

# Letter of Transmittal

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May 16, 2007

Dear Sirs and Madams;

Please find attached our final report for the grant from the Alberta Real Estate Foundation entitled 'Strategic Planning Considerations in a Changing Alberta Real Estate Market'. We have greatly appreciated your support for this project, and the cooperation and assistance you have provided in accomplishing this task.

We will also have a publication entitled "The Impact of E-information on Residential Real Estate Services; Transaction Costs, Social Embeddedness and Market Conditions" forthcoming in the Canadian Journal of Administrative Sciences as a result of this grant, and will submit the published copy of this work to you once it is available.

Again, we wish to thank you for your support, and should you have any further questions, please do not hesitate to contact Jane Saber at 903-566-2575, 780-464-9016 or [janeleesaber@yahoo.com](mailto:janeleesaber@yahoo.com).

Best wishes,

Jane Lee Saber, Ryerson University  
Paul Messinger, University of Alberta

# Strategy 2007:

## Residential Real Estate in Alberta

**WHO ARE OUR CUSTOMERS?  
WHAT DO THEY VALUE?  
HOW SHOULD WE COMMUNICATE WITH THEM?**

Research for the Alberta Real Estate Foundation

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Thank you to those who participated in these surveys!

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# **Executive Summary: Buyers**

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- **Buyers still very likely to use agents, and there has only been an approximately 20% decrease in this likeliness compared to five years ago.**
- **However, only 58.6% of agents are very or somewhat satisfied with agent service.**
- **Buyers value agent knowledge, accessibility and reputation the most.**
- **62.3% of buyers would purchase a FSBO / ComFree property, which is up 49.1% from 5 years ago.**
- **The availability of property information on the Internet has changed the way buyers search for properties for 74.1% of buyers**
- **91.1% of buyers think they can buy properties for less if they purchase a FSBO / ComFree property.**
- **There are many factors which increase the probability of a buyer using an agent: they see value in agent service, however, many still aren't satisfied with agent service.**
- **The most effective methods of communicating with buyers is through signage (buyers driving around areas), referrals from family and friends, the Internet, and the newspapers, but other methods are also useful.**

# **Executive Summary: Sellers**

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- **56.6% of sellers are very or somewhat likely to use an agent to sell their next property, and this figure has decreased by 57.6%, compared to five years ago.**
- **Only 53.4% of sellers were very or somewhat satisfied with agent service.**
- **Sellers value agent knowledge, likeability and accessibility the most.**
- **53.6% of sellers believe buyers will search for FSBO / ComFree properties.**
- **48.2% of sellers stated they were very or somewhat likely to use a FSBO / ComFree method to sell their property, and this represents a 47.7% increase compared to five years ago.**
- **74.4% of sellers believe that because properties are selling quickly, they are less likely to need an agent.**
- **97% of sellers are less likely to use an agent because they will not have to pay agent commission.**
- **Sellers are most likely to use an agent when properties are selling slowly or they need to sell their property quickly.**
- **Sellers value 'socially embedded' agent services.**
- **Sellers believe the most effective ways to communicate with buyers are through personal contacts and newspapers, but other methods also appear useful.**

## **Executive Summary:** **Internet Information and Experience and Agent Value: Both Buyers and Sellers**

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- Because information about properties is available on the Internet, buyers and sellers value the services of agents less.
- As buyers and sellers become more experienced with the Internet, the client-perceived value of the agent decreases.

# **Executive Summary: Agents**

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- **46.2 % of agents believe that the client perceived value of an agent has decreased.**
- **46.4% of agents believe that buyer and seller clients are somewhat or very dissatisfied with agent services, but believe their own clients have a positive satisfaction rate of 78.9%!**
- **67.1% of agents believe that no commission payable increases the likeliness of a buyer purchasing a FSBO / ComFree property.**
- **88.4% of agents believe that no commission payable and the fact that properties are selling quickly (62.4%) increases the likeliness of a seller using a FSBO / ComFree method of property sale.**
- **There are many factors that agents believe contribute to the likeliness of a buyer or seller using an agent.**
- **Agents believe that the best ways to communicate with buyers and sellers is through personal contact, the Internet, and through referrals from family and friends, but other methods are also useful.**

# **Executive Summary: Differences in Perspectives: Agents and Clients**

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- Generally, agents tend to over-value their services as compared to the perspectives of buyers and sellers.
- Agents undervalue how price sensitive clients are:
  - Buyers and sellers value not paying commission more than agents think.
- Agents have not sufficiently adjusted their perspectives of their own value, considering the current hot market conditions, specifically for sellers.
- Agents believe all clients and specifically, their own clients are more satisfied than clients actually report.
- Agents value persistence much more than clients: this may be something that needs to be communicated more effectively.
- Agents over-value the communication methods of personal contact, magazines and Internet, and undervalue newspapers for buyers and sellers, and driving around areas (use of signage) for buyers.
- Agents think that the factors of less effort, assistance with transaction problems, and helping to find buyers and properties are more valuable to clients than the clients, themselves, perceive.



# **Executive Summary: Recommendations and Conclusions**

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- **Must communicate more agent value to clients: what is the agent's unique and expert knowledge?**
- **Generally, the agent value communicated should center around real estate tasks that clients cannot readily learn about or complete themselves and tasks that require a network or contacts to accomplish.**
- **More research has to be done to determine how best to increase client satisfaction, above and beyond communication devices.**
- **There is likely to be a continued upward trend of 'do-it-yourselfers and self-service', especially as more and more of the population is Internet-experienced.**
- **Must clearly and regularly communicate to individual clients and the general population about the value-added of using an agent.**
- **May have to become more price competitive, or adjust pricing strategies depending on market conditions, (e.g. buyer should pay for services when the market is HOT), since clients are more price-sensitive than agents believe.**

**Report to the Alberta Real Estate  
Foundation:**

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**Strategy 2007:**

**Residential Real Estate in Alberta**

**A Practical Guide**

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## **Background Information: Why this research is important:**

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- **Increased competition:**
  - **FSBOs, ComFree, discount brokers / realtors.**
- **Increased housing demand:**
  - **High demand, low supply: HOT market.**
- **Increased customer access to property inventories (MLS) through the Internet and other previously exclusive realtor/broker information.**
- **More 'do-it-yourselfers / self-service '**
  - **a change in culture.**

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## **Because of these factors, in order to maximize your business, you must:**

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- **Know who your customers are:**
  - **Buyers and Sellers have different values, wants and needs, as we will show below.**
- **Find out exactly what aspects of your service each of the customer segments value, want and need.**
- **Maximize your delivered-value to each customer segment: do what your clients value, want and need, and tell them about it!**
- **Determine the best and most cost-efficient ways of communicating your value to each customer segment.**

## **Method:**

# **In order to help you with your strategy, we did some research:**

- **First, we completed four focus groups and six in depth interviews in order to understand what was happening in the industry.**
- **Based on those initial findings, we completed personally administered surveys (between four and six different geographic areas per city) in Calgary, Edmonton, Red Deer, Sherwood Park and Fort Saskatchewan\*, as follows:**
  - **Buyer's Surveys: 130 potential buyers**
  - **Seller's Surveys: 130 potential sellers**
  - **Agent / Broker Surveys: 130 agents / brokers**

**\*The number of people surveyed in each city was directly proportional to the population of each city.**

# **Results:**

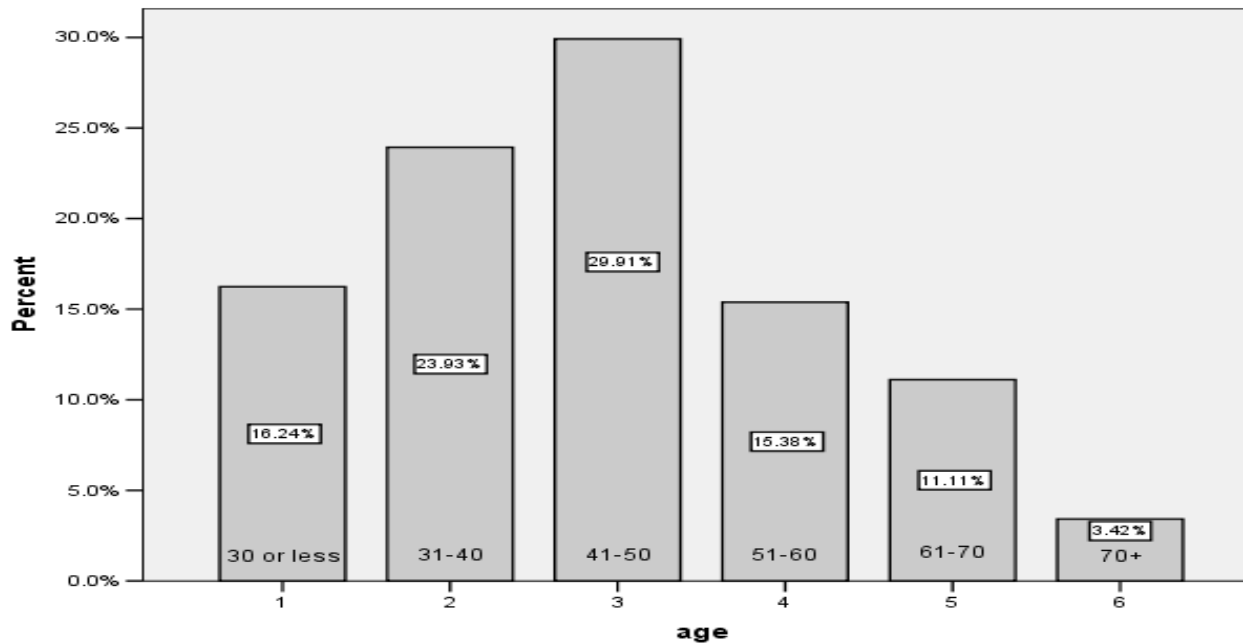
## **BUYER PERSPECTIVE**

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- DEMOGRAPHICS
- RESULTS
- WHY BUYERS USE FSBO / COMFREE
- WHY BUYERS USE AGENTS
- BEST WAYS TO COMMUNICATE WITH BUYERS

## Demographics: Surveyed Potential Buyers

- Age:



- Sex: Female: 64.4% Male: 35.6 %
- Marital Status: Married: 77.3%
- Have bought or intended to buy a property in the next 5 years: 100%
- Own their homes: 73.1%

## ● Income:

33.01% under \$50,000

41.46% between \$50,000-100,000

25.53% over \$100,000.

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## ● Education:

- Less than High School: 5.2%
- High School: 33.6%
- Some University: 42%
- Bachelor's Degree: 14.3%
- Master's Degree: 3.4%

## ● Level of Experience with Internet:

- Moderately or very experienced: 84.2%
- Inexperienced: 15.8%.



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## Results: Buyers

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- 67.0% of buyers stated they would very likely or somewhat likely use an agent to purchase a property.
- 21.1% of buyers indicated that their likeliness of using an agent to purchase has decreased either somewhat or quite a bit, compared to five years ago.
- 58.6% stated they were very or somewhat satisfied with using an agent to purchase.

# Results:

## Buyers

- We asked Buyers what was most important to them: persistence, likeability, knowledge, reputation, accessibility, aggressive for client needs and whether or not the agent had a new car. Except for the 'new car' question which was added to make sure people were paying attention, all of these factors were important, and buyers responded to these factors as very important or somewhat important as follows:
  - Knowledge: 98.3 %
  - Accessibility: 95.7 %
  - Aggressive for client's interests: 93.0 %
  - Reputation: 94.8 %
  - Likeability: 92.2 %
  - Persistence: 64.3 %

From these results, it appears that all of these things except persistence should be stressed when communicating with Buyers.

However, there are some other messages that might be more effective for communicating agent value to Buyers under HOT market conditions, as will be shown below.

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## Results: Buyers

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- 60.0% of Buyers thought it was very or somewhat likely that buyers, generally, would consider buying a FSBO / ComFree property.
- 62.3% of Buyers would themselves consider buying as FSBO / ComFree property
- 49.1% stated that the probability of purchasing a FSBO / ComFree property had increased very much or somewhat over the last 5 years.
- 74.1% of Buyers stated that because property information was available on the Internet, it had either very much or somewhat changed the way they searched for properties: they now use the Internet to pre-screen what they want, and call the agent mostly for showings.

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## **The reason Buyers stated they would purchase a FSBO / ComFree property was:**

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91.1% of Buyers thought they could purchase a FSBO / ComFree property at a lower price than if they used an agent, (assuming the same property was available as a FSBO / ComFree and through an agent).

If this perception is NOT TRUE, (which must be proven by data not available in this study), then it is critical to make Buyers clients aware of this fact!

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## **Reasons to Use an Agent: Buyers**

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- 84.2% stated it was very or somewhat important for the agent to recommend properties to purchase.
- 91.4% stated it was very or somewhat important to have an agent helping with documents.
- 91.4% stated it was very or somewhat important to have an agent help them evaluate the fair market value of a property.
- 93.9% stated it was very or somewhat important to have an agent to help close the deal.
- 94% stated that it was very or somewhat important to have an agent who could listen to their needs.
- 88.3% stated it was very or somewhat important to have an agent helping them locate a property if they needed to locate a property to purchase quickly.

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## Reasons to Use an Agent: Buyers

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- 83.6% stated it was very or somewhat important to have an agent able to search the MLS for the client.
- There appear to be many things that buyers value about real estate agent services. Please refer to the summary at the end of this document for a complete list.
- However, since buyers are not typically directly paying for these services, buyers tend to have a non-discriminatory 'laundry list' of things that they want in an agent: this would likely change and become more specific if Buyers were actually paying for agent services.

'Liking', and 'willing to pay for' are often two different things.

Nevertheless, since these factors are seen as important to Buyers, these factors should be stressed in marketing communications with these clients.

## **Buyers perceive that the best ways to communicate with them are:**

- Buyers rated each of these communication methods to purchase properties as very or somewhat important as follows:
  - Personal contact: 62.2%
  - Newspaper ads: 74.3%
  - Internet information available on property: 79.2 %
  - Property referrals from friends or acquaintances: 83.0%
  - Driving around area: 86.6%
  - Magazines: 64.2 %
  - Television ( 30% ) was rated the lowest.

# **Results:**

## **SELLER INFORMATION**

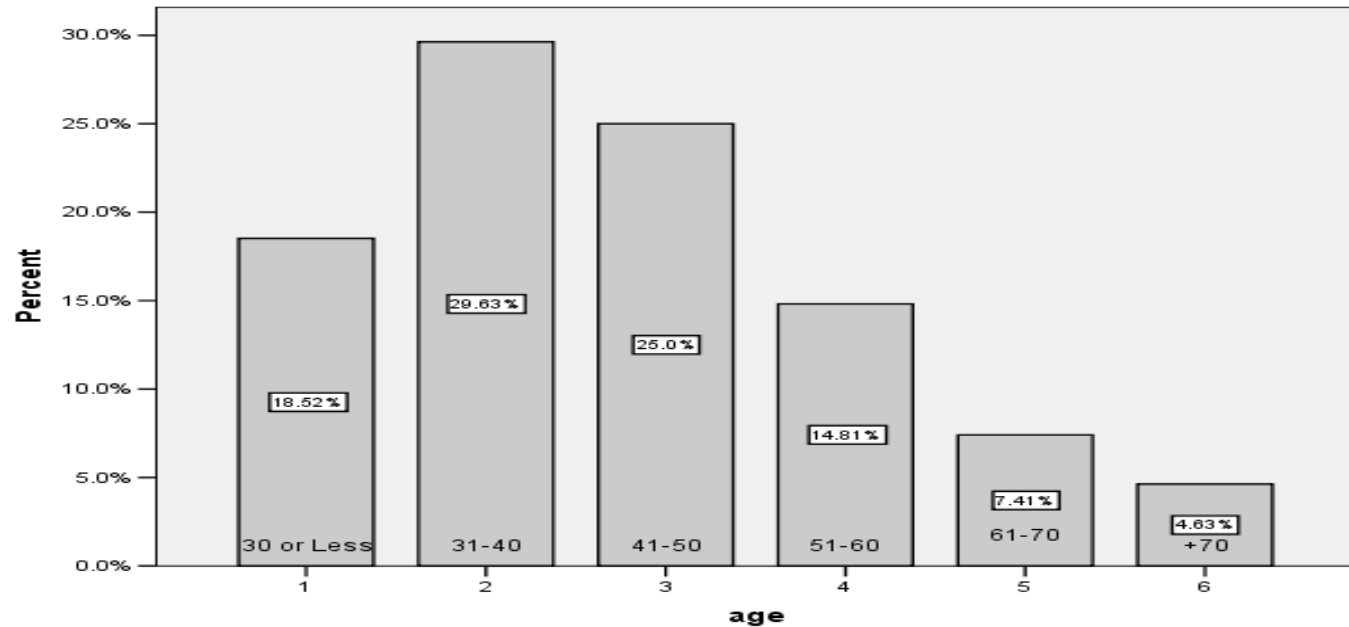
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- DEMOGRAPHICS
- RESULTS
- WHY SELLERS USE FSBO / COMFREE
- WHY SELLERS USE AGENTS
- BEST WAYS TO COMMUNICATE WITH SELLERS



## Demographics: Surveyed Potential Sellers

- Age:



- Sex: Female: 66.7% Male: 33.3%
- Marital Status: Married: 65.8%
- Have bought or intended to buy a property in the next 5 years: 100%
- Own their homes: 71.2%

## ● Income:

36.6% under \$50,000

30.5% between \$50,000-100,000

32.9% over \$100,000.

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## ● Education:

- Less than High School: 9.91%
- High School: 25.23%
- Some University: 41.44%
- Bachelor's Degree: 18.02%
- Master's Degree: 4.5%
- Ph.D. : .9%

## ● Level of Experience with Internet:

- Moderately or very experienced 81.9%
- Inexperienced: 18.1%

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## **Results: Sellers**

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- **Only 56.6% of those surveyed stated they would either very or somewhat likely to use an agent the next time they sold a property.**
- **57.6% stated they were less likely to use an agent than they were 5 years ago.**
- **53.4% stated that they were very or somewhat satisfied with using an agent (the others are neutral, somewhat unsatisfied, or very unsatisfied).**

## **Results: Sellers**

- **We asked sellers what was most important to them: persistence, likeability, knowledge, reputation, accessibility, aggressive for client needs and whether or not the agent had a new car. Except for the 'new car' question, which was added to make sure people were paying attention, all of these factors were important, as follows:**
  - **Knowledge: 98.2 %**
  - **Accessibility: 95.5 %**
  - **Aggressive for client's interests: 93.0 %**
  - **Reputation: 90.1 %**
  - **Likeability: 97.3 %**
  - **Persistence: 60.9 %**

**From these results, it appears that all of these things except persistence should be stressed when communicating with Sellers.**

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## **Results: Sellers**

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- **53.2% of Sellers thought it was very or somewhat likely that a potential buyer would search for a FSBO / ComFree property.**
- **48.2% of sellers stated that it was very or somewhat likely they would use a FSBO / ComFree method to sell their properties.**
- **47.7% stated that the probability of using a FSBO / ComFree technique had either very much or somewhat increased over the last 5 years.**

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## **Results : Sellers**

### **Reasons to use a FSBO / ComFree method of selling:**

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- **Properties are selling quickly: 78.4% of participants said that this would increase the likelihood of using a FSBO / ComFree method agent either very much or somewhat.**
- **No commission: 97% of participants said that this would increase the likelihood of using a FSBO / ComFree method either very much or somewhat.**

## **Results Sellers:**

### **Sellers stated that the following would increase their probability of using an Agent:**

- **Properties are selling slowly: 89.6% of participants said that this would increase the likeliness of using an agent either very much or somewhat.**
- **Have to sell property quickly: 79.2% of participants said that this would increase the likeliness of using an agent either very much or somewhat.**
- **Buyers may not disclose financial problems without an agent (transaction problems): 64.3% of participants said that this would increase the likeliness of using an agent either very much or somewhat.**
- **Less effort on Seller's part when agent used: 62.2% of participants said that this would increase the likeliness of using an agent either very much or somewhat.**
- **No help available if there are problems: 61.2% of participants said that this would increase the likeliness of using an agent either very much or somewhat.**
- **Difficult to find qualified buyer : 61.2% of participants said that this would increase the likeliness of using an agent either very much or somewhat.**

## Other Results: Sellers

- Sellers value an agent's '**socially embedded tasks**'.
- Those are the things that you do as an agent that rely on your networks and connections: finding qualified buyers, finding lawyers, knowing the legalities of the transaction, showing the property, closing the deal, negotiating the best price, making sure the transaction goes through smoothly, and so on.
- This is the value-added that you provide to sellers.
- You must emphasize these tasks when communicating with your sellers so they perceive they are getting valuable service from you.

The statistics which support these statements can be found at the end of this paper, and more details about the theory and calculations of these results can be obtained from the authors.



## **Sellers perceive that the best ways to communicate to potential buyers are:**

- Sellers rated each of these communication methods to sell their properties as very or somewhat important as follows:
  - Personal contact: 79.8%
  - Newspaper ads: 72.1%
  - Internet information available on property: 73.3%
  - Property referrals from friends or acquaintances: 68.9 %
  - Potential buyers driving around area: 67.6%
- Television ( 32.5% ) and magazines ( 35.0% ) were rated the lowest.

# **OTHER RESULTS**

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- **BUYERS AND SELLERS AND THEIR PERCEPTIONS OF AGENT VALUES, GIVEN PROPERTY INFORMATION ON THE INTERNET.**

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## **Other Results: Both BUYERS AND SELLERS**

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- We used a statistical technique called a t-test, and found that **when information about properties is available on the Internet, the perceived value of an agent is reduced for both buyers and sellers.**
- We also found that, **as the customer's level of Internet experience increases, their perceived value of the agent decreases for both buyers and sellers.**
- **This is a really important finding, because the number of clients using the Internet is CONSTANTLY and DRAMATICALLY INCREASING!**
  - Think of the demographics: the new generations are Internet experts!
- **That is why you must emphasize your expert knowledge above and beyond MLS details!**

Statistical results in support of these statements can be found at the end of this paper and more information can be obtained from the authors on this subject.

## **Other Questions**

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- Why are buyers more likely than sellers to use agents?
- Why has sellers likeliness of using an agent decreased more than for buyers over the last five years?

## **WHY ARE THE NUMBERS**

**“Likeliness of using an agent”**

**“Change in probability of using an agent compared to five years ago”**

### **SO DIFFERENT FOR BUYERS AND SELLERS?**

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1. **Buyers are more likely to use agents because buyers are not directly paying for the services of agents: they don't typically pay the agent for services if no property is purchased unless there is a buying contract with an agent to the contrary.**

**Thus, using an agent is effectively costless to the buyer!**

2. **Also, because the Alberta Real Estate Market is currently HOT, where properties are selling quickly because of low supply and high demand, sellers don't value agent services as much under these conditions.**

**If properties were not selling quickly, sellers would be more likely to use an agent, and have an increased probability of using an agent, compared to five years ago.**

**Buyers currently need agents because properties are selling quickly, and they need the agent to find available properties before the properties sell to other buyers: many properties today are pre-sold before they are even listed on MLS.**

**Perhaps BUYERS need to pay for agent services in a HOT market...**

**AT THE VERY LEAST, THIS AGENT BENEFIT MUST BE STRESSED TO BUYER CLIENTS**

**IN ALL MARKETING COMMUNICATIONS WHEN THE MARKET IS HOT!**

# **Information from Agents / Brokers**

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- GENERAL INFORMATION AND DEMOGRAPHICS
- RESULTS
- WHAT AGENTS THINK ABOUT BUYERS
- WHAT AGENTS THINK ABOUT SELLERS
- BEST WAYS TO COMMUNICATE

## **General Information and Demographics : Agents and Brokers**

- **Mode: number of agents in office where participants worked: over 30.**
- **64.2% of agents surveyed indicated their office or they, themselves, had website.**
- **55.8% of offices do NOT provide any computer training.**
- **100% of agents had an internet connection either at home or at work.**
- **75.0% of agents said their office was either somewhat or very supportive of using the Internet to attract clients.**
- **50.4% of the agents surveyed had been agents for more than seven years.**
- **96.7% of the agents considered themselves moderately or very experienced with the Internet.**
- **64.4% of agents had taken computer courses.**
- **87.9% of agents worked full time in real estate.**
- **52% were male, 47.9% were female.**
- **22.8 % of agents were under 40 years of age, 63.1% were between 41-60 years old, and the remainder were over 60 years of age.**
- **89.6% of participants had a High School Diploma or above.**
- **84.6% of agents stated that their jobs were easier or much easier because of the Internet**

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## **Results :**

# **Agents and Brokers**

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- **46.2% of agents perceived that because of the use of the Internet, clients value agent services less or much less.**
- **46.4 % of agents stated that clients were either unsatisfied or very unsatisfied with the services of all agents.**
- **78.9% of agents stated that their own clients were either very satisfied or somewhat satisfied with their services.**
- **With respect to competitors, agents stated they were either significantly concerned or somewhat concerned about these competitors as follows:**
  - **Other Agents in office: 9.75% of agents were concerned significantly or somewhat.**
  - **Other Agents outside the office: 26.8% of agents were concerned significantly or somewhat.**
  - **ComFree: 50.5 % of agents were concerned significantly or somewhat.**
  - **FSBOs: 39.1 % of agents were concerned significantly or somewhat.**



## **Agents and Brokers: Perceptions of What Buyers Value**

- Agents perceived that Buyers value the following factors either as very important or somewhat important at the frequencies reported below:
  - Agent recommending properties: 97.2%
  - Ability to assess fair market value: 98%
  - Finding mortgage companies: 75.2%
  - Phoning clients when they are actively looking for properties: 92.3%
  - Fast response times: 100%
  - Emailing clients when they are actively looking for properties: 91.4%
  - Ability to close the deal: 99.1%
  - Assistance in document preparation: 98.1%
  - Negotiation of the best price: 96.3%
  - Listening to client needs: 98.1%
  - Access to MLS: 97.2%

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## **Agents and Brokers: Perceptions of Why Buyers Would Purchase FSBO or ComFree Properties.**

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- 67.1% of agents stated that no commissions were a very or moderately strong reason for buying a FSBO or ComFree property.

This was the only reason supporting purchase through FSBO or ComFree.

## **Agents and Brokers: Perceptions of Why Buyers Would Choose to Use an Agent.**

- **70.4% of agents perceived that less buyer effort was a very or moderately strong reason for using an agent.**
- **65.9% of agents stated that problems with seller disclosures (transaction problems) were very or moderately strong reasons for using an agent.**
- **79.2 % of agents stated that difficulties finding suitable properties was a very or moderately strong reason for using an agent.**
- **69.2 % of agents stated that difficulty knowing fair market value of sale properties was a very or moderately strong reason for using an agent.**
- **75.8 % of agents stated that difficulties in document preparation was a very or moderately strong reason for using an agent.**
- **80.9 % of agents stated that if the buyer needed to find a property quickly, this was a very or moderately strong reason for using an agent.**
- **85.9 % of agents stated that the avoidance of potential problems in completing the entire transaction was a very or moderately strong reason for using an agent.**

## Agents and Brokers: Perceptions of What Sellers Value

- Agents perceived that Sellers value the following factors either as very important or somewhat important at the frequencies reported below:
  - Agent recommending buyers: 97.9%
  - Ability to assess fair market value: 98.1%
  - Finding mortgage companies: 67.1%
  - Phoning clients when they are actively selling for properties: 91.2%
  - Fast response times: 100%
  - Emailing clients when they are actively selling for properties: 89.7%
  - Ability to close the deal: 99.1%
  - Assistance in document preparation: 98.1%
  - Negotiation of the best price: 96.2%
  - Listening to client needs: 98.1%
  - Access to MLS: 96%

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## **Agents and Brokers: Perceptions of Why Sellers Would Sell Using FSBO or ComFree.**

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- 88.4% of agents stated that no commissions were a very or moderately strong reason for selling using a FSBO or ComFree method.
- 62.4% of agents stated that when properties are selling quickly, sellers are either much more likely or somewhat more likely to use FSBO / ComFree

(see Table 3 for statistical analysis regarding market conditions)

## **Agents and Brokers: Perceptions of Why Sellers Would Choose to Use an Agent.**

- **72.8% of agents stated that less seller effort was a very or moderately strong reason for using an agent.**
- **88.3% of agents stated that problems with buyer financial disclosures (transaction problems) was a very or moderately strong reason for using an agent.**
- **88.8 % of agents stated that difficulties finding suitable buyers was a very or moderately strong reason for using an agent.**
- **86.8 % of agents stated that difficulty knowing fair market value of the property being sold was a very or moderately strong reason for using an agent.**
- **74.1 % of agents stated that difficulties in filling out documents was a very or moderately strong reason for using an agent.**
- **86.6 % of agents stated that if the seller needed to sell a property quickly, this was a very or moderately strong reason for using an agent.**
- **86.7 % of agents stated that the avoidance of potential problems in completing the entire transaction was a very or moderately strong reason for using an agent.**

# Agent Perceptions of Effective Communication Methods

- Agents perceived that communication between themselves and sellers and buyers using the following methods was either very useful or somewhat useful:
  - Personal contact with clients: 87.4%
  - Newspaper; 59.8%
  - Internet: 96.4%
  - Magazines: 58.2%
  - TV: 23.4%
  - Driving around areas: 76.4%
  - Referral from friends or acquaintances: 89.0%

# **Summary of Findings**

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- Value of agents
- Desirable characteristics of agents
- Usefulness of communication methods
- Reasons to use FSBO or ComFree
- Reasons to use Agent



## Summary: Perspectives of Buyers, Sellers and Agents on Value of Agent

<b>Agent Value Provided: percentages of participants that rated this factor as very important or somewhat important</b>	<b>Buyer Rating</b>	<b>Seller Rating</b>	<b>Agent Rating of Buyers</b>	<b>Agent Rating of Sellers</b>
<b>Ability to recommend property or buyers</b>	<b>84.2</b>	<b>95.2</b>	<b>97.2</b>	<b>97.9</b>
<b>Ability to assess fair market value</b>	<b>91.4</b>	<b>95.3</b>	<b>98</b>	<b>98.1</b>
<b>Finding mortgage company</b>	<b>65.8</b>	<b>66.4</b>	<b>75.2</b>	<b>67.1</b>
<b>Phoning clients</b>	<b>85.0</b>	<b>87.7</b>	<b>92.3</b>	<b>91.2</b>
<b>Fast response times</b>	<b>87.1</b>	<b>89.7</b>	<b>100</b>	<b>100</b>
<b>Emailing clients</b>	<b>75.5</b>	<b>89.3</b>	<b>91.4</b>	<b>89.7</b>
<b>Ability to close deal</b>	<b>93.9</b>	<b>96.3</b>	<b>99.1</b>	<b>99.1</b>
<b>Assistance in document preparation</b>	<b>91.3</b>	<b>90.7</b>	<b>98.1</b>	<b>98.1</b>
<b>Negotiation of the best price</b>	<b>91.4</b>	<b>92.5</b>	<b>96.3</b>	<b>96.2</b>
<b>Listening to client needs</b>	<b>94.0</b>	<b>93.5</b>	<b>98.1</b>	<b>98.1</b>
<b>Access to MLS</b>	<b>83.6</b>	<b>83.0</b>	<b>97.2</b>	<b>96.0</b>

## Summary:

### Perspectives of Buyers, Sellers and Agents on Desirable Characteristics of Agent

<b>Agent Characteristics: percentages of participants that rated this factor as very important or somewhat important</b>	<b>Buyer Rating</b>	<b>Seller Rating</b>	<b>Agent Rating of Buyers</b>	<b>Agent Rating of Sellers</b>
<b>Knowledge</b>	<b>98.3</b>	<b>98.2</b>	<b>98.1</b>	<b>98.1</b>
<b>Persistence</b>	<b>64.3</b>	<b>60.9</b>	<b>96.3</b>	<b>97.9</b>
<b>Likeability</b>	<b>92.2</b>	<b>97.3</b>	<b>97.2</b>	<b>96.2</b>
<b>Reputation</b>	<b>94.8</b>	<b>90.1</b>	<b>97.2</b>	<b>98.1</b>
<b>Accessibility</b>	<b>95.7</b>	<b>95.5</b>	<b>98.1</b>	<b>96</b>

## Summary: Usefulness of Methods to Communicate with Buyers and Sellers

<b>Communication Method: percentages of participants that rated this factor as very useful or somewhat useful</b>	<b>Buyer Rating</b>	<b>Seller Rating</b>	<b>Agent Rating of Buyers and Sellers</b>
<b>Agent personal contact</b>	<b>62.2</b>	<b>79.8</b>	<b>87.4</b>
<b>Newspaper</b>	<b>74.3</b>	<b>72.1</b>	<b>59.8</b>
<b>Internet information</b>	<b>79.2</b>	<b>73.3</b>	<b>96.4</b>
<b>Property referrals from friends or family</b>	<b>83.0</b>	<b>68.9</b>	<b>89.0</b>
<b>Driving around areas</b>	<b>86.6</b>	<b>67.6</b>	<b>58.2</b>
<b>Television</b>	<b>30.0</b>	<b>32.4</b>	<b>23.4</b>
<b>Magazines</b>	<b>64.2</b>	<b>58.3</b>	<b>76.4</b>

# Summary:

## Reasons to Use FSBO or ComFree

<b>Reasons to Use FSBO or ComFree: percentages of participants that rated this factor as very likely or somewhat likely contributing to using FSBO or ComFree</b>	<b>Buyer Rating</b>	<b>Seller Rating</b>	<b>Agent Rating of Buyers</b>	<b>Agent Rating of Sellers</b>
<b>No Commission</b>	<b>91.1</b>	<b>97.0</b>	<b>67.1</b>	<b>88.4</b>
<b>Properties Are Selling Quickly</b>	<b>72.7 would very or somewhat likely use Agent</b>	<b>78.4</b>	<b>98.1 would very or somewhat likely use Agent</b>	<b>62.4</b>

# Summary: Reasons to Use Agents

<b>Reasons to Use an Agent: percentages of participants that rated this factor as very important or somewhat important</b>	<b>Buyer Rating</b>	<b>Seller Rating</b>	<b>Agent Rating of Buyers</b>	<b>Agent Rating of Sellers</b>
<b>Less Effort</b>	<b>63.6</b>	<b>62.2</b>	<b>70.4</b>	<b>72.8</b>
<b>Avoid Transaction Problems</b>	<b>75.2</b>	<b>64.3</b>	<b>65.9</b>	<b>88.3</b>
<b>No Help Available if There Are Problems</b>	<b>68.9</b>	<b>61.2</b>	<b>88.3</b>	<b>86.7</b>
<b>Difficult to Find Buyers / Properties</b>	<b>84.2</b>	<b>61.2</b>	<b>79.2</b>	<b>88.8</b>
<b>Determining if the Price is Suitable</b>	<b>91.4</b>	<b>58.6</b>	<b>69.2</b>	<b>86.8</b>
<b>Difficulty filling out contracts</b>	<b>91.4</b>	<b>39.4</b>	<b>75.8</b>	<b>74.1</b>
<b>Need to transact quickly</b>	<b>88.3</b>	<b>79.2</b>	<b>80.9</b>	<b>87.9</b>

# **Recommendations and Conclusions**

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- Based on the data, recommendations and conclusions can be made on the following:
  - What to communicate to buyers.
  - What to communicate to sellers.
  - How to use your competitive advantage.
  - What to be aware of in the future.

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## **What You Should Communicate to Maximize Buyer Satisfaction and Agent Use:**

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- **You have knowledge about available properties in a hot market that individuals do not have and cannot get, above and beyond what is listed on the MLS: many properties are pre-sold in a HOT market.**
- If supported by data, FSBO and ComFree properties are not cheaper.
- You are likely to be able to negotiate better prices and contract terms and know how to 'close the deal'.
- You listen to client needs and can recommend and show suitable properties that are priced fairly.
- You can help them find a property if they need to relocate quickly.
- You know what steps, forms and people are involved in the transaction, and can help the buyer deal with these issues from the beginning to the end.

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## **What You Should Communicate to Maximize Seller Satisfaction and Agent Use:**

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Emphasize your unique and expert knowledge of:

- qualified buyers
- fair market value
- how to prepare a house for sale
- how and where to advertise a property
- how the transaction works
- which people need to be involved in the transaction
- lawyers, mortgage companies, appraisers and other people
- potential problems in transactions that you can easily solve
- and any socially embedded, network-based tasks

**...that the seller can't easily learn, find out, understand or accomplish.**



## **With Respect to Your Competitive Advantage when Communicating with Buyers and Sellers, Don't Forget:**

- FSBO and ComFree sellers can use signage (for buyers driving around), internet information, newspaper ads, some magazines and some referrals, just like you.
- Buyers can search the MLS for properties, just like you.
- **You must use your network, contacts, unique knowledge and expertise to demonstrate your value- added for both buyers and sellers.**
- Having a recognized and trusted “Brand” through your office name, or having a good reputation, personally, is important, but it is NOT ENOUGH!
- Customers want VALUE-ADDED: you must show them how YOU provide it.

## **Based on our data and other research, this is what we think you could expect in the future:**

- It appears that there will continue to be an upward trend in FSBO / ComFree use for as long as the market stays HOT.
- You must emphasize value-added of agent services, particularly those aspects of your service that use networks and connections, otherwise the satisfaction rates of customers may deteriorate as clients become more and more comfortable with real estate transactions without agents.
- The self-service trend for real estate will, for the most part, continue and possibly increase, however real estate agents will never be replaced by this trend (disintermediation), because the market tends to fluctuate between 'hot' and 'cold', which leads to either buyers (hot) or sellers (cold) perceiving value in agent service.
- As the demographics of Alberta change and the population of clients are become increasingly familiar with the Internet, self-service in the search and sale of properties may continue and increase.
- Because of these factors, it is critical that the value-added of the agent be clearly and regularly communicated, both to the individual client, as well as the public at large.
- Agents may have to become more price competitive, or adjust pricing strategies depending on market conditions, (e.g. buyer should pay for services when the market is HOT), since clients are more price-sensitive than agents believe.

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## **Limitations**

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Data was only collected in Alberta, so not generalizable to other markets.

Data was collected from potential or past buyers and sellers, not actual current buyers and sellers.

Samples did not include rural areas.

Data not generalizable to market conditions in Alberta other than where demand is high and number of properties for sale is low, (HOT market).

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# Statistics

	Buyers					Sellers				
	Sum of Squares	Df	Mean Square	F	Sig.	Sum of Squares	Df	Mean Square	F	Sig.
<b>Intercept</b>	1.461	1	1.46	.945	.334	2.532	1	2.532	1.85	.177
<b>Social Embeddedness Score (Between Subjects Factor)</b>	27.962	1	27.96	<b>18.08</b>	.000	25.818	1	25.818	<b>18.87</b>	.000
<b>Error</b>	149.998	97	1.55			131.376	96	1.369		
<b>Corrected Total</b>	177.960	98				157.194	97			
<b>Total</b>	658.000	99				683.000	98			

**Table 1: Buyers and sellers who evaluate socially embedded tasks higher have higher likeliness of using agents in the future. (Dependent Variable: Likeliness of Using An Agent.)**

# Statistics

	Mean Value	Mean Difference from 3	T Statistic	Degrees of Freedom	Significance (two-tailed)
Buyers	3.35	.35	3.12	103	.002
Sellers	3.50	.50	4.40	104	.000

**Table 2: Because of Internet information availability, value of agent has decreased**

# Statistics

Market Condition	t-Test for Equality of Means (unequal variance)					Levene's Test for Equality of Variances	
	Mean Differenc e	Std. Error Differenc e	t	df	Sig. (two- tailed)	F	Sig.
Properties Selling Quickly	1.452	.166	<b>8.745</b>	203.421	.000	7.636	.006
Properties Selling Slowly	-.509	.143	<b>-3.552</b>	206.897	.000	5.829	.017

**Table 3: Buyers and sellers have different likeliness of using an agent under different market conditions. (Base case is Buyers.)**