

The New Consumer  
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Enron's accountants seemingly believe that the world is populated by two kinds of people: those who can count and those who can't. I believe, as some of you know, that the real estate world is divided into two parts: Consumers who use the Internet and those who don't. The former are increasing and the latter declining. I don't just mean here consumers who look at listings on the Net; they are very large in number. I really mean those who use the Internet to find a property, to find an agent and even to execute portions of the real estate transaction on line.

There is an ongoing reaction to the technology frenzy of the late Nineties. With the collapse of so many start up companies, we think that the promise of the Internet was a huge scam and despair that it will ever amount to anything, much less a revolution! Wrong. That companies failed is a separate issue from whether our lives have been changed by technological breakthroughs. The new consumer, techno-savvy and net-oriented, is no myth. Those individuals are in the market place to stay. Your future success is dependent on understanding them and bringing value to them.

Let's look at this new consumer. For the past two years, the California Association of Realtors has been conducting surveys of buyers, separating those who used the Internet from those who did not. The results suggest who the new consumer is, what behavior she exhibits in the market and how he views real estate professionals. The bottom line is very reassuring: More technologically sophisticated consumers value real estate professionals more highly, express greater levels of satisfaction and are more willing to be repeat customers than those who did not use the Internet. In other words, the real estate professional will continue to be regarded as a key element of the real estate process even as consumers rely more on the Internet in that process.

The predominant use of the Internet by prospective buyers occurs before any contact is made with a real estate agent. In this year's survey 88 percent of Web users said that they used the Internet prior to looking at specific homes. They went on line, previewed homes for sale in their target area and then identified specific properties they wanted to visit. This process is an efficient one: Internet users physically visited half the number of properties, as did traditional buyers. And, by the way, finding these new customers requires that you have an electronic presence, as 79 percent of the Internet buyers used the Web to find a real estate agent.

Once the Internet customer began working with the agent, communication took place largely through e-mail. In fact, interchanges took place almost exclusively through e-mail and the telephone; no fax, no written notes and very little face to face conversation. Even with this, Internet customers had much more frequent contact with their real estate professional. This is a key element in creating the value proposition; the largest single reason for dissatisfaction among traditional buyers is ineffective communication. Volume helps.

The real payoff comes when the deal is over. Satisfaction levels registered by Internet users are much higher than those of traditional buyers. The margin (89 percent very satisfied versus 32 percent) is overwhelming. When the new consumer finds a real estate professional who can organize and convey information in a way that helps the buyer achieve his ends, the combination is extremely productive. More importantly, 97 percent would use the same agent again; only 81 percent of traditional buyers would do so.

So far, the new consumer is a minority among real estate buyers. But, in the survey, Internet users outnumber traditional buyers nearly two to one among first time buyers. This suggests that their influence will grow. As it does, the pressure on real estate professionals to become Web savvy will grow as well. Right now, you need to be sure that you have a Web site that is easy to find, attractive to the public, well publicized and that changes frequently enough to cause potential buyers and sellers to come back again and again. Right now, you need to commit to using e-mail as your primary communications vehicle. Right now, you need to form a habit of using the Internet to scout for consumers and to amass and process information. Technology will not drive real estate from the market place, but technologically sophisticated real estate professionals will out compete those without technology.