

Brand

by Donald Teel



Brands make for interesting study. The art of branding brings mental images of the biggest names in marketing such as, Coca-Cola, NBC, McDonald's, Sears, BMW and a host of other brand names that have parked themselves inside our craniums, never to be dislodged.

In the consumer's mind there is a difference between BMW and other automobiles. For the purpose of illustration, I don't care why there is a difference, just that there is one. This margin of difference in the mind of the consumer is what branding is all about. Even those who don't know what a BMW is and have never driven or owned one understand there is something special about the car...true, they don't know what is special but that is precisely why I believe it is special. This is called consumer predisposition in marketing circles.

The real estate industry has attempted, rather feebly, to create brand awareness and predisposition with the consumer. Largely, it has been an abysmal failure. The consumer does not see a distinction between one real estate company and another. They look alike, feel alike, smell alike and act alike. Well, you've heard the saying, "if it walks like a duck and quacks like a duck...it's a duck!"

There is a question I have wanted to pose to owners and consumers for more than ten years and it is about brand. Who has the best brand in the consumer's mind?

Century 21
ERA
Prudential
RE/Max
Coldwell Banker
Keller Williams
Exit Realty
Other

Although my list is not intended to be exhaustive, did you notice the last contestants brand...Other? Who in the world is other? It's the more than 60% of all transaction in the United States that are conducted by non-branded firms known as Independents. John Scott, Windermere and Weichert would be considered powerhouse independent "others" in a sea of so-called national brands. These independent brands are power-house contenders in their regional market places but they are NOT franchises, per se.

Who has the best brand, who knows and who cares? The all powerful consumer continues to tell us by their commitment that our brands don't really matter. Some contend the jury is out on brands and there may well be further consolidation of the major brands, similar to what has been done by Home Services and Cendant's multi-brand approach. Both Home Services and Cendant recognize they are better off owning multiple brand names, getting control of the commission income and forgetting about trying to converting the consumer to one brand loyalty. They recognize a losing battle when they see one.

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Discussions about brand power are frequently jaded by those doing the presentation about a particular brand. My position is that there is no dominating brand. Statistics can be cited by NRT/Cendant that they are the largest recognized brand but if they are why are they multi-branded? Are their numbers and self-proclaimed consumer recognition a product of buying and pooling the transaction numbers from multiple brands and then saying, “look at our numbers, consumers prefer us and our transaction numbers prove it.” But do they?

If we combined RE/Max, Realty Executives, Keller Williams, Prudential, John Scott, Weichert, Windermere and Exit Realty under one corporate ownership structure, I guess NRT/Cendant would have to rethink their claimed position!

This paper seeks to talk to owners, regardless of brand, about brand loyalty. What all brokerage firm owners know, without equivocation, is that in the final analysis, when the chips are down, they are going to have to stand up to the forces and be their own brand within their brands. All of the Brands are good and they co-exist for a variety of market reasons too numerous to dissect here.

The 10th of the *Ten Commandment of the New Real Estate Economy*¹ states that owners should not bet all on one brand and essentially recognizes that we are entering into a completely new real estate game and there are going to be some winners and some losers in the brand game, both within and without the brand names.

The brands that recognize the commandments, adopt them as their own and use them in the formation of new market models will emerge the eventual winners.

Branding is a funny thing and most franchisors do a great job branding on the public side, dressing up the external image. But they do a horribly rotten job branding themselves internally with owners and agents in their organization in order to secure maximum long term loyalty. Most new franchise agreements seek to lock the owner into one brand for 6-10 years, minimum. Why not just two years with some renewals? Franchisors don't want to compete with one another over royalty fee streams so, long term agreements are the methodology used to stifle a competitive bidding process that would make the owners the winners. Why don't we set up an e-Loan[®] or LendingTree[®] model for real estate franchising and allow the owners to receive up to ten competitive bids for their market expertise and loyalty!

We should not bet everything on the brand...ever. Look at the business landscape now strewn with the carcasses of one great corporation after another, now lying dead or dying. Today the fastest growing franchises are Keller Williams, Exit Realty and RE/Max...who knows what tomorrow contenders will be.

If you and I bet “ALL” we must then also be fully convinced that the brand with which we align ourselves is fully competent, internally and externally, to compete in the new real estate economy as our full partner. Mark that word down in your mind...PARTNER.

¹ You can receive a free summary copy of *Ten Commandments of the New Real Estate Economy* by contacting its author, Donald Teel at ePartner USA, Inc., toll free at 1-877-380-1000.