



Top Producers Embrace Technology

2012 WAV Group MLS
Technology Adoption Study

September 2012

WAV GROUP

Prepared by Marilyn Wilson and Mike
Audet
waves.wavgroup.com

Table of Contents

WAV Group 2012 MLS Technology Adoption Study..... 3

Background..... 3

Setting Realistic Adoption Expectations 3

Survey Findings 8

Key Takeaways and Recommendations 14

For More Information 17

About WAV Group..... 17



WAV Group 2012 MLS Technology Adoption Study

Background

MLSs face many decisions about what technology services to offer to their members. Budgets are tight and decisions need to be better justified than ever before. MLS technology committees and leadership need to sift through hundreds of products and multiple presentations before deciding what types of products make the most sense for their members. It is a difficult and expensive task to provide meaningful, relevant and contemporary product offerings to help agents and brokers better serve the needs of their clients. The first annual WAV Group MLS technology Adoption study was designed to help MLSs better understand the types of technologies being used most often.

We hope this report will help your MLS have a better understanding of what successful adoption looks like. The report is also designed to provide you with tangible ways to improve adoption of the technologies you have chosen to offer to your customers.

Setting Realistic Adoption Expectations

When MLSs evaluate technologies, they are looking for tools that are most likely to experience strong adoption and usage by their subscribers. It's important to note, however, that not all subscribers are created equal. The MLSs that participated in this study proved, once again, that the 80/20 rule is alive and well. In just about every case, 20% of MLS subscribers complete 80% of the transactions. It's interesting to note that there is definitely a correlation between sales success and technology usage. Agents that close more transactions are also more likely to adopt new technologies. To ensure a successful rollout, MLSs need to consider the needs of top producers.

One MLS we interviewed told us that 35% of their members have not completed a transaction in the past 12 months. In an even more dramatic example, another MLS told us that 63% of their subscribers had not completed a transaction in the past 12 months.

Even with this type of sales concentration, most MLSs still think of adoption based on their entire subscriber base. This is simply not realistic and can even be dangerous. If an MLS chooses technology based on the need to achieve adoption for the masses without thinking about the true value of the tool, they may make decisions based on the lowest common denominator, rather than providing the best tool for the most active producing agents.



Technology decisions need to be made to serve the needs of those that are driving the industry with transactions. Instead of thinking about achieving 40% adoption of all customers, how about thinking about 50% adoption of the most productive agents? It is no easy task to achieve 50% adoption, even among top producers, but it is more likely given the proactivity of this group, and their need for automation and valuable client-facing tools.

Some products are also critically important for a particular customer segment. Buyer's agents, for example have very different needs than listing agents do. They need ways to demonstrate local neighborhood expertise and a strong ability to guide a consumer through a transaction. Agent ratings, for example, can be very valuable to buyer agents to demonstrate their strong customer service and attention to detail. Many MLS tools that focus on online property marketing, for example, are not that relevant for buyer's agents, but in order to serve the needs of all of your customers, MLSs need to think about finding products that serve this important group as well.

Appraisers are another traditionally underserved group. In research surveys we conduct for MLSs across the country, we often hear that appraisers do not feel they get the full value from the MLS because many products are not built for their needs. MLSs can think about offering better analytics tools and even appraiser-specific offerings to satisfy the needs of this important group. MLSs can also market products they currently offer to agents and brokers with appropriate appraiser messaging. Products like RPR and FIND can be very helpful to appraisers.

Here's a more meaningful way to project and calculate adoption of technologies considering the concentration of sales success among top producers:

Top Producer Adoption Calculation:

Number of Subscribers:	10000
Percent of Top Producers	20%
Number of Top Producers	2000
Total number of users	1000
Top Producer Adoption	50%

Adoption Percentage of Total Subscribers $1000/10000 = 10\%$

Adoption Percentage of Top Producers $1000/2000 = 50\%$

While 10% adoption is not considered a huge amount of adoption using traditional calculations, it is actually quite impressive considering the concentration of sales activity within the industry. Newer tools like Mobile Search, RPR, Electronic Signatures and others that achieved and even exceeded these percentages are quite impressive. It is very difficult to breakthrough the REALTOR® audience unless you have clearly demonstrated that you are offering a relevant, meaningful and valuable technology.



Target products to specific customer segments

Many MLSs today are starting to think about their subscribers as individuals. Gone are the days when “one size fits all” offerings rule the day. Some agents are much more focused on mobile solutions. They conduct the bulk of their business from their iPad. Others are much more high touch, needing support to reach out regularly via auto prospecting tools. Still others are more quantitative, using market stats, Walkscores, and blogs to demonstrate their local expertise. In order for MLSs to remain relevant, they need to first identify the needs of each of their specific subscriber segments and tailor solutions that will match their unique requirements.

When addressing the needs of unique customer segments, it’s important to look at the relevance of a product for their unique needs. Some products, like mobile, for example, are extremely important to the subset of subscribers that consider themselves mobile agents. There may be only 15% to 25% of the MLS audience that is extremely focused on mobile, for example, but for these mobile agents, they cannot live without mobile offerings from their MLS. They want to stay in touch with their clients in real-time and they need strong connections to the MLS to accomplish this task. Progressive MLSs are now looking at adoption rates based on the addressable audience, not the entire subscriber base. Some categories have lower adoption rates than others, but that does not mean that MLSs should not offer them. It just may mean they need to balance their adoption expectations accordingly, based on the real potential user base.

It is also important to start thinking about different ways to pay for MLS services. If it is clear that only 20% of the subscriber base is interested in a tool, for example, a site license may not be the best option. MLSs should consider licensing access to these tools in tiers, or as used, only paying for licenses for the projected number of agents that will use a particular tool.

The 2012 WAV Group MLS Technology Adoption Study will help MLSs understand what tools are truly ubiquitous. Public Records and MLS systems clearly are, for example. The report also highlights the up and comers – the technologies that have experienced adoption spikes in the last couple of years. Not surprisingly, this list includes social media tools, showing appointment software, mobile, transaction processing and RPR.

Top Producers - More Committed to Technology

The 2012 WAV Group Technology Adoption Study indicates there is a correlation between an agent’s interest and commitment to effective use of technology with their success. 86% of Top Producers in the study stated that technology is either very or extremely important in their real estate business. The study also examines the particular types of technologies that are most prevalent among Top Producing agents. Some products like lockboxes and document management are clearly used more often by top producers, likely because they simply have more listings and process more



transactions. Some others, like RPR (Realtor Property Resource®), and others seem to indicate that top producers are more focused on providing insights to their clients to demonstrate their unique expertise. Educational resources like RE Technology.com are also used more heavily by Top Producers, likely because they are consistently trying to learn new ways to improve their use of technology.

Methodology

WAV Group fielded a nationwide with the participation of 25 MLSs geographically dispersed around the country. The survey was fielded to individual agents and brokers asking them which products they use and how often they use them. There were 10789 respondents to the survey.



Thank you to the Participating MLS/Association Organizations

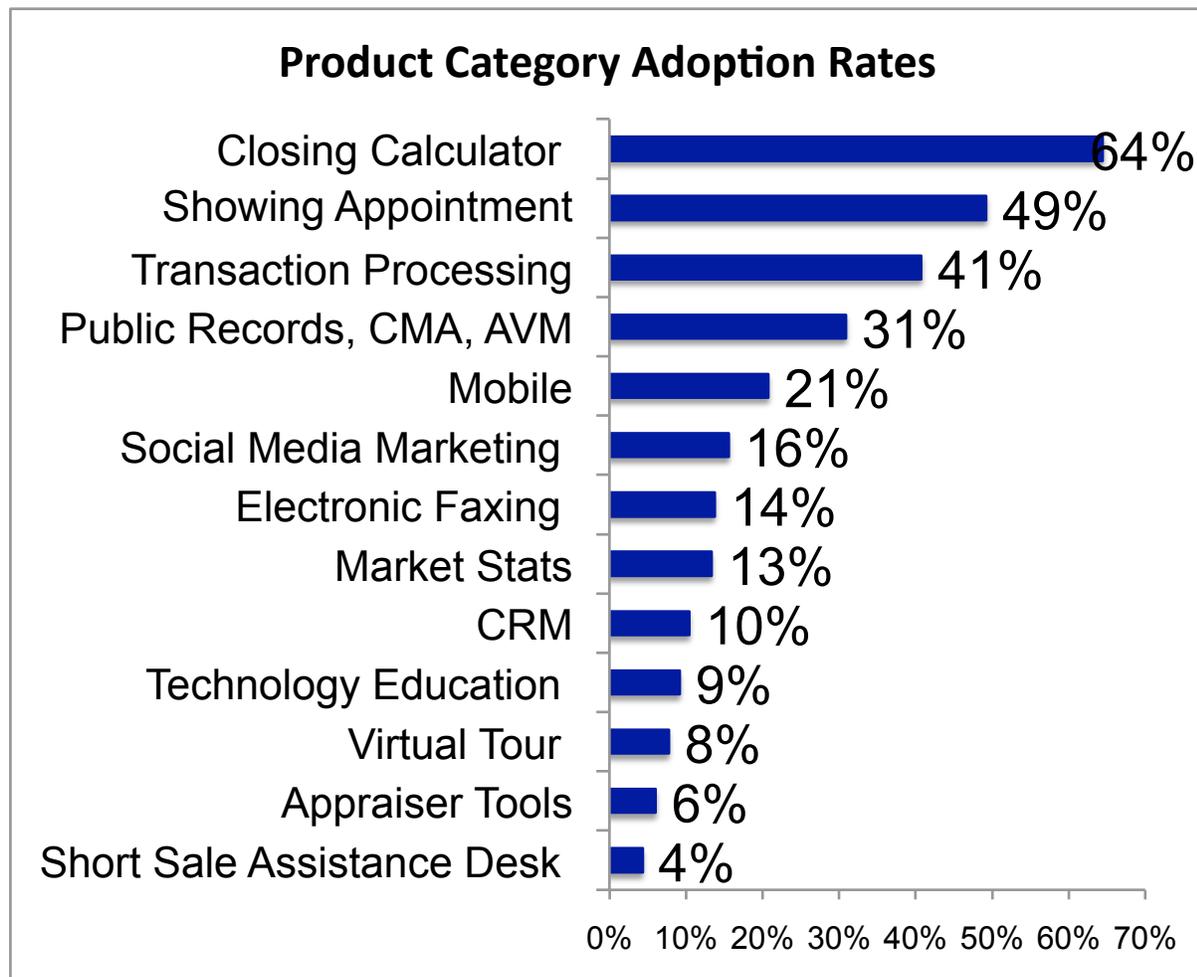
WAV Group would like to thank the following MLSs for their generosity in fielding the survey:

- ARMLS
- Central Coast Regional MLS
- Charlottesville Area Association of REALTORS®
- Coastal Carolinas Association of REALTORS®
- Hi Central MLS Ltd.
- IRES MLS
- Jackson Area Association of REALTORS®
- Metrolist Denver
- Miami REALTORS®
- MLSListings
- MLS PIN
- Monmouth County Association of REALTORS®
- Multilist Service of Springfield REALTORS®
- Naples Area Board of REALTORS®
- Northern Nevada Regional MLS
- Northwest Wyoming Board of REALTORS®
- Outer Banks Association of REALTORS®
- Real Estate Information Network, Inc.
- Sandicor MLS
- SIRMLS
- South Central Kansas MLS
- Spokane Association of REALTORS®
- Staten Island Board of REALTORS®
- Trend MLS
- Warren County MLS

Survey Findings

Super Category Adoption

WAV Group gathered data on nearly 100 individual products offered in the MLSs that participated in the survey. WAV Group collapsed those results into a few “super categories” to help get a read on key technology adoption trends. Since some products deliver multiple benefits we rolled up some categories to make it easier to digest. Listingbook, for example is a lot more than CRM tool, but we added it there for simplicity sake. RPR, is another example. The product includes AVM, CMA and Public Records and even direct marketing services so we rolled them up into the category with other public records, CMA and AVM tools. Electronic faxing could also be included in transaction processing, but since it is so popular we left it as a separate category.

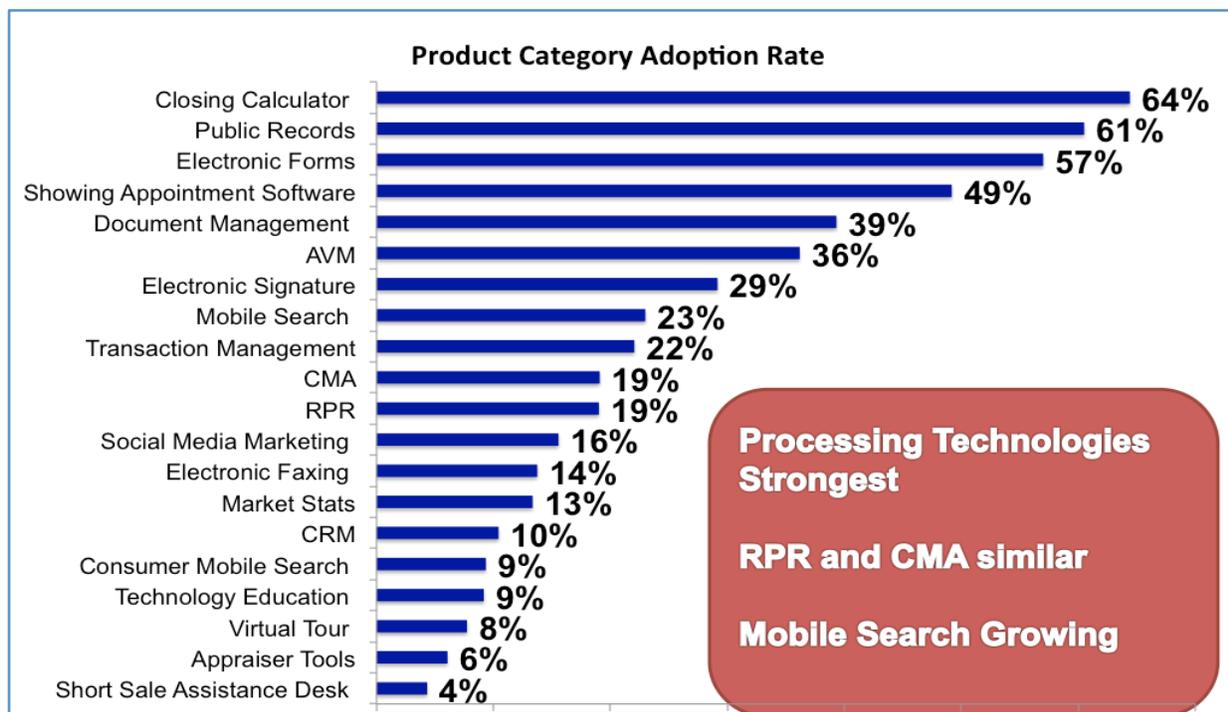


WAV Group 2012 MLS Technology Adoption Study

- Closing calculators are very popular as well as transaction processing tools including digital signatures, document management and electronic forms. In the past 12 to 18 months, usage of electronic signatures has skyrocketed making online document management even more valuable in the real estate industry.
- Showing appointment software has really caught fire in the recent past as well. Agents now understand how valuable it is to schedule appointments and provide listing feedback via online tools.
- Public records, AVM and CMA tools are also very popular. These are core tools used regularly by real estate professionals to help demonstrate their market expertise with their clients. Adoption of public records software as well as aggregated tools like RPR is driving this adoption trend.
- Mobile and social media marketing are also experiencing strong adoption. Mobile agents who pride themselves on responding to their clients in real-time are clamoring for more MLS support in these two important areas. In other research WAV Group has conducted, we have heard clearly from agents they want add/edit capabilities on their mobile devices. In effect, they want most of the functionality of the MLS system available to them at their fingertips.

Detailed Category Adoption

Closing Calculators, Public Records and Electronic Forms were the most popular categories for usage among respondents. Showing Appointment software, Document Management and AVMs were the next most popular categories of adoption. Electronic

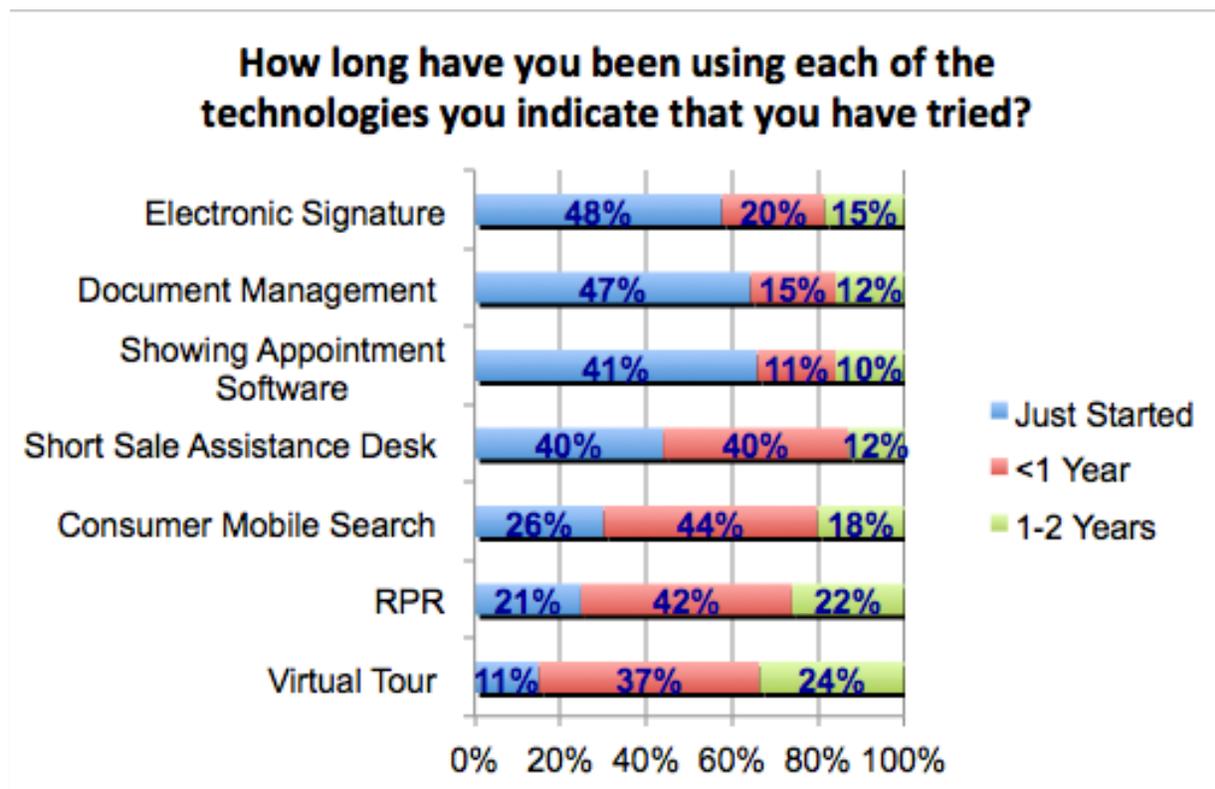


signatures and mobile search are coming on strong along with transaction management and RPR, especially for top producers. Consumer mobile search and technology education tools like RETechnology.com are also growing aggressively. As mentioned earlier, any adoption rate over 8 to 10% for the entire audience is very strong given the concentration of activity with top producers. Every product on this list has exceeded these adoption percentages making them all viable categories for today's REALTORS®.

Emerging High Growth Categories

WAV Group also examined the categories that have shown the most adoption in the short-term.

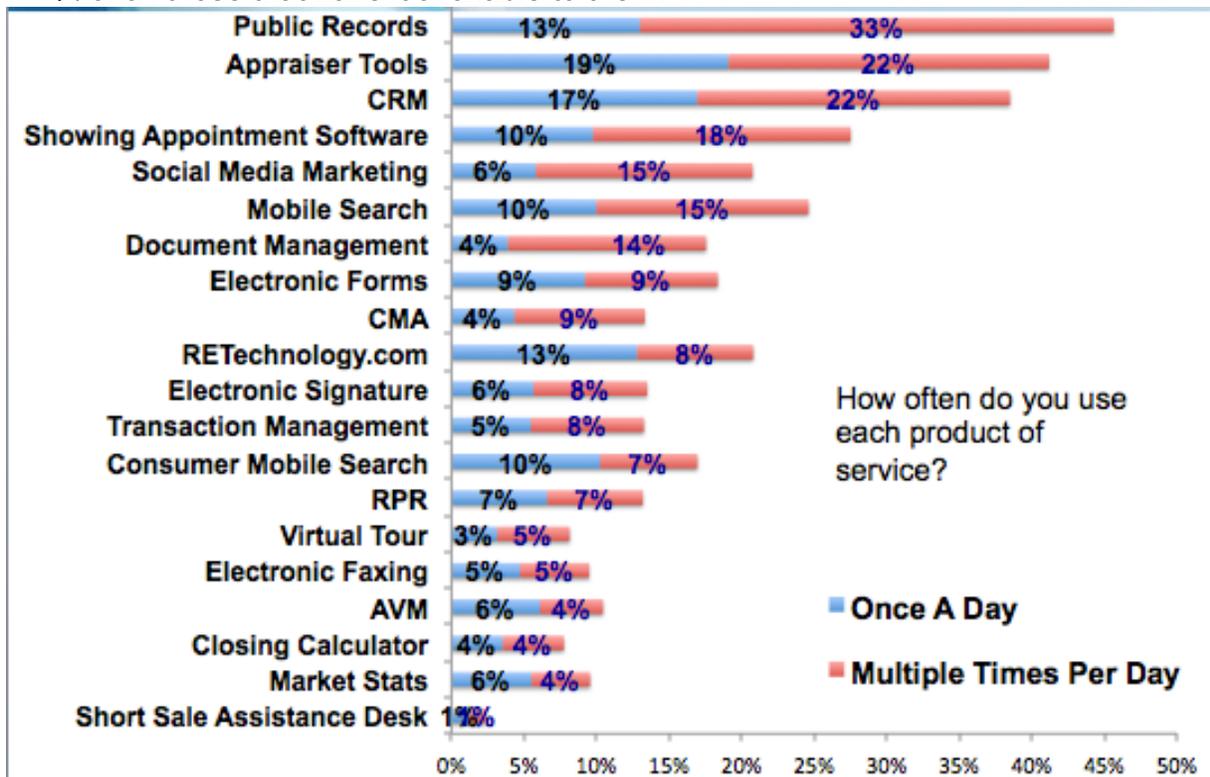
- Electronic signatures top the list followed by document management and showing appointment software.
- Consumer Mobile Search and RPR have also grown aggressively in the past couple of years.
- The Short Sale Assistance Desk has experienced adoption recently, even though overall adoption rates are still relatively low.
- Now that more MLSs are offering Virtual Tour programs adoption of these important tools have also been strong in the past couple of years.



Technology Usage Trends

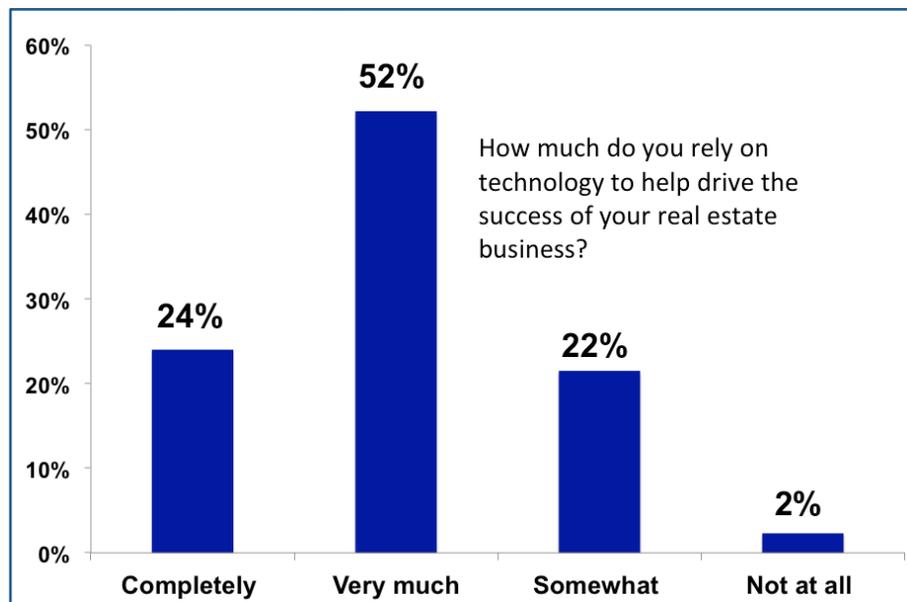
WAV Group also looked at the amount of usage for each of the technologies being offered by MLSs. The following list shows the

- Public Records are used more regularly followed second by appraiser tools used by the appraisal community.
- Client Relationship Management tools are used regularly by nearly 40% of those that use it.
- Showing appointment software and mobile are also used quite often throughout the real estate sales process.
- Document processing tools are less often because they are tied to the amount of transactions completed.
- RETechnology.com, a technology education site, is used regularly by approximately ¼ of all those that have it available to them.



Technology – Important Part of Sales Success

The respondents to the survey told WAV Group that they believe technology is one of the keys to their success. 76% rely heavily on technology to help drive their success.

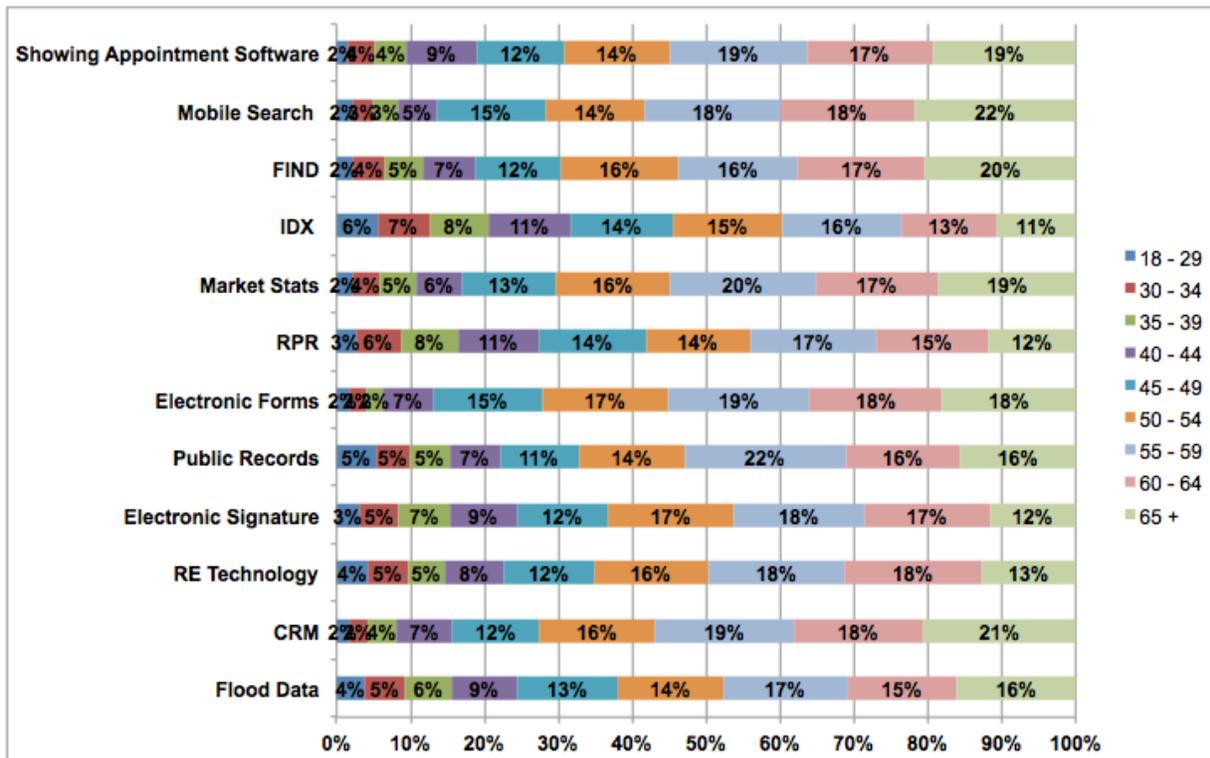


Top Producers Rely More Heavily on Technology

Interestingly, top producing agents rely on technology more than average to help drive their success. Those agents that sold 20 or more sides in the past 12 months use technology at nearly 2 to 1 the rate of those that only sold 1 to 2 sides in the past 12 months. Interestingly, 8 times as many agents who have not sold any real estate do not rely on technology at all compared to those that sold 20 or more transactions in the same timeframe.

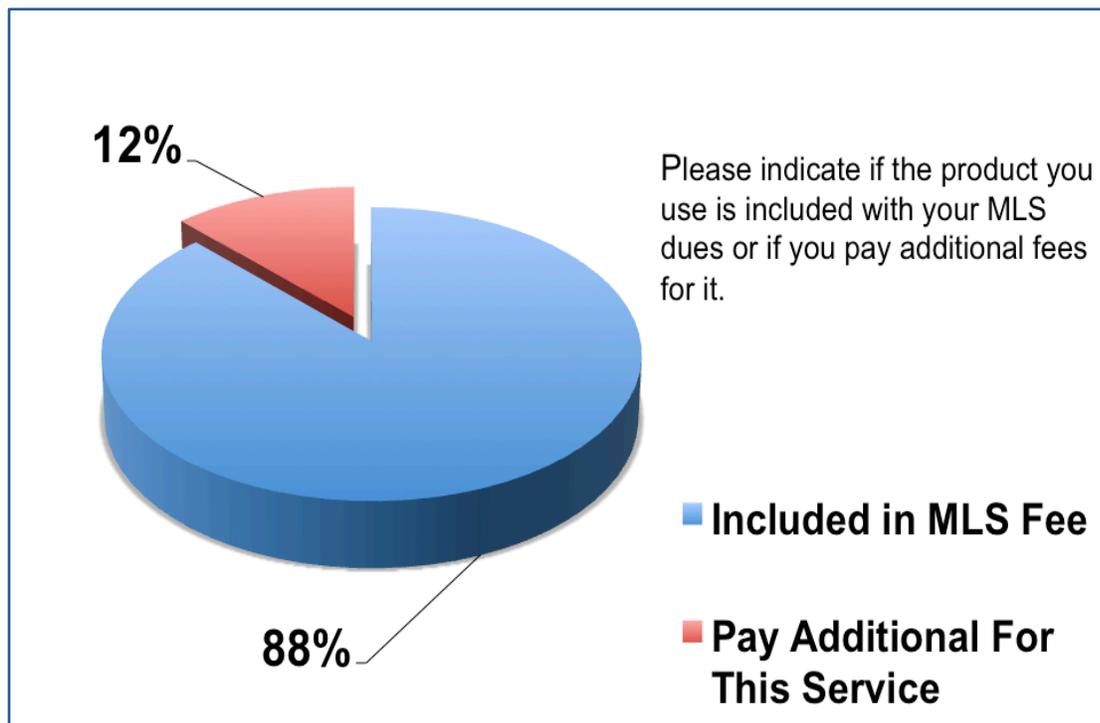
Adoption By Age

Some technologies are more popular with younger consumers than others. IDX and RPR are among the more popular products with those that are 49 years of age and younger. This may be because younger agents appreciate the consumer's interest in data, CMA's and AVMs. It might also be because both of these types of tools provide very consumer-friendly ways to engage with today's real estate clients. FIND, Mobile Search, Marketing Stats, Electronic forms and CRM technologies are used more heavily by those that are 55 and up. This may be because many of the top producers who are involved with more customers skew a bit older than average.



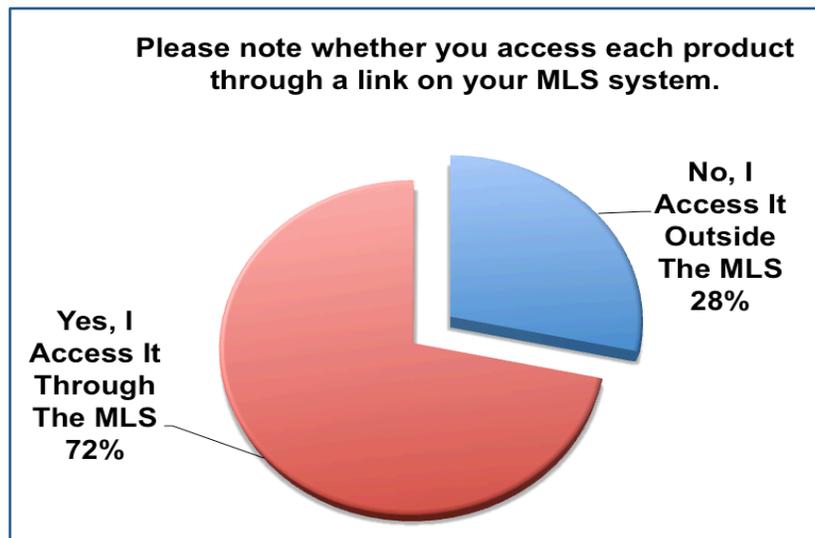
Most products are included in MLS dues

Most products that are being used by real estate professionals are included in the MLS dues. 12% are upgraded to Pro versions and purchasing products offered by the MLS.



Stronger Adoption When Integrated Inside the MLS

Most of the products featured by MLSs are integrated within the MLS system according to respondents. MLSs share success stories with us about how adoption increases significantly when technologies are embedded within the MLS system. Ideally document processing tools, marketing technologies and showing appointment software is embedded at the listing level to make it really easy and convenient to access tools in real-time.



This data supports MLSs who plan to offer premium tier services or online stores for software.

Key Takeaways and Recommendations

Project Adoption Based on Top Producers, NOT the Entire Customer Base

It is critical for MLSs to evaluate their adoption trends based on their percentage of top producers, while disallowing those that who have not completed or who are not actively involved in selling real estate e.g. appraisers, holding a license etc. Remember to use the formula outlined earlier in the paper as a way to measure adoption. Do not rely on simply calculating a percentage of adoption based on the entire subscriber base.

Continue to Evolve Your Service Offerings

It is important to stay in touch with the ever-changing technology trends and client needs to be sure the MLS suite of offerings is staying current and relevant. Sometimes MLSs will have to make the hard decision to discontinue service offerings if they are no longer serve the best interests of the subscriber. MLSs may also want to consider shorter duration contracts to give them more flexibility.

Define Market Segments and Align Your Solutions to Meet the Needs of Each of Them.

All members are not created equal. It's important to define the needs of several customer segments and then align your service offerings to be sure the MLS is relevant and valuable for all types of customers. This analysis may also help the MLS identify ways to sell additional products and services to their subscribers increasing the average value of each subscriber while becoming even more relevant and valuable. We are not a "one size fits all" industry anymore. Progressive MLSs consider performing a customer segmentation analysis to truly understand the needs of their members. WAV Group offers segmentation analysis services to MLS or can guide you in this process if you need a head start.

Re-think Site Licenses

Since some products are extremely valuable to only a subset of the MLS customer base, MLSs may want to re-think the universal use of site licenses. There may be times when it makes more sense to layout tiered pricing and purchase licenses for just a portion of your membership.

Re-launch Products Quarterly

Even with terrific technology product offerings it's difficult to break-through to each of your members. MLSs can partner with their technology providers to re-launch each of the product offerings quarterly. Ask the vendors to offer webinars, articles for your newsletter, video descriptions, and video testimonials of satisfied clients. Free services like RE Technology can also support driving product awareness and adoption.

Encourage Shareholders and Brokers to Promote Products

It's also important to enlist the help of your shareholder associations and brokers to help get the word out as well. There is no better way to build awareness than to attend broker office meetings or MLS technology events. Help agents understand the value of all of the products you offer them. When you add up the retail value of products offered re worth hundreds of dollars.

Monitor Adoption/satisfaction/relevancy Regularly

It's important to keep track of the adoption, usage and satisfaction of each of the services you offer. Ask each of your technology partners to provide you with adoption statistics every month so you can track progress. Ideally, vendors will also provide you with usage stats so you can monitor how much engagement each product is experiencing. Third, monitor satisfaction scores for each product. Ideally, satisfaction for every product will be measured at least annually if not bi-annually. Be sure to share



the results of the satisfaction study with each vendor and ask them to address the key issues/suggestions outlined by your subscribers.

Test Market Products Before Offering Them as Part of the Core MLS Subscription

Some products are worth offering as a site license. One way to find those gems is to offer the product for sale to your membership base. If usage grows to more than 25% for a paid subscription you probably have a winner. At that point you can then negotiate a site license and offer it to all of your customers.



For More Information

If you have any questions about the survey results or methodology, feel free to contact us at info@wavgroup.com.



About WAV Group

WAV Group is one of the leading real estate consulting firms in North America. The firm specializes in ways to help MLSs drive success by making smart, informed decisions using research, testing and analysis. Its clients include many of the leading MLSs and Associations as well as leading state and national associations including the National Association of REALTORS®, California Association of REALTORS®, Texas Association of REALTORS® and many others.

If your organizations would learn about ways to make better decisions about choosing technologies to offer to your members or more effective ways of building adoption, WAV Group can help. Feel free to contact us at info@wavgroup.com.

