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Word-of-Mouth Marketing: Talk Up Your Business

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Real estate professionals leverage various marketing tools to reach prospective customers. The challenge for these professionals is to determine which types of marketing are most effective. Traditional forms of marketing (e.g., print advertisement, direct mailings) appear to be losing effectiveness as homebuyers become more tech-savvy and better-prepared to buy or sell a home. In the new age of emerging technology, homebuyers are turning to social networking sites to seek-out and discuss experiences with friends, family, and peer groups. Over 43% of consumers seek advice from friends and family members before making a purchase (Power Reviews 2013). With the increase in the number of blogs, consumer websites, and word-of-mouth outlets available to homebuyers, consumer-generated media is attracting a great deal of attention due to the amount of influence it presents, providing a lower-cost option with faster delivery. The objective of this article is to compare the effects of word-of-mouth referrals with traditional marketing activities to demonstrate the advantages of a mixed marketing approach for real estate professionals, as well as to provide tips and tools to manage word-of-mouth chatter.



Word-of-Mouth Marketing Via Social Networking

Word-of-mouth (WOM) is being recognized as a viable alternative to traditional marketing. The internet and social media sites provide numerous platforms for consumers to share their experiences and opinions with others. In fact, in 2010 WOM accounted for 41% of online searches (Power Reviews 2013). Social media sites differ from professional websites and other internet sites in that these communities rely on user-generated content. Social and professional networking sites (e.g., Facebook, LinkedIn, Twitter) allow members to create networks of friends for social and professional interaction. There is a direct benefit to members when their network is expanded; as their network grows, the amount of content (e.g., information, exposure) grows.

Such network expansion provides an opportunity for real estate professionals to take advantage of WOM. Along with traditional marketing, WOM campaigns have been linked to new customer activity. Recent reports demonstrate that 91% of consumers trust recommendations from people they know and 70% trust recommendations from unknown users, compared to only 14% of those surveyed who trust advertising (Power Reviews 2013). In addition, 77% of consumers say they will buy a product or service based upon the recommendation of a friend or family member.

Utilizing online marketing tools to electronically “spread the word” becomes very natural in this setting, effectively positioning WOM in a social networking situation. Numerous studies have demonstrated that internet and social networking sites can be utilized as powerful marketing tools to prospect, build customer loyalty, and extend the brand or relationship.

Many companies are choosing to save money on expensive traditional marketing tools to focus efforts on cheaper strategies such as blogging and WOM campaigns. A survey of 231 professionals reveal social media is lower in cost per prospect lead than traditional marketing activities, resulting in 60% less per lead. Agencies are using in-bound marketing to generate more leads, which are converting into more customers (e.g., Lillevalja 2010). Social media allows real estate professionals to target an appropriate audience, connect on more of a personal level, and identify touch points to help integrate a personalized message into the daily routine of the prospect.

Gauging the Impact of WOM and Traditional Marketing

A study by Trusov and colleagues (2009) examines the immediate and long-term impact of traditional marketing activities and user-generated activities (social media, WOM). WOM is found to have an immediate impact on lead generation, over eight times higher than that of traditional marketing activities. The study also finds a carry-over effect extending the level of impact. Interestingly, traditional marketing activities are found to lose impact just days after the activity, whereas the significance of WOM activities has an effect on new customers continuing up to three weeks after the activity. For instance, the impact of seeing print advertisement is shown to dissipate within days of viewing whereas an online referral may create impact weeks after receiving the message. WOM is found to be an effective communication strategy to reach and retain customers. The long-term responsiveness of WOM referrals is found to be 20 times greater than traditional marketing activities and events. Furthermore, this number increases to over 30 times more impactful when compared to media appearances.

Compared to traditional marketing activities, WOM referrals produce both a larger short-term and long-term effect on new customer response. Due to the fact that WOM is estimated to have larger impact than just traditional advertising alone, it is increasingly important for real estate professionals to find and adjust marketing activities to identify the right marketing mix. One suggestion is to test the effects of WOM in social networking platforms. *Keller Center Research Report* authors have discussed technological tools and social media in the sales process (see [“Making Social Media Effective in Real Estate,”](#) [“How Technology is Changing the Sales Environment,”](#) and [“Listen, Contribute, Connect”](#)).

With the availability of social media analytical tools, organizations can electronically track WOM on social networks. These analytic tools can quantify WOM effects by measuring activity, lead generation, and customer acquisition. Improved metrics for testing the effectiveness of social networking activities allow real estate professionals to adapt communication strategies based upon the activity and success rate of the activity.



Putting WOM to Work

WOM is a strong marketing tool that can have a significant impact on new customer acquisition. Including social networking platforms, online WOM communication is a simple extension of current referral and lead-generating programs. The process is often easy, automatic, and free. To maximize WOM effectiveness, real estate professionals should encourage WOM activities and be involved in generating the chatter.

1. **Give people a reason to talk about you.** The reason people will talk hasn't changed; consumers want to share their experiences. To create positive WOM, professionals should focus on quality, seek customer feedback, pay attention to customer service, keep promises, exceed expectations, anticipate and fix problems that might arise. Social media outlets provide real estate professionals opportunities to strengthen these activities. Create a positive experience for home buyers and encourage positive experiences to be shared. Customers can post photos and links on social networking sites as they walk through the home-buying experience, promoting the real estate firm and professional with each post. WOM is spread with every status update, like, photo, and link shared.
2. **Provide a platform for people to share.** WOM customers are 16% more profitable than those generated by traditional marketing (Power Reviews 2013), so make it easy for friends to refer others. Social media outlets can be utilized to connect with potential customers to share information and events such as announcing open houses, posting home listings, and conducting prospecting research. Social media tools change quickly. The challenge for professionals is keeping current with emerging tools to effectively achieve specific communication goals.

[LinkedIn](#) provides tools for members to recommend or endorse your skills, which allows real estate professionals to build up a profile for potential prospects. [Facebook](#) has partnered with developers to create tools to enhance marketing activities. [Pagemodo](#) allows you to customize the design of your Facebook page. [SocialPlugins](#) encourage social engagement from a company website by using Likes, recommendations and other

capabilities to connect back to Facebook. [Twitter](#) allows professionals to solicit feedback in the form of questions and comments. [Twtpoll](#) can be used to ask for feedback from customers and engage them. [TweetChat](#) uses hashtags (#) to allow members to follow a Twitter chat. [GroupTweet](#) sends direct and private messages to a group of people at the same time. Other tools such as [Flowtown](#) can be used for lead-generating activities. This program captures an email address and provides contact information and social network connections attached to that email.

There are additional ways to provide referral links through social networking platforms, websites, and email. For example, customers can complete a pre-formatted message to refer a new prospect that is sent out by email. Real estate professionals can control the content and format of the message being sent out. Based upon the information obtained by the customer, the agent can target different messages to engage in an appropriate marketing activity.

3. **Spark the engagement and encourage WOM.** The most important thing to remember is not to *push your brand*, but rather *start a conversation*. Encourage conversations that share experiences instead of slogans. Provide relevant and accurate information that can be shared by others. Rotate stimulant messages, events, and topics to keep the conversation fresh and engaging. Provide material on new and trending information that would be of interest. Informational pieces not only demonstrate professional expertise in the industry, but also allow relevant conversations with the audience. Keep the postings short and to the point. Adapt the content based upon the interactions and reactions from the group.
4. **Create a WOM monitoring plan for on-line chatter.** Be aware of what your customers are saying so you can not only respond, but also have a better understanding of your customers and anticipate future problems. There are numerous monitoring tools available to track your name and business online. First, identify keywords that will work best to monitor the chatter, such as company name or real estate professional name. Second, identify where most of your customers will be chatting, for instance Facebook or Twitter. Next, minimize the amount of time spent monitoring WOM by selecting the right tools for your strategy and your market. Such monitoring tools include, [Trackur](#), [Google Alerts](#), [Social Mention](#), [Board Tracker](#), [Keotag](#), [Technorati](#), and [Twitter search](#).

Check WOM on popular chatter sites in less time by setting up an RSS feed for specific searches on your company name, your name, industry terms, or other key words in other social media sites ([Twitter](#), [Flickr](#), and others). This allows professionals to consolidate searches and reduce the activity and time involved in tracking WOM. Update social profiles and monitor social media conversations so that you can address questions and

opportunities quickly. Finally, set up a monitoring schedule to incorporate it into your daily activities.

5. **React, Respond, Repeat.** All professionals should be concerned about what customers are saying. Regardless of if the chatter is positive or negative, ignoring these comments could have significant WOM impacts that impact company image and profit. Positive comments provide opportunities for professionals to attract and retain top customers. The challenge many organizations have is dealing with negative WOM posted on social media. When faced with unflattering chatter, the natural reaction is typically the wrong response. First, listen and observe the messages before you react. Once you have a good understanding of why the comment is being posted, act on the information you uncover and focus on the key points that need to be addressed. It is important to identify the appropriate time to respond, the target group to respond to, and the tone of the message.

Timing is often sensitive in negative WOM situations. Be sure there is a cooling-off period before you respond, as it is difficult to understand the reason for the message with a “hot head.” In some cases, the criticism may not be worth addressing and can be used as an opportunity to improve in the future. In other cases, waiting too long might spark additional chatter. Taking an objective view of the comment can help evaluate the impact level and plan of action. If a response is necessary, decide the audience to respond to. Responding directly to the critic on a public platform may backfire. Responding to a general audience can neutralize the situation without building the momentum of the negative WOM. The tone of the message should always be professional and polite. The message should be calm and concise. The audience will validate your message based upon the tone of your response. Identify the content of the message. If the WOM perceives you as being at fault, apologize. Explain the situation, communicate what you will do and then do it. Thank people for their feedback, positive or negative. Address the issue at hand and then move on to positive areas that reflect your ability. If there is no activity, create a message to spark the engagement.

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