

Online Advertising for Real Estate offering Retargeting Technology for Digital Ads Trained to Find People in Local Areas in the Market to Buy or Sell a Home



Jed Carlson
CEO
Adwerx

CEOCFO: *Mr. Carlson, looking at your site Adwerx, I see, “Brilliantly simple advertising for Real Estate.” How do you do it?*

Mr. Carlson: We make digital ads that are designed to find people in a local area who are in the market to buy or sell a home. Those ads are created on behalf of real estate agents who are our customers. They can either be advertising a property that they are listing or they can be advertising themselves to those people who may be looking for a real estate professional to help them.

CEOCFO: *How do your ads help the consumer? They are helping your clients, but how do your ads lead the consumer to choose your clients?*

Mr. Carlson: Familiarity creates confidence. One hundred years of advertising has shown that repetition of a brand helps instill that recall and builds consumer confidence in a product or service.

When we help a local real estate agent place their ads in front of the right audience and “follow them” around the internet, it creates awareness of and confidence in that agent. And it might help sway the choice that home shopper will make about who they would work with.

The average person in the US knows more than three real estate agents, just in our personal network. So it’s not a question of, “Who can help me?” It is more of a question of, “Which one of these agents should I work with?” We try to help sway that decision.

CEOCFO: *How are the ads following people around as they search?*

Mr. Carlson: This has probably happened to you: you shop online and you look at a product on Amazon. But you don’t buy it. Or maybe you do. But then, as you browse the web or you go on your Facebook page, ads for that product start to show up everywhere.

That technology is called retargeting. When we find the right people that are in the market for buying or selling a house, we tell the ads to follow those people around. They may be using mortgage calculators, or they are researching moving companies. These are real estate browsing behaviors. And when they do one of those activities they become the target for the ads. That means the ads appear when they go on Facebook, or they appear when they go into a mobile app or anywhere on the web.

Again, that comes down to repetition; we want to get that real estate agent’s brand in front of that home shopper repeatedly within a short period of time -- hopefully before they have made a decision on which agent they are going to work with.

CEOCFO: *How do you know when to stop retargeting? Is there a certain timeframe when stop trying to engage?*

Mr. Carlson: Yes, we do! When people have not done those real estate browsing behaviors activities for thirty days, they will stop being a target for the ads. Until they do that activity again, and then they will be in the pool for roughly thirty days.

CEOCFO: *Are people embracing more private browsing these days or not really enough to have an impact?*

Mr. Carlson: The answer is yes. Private browsing is on the rise and ad blocking is on the rise. It is significant, but not so significant that it makes retargeting ineffective or reduces the audience by much.

However, there are times when private browsing cannot prevent you from being retargeted.

For example, if private browsing is turned on, but you go into Facebook, Facebook can sell retargeting capabilities to the advertisers. You can't really escape it. It isn't using cookie-based technologies. Facebook does not need cookies. They actually know who you are because you are logged in.

CEOCFO: Do you typically deal with a particular firm or with specific agents?

Mr. Carlson: It is typical for us to work directly with the agents. We do have relationships with many of the real estate firms. Those relationships are primarily designed to help us market our products to their agents, and offer a discount to those agents that are affiliated with the firm.

CEOCFO: Do potential clients come to you knowing what they want, whether it is listings by zip code or by some of the other ways that you target or do you help them pinpoint what is most effective?

Mr. Carlson: Most of them come knowing what they want. The interesting thing about the real estate industry is that most of what we do online mimics the things that they have been doing offline for years.

For example, agents use postcards to target their marketing by postal code or zip code. They do direct mail. Many of them have a specific way they do things, and in working with Adwerx, they are adding an online component.

And we are here to help them. We have a real support team here six days a week to answer the phone and live chat with agents, but the majority of agents know exactly what they want.

"We want to get that real estate agent's brand in front of that home shopper repeatedly within a short period of time -- hopefully before they have made a decision on which agent they are going to work with." - Jed Carlson

CEOCFO: Your sample ads are clean and crisp...They do not have a lot of clutter. Is that the trend? Is that the way that you think it works best? Why do you have that format?

Mr. Carlson: Studies show that cluttered ads are difficult to scan quickly. You only have a split second of someone's attention, so we always try to encourage agents to lead with one message.

Don't try to fit ten messages in your ad. Nobody wants to read. They want to scan and get it. That is partly why we make our ads so clean.

The other reason is that our ads are based on a template that is designed to work for any agent, so they are very standardized. A photo goes here, a tagline goes there, a phone number goes there, a firm logo goes there.

There are some natural constraints to our ad template that we do not like, because we have to take into account all the different logo shapes and sizes and the length or peoples names and all that stuff. However, agents always have the option to upload any creative they want to specifications. They probably need a graphic designer for this. But they can go create any ad they want and use our system. We just offer an easy template in case they do not want to.

CEOCFO: Would you walk us through the results? We know, in general how it works and why it works, but would you be a little more specific?

Mr. Carlson: The goal of an Adwerx campaign is primarily brand awareness. Again, what we are trying to do is find the people who are in the market for real estate right now or about to come in the market because of the sites they are browsing and the types of things they are doing on the internet and to try to get this agent, our client, into the conversation.

Recent studies show that 70% of people hire the very first agent that they call. Therefore, being called first everything. And we are trying to influence that decision by keeping agents in front of their target audience and keeping them top of mind during that critical phase when homeshoppers are looking for real estate online.

As far as results go, we report the number of times an agent's ad is shown to that target audience in that zip code. We also report the number of times the ad was clicked. Those clicks go to the agent's website, and the agents are then responsible for knowing what happened to that visitor when they got to their site. We can't track that.

Therefore, we show them impressions and clicks. But there's also the anecdotal data. We hear back from agents, in many cases, that people come up to them at the grocery store and say, "I see you everywhere!" It is very similar to the effect of a billboard on the highway or the agent yard sign. Only it's a digital sign that's targeted at certain people.

CEOCFO: *If you had several agents at one firm or you had a lot of agents in one general locality, do you rotate where the ads go? Is this the same audience? How do you handle multiples?*

Mr. Carlson: That is a good question. We do limit it. There are only five spots per zip code. And when I say spot, I mean that five different agents can each buy one spot or one agent could buy all five spots and have exclusivity in that zip code.

Each spot costs between \$50 to \$100. When there are multiple agents in the zip code, the ads will rotate. Therefore, a consumer might see Jane Smith and then on the next page they might see Bob Jones. So let's say the consumer clicks on Jane Smith's ad. Then we stop showing them all the other agent ads and only show them Jane Smith's going forward. Therefore, they've expressed a preference or an interest, and we try not to distract them with other agent ads.

CEOCFO: *Some zip codes have a great deal of people in them! You limit to five and in some localities that is fantastic and it is not bad in most others. Why 5?*

Mr. Carlson: The postal service averages about ten thousand people per zip code. There is some variance, but it might even be less than you think. If it is a rural zip code, they try to just extend the geography big enough to capture roughly ten thousand people. They are not always successful doing that just because of population densities.

But what we found is that some zip codes are more valuable than others. Therefore, we have wait lists hundreds deep in zip codes like Washington DC, Southern California and some of the hotter real estate markets. That's where the houses are expensive and climbing, and where there is a lot of agent competition. Those are the zip codes that were just sold out quickly and probably will be forever.

CEOCFO: *Have you considered having premium zip codes and charging more for them? Have you considered a structure that depends on the value of the area?*

Mr. Carlson: Absolutely. As I said, the zip codes for the desktop brand product vary from \$50 a month up to \$100 a month. Our mobile ads vary from \$99 a month to \$199 a month, depending on the value of the underlying zip code.

We look at the zip codes like a monopoly board. There is definitely a Boardwalk and Park Place. And there is definitely a Baltic Avenue! We price accordingly. However, it does not change the fact that even the most expensive zip codes tend to be the ones that are sold out.

CEOCFO: *What is the competitive landscape for Adwerx?*

Mr. Carlson: I will give you two different answers. On the one hand, there are many different marketing and advertising options for real estate agents. That ranges from the physical -- post cards and newspaper ads and billboards, bus wraps and things like that -- to the digital.

Many agents work directly with companies like Google and Facebook to run various types of advertising. Therefore, we compete for that wallet share or marketing spend. However, I also argue that what makes Adwerx different and the reason that it has got so much traction is because of how simple we have made buying digital advertising.

Really, our product is especially for people who cannot do self service advertising because it is too complicated, and they cannot do full service because it is too expensive. However, they do not want to operate Google Adwords and Facebook campaigns, and all of these different networks that they would have to learn a lot about.

We make it as simple as this: you tell us your name and you click four times and give us your credit card. And you're done. You are doing really sophisticated digital marketing and it took you two minutes get going. We call it hyper-simplicity. It is hyper-simple to use our product.

We have a lot of agents doing digital that have wanted to do digital, but have been intimidated by it. Finally, we provide them a product that makes them say, "Even I can do this! This is easy!" There are many agents that are opening their wallets for the first time to digital.

CEOCFO: *What has changed in your approach over time?*

Mr. Carlson: Many things that we knew have been reinforced, and we learned a couple of new things.

For example, in the words Benedict Evans, mobile is eating the world. It is already over. Everyone thinks it is mobile verses desktop, but mobile already won! It won in 2014 and it's not looking back. As a result of that, we created a mobile advertising product last July to address that.

I will tell you the thing that I have learned that just keeps coming back in every business I run, including this one. Simple wins. Just flat out, if you make a good product and you make it easy for people to use, they use it.

Complex is difficult and very, very hard to sell, especially when you are selling to the very small businesses like we are. They are too busy helping their clients and being great real estate agents. Asking them to be amazing digital marketers is asking someone to have two wonderful career professions. That is a lot. Therefore, the key is to make it simple and to always listen. Keep listening to your clients, because their needs are changing, and if you listen carefully they will show you the path forward for their business.

CEOCFO: *Is it the high producers that tend to use your service or is it really across the board?*

Mr. Carlson: It is across the board. The really high producers use it because they do everything. When they hear of a new localized branding tool they do it, because they get it! They say, "Wow, one hundred bucks a month?" They have ten thousand, thirty and fifty thousand dollars a month account budgets in the marketing. They want to own their back yard.

However, the upstarts or the emerging agents are looking for an advantage. They are looking for a leg up. You could say the emerging agents are using it for offence. The experienced agents use it for defense, to continue to protect their back yard and their territory.

CEOCFO: *What is ahead? What might be different a year from now at Adwerx?*

Mr. Carlson: We anticipate going into other verticals with this product. Real estate is technically the second vertical. Adwerx is a spinout of another company that I founded in 2006 called ReverbNation.

We built this ad product for musicians inside of ReverbNation. It was very successful; so much so that we tried it in real estate. It went so well that we spun the company out into Adwerx. Therefore we have to plans to do other verticals and help other small businesses that could benefit from a product like this.

CEOCFO: *Why should real estate agents choose Adwerx?*

Mr. Carlson: It is simple. It is affordable. It takes two minutes to set up. For those agents out there that want to be doing digital advertising and want to be doing other sophisticated versions of digital advertising, but simply and affordably, there simply is not a better choice than Adwerx.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

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