



WHITE PAPER SUMMER 2010

Facebook For Real Estate Professionals Part I: Getting Started



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Part I) Why Facebook is critical to REALTORS® and brokerage companies

We believe there are three reasons why it is critical for real estate professionals to understand and leverage Facebook in the months and years to come.

1. The emergence of Facebook as the dominant gateway to the Internet
2. The role the “Social Web” will play in changing core consumer use of the Internet
3. The ROI improvement opportunity in online marketing that Social Media represents vs SEO and SEM

a) Facebook has become the dominant gateway to the Internet

As of the date of this report, sources have reported Facebook’s audience to be more than 540 million unique visitors per month, serving more than 570 billion page views per month.¹

This makes it the most visited site on the Internet for this period. That’s right: Facebook is now a more popular destination than Google.

When you combine that sheer size with Facebook’s rapid growth trajectory (reports more than doubling in size over the last 12 months), their level of relationship and engagement with users, and their ability to monetize the site through ads – it is easy to recognize that Facebook has become the most important platform on the web today.

Certainly, real estate agents and brokers cannot afford to ignore this phenomenon. Facebook has entered our cultural mainstream. In fact, for much of the last year, women over the age of 55 were the fastest growing demographic on the platform.²

Nearly 20% of all Facebook users are over the age of 45.

Many brokers and agents have in fact embraced Facebook. Our internal calculations place the number of real estate agents on the platform somewhere between 250,000 and 300,000. However, few have formulated a *strategy for leveraging Facebook to grow their business*.

This whitepaper seeks to provide a foundation of basic information upon which such a strategy might be built.

Over the last 5-10 years, the real estate industry has evolved to understand the power of the web and largely embrace it as a marketing platform. Rightly, these individuals and organizations have invested heavily in their own websites and blogs. And they have developed competencies in driving

¹ http://en.wikipedia.org/wiki/Social_web

² Note that Facebook is a constantly changing platform. Therefore readers should expect that the information in this section is certain to change. However, we believe this represents an accurate assessment of the platform as of this writing.



visitors to those properties via search engine optimization(SEO), search engine marketing (SEM) and listings syndication.

Google has thus been at the forefront of any real estate broker or agent's mind.

However, given the rapid and widespread growth of Facebook – and the relationship dynamics that make it uniquely suited to the real estate marketing process – we believe most brokers and agents must shift their attention to this unique marketing platform.

Skeptics point out that Facebook is not a search vehicle, but there is no reason to believe that they cannot make this shift with enough scale and focus. With scale comes market power and clearly Facebook has started to amass a large amount of power.

b) The power of the “Social Web”

According to Wikipedia.org, *“The **Social Web** is currently used to describe how people socialize or interact with each other throughout the World Wide Web. Such people are brought together through a variety of shared interests.”*³

Unlike SEO and SEM, the means of leveraging the Social Web match the skill set required for traditional, offline, real estate marketing. The concepts of building a “sphere of influence,” of cultivating a “farm,” or tapping friends of friends are all applicable within Facebook.

While there is much that is new and different about Facebook, mastery of this platform for business purposes is not wholly foreign to the real estate marketer.

Much like in the real world, our experience on Facebook becomes informed by and correlated with those around us both in our immediate circle of friends and family as well as through various degrees of separation.

When it comes to content consumption in this world, keyword relevance – a critical requirement in the world of optimization for Google – is only a small piece of what makes a piece of content, image, or data compelling to a consumer of that content. In the “Social Web” what your connections (friends, colleagues, partners, family) consume and “Like,” informs the likelihood of your affinity for that same piece of content.

In effect, your network helps steer you to content you are more likely to find useful or entertaining. And since real estate has traditionally relied heavily on networking as a business tactic – both agent-to-agent and agent-to-client – we believe this new paradigm plays right into the strengths of REALTORS®.

³ http://en.wikipedia.org/wiki/Social_web



c) The ROI improvement opportunity of social media

We believe the opportunity for significantly increased Return on Investment (ROI) on online marketing efforts leveraging Social Media is real. This is primarily due to the fact that while SEO and SEM are primarily traffic and ultimately lead generation strategies, we see social media as *referral generating* activity. And as any real estate broker or agent knows, a referral is extremely more valuable than a click or a lead.

The core strategy for transaction generation leveraging SEO and SEM hinges on a multi-layered conversion funnel where visitors land on a website, register or convert into a lead, then get in contact with an agent and hopefully convert to a transaction at some point during the process. Doing this well requires skills, tools and a significant budget that many real estate brokers and agents do not possess. Generating referrals on Facebook, while demanding effort and attention, is a vastly more accessible proposition.

About ROI on SEO/SEM driven leads

Tracking the conversion funnel has proven very challenging for even the most sophisticated brokers and agents. And even the most successful only see conversion rates in the 1-3% range from lead to transaction.

But regardless of the actual conversion rate, an SEO or SEM campaign must produce a huge amount of leads that will not close just to achieve one deal. This often proves costly and frustrating.

SEO and SEM strategies rely on the broker or agent's ability to get a prospective buyer or seller who does not know them but happens to find their website through organic or paid search, to reach out and become receptive to building a relationship after being solicited. Within that process there are countless opportunities for the client to abandon the process online or offline.

Social media is a referral generation platform

Meanwhile, we know that the majority of the agent's business is won the old fashioned way, through word of mouth referrals. This is what makes social media (and as of the time of this document, primarily Facebook) so appealing as a marketing platform. The medium is meant to facilitate engagement, relationship building and, ultimately, introductions and referrals.

We believe there are four components to leveraging the Facebook platform for building a "sphere of referrals."

1) Staying in touch with your network

Facebook is an environment where *lightweight engagement* – casual, social, episodic contact – rules. This makes it much easier to find opportunities to reach out and contact people for a variety



of reasons. Birthdays, new babies, vacation photos- these all provide opportunities to stay in touch in an engaging way.

2) Growing your network

Facebook also provides tools to grow your network by “friending” clients, partners and others as well as by publishing content that attracts people to “friend” you or “like” your business pages.

3) Establishing yourself as an expert

It is very easy to post useful, engaging and insightful content on Facebook with the goal of positioning oneself as a subject matter expert. It is also very easy to abuse this tool and become a spammer.

4) Prospecting and insights

Facebook and other social media platforms also provide an opportunity to identify and research prospects with an eye to starting a relationship in a non-threatening way.

Part II) Facebook 101 – What you must know⁴

a) Personal Profiles vs Facebook Pages

Personal Profiles

Profiles are the heart and soul of the Facebook experience today. The Profile is an individual’s core presence on Facebook, consisting of any or all of the following:

- Photos and videos of the individual, their friends and family
- Biographical and demographic information
- Friends on Facebook
- Interests, activities, events, comments and “Likes”
- Work and school information
- Affinity groups, memberships, etc
- Facebook applications used

At the point of this publication the vast majority of use on Facebook is interaction around Personal Profiles. This is also true of REALTORS® on the Facebook platform.

Facebook Pages

⁴ Note that Facebook is a constantly changing platform. Therefore readers should expect that the information in this section is certain to change. However, we believe this represents an accurate assessment of the platform as of this writing.



Facebook Pages (sometimes referred to as Business Pages and formerly known as Fan Pages) are topic or business related pages created by individuals, businesses or organizations. These pages are administered by individuals or groups of Facebook users and instead of having “Friends” associated with them they have “Likes” (see below).

Use of pages in the real estate industry to date has generally taken one of five forms:

1. Pages that promote a real estate brokerage firm or related business
2. Pages created by individual REALTORS® to promote their own services
3. Pages created by individual REALTORS® around a theme or topic
4. Pages created by REALTOR® associations, MLS's, vendors, etc
5. Pages created by REALTORS® or Brokerages around a specific community or area.

b) Community Pages and Facebook Groups

- Community Pages - In addition to Facebook Pages, one can set up a “Community Page” around a topic or cause. These pages can be created by individuals or Facebook sometimes creates a “Community Pages” around a popular subject such as Snowboarding (<http://www.facebook.com/#!/pages/Snowboarding/107496599279538?ref=ts>). If you create a “Community Page,” and it becomes very popular (attracting thousands of fans), it will be adopted and maintained by the Facebook community
- Facebook Groups - The third option is the creation of a Facebook Group. This allows individuals to communicate directly with other Facebook “members” who share a professional interest or hobby. Membership can be open to the general public or restricted to approval by the creator

c) “The Wall”, News Feed, Most Recent Feed

The Wall

This where most of the average user’s experience takes place on Facebook. Essentially a stream of posts by the user, their friends and pages they “Like.”

The wall is where most engagement happens.

News Feed & Most Recent Feed

Facebook provides its users two “streams” of information - the default Top News Feed, and the Most Recent feed.



It's easy to understand the Most Recent feed. That's where all posts from your network go (Friends' status updates, posts from pages you "Like", etc). In order to help improve usability, Facebook created the Top News feed to filter content/posts in a way they think will make them more meaningful to you.

The Top News feed is the default feed everyone sees and *that's where you want your content posts to end up*. As an end user it's a subset of posts from your network - essentially it's what Facebook feels is going to be most interesting to you.

To determine what goes in that feed they created an algorithm called *Edgerank* (see below).

It is important to understand that both of these streams of information include opportunities for engagement.

d) "Likes", "Shares" and "Comments"

There are 3 main ways for people to engage with content posts, pages, photos, etc on Facebook.

1. Users can "Like" a page, photo, individual comment, etc. This is done by clicking the "Like" link or button. "Liking" a page subscribes a user to its feed, and also tags their profile. "Likes" for any type of content trigger a notification from the user.
2. Users can "Share" posts, photos, videos, etc by clicking the "Share" link associated with that content. This triggers a notice to the user's network with the associated piece of content.
3. Users can "Comment" on any post, photo or other piece of content. This comment is displayed with the content and a notice is posted to the user's network on their Personal Profile.

e) EdgeRank 101

EdgeRank is the algorithm that Facebook uses to decide what goes in the Top News feed

For context, an *Edge* is what's created when anyone interacts with a piece of content ("Likes", Shares, Comments, etc). Creating a content post itself the first time also creates an Edge. The fact that the algorithm is called EdgeRank, and that an Edge is all about interaction - tells you something very insightful about what Facebook thinks matters to users. While Google cares about relevance of content and external popularity via links, Facebook cares about interaction and engagement. It is critical to bear this in mind when formulating your Facebook strategy.

Remember that creating a piece of content in and of itself creates an Edge. But how much more EdgeRank that content gets (and therefore how likely it will be that it makes it into the Top News feed) depends on three things:



- 1.) Affinity between creator of the Edge and viewer
- 2.) Some weighting by the type of Edge (like, share, comment)
- 3.) How long ago the Edge was created

EdgeRank optimization

While strong SEO (Search Engine Optimization) typically relies on a variety of technical skills (keyword research, site structure and tags, unique relevant content, inbound links) it appears that the core of EdgeRank optimization is to create content that people want to engage with (by sharing, liking or commenting).

Part III) Success tips for Brokerage & REALTORS®

a) Set goals

Like any successful marketing program it is critical to establish goals that help you track performance, improvement and ultimately ROI on your Facebook efforts.

We recommend a few specific types of goals to get started:

- Goals around building your network
 - The number of new “Likes” of your business page(s) per month
 - The number of new Friends per month
- Goals around engagement
 - Percentage of posts that are “Shared”, “Commented” or “Liked”
- Frequency/cadence of posts
 - Average number of posts per day
- Return on Facebook investment – these rely heavily on some ability to track the source of activity with some effectiveness
 - The number of listing leads generated
 - The number of buyer leads generated
 - The number of sides transacted



b) It's about engagement

As you can tell from our discussion about EdgeRank above, engagement matters. It matters not only in terms of a given piece of content's likelihood of making it into the Top News Feed, but also in terms of establishing yourself or your company as credible sources of insight and subject matter experts.

In fact, those who consistently post non-engaging content (especially those who do so often) risk incurring a severe penalty. Users on Facebook can easily censor these folks by using the "Hide" button, which removes all content posts from a given user from the feed. Or worse, the user could unfriend your Personal Profile or Unlike your Facebook Page.

We strongly recommend thought and strategy go into post creation. Here are some simple tips:

- Consider the extent to which each post is interesting and conversation worthy
- Use questions, Quizzes and polls to tease engagement
- Try controversial topics (within reason)
- Watch best practices from other people and businesses. What types of posts are getting comments? What are getting shared?
- Always, always put yourself in the shoes of your network. Ask before posting, "Would I find this interesting; would I engage with this piece of content?"
- Vary your content. Even though you are in the real estate industry, you don't have to talk real estate 100 percent of the time

c) Manage it as a program

We believe one of the most common mistakes around using social media as a marketing platform is that it is done opportunistically and reactively rather than *systematically*. Imagine an advertising campaign that had no creative strategy to it, no thinking as to its reach and frequency, and no measurement. This is a program destined to fail. Your approach to social media and to Facebook in particular must be thoughtful.

Therefore, it is key to treat social media marketing as a program:

- Set explicit goals (as discussed above)
- Have a sound "creative" strategy in terms of the types of content posted
- Schedule the various activities on a regular basis
- Measure them, recalibrate, then measure some more



d) Build your network

There are essentially two types of network growth you can attain on Facebook- an increase in your Friend count, or an increase in the count of people who “Like” your Page(s) (what used to be called your Fan count). By increasing these counts you are inherently increasing your audience for content posts and engagement.

Growing your network of Friends is relatively straightforward and can be done with just a small amount of regular effort. Some strategies include:

- Leveraging Facebook.com’s on-site tools and suggestions for finding Friends (via schools, workplaces, friends of friends and so on)
- Seeking out friends of friends by identifying them on Personal Profiles of your friends and then sending a friend request
- Creating a habit of “Friending” new people you meet offline on Facebook

Growing your network of Page “Likers” relies on slightly different strategies. At the core, there are three ways to do this:

- Publish engaging content on your Page(s) that gets widely Shared, Liked and Commented on. This will spread your content into the Feeds of your existing “Likers” and will likely attract new ones
- Solicit your Friends to visit and “Like” your page both on Facebook as well as blogs, websites, etc.
- Buy ads on Facebook or elsewhere to get people to “Like” your page. Obviously this strategy assumes that you can measure the effectiveness of and put a value on audience development

e) Create relationships, not Spam

One of the most important things to remember about the Facebook platform is that it is fundamentally a place to build relationships and engage with people. Usage tends to be casual, relatively quick and spontaneous. And while the ad platform on Facebook is clearly evolving, as of this printing the majority of the use is still for personal interaction.

This does not mean that it is an ineffective tool for generating referral business. Just the opposite, it means that it is a place to build relationships and in doing so tee up potential referrals.



Therefore, those who approach Facebook marketing with an eye to building personal relationships and engaging in interesting ways will have a significant leg up over those who treat it as a direct marketing channel where you generate a lot of spam to get a small number of leads.

Part IV) Facebook and the future

a) Why Facebook will only become more important

We believe Facebook is still in the early stages of its ascendance and will only become more important over the next 2-3 years. Despite already having more than 500 million unique users worldwide and much higher engagement numbers than Google, the platform is still developing.

As a result we forecast two significant developments in the near future which should prove to be further inflection points increasing both the size and the importance of the platform:

1. Facebook should emerge as a hyper-targeted ad platform and network for advertisers of all sizes. Facebook has the ability to target users not just based on content being consumed, but more importantly on individual demographics, psychographics and those of their friends. Once advertisers begin to leverage this unprecedented level of ad targeting the result should be a hugely profitable business for Facebook which should significantly impact their ability to grow and invest in the platform.
2. Despite Google's dominance today, Facebook is in a position to challenge them for the lead in search. Admittedly, today Facebook search is not anywhere near as compelling as the search experience on Google. But its current use of Bing search and its ability to understand the "Likes" of individual users and their friends implies that Facebook is in a position to take search to the next level by layering social knowledge on top of relevance.

If either of these developments come to pass, there will be no question of Facebook's ability to dominate the web.

b) What to expect and prepare for

We encourage real estate professionals to put focus on the following things as they strive to remain relevant in the always evolving technology world:

1. Follow the steps in this white paper to begin to develop a competency for leveraging Facebook as a referral network marketing platform
2. For those using paid online marketing vehicles successfully today, we suggest you begin experimenting with targeted advertising on the Facebook network in order to start some baseline understanding of its ROI



3. Watch Facebook search closely and think about your web presence both on Facebook and off (blogs, websites, etc) in terms of the likelihood of it showing up in search as that develops

Part V) Closing thoughts

The question is no longer “if” Facebook will be important. Now it is merely a question of which real estate professionals will develop an edge in the years to come by building a competency for using it *now*.

Real estate professionals exist in a unique place in the business and technology world. Their professional lives are tightly intertwined with their personal endeavors. This presents unique challenges when approaching Facebook – in the sense that extensive use of the platform for personal use may impede its effectiveness for business purposes – it also presents great opportunities. Never before have so many contacts and contacts of contacts been so reachable.

This is a real estate marketer’s dream – one we believe is well worth pursuing.