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# *The Truth About Marketing Report*

*Are we getting a reasonable return on our  
marketing expenses?*

*By Mike Ferry*

## ***THE TRUTH ABOUT MARKETING REPORT***

***ACCORDING TO THE EXPERTS THAT WE KEEP HEARING FROM ...*** “to become really well known in your neighborhood or marketplace you are going to have to create a certain image ... a look ... that will cause people to remember who you are so when they decide to list their homes or purchase a home, they will always call you instead of somebody else. To accomplish this there are a number of things that as an agent you need to do.

“***First***, we would recommend a four-color personal brochure. It will do a number of things for you and your business ... it will promote your name efficiently, it will build your image throughout the marketplace, it will tell the public who you are and tell them what you can do.” (Author’s note ... do you really believe people care that you are a GRI or a CCIM when they do not even know what the letters stand for? Do you think they really care that you have three children and a dog or that you are a great mother or father? Do you honestly believe that what you say in this brochure will cause them to call you and not somebody else and list their home and pay a 6% commission ... all because they saw your four-color brochure with your glamour picture on the front?)

“***Second***, we would like you to consider a personal logo of some type or some type of slogan that we can attach to your name. The purpose is to burn your name into the community’s mind so

when they make the decision to list and sell ... they call you first.” (Author’s note ... do you really believe a picture of you with your dog is going to be the compelling reason that people list their homes, or do you believe that a picture of you in a hat, or the fact that you deemed yourself the pumpkin man or the \_\_\_\_\_ specialist is going to cause people to suddenly list with you?)

“*Third*, we have a number of cleverly designed items and gimmicks that will cause the public to remember who you are ... so they will call you every time. Here’s a magnetized business card with your picture, here’s a packet of flower seeds to attach to your business card and pass out in the spring, here’s a cleverly designed calendar that you can send out in December and January, we want you to negotiate with a local supermarket to put your picture and phone number on all the shopping carts ... look at all the exposure you will have. We would like to recommend that you rent bus benches in your area to give you maximum exposure to drive-by traffic as well as all those people who walk by the bus stops.” (Author’s note ... do we need to be reminded that the people that generally ride the bus cannot afford to buy a car so therefore they are probably not in a position to buy a house?)

All of these thoughts are being taught to get the public to call a real estate agent when they decide to list or sell their home. Since this is what is being taught, a good portion of the real estate agents not only buy into these marketing concepts ... but also do them. Question ... how much control do you have of your daily business or your future when these are the kind of plans you make for yourself and your business?

## *Predictable ... Duplicatable*

There are two ways to bring more business to you. One is to go out and earn it every day by contacting both people you know and people you do not know on a regular basis. We will talk more about this later. The second way to create a business is to “buy the business through your advertising promotions, mailings, etc.” If you look at the last question in the previous paragraph again, we said how much control do you really have of your business if you are running ads, etc., and waiting for people to call you? The truth is you have no control. The key to building any business is to be involved in activity where you can predict not only the response but also, the amount of business that will come because of that activity. For example, we know that if you contact “X” number of For Sale By Owners each week and you use the scripts that we teach, you will end up with “X” number of appointments from those contacts. This will of course lead to contracts signed and deals closed.

This is very predictable business. What is non-predictable is mailing out 1000 postcards with your picture on it and not knowing if any of those will lead to a listing presentation. Let’s look at the word duplicatable ... we want our business to be in a position where we cannot only predict what is going to happen but we can also duplicate the response on a regular basis. If you make sure that all of your activities lead you directly to the goal you set and they lead you to that goal on the fastest track possible, then you will have a better understanding why marketing schemes you keep being taught simply do not work.

## *Learning to Market Yourself ... Forever*

You know that you can attend seminars, buy books and tapes, and listen to people preach the gospel of marketing for the rest of your real estate life and there is a real good chance ***THAT YOU WILL NEVER GET THE RESULTS THEY KEEP SELLING YOU ON.*** Why? For some reason, real estate people keep looking for a magic answer or magic formula versus the reality of learning how to work and then going to work every day to secure listings and sales. Real estate people keep looking for ways to make money without having to put out the energy or effort required ... without learning how to sell by learning proven sales skills and techniques. The truth is, we can listen to these people, buy into their concepts and try these gimmicks FOREVER and you will notice that the only thing that is guaranteed when it is all said and done is “you have about the same amount of transactions as you had before and you will definitely have less money.”

Why ... Because the truth is building a recognizable brand name in an area is very, very expensive to do, takes a tremendous amount of time and you have to keep promoting and advertising that name FOREVER. Why do you have to do it FOREVER? For two reasons a) people forget everything quickly. You know this is a fact because you have been in a car with a buyer showing them homes and forgotten their name. You have listed homes and seen your seller in the supermarket a week later and forgotten who they are. ***IF WE FORGET THE PEOPLE WHO ARE ACTUALLY PAYING US A COMMISSION ... HOW COULD WE EXPECT PEOPLE WHO WE HAVE NO RELATIONSHIP WITH WHATSOEVER TO REMEMBER WHO WE ARE?*** b) Unfortunately, the major portion of the public does not buy and

sell homes often enough to remember who their real estate agent should be. Makes sense, doesn't it?

Why do we see companies like Coca-Cola, Microsoft, Ford Motor Company, Home Depot, Wal-Mart, and companies that produce products like toothpaste advertise non-stop in television, radio and print? The answer is very simple ... ***THEY WANT YOU TO BUY AND/OR TRY THEIR PRODUCTS AT LEAST ONCE OR THEY WANT TO KEEP YOU AS A REGULAR CUSTOMER FOREVER.*** You will notice that a good portion of what is being marketed/advertised are what we call disposable products. By disposable products we mean you buy it, use it until it is gone, and buy it again. The purpose then of advertising a particular product or brand is to remind you to keep buying that product or brand instead of somebody else's. If you think about the sales process on a home for a minute, you will notice the marketing concepts are not the same, are they? Here's an interesting way to look at this ... a company like Home Depot has both a marketing and advertising budget that will run into the tens of millions of dollars annually with the sole purpose of imprinting their name in your brain so when you make the decision to buy a new sprinkler head for your lawn, you go directly to Home Depot. Here is an interesting question for you, ***HOW MUCH MONEY CAN YOU REALISTICALLY AFFORD TO SPEND OVER THE NEXT SEVERAL YEARS AND IS IT EVER GOING TO CREATE THE IMPACT REQUIRED TO GET PEOPLE TO CALL YOU REGARDING LISTING THEIR HOME THE WAY THEY WOULD GO TO HOME DEPOT TO BUY A NEW WIDGET?*** I'll bet it is a lot of money, isn't it?

Let's look at an important question. How often does the average person buy or sell a home in their lifetime versus buying a car? If the average person buys their first home around age 30 and they buy another home for themselves every 7 to 10 years until they reach the age of 55 or 60, they are going to buy 4 or 5 homes in their lifetime. The average person in North America between age 60 and 65, will buy 40+ cars in their lifetime, between their own personal cars, cars for their spouses, and we cannot forget the ones they buy for their kids or grandkids when they are starting out. It pays to advertise cars, because you buy a car and wear them out ... they get old, they do not look good, they go out of style and our egos get in the way. ***YOU GENERALLY DO NOT WEAR OUT A HOUSE THAT YOU ARE LIVING IN LIKE YOU DO A CAR.*** What generally happens is that when things look a little rough, you re-carpet or you repaint. Yes, people do move ... and it is estimated there are four million sales in the U.S., they are moving into bigger homes and smaller homes, into new homes and older homes ... the question is can you afford to wait ***FOREVER*** based on your advertising/marketing campaign for them to call you versus somebody else? Look at this question carefully as the answer will determine your future success in real estate. ***“HOW MANY TUBES OF TOOTHPASTE DO YOU BUY IN A LIFETIME”*** ... way too many to count ... therefore it sounds like advertising toothpaste makes some sense, doesn't it? What about the advertising you keep doing on yourself or the properties that you list?

## *Time ... Is Working Against You*

Here are some important questions to look at. How long does it take to convince a large group of people to remember not only your name but what you do for a living or how you do it? What kind of costs are involved in getting people to remember all of this? What kind of return on your investment should you expect if you spend the money to make all this happen? How much time is it really going to take? As you look at these questions and the answers, you realize there is a lot more involved than meets the eye when it comes to a long or short-term marketing program of any type.

Let's look again ... how long do you think it takes to get the public to remember who you are and then remember to call you? From the research that we have done, it will take up to three years of non-stop marketing before somebody will recognize not only who you are ... but then actually call you.

***IF YOU ARE A NEW AGENT*** and you embark on a long-term marketing campaign like the ones we have discussed above, how long can you afford to keep mailing/advertising in hopes that somebody will give you a call and list their home with you or buy a home from you? In most cases, not for very long because the odds that a new licensee succeeding in real estate beyond 12-18 months is very slim. One of the reasons they fail is because of a lack of cash flow and the lack of cash flow is often caused by the agent spending whatever money they have on these various marketing gimmicks instead of learning how to work. Therefore, the new licensee should never embark upon a marketing campaign of this type because unless they are extremely well funded, all it is

going to do is ... speed up their exit from the business. Even if you are well funded, let's go back to the length of time it is going to take and the return on the investment that you are going to receive. The truth is for a new licensee the most important thing they can do is set up a very strong ***PROSPECTING PROGRAM FOR THEMSELVES WHERE THEY ARE CALLING ALL OF THEIR CENTERS OF INFLUENCE AND THEN CALLING ALL THE FOR SALE BY OWNERS AND EXPIREDS IN THEIR AREA*** ... and calling as many of these every day as they possibly can so they can generate enough leads to go on a few appointments which will result in a contract being signed and hopefully a closing that will generate them enough cash to stay in the business.

I know you have seen this happen ... a new licensee comes into the business and because they do not know any different they get on the phone and start calling people wildly and they start doing deals because of these activities ... if there is a magic answer, ***THIS IS IT***. If you are a new licensee reading this report, start this process today.

***IF YOU ARE A FOUR TO FIVE YEAR VETERAN OF REAL ESTATE WHO IS DOING 15 TO 20 DEALS A YEAR, CAN YOU AFFORD TO WAIT ANOTHER THREE YEARS TO GET THE RETURN ON THE INVESTMENT THAT YOU WANT?*** The answer is probably yes, but can you afford the cash requirement that is necessary to make the whole program work ... the answer is probably no.

***A NUMBER OF HIGHLY PRODUCTIVE REAL ESTATE PEOPLE YOU SEE THROUGHOUT NORTH AMERICA***

**HAVE USED THE ABOVE-MENTIONED MARKETING CAMPAIGNS FOR YEARS AND IN SOME CASES, SINCE THE DAY THEY STARTED IN REAL ESTATE.** Many of these people have spent a fortune promoting their name for years and have obtained a high production because of this marketing. Too often, the marketing is 100% ego driven and because they do not know how to generate the business on their own, continue these campaigns for long periods of time at a huge cost ... profitability. So what is the real cost in terms of dollars to do what these marketing experts keep telling you? It will cost you anywhere from \$1,000 a month to several thousand dollars per month and we have seen hundreds of agents spend up to \$15,000 to \$20,000 per month, all at the cost of profitability. As you can see, the depth of your marketing program many times depends upon the size of your checking account.

If the goal that you have involves **PRODUCTION, GROWTH AND PROFITABILITY** this whole concept of marketing that we have been discussing will not make a lot of sense to you.

### ***So What Is Marketing ... ?***

First of all, let's be real for just a minute ... you are a real estate sales person. Our job in its simplest form is to ***“find people who want to buy or sell real estate, convince them that we are the person they should deal with and then get them to execute a contract with us.”*** This is our job as a real estate sales person. I cannot figure out why so many people want to make it complicated or what is worse, try to convince you that selling real estate is

something that it is not. Again, find people, convince them, and get them to sign.

Corporations and organizations involved in building business and maintaining their present size will have two separate departments operating at the same time. One is the Marketing Department and the other is the Sales Department. Look in the dictionary – it defines marketing as, “***AN AGGREGATE OF FUNCTION INVOLVED IN MOVING GOODS AND SERVICES FROM PRODUCTION TO THE CONSUMER.***” If you look at this definition carefully, you will see that the Marketing Department, although totally separate from sales, is a support team to the Sales Department. The Marketing Department, please understand, is not the Sales Department. For some reason, real estate agents, real estate companies, and too many of the sales trainers are trying to convince you that a) you must be both a sales person and a marketing expert at the same time ... that is nearly impossible; b) that you do not have to be a sales person if you are a great marketing person ... this is simply stupid; or c) that sales and marketing are one and the same ... this does not make good business sense at all. To even think or work under the thought that to be in real estate ***YOU DO NOT HAVE TO BE A SALES PERSON*** is crazy. Can you imagine sitting at a listing presentation and saying, “I’m not a sales person, I’d like you to pay me 6% for selling your home?” I take it back ... it is probably being said all the time, unfortunately. The people that are saying these words are generally not getting the contracts signed that they should.

How about this thought ... “Mr. And Mrs. Seller, I’m a sales person and I’ve been trained very specifically how to sell homes

and I would like you to sign this contract which will employ me and put me to work on the sale of your property ... would you sign the contract please?" This certainly makes more sense than trying to disguise what you do, what your purpose is, or what is worse telling the seller that because you run ads and do mailings and have a logo you are some kind of marketing expert.

“An aggregate of function involved in moving products and services from producers to consumers.” That is the definition of marketing and as you can see it has very little to do with listing and selling.

Take a look at how a new homebuilder operates to see what we mean. The homebuilder will have a Marketing Department and among the many jobs they will do is extensive market research to determine not only where people want to live, but also what types of homes they will buy in a given area. Then they will assist management in establishing prices based on this research. Once this work is completed and the homes are being built, they are turned over to the Sales Department ... **AND THEIR JOB IS TO SELL THE HOMES, PERIOD.** They are not there to devise marketing campaigns, advertising campaigns or to think about jingles or slogans to attract people who want to buy homes.

So why then do we keep on marketing? There are a number of reasons why real estate people do what they do every day: a) They do not know any different, meaning it is how they have been trained, so it is how they do business whether it brings good results or not. b) The companies they work for push them in a direction or demand that they operate a certain way. The company takes the path of least resistance to tell the agents to promote and advertise

versus teaching the agents how to sell. c) The seller demands that the agent operate a certain way because the seller does not see the agent doing anything productive besides putting their property in the MLS. Because of this, they demand marketing, advertising and mailings. d) Our enormous egos get in the way or, what is worse, our egos demand to see our pictures and names in print on a regular basis. So why do we continue with these marketing campaigns ... ***BECAUSE WE ARE RESISTING BECOMING A SALES PERSON ... LEARNING HOW TO SELL AND EXECUTING UPON WHAT WE HAVE LEARNED.***

### ***The Mike Ferry Marketing Plan***

Several years ago I was asked to speak to a group of 1000 agents in the Northwest and my topic was “***SECURING LISTINGS AND GETTING THEM SOLD.***” That was an easy topic for me and one that I could get excited about. Upon arriving at the seminar, just before I was to start, they decided to change the topic and have me speak on marketing for three hours instead of listing real estate. I explained to them that marketing was not only a topic that I did not speak on, it was also a topic I was 100% against. Their response was, “We advertised this program as a marketing program so we could draw an enormous crowd and it worked, so we need you to speak on marketing.”

The program was being held at a country club so I walked out of the meeting room, walked into the bar area, and took a cocktail napkin and wrote the following.

1. Take a saleable listing.

2. Get is sold.
3. Tell other people what you did.
4. Take more listings because of the one that you sold.

I then took my napkin, told the people that hired me that I was prepared to speak on marketing and went up and spoke for three hours on what I told them was “The Perfect Marketing Program.” Let’s review what I told them.

***TAKE A SALEABLE LISTING.*** If you are going to take a product to the consumer (marketing definition), you first have to have a product available. Thus ... take a saleable listing ... because it is your product. In marketing, price is always a critical factor so part of the sales process is to learn how to discuss price with the seller and to convince them on your price and your ability because part of the sale process is to convince them and get a contract signed. Remember, unless you have inventory you cannot sell anything.

***GET IT SOLD.*** Listings do not have shelf life like a jar of mayonnaise that can sit in your refrigerator for six months and still be fresh when you open it. If you have a listing for six months that does not sell, it is almost always because of the price. What is worse, you have already invested six months of your time in that listing, on top of the fact that you may have spent several thousand dollars on various marketing campaigns to get it sold. If it sits for six months and does not sell, you have your time, which has a cost involved, and your cash invested with no return. Therefore, learning the sales skills to get it priced right is critical. If it is priced right and you are doing the job you have been trained to do, the property will sell. You will then have a happy and content

seller and more money in your pocket because of the lack of marketing that you did. More importantly, this seller cannot only become a center of influence for you but they can buy and sell through you four or five more times in your lifetime if you choose to stay in the business.

***TELL THE WORLD THAT YOU DID IT.*** Call all of your seller leads and tell them what happened to your listing and why it happened ... how you made it happen. Call 50 to 100 homes around your listing to see if someone else wants to sell and then see if they want to use you because of the success you have had. Call all your centers of influence and past clients and update them to see if they have anybody they know who needs your services to get their homes sold. Telling people that you just got a home sold creates a sense of excitement and urgency for the people you are talking to.

***TAKE MORE LISTINGS BECAUSE OF YOUR SUCCESS.*** When neighbors see a For Sale sign go up and then see a Sold sign go up soon after, they will start talking about moving when they may not have thought about it before. It is amazing how a For Sale and a Sold sign can be a motivating factor in someone's life. Your job is to call people around your listings and sales and see who wants to move and when they want to do it.

***AS YOU CAN SEE THERE IS NO JUST LISTED OR JUST SOLD CARDS BEING PRINTED WITH YOUR PICTURE ON IT OR MAILED OUT. THERE IS NO NEED FOR PERSONAL BROCHURES, BUS BENCHES OR PUMPKINS. THERE IS NO NEED FOR CLASSIFIED ADVERTISING BECAUSE YOU HAVE DONE WHAT THE***

***SELLER EXPECTED ... AND THAT IS, GET THE HOME SOLD. CONGRATULATIONS, YOU ARE BEING A SALES PERSON WHICH IS JUST WHAT THEY THOUGHT THEY HAD HIRED AND YOU HAVE FULFILLED YOUR PART OF THE CONTRACT THEY SIGNED WITH YOU.***

***OK ... How Do I Get My Listings Sold With No Marketing?***

I want you to do a little research in your local Board area. See if you can find out the number of expired listings monthly in your area. We have already said that listings normally expire because of the price ... which means the sales person did not have the sales skills necessary to show the sellers the proper price. In most cases you will notice the same expired listings are the ones that are being marketed heavily through all the things we have discussed throughout this report and the truth is all the marketing in the world did not get it sold. What this tells us is we have to have more contact with people and less time spent on marketing to get homes sold.

There are a number of proven effective things you can do to get your listings sold without having to go through the financial commitment of extensive marketing. The question is are you willing to change what you are doing with the result being more deals and more profit? If the answer is yes, you can use any of the following to get your listings sold quicker with no marketing expenses at all.

1. Remember that price and motivation are the key factors in the sale of a home and in most cases, the only factor. Be

- prepared to pre-qualify in-depth not only for the prospect's motivation to sell, but also be prepared to ask the questions about the price they want to list for. The stronger you pre-qualify, the better job you can do for the seller on the listing presentation.
2. If the seller insists on overpricing the property, don't be afraid to start working on the price reduction at the same time you take the listing. Bring a price reduction form with you, keep it on the table where the seller can see it, ask them to sign the price reduction 14 days in advance of the time you are going to actually want it.
  3. If you take the listing overpriced, set up a strong price reduction program using both personal conversations with your seller and any printed material that is convincing the seller can read regarding the market. Remember, if the home does not sell you have lost a client and wasted six months of your business life.
  4. Start a prospecting program immediately to find potential buyers. As we discussed earlier, call of your buyer leads, your past clients, your centers of influence, and call around any listings you have looking for buyer leads for the area and for referrals.
  5. Use the MLS statistics to help the seller be aware of the market conditions and price. "Mr. And Mrs. Seller, there are presently 1500 homes for sale in this area and approximately 110 are selling per month ... which means 8% of the inventory sells monthly. If no other homes are listed for sale,

you can see that it could take up to 10 to 12 months just to sell the existing inventory. Today your property is 8% overpriced and based upon statistics, it could take 8 to 9 months to sell based on today's sales. Can you afford to wait this long or should we make your home more competitive in the marketplace?"

6. Monitor your market on a monthly basis ... find out what is selling, what is not, any trends that are taking place and report these findings to the seller as a way of affecting price.
7. Don't be afraid to tell the seller the truth about all aspects of their property and the process they are going to be involved in with regard to getting the property sold. Remember ... "truth is the discovery of reality". If we are afraid to tell the seller the truth about any aspect of the property, it is not only going to be a difficult listing period, but more importantly, it is going to make for a very difficult career for you as a sales person.
8. Use proven dialogues such as, "we are not going to list your home at a list price ... we are going to list it at a sales price that is going to cause it to sell, that makes sense, doesn't it?" Or "I would rather price your home right and see you turn down 10 offers versus never getting any." The more efficient you are in what you say and the more efficient you are in what you do, the less money you have to spend promoting yourself.

## *So ... Where Do I Start?*

If you take a look at exactly where your business is at today and are totally honest with yourself regarding your production, your ability to produce new business, your expenses and profit ... you can easily decide what you want to do next.

One of the first decisions you have to make is whether you want to be a marketing expert or a professional real estate sales person. As you can see from this report, they are two totally different functions in this business. Assuming you have made the decision to become a professional real estate sales person, you will want to do the following in the next 30 days to avoid the costly trap of marketing.

First ... set a realistic production goal for yourself. Include the number of listings you will take, your listings sold and the number of buyer controlled sales you expect. Take a close look at where your production has come from the past 12 months, looking carefully at the source of each transaction you have had. This will give you a good idea of some of the changes you will have to make in your daily activities to achieve the goals you have set.

Second ... write as complete a business plan for yourself as you possibly can ... the purpose of which is to support the goals that you have set. Include in your business plan a detailed recap of the previous 12 months' business, your goals for the next 12 months, the numbers you will need to achieve those goals (number of days you will work, the total hours you will prospect, the number of listing presentations you will make, the number of contracts you will get signed, etc.) the various action steps that will

be required to achieve the goal ... and the major challenges you will face throughout the year with the solutions for each.

Third ... set a realistic profit goal for yourself. For example, if you earn \$75,000 how much of that goes to your business expenses (remember to keep your marketing expenses to a minimum) and taxes? The balance will be the profit for your personal living ... remember to be realistic.

Fourth ... create a simply monthly budget for your business. How much will you allocate for each expense that you have? It is always better to keep your expenses on the higher side than to work to keep them as low as possible.

Fifth ... decide on who you want as customers. Do you want your business coming from past clients and referrals, centers of influence, for sale by owners and expirds? When you decide where you want your business to come from, you are setting your prospecting plan in motion.

### *Conclusion ...*

It's time to make some important decision in your business. First and foremost, do you want this to be a real business? If the answer is yes, then you must make business decisions versus emotional or ego-based decisions. Start by rereading this entire report and completing the "where do I start" section. Do this as quickly as possible. Once you have completed these five important steps, go back and fill in as many details as possible. If you become overwhelmed, call (800) 448-8423 and ask for a

Business Evaluation. Remember, your plans are not set in stone and will be adjusted on a regular basis.

If you did not receive the “Commission Cutting Report”, please call our office and ask for either the Coaching Customer Service department or the Sales department and they will fax or email it to you.

Visit or re-visit our web site at [www.mikeferry.com](http://www.mikeferry.com) and scroll through the tremendous amount of information available to you.

Remember, there is an alternative to the spending that they want you to keep doing and it is called good business ... get started today and we will see you real soon.

Mike