



Connect!

REAL RELATIONSHIP MARKETING IDEAS



Thinking about your Return on Relationship™

by CHAD RUEFFERT

Ted Rubin is the guy who coined (and trademarked) the term Return on Relationship™ (ROR). He's written books and gives speeches across the country about how to leverage your social media into real relationships that help build your business.

Ted believes the same thing that I believe, that your marketing focus needs to be on building relationships, not a customer base, and that you should be consistently managing, growing and monitoring that relationship base to maximize the value you get out of each person.

On his website he says, "ROI is simple dollars and cents. ROR is the value (both perceived and real) that will accrue over time through loyalty, recommendations and sharing."

While Ted is talking mostly about social relationships and how they affect larger brands, I think there is much to be learned from this idea for the individual real estate professional.

Let's walk through the potential Return on Relationship vs. Return on Investment that a real estate agent can generate from just one current customer. Let's make a few assumptions:

1) You are a 40-year-old Realtor who plans to retire at 60.

2) Your current customers, The Donahues, are a first-time homebuying couple in their early 30s.

3) They are purchasing a home of \$200,000 and you are sharing the 6% commission.

4) You do a great job and they are pleased with your service.

From the initial buyers' agency commission, you will earn \$6,000 in gross revenue. Divide that by whatever marketing dollars, education dollars, desk fees, company splits and other investments you made that led to this sale and you have your return on investment.

If you're like many agents, you'll send a thank you note, maybe a closing gift, and friend them on Facebook. But over time, you'll quietly disappear from their lives. In a year, they probably won't remember your name. That's not a joke. It's estimated that only 30% of buyers and sellers can pick the name of their Realtor off a list 12 months after the closing.

Or, you could do what the most successful real estate agents do and start a relationship marketing campaign that will help you maintain, nurture and market to that past customer. If you do, your Return on Relationship will be much higher than your original return on investment.

In our example, you plan to stay in real estate for another two decades. Just maintaining loyalty from The Donahues means you should expect an additional two sales and two purchase sides as this young couple builds a family and increases their wealth. It's realistic to estimate \$36,000 in future income over 20 years from this one relationship.

Loyalty is just one aspect of Return on

Relationship. Recommendations and referrals are truly what provides the return. We are operating under the assumption that you did a great job for The Donahues. If someone asked them, they wouldn't mind giving you a positive review.

If you are implementing a solid relationship marketing program, your sphere will go one step farther for you. With the right kind of relationship, they will actually OFFER the referral, rather than waiting to be asked. They will actively bring up your name and provide a referral every time the subject of real estate is mentioned.

You don't even need a lot of effort on their part. Just one family member, one co-worker or one friend of theirs who becomes a buyer or seller each year. Just one solid referral every 12 months turns into \$6,000 per year for the next 20 years. Your total return on relationship now sits at \$156,000.

Even if you spent \$1000 per year wining, dining, schmoozing and generally building a great relationship with The Donahues to earn those referrals, you still have a 780% return on relationship marketing. That seems like money well spent.

Are you thinking about your customers as transactions or relationships? The answer can mean millions of dollars over your career.

Chad Rueffert is the president of Braintree Marketing, Inc., a full-service marketing consultancy specializing in the real estate industry, and the creator of the From Your Friends Relationship Marketing Program.

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