

Enhancing the Success of Small Real Estate Brokerages via Social Media Platforms

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ABSTRACT:- Social media has emerged as an indispensable tool for small businesses, offering unparalleled opportunities for brand visibility, customer engagement, and overall business growth in today's digital era. This paper delves into the significance of social media for small businesses, highlighting its transformative impact on marketing strategies, customer relationship management, and overall business success. Through a comprehensive review of literature and case studies, the paper elucidates how small businesses harness social media platforms to elevate brand awareness, connect with target audiences, and drive sales. By focusing on a case study within the real estate sector, the paper illustrates the critical role of social media for independent real estate brokers who lack the resources of larger firms to expand their businesses. Furthermore, it explores the advantages associated with social media marketing for small businesses, including flexibility, adaptability to algorithm changes, and alignment with evolving consumer preferences. Overall, the findings underscore the irreplaceable value of social media as a cost-effective, scalable, and indispensable asset for small businesses striving to compete and thrive in today's competitive marketplace.

I. INTRODUCTION

The Real Estate market is poised for significant expansion on a global scale, with projections indicating a remarkable surge in value to an estimated US\$637.80 trillion by the year 2024ⁱ. Within this expansive market landscape, Residential Real Estate emerges as a dominant force, commanding a projected market volume of US\$518.90 trillion within the same timeframe.

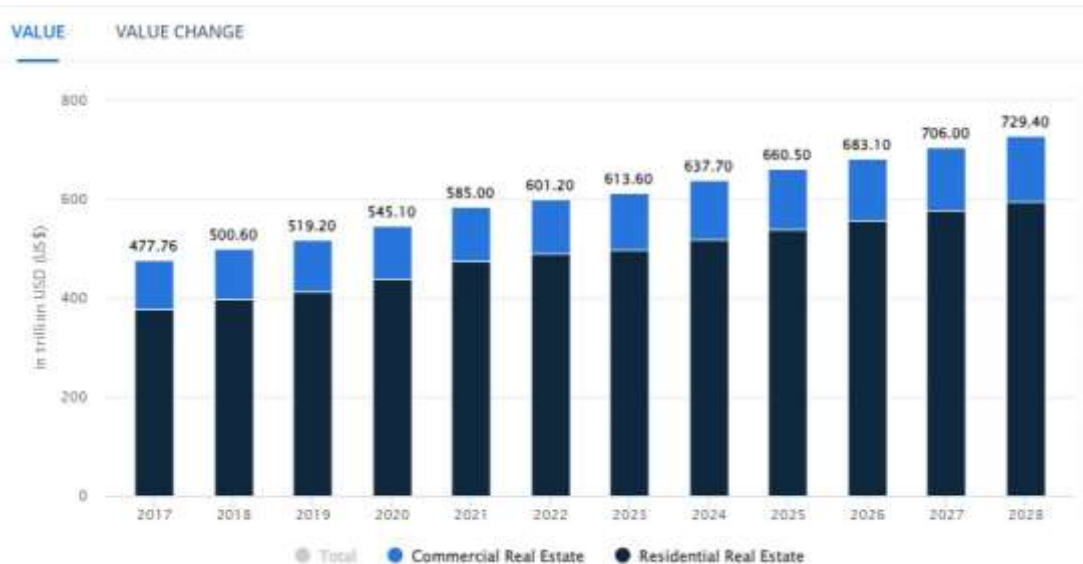


Figure 1. Real estate value.

II. PROBLEM BACKGROUND

Real estate professionals play a vital role in facilitating transactions between property buyers and sellers. They serve as intermediaries, managing negotiations and coordinating various tasks to ensure a smooth transaction process. Their responsibilities include marketing and advertising properties for sale or lease, assisting buyers in finding suitable properties, negotiating terms between parties, and overseeing all pre- and post-contract tasks needed to finalize the deal. Successfully marketing properties is crucial to their role, ensuring effective exposure to potential buyers or tenantsⁱⁱ. Traditionally, this task involves employing various marketing strategies. These may include organizing brokers' open houses, hosting public open houses, and listing and registering the property with a local multiple listing service (MLS). Additionally, real estate professionals often produce colorful flyers, brochures, and high-quality MLS photographs to showcase the property effectivelyⁱⁱⁱ.

In the realm of American real estate, the real estate broker holds the position of leadership within a real estate firm. Only a licensed real estate broker is authorized to independently practice real estate or oversee other agents working within the firm. Across all states in the United States, it is a legal requirement for a real estate firm to have a licensed real estate broker serving as its qualifying broker or broker of record^{iv}.

An independent real estate broker is a licensed professional who owns and manages a real estate firm with fewer than 100 agents/associates. They operate autonomously and are not affiliated with or part of a franchise real estate brokerage^v. Independent brokers do not have a national or global franchise assisting them with branding and marketing. These national real estate firms can invest in traditional advertising channels such as print media (newspapers, magazines), television, radio, and outdoor advertising (billboards, signage). Research also notes that these firms establish and maintain relationships with other professionals in related industries, such as mortgage brokers, attorneys, and contractors, who can generate referrals. Large firms may also host networking events or sponsor community activities to expand their reach.

In recent years, technological advancements have significantly transformed the way society accesses information. However, like sales professionals in numerous other industries, real estate professionals have struggled to keep pace with these technological changes^{vi}. The research adds brokers have faced challenges integrating technology, such as social networking and smartphone applications, into their marketing strategies. Social networks play a crucial role in shaping interactions between consumers and businesses. The increasing popularity of online social networks is attributed to their ability to facilitate instant communication among multiple parties. These rapid communication methods could offer benefits for independent real estate brokers. Amidst intense market competition, real estate enterprises must transition their marketing paradigms from traditional “product” or “promotion” concepts to a holistic “marketing” concept^{vii}. The research adds that this shift necessitates a diverse range of marketing initiatives encompassing apartment design, pricing strategies, promotional tactics, and sales partnerships tailored closely to the needs and preferences of the target demographic.

III. TRADITIONAL MARKETING PRACTICES

Before the rise of the Internet and the simultaneous growth of social media, digital marketing strategies were practically non-existent. In the pre-internet era, advertising primarily relied on traditional channels like radio, television, newspapers, magazines, and direct mail^{viii}. Studies also noted that large real estate firms use traditional marketing methods like billboards, flyers, and local newspapers, allowing businesses to target specific geographic areas effectively. Finally, the study noted that consistent exposure through traditional marketing channels can help build brand recognition and trust among consumers over time. It is noted that these large real estate firms have spent 768 million dollars in marketing and advertising in 2022, as noted in the graph below.

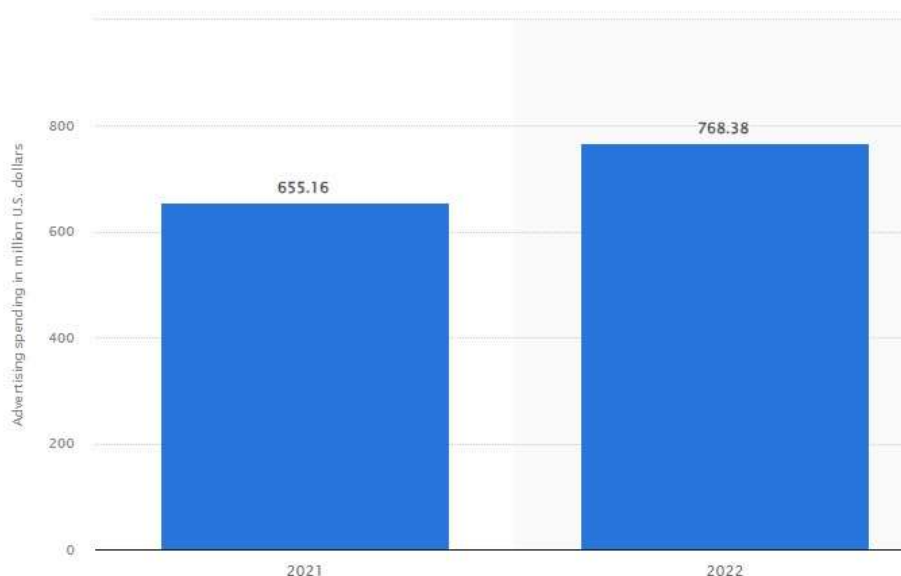


Figure 2. Advertising and Marketing spending.

However, in today’s electronically driven society, leaders have faced challenges utilizing these traditional channels effectively. Social media platforms now offer the capability to target specific individuals or groups with personalized messages, making them a valuable tool for capturing the end user’s attention^{ix}. The time individuals spend on social media continues to rise as traditional media decreases.

Daily hours spent with digital media, United States, 2008 to 2018

Average hours per day spent engaging with digital media (e.g. digital images and videos, web pages, social media apps, etc.) The data for 'other connected devices' includes game consoles. Mobile includes smartphones & tablets. All data includes both home & work usage for people 18+.

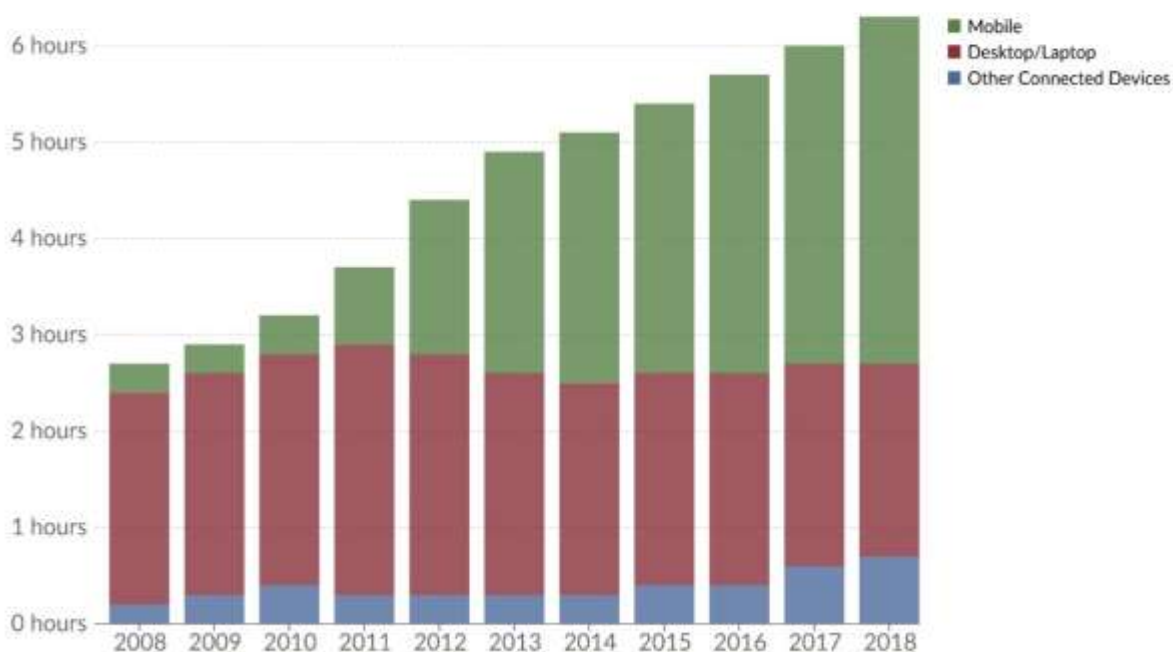


Figure 3. USdigital media daily hours^x

Social Media Marketing for Businesses

In recent years, the widespread adoption of social media has transformed the digital media landscape and impacted how organizational leaders share information with the public. Business leaders actively use social media platforms to connect with past, present, and potential customers, fostering a sense of community that can enhance sales and revenue growth^{xi}. According to Crain Communications, the number of small businesses utilizing social media has doubled since 2008. Due to the significant user volume and traffic observed on these social networks each month, business leaders recognized social media platforms as valuable tools for enhancing the visibility and awareness of their business offerings and identifying and attracting new customers.

Emergence of Digital Marketing

Arising from the realm of marketing, the roots of digital marketing or digital marketing technology can be traced back to the 1980s. This era saw significant advancements in computer technology, enabling the storage of vast amounts of customer information at increasingly sophisticated levels^{xii}. The development and advancement of the Internet have led to the advent and use of social media websites and applications. These social media websites and applications have significantly changed how organizations market to consumers.

Social Media Marketing

Zhu and Chen elucidated that with the integration of social media into the online landscape, social media networks have now reached a level of popularity that rivals, and in some cases surpasses, the fundamental usage of the Internet^{xiii}.

This phenomenon is likely attributable to the primary distinguishing feature of social networking: the capacity for interaction. Unlike the conventional Internet, most social media platforms enable instantaneous communication and engagement among users. Research indicates that social media networks boast over 155 million active daily users globally, with Facebook emerging as the most prominent platform, attracting approximately 52% of users seeking immediate interaction^{xiv}.

Scholarly research into social media has rapidly expanded, reinforcing the significance highlighted above. For instance, Zhu and Chen and Howard, Mangold, and Johnson underscored social media's pivotal role in strategic marketing, urging business leaders to understand its impact comprehensively^{xv}. Social media marketing entails leveraging social media platforms to promote products or services. Most of these platforms offer built-in analytics tools, allowing company leaders to monitor user metrics, site usage patterns, and the

effectiveness of ad campaigns. Howard et al. noted that many business leaders opt to engage stakeholders—including potential customers, prospective employees, journalists, bloggers, and the general public—through social media marketing initiatives.

Much of the scholarly research confirmed that social networking websites allow individuals and businesses to interact and build critical relationships and communities online^{xvi}. When company leaders join social networking communication channels, consumers can interact with them directly. Moreover, this interaction can be more personal for users than traditional outbound marketing and advertising^{xvii}.

Scholars have suggested a significant advantage of social networking websites lies in their ability to serve as platforms where online audiences form virtual communities, enabling consumers to express their opinions, preferences, and aspirations^{xviii}. The ultimate value proposition in social media marketing lies in the subsequent connection forged between products and the audience, composed of potential consumers, linking customers and businesses based on shared positions, preferences, and desires. The research further adds that when companies engage in communication through Social Networking Sites (SNSs) with potential consumers, this personalized contact and interaction aim to cultivate loyalty among followers and potential consumers. Moreover, by allowing users to select whom to follow on social media networking sites, business leaders can refine and target their audiences more precisely, enhancing the effectiveness of their product advertisements. The study further noted that SNSs often feature information about products and services, providing prospective consumers with initial exposure to these offerings.

Many companies have embraced the necessity of incorporating social networks into their marketing strategies, prompting the advancement of strategic marketing models. The study outlined critical components of a marketing model centered on social networks. These include selecting potential social networks, developing financial plans, designing or adapting organizational structures, specifying the target market, promoting selected and targeted products, services, and branding messages, and establishing objective performance goals and measures. According to the study, over 80% of business leaders acknowledged the significance of social media for their companies. Some retailers saw a revenue increase of 113% by optimizing social media marketing efforts.

According to Dateling and Bick, social media marketing has enhanced revenue in US markets and proven effective in international markets like South Africa^{xix}. The researchers indicated that social media strategies have been seamlessly integrated into marketing practices in South Africa. These strategies include complementary communication, customer relations management, digital product promotion, online customer care services, and content distribution.

IV. MODALITIES IN SOCIAL MEDIA MARKETING

As highlighted by Aharony, Pan, Ip, Khayal, and Pentland, mobile phones offer significant business advantages^{xx}. Their usage is particularly advantageous for social media marketing due to their built-in social networking capabilities and immediate access to Internet browsing and Social Networking Sites (SNSs). Notably, just under 75% of the global population uses the Internet, with approximately 50% accessing social media accounts via mobile phones.

With the widespread availability of mobile phones, consumers can conveniently browse and access information about products and services instantly, while business leaders can continuously inform consumers of the same. For instance, to ensure real-time access to consumers, some company leaders utilize quick response (QR) codes alongside product offerings. This enables consumers to access the company website or online services with smartphones. Moreover, the research has demonstrated that many retailers aim to streamline consumer interaction by directing them to various brands using QR codes, linking consumers to different brand product information, promotions, websites, social media applications, or other mobile-enabled content. The research explained more than 100 million US users were likely to access online video content via a mobile device, dramatically increasing revenue for pay-per-view downloads, advertising, and subscriptions.

Purposes and tactics

Scholars have emphasized that a central objective of social media marketing is its role as a communication tool. Importantly, social media marketing serves as a vital platform for company leaders to reach individuals interested in their products or services, thus increasing visibility among potential consumers who may otherwise remain unaware of these offerings. These leaders leverage social media to draw attention to their products, generate excitement, and gather reactions and feedback from their target customers, which can attract new customers. Social media stands out as the sole form of marketing capable of pinpointing consumers at each stage of their decision journey. Researchers explained although many companies still used traditional media, such as printed ads, television, and radio, and those advertising outlets could be accessed, at times, at a reasonable rate, company leaders have started to use other platforms, such as Facebook, Instagram, and YouTube, to reach their target audiences.

Social Media Programs

Social media platforms and tools are accessible resources for real estate marketing (Drake-Woods, 2014)^{xxi}. The researcher provides an exhaustive compilation of the most prevalent and extensively utilized social media programs, outlining their distinct capabilities.

Twitter

Vassilakaki and Garoufallou characterized Twitter as a “microblogging service that enables users to create, send, and receive messages^{xxii}.” These messages, commonly referred to as Tweets, are limited to 140 characters or fewer. Tweets may contain text, hashtags, photos, videos, animated GIFs, emojis, or links to a product’s website and other social media content^{xxiii}. Users can express anything they wish in a message and broadcast it to their followers. Many businesses have leveraged Twitter as a platform to handle customer service inquiries. The study added that company leaders utilize Twitter to provide around-the-clock customer support, allowing customers to tweet them directly and receive timely responses, enhancing brand loyalty and satisfaction.

Facebook

According to Costine, Facebook emerged as the leading social media platform in 2017, boasting an audience of over two billion monthly users^{xxiv}. While primarily perceived as a means to stay connected with friends, family, and loved ones, research suggests that Facebook can also serve as a valuable tool for business leaders to expand their businesses.

Yelp

Established in 2004, Yelp was conceived as a user-friendly platform for consumers to engage with local businesses. According to Luca, Yelp serves as a comprehensive online directory of business profiles^{xxv}. Businesses can create free profile pages, while customers have the opportunity to visit these pages and provide reviews of their experiences with the products or services offered. Since its inception, consumer users, known as “Yelpers,” have contributed over 127 million reviews. Yelp attracts an average monthly audience of approximately 26 million visitors via its website or mobile app.

YouTube

Snickars and Vonderau stated that YouTube is a popular social media network that businesses utilize to promote their products and services^{xxvi}. YouTube is a video-sharing social network allowing users to post and share videos with the public. The research also noted that YouTube has exceeded the expectations of its creators, Hurley, Chen, and Karim, all former PayPal executives who left the company to pursue the idea of designing a program allowing users to share their personal videos with the public. YouTube can be a valuable tool for real estate brokers to showcase properties, reach a wider audience, improve online visibility, engage with potential clients, and establish themselves as industry experts.

V. SOCIAL MEDIA MARKETING TECHNIQUES FOR BUSINESSES

Taneja and Toombs stated that in recent years, the increased use of social media has redesigned the digital media landscape and influenced the way organizational leaders distribute information to the public. Business leaders have used social media to seek, engage, and develop a rapport with previous, current, and potential customers. Therefore, business leaders could grow a consumer community to increase sales and revenue.

A survey conducted in 2010 by the Small Business Success Index showed the number of small businesses using social media had doubled since 2008^{xxvii}. With the high user volume and traffic these social networks achieve monthly, business leaders seek to capitalize on social media networks to create visibility and awareness of their business offerings and identify and attract new customers.

Social Media and Real Estate

Over the last decade, technological advances have dramatically changed how people communicate and receive information. The real estate industry has seen a significant increase in consumers who shop online before contacting a real estate agent for assistance. Real estate brokers, such as many other business leaders, have struggled to keep up with ever-changing technology to remain competitive in a society with increasingly tech-knowledgeable consumers^{xxviii}. The research adds that few studies have been conducted regarding technology in marketing real estate services. Still, research has been conducted on how real estate brokers have incorporated the Internet-based multiple listing service (MLS) into their marketing techniques and how consumers have started to use the Internet to search for relative information.

VI. CONCLUSION

Social media has changed traditional marketing practices for independent real estate brokers. This study revealed the potential of social media to level the playing field for smaller real estate firms against larger national competitors. Additionally, it found that a significant majority of realtors utilized social media platforms to enhance their sales efforts. Although research in this area is scarce, the findings are promising for small independent brokerage firms looking to develop their social media strategies. Platforms like Facebook, Instagram, and others can effectively level the marketing playing field between independent brokerages and larger real estate firms. Hence, social media serves as a vital tool for independent brokers.

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