



TRAINING TIP OF THE WEEK

CONSUMER BEHAVIOR

Companies that fail to respond to changing preference, pay the price.

Consumer behavior is the most powerful force in the North American marketplace. Industries and companies that fail to respond to changing consumer preferences – even once-dominant leaders – pay the price.

In every real estate transaction, the consumer stands squarely at the center. It is the buyer and the seller who make the decisions that are executed by brokers, agents, lenders, attorneys and other professionals involved in the real estate transaction. That's the primary reason the National Association of REALTORS® launched HouseLogic.com, a free source of information and tools to help consumers make smart and timely decisions about their homes. With content covering home improvement, maintenance, taxes, finance and insurance, HouseLogic can help consumers increase and protect the value of their homes.

Consumer attitudes and behaviors usually change gradually – especially since the home buying/selling transaction remains a complex, large-scale financial transaction for most people. Agents, brokers and consultants agree that today's consumer is much more informed and savvy than in the past. As consumers understand the complexity of real estate transactions, they frequently express a decreased desire to do it alone – or accept decreased services. For some real estate professionals, this may appear to be a challenge – for others it is also an opportunity. A smarter consumer is also likely to have a better understanding of the value of professional services. Also, top-performing agents and firms say that one reason they remain successful is their ability to communicate their value proposition to consumers.

When it comes to buying or selling real estate, today's consumers want both autonomy and personalized service. They want to feel in control of their destiny, while receiving highly responsive service from their agent and broker. But consumers are not singling out real estate – they are demanding this from all economic transactions.

These desires – which often conflict with each other – include:

- Convenient online services & search tools, including full information about listed properties
- Immediate responses to their texts, email or voice communications
- Personal, friendly service from both the agents and the real estate community
- Smoothly integrated transaction process, with solutions for hurdles and no surprises at closing
- Low fees and commissions or a choice of fee packages
- A sense that the agent and broker add value to the buying/selling experience

Many consumers are taking more personal control of the real estate process. These buyers and sellers are willing to do more of the work in the transaction in exchange for a discount on commissions and fees – or simply because they want to do it. Many feel they already are doing much of the work that agents did in the past when, as buyers, they search listings on the Internet, drive by/view properties, review property values, and arrange financing options, all before they contact an agent. The Internet has empowered this group of consumers.

This is a Publication of the Cache Valley Association of REALTORS®

TIPS OFFERED BY THE CACHE VALLEY ASSOCIATION OF REALTORS® ARE INTENDED FOR BROKER AND AGENT TRAINING. IN THE EVENT ADDITIONAL LEGAL ADVICE IS NEEDED, WE ENCOURAGE MEMBERS TO CONTACT THE UAR LEGAL HOTLINE AT (801) 676-5211 MONDAY, WEDNESDAY AND FRIDAY BETWEEN THE HOURS OF 8:30 AM AND 4:00 PM.





TRAINING TIP OF THE WEEK

However, a large segment of consumers continue to value the traditional model of highly personalized service from a professional real estate agent, supported by a broker, who offers multiple services and charges accordingly. In addition, consumer demand for greater efficiency is likely to help real estate companies that offer “one-stop” services – real estate brokerage, mortgage loans, title insurance, homeowners/hazard insurance, and concierge services.

In addition to evolving behaviors and attitudes, other important consumer trends include the following:

- **Greater diversity.** A continuing flow of immigration, coupled with a natural population increase, is producing a more diverse society. Throughout the nation, Hispanics, Asians and Europeans are vital forces in the real estate market, presenting both challenges and opportunities for sales professionals. A more diverse society is creating a greater need for real estate professionals to understand their clients’ cultural nuances in real estate and investment transactions.
- **Single heads of household.** In the past decade, a growing number of single women and men have become homeowners, and today approximately 35 percent of all buyers today are single. For real estate professionals, it’s important to understand that their housing needs may be quite different from traditional families and couples, such as a greater preference for a multifamily residence that offers security, privacy and social interaction.
- **Remote employment.** With the information economy, virtual offices, telecommuting and frequent air travel, employers are increasingly comfortable with “remote workers.” That means a growing number of working-age consumers will be able to choose their location of residence based on quality of life issues. Will agents and brokers be able to promote their local markets effectively? Will population concentrations shift?
- **Real estate as entertainment.** From online services that purport to tell you the value of your neighbor’s home to popular Home & Garden television (HGTV) shows like “House Hunters,” real estate has become a new form of entertainment for millions of Americans. Recognizing this trend, NAR launched “Real Estate Today” (see www.realtor.org/press_room/retradio), as a radio show for consumers.
- **Let’s file a lawsuit.** Today’s consumers are taking real estate professionals to court for almost any reason at all. As a result, brokers and agents have to concentrate on all the details of each transaction, because the liability issues are increasing daily. Professionals need to know the rules and follow the rules while delivering excellent customer service.

“Creative disruption is the engine that drives progress. That disruption has not occurred in real estate yet, but we must be mindful of the possibility.”

It’s easy for real estate brokers, managers, agents and associations to become complacent in a housing market with strong fundamental drivers. But some type of change, either sudden or gradual, is likely to occur in the next few years. “The consumer hasn’t dictated a new real estate structure yet, but the way our industry is organized does not match how consumers interact with each other today,” said a broker. “I think it’s likely that we will reach a tipping point in the future.”