



# The HyperLocal Movement *in* Real Estate

# WHITE PAPER:

The HyperLocal

Movement in

Real Estate

By Victor Lund

with

Kevin Hawkins

# CONTENTS

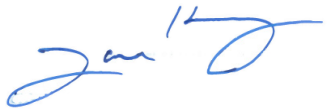
<b>1</b>	<b>Introduction from the Sponsors</b>
<b>2</b>	<b>Executive Summary</b>
<b>3</b>	<b>HyperLocal Survey Highlights</b>
<b>5</b>	<b>The HyperLocal Movement</b>
5	HyperLocal is Everywhere
7	How Local is HyperLocal?
9	What's Driving the HyperLocal Movement?
10	Social Media Connects Us All
11	Mobile, Mobile, Mobile!
13	Marketing Automation: How To Get It Done
<b>15</b>	<b>HyperLocal Real Estate - Why it's on Fire</b>
15	It All Starts with the Consumer
18	The Internet is Driving the Change
19	Social Media in Real Estate
21	Mobile Tech in Real Estate
22	Marketing Automation in Real Estate
23	The HyperLocal Opportunity
25	The HyperLocal Advantage
26	Building Your Business on HyperLocal
<b>27</b>	<b>HyperLocal Survey</b>
<b>30</b>	<b>HyperLocal Case Study: 8z Real Estate</b>
<b>38</b>	<b>What's Your Game Plan?</b>

## Introduction from the Sponsors

Last summer, **zavvie** attended the Inman Connect SF conference, where we kicked off our national rollout and sponsored the zavvie Learning Lab on HyperLocal Marketing. Naturally, we were confident that the industry was aligned with HyperLocal. But, we were surprised when HyperLocal emerged as leading theme from the entire conference. With all the buzz and wide-ranging interest around HyperLocal, we were inspired to dig deeper into the data and to share our story with a broader audience. So, we hired WAV Group to conduct research, including the first-ever HyperLocal Survey to reveal what's going on in the massive HyperLocal movement.

The results that came back from WAV Group's survey of 340 leading brokers, agents, team leaders, and industry executives completely blew us away: **the gap between the neighborhood expertise the marketplace demands, and the industry's fulfillment of that, is astonishingly wide.** This presents a massive untapped opportunity for brokers and agents to build robust businesses that will thrive regardless of new entrants and market conditions, and also to take the high ground against the much-ballyhooed technology based disruptors.

It is notable – and remarkably surprising – that no one had done a survey about HyperLocal strategy in real estate before this. The remainder of this White Paper provides context to the survey and casts new light on why HyperLocal is flourishing now in the age of social media, mobile tech, and marketing automation.



Lane Hornung, CEO



Stéfán Peterson, COO



## Executive Summary

This White Paper explores the opportunity around HyperLocal marketing for real estate agents and brokers.

Across all industry sectors, HyperLocal marketing is reshaping business because of a confluence of:

- 1) **social media** that provides a cost effective and highly targeted communication channel to all businesses, regardless their size
- 2) **mobile technology** that puts the power of information in everyone's hands
- 3) the accessibility and power of **marketing automation** software

Within the real estate industry, HyperLocal is an even stronger force because information about agents, homes, and neighborhoods is ubiquitous, and **becoming a neighborhood expert is the most valued way agents can differentiate themselves.**

To gain insight into how brokers and agents are responding to the HyperLocal trend, **WAV Group conducted real estate's first HyperLocal Survey.** The research confirms that while brokers and agents recognize the importance of neighborhood-focused expertise and marketing, to date they have not adapted their practices to seize the incredible business opportunity that has already been embraced by so many other industries.

To show what a successful HyperLocal real estate business looks like, **we burrowed inside an award-winning and innovative real estate brokerage that built a HyperLocal business model** based on an exclusive territory for each agent. It even invented its own HyperLocal marketing system for its agents. As a result, Colorado's 8z Real Estate became one of the fastest-growing brokerages in America, with transaction volume approaching \$1 billion eight years after launch – accomplished with only 150 agents.

Based on the above, **we provide a game plan of recommendations** that any broker or agent can apply.



## HyperLocal Survey Highlights

Above all, consumers want neighborhood expertise.

WAV Group surveyed 6,000 consumers. The #1 reason they picked an agent? They knew the market and the neighborhood.

Confirming this finding, Zillow's 2016 Profile of Home Buyers and Sellers, found that local market knowledge is the #1 reason why sellers chose an agent, cited by 84% of consumers.

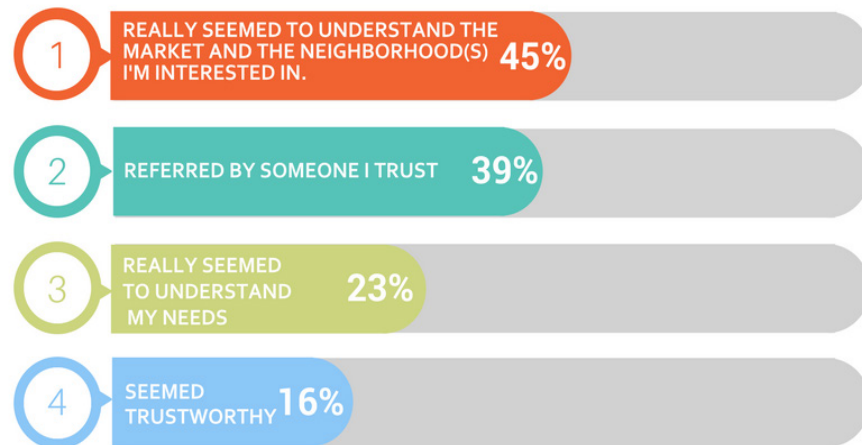
### ABOVE ALL, CONSUMERS SEEK AND VALUE NEIGHBORHOOD EXPERTISE.



WAV Group surveyed 6,000 consumers

- the #1 reason they picked an agent?

THEY KNEW THE MARKET AND THE NEIGHBORHOOD

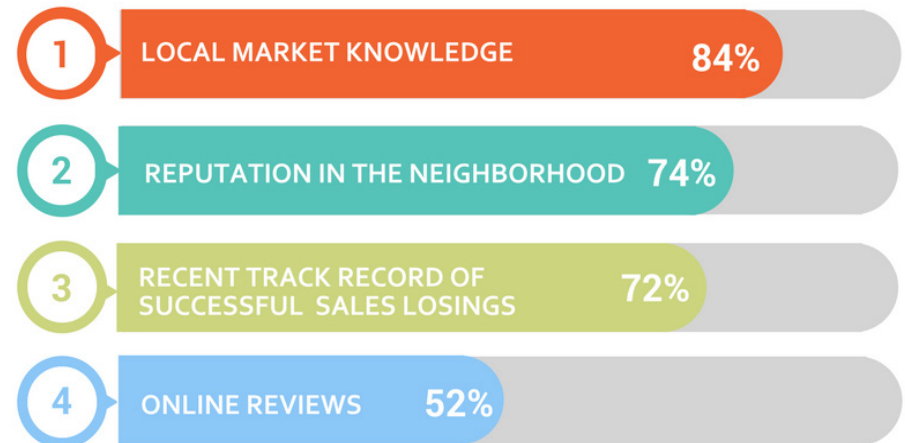


Zillow® PROFILE OF HOME BUYERS AND SELLERS (2016)

REPORTED THAT LOCAL MARKET KNOWLEDGE WAS THE

#1 REASON WHY SELLERS CHOOSE AN AGENT.

REPUTATION IN THE NEIGHBORHOOD ALSO VERY IMPORTANT

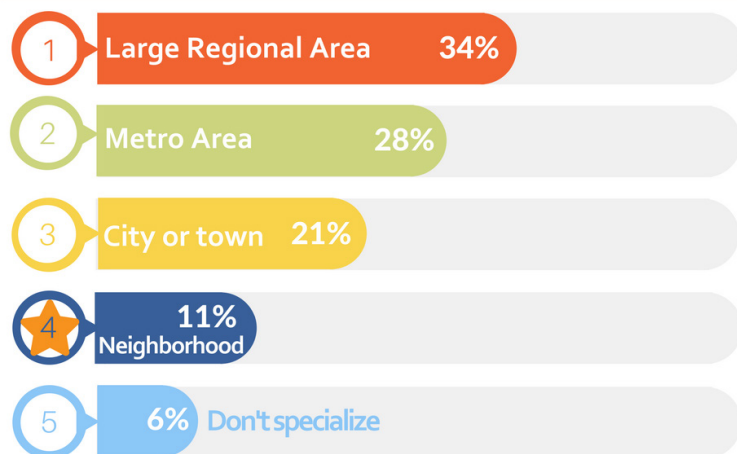


### REASONS CONSUMERS WORKED WITH AN AGENT

Yet, WAV Group research commissioned for this report shows that brokers and agents don't focus their business on neighborhoods. Rather, they say they are "local" but instead cast their nets too wide, considering whole metro areas to be "local."

Only 11% indicated they specialized at the neighborhood level.

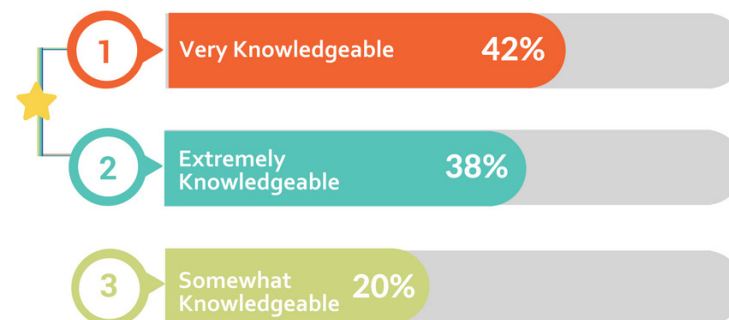
### WHAT SPECIFIC GEOGRAPHIC AREA DO YOU SPECIALIZE IN?



At the same time, agents and brokers believe they have local expertise, with 80% claiming to be "very" or "extremely knowledgeable."

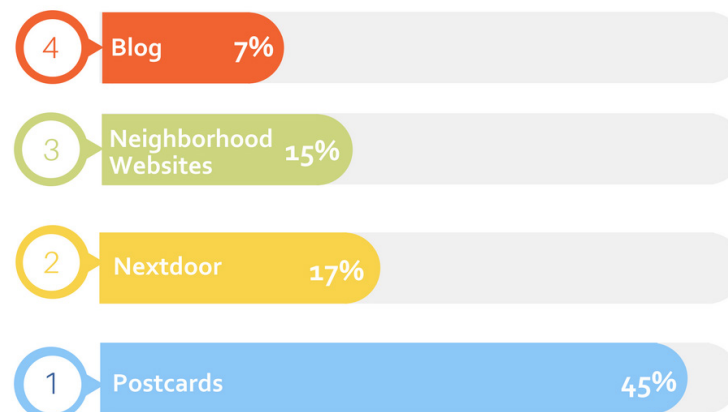
### HOW INFORMED ARE YOU

ABOUT LOCAL HAPPENINGS, EVENTS, AND CHANGES THAT AFFECT THE REAL ESTATE MARKET?



While agents and brokers are confident they have local expertise, few employ marketing tools such as neighborhood websites, blogs, or Nextdoor.com that enable them to efficiently share that expertise.

### WHAT ARE THE TOP 5 MARKETING TOOLS YOU USE TO CONNECT WITH LOCAL RESIDENTS?



# The HyperLocal Movement

Consumers have always had a preference for local goods and services. For the past two decades, this tendency has intensified, finding roots in nearly every type of industry so that today it is recognized as the HyperLocal Movement.

On its surface, **HyperLocal marketing** refers to **targeting an audience in a well-defined community or geographic area** — something marketers have been doing since the dawn of marketing. The strategy has grown rapidly in recent years because of three factors:

- **social media**
- **mobile device adoption**
- **marketing automation technology focused on localism or geocoding**

The combination of these factors is allowing HyperLocal business to grow in ways never before possible.



## HyperLocal Is Everywhere

Today, HyperLocalism in business is entrenched in virtually every sector, from manufacturing to media, finance to health care, retail to real estate, reaching every major consumer sector as it continues to build momentum. **It's not a stretch to say that today, anything that can be produced or provided locally, will be.**

In the restaurant industry, for example, going local is a winning strategy. Local independent restaurants are stealing market share from national chains. Locally sourced food is being used as a key differentiator — and that's an offering the big chains can't match. (Bloomberg Intelligence, June 22, 2017, "Who gets left behind as restaurant foundation shifts")

What else is being influenced by HyperLocalism? In Boston, Ministry of Supply debuted a 3-D robotic knitting machine that will allow consumers to design and create their own custom blazers on demand: HyperLocal clothing production inside their store (Digiday, March 30, 2017). Amazon is turning to drones for a delivery system enabling HyperLocal fulfillment of orders.

There's another cooperative effort among delivery companies to improve the quality of HyperLocal weather data that is needed for more successful deliveries using drones. To support this, RESO, the Real Estate Standards Organization, is looking to add another HyperLocal data field for property listings: This one would indicate the property features of a micro weather station.





HyperLocalism is now entrenched in virtually every business sector, from manufacturing to media, finance to health care, retail to real estate, reaching every major consumer sector as it continues to build momentum. It's not a stretch to say that today, anything that can be produced or provided locally, will be.

## Who's HyperLocal?

INDUSTRY	COMPANY	WHAT THEY ARE DOING
Banking		Advertising emphasizes local presence, interior design reinforce local identity and history of each branch.
Restaurants		Posts information about ingredients and where they came from emphasizing local.
Retail/Home	west elm	LOCAL program has introduced the work of 800+ neighboring artisans while making each store a local community connector.
Grocery		Local Producer Program was started to make it easier for local farmers, producers and food artisans to grow their businesses and bring more local products to market.
Retail/Clothing	 lululemon	Athlete programs support a community of athletes and inspirational people who harness their passion to elevate their communities.
Health Care		Connects hospitals with local programs that benefit health in the community.

Despite the apparent dominance of Amazon and big box stores, more than half (54%) of U.S. sales are generated by small local businesses, according to the Small Business Association, and that figure is likely to increase. **This is confirmed by purchase data collected by Mastercard, which found that spending growth at mom-and-pop businesses has outpaced that of the big chains overall the past two years.** Why? According to [Forbes magazine](#), small shops have the ability to connect with the local population in meaningful ways, which often inspires the shopper to share that information on social media. Another widely cited factor is that shoppers crave the authenticity and personalized service only local businesses can provide.

**“After a century of consolidation and concentration in retail, smaller, more nimble players are stealing share from larger, more traditional, at-scale retailers.”**

Deloitte Retail Volatility Index, 2016

## How “Local” is HyperLocal?

One challenge that HyperLocal often faces in many industries is the disconnect between what consumers believe is “local” and what businesses sell as “local.” Not surprisingly, national and regional firms tend to view “local” more broadly than people who live and work in much smaller area.

For example, in the food industry, the 2008 Farm Act defines a “local” product as one that’s marketed less than 400 miles from its origin. As Fortune magazine points out, you could drive from Rhode Island to Washington DC and through six states at that distance. Yet research (Payne Study, 2002) found that most farmer’s markets have geographic requirements for vendors and 88% of vendors at farmer’s markets were within 50 miles of the market and two-thirds of the consumers lived within 10 miles of the Farmers Market they visit.



In real estate, HyperLocal is much closer to home. **A city or county is not HyperLocal, and neither is a metropolitan area** — and certainly not a zip code or a region. Consumers define “local” in real estate as their neighborhood. Consumer research has shown that if you ask someone to name their favorite breakfast place, they will name a restaurant that is close to their home. In fact, a 2014 BrightLocal study found that consumers want to drive only 12 minutes total to visit a local bar and no more than 17 minutes total to meet with a local Realtor. And that’s a US national average that includes city, suburban and rural dwellers. When it comes to where we live, we are all about HyperLocal. Think about it. When you are asked, **“Where do you live?” by someone who lives in the same city or town that you do, you respond by naming the neighborhood you live in.**

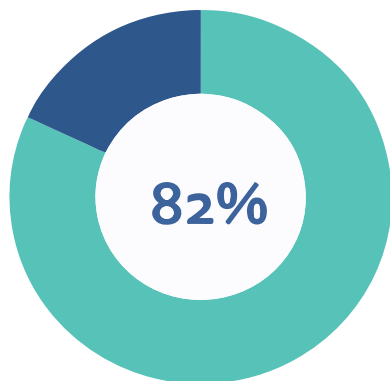


## Many Local Businesses are Missing Out

Though HyperLocalism offers small businesses enormous opportunities, many businesses are failing to take advantage of the HyperLocal movement. Research attributes this to their overall failure to leverage the three factors driving this movement. They're missing out on opportunities in **mobile device adoption, social media use and marketing technology advances.**

At the same time, studies show that HyperLocal search — specifically related to local retail — is exploding. According to retailers, **as many as 82% of their customers conduct research online before making a purchase.** And based on their search activity, consumers want to purchase locally. In fact both Google and Microsoft report that half of all searches on mobile devices reflect local intent.

Overall, researchers say that local businesses are most often failing with their online presence and must improve their local marketing in order to succeed in their local communities.



percentage of customers that conduct research online before making a purchase.



### Big brands recognize the HyperLocal opportunity

Somewhat ironically, big brands are trying to make their own moves into HyperLocal marketing after watching local firms eat into their market share.

Marketing firm brandnetworks wrote in a research report: **"Consumers have bought into the 'buy local' trend in a big way.** People feel good supporting businesses with which they have a relationship. For large brands looking to remain competitive, this means it's more important than ever before to build a local presence to achieve the same sort of connection that smaller companies achieve. Customers want to have the same friendly relationship with big brands that they do with their local mom-and-pops. So whether you have one, ten or 10,000 stores, **it's vital to connect with your fans on a hyper-local level.**" (brandnetworks, "The Ultimate Guide to Going Hyper-Local," 2017)

Big business is paying attention because the consumer is always connected and social media is “always on,” adding, “People expect to be able to reach the brands they use and visit quickly and easily through social media. To that end, it only makes sense for local and national establishments to capitalize on customers’ connectedness and constant desire for interaction.”

Already, we have seen a huge shift towards a HyperLocal movement in US labor: Technology companies call it a “distributed workforce,” meaning there are often no physical offices or headquarter buildings, as everyone works remotely from their homes. They are connected to coworkers digitally for video conference calls and in real time via digital collaboration tools like Slack.



Still, the real advantage continues to remain in the hands of local business-owners because small businesses can “own” the local customer relationship, particularly when a business partners face-to-face customer interactions with the power of mobile, social and technology.

## What’s Driving the HyperLocal Movement?

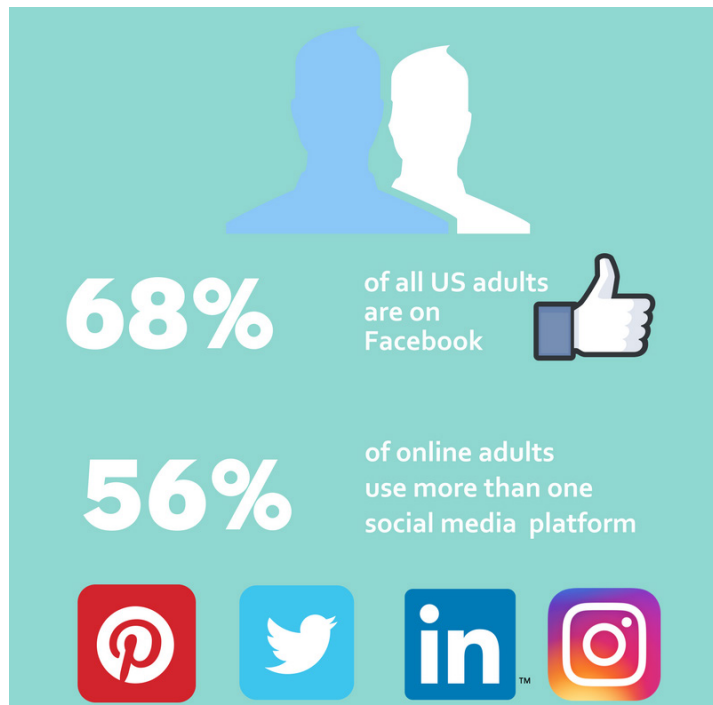
Technology is fueling and shaping this movement, creating new opportunities for small businesses and entrepreneurs. New HyperLocal communications channels and opportunities are spawning and multiplying at ever-lower costs while accelerating business-building cycles.

Today, the confluence of **social media**, **mobile technology**, and **marketing automation** have made HyperLocal marketing the most powerful and efficient strategy.

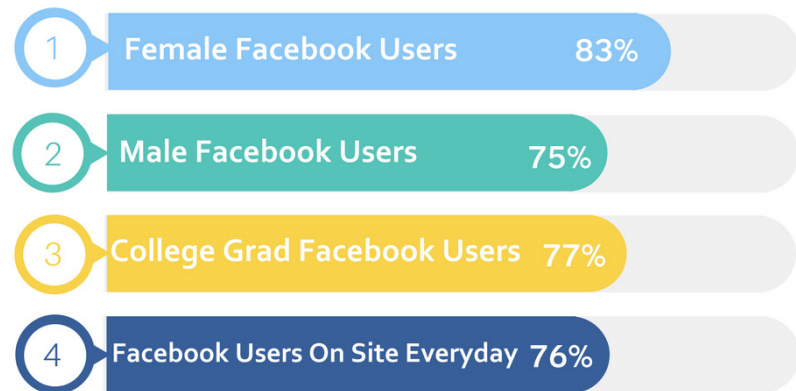


## Social Media Connects Us All

Social media has become a dominating factor in the daily lives of most consumers.



For real estate agents and brokers, the demographics are even more telling:



PEW RESEARCH CENTER, 2016

More importantly, social media is having an enormous impact on commerce. Increasingly consumers are using social media for purchase decisions. According to the Path to Purchase Institute, almost 80% of shoppers say they use social media daily — and for 1 in 6, it's hourly. The Path to Purchase study also found 7 out of 10 say they will share a brand experience through social media and other means of sharing.

However, there remains a disconnect between smaller businesses using social media as a communications channel:

Only 13% of very small businesses (5 employees or less) **use social media for communications with customers.**  
(GoDaddy & Redshift, 2015)



## Mobile, Mobile, Mobile!

In real estate, the age-old mantra is that there are three things that matter when it comes to property: "Location, location, location." Today, when it comes to digital marketing, the three things that matter most might simply be "Mobile, mobile, mobile."

**The explosion in the growth of mobile device adoption has been the nitro fuel that has caused the rapid acceleration of HyperLocalism.**


More than 40% of consumers check their smartphones within 5 minutes of waking up, says a Deloitte Global Mobile Study. During the day, we look at our phones some 47 times. If you are between the ages of 18-24, that number nearly doubles to 82 times per day on average.





**70%**  
of US adults  
own a  
smartphone.


60% of  
searches  
are now from  
mobile.



The average US  
consumer spends  
5.6 hours per day  
with digital  
media, 69% using  
a mobile device.

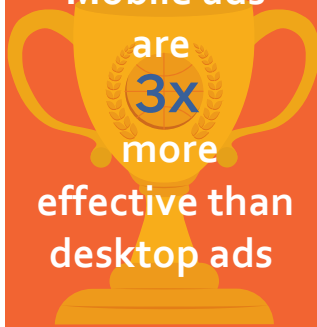
More than half  
of all web  
traffic comes  
from  
smartphones  
and tablets.

Consumers are  
five times more  
likely to leave a  
site that is not  
mobile friendly.





Smartphone  
users are  
significantly  
more likely to  
purchase from  
companies that  
customize  
information to  
their location.

Mobile ads  
are  
**3x**  
more  
effective than  
desktop ads




**90%**  
of Facebook  
users access it  
using a mobile  
device.



**84%**  
of Facebook Ad  
Revenue and  
**60%** of Google Ad  
Revenue comes  
from mobile.

Nearly one-  
third of all  
mobile searches  
are related to  
location.



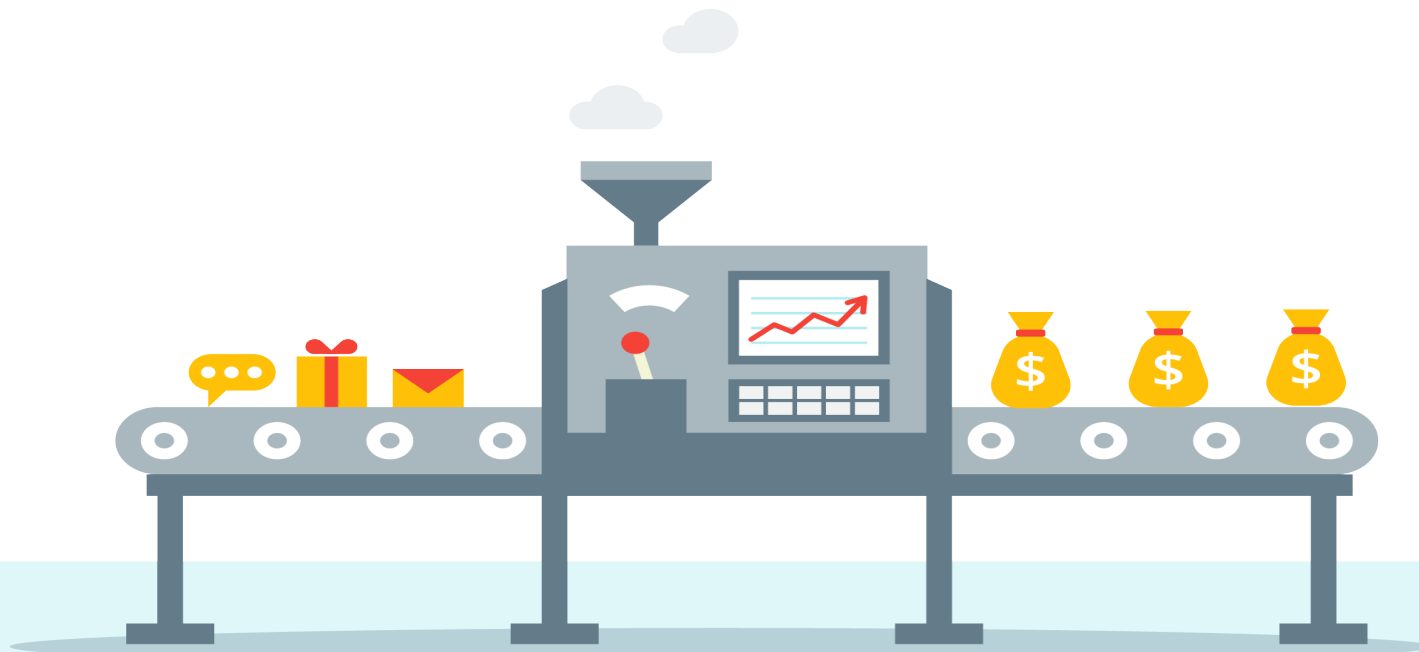
## Marketing Automation: How To Get It Done

Technology has become so ubiquitous that it's easy to miss how marketing automation has leveled the playing field, enabling smaller and more local companies to compete.

**Marketing automation refers to software that enables automatic creation and distribution of content through a variety of different marketing channels**, including email, social media, video, and websites, as well as preparing digital artwork ready for print production, such as postcards, brochures, and flyers.

Marketing automation increases efficiency and consistency. It's often a cloud-based software service, accessed online and requires no software installation by a customer. A fully robust marketing automation platform can plan, coordinate, manage, and measure any marketing campaign.

Both the convergence and accelerating growth in local, social and mobile marketing is what is defining the HyperLocal Movement in every industry. And because HyperLocal Marketing is proven to perform in this environment, it continues to grow in popularity and engagement.





## The Effectiveness of HyperLocal Marketing

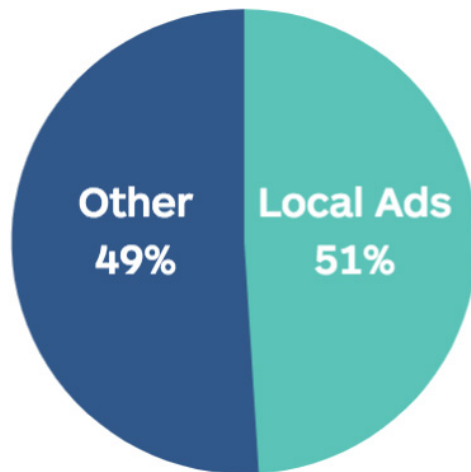
No single individual is better known for assessing the state of the Internet and Internet research than Mary Meeker, now with Kleiner Perkins. Her annual Internet Trends report is the definitive assessment of the state of the Web and related technology and social trends, both globally and locally. In the 2017 Internet Trend study, Meeker's research includes a significant finding related to the HyperLocal Movement and HyperLocal Marketing:

***HyperLocal Targeting is more effective than other kinds of advertising in driving engagement.***

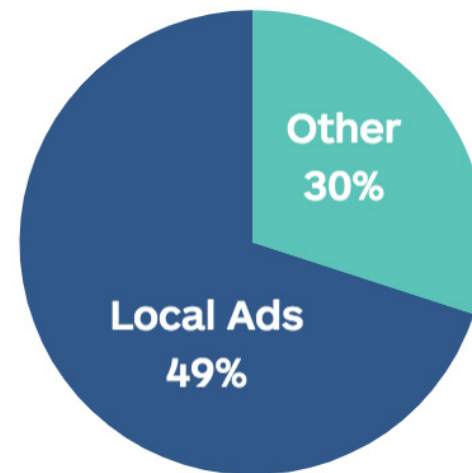
Mary Meeker, Kleiner Perkins, Internet Trends 2017

Advertisers confirm this as they have been aggressively shifting advertising spending toward local mobile ads, impressively Google and Microsoft report that more than half of all searches on mobile devices now reflect "local intent."

Mobile Ad Buying 2010



Mobile Ad Buying 2017



## HyperLocal Real Estate-Why It's On Fire

HyperLocal is hotter than hot. While virtually every business sector is seeing benefits from HyperLocal Marketing, it is perhaps nowhere more pronounced today than it is in real estate — which is, at its core, an industry about individuals and families establishing themselves in a neighborhood. Real estate is inherently HyperLocal.

Therefore, it's hardly surprising that HyperLocal marketing is revolutionizing opportunities for agents, teams, and brokerages.

### It All Starts With The Consumer

Research shows that HyperLocalism is extremely important to consumers on many fronts, whether it's a buyer who's focused on location or a seller who's seeking the local expertise of an agent.

### Neighborhoods Are Paramount

Finding the right neighborhood is very important to buyers. In fact, the No. 1 factor that influences the choice of location of a home purchase for buyers is "quality of the neighborhood."

That's more important to consumers than a home being more convenient to their job location, or being more affordable, or being closer to friends or family, and even more important than the quality of the local school district, according to the 2016 NAR Profile of Home Buyers and Sellers.

### BUYERS ARE MORE WILLING TO COMPROMISE ON:



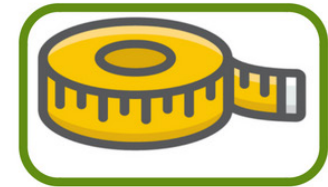
**21%**  
**PRICE OF HOME**



**19%**  
**CONDITION OF HOME**



**18%**  
**SIZE OF HOME**



**15%**  
**SIZE OF LOT**



**15%**  
**STYLE OF HOME**



**ONLY 5%**  
**WERE WILLING TO**  
**COMPROMISE ON**  
**THE "QUALITY OF THE**  
**NEIGHBORHOOD"**

Among other HyperLocal factors crucial to consumers:

- ➔ The top consideration, according to Zillow, for someone shopping for a home, is affordability and “being in a safe neighborhood.” Nearly one in three buyers (32%) say that their “most important” consideration is to live “in my preferred neighborhood,” which according to Zillow, ranks #6 overall among all buyers.
- ➔ Location, Zillow reports, has always been a primary factor in the home-buying process and the No. 1 desired characteristic is a “Preferred neighborhood” — selected by 80% of buyers as a requirement. Comparatively, “Close to work” was a distant third at 69%, after near shopping services and other leisure activities (78%). (Zillow Group Consumer Housing Trends Report 2017)
- ➔ Millennials, according to Zillow research, are more involved with their neighborhoods, with nearly half (48%) characterizing themselves as “involved in their community or neighborhood,” compared to 41% for Gen X and 33% for Boomers. Looking ahead to Generation Z, almost a third (32 percent) are very involved with their community or neighborhood, more so than any generation except for Silent Generation renters (35 percent). (Zillow Group Consumer Housing Trends Report 2017)
- ➔ 87% of buyers are moving within the same state, according to Zillow, with nearly half (46%) either remaining in the same neighborhood, or within the same city and moving to a different neighborhood.
- ➔ The majority of Americans, 46.9 million households, have absolutely no plans to sell within the next 3 years. The top two reasons they want to stay: they love their homes (58%), and they love their neighborhoods (48%). (Zillow Group Consumer Housing Trends Report 2017)



**95% of buyers use  
the internet to search  
for a home**



**67% of buyers walk  
through homes they  
view online**



**44% of buyers drive by  
the home and through  
the neighborhoods**

Neighborhood expertise matters a lot too. Research shows that consumers place a priority on local expertise.



***Local market knowledge is the #1 factor that sellers use when choosing an agent (84%), even outranking 'someone whom they feel they can trust' and 'someone who is responsive' (both tied for #2 at 82%)***

*Zillow 2016 Profile of Home Buyers and Sellers*

## The Internet Is Driving the Change

Why Is “Neighborhood” more important than ever? The Internet of course. The Internet continues to drive change within the real estate industry.

Inman News reports “digital middlemen including Zillow Group, realtor.com, and Facebook are vacuuming up more and more real estate marketing dollars.”

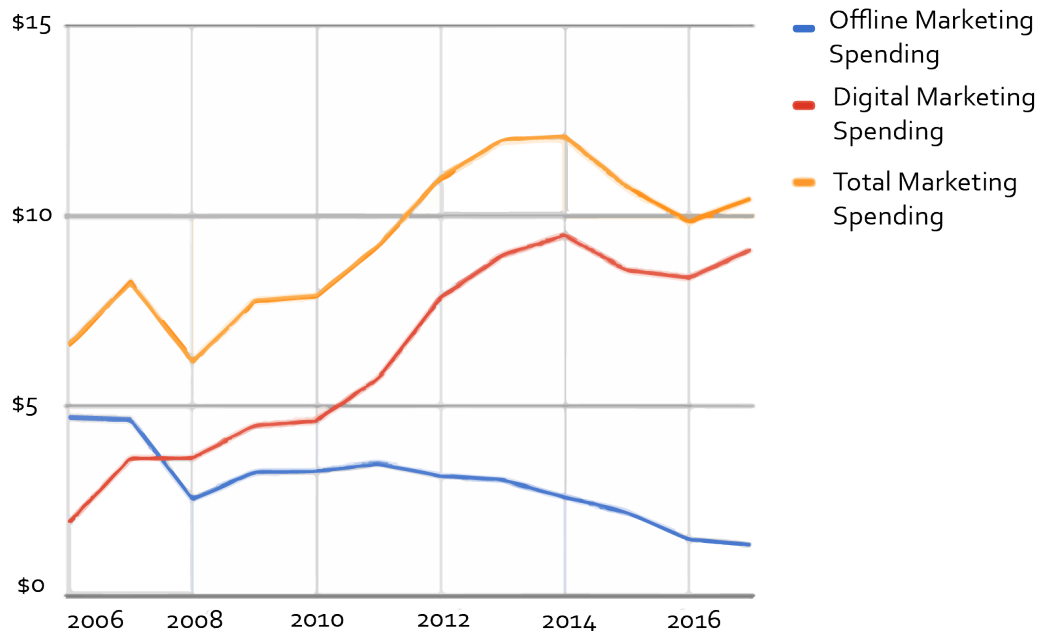
Agents’ spend on digital real estate advertising slid between 2015 and 2016 — largely because the category was overspent, reports Borrell Associates — but the trend is reversing. This year, Borrell forecasts that spending on digital advertising by agents and brokers will increase by 8.9% to \$9.12 billion in 2017, accounting for \$9 out of \$10 spent by that group on all marketing. (Borrell Report 2017)

And, there are also notable new entrants. Nextdoor, for example, has the potential to capture a vast number of leads now that the neighborhood social media site has introduced a real estate section and advertising.

Amazon may move into real estate referrals as well. Redfin, though it has been at it for over 10 years, may have an increasing impact since it’s successful IPO.



### Real Estate Agent/Broker Spend in Billions



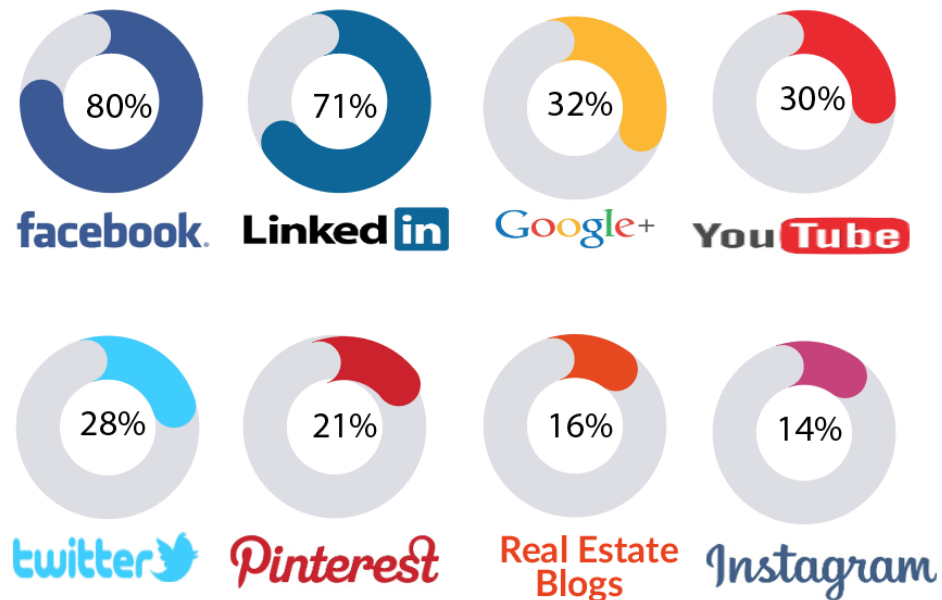
## Social Media in Real Estate

Social media such as Facebook and Instagram favor HyperLocal content because that's what drives engagement. Facebook and Instagram algorithms favor content that is local. Even in its news feeds, it promotes posts from friends and family members over posts from publishers. Facebook's algorithm also favors live video over on-demand video.

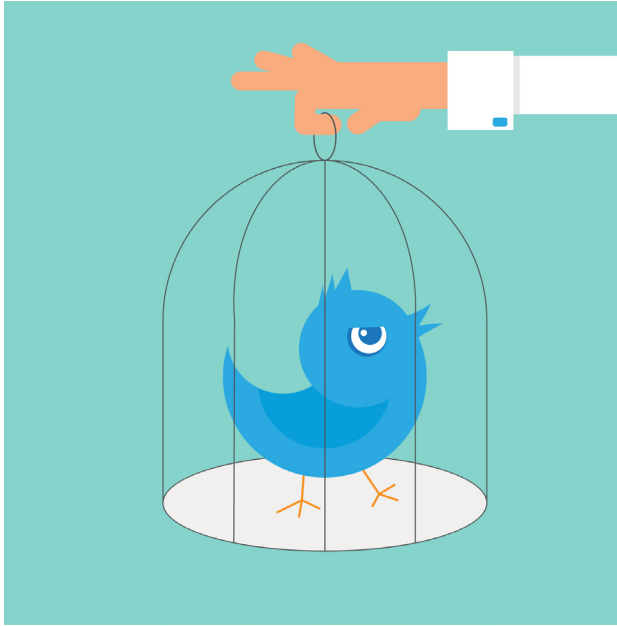
The vast majority of live video is local. All social media algorithms are designed to show people more of what they want, and local issues are one of the top drivers of engagement on social media channels.

For real estate, everything is local, which makes social media its perfect marketing channel. And real estate agents can testify to their success with Facebook in particular. At a NAR Midyear PowerBroker Panel presented by RISMedia, a panel of top regional and national broker owners was asked to discuss their most powerful marketing tools, and every single broker-owner and franchise executive discussed the power of Facebook.

The most recent NAR tech study shows 80 percent of agents use Facebook and 71% LinkedIn, but only 28% use Twitter, 16% blog and just 14% use Instagram. Last year, only 4% of real estate agents listed homes on social media, according to the NAR 2017 Profile of Home Buyers and Seller Report. This year it is up to 17%. **That means that 83% of all real estate agents never list homes they are selling on social media!**







Most real estate agents neglect Twitter because they can't figure out how to use it for business. But agents who do use Twitter find it one of the most effective ways to stay immediately top-of-mind and share their local expertise. 330 million active users are worth considering, and it's easy to tailor a HyperLocal strategy for Twitter. Narrowing your focus attracts your neighbors that want to stay "in the know" about local events, real estate news, market conditions and more.

Instagram is the social media network that seems almost made for real estate agents, yet it is the most neglected, the NAR reports. Beautiful homes, landscaping, neighborhoods and local events all lend themselves to the opportunity to capture fantastic images. The addition of Instagram stories, the ability weave together images and video to tell a tale make it even more compelling as social media must. All of this is ideal local content for Instagram, making it a perfect HyperLocal social media channel. Moreover, an estimated 68% of Instagram users are female, and studies show women play a pivotal role in real estate purchase decision.

With 77.6 million Americans using Instagram, it's shocking that real estate is ignoring the opportunities that Instagram offers. Be clear about the medium: this is not a place for a hard sell or a sales pitch, but the perfect place to share the beauty of your neighborhood, beautiful homes and features, and to showcase local expertise.



**77.6 million Americans  
are using Instagram**

**68% of Instagram  
users are female**

## Mobile Technology In Real Estate

Anecdotally, many people in Seattle were surprised to learn that Redfin was a brokerage when it went public: many thought it was a mobile app. The company was very well known locally for its superior house-hunting mobile app technology, well before it became an established brokerage. One could argue that no other industry's professionals have been more directly impacted by mobile technology than real estate agents. The nature of the job lends itself to the computer-in-your-pocket promise that mobile has delivered.



Mobile technology also has bridged the knowledge gap between agents and consumers. Superior mobile apps instantly deliver deep, rich data about real estate and neighborhoods: estimated home values, property tax costs, homeowners insurances estimates, school performance data, crime statistics, down to a very address. **Mobile apps delivering a plethora of local data to agents and consumers have empowered the acceleration of the HyperLocal movement in real estate.**

Apps like Dwellr, from the US Census Bureau, deliver specific neighborhood demographics, helping consumers to get a feel for the neighborhood well in advance of a physical visit through statistics. Most importantly, when people got out to tour houses and hoods, they have their smartphones with them. So they either know everything about the home and the hood, or they can access the information instantly.



## Marketing Automation In Real Estate:

The net effect of marketing automation is it enables brokers and agents to focus digital marketing campaigns tailored to specific neighborhoods.

Marketing automation is usually integrated into a firm's Customer Relationship Management (CRM) program, to provide the right content to the right audience at the right time. And for brokerages, marketing automation solves several of their biggest business and marketing challenges, according to researchers.

First, brokerages are forever faced with the formidable task of getting agents to adopt the technology provided. Spending money on technology that agents don't use is often a brokerage's most vexing problem. Adoption rates of most marketing tech tools brokerages provide are often well below 30%, research shows. Marketing automation achieves 100% agent adoption of broker marketing technology.

Second, brokerages no longer have to wait for agents to get around to creating all the content needed to market a property or promote an agent's business. All of this can be done for them without the agent lifting a finger while freeing up the agent to focus on what he or she is best trained to do: creating sales and relationships instead of designing flyers and mailing postcards. And brokerages get brand consistency and quality protection with marketing automation, as the right logo, content, designs, colors, and media are all built in.

Marketing automation continues to sizzle for brokers, as new research from Imprev reveals: Two in three (67%) real estate executives say Marketing Automation will be among the most important investments for real estate brokerages by 2022.

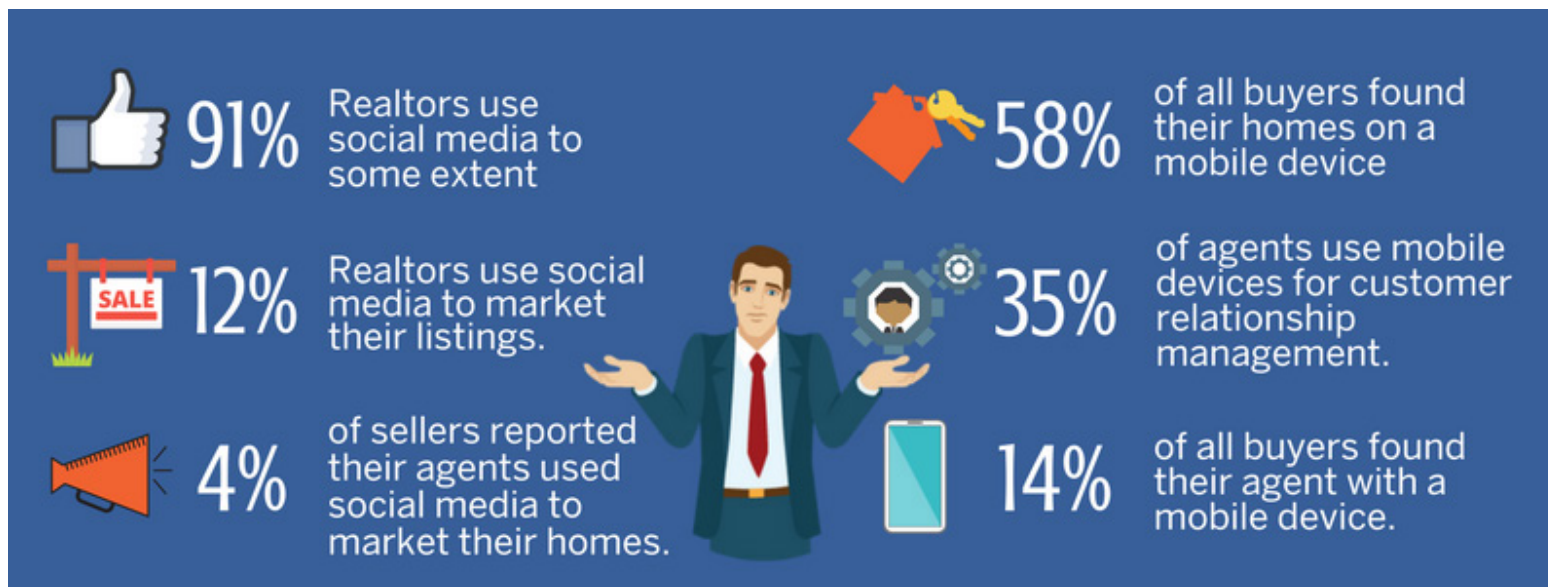
*There's bound to be a lot of opportunity when the average agent spends \$31,817 annually on tools or outside assistance related to social media.*

*Borrell Associates, 2017*

The opportunity is huge: **Research shows that 90% of Realtors do not actively use marketing automation.**

## The HyperLocal Opportunity

Being a “local real estate expert” is one of the most commonly used phrases that agents use to describe themselves to consumers. And research is also telling us that focusing more locally than globally is also a much better business strategy. Yet, despite the importance of HyperLocalism and social media to buyers and sellers, agents and brokers do not seem to be taking advantage of this opportunity.




Being HyperLocal is a way to differentiate yourself and add actual value that no one else can.


“Small is the new big,” said Jimmy Mackin at Inman Connect in 2017. He advocates that real estate agents use social networks to share comprehensive information with their customers in the neighborhood they are interested in.

In one of the newest real estate books on the topics, *The HyperLocal, HyperFast Real Estate Agent*, author and real estate agent Daniel James Lesniak discusses the old way of building a real estate business for a new agent — marketing to one’s “sphere of influence” — versus the new HyperLocal way — focusing on a local neighborhood and becoming that specific neighborhood’s local expert. He writes: “Do not be afraid to start off your real estate career by focusing on a geographic area that you live in or one that you know really well.”


When agents focus on their sphere of influence — family, friends, past colleagues — they also are “spreading out geographically,” the author notes. That, he says, “makes it harder to leverage yourself as an expert on a specific neighborhood or area.”



## RESEARCH SHOWS THAT CONSUMERS ARE FINDING REAL ESTATE AGENTS THROUGH LOCAL SOURCES AND SEARCHES

**40%** Of all consumers first identified the agent they worked with either referred by a friend or found them online selling listings in the area they were interested in. (WAV Group) Inc.) 

**21%** Supporting this, Zillow research shows that 21% of sellers first learned of an agent from a friend, relative, neighbor or colleague. 

This is particularly important, the WAV Group research notes, because of another finding — a first impression may be an agent's only chance at making an impression:

**55%** More than half of all buyers and sellers only talked to one agent before choosing the one they worked with. (WAV Group Inc.) 

**69%** of Boomers  **64%** of Gen X sellers  only talked to one agent before choosing the one they worked with.

Why do top real estate producers who sell millions of dollars in real estate each year, feel so strongly about the HyperLocal real estate movement? They not only argue that it works remarkably well — author Lesniak used this model for his first year in real estate and closed over 36 transactions totaling over \$22 million — but it is also among the fastest, most cost-effective ways for agents to build a long-term, successful, and remarkably stable real estate business.

The common advice HyperLocal experts give: Look at the data surrounding what consumers want from an agent, and the business opportunity for HyperLocal will become crystal clear.

## The HyperLocal Advantage

Those who seize the opportunity can enjoy a powerful advantage.

One of the tactical advantages that a HyperLocal business model offers real estate agents, say leading real estate brokerage experts, is something that technology firms are hard-pressed to create: local experience and knowledge.

Josh Team, Chief Innovation Officer at Keller Williams Real Estate, was on stage at Inman Connect SF 2017, describing the “Keller Williams Playbook for Surviving Real Estate Disruption,” when he made this important observation about the value of HyperLocalism.

“Technology can’t compete with the agent as a local expert,” Team said. “This is something that technology has a really hard time doing. Be the local expert, and you can defend yourself. And brokers like us should be investing back into the agent to make it easier for them to be that expert.”

Real estate author Bruce Gardner is even more emphatic, saying, “No technology can replace the HyperLocal expertise or the network and relationships of a local real estate expert. “Tom Ferry said, ‘Farming is the most powerful way to grow and maintain a successful real estate business,’” Gardner added. “Now it is HyperLocal marketing.”



## Building Your Business On HyperLocal



For expert blogger and real estate marketing consultant Heather Elias, HyperLocal marketing can be strengthened through sharing their expertise publicly. "Real estate agents have an opportunity to build a great hyperlocal business through content marketing - even without being a writer." Many agents outsource their writing needs or leverage new technology that can create and post local-oriented content for them on a regular basis.



Neil Cohen, a nationally renowned brand marketing expert, put it simply: "In today's mobile-first world, contextual, local marketing is king. It's essential to be able to reach your target audience at the right time, in the right place, with the right message."



For Abbie Tse Higashi, General Counsel and Manager at McGuire Real Estate in the San Francisco area, HyperLocal for her agents is a key business differentiator. "In highly competitive markets like the Bay Area, establishing your reputation as the broker, team, or agent who genuinely knows the ins and outs of a community and neighborhood is what matters most," she said. "While certain tools and methods can help, ultimately most sellers and buyers choose the Realtors they perceive as the best informed about the local market and understands its unique value."



"And it is more than just a business differentiator," says Noelle Bortfeld, CMO of Windermere Real Estate. "It is the key to satisfying what consumers want most. Being the local neighborhood expert is one way to stand out from your competition. Knowing the ins and out of your local community, home inventory, and the people who live there is the best way to satisfy the #1 consumer need: Trust."



Eric Stegemann, CEO, TRIBUS, who became a Realtor before reaching the age of 20 and in 2004, built one of the largest independent brokerage firms in St. Louis, notes that being HyperLocal isn't new — but the opportunities now are better. "I've been a huge proponent of HyperLocal for a long time," he said. "Back when I was a broker-owner, in 2006, we built a HyperLocal website about how the market was doing. That website generated hundreds of free leads per month with organic SEO. Today, HyperLocal marketing and content is the easiest way to stand out from the pack and show you know your stuff."



# HyperLocal Survey

WAV Group conducted the first-ever HyperLocal real estate marketing survey to assess the status of the HyperLocal real estate movement and to create a benchmark the movement today.

This survey:

- Determined the geographic areas where agents, teams and brokerages specialized.
- Examined how agents, teams and broker-owners and execs market to neighborhoods and local spheres.
- Gauged the importance each group places local real estate expertise to their businesses overall.
- Assessed the kinds of HyperLocal marketing channels and tools each group employs.
- Ascertained the value each group places on a variety of HyperLocal marketing channels and tools.
- Measured the activity level of each group in HyperLocal marketing channels.
- Solicited self-assessment of life-work balance success among each group.
- Collected business sales activity of each group, including a range of total annual sales as well as total annual dollar volume for the last 12 months.

## Analysis: The Great Disconnect

A stunning 95% of all individual agents, teams and broker-owner and execs say local market knowledge is either “Very Important” or “Extremely Important” to their clients.

However, agents, teams and broker-owner and execs are saying one thing, and are doing another: Their marketing activities are not reflecting HyperLocal behavior. HyperLocal agents and teams focus on a neighborhood or group of neighborhoods (i.e., 3,000 home, 10,000 people). But only 10% of individual agents, 5% of teams, and 5% of broker-owner and execs say they specialize in neighborhoods.

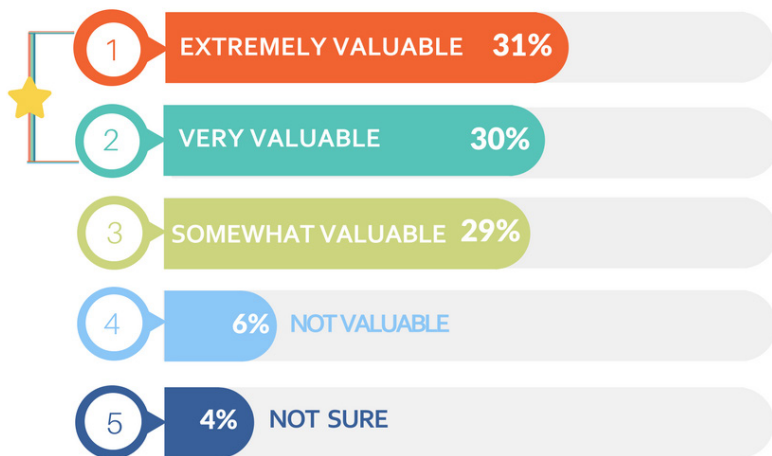
In fact, most agents and teams are doing the exact opposite of HyperLocal marketing: they are casting the largest net, trying to draw their marketing circle as broad as possible. More than 60% of individual agents and 65% of teams say they “specialize” in a large regional or metro area.



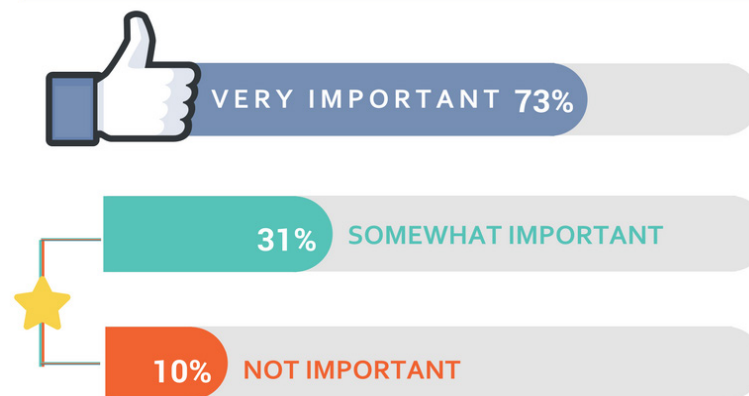
Only 30% of respondents consider reviews, which are presented by websites such as Zillow, Yelp, Nextdoor, and Google as local reviews – while consumer research shows that 88% of consumers value reviews as highly as personal referrals.

## HOW VALUABLE DO YOU THINK IT IS TO HAVE CLIENT REVIEWS ON

 **Zillow**  **realtor.com**  **Nextdoor**  **Google**  **yelp**

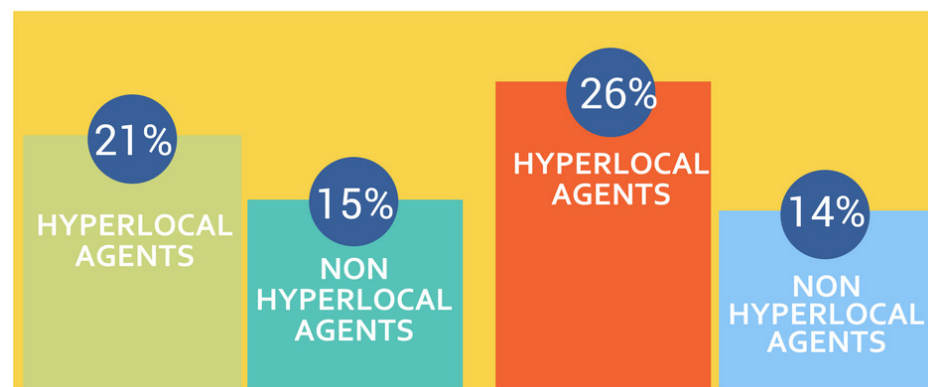


## IF **facebook** IS FAR AND AWAY THE # 1 LOCAL MARKETING TOOL TO CONNECT WITH CUSTOMERS, WHY DO 41% DOWNPLAY OR DISMISS SOCIAL MEDIA?



One other area that demonstrates the disconnect between agent, team and broker-owner and real estate executive beliefs and their behaviors comes from the survey's social media findings. Overall, 74% said Facebook is their #1 marketing tool they use to connect to their local area. However, 44% of agents and 50% of teams said that social media is only "Somewhat Important" or "Not Important" to their business.

The survey also found that agents who specifically focus on HyperLocal as a marketing strategy are more successful than non-HyperLocal agents. In fact, 21% of HyperLocal agents sold more than \$10 million in properties last year versus 15% of non-HyperLocal agents, and regarding number of closings, 26% of HyperLocal agents had 30 or more transactions while just 14% of non-HyperLocal agents were able to achieve that level.



## The Bottom Line

**While social media and HyperLocal marketing tools and activities such as neighborhood websites and blogs take considerable time and resources to create and maintain, the data show that HyperLocal Marketing delivers significant results for those that employ it.**

## Survey Details

The survey was conducted from September 28 to October 2, 2017, with a single email invitation sent to active individual agents, teams and broker-owners and execs who are subscribers to RE Technology daily email newsletter. More than 425 responses were received with 350 complete responses for all survey questions.



## HyperLocal Case Study: 8z Real Estate

By Victor Lund

WAV Group loves research. It serves to quantify opportunities and understand them at the deepest level. Perhaps the driving force behind our research efforts is to disprove common beliefs. For example, a common belief is that consumers use the internet in the process of buying or selling a home (annual NAR Research puts this number in the range of 80% to a high of 90%). Let's face it, homeowners without the internet are the oddballs. In understanding this, REALTORS® should be getting their business online. Close your office and move to the cloud, right?

Not exactly. As the adage goes, liars figure, and figures lie. If you look at the question--"Did you use the internet in the process of buying or selling your home?" – That includes many things: If the consumer emailed a friend, looked at a website, looked at an online article, was set up in the MLS for auto-alerts – the answer would be YES! But, that "YES" doesn't mean they didn't heavily rely on the expertise of an agent. The question itself undermines the data. Nevertheless, it points us to places for answers. As the research above has stated, an enormous amount of research has gone into understanding the shift from newspapers to digital. The big question is, how do you do it right?

In this Case Study, we identified a brokerage in Colorado that is built around a philosophy of HyperLocal marketing, rolled it out to 150 agents, and is succeeding.

8z Real Estate is a relatively new real estate brokerage, started in 2009 during the Great Recession. You can visit their website at <https://8z.com> to see their activities. Before founding the company, Lane Hornung was an executive at ZipRealty, leader of the #1 team in Colorado, and is a member of the RE/MAX Hall of Fame. Hornung was also a partner in a private equity firm, the researcher for Jim Collin's great book *Good to Great*, and we all thank him for his work as a Marine Cobra Attack Helicopter Pilot during the Gulf War. The company is driven by outstanding leadership.



## Reimagining the Brokerage

In many respects, 8z is like most other brokerages. They have agents on splits that are competitive to the market. What is different about 8z is that they recruit and focus their agent efforts on a specific HyperLocal market specialist for each neighborhood.

They have been focused on this business model for about eight years, and they are constantly making adjustments to drive ongoing success, which is currently yielding about \$1 billion a year in real estate transactions. 8z agents have exclusive territories, which means the brokerage does not have two agents in overlapping neighborhoods. But, these are not restrictions on sales areas, rather they are creating HyperLocal marketing territories. The agents focus their marketing on their specific, non-competitive neighborhoods, but can sell anywhere. The broker knows that at the end of the day, they have a specialist in every area, and every area is getting marketed to.

8z believes that they need to build the business in each market with the agent. As an example, they have 16 agents in Boulder, CO (population 100,000) – each with a HyperLocal focus. According to Hornung, the best size of a HyperLocal area for a real estate agent is about 2,500 to 3,000 houses. This size is not a function of home price or turnover, but rather the quantity of houses and active inventory an agent can know in depth. One observation we learned from evaluating the efforts of 8z is that lower-priced markets



## Where You Market vs. Where You Sell

Perhaps our instincts got the best of us as we began to look at the effectiveness of the HyperLocal marketing strategy of 8z agents. Naturally, we assessed the market penetration of the brokerage and the agent in that area. This was a mistake because we did not appreciate the long tail impact of HyperLocal marketing.

When an agent becomes a neighborhood expert and focuses on HyperLocal marketing, they gain traction in that market incrementally over time. The longer an agent focuses marketing in a specific area, the better they become “known” to the residents of that area, and they pick up more of the business opportunities over time. As such, we attempted to see what the opportunity ramp looked like in that HyperLocal area. However, when we drew back the microscope and looked at where the agent did their transactions, we saw concentration in the number of units in the target market area, but as much as 50% of the agents did business outside of their HyperLocal market area. Hence, we have cultivated our understanding that HyperLocal extends beyond the local. As it turns out, agents who become familiar with homeowners in a HyperLocal market get an enormous amount of word of mouth referrals outside the area. HyperLocal agents aren’t limiting their opportunities; rather they are increasing them.

This is pretty easy to understand when you factor in the effects how consumers connect with agents.

Some consumers reuse an agent they worked with before in new areas where they want to transact. Some consumers are introduced to buyers and sellers through referrals of friends, clients, family, sphere, etc. This observation does not detract from the strategy but shows that an agent who develops relationships with 2,500 to 3,000 households creates goodwill and reputation that expands a much more significant market area than the target of their marketing. Agent brands and expertise that establish trust in one area extend well beyond that area by natural circumstance.



## How HyperLocal Is Executed

When WAV Group develops strategies for brokerage firms, we define the target. The biggest question after that is answering the question of, “How.” The majority of HyperLocal marketing is all about geo-targeting. We already talked about the size of the market area that is about right for each agent being 2500 to 3000 households. The actual nuts and bolts of the farming tactics are pretty straightforward.

Postcard marketing is about .70 per household and 8z has found success with two drops a month. Direct mail is, by far, the most expensive HyperLocal branding tool in the marketing toolkit.

Experienced agents who already have a book of business – they often focus on mailing to their sphere. For 8z agents, the focus is first and foremost in their HyperLocal area. 8z argues that sphere marketing is not as effective as HyperLocal marketing because the demographics of an agent’s sphere is too limited and that causes an agent’s business to ebb and flow. People in an agent’s sphere are often getting married at the same time, having kids at the same time, going to college at the same time, so they are buying and selling homes in the same cycles. This gives an agent, with sphere marketing, a roller coaster business.

In contrast, with a HyperLocal marketing business model based on targeting a neighborhood, an agent casts a bigger net and therefore reaches a broader demographic. That means they reach people who are in different lifecycles than their sphere. This says 8z, is the magic of HyperLocal marketing: it builds a better business than sphere marketing because it smoothens out the roller coaster cycles that sphere marketing typically brings. By reaching a broader demographic, an agent always has someone buying or selling in their neighborhood: someone is having a baby, marrying, getting divorced, losing a job, moving to another city, sending kids off to college, retiring and downsizing, etc. Moreover, 8z says that HyperLocal marketing when done right also helps their agents grow their spheres.

Sphere marketing is still part of the “client for life” strategy. Everything else is designed to impact a very targeted audience with heavy brand impressions repeated over and over and over again.

8z hires mostly brand new agents and jump starts them by concentrating on digital HyperLocal marketing. The price point for digital HyperLocal marketing is about 10% of direct mail. Moreover, saturating the market only takes about 15 online marketing pieces delivered to the HyperLocal area per month. For this targeting, 8z favors Facebook. Facebook ad targeting and boosted posts allows you to be super focused geographically. The goal is to achieve recognition in every household in the agent’s targeted neighborhood(s).



On the outside (top of the funnel), the digital marketing is mostly anonymous marketing. When you start, the agent only knows a small percentage of the homeowners in the area. The goal is to get to 100%. If you leverage Facebook marketing correctly by using a lead capture page, Facebook will help you hydrate your CRM with Names, Addresses, and email addresses, building what 8z calls a “neighborhood sphere” database.

### The Secret Sauce

8z realized that Facebook HyperLocal marketing is where they get the most success. When they started out, they spent hours and hours training agents on how to do it...and as you might have experienced in your business, some get it, and others do not. It was the typical water uphill endeavor with agent adoption.

8z pivoted its strategy by admitting that agents are too busy to be consistent enough to put the right message into their regions every day or every other day. After five years of fine tuning digital HyperLocal strategies and systems, they created a separate company called zavvie. zavvie is the foundational executor of the strategy for each agent. zavvie researches what is going on in each neighborhood and automatically posts and boosts 20 times per month for the agents. Agents do what they can to augment that strategy with their social posts, using the zavvie mobile app in the flow of their normal business day. “We learned that agents need a social media marketing flywheel to make sure that their HyperLocal targeting is on autopilot,” said Hornung. “zavvie gets the conversations started, and the agents see the consumer engagement and activity. It’s exciting to see engagement on your posts, consumer likes, questions, activity. Once the flywheel gets started, it draws in the agent and makes them comfortable.”

Once the deals start to roll in, agents become raving fans of the brokerage.



## Building the Customer Database

Let's face it, an agents' contact list is their goldmine. They go into that contact list every day to manage their activities, work with customer deliverables, and keep track of the thousands of things that agents do every day. What the HyperLocal marketing strategy does for the agent is build out their customer list. For the most part, the average agent has less than 250 contacts in their CRM (if they use a customer relationship management system at all). The HyperLocal marketing strategy put the CRM into super drive by adding customers every week and growing the reach that the agent has in the community.



When they post to social media, the first click is to authorize your connection. So the consumer clicks once on the article, then they click again to connect. That second click is where the agent authorizes Facebook to share the customer's name and email address. A quick look at Realist® or whatever tax system is in your MLS and you can look up the homeowners' address. These new relationships start out cold, but over time they warm up and result in business.





## The Emotional Win

Sales is a hard profession. You need to climb out of bed each day with the ambition to win. When you are starting at the bottom every day, it's a big lift to take that first step, make that first call, knock on that first door, send that first postcard, etc. At 8z, they have learned that there is a psychological effect on their HyperLocal marketing. They open their computer in the morning to a slew of Facebook notifications every day. The REALTOR® begins to feel like a celebrity. It builds their confidence. The higher morale at the brokerage and the sharing between agents about the conversations that they are having with consumers creates a special energy across the entire company.

Today, after six years and a lot of trial and error, 8z has entered the top 10 of all brokerages in Colorado. No discounts. No special gimmicks – just great real estate marketing supporting HyperLocal agents. Moreover, 8z mortgage, title, and property management are feeding off all of this activity in remarkable ways. And Hornung will tell you the magic they are making all comes back to being HyperLocal.

The global HyperLocal movement that is impacting virtually every sector of business today offers remarkable opportunities for residential real estate. The spirit of the movement is aptly captured in this quote: "You can't buy happiness, but you can buy local, and that's kind of the same thing."

Clearly, HyperLocal is not a fad, but an established trend, and will continue to change how agents, teams, and brokerages build their future businesses.



## The Budget

The great thing about social media marketing is that it's free...but like most things that are free, it only works if you put a lot of time into it. In the case of 8z, they invest the \$300 to \$700 per agent per month to pay for the HyperLocal marketing, including direct mail. Their splits are pretty typical of the region – starting out at 60-40 for a new agent and moving up to 80% for producers doing a lot of trades. The company averages 28% overall and each of their agent's average 20+ sides a year.

Very few brokerages in America can shoulder that expense for marketing. You need to blend the strategy into what you already have. 8z's fortune is that they started from scratch and built a business around it. But that does not mean that it cannot work in other companies that operate more traditionally.

I think that a lot of existing brokers will develop this strategy for their e-team or e-commerce business. Firms can recruit the e-team and fund the activity by leveraging the referral fees that brokers retain when they refer consumers out.

## Develop a Strategy for Firing Agents

The great strategy in HR is to hire slow and fire fast. That is certainly an important strategy for 8z. If you take the average between the \$300 and \$700 per agent per month – let's call it \$500 for easy math. Multiply that times 150 agents – you come up with \$75,000 per month...I will let you finish swallowing. Brokers in the business a long time know that those numbers look a lot like the newspaper advertising of 1999 before the Internet killed the papers. When you are investing that much in attracting consumers to your brokerage, you need to make sure that the agent is up to the task.

"HyperLocal marketing leads to hyperactivity," says Hornung. "We part ways with agents who do not put any time into becoming the expert in the market, not looking at houses, not spending time in the community, not engaging the consumers who are engaging with them. According to Hornung, the four most powerful words in real estate are "I know that house." It's not enough for the brokerage to make the internet phone ring today. Brokerages who are rolling out and investing in these strategies can only be successful if they have agent buy-in.





## What's Your Game Plan?

What steps can a brokerage take in seizing the opportunities that HyperLocal offers? Looking at the model 8z has created, here are four key areas brokerages should focus on:

- Remember that local market knowledge is the #1 factor that sellers use when choosing an agent, so brokers/agents need to find ways to first actually become local market experts, and then to position themselves as local experts. An important part of the positioning is establishing a web presence that can pass consumers' "online interview" by featuring recent local content and local client reviews.
- Brokers and agents should endeavor to build an audience of local followers. It's not enough to just blast your local expertise out there - you need a tribe of people who have opted in to receive it because they know your perspective is valuable. Like other leads, followers can be managed to convert into business.
- Trust is, as always, the 800 lb. gorilla in the room. Clearly being recognized for your expertise goes a long way toward creating trust. It's not a coincidence that both the research WAV Group and Zillow have conducted shows that both "trust" and "local expertise" go hand-in-hand in the minds of consumers as what are two of the most important factors when it comes to selecting an agent. Being known locally (particularly as someone who cares about the community) is a powerful way to create more trust. Brokers/agents should make the most of that.
- Being the HyperLocal authority is a broker/agent's "superpower" against almost all the "disruptive challenges to their business. When you are the local go to pro, you aren't worried about being displaced by Zillow, Redfin, or Opendoor. Nor do the latest shiny new objects for marketing and lead gen distract you. And don't lose sleep over market conditions. Rather, you're focused on doing more and more business with your local neighborhood and with your sphere, based on your local knowledge and relationships.



WAV Group has a depth of experience in technology, strategic planning, research, business development, strategic public relations, sales, product development and marketing in the real estate industry. Our partners have collectively launched over 25 businesses and have led several hundred business process evaluations and system installations in North America, Europe, and Asia. We have created significant increases in sales and profits for Fortune 100 to start-up companies.

Our clients include real some of the largest MLSs in North America, International real estate franchise organizations, technology companies and trade associations, allowing the WAV Group to cross-fertilize ideas and bring best of breed solutions to its clients. All of the WAV Group partners have been CEO's, Executive team members or founders of Fortune 100 and venture-funded corporations and approach each relationship with a clear understanding of the challenges that face our client's businesses today.

WAV Group | 291 Falcon Crest Drive, Arroyo Grande, CA 93420 | (805) 473-9119 | [www.WAVGroup.com](http://www.WAVGroup.com)



#### About the Authors



Victor Lund, a founding partner of WAV Group and President and CEO of RE Technology, has a depth of experience helping large brokers to increase their revenues with more efficient and integrated data strategies. He is a trusted advisor to many of the nation's largest brokerages. Lund is an industry speaker on technology and strategy in real estate, having spoken or moderated on numerous occasions at leading industry events like NAR, NAR Midyear, CAR, CMLS, RIS Media, REAL Trends, Luxury Real Estate, Real Estate Marketing Summit, RE Tech South, and Inman Connect. Lund routinely is invited to share industry updates to MLSs and the nation's largest 100 brokerages and largest ten franchises and consults to several leading real estate trade organizations as well.

Kevin Hawkins, President of WAV Group Communications, is an award-winning freelance writer (RE Technology, California Real Estate magazine, Real Estate Technology magazine), having authored more than 50 major magazine feature stories profiling real estate and technology industry leaders and top producers, as well as new technology trends and best practices. He has won two national writing awards from the National Association of Real Estate Editors (NAREE). He is a member of the Forbes Real Estate Council and was named a 2017 Inman Real Estate Industry Influencer.