

Internet Buyer vs. Traditional Home Buyer

By Mike Parker

RISMEDIA, Feb. 8, 2007-If you are one of those many agents or brokers who don't really believe that the Internet is "the way" in real estate today, perhaps the following data compiled and presented by Leslie Appleton-Young, chief economist and vice president of the California Association of Realtors® (CAR®) in her analysis of the real estate market in California for 2006 will get your attention.

If you believe that the Internet is the single most important factor in your future success, here's your continuing proof that you are correct. Pages 62-82 of the Appleton-Young and CAR® (<http://www.car.org/>) study compare some distinctions between Internet vs. Traditional buyers and the findings are powerful.

The charts in the report show the undeniable trends and the clear preferences consumers have for the Internet approach to buying a home: since the year 2000, virtually every preference that used to favor the traditional approach has been turned upside down and the Internet approach is now overwhelmingly favored. This report is unequivocal evidence that if you are not on the Internet bandwagon and if you can't be found by people searching for homes on the Internet, you are completely "missing the boat" in the real estate business.

Here are just a few of the report's findings:

- 92% of Internet buyers found their agent on a Web site; 63% found them through an Internet search engine; 0% of Internet buyers found their agent through brochures, flyers, yard signs or mailers to their home (does this tell you to spend more on Internet marketing and less on print?);
- In 2000, 28% of people said that they used the Internet as an important part of their home-buying and selection process. In 2006, 70% said they did;
- 86% of home buyers started using the Internet as part of their process before they started looking for a specific home; the other 14% did after they started looking, but before they contacted a real estate agent; that means that 100% of buyers surveyed started looking at homes first, agents second. When you combine that finding with the already existing one that fully 81% of Internet buyers stay with the first real estate agent they choose to contact, you can see a powerful case for being able to have consumers find you, first;
- Internet buyers spent an average of 4.8 weeks doing research before contacting an agent; traditional buyers only 1.7 weeks. That means an Internet buyer is better prepared and twice+ as less likely to waste your time;
- Internet buyers bought a home on average after spending 2.2 weeks looking for a home with an agent; traditional buyers spent an average of 7.1 weeks; how high would your productivity be if you could spend 2/3 of the time you now spend previewing with clients and could dedicate it to selling and marketing, instead?
- Internet buyers previewed an average of 6.7 homes with their agent (they had already eliminated ones they did not wish to see), traditional buyers previewed 15.4 homes; an average of just under nine fewer wasted showings per customer;
- Only 3% of all Internet connections available at the primary computer used for the home-buying process were dial-up: Internet home buyers and searchers are not sticking with dial-up, just as they are not sticking with traditional methods;

- The approximate distance between previous residence and new residence for traditional buyers was 25 miles; for Internet buyers, it was 242 miles (you can sell anywhere compared to traditional ways);
- Number of agents an Internet buyer interviewed, on the median: 1; Traditional buyers? 3. (Why would you want fewer auditions and more certain retentions?)
- 69% of Internet buyers said response time was extremely important. 83% of those buyers chose email as their favored communication method with their agent. 0% chose "in person." (The Internet is the new "office visit.")
- Internet buyers were more satisfied with their agents: 4.3 to 3.3 for traditional buyers, on a scale of five where five is "surpassed expectations."
- 35% of traditional agents listed "faster response time from my agent" as the one thing they would change, if they could, about their experience; Internet buyers? 0%!

Internet buyers were far more satisfied in every important researched category of satisfaction than traditional buyers were; when asked the number one reason for satisfaction with their agent, 91% of Internet buyers said that satisfaction was because their agent "was always quick to respond." Traditional buyers? Their number one reason was "worked hard on my behalf," chosen by 62% of them, leading us to conclude that traditional buyers did not find their agents "quick to respond."

An incredible 97% of Internet buyers said they would use the same agent again. Traditional buyers? 50%. (Twice as likely to be satisfied and twice as likely to give a referral, wouldn't you think?)

I'm not an economist, but it seems to me that these data show clearly that:

- Agents who sell via the Internet do not get as bogged down in unproductive chauffeuring to preview homes as traditional agents do;
- Agents who utilize online marketing and have Internet buyers are more liked, more highly regarded, more likely to have a repeat sale with the client,
- Agents selling to Internet buyers are likely to work only 2.2 weeks with a buyer before selling a property (vs. 7.1 weeks traditionally);
- Agents committed to online marketing may be able to expand their market area to an average 242 mile radius of their location and remain effective due to online communication; people find you on the Internet, call you or email you, and use you to help them find a home in an area they may not know.
- The money you may spend on brochures, ads, newspaper ads, and the like should be reconsidered and placed into Internet marketing.

So, unless you are in a state of denial about the Internet's importance to real estate transactions, you need to do several things in your planning for this year, at minimum, if you want to be on the right side of these statistics.

You need to take most of the money you are spending on newspaper ads, brochures, glossy marketing pieces, etc., and invest it in your online marketing. Chances are good that you cannot possibly wisely spend all those dollars online; consider those savings as your bonus this year. It will be tough not seeing your comforting listings in the paper, but think of all the money you'll be saving! (And as more fuel for that fire, consider this: Ms. Appleton-Young's data also show that over 70% of people 65 and older read a daily newspaper, but only 35% of 24 year olds do. Print is dead to this generation of home buyers.

You need your own Web site showing your properties and you. You can get a very good one free. What are you waiting for?

Just having a Web site or a page on your franchise site won't cut it; you must be able to be found by people searching for homes in your considerably larger e-neighborhood. The Internet is a really big place and chances are that you and your site may be lost in its hugeness. (Click here to find out if your site can be found and how to make it found: [http://theblackwatercg.onelanding.com/.](http://theblackwatercg.onelanding.com/))

You must be permanently committed to "Thinking Internet." I have heard many agents say, "I don't get that involved with online marketing; I've been successful the traditional way for 15 years." I offer those of you saying that now two things: my sincere congratulations on your past success and my sincere empathy for the frustration you will suffer as the curve gets further out in front of you.

The report told us that in 2006, 63% of Internet buyers (who comprise 70-85% of all buyers today) find their agent on the Internet. We believe that within the next two years, this number will approach 90%. While this CAR® study does not report on every State in the Union, it does report on what is happening in America's biggest and most influential real estate market. No matter where you are, these data and trends are coming at you. You must get on board or you will be literally run over and left behind. Internet selling is the way, and within our lifetimes, the statistics will continue to favor online marketing of real estate in even greater proportions.

We at Blackwater and our affiliated companies, Compass Internet Systems and Web Reporter Tool, talk to agents from Martha's Vineyard to Hawaii, Maine to Florida, Texas to Canada and everywhere in between on a daily basis. That will never make us as well-informed as Appleton-Young, but I believe it gives us a good perspective on trends in this area, and here's what we think: all over the country, agents and brokers are showing interest in, adopting, and pouring their time, effort and money into online marketing on a scale that was unimagined only two years ago.

That makes us certain that every professional real estate sales person who wants to stay in this business must adapt to Darwin's Law on its most brutal terms: Adapt, or die. In listing and selling terms, that means that you must make the effort to make the Internet make money for you, for soon, that is where it all will be made. Go to a search engine, enter your city, state and the words "Real Estate" or "Homes for Sale" or any other combination that describes what you do. Then hit "Search." Are you one of the 10 people listed on the page? Based on the statistics you just read, if you are not that means there is a certainty that the searcher will not buy a home from you, but from one of the people on that list of ten; after all: "92% found their agent on the Internet; 63% of them used a search engine." 63% of 92% of all Internet buyers means that there's a 57% chance you are out of luck.

After years of evolution in the way we do things, the pace of that evolution is increasing. This is the time to get with the wave, this is not the time to miss it. Internet marketing is the future of real estate sales. It's up to you: Stay where you're comfortable with traditional buyers, or move the cheese and learn how to get more Internet buyers. In the long run, there will be fewer and fewer traditional buyers for you to pursue, but more and more Internet buyers.

Thanks to Leslie Appleton-Young, chief economist and vice president of the California Association of Realtors® (lesliea@car.org) for producing this information and being so cooperative in permitting its publication.

Mike Parker is a Principal at The Blackwater Consulting Group and a regular contributor to this newsletter. For a copy of his newly updated booklet, "15 tips to Make your Website make Money for you, Version 2.0" or a free review of your Web site and its ability to be found by Internet buyers, write realestate@TheBlackwaterCG.com and ask for the booklet "15 Tips." To contact Mike Parker e-mail mparker@TheBlackwaterCG.com.