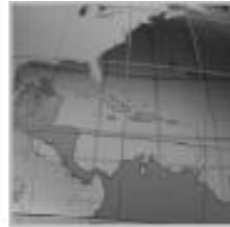


# Analysis



Business Development Services



February 2011

## Appraising the Real Estate Market

*Opportunities for Print and Marketing Services*

### Service Area

Business Development  
Strategies Production

[Comments or Questions?](#)

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## Introduction

The real estate market is a big consumer of print. Printed direct mail, signs, and listing directories are major marketing channels for real estate firms. Real estate agencies were also one of the first groups to seize the personalization feature of digital printing. Nearly every refrigerator in the U.S. likely sports a printed magnet with the picture of a local realtor. Willingness to pursue new communication options continues today and real estate firms are engaging in cross-media marketing that blends the channels of mobile, social, and personalized direct mail. This analysis assesses sales opportunities and appraises the challenges in selling cross-media marketing services in the real estate market.

## Key Highlights

- On average, 20% of real estate promotional materials are personalized. About 60% of real estate businesses agree that personalization improves customer response rate.
- Today, almost one-third of the real estate industry uses mobile/SMS marketing. Another 10% of real estate businesses indicate that they are considering the use of this medium in the future.
- More than one-third of respondents expect to increase their spending on external printing for promotional materials.

## Recommendations

- Print and marketing services providers looking to capture opportunities in the real estate marketplace should invest in technology solutions designed to support repetitive print programs.
- Service providers should work with realtors to introduce cross-media programs that incorporate personalized direct mail, e-mail messaging, QR codes, as well as social and mobile marketing. These are more effective than directory advertising.
- More than half of real estate firms are working with an external print services provider; it is time to educate the real estate market on new value-add services.
- Real estate firms and agents are focused on building their brand. Each firm and agent needs to have products, solutions, and messaging that speak to the market they are pursuing. Print and marketing service providers need to develop solutions that are unique and support the brand development for a realtor's market segment.

## **Real Estate: Market Overview**

### **Industry Segments**

Real estate businesses are involved in the buying, selling, and renting of developed property, including activities such as appraisal, brokering, management, and investment. Firms generally fall into two primary service categories, residential and commercial.

#### ***Residential***

Residential real estate involves buying, selling, and renting residential properties, such as homes and apartments. Firms serving this real estate market segment are often independently-owned and operated franchises (such as RE/MAX). These firms typically pay a fee to the franchisor in return for training, marketing, management, administrative support, and greater name recognition. Marketing activities are typically targeted to consumers.

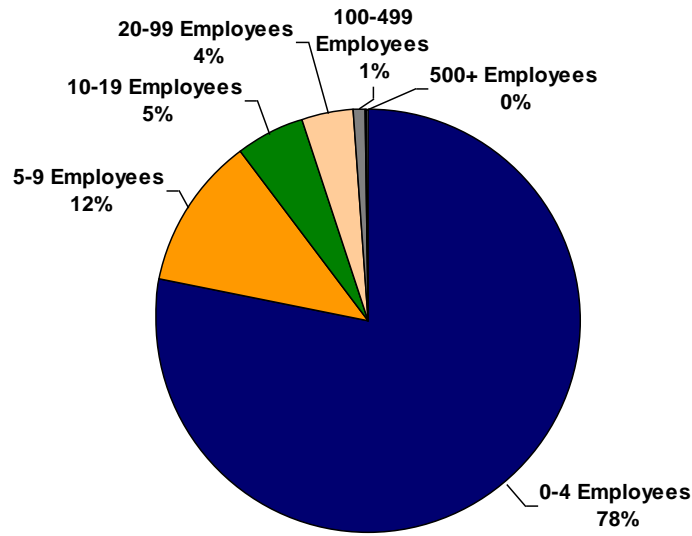
#### ***Commercial***

Commercial real estate involves the buying, selling, and leasing commercial properties, typically categorized into retail spaces, office buildings, and industrial spaces. These firms are typically larger than their residential counterparts and more commonly involved in property management. Marketing activities are typically targeted to businesses.

#### **Size**

Residential and commercial real estate have a huge impact on the U.S. economy, as evidenced by the recent housing bubble and subsequent sub-prime mortgage crisis.

According to the U.S. Small Business Administration, the real estate industry consists of more than 300,000 firms employing more than 550,000 people. The majority of these firms are small - to medium-size businesses (SMBs) with four or less employees. SMBs represent a significant market opportunity as they seek marketing services that will allow them to continue to compete with larger more established real estate firms.

**Figure 1: Number of Real Estate Firms by Company Size**

Source: U.S. Census

Total: 305,981 firms

Source: U.S. Small Business Administration, 2008

### Marketing and Advertising Spending

The average annual marketing/advertising expenditures for SMB firms in the real estate industry, according to recent InfoTrends titled *Capturing the SMB Business Communications Opportunity 2009*, was \$37,048 distributed between mass media, printed direct marketing, electronic media, and other forms of marketing.. Real estate firms surveyed report using the following top five marketing tools:

1. e-Mail marketing
2. Signage and point-of-sale advertising
3. Newspaper advertising
4. Direct mail
5. Printed directories

The mean annual print spend reported was \$16,400, of which just over 20% of real estate promotional materials are personalized. Interestingly, nearly two-thirds of real estate businesses (60%) agree that personalization improves customer response rate.

In addition, more than one-third of respondents expect to increase their spending on external printing for promotional materials. Today, more than half of all real estate businesses use commercial printers and just over 20% use franchise printers for their external printing needs.

Today, almost one-third of the real estate industry uses mobile/SMS marketing, and another 10% of real estate businesses indicate that they are considering the use of this medium in the future.

### Traditional Print Communications

On average, just under a quarter of all real estate print volume is ordered over the Internet. The top three printed applications ordered online are business cards, brochures and fliers, as well as checks. The real estate businesses that do not frequently use the Internet for ordering print do so because they are happy with their current provider and have a preference for speaking with a person as their top reasons.

Companies like CoreFact Corporation are taking advantage of online Web-to-print solutions and working with smaller independent brokerages to help develop coordinated and effective direct mail campaigns.

**Figure 2: CoreFact Offers Turnkey Web-to-Print Solutions Specifically Designed to Meet the Needs of the Real Estate Market**

The screenshot displays the CoreFact website interface. At the top, there is a navigation bar with the CoreFact logo, a search bar, and login options (Email, Password, SIGN IN, SIGN UP). Below the navigation bar, there is a green menu with links for Browse Products, Campaign Builder, Contacts, Orders, and Account. The main content area features a sidebar on the left with a 'Choose your theme:' dropdown set to 'Sky Blue', and a list of product categories including Newsletters, Postcards, Map Cards - Home Estimate Series, Seasonal Cards, Just Listed Series, Just Sold Series, Proof Of Production Series, Market Update Series, Local Expert Series, Senior Series, Seller's Tips, Buyer's Tips, Brochures & Flyers, Property Fly...Single Sided, Property Fly...Double Sided, and Custom Upload. The main content area displays a grid of 'Map Cards - Home Estimate Series' templates, each featuring a map, a 'Select' button, and a 'View Sample' icon.

CoreFact Corporation recently launched Store in a Box, an online turnkey farming and property marketing solution that leverages digital printing to create personalized collateral that fully reflects each brokerage's branding. Steve Elich, CoreFact's VP of Marketing, states, "The days of having separate online and offline strategies are over. You need both and you need both to work together. Compelling printed materials grab the consumer's attention, while online tools provide informational fulfillment and campaign tracking." By integrating variable data technology, CoreFact is able to provide personalized direct mail featuring localized maps and unique coding to help track customer responses, while providing a mechanism for agent interaction.

### **Non Traditional Communications**

Real estate firms and agents, much like the rest of the SMB market, has pulled back on costly marketing channels, such as directories, and have turned to new non-print marketing channels as a lower cost solution marketing solution. A recent 2010 NAR Profile of Home Buyers and Sellers reported that 99% of homebuyers used the Internet as an information source, 21% of Internet homebuyers drove by or viewed a home they saw online, and 37% of buyers first found their home on the Internet. What this tells us is that homebuyers are comfortable and familiar with using the Internet as medium for receiving information and messages.

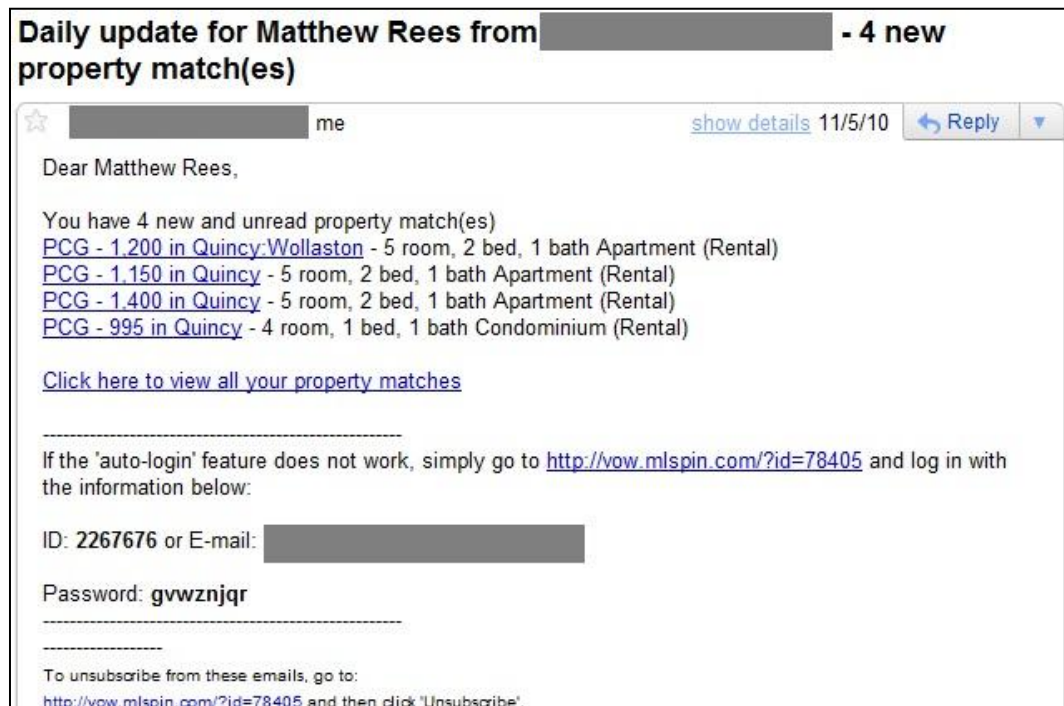
Successful real estate firms and agents are looking to introduce online marketing tools into their overall marketing efforts. In a report published by the Center for Realtor Technology, titled *the 2009 Technology Report*, almost half of respondents indicated they were comfortable to extremely comfortable using social media. Of these respondents, close to 60% use Facebook on a weekly basis and 25% use LinkedIn on a weekly basis for real estate purposes. Just under half of realtors surveyed use e-mail as a means for communicating with former and active clients while a third use postal mail as a means to reach former clients and 48% as a means to reach active clients.

### **Trigger Based Marketing in the Real Estate SMB Market**

The real estate market is ideally situated for trigger based marketing. Real estate has a high number of events (e.g., new property listings, properties sold/rented, and open houses) that can be leveraged to trigger a reason to communicate. Trigger based marketing works on the premise that communication with customers occurs at the precise time when they have a high propensity to purchase. At its core, trigger based marketing shares a direct two-way communication between the realtor and the individual.

Trigger based marketing tools can run in conjunction with e-mail messaging, text messaging, and digital print-based direct mail. Trigger based campaigns can, and should by their very nature, use all types of media in combination. Once these campaigns are set up, they run themselves as a repeatable digital program. The benefit for the print/marketing service provider is that these campaigns represent a tremendous opportunity for ongoing annuity-based marketing programs. More importantly, they can generate profitable revenue streams.

**Figure 3: An Example of a Personalized Daily e-Mail Blast that Alerts the Recipient of New Properties Available Based on Recipient Preferences**



Real estate businesses are familiar with trigger based marketing. In the above Figure, upon signing up with a realtor and selecting housing preferences, an e-mail message is sent daily to prospective buyers with new properties that match the preferences selected. This marketing, combined with sell sheets, direct mail, and SMS text messaging, provide an engaging platform for real estate business to directly interact with home hunters.

Most real estate businesses have a corporate Website. In addition, over one-third of real estate businesses utilize search engine marketing to promote themselves, while many use social media. As with many other SMB markets, the most popular social media platform used in the real estate industry is Facebook.

Real estate businesses currently utilize mobile/SMS marketing for promotion more than other vertical industries. Today, almost one-third of the real estate industry uses mobile/SMS marketing, and another 11% of real estate businesses indicate that they are considering the use of this channel in the future.

### QR Codes: the Next Big Thing for Real Estate Marketing

A quick response code (QR code) is a two-dimensional code that is readable by smartphones with installed QR scanning apps. Once scanned by the user, the QR code is able to direct a mobile smartphone to a text message, pURL, or even video. In this manner, QR codes can provide expanded levels of information in mediums that are typically have a fixed amount of real estate (pun intended) to them, such as directories, direct mail, and signage.

**Figure 4: QR Code used in real estate signage**



The above QR code was used to take the prospective home buyer to a URL link that contained images of the inside of the house. The uses for QR codes in the real estate market are numerous. They can be used to support printed directories, brochures, signage, sell sheets, business cards, or billboards.

### **InfoTrends' Opinion**

The rise of the Internet and a changing communication mix are major trends driving the real estate marketplace. While direct mail, signage, and directories continue to be marketing channels they need to fit into a larger holistic marketing approach that includes SMS text messaging, social networking, QR codes, and personalization. Successful real estate firms and agents are branding themselves to target niche marketplaces. Turnkey solutions that help support the coordination of this new marketing strategy need to be brought to the market through affordable means. By leveraging the Internet and online solutions as a volume aggregator, the real estate market can be a profitable and repetitive program based vertical market worth pursuing.

This material is prepared specifically for clients of InfoTrends, Inc. The opinions expressed represent our interpretation and analysis of information generally available to the public or released by responsible individuals in the subject companies. We believe that the sources of information on which our material is based are reliable and we have applied our best professional judgment to the data obtained

## Appendix

If you would like to learn more about the challenges and opportunities that the real estate industry is facing, some great resources include:

- U.S. Department of Housing and Urban Development (HUD) (<http://www.hud.gov/>)
- National Association of Realtors (NAR) (<http://www.realtor.org/>)
- National Association of Real Estate Brokers (NAREB) (<http://www.nareb.com/>)
- Commercial Real Estate Development Association (NAIOP) (<http://www.naiop.org/>)
- Institute of Real Estate Management (IREM) (<http://www.irem.org/>)
- National Real Estate Investors Association (REIA) (<http://www.nationalreia.com/>)
- Realty Times (<http://realtytimes.com/>)
- Inman Real Estate and Technology News (<http://www.inman.com/>)
- Globe St. Commercial Real Estate News (<http://www.globest.com/>)
- Property Management Link (<http://www.propertymanagementlink.com/>)
- Property Manager News (<http://www.propertymanager.com/>)

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