

What does the public know about REALTORS®?

The 2005 CAR Consumer Survey

Every year thousands of Coloradoans make the decision to sell their home. Most of them seek out the help of a professional in handling this challenging and complicated process. How many of them understand that not everyone who sells real estate is a REALTOR®? Do they know any of the differences between REALTORS® and agents who are licensees? According to the participants in the CAR 2005 Consumer Survey, answers to these and other important questions about our profession may surprise you.

For the past eight years the National Association of REALTORS® has conducted a Public Awareness Campaign designed to educate the American people about the value that REALTORS® bring to any real estate transaction. The campaign uses the tag line, "Ask if your agent is a REALTOR®," in a variety of print, television and radio ads. In 2005 the NAR campaign challenged consumers to look for the REALTOR® "R" and added messages to counteract the growing number of non-real estate entities competing for home buyers and sellers.

In late 2004 the Colorado Association of REALTORS® launched a statewide awareness campaign, overlapping and supplementing the NAR campaign. Schechter/SFR Public Relations Companies and the Ianni Group were selected to design and manage the campaign. The Colorado REALTOR® Public Awareness Campaign uses a somewhat different tag line – "Make SURE your agent is a REALTOR®" – raising the ante with the public to not only ask the question but to specifically seek out a REALTOR®.

From October 2004 through today, campaign materials have appeared on television, radio, Websites, billboards and bus panels, in print, movie theaters and shopping carts throughout the State of Colorado. A new monthly advice column about real estate issues called "The Home Connection" is now appearing in 22 newspapers around the state and consumer help lines on NBC and ABC television affiliates in Denver and Colorado Springs have added weight and support to the central theme of the CAR campaign, "REALTORS® = RESULTS."

Both the NAR and CAR campaigns have the same purpose – to raise public awareness of the value of using a REALTOR® for any real estate transaction. So how effective are these campaigns? How aware is the public of the REALTOR® "R" and how well do they understand the difference between REALTORS® and other agents/licensees?

To learn more about those questions, CAR engaged Sundel Research Inc. to conduct a telephone survey. During the last two weeks of September and the first three weeks of October 2005, Sundel interviewed 520 randomly chosen adults throughout Colorado. The interviews included questions about their past buying/selling experiences, their use of REALTORS® and others to help buy/sell property, their feelings about REALTORS®, their level of

satisfaction with the people who helped them and the processes involved with real estate transactions and more.

Within the total sample of 520 there were 120 who had bought or sold a home in Colorado within the last 18 months. That group was sub-divided further into those who had used a REALTOR® and those who had used someone else or handled the transaction themselves.

As with most such research there is a combination of good news and bad news to report.

- ❖ The overwhelming majority of our respondents used a real estate professional of some kind in their most recent transactions – 86% of buyers and 80% of sellers.
- ❖ Direct referral (45% of buyers and 33% of sellers) and repeat use (30% of sellers) are the most common ways people find their real estate professional. More than 8% of buyers did find their agent on the Internet.
- ❖ And 14% of buyers and 17% of sellers handled the entire process by themselves.

Both buyers and sellers report very high levels of satisfaction with the real estate professional they used.

Seventy-one percent of buyers and 75% of sellers said they would use the same person again.

The most frequently mentioned reasons for needing professional help were...

- ❖ locating properties (57%);
- ❖ advertising/promoting a property (55%);
- ❖ help with setting or negotiating price (35%);
- ❖ handling paperwork (27%); and
- ❖ assistance with getting financing (10%).

From this we think it is fair to conclude that most buyers and sellers continue to want a professional to handle their real estate transactions. But what kind of professional are they most interested in using? And do they know the difference between one kind and another?

Within our total sample only 3.8% could correctly identify at least one difference between REALTORS® and licensees – 71% had no idea at all and the remainder guessed incorrectly. Sample responses to this question included “REALTORS® are licensed and others are not.” “REALTORS® represent buyers and sellers at the same time.” “They’re all the same.” “A REALTOR® sells house and agents work for companies like Century 21.”

Asked if you could identify a REALTOR® in some physical way, 38% said that you could – and two-thirds of those people accurately pointed to the “R” as the symbol that identifies a REALTOR®. Those who didn’t know how to identify a REALTOR® thought “you could check their license to see what it says,” “see if they dress more professionally.”

Among those who had actually bought or sold a home more recently (the sample of 120) we wanted to know how many had used a REALTOR®. While 24% of buyers and 33% of sellers said their agent was a REALTOR®, 55% of buyers and 40% of sellers did not know if the person they worked with was REALTOR® or not. Of course we cannot be sure that even those who claim their agent was a REALTOR® are reporting it accurately.

Finally, the study compared the needs (what the client expected), level of satisfaction and outcomes (price and length on the market) of those who reported using a REALTOR® with those who did not. We were not able to find any statistically significant differences between the two groups.

This study's most obvious and compelling finding is that most people are unaware of the character, skill, training or services of REALTORS®. When choosing a professional to assist them, many buyers and sellers are unprepared to screen candidates properly. Even after choosing a professional nearly half of our respondents did not know if the person was a REALTOR®.

This research also offers us two interesting and somewhat contrasting results on the topic of what consumers seek from real estate professionals. They tell us that their priorities are outcome oriented (finding and buying, advertising and selling, pricing). Overall levels of satisfaction with REALTORS®/real estate professionals are quite high. However, verbatim responses to questions about their experiences are much more heavily focused on communication and relationship issues with their REALTOR®/real estate professional than on outcomes. "I feel like my REALTOR® could have done more." "He didn't follow through with what he said he would do." "Communication was not always strong."

The Colorado REALTOR® Public Awareness Campaign is very young – less than 14 months – and it is much too early to expect definitive results. In a focus group conducted in early November, participants were able to identify the REALTOR® "R" even if they could not accurately tell us the specifics about people who wore that symbol. In any advertising/branding effort awareness is the first step. Understanding only comes much later and after considerable effort.

The 2006 CAR budget contains funds to continue the campaign and to conduct a follow-up study towards the end of the year. Over time we expect to see the level of public awareness and understanding of REALTORS® grow.

There is a way that you, as a REALTOR®, can make this happen sooner. With 24,000+ REALTORS® statewide we have the ability to spread the word ourselves. You can wear the "R" pin, put the "R" prominently on your signs, business cards and ads, and tell people that you are a REALTOR® and what that means. Find ways to spread the word in your own area – offer to speak at local service clubs (Kiwanis, Rotary) about your local real estate market; write letters and op ed pieces for your local newspaper and sign your letters with the title "REALTOR®." In short, join the effort to spread the word and help move those awareness percentages in the right direction.