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New brokerage model: from bust to boom

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The corridors of real estate echo with the anxious cacophony of futuristic business model chatter.

Environmental branding, virtual space, marketing, social media and stemming the ooze of profitability caused by the open gash of lopsided splits are now on the gurney as the present model heads for open-heart surgery.

Stat.

Today's brokerage is dying. Its value proposition, earnings and moribund branding all are in dire need of defibrillation. Clear!

Its future hangs in the balance. A ghostly spirit invisibly hovers over its stilling life form, hoping for resuscitation and a second chance to exact influence over the marketplace.

Given the prognosis, today's brokerage must look to the future. It needs the future. It can't remain on life support much longer. Especially as they appear to have no influence over the masses who should be stampeding the



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marketplace during the greatest time in our lives to buy real estate.

To be a brokerage of the future, the brokerage of the present must undergo a complete repositioning. Starting yesterday.

Everything you thought just went boom

Repositioning a brand is no simple matter. It requires more than a new skin on a Web site, a sexy slogan or a feel-good promise.

At the onset, repositioning requires the brand to recognize the reasons for its decay. In almost all cases, decay forms when the changing needs of the consumer are not met, thus eroding the brand's established position.

Buick understands that all too well. Their current reposition is wrapped up by their "Everything you thought about Buick just went boom" campaign. In order to succeed they must deliver on this promise or they will fail just as United Airlines, Clear Channel and others have.

The reasons for failure are simple. Failed attempts at repositioning can be visualized through a simplistic understanding of what is required to succeed. In short, to successfully reposition your brand you must:

Isolate the very reasons why your brand is eroding.



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Attend to only those things that are achievable rather than aspirational.

Too often, a brand's unsuccessful efforts either target things people don't care about or they create overly ambitious goals that outstrip the brands' ability to deliver on its promises.

United Airlines sought the unattainable with its "Rising" campaign, attempting to position the brand as the "most passenger-centric airline" in the industry. They articulated their understanding of consumer issues and hyped their solutions that effectively raised expectations, which were then deflated by their inability to deliver against promises.

Conversely, Virgin America's success centered on the achievable -- the simple things -- they knew would make a difference for their guests. This set the stage for the provision of first-class seats to everyone, more leg room, ambient lighting, a self-serve mini bar and fun stuff to do while in flight.

Simple. Attainable. Targeted. They delivered.

A pulse, a passing grade and a business card

Open the brokerage up. Inside, cancer looms. Unlike Virgin America, the brokerage views its customers as leads that it captures, drips, manages and forces to convert through dubious value propositions rather than first-class comfort and engagement.



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Semantics? Spare me. These words so blatantly define what the brokerage stands for to the public. It is the very reason why they resist calling you until the final leg of the transaction and then delete you post-closing.

Many of the agents who brokers recruited brought nothing other than a pulse, a passing grade and a business card to the table. Their qualifications pale in comparison to what Yelp requires for a customer-service position.

From one hand the brokerage baits through a sympathetic understanding that real estate is the most important transaction they will ever make. From the other they switch those who they lead-generate off to the least experienced in the roster who renders the largest split.

Brokerages skimp and save where investing matters most, such as your Web site and agent training, and spend irresponsibly on things that matter least, like space, content and advertising.

Brokerages scoff at social media. Or are baffled by it. Some force themselves with trivial meanderings, despite the success your counterparts experience, embrace and benefit from outside the industry.

Pipe dreams

Your attempt to attain future brokerage status will drown in the bong water if all you do is slap up a new site on Wordpress, bang out a few blogs,



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recruit a few more top producers at 93/7 or lease a bistro like retail space sandwiched between Hugo Boss and Mac Cosmetics on Luxury Ave.

None of these things mean anything if below the surface, your brokerage is filled with the last 50 years of real estate sediment now clogging your arteries and causing your cardiac arrest.

What steps can you take to reposition your brand and become that brokerage model of the future?

Part Two: Repositioning for the future

A brokerage model of the future is coming.

Some might suggest they're already here.

One might be stealing your client right now.

In the blink of an eye Hawaii Life Real Estate Services launched and became the No. 1 real estate site in Kauai. Soon after, they went from a pretty for-sale-by-owner site and search portal to a full-fledged real estate brokerage. Their lava has now spread to the Big Island, destroying some of the old growth that lay in their path.

You may be wondering what you'll do if they open in your town. Stop. Start wondering what you can do right now to make sure that if they do, they'll fail.



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Repositioning yourself for the future

Yours could be a brokerage of the future. Your small boutique with 25 amazing agents could easily displace the old brand that has been there forever and has, over the long haul, brought nothing new to the table. Or you could be that old brand -- the sleeping giant -- that decides to wake up and roar.

To achieve this, here are three simple steps up the ladder of repositioning yourself for the future.

1. Determine your customer's frame of reference. For the most part, consumers have a clear understanding of the space a brand occupies. When Volkswagen, the "people's car" company, attempted to slide into the luxury class with its \$94,000 Phaeton W12 it failed because it ventured far outside the frame of reference the marketplace has with VW.

The same argument can be made for the myriad of social networking sites seeking to engage consumers in a format outside their frame of reference. Consumers typically do not socialize with real estate companies. Instead, their frame of reference is centered around searching and finding homes -- not friending and RSS (really simple syndication) subscription.

Repositioning a brand first requires the brand to thoroughly nail the basics of what its consumers expect from them as opposed to abandoning those



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critical elements in wake of introducing gimmicky new ones.

As it pertains to real estate, as long as your IDX feeds, response times, service promises and Web sites remain second rate, and as long as you continue to not offer market data, local insight or tools to help users make better decisions, your efforts to reposition will fail.

Tweeting sure is fun, but your customers don't need you to be their Twitter follower. They need you to be their adviser and they need your site to be as amazing as you say you are.

2. Connect consumers' frame of reference to your vision. As a Porsche enthusiast, the Cayenne made perfect sense to me once Range Rover officially closed the drawbridge between how far consumers were willing to pay for SUVs. Had Porsche released a \$100,000 Cayenne in 1995, odds are it would have backfired.

When brands reposition, they must create connectors that segue their relevant and known benefits from the present to the future. Zappos successfully built those connectors through their accelerated service proposition that allowed the brand to move beyond being an online shoe retailer.

Brands must build connectors -- or bridges -- that help carry their customers from where the brand is to where it intends on going. Those connectors



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include products, services and experiences that continually suggest the forward path the brand is on.

Apple nailed it by taking its already left-brained users into the music world through iTunes, then segueing them into hardware with the iPod, which created the frenzy for the iPhone. Quite arguably, as a result of this successful repositioning, if Apple wanted to release an iCar, it could.

Building this connector also requires the brand to have a deeper connection with its customers. Zillow, for example, continues to endure, invent and reposition themselves year after year by pushing the boundaries of what they are as a brand.

Part of your success formula is attributed to their brand stewards -- over a dozen -- who actively and consistently define Zillow's relationship with their customer as well as translate the customers' understanding back to the brand.

Are you building those connectors? Do you have a brand steward? Without both, your bridge to tomorrow sports a gaping void preventing the marketplace from following you forward.

3. Keep your promises. Create a brand promise to help locate the brilliance that resides inside your company and turn it on. It's a promise that you must deliver on every day, for every client, or face brand death.



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Real estate makes too many promises and claims it doesn't keep. You can't guarantee you will deliver dreams. You can't assure me that all your agents are the best in the market. So stop trying.

The future brokerage will make one promise. With great precision it will hitch every available brand touch point to that promise. And ride it from dust till dawn, delivering on its every word.

For your brokerage of today to be the brokerage of tomorrow, you will have to remove every agent who can't support that promise -- and probably every managing broker who can't assist in drilling your brand ideals down through the ranks.

The brokerage of the future will no longer license products from vendors of the past whose products and services don't help your client walk your talk.

The brokerage model of the future will become deft at the art of removing and replacing everyone in its marketing department who cannot find 50 new ways to push its commitments out to the marketplace and steward their brand.

The brokerage of the future will be profitable. Nimble. And its general manager will don a five-pointed star on her lapel next to her Realtor pin, clearly expressing to the consumer that when it comes to the most important purchase in their lives, there's a new sheriff in town looking out for their best



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interests.

That's how the brokerage model of the future will roll.