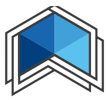


REALTRENDS
THE TRUSTED SOURCE

COMPLIMENTS OF

MAY 2018 NEWSLETTER

Launching in May!

REAL TRENDS CONTENT SITE

Get information on the topics you want; when you want it with our new, customized content site. Find videos, podcasts, insightful trend articles and more.

To Subscribe for Updates:

CLICK HERE

AN ANALYSIS

WOMEN IN REAL ESTATE LEADERSHIP

Breaking down barriers in the real estate industry.

By Tracey C. Velt, publisher

When you look at the real estate industry, at its surface, you can see why the rumblings about it being a boy's club are so pervasive. After all, the leaders of the ten largest brokerage firms in the nation are men. But, I've interviewed a plethora of top female leaders and, at REAL Trends, four of the top six company leaders are women. So, I wondered, what are the numbers? Is real estate leadership a boy's club? Here's a breakdown of the numbers:

- 156 women from the largest 500 companies either lead their firms solely, are partners in their firms or are senior officers one rung below the CEO level.
- 31 percent of the 500-ranked brokerage

1-8 FIRST PERSON
- Women in Real Estate Leadership
- Age of Amazon New Business Models
- Recruiting by the Numbers
- Brokerage Industry Competition
- The Challenge of Being Disconnected

9-16 BROKERAGE
- Key Trends in the 500 Rankings Report
- Why Agents Choose a Firm
- It's Game Time! Where Are You?
- How CEOs Should Spend Their Time

17-20 MARKET
- CoreLogic Reports Early-stage Delinquencies Decline
- Buyer Demand Remains Strong

21-23 REGULATORY
- Voice Your Thoughts About CFPB Regulations
- Homeowners Get A Voice in Washington, D.C.

24 GLOBAL
- Dubai: A Land of Opportunity

25-30 TECHNOLOGY
- How Small Businesses Invest in Digital Marketing in 2018

31 PUBLISHER'S NOTE

REALTRENDS
THE TRUSTED SOURCE

7501 Village Square Drive, Ste. 200
Castle Rock, CO 80108
Phone: 303-741-1000
E-Mail: realtrends@realtrends.com
Web: realtrends.com

President:
Steve Murray - smurray@realtrends.com

Publisher:
Tracey Velt - tvelt@realtrends.com

REAL Trends Team:
Alec Gress - agress@realtrends.com
Alicia Vivian - avivian@realtrends.com
Bo Frize - bfrize@realtrends.com
Brent Driggers - bdriggers@realtrends.com
Bryan Warrick - hi@hihellostudio.com
Cooper Murray - cmurray@realtrends.com
Doniece Welch - dwelch@realtrends.com
Nikki Lindholm - nlindholm@realtrends.com
Peter Gilmour - pgilmour@realtrends.com
Rebecca Chapla - rchapla@realtrends.com
Scott Wright - swright@realtrends.com

Copyright 2018 by REAL Trends. All rights reserved. Material in this publication may not be electronically stored or reproduced in any form without writtern permission. Violators will be punished by a fine of up to $100,000 per offense.

firms are either solely run by women or jointly run by women. That's up from approximately 26 percent just two years ago!

- 3 of the 6 highest-ranking regional executives of HomeServices of America are women and all report to the CEO.
- 2 of the 5 highest-ranking executives of RE/MAX LLC are women.
- 3 of the 7 highest-ranking executives at Keller Williams are women.
- 2 of 5 brand leaders at Realogy are women.

So, slowly (too slowly in my opinion) women are increasing their share of the leadership positions in the brokerage industry. And this is a trend that is likely to continue. Why? Sheer talent and numbers. There are more women in sales management positions and more women in successful sales than there ever have been.

When REAL Trends' completes its rankings of agents and teams in the next few months, we will likely find that a majority of the top producing individual agents and teams will be led by women.

WOMEN ARE INCREASING THEIR SHARE OF THE LEADERSHIP POSITIONS in the brokerage industry. And this is a trend that is likely to continue. Why? Sheer talent and numbers.

AGE OF AMAZON

LESSON 4: NEW BUSINESS MODELS

It's the variety of new business models that may change real estate.

By Steve Murray, president

Open Door is buying homes directly from consumers. Redfin is offering discounts to consumers connected to an online experience. Purple Bricks takes up where HelpUSell and Assist2Sell used to operate, offering deep discount brokerage services. HomeSmart, Realty One Group and others are offering deeply discounted flat-fee brokerage services to agents. Compass is offering to purchase agents' businesses and a high share of commissions. Quicken Mortgage In-House Realty is connecting its mortgage customers to buyers and sellers who don't already have an agent. USAA is offering its over 12 million customers rebates if they use the Realogy network. The list goes on and on.

Why Does This Matter?

There are two things to think about here. Do any of these entities, by themselves, pose an imminent threat to the incumbent brokerage business? No. Do they pose a longer-term threat? Of course, they do. But, first, a bit of history. RE/MAX launched in 1973, but it was 10 years before they began to impact the brokerage business and another 10 years

for the industry to feel its full impact. Keller Williams began franchising around 1987, and it was 10 years before they began to have an impact and another 10 years before the industry felt their presence. These two had completely different business models that defied industry convention, and neither was backed by large amounts of capital.

What happens when companies like Open Door, Redfin, Compass, which already have access to more capital than RE/MAX or Keller Williams ever had, and the others listed above, who likely can get access to such capital, can advance their businesses faster than without it? That should concern incumbents.

Keep in mind from Lesson 1 that it wasn't just that incumbents like IBM, Sears and GM ignored new entrants; it was that they dismissed them. Both were to prove fatal to their futures.

Intentionally Choose Your Niche

One large truth is that you can't be everything to everybody. You can't be a Nordstrom and a Walmart. You can't be a Realty One Group and a Coldwell Banker. But, you can intentionally choose where and how to compete so that you have a successful business. You can choose to compete with Redfin by offering services that mimic their services. You can choose to offer a *guaranteed home-buying program* in your market like Open Door. Or, you could become a low-fee brokerage like Purple Bricks. But, you can't do these within the same organization and remain viable. We pick Amazon for low cost, commoditized, homogenized products; not for specialty items.

Will any of these new industry entrants achieve the success of Coldwell Banker, Keller Williams or RE/MAX regarding their national market share? Yes, it is likely. The largest of these have around 10 percent market share in the United States. In total, these three giants have around 26 to 28 percent share. Two were as non-traditional in their time as Redfin, Open Door and Compass. Due to the capital behind these new entrants, it may take them less time to get there, although Redfin is already roughly through their first 10 years, and they have less than 1 percent national share. Then again, that is about what RE/MAX and Keller Williams had after their first 10 years. The analyst who projected revenues of around $700 million for Redfin in 2019 didn't comment on the fact that this is less than one-fourth of the revenues of HomeServices of America or Realogy's NRT unit.

A time is coming where brokerage firms will have to pick which spot to excel in, what services to offer and who and how to employ those who will deliver service. There is no right or wrong in the choice. A brokerage services firm cannot be a specialty firm and a mass market retailer all at the same time. It's not the merchants at either end of the spectrum who are getting punished today; it is those in the middle.

Lesson: Many believe that a game-changing, epochal, event is about to happen in residential brokerage. Instead, it's the variety of new entrants seeking a piece of the market for housing sales that cause concern.

A brokerage services firm cannot be a specialty firm and a mass market retailer all at the same time. It's not the merchants at either end of the spectrum who are getting punished today; it is those in the middle.

BROKERAGE DATA

RECRUITING REDUX

The real battle is who is best recruiting new talent.

By Steve Murray, president

While we are swamped with tech news, the real battle that's going on has little to do with technology and much to do about who is doing the best in recruiting new talent. We have commented before that, from our perspective, there are three main things a brokerage has to do to succeed: recruit talent, develop that talent and spend less than you have coming in.

Based on a simple analysis of REAL Trends 500 data for the last five years, the abundance of focus on recruiting or the lack thereof is beginning to show up in the numbers. For example:

2012 – 2017	
NAR membership	+36.0%
REAL Trends 500 agent count	**+48.9%**
New and existing home sales	+12.5%
REAL Trends 500 home sales	**+34.8%**

The REAL Trends 500 beat the national growth rates in both categories—by a long shot. Nearly 35.4 percent of all new Realtor® membership over the past five years has joined a firm ranked in the REAL Trends 500.

But looked at somewhat differently, we show the following:

NAR membership	+36.0%
REAL Trends 500 (without one company)	**+29.8%**
New and Existing home sales	+12.5%
REAL Trends 500 (without one company)	**+18.6%**

One national company grew its agent counts by 162.1 percent and grew its closed sides by 147.1 percent. And, it accounted for nearly 50 percent of the growth in agents on the REAL Trends 500 and just over 53 percent of the growth in sides of the REAL Trends 500.

The importance of recruiting has never been more obvious from this data.

BASED ON A SIMPLE ANALYSIS of REAL Trends 500 data for the last five years, the abundance of focus on recruiting or the lack thereof is beginning to show up in the numbers.

NOTHING LIKE IT IN OUR COLLECTIVE MEMORY

THE BROKERAGE INDUSTRY COMPETITION

Is it a race to the bottom?

By Steve Murray, president

We've seen the RE/MAX wave crash on the shores of brokerage 35 years ago. We saw the crash of Merrill Lynch and Sears and the Savings and Loans in that same period. We felt the emergence of Keller Williams 20 years ago and how it changed the economics of brokerage.

But, what this feels like is not a storm surge but a Category 5 hurricane blowing ashore. On the one side is online real estate brokerage Redfin offering massive consumer rebates and commission discounts. On another is the first well-funded effort to bypass brokerage firms and buy agents—Compass. Yet another company now gaining traction is eXp Realty which jumped their ranking into the top ten in REAL Trends 500 brokerage rankings. Some not as new as the ones above but also gaining ground are firms such as HomeSmart, Realty One Group and a myriad of others offering low costs to agents.

No Funding Worries

One thing that makes this a little bit different than in the past is that at least three of these firms have no funding worries. eXp, Compass and Redfin have access to significant sources of capital that are larger than all but a few brokerage firms in the industry. They also don't have much pressure to produce earnings from their operations and are far less constrained than most competitors we have seen before. Some are so low cost that any earnings are a plus. Do they have to grow? Yes. But, they don't have the pressure that firms like Realogy and RE/MAX do to produce higher earnings.

Some have told us this feels like a race to the bottom.

While it feels that way, the trend towards lower splits for brokerage firms started a long time ago. This is just a continuation of a trend that started over 35 years ago. We can all agree that the downward pressure on Gross Margin is far more pronounced today than it was back then.

Are You Adapting?

We said in our commentary last fall that it requires that brokerage firms adapt. Most have already done so or are in the early stages of responding. Yes, brokerage firms are forced to respond to the success of eXp, Redfin and others. The good ones will continue to be fine. Brokerage firms are using everything from matching offers for the agents they want to retain and stepping up recruiting efforts to putting a stronger emphasis on core services, offseting the loss of Gross Margin in the brokerage business and lowering their own costs of doing business. All are being deployed successfully across the country. As one national CEO commented, 'It feels like war, and we will react accordingly.'

We believe that the market has been heading this way for a long time. It didn't start yesterday, and where it leads is likely that there will be fewer large brokerage firms with large numbers of agents with high productivity levels. And fewer higher productivity realty firms with lower, yet still significant, market share, who focus on investing more in their business and having material core service operations.

It's kind of like other retail industries. There will be Walmart/Amazon and there will be Nordstrom and Tiffany's. It will be far more difficult to be a company in between them— not impossible, just more challenging.

BROKERAGE FIRMS ARE FORCED TO RESPOND to the success of eXp, Redfin and others. The good ones will continue to be fine.

INDUSTRY KNOWLEDGE

THE CHALLENGE OF BEING DISCONNECTED

To lead the industry, you must be immersed in it. And, you must understand it.

By Steve Murray, president

A few years ago, I spoke to a few hundred CEOs of Realtor® Associations about how to build relationships with their brokerage members. I first asked some basic questions of the audience about brokerage fundamentals. For example, the questions included testing their knowledge about brokerage gross margins, net profit margins, average productivity among their member firms along with a few others. I was surprised to find out through a show of hands that very few knew any answers to these questions. Not wanting to push the matter further, I spent most of the remainder of the time sharing some of that information, particularly about how leaders of brokerage companies think and act. I also explained that they are willing to work to build relationships with people both in the business and outside.

Seek to Understand

If I ran a local association, I would certainly want to have relationships with top brokerage firms and would likely spend some time understanding their business. After all, it is the brokerage firms that take on the responsibility of supervising, guiding and supporting agents, not the Association. And it is brokerage firms that ensure dues are collected in most associations. It seems like the least that a CEO of a local association could do is get to understand their brokers and some basic things about the economics of brokerage.

I also have the privilege of working with a group of CEOs of 15 state and large local associations. And, as I have written before, they are the most intelligent, well organized and successful men and women I have met in any part of the industry. I am confident that most of them would be very successful had they chosen to build and run brokerage firms.

A New Logo?

But the truth is that most of *Realtordom* don't seem to care about what is happening under the hoods of their membership. I mean a new logo? OK, it's always good to have a refresh. A $30 per-year, per-member dues increase with built-in annual percentage increases? I assume they must need the money for something. And those who have been around for 30+ years know that the decision to

approve the dues increase is a given—the votes are already counted.

But while NAR still wants to pour millions more into technology—that train already left the station. The industry is flooded with technology, most of it fairly useful. Flooded. But, here's the thing. It isn't technology that is driving this market directly. It's only doing that for firms like Compass and Redfin who have raised billions based on the supposition that they are *tech* firms and not realty firms. Their tech is good but not that much better than some others. Keller Williams has spent tens of millions of dollars, with more to come, building its own platform. Realogy, RE/MAX and Berkshire Hathaway aren't far behind. So, what is NAR still doing in the tech business? Has it occurred to NAR that within a few years the 500,000-plus agents in those four franchises entities will be paying for their franchise's tech and NAR's tech?

Conflicts

How long will firms like HomeSmart, Realty One Group, Redfin, Compass and eXp want to have their agents pay for their own internal tech plus NAR's tech? Which will they default to? And what do you suppose will happen to NAR and its relationship with these national companies and some regional brokerages (who are also buying and building their own tech) come into conflict? Is anyone in leadership thinking these issues through?

One leading state-level Realtor® CEO believes it's the brokerage firm that is in jeopardy. He might be right. Gross margins are declining; commission rates are declining, sales are going to begin to decline due to higher interest rates, housing prices and lack of inventory. Tech plays no role in any of those factors. Economics does—both housing economics and brokerage economics. But, you don't hear much about those issues from NAR.

One thing that should occur to the Realtors—check the percent of non-Realtors now practicing in the states of Georgia, Colorado and Washington. Check their growth rates. Then, project that the same thing happens across the country.

Now, there's something for a NAR PAG to dig into.

WHAT IS NAR STILL DOING IN THE TECH BUSINESS?

Has it occurred to NAR that within a few years the 500,000-plus agents in those four franchises entities will be paying for their franchise's tech and NAR's tech?

KEY TRENDS IN THE REAL TRENDS 500 RANKINGS REPORT

Benchmarking the trends from the recent brokerage rankings

by Scott Wright, director of mergers and acquisitions

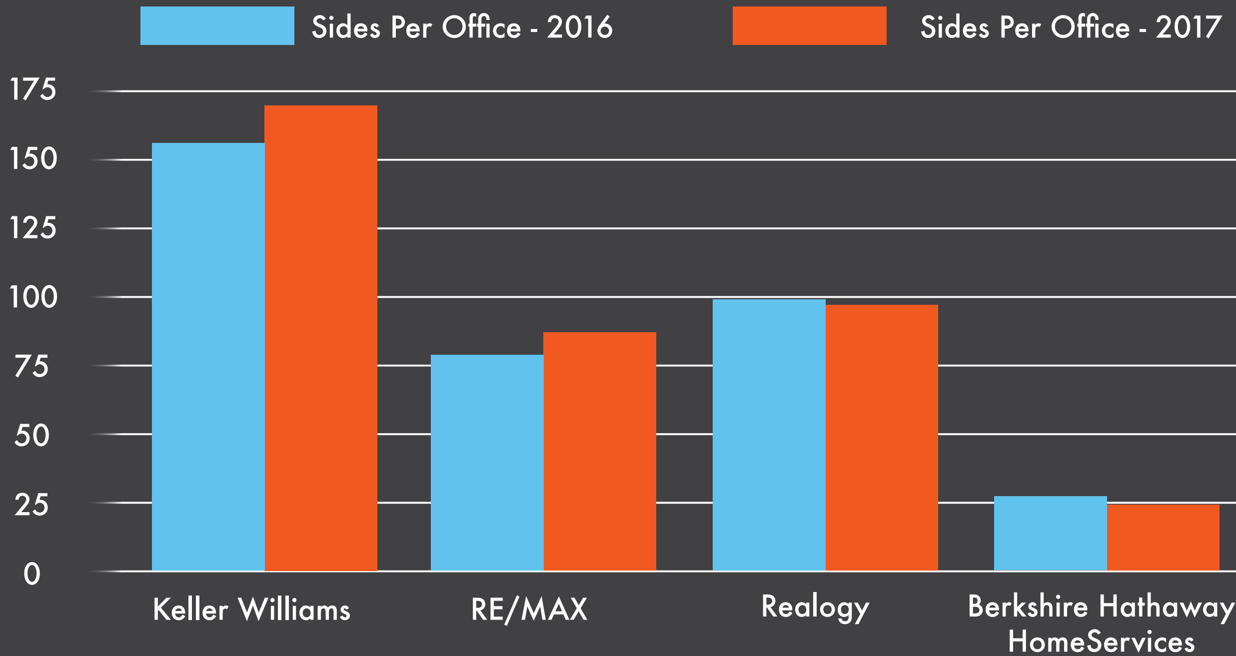
The acclaimed REAL Trends 500 brokerage rankings were recently announced. Once again, the nation's top firms are making some noise. The REAL Trends 500 saw an impressive 3.3 percent increase in housing sales in 2017, far outpacing the national average of 1.1 percent according to the National Association of Realtors®. For the fourth year in a row, the country's largest brokerage firms gained market share.

Here are some other observations:

- 1,750+ firms closed 500 or more residential transaction sides to qualify for the REAL Trends brokerage rankings, which represents a 2.8 percent year-over-year increase.
- To make the top 500 by sides, firms needed to close at least 1,899 residential transactions—a bump of 50+ over the previous year.
- To make the top 500 by volume, firms had to close at least $565,781,877 in sales, a $60+ million increase over 2016.
- In 2017, the top 500 collectively closed 3,214,188 transactions, a 3.3 percent increase over 2016.
- These transactions by the top 500 amounted to $1.102 trillion in sales volume, a hefty 8.7 percent increase over the previous year.
- Transactions by the top 500 accounted for approximately one-third of all agent-assisted residential transaction sides closed in the United States in 2017. To put this into perspective—one-third of the nation's residential real estate business was done by less than one-half of one percent of all brokerage firms.
- Madison, New Jersey-based NRT LLC was once again the nation's largest residential brokerage company, closing 346,942 transactions for a volume of $178 billion. The lion's share of NRT's business is done through owned Coldwell Banker offices, with the balance coming from owned Sotheby's International Realty offices, Corcoran, ZipRealty and Climb Real Estate.
- Minneapolis-based HomeServices of America, Inc. remained No. 2 with 328,355 transactions for a volume of $125 billion; but made huge strides in closing the gap with NRT via a couple of a large 2017 acquisitions. Houlihan Lawrence and Gloria Nilson were nice additions, but it was mid-Atlantic bellwether Long & Foster that was its prize catch. HomeServices' acquisition of Long & Foster was one of the largest this industry has ever seen!

TO MAKE THE TOP 500 BY SIDES, firms needed to close at least 1,899 residential transactions—a bump of 50+ over the previous year.

- No. 3 was Pittsburgh-based Hanna Holdings with 90,468 transactions. Family-owned Hanna ranks as the largest independent brokerage firm in the country.
- Rounding out the top five are newcomers Keller Williams Realty GO Management Offices and HomeSmart. KW GO tallied 34,077 transactions from Market Centers located in the states of Texas, Tennessee and New Mexico. HomeSmart came in close behind with 33,601 transactions from offices located in Arizona, Colorado, and California.
- As you can see in the chart, the nation's leading franchises again had a strong showing in the REAL Trends 500.
- Keller Williams once again saw the largest increase in population, adding nine firms to its tally. With 170 firms, Keller is by far that best-represented franchise in the top 500, accounting for 34 percent of the REAL Trends 500.
- RE/MAX saw a slight uptick to 87 firms. Realogy affiliates (CENTURY 21, Coldwell Banker, Better Homes and Gardens Real Estate, ERA and Sotheby's International Realty) combined for a slight downtick from 99 to 97. Berkshire Hathaway HomeServices also slid a bit from 27 to 24.
- Collectively, these major franchises accounted for 76 percent of the firms in the REAL Trends 500 by transaction sides.



FOR THE FIRST TIME, WE'RE PROVIDING THE ENTIRETY OF OUR RANKINGS ONLINE FOR FREE. To view the top 500 by sides and volume, the Top Independents, the Top Movers, the Billionaires' Club, the Up-and-Comers and more: CLICK HERE

This article originally appeared on the Inman News site.

IF IT WERE ONLY ABOUT THE MONEY, EVERY AGENT WOULD ALWAYS BE WITH THE LOWEST COST BROKERAGE

The relationship an agent has with their firm and with the leader makes the difference.

By Mike Abeyta, president of Realty Connection

I had the opportunity to get the pulse on recruiting from Steve Murray. Steve is the president and owner of REAL Trends. He also co-authored four books on the valuation of residential real estate brokerage firms; co-authored the 2011 book "Game Plan," about the past and future of residential brokerage; and co-authored the 2014 book, "Game Changers: The Unfounded Fears and Future Prosperity of the Residential Real Estate Business." Steve has served dozens of state and local Realtor® associations and MLS organizations in a consulting capacity and has consulted with several large technology firms over the years.

Steve, what in your opinion is a significant motivation for an agent to join a firm?

While there is a far higher interest today in splits and bonuses to switch, for the majority of agents, it remains the relationship with their firm and with the leader that makes the difference. Does the broker have a vision for the future, where is the company going, is the firm moving forward in technology and using the latest marketing channels?

Top agents need different things than newer or lower producers. Brokerage leaders need to keep that in mind when recruiting. The broker needs to understand what an agent is looking for at this moment of their real estate career—training, mentoring, marketing. The better a broker understands a potential recruit, the more successful they are in recruiting and retaining the agent for the long term.

What should brokers stop doing when recruiting?

You are not going to be successful with just texting, emailing, phone calling and direct mail in getting recruits. They must see your program but more importantly your

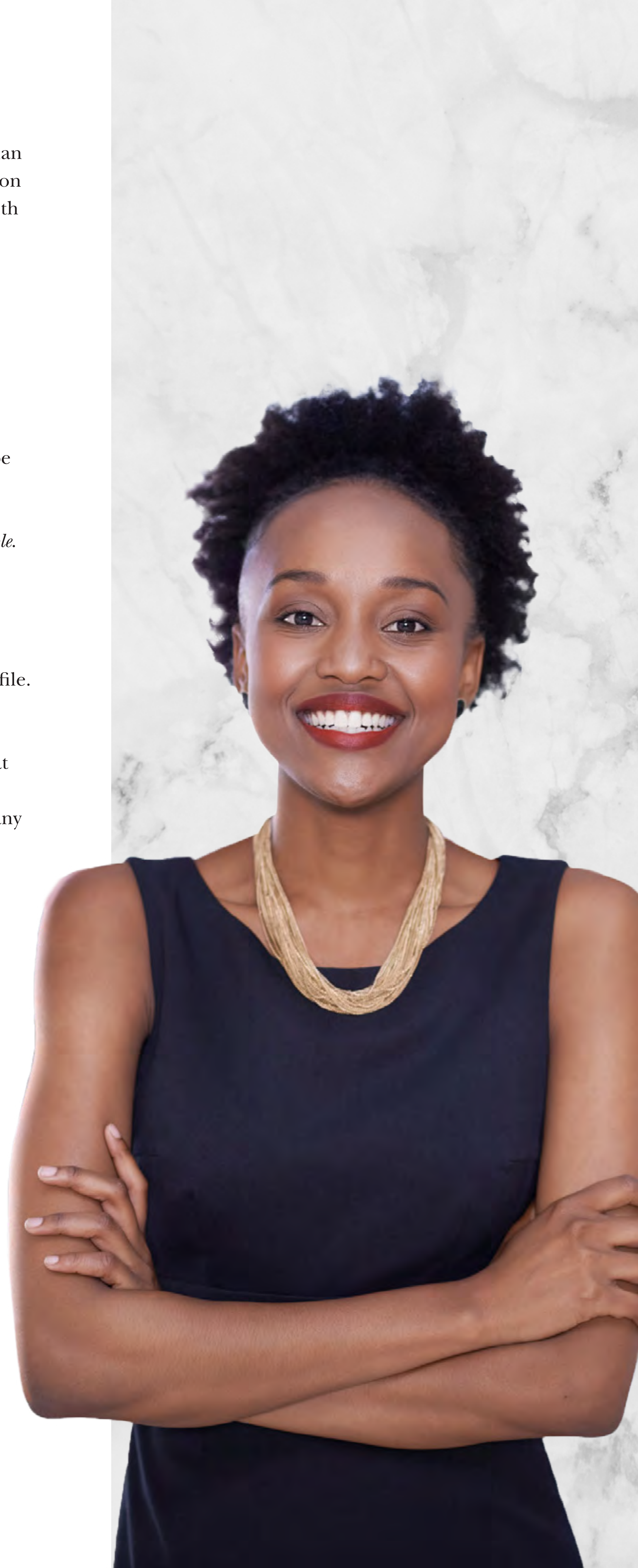
heart and you can only do that in person. As my mentor and good friend, Larry Kendall of Ninja has said, "More listening and less talking works better than the alternative." The broker needs to communicate on a personal level how their firm and they can work with the agent for the agent's success and therefore the overall brokerage's success.

What recruiting trends are developing?
The biggest trend we see is brokers getting far more intelligent about the agents they talk to. How many years in business, how much production, which educational courses or designations they have, what their personal interests are. They are beginning to be far more scientific about recruiting as they have learned that not all agents would make good candidates for their firms and some just aren't *gettable*.

My advice to today's brokers is to find the right recruiting tools to know as much as you can about your recruiting prospects. Know their production, their goals, the culture they thrive in, their sales profile. Make sure they are a fit for your firm, otherwise the relationship will not work, and you will have wasted your time and the agent's time. A recruiting tool that provides you as much information regarding your prospects and allows you to reach out to them in many ways to set up that all important personal meeting is essential to be a successful recruiter.

The Final Takeaways:
Relationships matter to agents. Make recruiting personal. Know your recruits. Have a brokerage with a clear mission. Make sure your culture fits that of the agent. Have a competitive compensation offer.

The broker needs to communicate on a personal level how their firm and they can work with the agent for the agent's success and therefore the overall brokerage's success.



IT'S GAME TIME!
WHERE ARE YOU?

By Larry Kendall, author of Ninja Selling and chairman emeritus of The Group, Inc.

The stadium is packed. The players and the coaches are on the field making it happen. The fans are in the stands watching it happen. A few stragglers are still in the parking lot and hear the roar of the crowd. They wonder "what happened?" As a coach of your team, where are you?

Are you down on the field with your players helping them make it happen? Are you in the stands watching it happen? Or, are you in the press box calculating the statistics of the game? I find many managers are great at calculating game stats. They can tell you average GCI per player, number of listings year-to-date and market share by price range. But, are they simply recording what's happening or are they influencing what's happening? Are they down on the field making a difference for their players and their team?

Here's the bottom-line statistic. Is your company or office outperforming the market average? If the average number of market sales year to date is up 5 percent, where are you? If your sales are up more than 5 percent, you are outperforming the market. You are winning! And you are building market share. If your sales are down or are less than the market average, you are losing. You're

If the average number of market sales year to date is up 5 percent, where are you? If the average number of market sales year to date is up 5 percent, where are you?

Coach your players. Build a winning team. Outperform the market and grab market share.

Your players will love you for it. Watch out for the Gatorade shower!

below average. You are losing market share. Long term, this is not sustainable. You are not having a blowout, but you do have a slow leak. How do you fix it?

Start by getting closer to the action. Get down on the field with your players and the competition. You need to know more about what is happening than anyone—and you need to know why. Here's a simple coaching template:

- **Start with your players.** Who's having a great year? Who's ahead of last year? First, congratulate them, and then determine how they are doing it. Success leaves clues. Figure out what they are doing and spread the word to your other players. Help everyone do more of what's working!

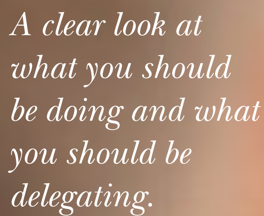
- **Who's in a slump?** Encourage them to do more of what is working for others. Encourage them to learn from those who are having a great year—sit with them at the meetings, ride with them on tour, or take them to coffee. Coaching out of a slump. Focus on three steps:

  1. **Mindset & Motivation.** If the associate is down emotionally, help them reconnect to their *why*. Are they still passionate about providing for their kid's college, living on the water, being financially secure, etc.? Their passion has to be funded. Show them the simple formula in steps Nos. 2 and 3 for getting back on track and funding their dreams. Encourage them to take a class, attend a conference, or read a motivational book that will also inspire them.

  2. **Actions.** Are they in-flow? I require them to get into the live flow (face-to-face or voice-to-voice) with 50 people per week, document who they interviewed and turn in their list to me every Friday. Within three weeks, they are almost always back on track writing contracts. In the past few years, we've found having them do Real Estate Reviews (an unsolicited market analysis of someone's property) accelerates their progress even faster. Face-to-face Real Estate Reviews result in a transaction or referral 33 percent of the time, according to our tracking of those in the Ninja Selling program.

  3. **Skillset.** Start with their *Hot List*. This is a list of people who want to buy or sell within the next 90 days. If the associate is doing their actions in step two, then they should have a *Hot List* by now. If they don't have a *Hot List,* reexamine step two. Brainstorm through every name on the list. Who are they? What is their motivation? Where are they in the process? Who is closest to writing a contract? What can you do to advance the sale? What are the next baby steps for them, i.e., they need to see a lender and get pre-approved, etc.? Also, discuss whether the sales associate has *closing reluctance?* The goal in this step is to come out of the session with a transaction. Nothing cures a slump as fast as a transaction.

It's game time! Where are you? Get on the field. Coach your players. Build a winning team. Outperform the market and grab market share. Your players will love you for it. Watch out for the Gatorade shower! And, be prepared for your players to carry you off the field on their shoulders.



A clear look at what you should be doing and what you should be delegating.

By Patrick Lencioni

HOW CEOS SHOULD SPEND THEIR TIME

I'm a big believer in reminders. Samuel Johnson, the 18th-century author, once said that "people need to be reminded more than they need to be instructed." I've learned this in the context of managing my own life, in the parenting of my children, and even in consulting to CEOs and other leaders. Which is why I wasn't all that surprised when a long time client recently asked us the question, "as a CEO, I'm not sure how I should be spending my time every day."

Here was a guy who has been using the organizational health concepts from *The Advantage* in his company for years, but who had lost sight of how those concepts should relate to the prioritization of his daily activities. Basically, he needed a reminder, which prompted me to write this essay.

The simplest answer to his question is this: "A CEO should spend most of his or her time doing the things that only he or she can do. Anything else can be delegated and should be whenever possible." There are a few responsibilities that leaders of an organization, whether they are CEOs, division presidents, school principals or pastors, cannot delegate. A large part of those responsibilities relates to what we call organizational health. They include:

1. **Building a behaviorally cohesive executive team.** No one else can do this. Not an outside consultant. Not the head of HR. Not a chief of staff. Keeping the group of men and women at the top of an organization healthy and functional is critical, and I can't think of anything that will threaten the long-term viability of a business more than politics and

dysfunction at the top. Doing this requires regular time and energy on the part of the CEO.

2. **Achieving clarity and intellectual alignment among those executives.** No one else can do this. Not an outside consultant. Not the head of strategic planning. The man or woman at the top of an organization has to get all of the people on the executive team on the same page around the most important things, from the company's culture to its strategy to its priorities. The leader must work hard to eliminate any fundamental differences or discrepancies that exist between the executive team because even minor gaps will lead to confusion and unwinnable warfare among the employees who work one or two levels below.

3. **Over-communicating that clarity to the rest of the organization.** That's right; no one else can do this one either. Not the head of HR. Not the marketing department. Not an outside consulting firm. Only the CEO can credibly convince employees across and throughout the organization that the company is aligned and moving in the same direction. And the CEO has to do this over and over and over again. Employees have to hear a message seven times—yes, seven times—before they believe it's real. And if they hear it from someone other than the CEO, even seventy times won't be enough.

4. **Establishing human processes and systems that reinforce clarity.** What I'm talking about here are processes and systems related to recruiting, hiring, performance management, management training, compensation and recognition. And no, this cannot be delegated to the HR department. Sure, they can help with this, but it must be the CEO who drives the effort to ensure that it is and is perceived to be real.

CEOs should spend most of their time doing things that will impact these four areas, directly or indirectly. And of course, they have to spend time fulfilling their legal and fiduciary responsibilities related to shareholders, boards of directors, and any other requirements that only they can do. But the most time-intensive responsibilities relate to the four activities around organizational health.

How much time does each of these activities require? That will depend on what is going on in a given organization at a particular time. But it will be a constant effort, one that requires a CEO to leave big chunks of his or her schedule open to address issues as they surface. Unfortunately, most CEOs fill their schedules with appointments and meetings based on requests from the endless number of people who want their attention. Needless to say, this is a problem.

If the leader at the top manages these four areas well, he or she can delegate most everything else and feel confident that the company will be fine. Does that mean the CEO should delegate everything else? No. If the top four responsibilities are being managed properly and the CEO has more time, then it is fine for him or her to take on more responsibility. But again, that's only if those four responsibilities are being adequately addressed.

WHAT TOO MANY CHIEF EXECUTIVES DO is invest their time doing the activity that they find most interesting, or which they are best at. If they were previously the VP of marketing, they spend time tinkering in marketing.

What too many chief executives do is invest their time doing the activity that they find most interesting, or which they are best at. If they were previously the VP of marketing, they spend time tinkering in marketing. If they were once a CFO, they delve into finance and spend their time there. Instead, they need to stick to what only they can do, and when possible, help in other areas based on the needs of the organization, not their personal curiosities or preferences.

If a CEO were to read this and think "I don't want to work on those things. I like spending time in the areas that I find interesting," then he or she should really stop and consider whether the CEO job is right for him or her. And I don't say that lightly. Being the chief executive of an organization is a responsibility that cannot be delegated, and certainly not abdicated. Unfortunately, because of the ill-defined nature of the job itself, it all too often is.

This article was reprinted with permission of Patrick Lencioni, founder of The Table Group and author of the new book "The Advantage." To find it

CORELOGIC REPORTS EARLY-STAGE DELINQUENCIES DECLINED IN JANUARY

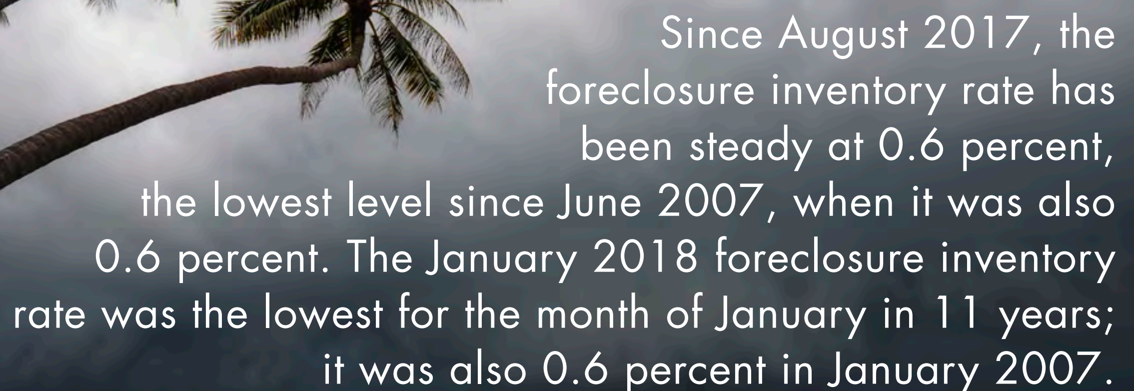
as Impact from 2017 Hurricanes and Wildfires Fades

CoreLogic®, a global property information, analytics and data-enabled solutions provider, today released its monthly Loan Performance Insights Report which shows that, nationally, 4.9 percent of mortgages were in some stage of delinquency (30 days or more past due, including those in foreclosure) in January 2018. This represents a 0.2 percentage point decline in the overall delinquency rate, compared with January 2017 when it was 5.1 percent.

As of January 2018, the foreclosure inventory rate—which measures the share of mortgages in some stage of the foreclosure process—was 0.6 percent, down 0.2 percentage points from 0.8 percent in January 2017. Since August 2017, the foreclosure inventory rate has been steady at 0.6 percent, the lowest level since June 2007, when it was also 0.6 percent. The January 2018 foreclosure inventory rate was the lowest for the month of January in 11 years; it was also 0.6 percent in January 2007.

Measuring early-stage delinquency rates is important for analyzing the health of the mortgage market. To monitor mortgage performance comprehensively, CoreLogic examines all stages of delinquency, as well as transition rates, which indicate the percentage of mortgages moving from one stage of delinquency to the next.

The rate for early-stage delinquencies, defined as 30-59 days past due, was 2 percent in January 2018, down from 2.3 percent in December 2017 and from 2.1 percent in January 2017. The share of mortgages that were 60-89 days past due in January 2018 was 0.8 percent, unchanged from December 2017 and up from 0.7 percent in January 2017. The serious delinquency rate, defined as 90 days or more past due, including loans in foreclosure, was 2.1 percent in January 2018, unchanged from December 2017 and down from 2.3 percent in January 2017. The January 2018 serious delinquency rate was the lowest for the month of January since January 2007, when it was 1.5 percent.



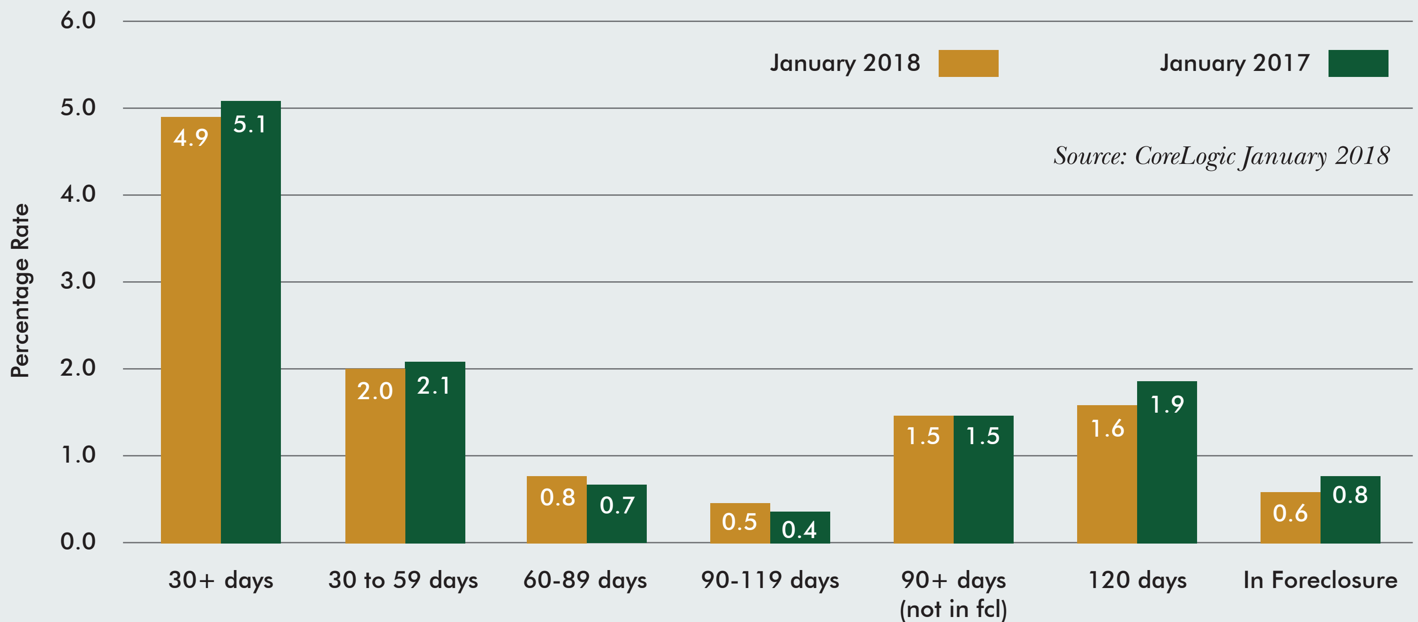
Since August 2017, the foreclosure inventory rate has been steady at 0.6 percent, the lowest level since June 2007, when it was also 0.6 percent. The January 2018 foreclosure inventory rate was the lowest for the month of January in 11 years; it was also 0.6 percent in January 2007.

"The areas hit by last year's hurricanes and wildfires are experiencing the 'pig in a python' effect on their local delinquency rates. Early-stage delinquencies have largely dropped back to normal, while serious delinquency remains elevated," said Dr. Frank Nothaft, chief economist for CoreLogic. "In hard-hit markets, like the Houston and Naples metro areas, serious delinquency is triple what it was before the hurricanes. And in the San Juan area of Puerto Rico, serious delinquency has quadrupled."

Since early-stage delinquencies can be volatile, CoreLogic also analyzes transition rates. The share of mortgages that transitioned from current to 30 days past due was 0.8 percent in January 2018, down from 1.1 percent in December 2017 and down from 0.9 percent in January 2017. This was the lowest for the month of January since at least 2000. By comparison, in January 2007, just before the start of the financial crisis, the current- to 30-day transition rate was 1.2 percent, while it peaked in November 2008 at 2 percent.

"Except for the metropolitan areas affected by natural disasters, most of the country has seen delinquency and foreclosure rates move lower over the past year," said Frank Martell, president and CEO of CoreLogic. "Declines in the unemployment rate have supported a rise in income, and home-price growth has built home equity. These two economic forces coupled with high-quality underwriting have lowered overall delinquency rates."

NATIONAL OVERVIEW OF MORTGAGE LOAN PERFORMANCE



HAVE YOU HEARD?

REAL Trends has dozens of free podcasts available!

Want branding advice from ERA's President Simon Chen? Details about the Four Disciplines of Execution from Ninja Selling's Larry Kendall? Monthly trend reports from Steve Murray?

We've got it all and more. From strategies for smooth mergers and acquisitions and information about valuing your brokerage to interviews with the top real estate professionals, brokers and industry leaders, REAL Trends' Podcast Channel is chock full of great advice and interesting on-to-go listening.

Don't miss another second! Subscribe today (available on iTunes or Google Play): CLICK HERE

MARKET WATCH

BUYER DEMAND REMAINS STRONG AS SHOWINGTIME SHOWING INDEX® REACHES HISTORIC HIGH

ShowingTime's National Showing Index exhibits 5.7 percent year-over-year increase as demand exceeds inventory

Key Points:

- Despite a lack of inventory, buyer activity rose to its highest level since the inception of the ShowingTime Showing Index®
- South (8.2 percent) posts highest regional increase, while Midwest recovers from slight February decline to exhibit 6.8 percent gain
- Northeast (4.7 percent) maintains upward trend, while West (-1.4 percent) declines for second consecutive month
- ShowingTime combines showing data with findings from its MarketStats division to provide a set of benchmarks that track demand for active listings throughout the country

Showing activity across the U.S. increased 5.7 percent in March to reach its highest point in the four years the ShowingTime Showing Index® has documented buyer demand, highlighting how the lack of housing inventory continues to impact the residential real estate industry.

The South and Midwest regions outpaced the nationwide increase, with the South Region posting a regional-high 8.2 percent year-over-year increase. The Midwest Region exhibited a 6.8 percent jump in showing activity, recovering from a slight decline in February.

Buyer demand also increased 4.7 percent in the Northeast Region, while the West Region (-1.4 percent) saw a slight year-over-year decline for the second consecutive month.

ShowingTime Chief Analytics Officer Daniil Cherkasskiy said unprecedented low inventory and the start of the historically busy spring season contributed to the Showing Index reaching a record high. The Showing Index was established in April 2017 but tracks residential real estate demand since January 2014.

"The trend of increased showing activity has continued, and we've now reached an all-time high since the initial index value was set," Cherkasskiy said. "The unprecedented low housing inventory has resulted in more demand per listing throughout the country."

WEST REGION: - 1.4%

MIDWEST REGION: + 6.8%

SOUTH REGION: + 8.2%

NORTHEAST REGION: + 4.7%

THE SHOWINGTIME SHOWING INDEX

The ShowingTime Showing Index, the first of its kind in the residential real estate industry, is compiled using data from property showings scheduled across the country on listings using ShowingTime products and services, which facilitate more than 4 million showings each month.

The Showing Index, released the third week of each month, tracks the average number of appointments received on an active listing during the month. Local MLS indices are also available for select markets and are distributed to MLS and association leadership.

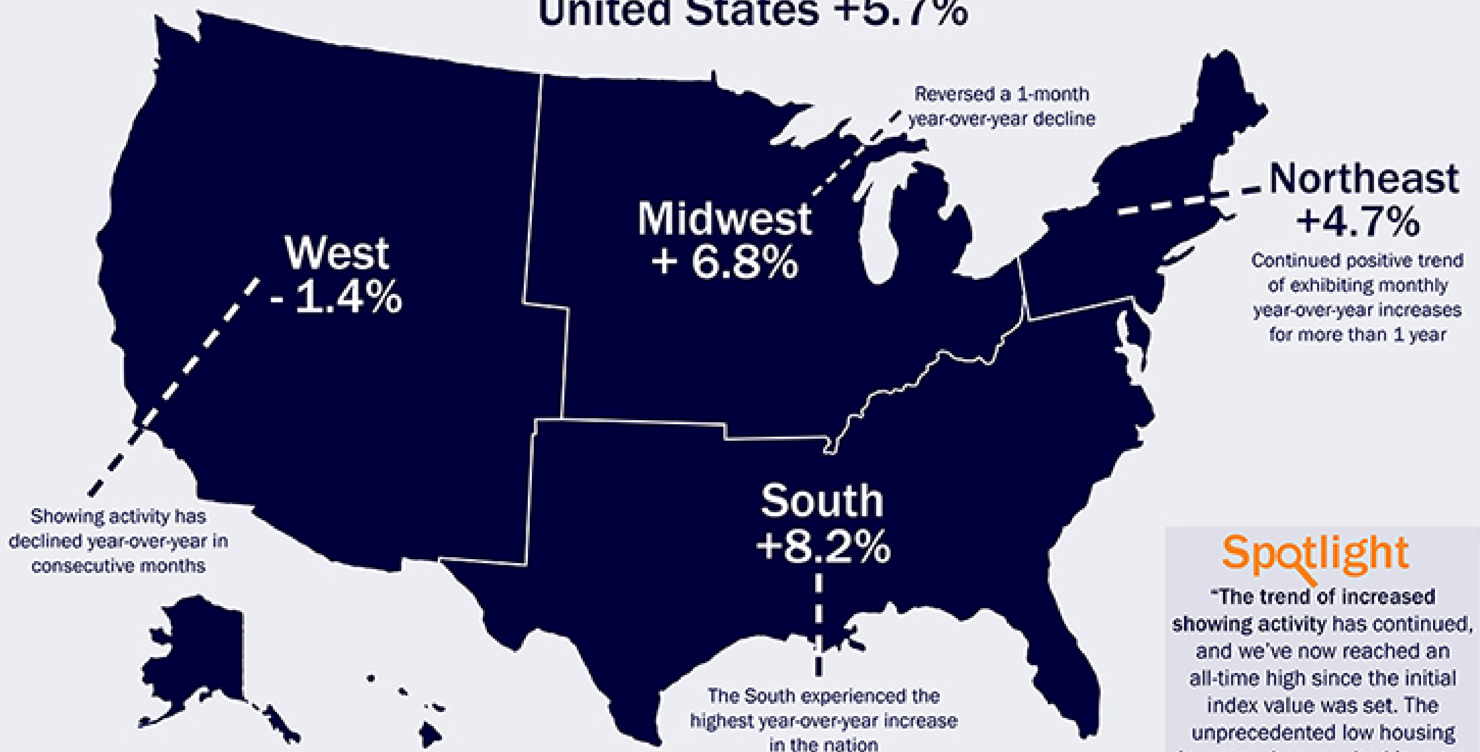
To view the full report, visit **www.showingtime.com/index.**

About ShowingTime
ShowingTime is the leading showing management and market analytics provider to the residential real estate industry. Its MarketStats division provides interactive tools and easy-to-read market reports for MLSs, associations, brokers, agents and other real estate companies. ShowingTime products are used in more than 250 MLSs and associations representing more than 900,000 real estate professionals across the U.S. and Canada.

ShowingTime Showing Index®

March 2018

The ShowingTime Showing Index® tracks the average number of buyer showings on active residential properties on a monthly basis, a highly reliable indicator of current and future demand trends.



Spotlight

"The trend of increased showing activity has continued, and we've now reached an all-time high since the initial index value was set. The unprecedented low housing inventory has resulted in more demand per listing throughout the country"

Daniil Cherkasskiy
Chief Analytics Officer

Methodology: The ShowingTime Showing Index® measures showing traffic per residential property for sale by agents and brokers utilizing ShowingTime solutions for property-access management. A higher number means that an average home receives more buyer visits in a given month. All index values are scaled relative to initial index value set to 100 for January 2014. ShowingTime facilitates more than 4 million showings each month.

WANT TO VOICE YOUR THOUGHTS ABOUT CFPB REGULATIONS?

Now is your opportunity to be heard, thanks to two recent invitations from the Consumer Financial Protection Bureau (CFPB or Bureau).

By Sue Johnson, strategic alliance consultant

In March, Acting CFPB Director Mick Mulvaney published two Requests for Information (RFIs) asking for public comment on regulations that the Bureau inherited from other federal agencies (Inherited Regulations) or has issued under the authority of the Dodd Frank Act (Adopted Regulations). The comments will help the CFPB decide whether to amend any of these rules or issue new rules. Comments on Inherited Regulations are due on June 25, and comments on Adopted Regulations are due on June 19.

"We want information from you," Mulvaney said in March 1 remarks before the U.S. Chamber of Commerce. "We want to hear from everybody."

What Regulations are at Stake

Inherited Regulations: The Dodd-Frank Act gave the CFPB rulemaking authority for fourteen federal consumer protection laws, including the Real Estate Settlement

"WE WANT INFORMATION FROM YOU. We want to hear from everybody." – CFPB Director Mick Mulvaney

Procedures Act (RESPA), the Truth in Lending Act (TILA), the S.A.F.E. Mortgage Licensing Act, and the Equal Credit Opportunity Act (ECOA). Inherited Regulations are regulations issued by other agencies (such as RESPA regulations issued by HUD) that were transferred to the CFPB on July 21, 2011. The RFI does not include the CFPB's 2015 Home Mortgage Disclosure Act (HMDA) rule, because the CFPB has separately announced its intention to reconsider this rule.

Adopted Regulations: Dodd-Frank also gave the CFPB new rulemaking authority in certain areas. Some Adopted Regulations, such as the Loan Originator Compensation and TILA-RESPA Integrated Disclosure (TRID) rules, amended Inherited Regulations. Adopted Regulations also include the Ability-to-Repay (Qualified Mortgage) regulation, which likely is on the CFPB's priority list since it is a "significant" rule that Dodd-Frank required to be assessed within five years after its effective date (January 10, 2019). Another motivation for the CFPB to assess the Ability-to-Repay regulation is that the GSE patch – which allows GSE-eligible loans to qualify for Qualified Mortgage status even if they exceed the standard 43 percent debt-to-income ratio – lasts only as long as Fannie Mae and Freddie Mac are in federal conservatorship (January 10, 2021). The Trump Administration has recommended that the CFPB work to align Qualified Mortgage requirements with GSE eligibility requirements, ultimately phasing out the GSE patch.

What the CFPB Wants

The Bureau is seeking feedback on potential changes to the regulations that could help them more effectively meet the statutory purposes of the Federal consumer finance laws and Dodd-Frank. Specifically, it asks how aspects of the regulations:

- Should be tailored to institutions of a particular type or size;
- Create unintended consequences;
- Overlap or conflict with other laws or regulations in a way that makes it difficult or burdensome for institutions to comply;
- Are incompatible or misaligned with new technologies; and
- Should be modified to provide consumers greater protection from identity theft.

Commenters are asked to offer their highest priorities, and to single out their top priority. Suggestions should focus on revisions that the Bureau could implement without Congressional action.

And That's Not All…

These are the eighth and ninth RFIs in Mulvaney's initiative to reexamine the Bureau's existing policies

and procedures. The CFPB also has asked for public comments on its enforcement and supervision processes, its consumer complaint database, and other internal functions. The previous seven RFIs with their comment due dates are:

- Civil Investigative Demands (CIDs): April 26, 2018
- Rules of Practice of Adjudication Proceedings: May 7, 2018
- Enforcement Processes: May 14, 2018
- Supervision Program: May 21, 2018
- External Engagements: May 29, 2018
- Consumer Complaint Database: June 4, 2018
- Rulemaking Process: June 7, 2018

Mulvaney's Requests for Information will create an extensive record that can be a foundation for the next CFPB Director to reshape federal consumer finance regulations and the Bureau's enforcement and supervision procedures. So, if your company has had issues with the CFPB, now is the time to direct your legal counsel to put your complaints in writing - with constructive ideas on how they can be improved.

If your company has had issues with the CFPB, now is the time to direct your legal counsel to put your complaints in writing – with constructive ideas on how they can be improved.

AMERICA'S HOMEOWNER ALLIANCE

HOMEOWNERS TO GET AN ADVOCATE IN WASHINGTON, D.C.

A nonprofit grassroots organization was created to directly advocate on behalf of the nation's 75 million homeowners and all future aspiring homeowners.

By Sue Johnson, strategic alliance consultant

One dynamic always has been constant in the formation of housing policy in Washington, D.C.—Realtor® lobbyists represent Realtors; home builder lobbyists represent home builders, and mortgage banker lobbyists represent mortgage bankers.

Now there's a nonprofit grassroots organization created to directly advocate on behalf of the nation's 75 million homeowners and all future aspiring homeowners. It's called America's Homeowner Alliance (AHA), and its mission is "to protect and promote sustainable homeownership for all segments of America", including the 13 million new households to be formed in the next 15 years that will be traditional minorities.

AHA Priorities

According to AHA's website at www.myaha.com, its 2018 priorities include advocating policies to address the owner-occupant housing inventory crisis, increase the availability of more predictive and accurate credit-scoring models, reduce Fannie Mae and Freddie Mac fees, and reduce the proliferation of rules issued over the past decade that can unnecessarily restrict housing credit.

Individual AHA members pay annual dues of $20. In return, they get access to the AHA Ebates Member Rewards Program offering cash-back rewards and discounts from a network of over 1800 merchants nationwide; news updates on emerging public policy issues and current events impacting them as homeowners; special access to the *Achieve the Dream* website featuring tools for prospective and current homeowners; and practical homeowner tips. And, of course, they get a direct voice in Washington, D.C. on housing policy issues.

AHA offers companies in the real estate industry an opportunity to build loyalty and new business by directly offering free one-year memberships to their sales forces and/or customers, at no cost to the company.

If you are interested, contact Donna Burge at donna.l.burge@gmail.com. You also can sign up for your own free one-year AHA membership by visiting myaha.com at "Join Now", using the REAL Trends promotional code of realtrends2018.

DUBAI: A LAND OF OPPORTUNITY

Buyers and renters are finding more inventory in this United Arab Emirate market.

By Peter Gilmour, chief foreign correspondent

Haider Ali Khan, CEO of Bayut, a property portal operating throughout the Emirates believes that 2018 will present opportunities for buyers and renters as more inventory arrives on the market. The year 2017 was a buyers' and renters' market with sales prices and rents lower across many areas. In 2018, inventory is picking up and providing attractive opportunities for a large base of consumers looking to own a home in UAE.

The real estate market appears to be at the bottom of the cycle, and a price rise is happening at present. Developers are looking to reduce the square footage of apartments to make their price tag more affordable, and this has already started in Dubai South and Dubailand. Buyers will have to get used to smaller floor plans when looking at affordable options.

Luxury Market

Luxury high rises in popular areas are still commanding excellent prices. In Dubai, Marina owners are paying a median of $427 per square foot and in towers like La Reve or Silverine median prices are around $600 per square foot. Median prices in the iconic Burg Khalifa are between $800 and $1,100 per square foot.

There are many reasons why buyers are choosing to invest in Dubai property. According to Luxhabitat, a high-end real estate brokerage in UAE the main reasons are:

- **No property taxes.** From the beginning of 2018, all residential property sales and leases are exempt from Value Added Tax.

- **Improved infrastructure.** The run-up to the huge Expo 2020 will create over 250,000 jobs with an investment of over $6.6 billion in infrastructure projects. The government's initiative in making it a smart city is far reaching with their city being at the forefront of technology with transportation solutions and driverless cars.

- **Rental returns.** Even in the recent difficult times, rental returns are still attractive. Areas like Dubai Silicon Oasis and Dubai Sports City are achieving rental yields of between 8 percent and 9 percent. Also, investors spending approximately $300,000 are eligible to apply for a residence visa in UAE.

- **Safety and Stability.** Dubai offers easy connectivity to cities in Asia, Africa and Europe, and that's why it's a popular city with individuals and huge companies like Snapchat. From a business perspective, Dubai represents an attractive and stable platform from which to do business.

- **Transparent Real Estate Authority.** Since 2006, the government has allowed foreign ownership in free-hold areas and the Real Estate Regulatory Agency has improved the transparency of the real estate market.

2018 looks to be a much better year than the past two years, with more opportunities on the horizon for buyers and renters.

Aerial View Of Palm Island In Dubai

DIGITAL MARKETING

In 2018, small businesses will conduct digital marketing via their websites, social media, email campaigns, and more, according to Clutch's 2018 Small Business Survey.

HOW SMALL BUSINESSES INVEST IN 2018

By Elizabeth Ballou, content creator & marketer, Clutch

The adage "you must spend money to make money" is true for digital marketing. Although the concept is familiar to most small business owners, many still struggle to choose the best marketing methods or to afford marketing at all.

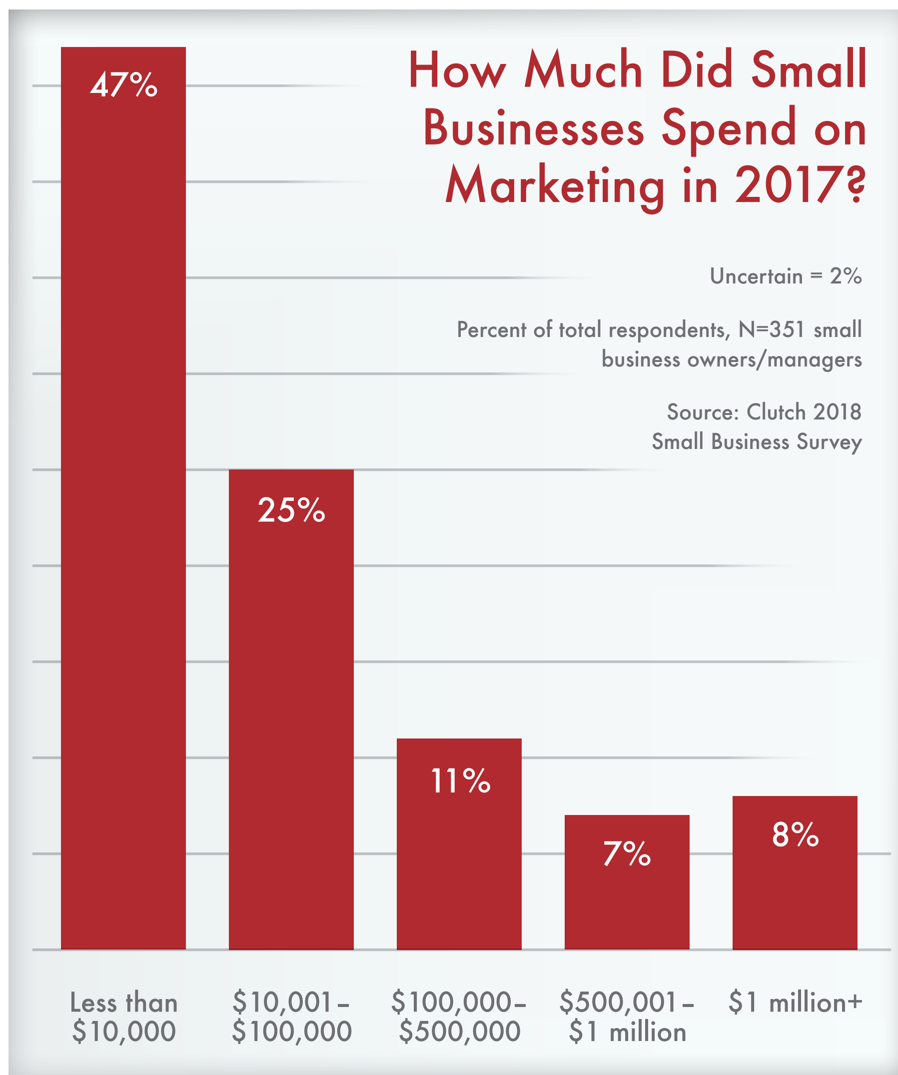
Clutch's 2018 Small Business Survey examines the state of digital marketing. In this article, we'll use the survey's findings to explain how small businesses can invest in the top digital marketing channels and discuss how to optimize an in-house digital marketing team.

Here are some findings of the survey:

- Most small businesses (47%) spend less than $10,000 on digital marketing, indicating that they have small or nonexistent budgets.
- In-house help is the most common digital marketing resource (43%), but industry leaders say that small businesses that try to handle everything in-house may overextend themselves.
- The majority of small businesses use both social media (62%) and a website (61%) to market themselves.
- The majority of small businesses (80%) do not invest in content marketing, and experts warn that they are missing a key marketing opportunity.
- Websites (54%), social media (51%), and email marketing (36%) are the top three digital marketing channels that small businesses will invest in during 2018.
- Augmented and virtual reality are the least common forms of small business digital marketing (only 10%), but AR/VR can be highly effective for some small businesses.
- Small businesses can use this article to refine their marketing plans for 2018.

The majority of small businesses (80%) do not invest in content marketing, and experts warn that they are missing a key marketing opportunity.

Many small businesses set aside a small amount of money ($10,000 or less) for digital marketing. What money they do use tends to go toward social media, a website, and email marketing. In 2017, nearly half of small businesses spent $10,000 or less on digital marketing.



Only a quarter spent between $10,001 and $100,000 on digital marketing, and a minority (13%) spent upwards of $500,000. This is likely because most small businesses, termed are very small, with 10 or fewer employees. These businesses generate a small amount of revenue and therefore don't have much money to put toward marketing.

Despite their limited budgets, the majority of small businesses engage in digital marketing. Well over half of all small businesses currently market through their website (62%) and social media (61%). Email marketing, at 39%, is another common marketing channel.

The popularity of these three marketing channels, as well as the perennial discussions of SEO, content marketing and AR/VR marketing, show that small businesses have a vested interest in understanding the digital marketing landscape. Many businesses know this, which is why more than half plan to increase the resources they apply to their websites and social media in 2018. However, small businesses don't always optimize their resources for ideal digital marketing execution.

Most Small Businesses Rely on an In-House Team for Digital Marketing

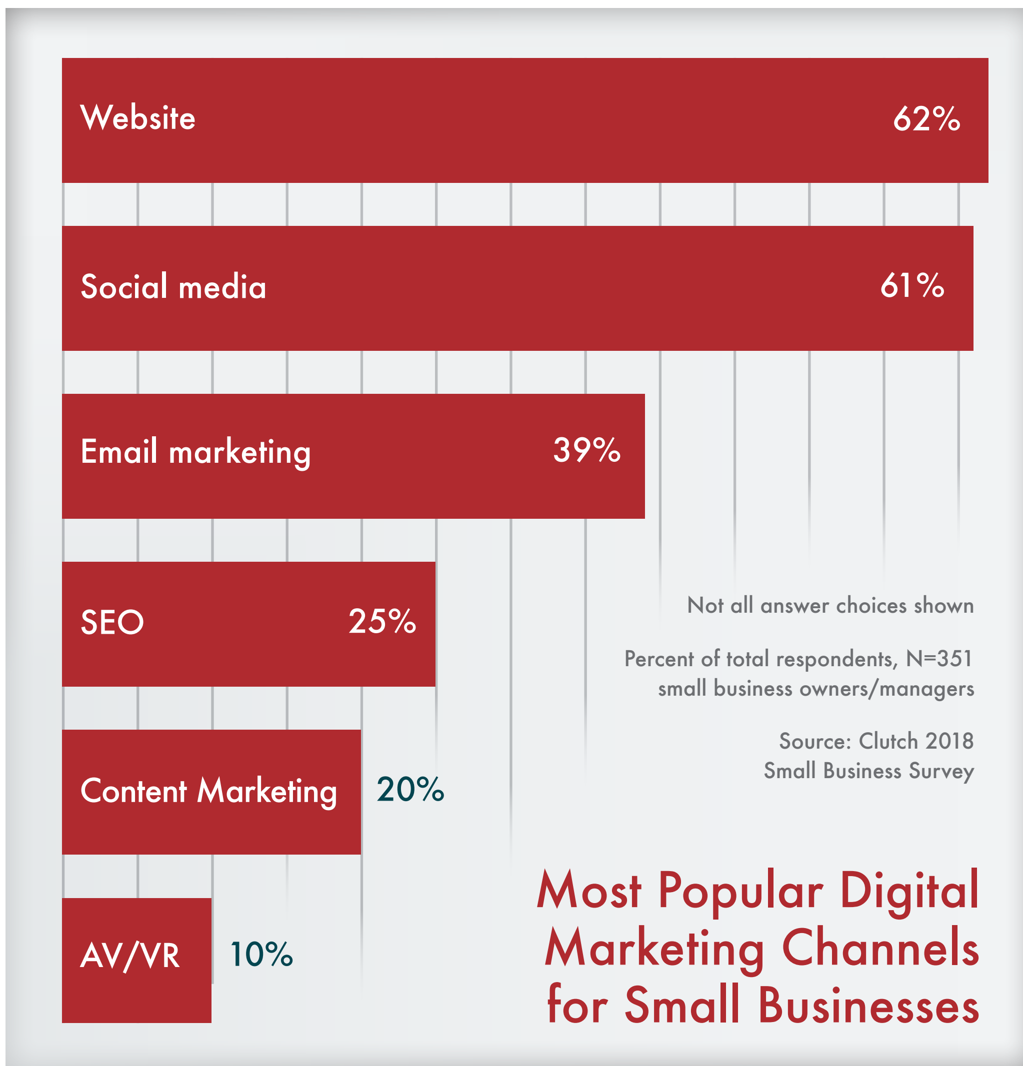
The days when digital marketing could be tossed to an intern or young relative are decidedly over. Now, it's important for small businesses to invest in in-house staff who are familiar with marketing software, capable of creating effective content, and accustomed to monitoring the latest digital marketing trends.

The most common digital marketing resource that small businesses use is an in-house team. Nearly half of small businesses (43%) rely primarily on their employees to plan and execute their digital marketing.

When small businesses keep their marketing in-house, they have a consistent source of digital marketing support from employees who are already familiar with the company's brand. However, it's crucial that small business owners understand the benefits and drawbacks of an in-house digital marketing team. Since 55% of survey respondents have 10 employees or fewer, these in-house teams are likely small and may lack resources or access to professional development opportunities.

In-house digital marketing employees may also be

The days when digital marketing could be tossed to an intern or young relative are decidedly over.



expected to shoulder digital marketing responsibilities in addition to other, related jobs, such as traditional marketing, public relations, or sales. In fact, that 'team' may be just a solo worker: About a third (30%) of businesses with in-house digital marketing staff only have one employee dedicating time to the task.

Marketing Software Amplifies Team Efforts Through Automation

No matter how many people a small business dedicates to digital marketing, they should consider investing in digital marketing software.

Digital marketing software reduces the time it takes for marketing staff to reach out to potential customers, generate leads, and build lasting relationships by automating part or all of these processes. Hubspot, for example, helps companies find the best leads and communicate efficiently with them by creating contact and company records.

Marketing software is the second-most popular digital marketing resource, with 39% of small businesses using software to support their digital marketing efforts.

There are two main categories of digital marketing software:

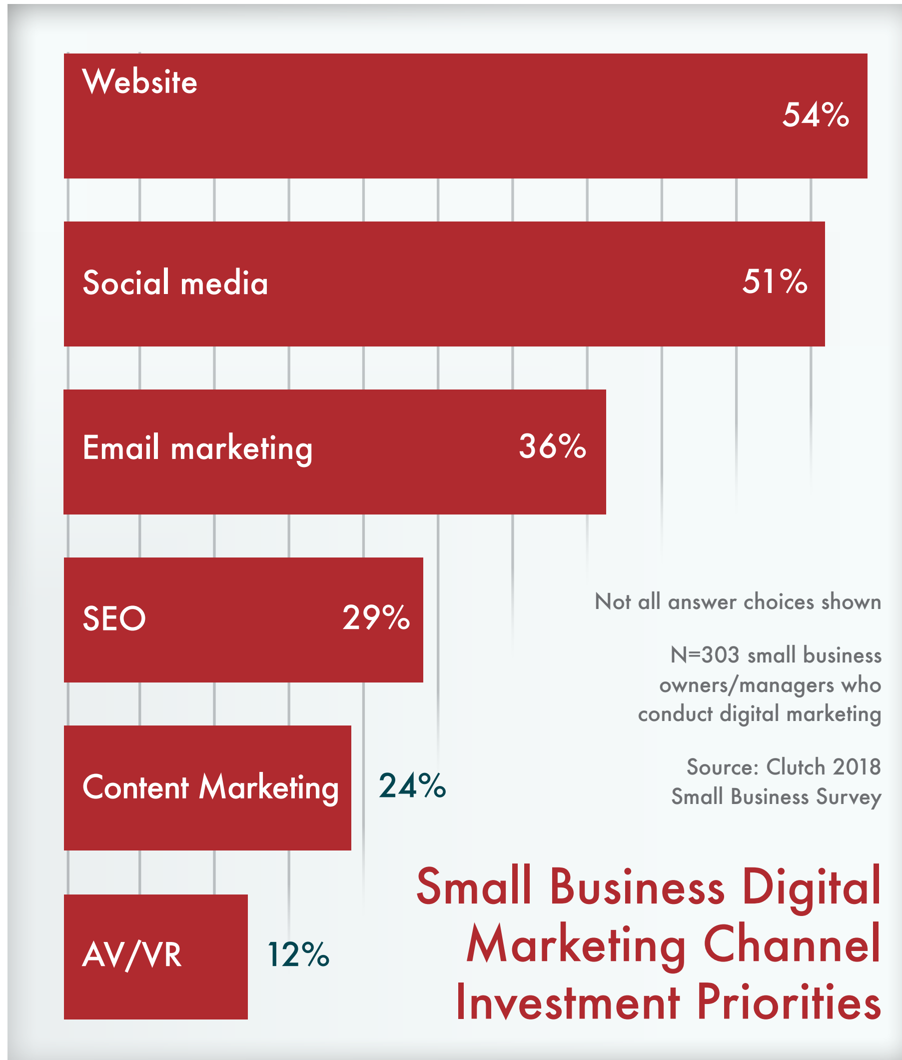
1. **Customer relationship management (CRM)** automation. CRM software also allows businesses to automate certain time-consuming correspondence, such as cold outreach. Businesses then have an organized system for reaching out, which saves time and money. CRM automation software helps businesses track all the people they contact, including customers, vendors, and leads. This ensures that leads don't fall through the cracks.Examples of CRM software include HubSpot and Salesforce.

2. **Analytics software.** Analytics software lets companies know who is visiting their website, for how long, and what users do while looking through a website's pages. Analytics tools help small businesses learn about their current audience, so they tailor website content. Some of the best analytics software includes Google Analytics, which is free. Moz and Hotjar offer both free and premium versions.

Digital marketing software reduces the time it takes for marketing staff to reach out to potential customers, generate leads, and build lasting relationships.

5 Key Areas of Digital Marketing Investment for 2018
The Clutch survey identified five key digital marketing channels small businesses plan to invest in:

1. **Website**
2. **Social media**
3. **Email marketing**
4. **SEO**
5. **Content marketing**



Investing in websites, social media, and email marketing are the most popular. Less than a fourth (24%) of companies plan on investing in content marketing, but since content marketing boosts SEO for little cost, experts say this is a mistake. In addition, some forward-thinking small businesses plan to invest in AR/VR marketing.

Websites Are an Essential Marketing Tool
A business's website is the main way it communicates its products and services to the world. Many small businesses know this: The majority already have websites and are increasing their website investments in 2018. Additionally, more than half (54%) of small businesses plan to invest in improving their websites this year.

This is a smart marketing move: In 2018, a website is the first stop for prospective buyers who want to learn what a business has to offer. Additionally, e-commerce is gaining importance. Business Insider reports that e-commerce will make up a forecasted 17% of all retail sales in the U.S. by 2022.

Content Marketing Builds Brands and Boosts SEO
Our survey found that content marketing is one of the most underused digital marketing channels. Content marketing encompasses all of the content a small business produces, including blog posts, whitepapers, ebooks, videos, and more. However, few small businesses make use of content marketing. Four-fifths (80%) of these companies do not engage in content marketing as a digital marketing strategy.

In fact, content marketing is one of the least popular marketing strategies. The only marketing channel that's less popular is AR/VR marketing, which is an emerging technology. The worth of content marketing, however, is proven, and it should be a tool in any small business's toolkits.

Content Marketing is Valuable for SEO
Despite its lack of popularity, content marketing remains one of the best ways for small businesses to define their brands and improve their websites' SEO. Content marketing helps to improve SEO by allowing businesses to target keywords, improve search ranking, and provide helpful content to current and potential customers.

Social Media Helps Companies Connect with Customers
Social media is an essential part of any small business's marketing strategy. This makes sense: Basic social media outreach is a free way to reach potential customers.

Three out of 5 small businesses (61%) use social media marketing to market their brand. According to research by Texas Tech University, companies that use social media marketing effectively are more likely to cultivate brand loyalty. More than half of small businesses (51%) plan to invest more in social media marketing in 2018.

Since so many businesses focus on social media, it's important that both those businesses and their digital marketing partners understand how to engage with customers effectively. Social media is really about having a conversation. A lot of people get social media wrong because they just broadcast their business. But to be effective, you have to engage in conversations with people.

To facilitate those conversations over social media, businesses should look for tools that give them opportunities to connect. Social listening software lets companies know when Internet users mention them, even without hashtags. Some popular social listening tools include:

Mention
Hootsuite
Sprout Social

When businesses take charge of their social media presence by engaging with users and trying social listening tools, they leave a positive impression on potential customers.

Use Tools to Schedule Social Media Posts
To maintain a social media presence, small businesses should consider making a social media calendar. It's difficult for small businesses to establish a social media rhythm, said Chris Ciunci, managing partner at marketing group TribalVision. "Often, companies with 1-10 employees post reactively. They have no real rhyme or reason. There needs to be some formality to and process involved with posting on social media." Ciunci recommends tools like Hootsuite for small businesses that struggle to post regularly.

Hootsuite allows companies to schedule tweets and Facebook posts in bulk, which alleviates the stress of daily social media planning. Since the majority of small businesses with in-house staff only have one employee, that employee can make better use of her time by planning a calendar in advance.

Most social media scheduling tools provide metrics tracking. Businesses can see which posts garner the most engagement and try to replicate that success.

For more recommendations about how small businesses can manage their social media presence, including more granular data about specific social media platforms, read our small business social media survey.

When businesses take charge of their social media presence by engaging with users and trying social listening tools, they leave a positive impression on potential customers.

AR/VR Marketing Lets Small Businesses Showcase Products

Augmented reality (AR) and virtual reality (VR) marketing take advantage of cutting-edge technology to let consumers get close to a product. They can try the product without actually buying anything or even being in the same room.

AR/VR marketing is not yet mainstream among small businesses: Only 10% engage in AR/VR digital marketing. However, that number more than doubles (21%) for small businesses with 50 or more employees. Business owners in certain industries have figured out how to leverage AR/VR marketing to show off their products.

For example, Derrick Bozkurt, a Colorado realtor at House in Motion, began using VR in 2016 to create virtual house tours. “A big challenge in real estate is inaccurate property descriptions. We’ll drive to a property and within seconds, clients say it’s not what they expected,” Bozkurt said. For several years, he’s been working on a VR solution to eliminate the problems caused by inaccurate listings. “We’ll go out and shoot properties with virtual reality or 360-degree video so that prospective buyers can experience them remotely,” Bozkurt explained. Clients can explore properties through online portals, like the one below.

VR marketing lets Bozkurt’s clients know exactly what kind of home they’re considering, which is why the technology gives him a competitive edge. As AR and VR solutions become more affordable and flexible, businesses can look to the technology as a way to give customers an accurate impression of products.

Email Marketing Develops More Direct Consumer Relationships

Email marketing, when done well, allows a company to develop deeper relationships with consumers. Two-fifths (40%) of small businesses use email marketing to reach their consumers, which makes it the third-most popular digital marketing channel. That number lags far behind websites (62%) and social media (61%). Small businesses that don’t use email marketing are missing a key opportunity to connect with the people most invested in their products.

A comprehensive email marketing strategy might include a weekly or monthly newsletter with relevant articles and a new product roundup, as well as eye-catching copy on basic emails like sales confirmations.

Small Businesses Can Use Digital Marketing Successfully

It may seem like many digital marketing channels and efforts, from SEO to marketing software to email campaigns, are too expensive or time-intensive to work well for small businesses. However, digital marketing is necessary. It provides a crucial bridge between small businesses and their audiences.

When small businesses are intentional about delegating digital marketing tasks and hiring for specific digital roles, they can make the most of a small budget and an in-house team. Companies’ websites and social media presences are popular places to start, but email marketing and content marketing also provide low-cost, high-reward opportunities to connect with consumers. AR/VR marketing is an ideal option for small businesses that want to give consumers a sense of immediacy.

Ultimately, digital marketing provides a way for small businesses to distinguish themselves in an increasingly chaotic digital sphere.

For more and a copy of the survey:

CLICK HERE

SAVE THE DATE: JUNE 29

The REAL Trends The Thousand, as advertised in The Wall Street Journal will be released June 29! Mark your calendars today!

CLICK HERE

REALTRENDS
THE TRUSTED SOURCE
THE THOUSAND
AS ADVERTISED IN THE WALL STREET JOURNAL.

DealMAKERS

· CONFERENCE ·

AUGUST 9-10
2018
DENVER, CO

REAL Trends DealMAKERS

A 24-HOUR CONFERENCE

REAL Trends' second annual conference will focus on understanding the valuation of brokerage firms, mergers and acquisitions among brokerage firms and more.

Learn from the nation's leading deal makers from the brokerage industry as well as attorneys with expertise in deal structuring and tax consideration. Plus, experts will present case studies from leading real estate merger and acquisition advisory firms in the country.

CLICK HERE TO REGISTER

or

call 303-741-1000

Kuala Lumpur, site of the LeadingRE 2018 ASEAN Immersion Conference

Leading® REAL ESTATE COMPANIES OF THE WORLD

QUALITY
CONNECTIONS
INDEPENDENCE™

WE'RE A COMMUNITY.

In an industry where relationships make the difference, Leading Real Estate Companies of the World® is a global community beyond compare — where the people behind the world's top independent real estate firms come together to do business, collaborate on ideas and share opportunities.

LeadingRE.com/OurCompanies