	3.7%	2.3%
Recommendation of friend/relative	28.6%	30.2%	29.6%	28.7%	40.0%	40.8%
Transaction history/intent	Next 2 years	Last 2 years	Other	Never		
Internet	17.9%	21.7%	16.6%	11.6%		
Newspaper	6.2%	15.8%	3.6%	6.8%		
Yellow pages	2.9%	19.7%	2.9%	5.3%		
Used previous agent	10.6%	0.7%	17.1%	13.9%		
Agent is friend/relative	4.4%	2.0%	5.5%	7.9%		

Significant group differences at alpha = 5%.

Transaction price:

Recommendation of friend/relative – A from E

Year of transaction:

Internet – A from D & E

Newspaper – A from D & E.

Use previous agent - A from B,C,D & E

Respondent age:

Internet – A from all other groups, and B & C from D.

Yellow pages – B from D.

Household composition:

no significant variables

Educational level:

Internet – B from E

Newspaper – A & B from E & F.

Yellow pages – A & B from C,E & F

Recommendation of friend/relative – B & C from E & F.

Transaction history:

Internet – A & B from C.

newspaper – B from all others

Yellow pages – B from all others

Agent is a friend/relative – B from D

Use previous agent – B from all others

Focusing on Likely Clients and Customers

Real estate licensees may be particularly interested in people who plan on transacting in the housing market in the near future. These individuals are in an information search frame of mind. Thus they are likely to be more responsive to real estate marketing messages than someone who has no intention of being in the real estate market in the near future. This is a window of opportunity for real estate licensees since these respondents may soon be shopping for properties or agents or both. Therefore, at this point, we take a closer look at respondents who indicated that they plan to transact in the next two years.

As shown in Exhibit P19 more than half of those respondents (51.9%) who indicated plans to complete a real estate transaction in the next two years have an educational level of bachelor's degree or greater. As has been previously reported, higher educated buyers are likely to use the Internet. The data also shows that of those people planning to make a real estate transaction 70.2% are married couples and 3.2% are unmarried couples. Both of these groups are more likely to use the Internet than single males or single females.

Exhibit P 19							
Characteristics of Respondents Who Intend to Transact in the Next Two Years							
Variable	n						
Gender	285	Male	Female				
Percentage of n		40.7%	59.3%				
House price (\$000)	219	< 99.7	99.7-135	135-178	178-242	> 242	
Percentage of n		14.7%	14.4%	15.8%	12.6%	19.3%	
Year of last transaction	255	<1997	1997-01	2002-03	2004	2005	2006
Percentage of n		15.3%	12.9%	16.5%	22.0%	14.5%	18.8%
Customer age	278	18-34	35-46	47-58	59-89		
Percentage of n		31.9%	25.6%	25.6%	14.4%		
Household composition	283	single male	single female	married couple	unmarried couple		
Percentage of n		11.9%	11.2%	70.2%	3.2%		
Education	285	< H.S.	H.S. diploma	Some college	Assoc's degree	Bach's degree	> Bach's degree
Percentage of n		1.1%	14.7%	22.8%	9.1%	31.2%	20.7%

The average person who stated an intention to transact in the next two years watches 12.42 hours of television a week, listens to the radio 9.3 hours per week, spends 3.08 and 1.67 hours a week reading newspapers and magazines, respectively. In addition, members of this group spend, on average, 10.38 hours a week on the Internet. A t-test was used to determine if each of these figures is significantly different than comparable values for respondents who indicated that they do not intend to transact. The results, summarized in Exhibit P20, show that the only significant difference between the groups

is that those who indicated that they intend to transact have higher Internet usage compared to the other group. This is additional evidence of the growing importance of the Internet for marketing real property. For this group of consumers, Internet usage exceeds all other forms of media usage except television. It has been previously noted that while television builds awareness of real estate brands, it is not an effective tool for promoting individual agents nor is it an effective tool for promoting individual properties. Therefore, the Internet can be a critical tool for reaching these consumers.

Survey participants who intend to make a real estate transaction in the next two years spend significantly more time online, and they are more likely to have made a purchase online in the past year, than those not expecting to make a real estate transaction.

Respondents who indicated that they intend to make a real estate transaction within the next two years spend more than three times as much time online as they do with newspapers. This, again, reflects the declining role of newspapers. Real estate licensees who fail to include the Internet in their marketing plans risk missing this important audience.

Survey participants who intend to make a real estate transaction in the next two years spend more than three times as much time online as they do with newspapers.

Exhibit P 20			
Comparison of Media Usage Between Those Who Intend to Transact (Group 1) and Those That Do Not (Group 2)			
<u>Media</u>	<u>Group 1 Mean (% of group)</u>	<u>Group 2 Mean (% of group)</u>	<u>P value</u>
Television: hours/week	12.42	13.39	.253
Radio: hours/week	9.30	9.74	.636
Newspaper: hours/week	3.08	3.15	.766
Magazine: hours/week	1.67	1.83	.479
Internet: hours/week	10.38	8.24	.005

A Chi-square test was used to compare the responses of the same two groups to three additional questions: “Do you subscribe to cable or satellite television,” “Do you subscribe to satellite radio,” and “Did you use the Internet to make a purchase in the past year?” The results, summarized in Exhibit P21, indicate that the two groups do not differ with respect to the first question, but a significantly larger percentage of those who indicated that they plan to transact subscribe to satellite radio and made Internet purchases compared to the other group.

As evidenced by this data, those in the planning to transact group are comfortable with making purchases online and possess a relatively high degree of technical savvy. While currently only a tiny fraction of real estate transactions take place online via sites such as eBay, real estate agents should take heed of the experiences of stock brokers and travel agents. In the financial industry E*trade, Scottrade, and others now compete against traditional brokerage firms. The travel industry has been completely redefined by Travelocity, Orbitz, Expedia and other websites that have become dominate firms in the travel business. Many of these younger consumers are now accustomed to doing a wide range of activities online; everything from downloading music to buying computers and cars to taking college courses and applying for jobs. It is not unreasonable to assume that online real estate transactions are likely to grow.

Exhibit P 21			
Comparison of Technology Usage Between Those Who Intend to Transact and Those That Do Not			
	Do you plan to buy or sell a house in the next two years?		
Do you subscribe to cable or satellite television?	YES	NO	P value
YES:	240 84.2%	1,540 84.6%	.876
NO	45 15.8%	281 15.4%	
Do you subscribe to satellite radio?			
YES	47 16.5%	189 10.4%	.002
NO	238 83.5%	1,632 89.6%	
Did you use the Internet to make a purchase in the past year?			
YES	206 72.3%	1,123 62.0%	.001
NO	79 27.7%	689 38.0%	

Additionally, respondents in the planning to transact group are significantly more likely to subscribe to satellite radio. To date, satellite radio has not significantly decreased “Time Spent Listening,” to traditional AM/FM radio (Rose and Rosin 2006). However, a recent study found that 36% of satellite radio subscribers report planning to listen to less AM/FM radio than they did before they became satellite subscribers (Rose and Rosin 2006). It seems likely that actual listening of AM/FM radio will decline for more satellite subscribers than these self report estimates suggest. In any case it is unlikely that AM/FM listening will increase for satellite subscribers. Since one of the major appeals of satellite radio is commercial free listening, it represents a reduced ability for radio to reach these consumers. Since satellite subscribers are twice as likely to live in \$100K+ households as Americans on average (Rose and Rosin 2006), they constitute an attractive audience for real estate licensees that is becoming more difficult to reach with radio advertising.

Frequent Transaction Respondents

For most products and services a segment of heavy users exists; airline customers who fly every week, diners who visit a restaurant daily, or shoppers who visit a florist weekly. A similar market segment appears to exist in real estate. Over half (55.3%) of those planning to make a real estate transaction in the next two years completed their most recent transaction in 2004 or later. This high user subgroup could be a very desirable target for real estate licensees since they could produce a stream of commissions over time.

It is not possible to ascertain from the data why respondents in this group exhibit a high frequency of real estate transactions. It may be that they have jobs that require frequent moves. It could be that they are “trading up” as they move from one property to another or it may be that they are real estate investors who buy and sell frequently, or they may have some other motivation. It also cannot be determined from the data if this high frequency pattern during this particular four year period (2004-2008) is an aberration related to a particular life circumstance or if it is a longer term pattern. It is likely that some members of this group are motivated by each of the above reasons and perhaps others and some may exhibit a high frequency pattern for an extended period and some may not. However, high users are worthy of particular attention whatever the case. Not only are these individuals a potential source of repeat business, they are likely to influence other consumers. As discussed in earlier sections of the paper, “friends and family” are a key source of referrals to agents and a key source of referrals to websites. A consumer who has made a recent real estate transaction is likely to be perceived by friends and family as having some level of expertise. A consumer who makes frequent transactions is likely to be perceived as having an even greater degree of knowledge and thus be a potential opinion leader.

For purposes of discussion we define frequent transaction respondents (FTR) as those who plan to engage in a real estate transaction in the next two years and whose most

recent past transaction occurred in 2004 or later. We define those who plan to buy in the next two years and whose most recent transaction is more than two years ago as non-FTR (NFTR). The two groups differ in several significant ways.

Survey participants who plan to make a real estate transaction in the next two years, and who made their most recent previous transaction less than two years ago, are more likely to use the Internet to find an agent than other survey respondents.

As shown in Exhibit P22 the value of the most recent transaction for FTR is significantly higher than the value of the most recent transaction for NFTR. The average value of the last transaction for FTR is \$214,590 compared to an average value of \$136,238 for NFTR. FTR are also significantly younger than NFTR. The average age of FTR is 42.86 and the average age of NFTR is 46.52. Analysis presented earlier shows that the use of the Internet is positively correlated with house price, with those who purchase higher priced homes more likely to use the Internet to find a house. We also found that age was negatively correlated with using the Internet to shop for a house. Younger buyers were more likely than older buyers to use the Internet for house shopping. A slightly different pattern emerges when comparing FTR and NFTR. There is no significant difference between the two groups with regard to using the Internet for house shopping. However, the Internet played a significantly more important role in the search for a real estate agent for the FTR group compared to the NFTR group (see Exhibit P22). A web presence may help agents attract this potentially lucrative and potentially influential segment of the market.

<p align="center">Exhibit P 22</p> <p align="center">T test results</p> <p align="center">Frequent Transaction Respondents (FTR) and Non- Frequent Transaction Respondents (NFTR) Planning to Make a Transaction within Two Years</p>				
Variable	Planning to Buy & Purchased Since 2004	Planning to Buy & Purchased Before 2004	t Value	Pr > t
How Important was the INTERNET in your search for the HOUSE that you bought?	2.14	1.6	1.633*	.104
How Important was the NEWSPAPER in your search for the HOUSE that you bought?	1.47	1.72	-0.690	.491
How Important was the INTERNET in your search for a REAL ESTATE AGENT?	1.38	1.19	3.473*	.001#
How Important was the NEWSPAPER in your search for a REAL ESTATE AGENT?	1.16	1.22	-1.870*	.063
Value of most recent transaction	\$214,590	\$136,238	5.05*	.001#
What is your age?	42.86	46.52	-2.197	.029#
Weekly Television Usage	12.76	12.17	.416	.678
Weekly Radio Usage	9.16	8.39	.469	.639
Weekly Newspaper Usage	3.28	2.78	1.243*	.215
Weekly Internet Usage	10.34	11.13	-.469	.639
Weekly Magazine Usage	1.47	1.95	-2.006	.046#

* The two samples had unequal variance and Cochran's approximation for the degrees of freedom was used to determine the critical t value. When the two samples had equal variances, the pooled t-test for two populations with equal variances was employed.

The means are significantly different at the 0.05 level

Survey of Real Estate Professionals

The primary focus of this study was consumers, as detailed in the previous section. However, to gain insights into the promotional practices of real estate licensees, members of the Ohio Association of REALTORS® (OAR) were surveyed during October, 2006. OAR members with an email address known to OAR were contacted via an electronic postcard. The postcard contained a link to our survey hosted on WebSurveyor.⁶ Three hundred forty-five people completed the survey. Two hundred fifty-five respondents indicated that their principle role in real estate was “assisting others in selling/buying houses.” In the remainder of this report we refer to these individuals as agents. Fifty-two respondents indicated that their principle role was “managing a firm” and 38 respondents reported that their principle role was “other.” We combine these two groups for analysis purposes and refer to them as managers.⁷

Respondent Characteristics

Examination of Exhibit R1 will reveal that the average tenure in real estate for our survey respondents is slightly over 14 years, and examination of Exhibit R2 will reveal that approximately 57% of the respondents are female.

Exhibit R 1					
Respondent's Years in Real Estate Brokerage					
<u>Group</u>	<u>n</u>	<u>Mean</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Standard Deviation</u>
All Respondents	344	14.08	1	52	10.89
Managers	52	24.04	4	52	9.69
Salespeople	255	11.74	1	43	9.74
Other	37	16.16	1	50	11.86

⁶ Details on WebSurveyor, a product of WebSurveyor Corporation, can be found at WebSurveyor.com.

⁷ Specific descriptions of duties for those who indicated their principle role was “other” include: advertising manager, advertising assistant/relocation coordinator, two appraisers, four commercial agents, customer service/lead development advisor, education, home builder, leasing, two office managers, two manager assistants, two sales managers, real estate inspector/indoor air quality inspector, company president, company partner, two company owners, tenant representation/site selection, and 13 respondents who reported that they were a real estate licensee but could not determine whether their primary role was managing a firm or assisting others in selling/buying houses.

Exhibit R 2 Respondent's Gender			
<u>Group</u>	<u>N</u>	<u>Female</u>	<u>Male</u>
All Respondents	333	190 (57.06%)	143 (42.94%)
Managers	50	16 (32.0%)	34 (68.0%)
Salespeople	250	157 (62.8%)	93 (37.2%)
Other	33	17 (51.5%)	16 (48.5%)

Responses were received from individuals in 55 of Ohio's 88 counties, and the locations from which the responses were received are generally proportional to population. Using OAR Districts to group responses, this information is summarized in Exhibit R3.⁸

Exhibit R 3 Geographic Distribution of Responses			
<u>OAR District</u>	<u>N</u>	<u>Large City in District</u>	<u>Location in Ohio</u>
1	27	Youngstown	Northeast
2	66	Cleveland	North Central
3	28	Akron	Lower North Central
4	28	Toledo	Northwest
5	57	Dayton	West Central
6	82	Columbus	Central
7	11	None	East Central
8	3	None	Southeast
9	44	Cincinnati	Southwest
Not specified	7	n.a.	n.a.

⁸ For a map of the OAR Districts go to:
http://www.ohiorealtors.org/about_us/manuals/reference_guide/06RefGuide.pdf

Agents were asked to identify the professional designations they held. The results are summarized in Exhibit R4 where the upper panel shows the number of respondents who reported holding a particular designation and the lower panel summarizes the total number of designations held by each respondent. The most designations held by a respondent was seven, reported by three individuals. Most respondents (210) reported that they did not hold any professional designations. The three most frequently mentioned designations held were: ABR – Accredited Buyer Representative, CRS – Certified Residential Specialist, and GRI – Graduate, REALTOR® Institute.

Exhibit R 4 Respondent's Professional Designations	
<u>Designation</u>	<u>n</u>
ABR – Accredited Buyer Representative	79
CRS – Certified Residential Specialist	44
GRI – Graduate, REALTOR® Institute	41
ePRO – Internet Professional Certification	35
SRES – Senior Real Estate Specialist	22
CSP – Certified Sales Professional	9
CRP – Certified Relocation Professional	7
CRES – Certified Real Estate Specialist	5
CRB – Certified Real Estate Brokerage Manager	4
Residential Relocation Specialist	4
Historical Home Specialist	3
New House Construction Specialist	3
ABRM – Accredited Buyer Representative Manager	3
Diversity Specialist	2
CHMS – Certified Home Marketing Specialist	2
LTG – Leadership Training Graduate	2
Residential Specialist Designation	2
CBR – Certified Buyer Representative	1
CCIM – Certified Commercial Investment Member	1
CRE – Councilor of Real Estate	1
<u>Number of Respondents</u>	<u>Designations per Respondent</u>
210	0
68	1
36	2
23	3
10	4
1	5
2	6
3	7

Agents were asked to respond to four questions concerning their activity in 2005. The results are summarized in Exhibit R5. Examination of Exhibit R5 will reveal that the average number of hours devoted to real estate per week was 43.11, and the average number of properties listed and sold in 2005 was 16.15 and 21.54, respectively.

<p style="text-align: center;">Exhibit R5</p> <p style="text-align: center;">Agent 2005 Activity</p>					
<u>Item</u>	<u>n</u>	<u>Mean</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Standard Deviation</u>
Properties listed in 2005	237	16.15	0	110	16.44
Transactions closed in 2005	235	21.54	0	129	20.39
Hours/week devoted to real estate	240	43.11	0	100	18.12
Respondent's share of commissions generated	239	69.80	20	100	309.28
Percentage of advertising budget paid by respondent	237	67.65	0	100	38.89

Agents were asked to specify the type of brokerage in which they are involved and to specify the type of area where their business occurs. The results are summarized in Exhibits R6 and R7. Exhibit R6 shows that most of the respondents specialize in residential transactions; 241 of the respondents reported that they are involved in residential transactions and these accounted for almost 96% of the transactions in which these agents were involved. Ninety-four agents reported that they do some commercial transactions, but commercial transactions accounted for less than 8%, on average, of all transactions for those 94. The majority of transactions for agents occur in suburban areas. On average, agents reported that 63.27% of their business comes from suburban areas, approximately 25% percent of the business reported is generated urban areas and similar amount occurs in small towns.⁹ Rural areas constitute the smallest amount of business at approximately 20% (see Exhibit R7).

⁹ The percentages do not sum to 100 because the figures reported are mean percentages.

Exhibit R6 Type of Business: Agents					
<u>Group</u>	<u>N</u>	<u>Mean</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Standard Deviation</u>
Residential	241	95.90	50	100	9.88
Commercial	94	7.59	0	50	12.00
Other	51	5.29	0	50	10.25

Exhibit R7 Transactional Location: Agents					
<u>Group</u>	<u>n</u>	<u>Mean</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Standard Deviation</u>
Rural	146	20.48	0	100	21.55
Small town	131	25.81	0	100	25.95
Urban/Central city	163	24.74	0	100	23.05
Suburb/Subdivision	216	63.27	0	100	29.77

Exhibit R8 Purpose of 2005 Advertising Budget: Agents					
<u>Group</u>	<u>n</u>	<u>Mean</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Standard Deviation</u>
Self Promotion	223	40.91	0	100	28.30
Attracting buyers	220	56.84	0	100	28.52
Other	53	19.02	0	100	28.71

To help formulate best-practices information on this topic, all survey participants were asked to respond to three questions. First, they were asked to provide their opinion of the effectiveness of the fifteen promotional outlets enumerated in Exhibit R9. Specifically, they were asked to rate each outlet as either ineffective, moderately ineffective, neither ineffective or effective, moderately effective, or very effective. For analysis purposes, the responses were assigned the value of -2, -1, 0, 1 and 2 for the above responses, respectively. Then the mean value for each outlet, shown in the last column of Exhibit

R9, was calculated. For expository purposes we have arranged the outlets in Exhibit R9 according to their perceived effectiveness. The results indicate that both managers and agents overwhelmingly rate yard signs and the Internet as very effective promotional tools. There is also general agreement among agents and managers that individual house fliers and direct mailings are moderately effective. Both groups also agree that major area newspaper classified section, major area newspaper real estate section, supermarket local advertising circulars, radio, and open houses are ineffective.

<p style="text-align: center;">Exhibit R9</p> <p style="text-align: center;">Perceived Effectiveness of Promotional Outlets</p> <p style="text-align: center;">(Responses of Managers / Agent)</p>							
<u>Item</u>	<u>Very effective</u>	<u>Moderately effective</u>	<u>Neither effective or ineffective</u>	<u>Moderately ineffective</u>	<u>Ineffective</u>	<u>Not applicable</u>	<u>Total Combined Mean Rating</u>
Yard signs	50 / 136	16 / 92	1 / 9	0 / 2	0 / 1	4 / 1	1.50
Internet/website	42 / 110	20 / 94	4 / 15	0 / 4	1 / 6	2 / 10	1.30
Business cards	22 / 35	26 / 92	18 / 76	4 / 26	0 / 11	0 / 0	0.48
Individual house fliers	15 / 27	24 / 119	17 / 42	5 / 27	1 / 18	8 / 5	0.47
Direct mailings	7 / 26	28 / 104	10 / 46	11 / 32	3 / 19	10 / 8	0.38
Promotional items (logo pens, calendars, etc)	3 / 19	23 / 87	17 / 70	6 / 20	9 / 24	8 / 17	0.26
Community event sponsorship	2 / 18	13 / 66	14 / 68	16 / 27	8 / 15	15 / 47	0.23
Local television Managers / Agents	3 / 18	7 / 39	10 / 41	4 / 20	8 / 22	35 / 90	0.08
Neighborhood/suburban newspaper	1 / 17	18 / 76	11 / 49	16 / 48	6 / 30	15 / 18	0.01
Nationwide television	1 / 19	6 / 35	5 / 40	2 / 19	8 / 28	44 / 94	-0.01
Major area newspaper real estate section	4 / 23	22 / 69	10 / 43	12 / 43	15 / 52	7 / 8	-0.14
Open houses	6 / 5	19 / 86	12 / 45	11 / 43	14 / 59	8 / 1	-0.27
Radio	1 / 9	10 / 30	10 / 35	7 / 20	10 / 39	29 / 102	-0.38
Supermarket/local advertising circular	2 / 7	11 / 52	6 / 39	8 / 34	11 / 64	29 / 43	-0.49
Major area newspaper's classified section	3 / 10	13 / 39	10 / 45	17 / 56	16 / 65	10 / 20	-0.59

All survey participants were asked to disclose the frequency with which they employ the same fifteen promotional outlets. Specifically, they were asked if their use of each outlet was best characterized as: always, almost always, frequently, infrequently, or not at all. For analysis purposes, the responses were assigned the value of 4, 3, 2, 1 and 0 for the above responses, respectively. Then the mean value for each outlet, shown in the last column of Exhibit R10, was calculated. Examination of Exhibit R10, which is arranged according to the frequency with which the outlet is used, will reveal that the ranking based upon outlet use closely resembles the rankings based upon perceived effectiveness shown in Exhibit R9.

Exhibit R10 Current Use of Promotional Outlets (Responses of Managers / Agents)						
<u>Item</u>	<u>Always</u>	<u>Almost Always</u>	<u>Frequently</u>	<u>Infrequently</u>	<u>Not at All</u>	Total Combined Mean Rating
Yard signs	50 / 222	15 / 12	2 / 4	0 / 1	4 / 1	3.89
Internet/website	54 / 180	9 / 22	4 / 11	0 / 2	3 / 12	3.57
Business cards	6 / 176	8 / 32	2 / 21	0 / 10	0 / 1	3.55
Individual house fliers	25 / 136	17 / 48	10 / 30	9 / 16	9 / 7	3.22
Open houses	14 / 62	20 / 57	9 / 58	18 / 55	9 / 8	2.46
Direct mailings	10 / 70	7 / 43	23 / 62	20 / 50	10 / 14	2.44
Promotional items	14 / 52	7 / 57	17 / 49	18 / 46	12 / 31	2.23
Major area newspaper real estate section	21 / 53	8 / 42	16 / 56	17 / 63	9 / 23	2.16
Neighborhood/suburban newspaper	9 / 35	10 / 37	18 / 66	18 / 64	12 / 32	1.91
Major area newspaper's classified section	13 / 18	5 / 25	12 / 38	25 / 85	14 / 71	1.30
Community event sponsorship	9 / 19	6 / 27	17 / 45	24 / 52	13 / 92	1.27
Supermarket/local advertising circular	9 / 26	4 / 15	5 / 27	8 / 43	42 / 123	1.05
Local television	3 / 4	3 / 8	3 / 13	10 / 31	48 / 169	0.43
Nationwide television	2 / 9	1 / 2	4 / 10	2 / 21	56 / 191	0.36
Radio	5 / 1	2 / 7	3 / 11	14 / 31	44 / 188	0.26

All survey participants were asked to disclose their planned use of the same fifteen promotional outlets over the next five years. Specifically, they were asked if their use of each outlet would either: increase substantially, increase slightly, stay about the same, decrease slightly, or decrease substantially. For analysis purposes, the responses were assigned the value of 2, 1, 0, -1 and -2 for the above responses, respectively. Then the mean value for each outlet, shown in the last column of Exhibit R11, was calculated. Examination of Exhibit R11, which is arranged from biggest planned increase to biggest planned decrease, will reveal that the Internet is the only promotional tool that a large number of agents and managers report intending to “increase substantially.”

Exhibit R11 Planned Changes In Use of Promotional Outlets (Responses of Managers / Agents)						
<u>Item</u>	<u>Increase Substantially</u>	<u>Increase Slightly</u>	<u>Stay About the Same</u>	<u>Decrease Slightly</u>	<u>Decrease Substantially</u>	<u>Total Combined Mean Rating</u>
Internet/website	41 / 117	20 / 64	8 / 44	1 / 0	0 / 8	1.21
Direct mailings	4 / 44	23 / 71	38 / 94	4 / 16	1 / 12	0.50
Business cards	2 / 30	8 / 40	62 / 163	1 / 2	0 / 1	0.41
Promotional items	3 / 29	16 / 75	37 / 105	11 / 15	1 / 12	0.40
Yard signs	7 / 37	10 / 17	57 / 184	0 / 0	0 / 0	0.38
Individual house fliers	2 / 24	10 / 33	56 / 168	3 / 6	2 / 5	0.28
Community event sponsorship	1 / 16	17 / 60	44 / 116	4 / 14	2 / 29	0.09
Neighborhood/suburban newspaper	0 / 11	13 / 35	32 / 127	16 / 40	11 / 23	-0.12
Open houses	0 / 12	8 / 19	55 / 143	5 / 42	5 / 21	-0.17
Major area newspaper real estate section	0 / 10	5 / 28	31 / 113	20 / 47	16 / 36	-0.30
Local television	3 / 6	6 / 18	46 / 135	4 / 9	8 / 62	-0.45
Radio	2 / 7	11 / 14	42 / 137	6 / 8	6 / 67	-0.49
Supermarket/local advertising circular	0 / 4	4 / 18	44 / 126	10 / 28	12 / 58	-0.50
Major area newspaper's classified section	1 / 9	5 / 19	34 / 108	19 / 40	12 / 58	-0.51
Nationwide television	0 / 4	5 / 3	46 / 147	1 / 5	12 / 72	-0.61

Top Performing Agents

To evaluate the promotional success of agents, respondents were classified into equal thirds or terciles based on sales performance. Since the focus of this report is the effectiveness of promotional efforts we adjusted for number of hours worked per week to produce an efficiency measure. Without this adjustment, performance would likely be affected largely by hours worked. In other words, it is likely that an agent who works 60 hours per week sells more houses than an agent who works 40 hours per week. Although one could argue that an agent who sells more houses is more “successful” than an agent who sells fewer, regardless of hours worked, it would not be possible to make any judgments with regard to the effectiveness of the promotional efforts due to the difference in hours spent. Therefore, we controlled for this by creating a sales efficiency measure. Total units sold in 2005 was divided by hours worked per week.¹⁰ The top tercile of agents on this performance measure was compared to the bottom tercile of agents on their usage of media, perceptions of media effectiveness and their media plans for the next five years. As described in the following paragraphs, the groups differed in many significant ways.

Current Media Usage

As shown in Exhibit R12 there were differences between the two groups in terms of media usage. Top performing agents used radio more than lower performing agents. However, in both cases the level of usage is miniscule. Top performing agents use suburban newspapers significantly less than low performing agents. This may suggest that suburban newspapers may not be an efficient use of promotional dollars.

Top performing agents use suburban newspapers less than do low performing agents.

¹⁰ A preferred measure of effectiveness was commissions generated per promotional dollar spent. Unfortunately, reluctance on the part of some respondents to report one, or both, of these amounts, and the fact that some respondents reported gross sales while others reported commissions generated prevent us from using this measure.

Exhibit R 12

T test results: High / Low Performing Agent's Media Usage

<u>Variable</u>	<u>High Performing Agents (Third) Tercile</u>	<u>Low Performing (First) Tercile</u>	<u>t Value</u>	<u>Pr > t </u>
Yard Signs	3.81	3.97	-1.886*	.064
Open Houses	2.76	2.47	1.476	.143
Business Cards	3.60	3.45	1.023	.170
Individual House Fliers	3.39	3.33	.170	.865
Direct Mailings	2.31	2.64	-1.341	.183
Major Area Newspaper's Classified Section	1.24	1.22	.179	.859
Major Area Newspaper's Real Estate Section	2.28	2.11	.800	.425
Neighborhood/Suburban Newspaper	1.68	2.21	-2.083	.039#
Supermarket/Local Advertising Circulars	1.11	.93	.556	.579
Radio	.38	.13	2.172*	.033#
Nationwide Television	.31	.13	1.574*	.119
Local Television	.40	.28	.817	.415
Internet/Web Site	3.69	3.67	.038	.969
Promotional Items	2.23	2.46	-.890	.375
Community Event Sponsorship	1.16	1.56	-1.578	.117

* The two samples had unequal variance and Cochran's approximation for the degrees of freedom was used to determine the critical t value. When the two samples had equal variances, the pooled t-test for two populations with equal variances was employed.

The means are significantly different at the 0.05 level

Perceptions of Media Effectiveness

Perceptions of the effectiveness of promotional tools differ between top performing and low performing groups. Low performing agents perceive yard signs as more effective than high performing agents. However, both groups view yard signs as more than "moderately effective," and the use of yard signs is almost universal.

There is a significant difference between the perceived effectiveness of supermarket circulars, radio, and local television. Top performing agents perceive the effectiveness of each of these tools more favorably than low performing agents.

Exhibit R 13

T test results: High /Low Performing Agent's Perception of Media Effectiveness

<u>Variable</u>	High (Third) Tercile Performing <u>Agents</u>	Low (First) Tercile Performing <u>Agents</u>	<u>t Value</u>	<u>Pr > t </u>
Yard Signs	1.31	1.51	-2.126*	.036#
Open Houses	.09	-.33	1.831	.070
Business Cards	.41	.37	.109*	.913
Individual House Fliers	.31	.43	-.752	.454
Direct Mailings	.17	.34	-.853	.396
Major Area Newspaper's Classified Section	-.71	-.70	.034	.973
Major Area Newspaper's Real Estate Section	-.25	-.34	.339	.735
Neighborhood/Suburban Newspaper	-.12	-.13	.012	.991
Supermarket/Local Advertising Circulars	-.29	-.84	2.117	.037#
Radio	-.14	-.74	2.015	.048#
Nationwide Television	-.10	-.26	.671	.505
Local Television	.13	-.44	2.117	.038#
Internet/Web Site	1.23	1.33	-.667	.506
Promotional Items	.29	.10	.960*	.339
Community Event Sponsorship	.39	.02	1.746	.084

* The two samples had unequal variance and Cochran's approximation for the degrees of freedom was used to determine the critical t value. When the two samples had equal variances, the pooled t-test for two populations with equal variances was employed.

The means are significantly different at the 0.05 level

Future Media Plans

Media plans for the next five years differ between high and low performing agents. High performing agents plan to increase their use of business cards, individual house fliers, and direct mail significantly more than low performing agents. Interestingly, low performing agents plan to increase their use of the Internet by more than high performing agents. However, both high performing and low performing agents plan to increase the use of the Internet more than any other promotional tool.

Exhibit R 14

T test results: High / Low Performing Agent's 5-Year Projections of Media Plans

<u>Variable</u>	High (Third) Tercile Performing <u>Agents</u>	Low (First) Tercile Performing <u>Agents</u>	<u>t Value</u>	<u>Pr > t </u>
Yard Signs	.39	.24	1.448*	.150
Open Houses	-.05	-.33	1.841	.068
Business Cards	.54	.16	3.249*	.001#
Individual House Fliers	.47	.11	3.191*	.002#
Direct Mailings	.66	.30	2.162	.032#
Major Area Newspaper's Classified Section	-.42	-.63	1.238	.218
Major Area Newspaper's Real Estate Section	-.21	-.38	1.077	.283
Neighborhood/Suburban Newspaper	-.04	-.32	1.692	.093
Supermarket/Local Advertising Circulars	-.49	-.64	.865	.389
Radio	-.50	-.67	.912	.363
Nationwide Television	-.59	-.64	.259	.796
Local Television	-.45	-.58	.699	.485
Internet/Web Site	.89	1.36	-2.540*	.012#
Promotional Items	.40	.29	.727*	.117
Community Event Sponsorship	-.04	.03	-.385*	.701

* The two samples had unequal variance and Cochran's approximation for the degrees of freedom was used to determine the critical t value. When the two samples had equal variances, the pooled t-test for two populations with equal variances was employed.

The means are significantly different at the 0.05 level

Promotional Methods Summary

Although there have been many media innovations over the years, such as the introduction of cable television, the overall media landscape was relatively stable for fifty years or more. This all began to change in the 1990s and reached critical mass only in the past few years. Real estate licensees must address the changing media landscape in order to stay competitive.

Newspaper

Newspaper readership is in decline (Newspaper Association of America 2007). In 1964 75.3% of adults in the U.S. read the Sunday newspaper. Readership remained above 65% until 2001. A significant drop has occurred since then and by 2006 the percentage of adults who read the Sunday paper had dropped to 57.2%. In Monday through Friday readership the decline has been more dramatic. In 1964 80.8% of Americans read the daily newspaper. By 2006 the figure stood at 49.9%. The daily newspaper which was THE source of the news for many people for decades now reaches less than half of the adults in the U.S. Based on recent findings it is likely that the number of Americans with residential broadband Internet service now exceeds the number of Americans who read the daily newspaper.

In spite of the declining role of newspapers, our study finds that the newspaper is still a relevant medium for promoting real estate. It is particularly good for marketing to older customers and promoting low priced properties. The newspaper can also play a role in directing traffic to a website. However, the role of the newspaper in real estate advertising is declining.

Newspapers are a good tool for marketing lower priced properties and when marketing to older consumers. Outside of that role the usefulness of newspaper advertising is highly suspect.

Internet

In 2006 Internet penetration in the U.S. exceeded 73% of households (Madden 2006). Furthermore, many of these individuals have high speed connections. In March of 2006, 42% of all American adults had a broadband Internet connection at home. This represents a 40% growth rate between March 2005 and March 2006 (Horrigan 2006). The growing use of broadband Internet connections is likely to further erode not only newspaper readership but television viewing as well. Consumers that have broadband Internet connections go online more often than those with dial-up connections and spend more hours online in a typical day than individuals with dial-up connections (Horrigan 2006). Fallows (2006) found that the Internet played a role for about half of respondents who found a place to live in the past two years.¹¹ Of them, approximately one-third said that it played a crucial role. In 2006, 39% of all Internet users reported that they had used the Internet for information about a place to live (Fallows 2006). Our analysis shows that

¹¹ The sample consisted of Internet users only, not consumers in general.

the role of the Internet in real estate grew substantially between 2005 and 2006. It is likely that this growth rate will accelerate over time as younger consumers enter the real estate market.

Our findings further indicate that traditional media such as yard signs and newspaper advertising can draw traffic to websites. Also, the recommendations of friends, family and agents are an important source of website traffic.

The importance of the Internet in the future of real estate promotion cannot be over emphasized.

Radio

In January 2006, 25% of all Americans over age 12 owned an iPod or other portable digital music player. It is likely that this penetration is now well over 30% since Apple sold an estimated 21 million iPods in fourth quarter of 2006 alone (Wingfield 2007) and Microsoft introduced its Zune MP3 device in 2006. The iPod and other digital music players have changed the face of music sales and radio broadcasting. Radio stations are scrambling to address the changes brought about by the growth of digital media. Although the changes affecting radio will be substantial, these changes will likely have a limited effect on real estate promotion.

Respondents in the public survey spend more than nine hours per week listening to the radio. And while over 5% of the participants in the study think that their agent should use radio to sell their house it is not a source of sales leads. Zero of 1,796 homebuyers first learned of their house via radio. Only one of 1,357 public survey respondents found their agent due to a radio ad. Top performing agents use radio more than low performing agents, but neither group uses it much. In fact, radio is the least used media examined in this study. Despite the current low rate of use, licensees plan on cutting their use of radio.

Television

In our research it appears that television can be an effective tool for building awareness of real estate firms. In fact 524 of 2107 participants in the public survey can recall seeing a real estate ad on television. Respondents who could recall seeing a television ad were asked to recall the specific television advertiser. Many firms were indicated, however, the most frequently mentioned were RE/MAX with 67 responses, Century 21 with 35

responses, Howard Hanna with 19 responses, Coldwell Banker 18 responses, HER with 17 responses.

The survey data indicates that over 79% of those planning to transact in the next two years who have never purchased or sold a home before can name a real estate company. It is likely that a significant portion of this awareness is due to television advertising. Television advertising is also capable of driving traffic to a website. However, our study indicates that television is ineffective for promoting individual agents or for selling specific properties.

Yard Signs

Yard signs are the oldest, least expensive, and simplest form of real estate advertising. Yet yard signs remain an effective tool for selling houses and for making consumers aware of real estate brands.

Yard signs are used extensively by nearly all of the agents in the sample. Yard signs are also a source of web traffic. Unless yard signs are prohibited by neighborhood association rules, local ordinance, or some equally compelling barrier, yard signs should be used on every property for sale. Further, all yard signs should have a web address to allow interested buyers an avenue for more information.

Yard signs are one of the oldest, simplest, and least expensive promotional tools, yet they are one of the most effective.

All yard signs should have a web address to allow interested buyers an avenue by which to seek additional information.

Networking and Word of Mouth

Real estate is a people business. Consumers seek agents that they know, or agents that friends and family members know. No advertising campaign can rival being well connected in the community. However, even the best connected agent can ill afford to ignore the Internet. The Internet has become an important tool for most consumers when house shopping and its importance is likely to grow over time.

The most critical promotional tool in real estate is networking. Recommendations by friends and family are the greatest source of clients for agents. Friends and family also are an important source of traffic for websites.

Limitations

This study, like all other research studies, has limitations. One limitation of the study is that it is based on self-report data. Self-report data can be flawed. For example we asked agents how many transactions they had in 2005. It is likely that most estimated this number rather than refer to records. It could, therefore, be inaccurate. Further, some agents may have intentionally misreported the number to present a favorable self portrait. In either case, this is not likely to be a severe problem in this study. The sample is sufficiently large that sampling errors will cancel out. Additionally, for our analysis the actual number of transactions was used for grouping purposes only. We were not attempting to predict a specific number of transactions generated by a specific media mix or any other task that would be materially affected by an inaccurate estimate.

A more significant problem lies in the sample size. Three hundred and forty-four licensees responded to our survey. While this is a large number, it represents a small fraction of licensees who were sent the electronic postcard. It is possible that the individuals who responded to the survey are systematically different from the general population of real estate licensees.

This study examined media effects, but ignored differences in the message itself. Thus we assume, for example, that all radio ads are equally effective or ineffective regardless of the content of the ad. This is obviously not true. “Creativity in advertising is not easily quantified but is many times more important than media expenditure” (Ambler and Vakratsas 1996, p 15). However, it would be impossible to even guess *which* real estate ads our 2,107 respondents were exposed to let alone estimate the effectiveness of each one. A given agent or firm may use multiple forms of media and the creative component of the advertising may differ from one execution to another. To mitigate this problem we rely on a large sample. Our 2,107 respondents have been exposed to many forms of promotion from many agents and firms over the years. This broad exposure allows us to draw general conclusions about the media since it is likely that differences in creative executions would cancel out.

Our study is also limited by the accuracy of consumer’s memory over a long span of time. While more than half of the transactions reported in our study occurred in the past four years, a significant amount of forgetting may have occurred. In essence, a consumer

who purchased a house three or four years ago may not accurately recall how they first became aware of their agent or house.

A Closing Vignette

While this research project was underway one of the researchers was conducting a house hunt. His wife collected supermarket real estate magazines and would scan these as well as the classified and Sunday real estate sections of the major local newspaper to identify potential properties. Every week (for months) numerous candidates were identified using these media. Each candidate would be further investigated using an Internet search to see if a virtual tour was available or an open house was scheduled. The virtual tours were most effective in eliminating candidates without the need to actually visit the property when something unacceptable about it was discovered. Initially, the Internet search involved the web site of the listing agent or the listing agent's firm. If no open house was planned for a property of high interest, the listing agent was contacted either by phone or the Internet to set up a personal showing. Visiting a few open houses every Sunday became a ritual and at some point was coupled with just driving around attractive neighborhoods looking for "for sale" signs. Occasionally, this involved a stop to pick up an individual house flier available near the yard sign. Again, candidates identified via yard sign would result in an Internet search and a possible call to the listing agent to set up a personal showing. Eventually, the researcher located several individual agent web sites with search engines that easily enabled the identification of all houses in the local MLS that met his search criteria. These web sites were used extensively with no intention of using any other service of the agent or firm. Eventually, the yard sign hunting journeys led the researcher to a new construction open house. The lot on which the property was located was unacceptable, but the builder's work was impressive. An acceptable building lot was also identified by spotting a yard sign. The builder is currently constructing a new home on that lot for the researcher.

The above chronicle is anecdotal. While it is interesting to examine anecdotal information it is impossible to draw conclusions from this kind of data. The quantitative analytical approach used in the present study is necessary to draw any generalizable conclusions regarding successful media impacts.

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Appendix A: Public Survey (administered by telephone)

PUBLIC SURVEY

Hello, my name is _____ and I am calling from Wright State University. We are conducting a short opinion survey and were wondering if you would have 5-7 minutes to answer a few brief, but important questions for us.

Before we begin, I want to assure you that your participation is anonymous and that all of your answers will remain completely confidential. No information identifying you will ever be used. Also, if you do not feel comfortable answering any question, just ask me to go on and I will do so.

1. Are you 18 years or older and a resident of the State of Ohio?

_____ Yes

_____ No (**IF “No” END SURVEY**)

2. Are you a licensed real estate agent or broker?

_____ No

_____ Yes (**IF “Yes” END SURVEY**)

3. In what Ohio County do you live? _____

4. Do you plan to buy or sell a house in the next two years?

_____ Yes

_____ No

5. Have you ever purchased or sold a house?

_____ No

_____ Yes (**IF “Yes”, Go to Question 15**)

6. Can you name a real estate agent?

_____ Yes

_____ No (**IF “No”, Go to Question 10**)

7. What is the agent’s name? _____

8. How did you learn about this agent?
(Don't read list. Only mark participant's response)

☐ Billboard
☐ Direct Mail
☐ He/she is a relative or friend
☐ Homearama type/builder events
☐ Internet
☐ Newspaper advertisement
☐ Office location
☐ Open houses
☐ Radio advertisement
☐ Recommendation of a friend, relative or employer
☐ Television advertisement/program
☐ Yard signs
☐ Don't remember
☐ Other, please specify _____

9. How many other agents can you name? # _____

10. Can you name a real estate company?

☐ Yes
☐ No **(If "No" Go to Question 28)**

11. What is the name of the company? _____

12. How did you learn about this company?
(Don't read list. Mark all participant's responses)

☐ Billboard
☐ Company owner/employee is a friend or relative
☐ Direct Mail
☐ Homearama type/builder events
☐ Internet
☐ Newspaper advertisement
☐ Office location
☐ Open houses
☐ Radio advertisement
☐ Recommendation of a friend, relative or employer
☐ Television advertisement/program
☐ Yard signs
☐ Yellow pages
☐ Don't remember
☐ Other, please specify _____

13. How many other real estate companies can you name?

_____ (If “Zero”, Go to Question 29)

List names _____

_____ (After getting names, Go to Question 29)

14. In what year did you most recently buy or sell a house?

_____ Year

15. What was your role in that transaction?

_____ Seller (If “Seller”, Go to Question 18)

_____ Buyer

_____ Both (in related transactions)

16. How did you **FIRST** learn that the house you bought was for sale?

(Don’t read List. Only mark one response)

_____ Friend/relative/neighbor

_____ Home builder or their agent

_____ Home book or magazine

_____ Internet

_____ For sale by owner (FSBO) Web site

_____ Multiple Listing Service (MLS) Web site

_____ Newspaper Web site

_____ Real estate agent Web site

_____ Real estate company Web site

_____ Real estate magazine Web site

_____ REALTOR.com

_____ Other Web site

_____ Newspaper advertisement

_____ Knew the sellers

_____ Radio

_____ Real estate agent

_____ Television

_____ Yard sign

_____ Do not remember

_____ Other, please specify _____

17. How important was the internet in your search for the house that you bought?
(If “not at all important” Skip to question 19, otherwise go to question 18).

- _____ extremely important
- _____ important
- _____ slightly important
- _____ not at all important

18. If you remember, how did you first locate the web site that you used the most?
(Don’t read list. Mark all respondent’s responses)

- _____ Google
- _____ Yahoo
- _____ AOL
- _____ Other search engine Please specify _____
- _____ Computer yellow pages
- _____ Real estate search tool
- _____ Used own search terms
- _____ Other search procedure Please specify _____
- _____ Recommendation from _____
- _____ Can’t remember

19. How important was the newspaper in your search for the house that you bought?

- _____ extremely important
- _____ important
- _____ slightly important
- _____ not at all important

20. Did you use a real estate agent in your most recent transaction?

- _____ Yes
- _____ No

21. How many real estate agents did you contact before you selected the one used to buy or sell your house?

- # _____ (If “more than 1”, Go to Question 22. If “1”, Go to Question 23)
- _____ Do not remember (Go to Question 23)

22. Since you contacted more than one agent, how did you find the agent you **FIRST** contacted? (*Don't read list. Only mark participant's response*)

- ☐ Agent is a relative or friend
- ☐ Direct mail (newsletter, flyer, letter, post card)
- ☐ Home book advertisement
- ☐ Homearama type/builder events
- ☐ Internet site
- ☐ Newspaper
- ☐ Personal contact by agent (telephone call, etc.)
- ☐ Radio advertisement
- ☐ Recommendation of a friend or relative
- ☐ Recommendation of employer or relocation company
- ☐ Recommendation of another agent
- ☐ Television
- ☐ Visited open house and met agent
- ☐ Walked into/called office and agent was on duty
- ☐ Yard sign (saw contact information on)
- ☐ Yellow pages
- ☐ Cannot remember
- ☐ Other, please specify _____

23. How did you find the agent who assisted you in your home purchase or sale? (*Don't read list. Only mark participant's response*)

- ☐ Agent is a relative or friend
- ☐ Direct mail (newsletter, flyer, letter, post card)
- ☐ Home book advertisement
- ☐ Homearama type/builder events
- ☐ Internet site
- ☐ Newspaper
- ☐ Personal contact by agent (telephone call, etc.)
- ☐ Radio advertisement
- ☐ Recommendation of a friend or relative
- ☐ Recommendation of employer or relocation company
- ☐ Recommendation of another agent
- ☐ Television
- ☐ Visited open house and met agent
- ☐ Walked into/called office and agent was on duty
- ☐ Yard sign (saw contact information on)
- ☐ Yellow pages
- ☐ Cannot remember
- ☐ Other, please specify _____

24. How important was the internet in your search for a real estate agent?

- ☐ extremely important
- ☐ important
- ☐ slightly important
- ☐ not at all important

25. How important was the newspaper in your search for a real estate agent?

- ☐ extremely important
- ☐ important
- ☐ slightly important
- ☐ not at all important

26. Was the agent who assisted you a REALTOR, a member of the National Association of REALTORS?

- ☐ Yes
- ☐ No
- ☐ Don't know

27. What factor was MOST IMPORTANT to you in choosing a real estate agent?

- ☐ Reputation of the agent
- ☐ Reputation of the company
- ☐ Agent's association with a particular firm
- ☐ Professional designations held by the agent
- ☐ Agent's knowledge of the neighborhood
- ☐ Other, please specify _____

28. When you used the internet in your search, for what were you looking?

- ☐ Properties for sale
- ☐ General information about an area
- ☐ A real estate company
- ☐ A real estate agent
- ☐ Didn't use Internet

29. What was the price of the property you purchased/sold?

(If buyer and seller, use only purchase price)

\$ _____

30. What is your zip code? _____

31. Which of the following best describes the adult composition of your household?

- ☐ Single male
- ☐ Single female
- ☐ Married couple
- ☐ Unmarried couple
- ☐ Other

32. What is your age? _____ Years

33. What best describes your education?

- ☐ Some high school
- ☐ High school diploma
- ☐ Some college
- ☐ Associate degree
- ☐ Bachelor's degree
- ☐ Post bachelor's education

34. What best describes the area in which your home (or desired home purchase) is located?

- ☐ Small town
- ☐ Rural area
- ☐ Urban/Central city
- ☐ Suburb/Subdivision

35. Did you use the internet to make a purchase (books, airline ticket, for example) in the past year?

- ☐ No
- ☐ Yes

36. How many hours per week do you typically spend with the following media?

- ☐ Television
- ☐ Radio
- ☐ Newspaper
- ☐ Internet
- ☐ Magazines

37. What media do you think a real estate agent should use when trying to sell your house?

38. Do you subscribe to satellite radio?

_____ Yes

_____ No

39. Do you subscribe to cable or satellite television?

_____ Yes

_____ No

40. Can you remember a specific real estate related advertisement?

_____ Yes

_____ No (*If “No”, Go to Question 42*)

41. If yes, please describe the type of media _____

42. If yes, please describe the advertisement or advertiser. _____

43. If you were going to start looking for a real estate agent today, how would you begin your search? (*Don’t read list. Only mark participant’s response*)

_____ Home book advertisement

_____ Internet site

_____ Newspaper

_____ Radio

_____ Recommendation of a friend or relative

_____ Recommendation of employer or relocation company

_____ Recommendation of another agent

_____ Television

_____ Visit open house and met agent

_____ Walk into/call office

_____ Yard sign (saw contact information on)

_____ Yellow pages

_____ Other, please specify _____

44. If you were going to start shopping for a new house today how would you start your search? (*Don't read list. Only mark participant's response*)

- ☐ Home book advertisement
- ☐ Internet site
- ☐ Newspaper
- ☐ Radio
- ☐ Recommendation of a friend or relative
- ☐ Recommendation of employer or relocation company
- ☐ Recommendation of another agent
- ☐ Television
- ☐ Visit open house and met agent
- ☐ Walk into/call office
- ☐ Yard sign (saw contact information on)
- ☐ Yellow pages
- ☐ Other, please specify _____

45. Do you have any additional questions or comments? _____

Appendix B: Real Estate Agent Survey (administered via the Internet)

Wright State University Real Estate Study


Thank you for volunteering to complete this survey which is being conducted by researchers at Wright State University. This research study is being sponsored by the Ohio Real Estate Commission. The survey should take less than 10 minutes to complete. Please be candid, your responses will be treated confidentially and will only be reported in group form. Your identity will not be disclosed in our results.

If you would like an electronic copy of the results when we have completed the study, please indicate so at the bottom of the survey. If you have any questions or concerns about this survey, please do not hesitate to contact us at james.larsen@wright.edu. Thank you for your participation.


How long have you been in the real estate business?

Years

In what county is your firm's main office located?

Select One 

What is your gender?

Select One 

What is your principle role in real estate?

- ☐ Assisting Others in Selling/Buying Houses
- ☐ Managing a firm
- ☐ Other

How many properties did you list in 2005?

How many transactions did you close in 2005?

Please enter your total 2005 gross sales volume (No Commas)

\$

How many hours per week do you typically devote to real estate?

Hours

Please indicate any designations you hold.

- ☐ ABR--Accredited Buyer Representative
- ☐ ABRM--Accredited Buyer Representative Manager
- ☐ AFM--Accredited Farm Manager
- ☐ ALC--Accredited Land Consultant
- ☐ ACPM--Certificate in Advanced Property Marketing
- ☐ CBR--Certified Buyer Representative
- ☐ CCIM--Certified Commercial Investment Member
- ☐ CIPS--Certified International Property Specialist
- ☐ CRB--Certified Real Estate Brokerage Manager
- ☐ CRE--Councilor of Real Estate
- ☐ CRES--Certified Real Estate Specialist
- ☐ CRP--Certified Relocation Professional
- ☐ CRS--Certified Residential Specialist
- ☐ CSP--Certified Sales Professional
- ☐ ePro--Internet Professional Certification
- ☐ EBA--Exclusive Buyers Agent
- ☐ FRI--Fellow of the Real Estate Institute
- ☐ GRI--Graduate, Realtors Institute
- ☐ LTG--Leadership Training Graduate
- ☐ SRES--Senior Real Estate Specialist
- ☐ Other (please specify)

If you selected other, please specify:

What percentage of the commissions that you generate do you keep (your share of the commission split with your broker)?

%

What percentage of your advertising/promotional expenses do you pay yourself?

%

**What percentage of your total business is done in the following areas?
(These %'s should sum to 100%)**

Residential Sales %

Commercial Sales %

Other %

If you selected other, please specify.

**What percentage of your total business occurs in the following locations?
(These %'s should sum to 100%)**

Rural Area %

Small Town %

Urban/Central City %

Suburb/Subdivision %

Please indicate which of the following statements best describes your personal Web page?



Do not have a personal Web page.



It is hosted on my firm's Web site.



It is hosted on a commercial browser such as AOL.



It is hosted on my personal browser.



Other (please specify)

If you selected other, please specify:

What percent of your personal 2005 advertising/promotional budget was used for the following purposes? (These %'s should sum to 100%)

Self promotion %

Attracting buyers for an existing listing %

Other %

If you selected other, please specify.

How did you determine your 2006 advertising/promotional budget? (Check All That Apply)

- ☐ Percentage of 2005 sales dollars
- ☐ Percentage of 2005's profits
- ☐ Percentage of 2005's promotional budget
- ☐ Percentage of list price(s)
- ☐ Executive judgement
- ☐ Dollars per unit listed
- ☐ Percentage of projected 2006's sales dollars
- ☐ Percentage of projected 2006's profits
- ☐ None (i.e. No Budget)
- ☐ Other (please specify)

If you selected other, please specify:

How much did you spend on advertising/promotional in 2005? (No Commas)

\$

Concerning the selection of advertising media to use in marketing a house, which of the following statements best describes your belief?

- ☐ The agent's opinion is much more important than the seller's opinion.
- ☐ The agent's opinion is slightly more important than the seller's opinion.
- ☐ The agent's opinion and the seller's opinion are equally important.
- ☐ The seller's opinion is slightly more important than the agent's opinion.



The seller's opinion is much more important than the agent's opinion.

Based on your usage, how effective are each of the following advertising/promotional vehicles?

	Very Effective	Moderately Effective	Neither Effective or Ineffective	Moderately Ineffective	Ineffective	N/A
Yard signs						
Open houses						
Business cards						
Individual house fliers						
Direct mailings						
Major area newspaper's classified section						
Major area newspaper's real estate section						
Neighborhood/suburban newspaper						
Supermarket/local advertising circulars						
Radio						
Nationwide Television						
Local Television						
Internet/web site						
Promotional items (Logo pens, calendars, etc.)						
Community event sponsorship (bowling teams, little league teams, etc)						
Other- Please specify in the additional comments box						

Additional comments:

How often do you use each of the following advertising/promotional vehicles?

	Always	Almost always	Frequently	Infrequently	Not at all
Yard signs					
Open houses					
Business cards					
Individual house fliers					
Direct mailings					
Major area newspaper' s classified section					
Major area newspaper's real estate section					
Neighborhood/suburban newspaper					
Supermarket/local advertising circulars					
Radio					
NationwideTelevision					
Local Television					
Internet/web site					
Promotional items (Logo pens, calendars, etc.)					
Community event sponsorship (bowling teams, little league teams, etc)					
Other- Please specify in the additional comments box					

Additional comments:

In the next five years, how will your individual usage in the following areas change?

	Increase Substantially	Increase Slightly	Stay About the Same	Decrease Slightly	Decrease Substantially
Yard signs					
Open houses					
Business cards					
Individual house fliers					
Direct mailings					
Major area newspaper' s classified section					
Major area newspaper's real estate section					
Neighborhood/suburban newspaper					
Supermarket/local advertising circulars					
Radio					
NationwideTelevision					
Local Television					
Internet/web site					
Promotional items (Logo pens, calendars, etc.)					
Community event sponsorship (bowling teams, little league teams, etc)					
Other- Please specify in the additional comments box					

Additional comments:

Enter your EMAIL address if you wish to receive the results of this study: