



2014 WAV Group Road Map to Listing Syndication

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Introduction

Listing syndication to online portals is in the throws of a revolution in real estate today. Listing syndication has followed a philosophical pattern first envisioned by the German philosopher G.W.F. Hegel in his triadic process – thesis, antithesis, and then synthesis. This paper will walk through the first two phases of the process, discussing the evolution of the original thesis of listing syndication followed by the new roots of today’s chaotic antithesis. The industry is developing a plethora of new models to transmit listings for online advertising at a pace that is eroding the effectiveness of the process in a significant way. However, out of this chaos of antithesis we are beginning to see a glimmer of new publishers who seek to be the best possible partners to brokers. A new synthesis is on the horizon.

The Birth of Listing Syndication

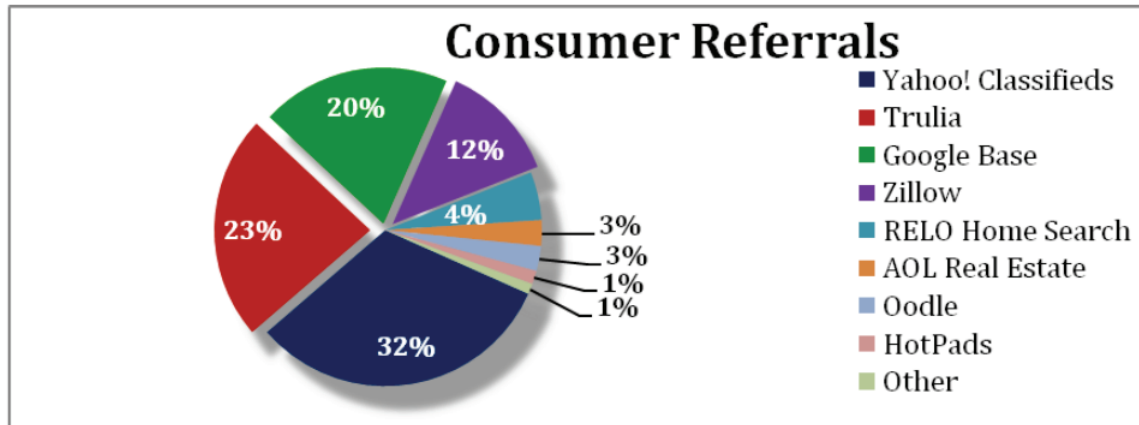
In 2004 to 2006, listing syndication to online publishers played an important and strategic role in the success of real estate brokers. At the time, firms in competitive markets who carried between 100 and 150 listings were spending \$1 Million annually on print advertising. The print advertising was not effective in generating many leads, but it was done because *the seller insisted and the agent agreed*. There is something magical about seeing your home and your agent’s photo in the newspaper that stirs the soul. Unfortunately, print was not financially sustainable. Brokers needed a way out. Consumers had already fled to the internet for property search, and brokers needed a way to cut their advertising budget. Portals solved the print crisis by offering marketing to millions of consumers shopping for listings on Yahoo, AOL, Google, MSN, and so many others – more reach at a fraction of the cost. Newspapers became nursing homes where advertising dollars went to die. Brokers took up the initiative of manually duplicating listing input onto into publisher websites, or providing crude FTP data feeds.

To the credit of the founders of Listhub, namely Ira Luntz, Mark Wise, and Luke Glass, syndication emerged as a simple construct. There was one company, and they handled the listing syndication needs for the entire real estate industry. Their business model was disruptive in that it was a free service. MLSs could offer the service free to their participants (brokers). WAV Group performed a case study on syndication effectiveness in 2008 to understand the emerging trend of MLSs providing syndication services. At issue was the age-old consideration of the MLS leveling the playing field by giving every broker the ability to access push button listing syndication. At that time, brokers were more than willing to pass the burden of syndication over to MLSs. Kelli Charbonneau, Vice President of Operations at Dickson Realty in Reno was quoted saying *“A primary role of the MLS is to provide data services to brokers and agents. We support and applaud NNRMLS (MLS in Reno Nevada) for their leadership in taking this burden off of our shoulders, and embracing all brokers in their listing syndication strategy. It would be great if all boards supported us in the same way.”* At the time, Listhub supported 21 publisher sites: Google Base, Yahoo, Trulia, Zillow, AOL Real Estate, Homescape, MyREALTY, Hotpads, Vast, CLRsearch, Military.com, Backpage.com, FrontDoor, Local, Home&Land

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(customers only), ReloHomeSearch (Leading RE members only), Cyberhomes, Oodle, Propbot, Lycos, and LakehomesUSA. Today they publish to more than 200.

Our case study focused on the benefits of syndication to brokers. Unlike print, digital advertising can be measured in terms of clicks and leads. Here is a snapshot of the data at that time.



WAV Group 2008

Figure 1: Source WAV Group 2008

At the time, Yahoo was the leader in driving consumer traffic to broker websites followed by Trulia, Google Base, and Zillow. The story was quite different when you counted leads.

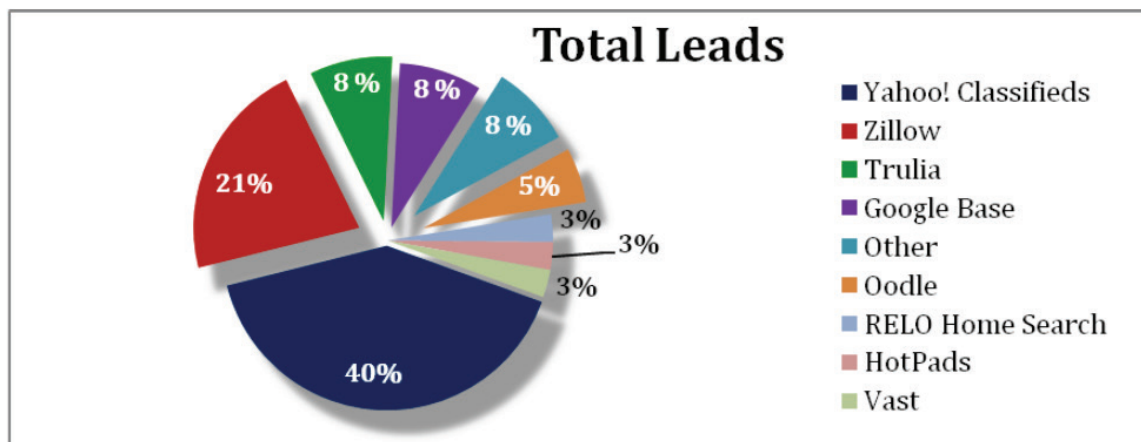


Figure 2: Source WAV Group 2008

Yahoo actually picked up market share when it came to leads by lead source. Zillow had a healthy second place showing and all of the other sources struggled to drive 1 in 10 leads. Websites that were offering lifestyle data and public record data began to produce more leads.

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New Problems Emerge

The primary problem that emerged with Listhub was listing Re-Syndication. Craig King, Chief Operating Officer of Chase International said: *“When brokers are sending their listings through Listhub from the MLS, they do not expect their data to be overwritten by some other source. This is an ongoing problem that we would like Listhub and the MLSs to help us with.”* And King goes on to say, *“It would be an impossible effort to monitor our 600 listings on 21 websites everyday.”* Clearly Mr. King identified the root of a problem that has only worsened now that the number of syndication solution has expanded, and the number of sites presenting listings has ballooned to more than 200 – some in foreign languages! Brokers have clearly lost the ability to monitor their data across all of these sites. Single source syndication with daily update is the only path to listing accuracy.

There was a secondary impact of Listhub’s emergence. 180 new publishers emerged. The age-old barrier of publishers gaining access to broker listings was removed. For a few thousand dollars a month, any publisher could join the ranks of the Listhub publisher network. Perhaps the most famous of these new cowboys of the property search frontier were Zillow and Trulia. They developed amazing consumer facing websites and poured millions into traffic generation. Consumers relished the new standard of online home search, rich with lifestyle data, school data, home valuations and public record data. Eventually, sellers began to demand syndication advertising instead of print advertising from their listing agent. It took about 10 years, but that is the norm today. Thankfully, sellers have stopped demanding newspaper print advertising.

Most brokers dismissed these problems, only too glad to have made the transition away from print and avoid the high cost of newspaper advertising. The 2008 WAV Group Broker Website Effectiveness Study measured the impact of search engine optimization, pay-per click, online banner advertising and listing syndication. Of the 1.5 million consumers visiting broker websites, only 15% of visitors came from all of those efforts combined. The key goal of the broker was to divorce its reliance on the newspaper, so they empowered the shift to digital marketing to save costs without much regard to setting a long term structure for data management in place.

Terms of Use on Third Party Websites

By the end of 2009, brokers began to look suspiciously upon third party websites who were displaying their data. These sites had taken over as the de facto voice of consumer property search and they were bullishly charging brokers and agents to have fair display on their own listings. This issue persists today as firms have some concern about their ability to encourage consumers to use broker and agent websites. Any time there is an intermediary between a broker and its consumer, especially one that charges a gate fee, there is pause for concern. WAV Group took a deep dive into this issue in a paper published in November of 2009 titled Terms of Listing Syndication to Third Party Listing Websites. The subtitle was *Read the Fine*

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Print, and that is exactly what WAV Group did. What we found disgusted many brokers, encouraging some like Shorewest, Edina, and others to stop all listing syndication.

- Indefinite use of data
- Indefinite sharing of copyright
- Broker indemnification of all legal action
- Publisher freedom to re-syndicate or sell data
- Publisher freedom to re-productize data

Brokers had successfully stopped the bleeding on newspaper advertising but had done so in a way that threatened their ownership of listing data.

Franchise Disruption

Franchise websites were a casualty of the shift to listing syndication. By March of 2011, no franchise consumer website ranked in the top 10 for online consumer search in real estate (*Source: Hitwise, 2011*). One of the key values of broker affiliation with a franchise is the franchise website. There was a time when Realtor.com was the top consumer property search portal, followed closely behind by RE/MAX and the REALOGY brands. HAR.com, the public facing website of the Houston Association of Realtors was also in the early mix. As was SoCalMLS.com, the consumer website of the largest regional MLS based in the Los Angeles Area. At the time, only a few very large brokers like Edina Realty, Howard Hanna, Long and Foster, ZipRealty, Wiechert, Fox and Roach Realtors, and Ebby Holladay could compete with the franchise brands. When Listhub took over syndication, new publishers began to compete with franchise and MLS consumer websites, effectively taking over the spot occupied by the franchises, large brokers, and most MLS consumer sites. Leads from franchise sites dried up and brokers began to question their value – especially the National Advertising Fee or NAF that was going to online advertising and not yielding leads to franchise brokers.

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Most Popular Websites in Business and Finance - Real Estate ranked by Visits Share

Month of March 2011

Report Details ▾

Custom ▾ Chart ▾ Add To Dashboard ▾ Export ▾

<input type="checkbox"/>	Websites (4,363 returned)	Total Visits	Visits Share ▾	Rank Feb 11	Rank Jan 11	Rank Dec 10
<input type="checkbox"/>	1 Realtor.com	25,617,520	6.51%	2	3	2
<input type="checkbox"/>	2 Yahoo! Real Estate	23,893,154	6.04%	1	1	1
<input type="checkbox"/>	3 Zillow	21,067,835	5.36%	3	4	3
<input type="checkbox"/>	4 Trulia.com	18,198,144	4.63%	5	5	4
<input type="checkbox"/>	5 Rent.com	10,073,841	2.56%	6	6	5
<input type="checkbox"/>	6 Homes.com	9,044,699	2.30%	8	7	7
<input type="checkbox"/>	7 MSN Real Estate	6,914,603	1.73%	7	9	8
<input type="checkbox"/>	8 AOL Real Estate	6,535,745	1.67%	16	18	10
<input type="checkbox"/>	9 ZipRealty	6,281,924	1.59%	9	8	6
<input type="checkbox"/>	10 Apartment Guide	5,893,901	1.50%	10	10	12

Figure 3: Source Hitwise March 2011

In 2011, WAV Group published a study called Syndication 2.0 whereby we offered some suggestions to the real estate industry to harness some of the issues created by listing syndication.

1. Go back to single source syndication
2. Require a data license
3. Develop an API so you no longer send listings; just let publishers relay the data from the content owner's server (not take a copy of it).

To the credit of Alex Perillio and the team at REALOGY, they tackled the task of regaining franchise website significance by partnering with Listhub and contracting directly with publishers. One of the significant features of listing syndication is the link back to the listing source. REALOGY negotiated to send listings from their franchise databases to the publishers and linked back to the franchise brand websites. Other franchise brands followed their lead and suddenly the franchise sites regained their rightful place of traffic leaders just below the national publishers. They became a primary single source for their franchisees. They also negotiated data licenses, but the nature of those data license agreements remains confidential between the brands and the publishers. REALOGY also enriched their sites with neighborhood and school data to narrow the consumer experience gap, but did not go as far as public record data.

Trumping Rules Emerge

Listing syndication services became the rage by 2011. Dozens of companies began offering listing syndication as a feature of their product. Magazines like Homes and Land syndicate. Virtual Tour providers like Property Panorama syndicate. Agent syndication products like Postlets emerged prominently. Agent website products like Point2 syndicate. The goal was to

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connect the consumer to the listing agent using that back link. Someone forgot to think about the ramifications of the same listing being sent by multiple sources to the same publisher. Publishers were getting 4 million listings a day without a method for choosing which to display. Publishers soon found an easy solution. They displayed the listing from the source that paid them for enhanced listings.

This simple solution caused another round of storms. Once again, franchises found themselves facing a dilemma. Either they paid publishers to display their listing or other listing feeds would trump them. Again, REALOGY emerged by negotiating terms with the publishers. They found a win-win balance whereby their feed to publishers would trump others in return for promoting discounted pricing to their broker franchisees. Publisher income immediately bounced up and franchise websites gained back much of their traffic. However, the problem of multiple feeds of the same listing on non-premium advertising persisted. Moreover, some brokers began to look at franchise brands in the same light of third party sites – as competitors who siphon off traffic that should go directly to the broker site.

Every publishing company has its own trumping rules. For the most part, these are not published. But as best as we can tell, they follow this approximate order. Anyone who pays has their listing displayed in first position with the link back in the feed honored. So if an agent is paying and they want the link back to their agent website, and their agent website provider is sending the data to the publisher, that listing will be displayed. If the broker is paying but the franchise feed is the data source, the link goes back to the franchise site rather than the broker site unless the broker sends a direct feed.

After paying customers, manually entered listings trump everyone. If an agent sets up an account and adds a listing directly, that listing prevails. Next up, franchise feeds prevail. That is the agreement between most franchises and publishers. Broker feeds fall in behind franchise feeds. Direct MLS feeds and MLS feeds from Listhub fall in behind broker feeds. Bringing up the rear are Virtual Tour, Magazine, and other random feed sources. As a sidebar – franchises, MLSs, and brokers all use Listhub. So in some cases – Listhub is sending the data more than once by virtue of agreements with different data sources. It's a mess, and listing accuracy becomes a big problem. Remember, these are general perceptions of trumping order. There are all kinds of agreements that alter this and there are also variances from publisher to publisher. Note – this is not a Listhub problem. They are the pipes that move data. They are agnostic to the listings flowing through their pipelines between the data source and the publisher. They refer to themselves as Switzerland – the routing source of all listing currency.

Listing Accuracy on Third Party Websites

In 2012, WAV Group repeated research that evaluated the accuracy of listings on third party listing websites. At the heart of the research was the discovery of how bad the problem is and what its ramifications are. When listings are inaccurately advertised, chaos ensues. Consumers feel like they are victims of information fraud or the classic bait-and-switch scam. Agents are

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bombarded with leads on listings that have long been sold, expired, or gone off market. It is a broken system. The research looked at the major metropolitan markets and found the following key issues:

1. It took 7 to 9 days for new listings to appear on third party listing websites.
2. 36% to 37% of listings on third party websites were not for sale
3. Only 79% to 81% of for sale properties were being displayed on third party websites.

To the credit of publishers, they have little control over listing accuracy. They do not control the flow of data upstream of their website. They have no way of knowing accurate data from inaccurate data. Trulia launched an initiative (Trulia Direct Reference) that some MLSs have adopted that will use the MLS data to match and append listings on their site. Zillow too has entered into direct syndication agreements with MLSs. Although these MLS agreements are isolated, they do improve accuracy by providing the same quality, depth, and timeliness of data that Realtor.com and broker websites offer.

My listing, my lead

If you ask any broker or agent about their frustrations with listing syndication today, there is one loud and clear frustration: *my listing, my lead*. The listing data is the property of the broker. Wherever it goes, that broker is responsible as the legal custodian on behalf of the seller. In 2013, Clareity Consulting published a collaborative document called the Syndication Bill of Rights. Here is a synopsis from that publication:

- Publisher will display the listing firm contact information
- Publisher will display the link back to the listing firm
- Advertising on the listing will be clearly marked
- Publisher has a process for ensuring data accuracy
- Publisher displays the source of the data and the time stamp of the last update
- Publisher recognizes the intellectual property of the broker
- Publisher will not charge for aggregating reports
- Publisher prevents screen scraping
- No re-syndication or distribution to another party
- Publisher does not power other websites

Source: Clareity Consulting: <http://clareity.com/wp-content/uploads/2013/06/State-Of-Syndication-2013.pdf>

Contract Alignment Efforts

In response to broker demands, MLS concerns, and the widespread industry applause for the Clareity Syndication Bill of Rights, Point2 initiated an effort called Contract Alignment. Point2 is

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arguably in the second seat behind Listhub for listing syndication. The Point2 initiative has five key elements:

- It defines the roles of the content owner in licensing and distribution of listing data
- It defines the terms and conditions of use from the source of the listing data.
- It defines the role of Point2 in enforcing compliance
- Creates a mechanism for publishers to acquire more rights
- It aims to help content provider extract value or compensation for the value of the data.

In summary, Point2 is looking to differentiate itself by going further than Listhub to establish the role of the listing syndicator as an agent for improving the relationship between data owners and publishers. To date, there has been little traction for contract alignment efforts with Point2, but it has influenced the mindset of brokers who view their data as an asset. WAV Group believes that this framework will become a wellspring of future relationships between listing brokers and publishers.

The Best Publisher: Chase Bank

Wrapping it all up, we would like to identify the best citizen of the publisher community. Our goal was to answer one question: “What publisher adheres to the best practices and principles of listing syndication today?” WAV Group poured through the listing display, terms of use, data licenses, and other key elements that threaten brokers when they choose publishers for online advertising. We discovered an unlikely candidate: Chase Bank and their mobile application Chase My New Home.

Interestingly enough, the primary goal of this publisher is to display listings on the Chase My New Home mobile app. Chase is promoting My New Home to their 50 million Chase customers. Only the listing broker is displayed. There is no mechanism for Chase to ever charge any broker for any advertising product. There is no competing advertising on a broker listing. All leads go to the listing broker or their agent. The user interface is clean and easy to navigate with engaging lifestyle data powered by Onboard Informatics. Frankly, they have the most pristine Listhub scorecard we could find.

- ✓ Link to broker site
- ✓ Full broker and agent contact information listed
- ✓ No consumer registration required
- ✓ No fees required
- ✓ No re-syndication
- ✓ Does not power other sites
- ✓ Provides support in 1-3 business days
- ✓ Updates daily
- ✓ Removes inactive listings daily
- ✓ Provides view and inquiry reports

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- ✓ Provides listing error reports
- ✓ Prohibits others from scraping or reusing data

Be sure to download the Chase My New Home app to take a careful look at the way they execute the display of broker and agent branding on broker listings. We were also pretty impressed with how they deployed Onboard Informatics community information to complete the listing.

Conclusion

Brokers are in the driver's seat on listing syndication. They have the control to choose if they syndicate or not. When they syndicate listings, they have the control over the terms of use. Publishers will be pressed to confirm to more mutually beneficial business agreements with brokers to retain the partnerships that are in place. If companies like Chase lead the way and gain widespread adoption, there may be a shift that will better serve everyone – the consumer, the publisher, and the broker. Publishers who command the bulk of their revenue from the agent and the broker will continue to prosper with existing and new innovations that support the industry's needs to generate results from online marketing. However, they will do so in a way that respects the broker's data as the broker's asset, and represents that broker's best interests along the way.

About WAV Group

WAV Group is a leader in providing research and consulting services to the real estate industry, and is comprised of corporate executives with a depth of expertise in both the real estate industry as well as the consumer market.

For more information or to register to receive report releases and newsletters please contact Victor Lund at 805-709-6696 or victor@wavgroup.com.

WAV Group research operates with the support of many of the nations largest real estate brokerages, franchises, Multiple Listing Services, REALTOR® Associations, and technology vendors in the US, Canada and Europe. WAV Group has expertise in the areas of strategic planning, technology evaluation, product development, market research, recruiting, sales & marketing plan development, technology selection and implementation, and Training.

