

## Real estate advertising: Who should pay?

by Paul Foster

REINZ (Real Estate Institute of New Zealand) offers training and information for all of its members, some of which is very good. They also send all of its members a monthly industry magazine, which includes a section for training. An article in one edition of their magazine on one hand astounded me, and on the other hand is what you may have come to expect from the real estate industry.



The article unashamedly gave techniques and scripts to extract more vendor paid advertising. The trainer, from one of New Zealand's largest real estate companies was quoted as saying "try some of these scripts for yourself and see how a few words can change you success rate". The scripts he recommended included:

- *We refuse to mis-market and apologise later.*
- *If we over-market, all we do is spend a few dollars extra to be on the safe side. If we under-market, we could be underselling by tens of thousands of dollars.*
- *Investing in marketing your home is not a COST, it is an investment in your profits.*
- *Advertising is like car insurance. What you are 'insuring' here is that you don't undersell your biggest asset.*
- *..... and the list went on*

This same industry magazine also gave a very interesting and accurate breakdown of the sources of revenue from real estate offices in New Zealand. It stated that for offices with revenue up to \$2,000,000 per annum, 7.78% of revenue was from recoverables/advertising, which equated to \$81,033.

I can proudly say that that if I add up all of the advertising money my colleagues and I have collected from vendors this year it would amount to \$0. Last year our revenue from advertising was \$0. The year before that and year before that was \$0, and every year going forward will be \$0. We get paid for results, not using our vendor's money to push our brand and increase our visibility.

I was recently referred new clients, who are one of the nicest couples you could ever wish to meet. Sadly they had just gone through a full 90 day marketing campaign which included over \$6,000 in advertising costs, a failed auction, and what's worse – the stress that came with it. You can hardly blame anyone for being stressed out after following their agent's advice in what has been the hottest market in recent history, and still finding themselves without a buyer for their beautiful home.

They were very grateful when I signed them up to list without asking for any marketing/advertising money at all. They were even more grateful when I successfully sold their house for a price they were delighted with.

Vendor paid advertising, a practice some agents describe as making the vendor "have some skin in the game", is in stark contrast to 'risk free' selling where the agent carries the risk rather than the vendor. Any vendor that chooses to use me or any of my colleagues at Iron Bridge Real Estate to market their property, will not carry any risk of being out of pocket if the house for any reason doesn't sell, or if they simply withdraw it from the market.

For more information on what 'risk free' selling entails, [contact me, or my colleagues](#) and we'd be happy to share more.