

REAL ESTATE

Full-service personalization stands out against real estate's discount mindset

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Listing agents trying to fight commodification should lead with the services that make them stand out. Image credit: Douglas Elliman

By NORA HOWE

As agents prepare for a post-pandemic real estate industry, they are discovering that commoditization is determining and, ultimately, diminishing their value.

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New technology-centric business models are replacing personal touch with convenience and urgency, which has led to agents promoting lowered commission rates as their key market differentiator. During Luxury Portfolio's *Luxury Hour* virtual webinar on Feb. 16, president of [The Training Academy](#) Dan Elzer walked through five key steps listing agents should take to refocus sellers' attention on value over fees and create a winning presentation.

"Due to the urgency of the market, with inventory tightening up, a lot of people are rushing to be first to try to win a deal," Mr. Elzer said. "People have decided that being efficient is more important than being effective.

"I am all for technology, but I am worried that we are replacing touch with tech."

Luxury Hour was moderated by Mickey Alam Khan, president of Luxury Portfolio International and editor in chief of *Luxury Daily*, New York.

Ditching the discount mindset

To stand out among their counterparts, listing agents are falling into the discount model as a way to attract clients, justifying decreasing commission rates with increasing home prices.

However, as they begin to charge less for their services, those services become less personalized and they decrease their market value.

In early 2021, international brokerage firm Re/Max launched a high-tech marketing platform aimed at improving its ability to reach discerning sellers in the competitive luxury real estate market. The Luxury Launchpad includes a suite of sophisticated marketing tools, from customized brochures to vetted vendors and virtual tours, to assist agents in showcasing their listings.

The technology intends to streamline realtors' work, so time can be dedicated to creating personalized experiences

for sellers of high-end homes ([see story](#)).

However, if agents rely too heavily on automation and convenience, they risk commoditization: the process in which a service is deemed identical to the same class of offering presented by a rival party.



Inflation has increased the price of homes, which many agents are using to justify lower commission rates. Image credit: Luxury Portfolio International

"When we do not have differentiations we allow the consumer to consider us all the same," Mr. Elzer said. "As soon as we look the same, consumers feel it would be wrong to pay more when they can get the same thing' for a lesser price.

"When we allow ourselves to look the same, act the same, walk the same, talk the same, it is hard for the consumer to differentiate who is better when someone is offering it at a less fee," he said. "We have to be different and leverage our winning differences for this to work."

The first step in Mr. Elzer's strategy is set up and discovery.

While viewing the home is typically one of the first things agents and sellers do in their initial meeting, the "set up" approach recommends agents sit down with the seller first to discuss key elements of the property.

"I've been on at least 1,000 appointments, and no one has ever said no," Mr. Elzer said. "They smile and agree, we go to the table I am in control.

For the listing agent, the main goal of this encounter is to build rapport with a seller and eventually explain their process. Mr. Elzer recommends having a book or tablet as a visual supplement.

From here, the agent must discover the seller's needs before explaining how they can provide a solution like diagnosing a patient before providing treatment.



Building rapport is a key part of securing business, as it creates trust between sellers and agents. Image credit: Luxury Portfolio International

Mr. Elzer's core questions for discovery include: Why are you selling? Why are you moving? What is the deadline for selling? What options do you have if the house has not sold by then? What are you looking for in an agent?

From conversation to commitment

The second step is the marketing plan, which should detail how the agent plans to sell and close the home in the current market. It is critical that agents focus on solving challenges specific to a seller, and not simply give a good-looking presentation.

The third step is previewing the home. In this stage, Mr. Elzer recommends that agents take on the perspective of a buyer, asking questions and voicing concerns as if they were to purchase the home.

"Honesty is truly the best policy as it allows the agent to understand where a seller sits," Mr. Elzer said.

After viewing the property, the next step is presenting a pricing strategy. Agents should communicate with local appraisers and formulate a strategy based on those values, as the market bears the price, not the agent.

As it stands, due to record returns on investments and increasing cash reserves, current luxury homeowners are looking to upgrade in a market with few first-time luxury home buyers, according to Luxury Portfolio International.

When markets began tumbling with the onset of the COVID-19 pandemic, affluents quickly, and strategically, invested in discounted equities. Today, their financial confidence is soaring, their returns continue growing and they are prepared to spend top dollar for desired properties ([see story](#)).

The fifth, and final, step is reaching a mutual decision. At this point, an agent has presented a seller with all the information and expertise they have collected, and it is up to both parties to determine whether they should go forward with the deal.

An agent must decide whether or not selling the property is worth their time and effort, and a seller must decide whether or not they want to work with an agent.

"You must understand what it takes to go into someone's home and offer products and services that fit their needs," Mr. Elzer said. "When I walk into someone's home I am a sponge."

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