

What Do Consumers Expect From Real Estate Agents?

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How do home buyers or sellers decide on an individual agent? We conducted a focus group among recent home buyers and sellers asking just that question. Would being with one of the five best known national brands matter? What source of information dominates the decision? How does the brand's website factor into the decision?

In reviewing the videotape of the focus group and evaluating the recurrence and concurrence of responses, we found that their answers reinforce three basic factors that influence the selection of an agent. Our research subjects didn't realize it, but their responses mysteriously formulated into two memorable related acronyms. We'll spell it out for you.

Social Influence

Word-of-Mouth. We asked, "How do you go about making a decision on an individual agent for buying or selling a home?" Among the group's first responses were that they listened to *word-of-mouth (WOM)* from friends who are realtors and from friends who had a good experience with a specific realtor. This indicates that individuals seek out others who have some level of experience in buying or selling real estate *and* with whom they already have a relationship. Unless you are the friend they have asked, this points to the critical nature of referrals. Your past clients are talking with people today who are asking them about their experience in buying or selling—because everyone knows if a friend has just moved residences.

Interestingly, the focus group noted that word-of-mouth spreads regarding the ease of use of the realtor's website. Since people know that company websites exist, the issue is more about whether or not it meets their needs. A recent study¹ found that the "virtual servicescape" of the realtor's

W

ord-of-Mouth (WOM).

- Agent WOM: What are you doing to build your list of referrals from past clients?
- Web WOM: Are agents trained in the design and content of the company website? If not, word gets around.

A

ailability & Aggregation:

- Have you clearly targeted neighborhoods so that the aggregate signage makes an impression?

R

eputation: How do consumers feel about your:

- Comfort
- Honesty
- Experience
- Establishment
- Knowledge

¹ Suzovic, Sven (2008), "Investigating the concept of potential quality: An exploratory study in the real estate industry," *Managing Service Quality*, 18 (3), 255.

website is a surrogate indicator of quality and can reduce uncertainty when considering whether or not to engage an agent. It gives buyers or sellers a clue about the “potential quality” they might find if they contact the agency.

Of particular importance is whether or not agents are well trained regarding the content on the website and its capabilities. Other studies confirm that customers satisfied with the website will as a consequence be more loyal and spread positive messages to others.² So, it benefits the agent to inform and educate consumers about the company’s website.

Market Influence

When asked why she picked a particular realtor, one respondent said, “Because I see them the most in the neighborhoods I like the most.” This sentiment prevailed in the focus group, suggesting that the *availability* and the *aggregation* of the realtor in the market determines agent choice.

Availability and Aggregation. The implication is that focusing on targeted neighborhoods will lead individuals shopping those neighborhoods to associate sold and available houses with that realtor. Consumers may be aware of the realtor’s name and have visited the website, but unless they see that the agency is active in the neighborhoods they find desirable, the agency won’t be getting a call. The agent must be perceived as easily available or convenient for the buyer or seller to do business. Studies also suggest that when new agencies are added in the market area, the additional signage and increased advertising allotment can lead to greater attractiveness or demand for the brand.³ So, it might seem bothersome when another agency from the same realty company opens close to yours, but it may help overall as customers begin to associate your realty brand with that area.

² “Casalo, Luis V., Garlos Flavian, and Miguel Guinaliu (2008), “The role of satisfaction and website usability in developing customer loyalty and positive word-of-mouth in the e-banking services,” *International Journal of Bank Marketing*, 26 (6), 399-417.

³ Schneider, Kenneth C., James C. Johnson, Bradley J. Sleeper, and William C. Rodgers (1998), “A note on applying retail location models in franchise systems: A view from the trenches,” *The Journal of Consumer Marketing*, 15 (3), 290-

Reputation

What do buyers and sellers evaluate when they visit the website? *Reputation* repeatedly surfaced in the focus group. What a consumer expects from an agent defines the kind of reputation desired. What do home buyers and sellers expect? We were able to categorize responses along these five dimensions, thus revealing the second acronym:

- a. **Comfort:** Will I feel comfortable working with the agent over a long period of time?
- b. **Honesty:** Will the agent respect my wishes? Will the agent give straightforward answers? Will the agent be honest about workload and priorities?
- c. **Establishment:** Is the agent established? What is the longevity of the agency brand? Do I trust the agency?
- d. **Experience:** Does the agent have the breadth and depth of experience to understand and adapt to my situation?
- e. **Knowledge:** If I am buying, does the agent know schools, crime rates, taxes, and have other insider knowledge I need? If I am selling, does the agent know marketing, staging, presentation, and technology in a way to effectively justify the commission?



Effective realtors must go to WAR, but be ready to turn the other CHEEK, so to speak. Let's examine each of these five dimensions of reputation in turn.

Comfort. Recent research suggests that the strongest effect on consumer perceptions of satisfaction and loyalty with an agent is the assurance or comfort level the consumer experiences in working with the agent.⁴ Our focus group discussed that when considering engaging an agent, they evaluate whether or not they will feel comfortable working with that individual over the course of the relationship. Obviously, your reputation as being someone easy to work with is based on information received from others (WOM). Interestingly, an agent with a good sense of humor is more likely to have a positive reputation as someone customers want to work with.⁵ One test of whether or not you have a good sense of humor is whether customers laugh after you arrive or after you leave.

⁴ Durvasula, Srinivas, et.al. (2006), "Finding the sweet spot: A two industry study using the zone of tolerance to identify determinant service quality attributes," *Journal of Financial Services Marketing*, 10 (February), 244-259.

⁵ Bergeron, Jasmin and Marc-Antoine Vachon (2008), "The effects of humor usage by financial advisors in sales encounters," *International Journal of Bank Marketing*, 26 (6), 376-398.

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Honesty. Honesty is the best policy, but with respect to full disclosure in realty contexts, it's also the law. More central to the point made by our focus group, however, consumers examine the reputation of the agent's honesty in terms of active listening and respect.

Customers expect the agent to be honest about the market and count on the agent to have knowledge about when the house will best sell. Evidence suggests that those who with high emotional intelligence are also emotionally honest — and these traits are more likely to experience superior performance.⁶

According to the focus group, agents with a reputation for being honest are known to ask questions, listen intently, and ultimately respect the client's wishes — particularly regarding price ranges. Good listeners do not manipulate and manipulators are not good listeners. The focus group indicated that agents who respected them, listened to them. In contrast, those who felt manipulated by a realtor offered negative WOM to others, thereby damaging the agent's reputation.

Establishment. Many in the focus group were concerned with whether or not the agent and agency were well-established. Essentially, this is an issue of trust — and customers use length of time in the business as a surrogate indicator. On an individual agent basis, being established means that the agent has been able to satisfy the needs of others long enough to remain in business. So, clearly, newcomers are at a disadvantage.

On an agency brand level, focus group members indicated that certain national brands (Century 21 and Prudential) signal longevity and stability. Others, such as Coldwell Banker and Keller-Williams, seemed “more local.” When polled, none of our group rated “national brand” as being very important in selecting an agent when buying. When selling, the importance of being a national brand was somewhat more important. But, again, none rated it as very important. Rather, as long as the brand is recognizable, they were more likely to rely on “whose signs you see the most” in the area.

Experience. Closely related to establishment, the focus group noted that the reputation of an agent is tied to the breadth and depth of experience of the agent. No real mystery here. Just like most employers seek employees who have some level of experience, buyers and sellers look for someone who is not going to be training on them.

Knowledge. The focus group discussed the need to find agents with a reputation for knowing the particulars of the local market for buyers and how to market for sellers. We need to differentiate between

You are an active listener if you are:

1. Not preoccupied.
2. Not interrupting.
3. Providing timely feedback.
4. Asking questions.
5. Taking notes.
6. Focusing on the customer and the message.
7. Responding—it is possible to hear and not respond!

⁶ Abraham, Rebecca (2004), “Emotional competence as antecedent to performance: A contingency framework,” *Genetic, Social, and General Psychology Monographs*, 130 (May), 117-143.

gaining *factual vs. process* knowledge. The buyer requires effort by the agent to gain *factual* knowledge regarding schools and other geo-demographic statistics. The seller requires the agent to learn process knowledge of how to market a property.

Knowledge has long been recognized as an important determinant of successful salespeople. But, why does knowledge lead to success? Research of 190 real estate agents across six large agencies found that agents who have a strong learning orientation are more customer focused and more satisfied with their work.⁷ We can also conclude that they are more productive, as other research confirms that salespeople with a learning orientation — as opposed to a selling orientation or performance orientation — are more likely to succeed.⁸ Interestingly, research also suggests that salespeople who are more fun-loving are more likely to have a learning orientation and effective adaptive selling skills.⁹

A learning orientation is more important than a selling orientation or performance orientation in determining an agent's success.

What can we conclude? Buyers and sellers begin the process by paying attention to social sources offered by word-of-mouth referrals from friends and family. Jointly, market sources are observed in the form of the availability and aggregation of the agency's brand in the buyer's or seller's desired neighborhoods. Gathering this information from social and market sources, buyers seek to assess the reputation of the agent. So, it is a **WAR** out there. But, ultimately, the bottom line rests on the agent's **CHEEK** — comfort, honesty, establishment, experience, and knowledge — which then becomes the basis of the reputable information passed on through social and market communications.

Agents who are fun-loving also love to learn so that they can have fun helping customers.

⁷ Harris, Eric G., John C. Mowen, and Tom J. Brown (2005), "Re-examining salesperson goal orientations: Personality influencers, customer orientation, and work satisfaction," *Journal of the Academy of Marketing Science*, 33 (1), 19-35.

⁸ Lin, Shu-chi and Jung-nung Chang (2005), "Goal orientation and organizational commitment as explanatory factors of employees' mobility," *Personnel Review*, 34 (3), 331-355.

⁹ Maxwell, Sarah, Gary Reed, Jim Saker, and Vicky Story (2005), "The two faces of playfulness: A new tool to select potentially successful sales reps," *Journal of Personal Selling & Sales Management*, 25 (Summer), 215-229.

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Dr. Wakefield's current research focuses on (1) valuation of sponsorships, (2) marketing of music & films, and (3) how fans process information and make decisions. His book on Team Sports Marketing and 50+ publications (including Journal of Marketing, Journal of Retailing, Journal of Advertising, Journal of Leisure Sciences, Journal of Advertising Research, Journal of Business Research, and others) involve conducting research in virtually every professional sport (NASCAR, ATP Tennis, anything with a ball or puck) and with teams such as the San Antonio Spurs, Dallas Mavericks, Texas Rangers, Houston Rockets, Houston Texans, and San Francisco 49ers.

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