



## Company values at heart of battle for real estate consumers

### *Defending full-service business models*

By Bernice Ross

If discounting commissions is such a good idea, why do discounters/limited-service brokers offer their clients a full-commission option?

Those agents who can articulate the benefits of using a full-service model and who truly provide full service are having no trouble earning full commissions. In contrast, agents who lack the training or the ability to articulate the full-service value proposition are contributing to the downward spiral in commission rates.

When you look at the ongoing battle between full-service brokerage and limited-service brokerage, it's surprising to see how each side has altered its business model to reflect what its competitors are doing. Many full-service agents now cut commissions to compete with limited-service brokers. Limited-service brokers now offer a full-commission option to compete with full-service brokers. In one area in the Northeast, the negative advertising between the two camps has become so intense that the consumers are disgusted with both sides.

### **What is Your Company's Value Proposition?**

Most of the major full-service companies provide an outstanding value proposition for their sellers and buyers. National and international relocation, Web sites in languages other than English, and customer service programs, such as Concierge and Personal Retriever, provide consumers with more market exposure than ever before. One of the fundamentals of advertising is that maximum exposure results in maximum price. To combat the commissionectomy trend, the full-service agents must do a better job of articulating how their services result in the maximum price for the seller.

### **Conduct Competitor Reconnaissance**

Whether you are competing against a full- or limited-service competitor, to turn the commissionectomy tide, begin by conducting market research. Examine your company's value proposition. What services does your company provide on both a national and a local level? How do these services help the seller achieve maximum exposure to the marketplace that results in the highest possible price? Determine the top three benefits your company provides and then compare it to your competitors' value proposition. In most cases, the limited-services model only provides a sign, access to the MLS, a lockbox, and some negotiation. Very few provide 800 Call Capture (IVR) technology; posting of multiple pictures and virtual tours on the number one real estate Web site, Realtor.com; and a host of other marketing services. Once you identify these key points of differentiation, incorporate this discussion into your listing consultation. As you explain the value of these services to your sellers, avoid bashing competitors. Instead, focus the conversation on how your services help the seller net the maximum price possible for their property.



## **Analyze Web Traffic Rankings**

According to the NAR Profile of Buyers and Sellers for 2004, the Web has now replaced signs as the most important tool buyers use to locate property. For sellers who want the highest possible price for their property, they must have maximum exposure on the Web. To see how well your company compares to your competitors in this area, visit your competitors' Web sites. Use [www.Alexa.com](http://www.Alexa.com) to compare their traffic rankings against those of your company. For example, the Help-U-Sell and Foxtons' Web sites have traffic comparable to the other major full-service companies. They also provide access to all of their listings online. In contrast, most of the other limited-service companies have substantially less traffic than their full-service competitors have. Less Web traffic translates into less money in the seller's pocket. In fact, lack of adequate Web exposure can cost sellers much more than a 1 percent or 2 percent savings on the commission.

## **Compare Multiple Listing Statistics**

Visit the Multiple Listing Service to determine what percentages of your competitors' properties expire compared to those listed with your company. Where possible, compare your company's average price per square foot against how much your competitors obtain per square foot. This is particularly effective in subdivisions where properties have identical floor plans. If your competitors do not post all their listings on the MLS, make a point of discovering what the list price is and then track the public records to determine the final sales price. Companies who do not use the MLS are not providing their sellers with maximum market exposure. If one of your competitors is using this tactic, incorporate the following script into your listing consultation:

"Mr. and Mrs. Seller, in order to obtain the highest price possible for your property, you must have maximum exposure to the marketplace. Did you know that 84 percent of the properties sell through other agents? You now have an important decision to make. You can list with a company who will not expose your property to a large proportion of buyers or you can list with our company and have maximum exposure to all buyers in the market. The choice is yours, what would you like to do?"

Stating the company's value proposition is not enough to turn the commission tide. You must also know how the personal services you provide differ from both limited- and full-service competitors.