

Why No One Is Buying Your Home

a real estate research analysis by REalMARKABLE.com
(© REalMARKABLE.com)



According to an analysis of the National Association of Realtors (NAR) own research paper titled *2008 Profile of Home Buyers and Sellers*, much of the struggle to sell homes currently is due to real estate brokers using the wrong marketing and advertising tools, which additionally may be keeping costs higher than needed to efficiently sell a home.

Certainly, economic conditions play a substantial role in selling homes. This is addressed in a separate paper titled *What Really Makes a Home Sell*. Yet, this analysis demonstrates that real estate brokers have not adjusted to the latest advertising technology, as shown by their own industry research.

First, let's discuss a little background on how buyers actually search for and find homes. The 2008 NAR report states that **55% of all home buyers' very first step in the buying process is going to the internet** to search for homes or look for information on the home buying process. This 55% of buyers heading first to the internet is triple the second highest ranking initial step of 17% of buyers contacting a real estate broker. Additionally, the NAR survey states that 87% of all buyers use the internet at some point to search for a home.

NARs report further states that 32% of buyers found the exact home they purchased through the internet. This is up from only 2% of buyers finding the home they actually purchased on the internet in 1997. Based on this growth, the internet is the fastest growing tool for selling homes of all the categories stated in the NAR study, with the remainder of information sources being ei-

ther flat or declining (exhibit: *Where the Buyer Found the Home They Actually Purchased*)

Where the Buyer Found the Home They Actually Purchased									
Source of Information	1997	1999	2001	2003	2004	2005	2006	2007	2008
Real Estate Agent	50%	49%	48%	41%	38%	36%	36%	34%	34%
Internet	2%	4%	8%	11%	15%	24%	24%	29%	32%
Sign	17%	15%	15%	16%	16%	15%	15%	14%	15%
Home Builder	3%	4%	3%	7%	7%	7%	8%	8%	7%
Friend, Relative, Neighbor	9%	8%	8%	7%	7%	7%	8%	8%	7%
Print Newspaper Ad	8%	8%	7%	7%	5%	5%	5%	3%	3%
Knew the Seller Personally	4%	3%	4%	4%	5%	3%	3%	3%	2%
Home Magazine	3%	3%	2%	1%	2%	1%	1%	1%	1%

Data from the National Association of Realtors *2008 Profile of Home Buyers and Sellers*

The current top-ranking, albeit declining means where buyers found the exact home they purchased is via a real estate broker, coming in at 34%. However, it must be noted that this 34% in 2008 is down from 50% in 1997; again demonstrating the impact the internet plays in how buyers found the home they actually purchased.

With this information in mind, certainly brokers should be placing detailed information about homes they are advertising in the MLS for all other brokers to see. Amazingly, the 2008 NAR survey states that only 92% of sellers reported their broker entering their property into the Multiple Listing Service. Although the use of brokers to find a home has declined by 32% over the last decade, it's at this moment the number one means for a buyer to find the home they purchased, making MLS advertising vital.

So what are the **archaic methods brokers**

used in 2008 to advertise a home? Fifty-nine percent held open houses. A major problem here is that NAR reports essentially zero buyers actually purchased a home they found via an open house. (Again, please see the exhibit *Where the Buyer Found the Home They Actually Purchased* and you'll note that open houses did not even rank on the list of where buyers found the home they purchased.)

Forty-two percent of brokers used print newspaper advertising to advertise homes. Again, per the 2008 NAR report, only 3% of home buyers stated they found the actual home they purchased via an ad in a newspaper; a 63% decline in the last eleven years.

Thirty-seven percent of brokers used "home magazines" to advertise properties. The NAR survey demonstrates that only 1% of home buyers actually found the home they purchased through this advertising medium.

Finally, 22% of brokers used direct mail as a means to advertise homes for sale. Unfortunately, essentially no buyers found the home they purchased via direct mail, another item not making the list per the NAR analysis.

The inference from the NAR report is that home sellers should truly only pay for advertising that works. This entails detailed information in the MLS, heavy, if not extraordinary marketing through the internet, and finally an attention catching yard sign. These are the three most successful means of advertising a home for sale per NAR's own survey of home buyers.

No home seller should pay a higher commission for open houses, newspaper or magazine advertising, or direct mail marketing. These do not work in this era of internet marketing and probably drive home sale costs up.

A topic not truly investigated in the NAR report, that absolutely is far more important than the advertising of homes for sale, is the marketing research and analysis of what buyers are looking for in the home they hope to purchase. While the NAR report dis-

cusses what buyers are looking for in a very general and generic sense, they don't discuss true marketing research. This is a moderately complicated subject and is covered in greater detail in the article ***What is a Real Estate Marketing Company?*** However, here we'll briefly discuss the importance of market research and preparing your home to meet the wants and needs of the most probably buyer of your home.

It's vital for home sellers to understand that the effective advertising of their home is done *after* it is placed for sale in the marketplace. The far more important marketing research and analysis is done *before* the home is placed on the market. Please don't confuse a marketing analysis with a real estate broker's value analysis. These two items are completely different.

A Marketing Analysis first defines who your most likely purchaser is, researches what their most vital wants and needs are, then offers a product (your home) meeting those wants and needs better than your competition, and completes all of this at a profit.

While most folks think of "advertising" when they hear the word marketing, that's not accurate. Advertising is the final communication step of the entire marketing package.

Marketing involves everything from defining your market (the specific type of buyers most likely to purchase your home), to determining their particular wants and needs, and then meeting their specific wants and needs better than your competition does. Marketing means completing everything necessary to offer a product better meeting the particular needs and wants of your buyers than your competition does.

The days of tossing your home in the MLS, vacuuming, and jamming a sign in your yard to sell a home have been over for some time. Buyers are far more savvy and particular in their desires than they used to be. So you better be more savvy and professional in your marketing and particular in who manages it for you, in order to maximize your return and minimize your time on market.