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# FISH

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**There is always a catch**

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**EXECUTIVE SUMMARY**

*“If you can’t beat them, join them”*

Riding on the wave of technology, the For Sale By Owner (FSBO) market was expected to replace the real estate agent. However, FSBO only holds an estimated 16% of all home sales in the United States. Person to person sales are increasing in almost every industry through mediums such as Ebay.com and other websites, while the real estate market drags at a much slower pace.

Through our research we have discovered a few misconceptions about the For Sale by Owner industry and also about the perception of Real Estate brokers and agents. The most important misconception is the basis of our strategy, being the role of our competition, brokers and agents. While some people see an agent similar to a stock broker who is used to simply buy or sell a commodity, agents are actually more similar to consultants. These consultants offer services such as knowledge of communities, status of schools, perception of neighborhoods, and even simple personal opinion. This knowledge is what gives homes additional value besides pure aesthetics. Sometimes this can even result in higher sales prices.

FISH has analyzed both the strengths and weaknesses of the For Sale By Owner web industry and developed a strategy to increase the FSBO market share and the FSBO public image. Attracting more sellers is a major concern, but a mere increase in home advertisements will only be a temporary solution and a short-lived profit. Everything in this market is closely related. For instance, as more buyers begin looking to buy directly from owners, more sellers will desire to sell directly from person to person. As always an increase in demand will increase the supply.

We would like to enhance the typical online FSBO web system by offering similar services to what real estate agents provide. To do this we are proposing a partnership with ten real estate agents in each city that the FSBO companies target. These agents will offer flat fees for tours of the area. Instead of a buyer feeling like they have to do all of the research themselves they will be able to still have input from a trained professional. We would like to offer customers a way to sell their house themselves, but also provide a backup plan incase things do not go as expected. Partnering with local real estate agents will provide a good opportunity to generate an additional income stream from the FSBO market.

You will find much more specific information regarding the objectives and projections of this strategy in the pages to follow.

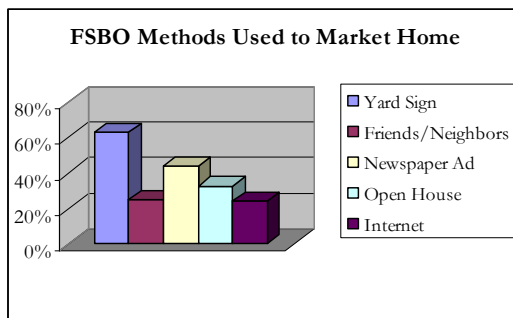
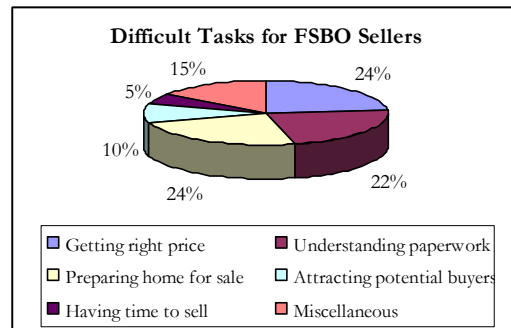
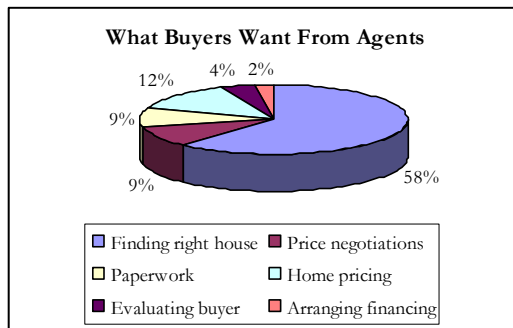
**CURRENT MARKETING SITUATION**

**FSBO Sales:** Prices for FSBO advertisement are incremented based on additional features. A simple one picture ad can cost anywhere from **\$15-\$200**. For more features such as a virtual tour of the house or an MLS listing prices can creep **up to \$900**.

- ForSaleByOwner.com: \$199.00 one-time standard, \$899 deluxe package
- Owners.com: \$14.95 one-time standard, \$99.95 deluxe package
- FSBO.com: \$69.95 one-time standard, \$499.95 deluxe package

**FSBO Costs:** The greatest expense for each new ad is marketing. Once a web-based system is created the only costs are minimal upkeep fees.

**FSBO Info:** 80% of FSBO owners would not do it again  
 4 of 5 FSBO customers will end up using an agent with 6-8 weeks  
 Typical FSBO home sells for 13% less than when using agent



Reason	Percentage
Avoid paying commission	61%
Sold to friend/family	17%
Seller contacted directly	9%
Did not want to deal with agent	6%
Seller has real estate license	2%
Agent unable to sell home	2%
Could not find agent	1%
Other	2%

**Competition:** Real Estate Agents

- 1,231,802 real estate agents (as of August 2005).
- 92% are independent contractors.
- 90% of home searches use agents
- 77% of home sales use agents
- Charges seller 3%-6% of purchase price

**OPPORTUNITY AND ISSUE ANALYSIS**

<p style="text-align: center;"><b><i>Strengths</i></b></p> <ul style="list-style-type: none"> <li>▪ Financial savings</li> <li>▪ Control</li> <li>▪ Less hassle – no communication needed with additional party</li> <li>▪ Experience with the property</li> </ul>	<p style="text-align: center;"><b><i>Weaknesses</i></b></p> <ul style="list-style-type: none"> <li>▪ Unfamiliarity with buyers/sellers</li> <li>▪ No additional help</li> <li>▪ Houses sell more with brokers</li> <li>▪ Hard to generate leads</li> </ul>
<p style="text-align: center;"><b><i>Opportunities</i></b></p> <ul style="list-style-type: none"> <li>▪ Big audience – Internet</li> <li>▪ Increased use of technology</li> <li>▪ Real estate web sites</li> <li>▪ Homes sales at record highs</li> </ul>	<p style="text-align: center;"><b><i>Threats</i></b></p> <ul style="list-style-type: none"> <li>▪ Other FSBO companies</li> <li>▪ Lower sales prices</li> <li>▪ Agents/Brokers</li> <li>▪ Licenses required for some issues</li> </ul>

**Key Opportunities**

*Economy* – As our national economy seems to remain stagnant, with not much hope to improve, consumers are looking for ways to save money.

*Technology* – The general public is becoming more familiar with both computers and the internet. High-speed internet is becoming so popular that dial-up providers are struggling to stay alive. Higher connection speeds make browsing large quantities of information easier. Our potential FSBO customers will be able to look at objects requiring faster internet connections such as videos of houses and large collections of pictures.

*Real Estate Boom* – Real estate has become a primary source of investment in the past 5 years. Low interest rates have spurred home sales from not only individuals but investors as well. FSBO sales are generally to people who are looking to save money and get a better deal.

**Key Threats**

*Legal restraints* – Because real estate sales are regulated by the government minimal changes can be made within the industry. For Sale By Owner companies can only teach people how to buy and sell houses. Commissions paid to non-licensed agents for sales or leads are prohibited by law.

*Agents/ Brokers* – As seen from the marketing section, buyers of homes use agents for more than simply closing sales. Agents know the inside information about specific areas. There are so many areas that FSBO companies cannot possibly maintain information on all of these places. While simple demographic facts would be easy to duplicate, opinions of others are hard to package and sell.

## **OBJECTIVES**

### **Financial**

- Generate additional revenue streams
- Increase current sales

### **Marketing**

- Expand image of FSBO to more than a savings when selling a home
- Get real estate agents to bring buyers to our customers

**MARKET STRATEGY**

**Target Segment:** Middle class, educated, experienced home buyers

**Competitive Positioning:** Instead of focusing on becoming a hot spot to advertise FSBO advertisements, a focus should be shifted to becoming consultants for real estate sales and purchasing. By aligning FSBO with Real Estate agents the stigma of FSBO will be removed and the gap between agents and FSBO will decrease broadening the market

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**ACTION PROGRAMS**

**Sellers:** Sellers will post ads at competitive rates to competition. A one time fee of \$150 will be charged for basic services. For \$300 a registered real estate agent will help you price your house and plan your house preparation to increase probability of sale. A relationship with active agents will also increase chances of having agents bringing sellers to FSBO buyers. This means a reduced commission.

**Buyers:** Buyers are given a chance to take a tour of the community with a licensed real estate agent. Each tour will be \$200. The buyer will pay the agent directly, because controlling this process will be too costly. The revenue generation stream is explained in the agent section.

**Agents:** *Partnerships*  
Each city the FSBO company is targeting will partner with 10 local agents. This partnership will give each agent the right to advertise on the FSBO website. A partnership fee of \$500 per month will be required from each agent.

*Consulting Sellers*

Agents will consult with FSBO sellers for \$500 directly, or with the purchase of our basic sales plan the price will be reduced to \$150. This gives the agent a hot lead to a new client, considering 4 of 5 FSBO sellers will end up using an agent.

*Tours*

These agents will be offering local tours to any buyer who wants to learn more about the area. With no commitment the buyer can travel through the city with an agent of his or her choice. A tour will cost \$200.

*Survey System – Income Generator*

To make sure the partnering agents are treating our customers well an online survey system will be posted. After each service the agent provides he/she will have a chance to post the survey and apply the satisfaction points to his/her portfolio. Agents will generate more business by having a higher customer satisfaction rating. It is to their benefit to have more satisfaction points and surveys online. If 90% of all surveys are not posted the partnership will be canceled.

*Fees to post Survey:*

Community Tour - \$50  
Seller Consulting - \$150  
Homes sales - \$100

\*\*\* Because of Real Estate laws real estate cannot pay commissions for “finder’s fees”. To avoid commissions the agent simply pays to have surveys displayed on website.

**Marketing:** Agents are indirectly advertising for free. Local FSBO groups should continue advertising through the internet as the primary medium.



## **CONTROLS**

### **Financial Analysis**

This marketing strategy will have one of the greatest amounts of control possible. Our end goal is to bring more people to FSBO websites. From these websites potential customers can sign up to buy homes, sell homes, or even schedule appointments with our local real estate agents. Each click of the mouse can trigger a database to store information about what action was taken. Not only will a large amount of data be stored, but managers can have real-time updates. A national company can look at a general summary of all locations or look at a summary of an individual location instantaneously.

### **Web Traffic**

With technology web traffic can be monitored with no hassle. As viewers look at web pages tallies are kept to track the total number of “hits” on the site. As discussed earlier, bringing additional buyers to the website will attract sellers. We will be able to produce accurate numbers regarding the additional level of viewers from this marketing strategy.

### **Customer Information**

Customer information can also be easily obtained. Nearly all current FSBO websites require new customers to fill out personal information before posting advertisements online. These profiles should always include questions regarding how the customer found out about the site. Management can then analyze the effectiveness of different types of mediums by reviewing these profiles.