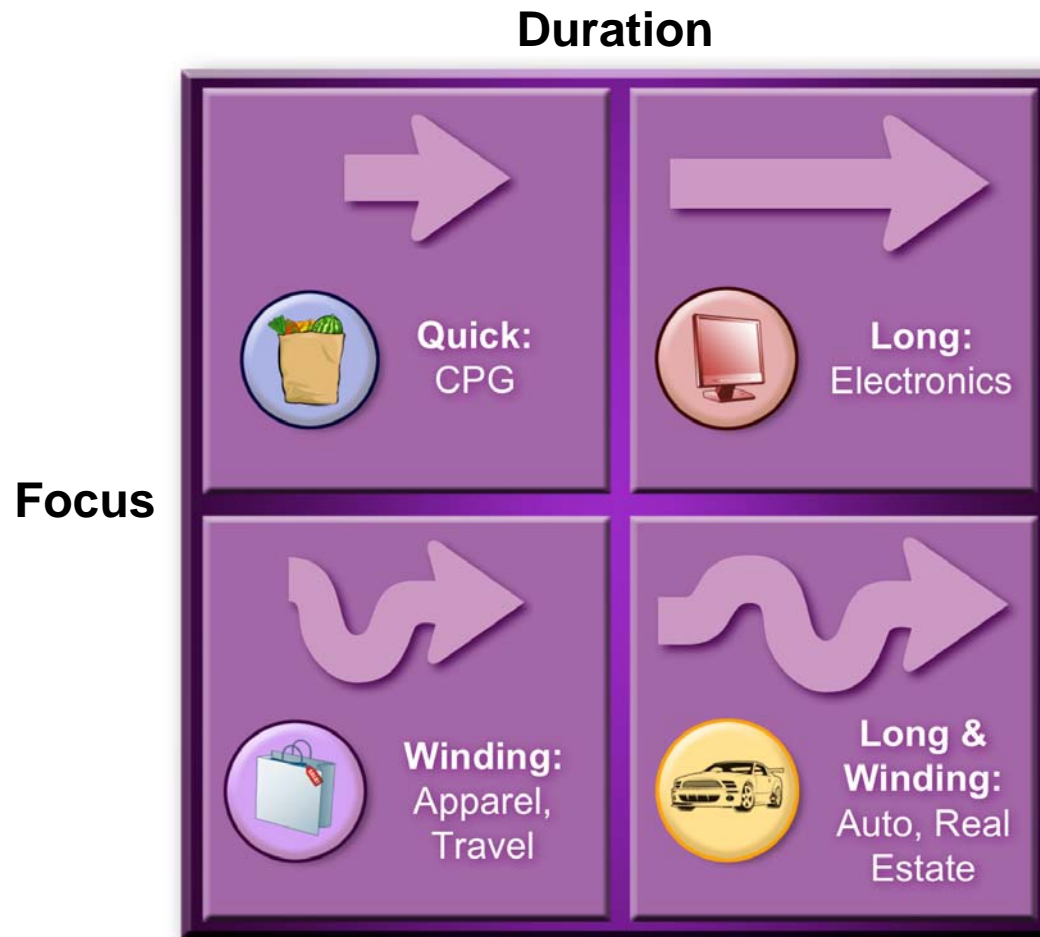


# Internet Optimization: A Non-Automotive Case Study

## Online Real Estate

Michael Yang, Yahoo!

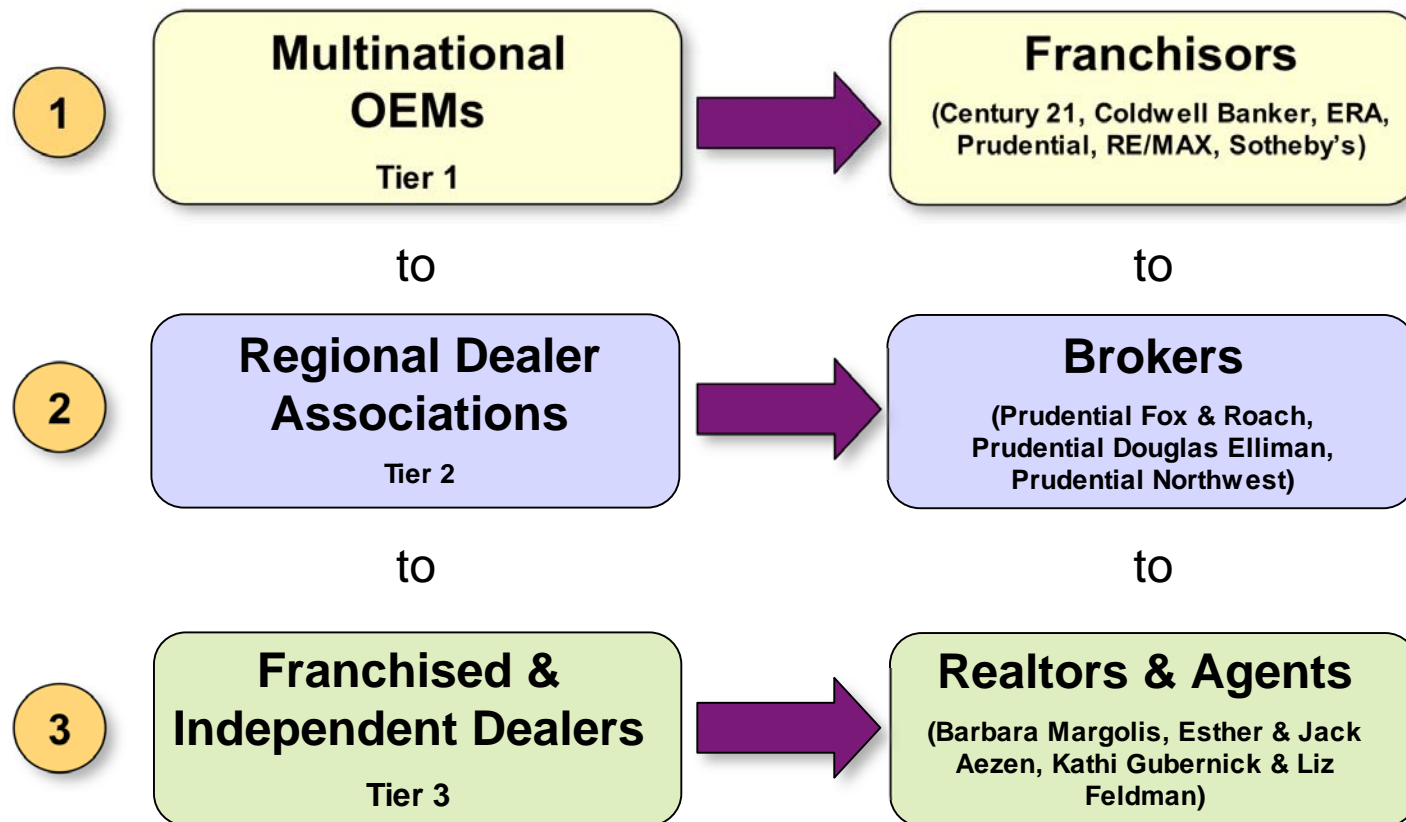
# The Long and Winding Road



- Buying a car and buying a home are “considered” purchase processes

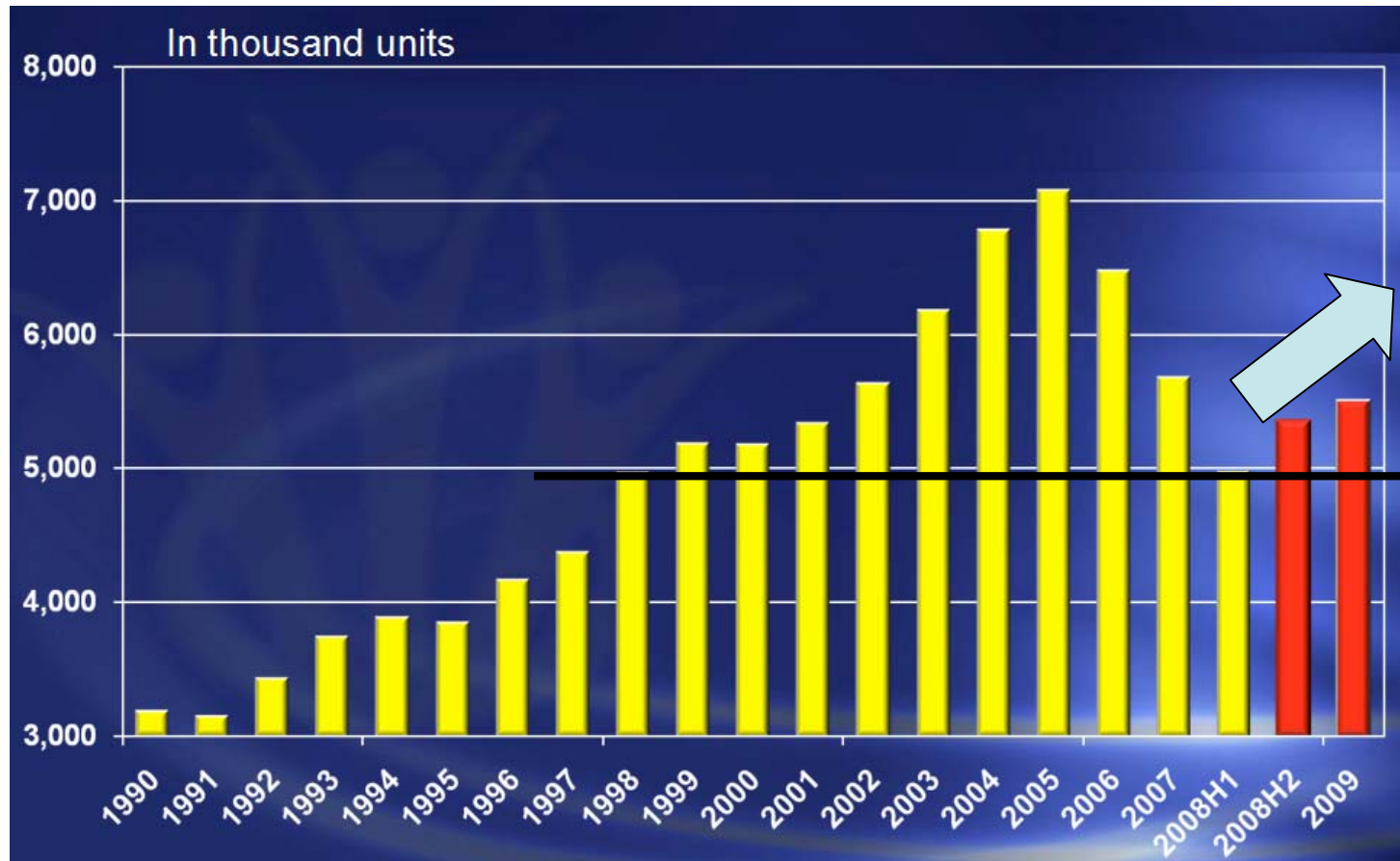
# Real estate like automotive is a multi-tier model

## Distribution Value Chain



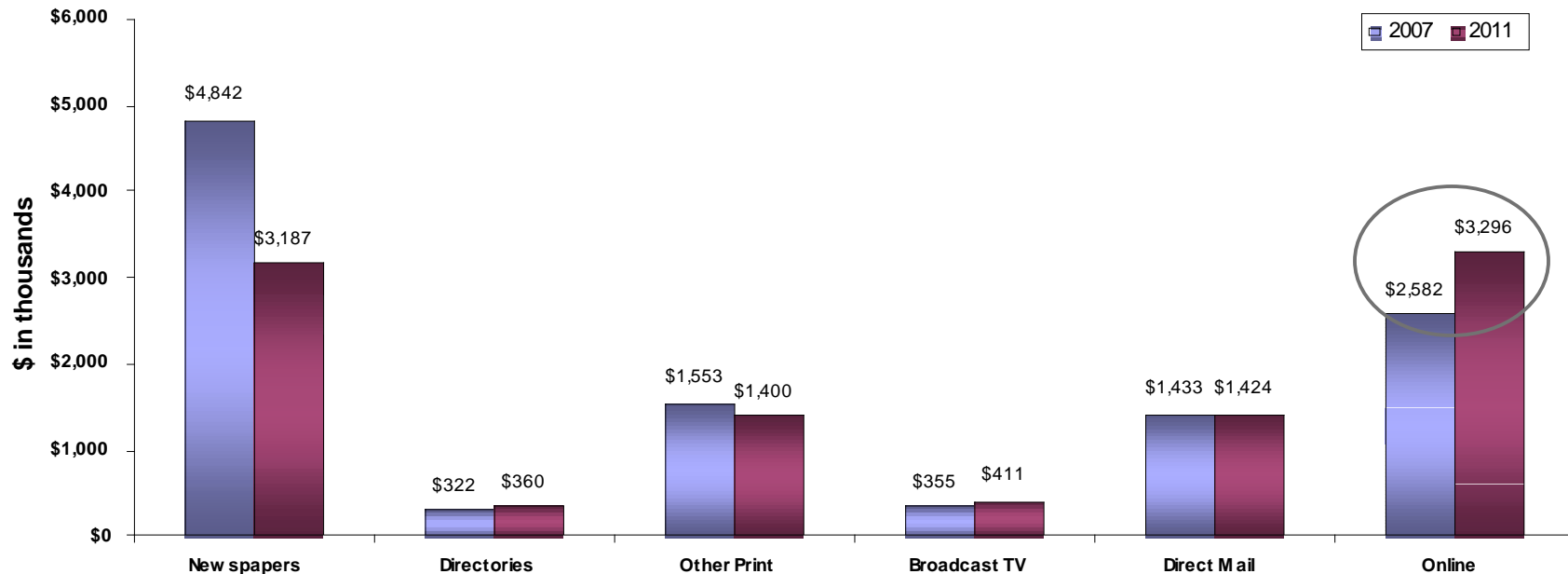
# Real estate saw headwinds first

## Annual Number of Existing Homes Sold



# Real estate's marketing mix is being "optimized"

Real Estate Advertising Spend (2007 to 2011)



- Real Estate advertising is an \$11.5B annual spend
- Online is \$2.5B and has grown from 10% of mix in 2003 to 23% in 2007 and is forecasted to be 31% in 2011
- Newspapers, the historically dominant medium, is \$4.8B and has declined from 43% of mix in 2003 to 42% in 2007 and is forecasted to be 30% in 2011

# Lots of competition online for marketing/ad dollars

## National Portals

- National listings and content aggregation



## Classifieds/Vertical Search

- Regional/local listings, alternatives to MLS



## Franchisors/Brokers

- Licensed and regulated



## Vertical Listings Aggregators

- Rentals, foreclosures, new homes, FSBOs



## Blogs/Social Networks

- Local market insights and perspectives



## Home Valuation/Lead Generation

- "Funnel products" that sell leads to agents



YAHOO!

# Lots of changes and developments

## Key online real estate trends...

Open syndication and distribution of property listings

Far greater data transparency enabling new applications

Validation of search as the primary user entry model

Rise of agent blogs and “expert voices”

The beginnings of ad networks and enhanced targeting

Ratings and reviews of realtors and other service providers

Deep use of maps, imagery and multimedia

# A variety of online marketing tactics used

Marketing Solution	Franchisors	Brokers	Agents
Web Site	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Display	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ad Networks	<input checked="" type="checkbox"/>		
SEM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
SEO			<input checked="" type="checkbox"/>
Listings Syndication	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lead Generation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Blogs/Social Q&A			<input checked="" type="checkbox"/>
Email/Newsletters	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



# Some relevant takeaways

- Challenges
  - Integrated strategy for marketing spend among Franchisor, Broker and Agent
  - Holding on to certain media channels despite poor performance
  - Marketing barrier to entry continues to increase, leading to clearer winners and losers
- Lessons Learned
  - Portfolio management approach and picking a few bets among all the online tactics
  - Cultural change required to measure performance for all media formats – test, learn, optimize
  - Don't fight the Web's fundamental consumerism perspective – regulations and litigation won't help