

## **MARKETING STRATEGY**

Your marketing strategy is an overall plan, in other words, the big picture. What are you trying to accomplish? By what time? How can it be done? There is nothing wrong with high aspirations or the “power of positive thinking.” But if your goals are not realistic and you think that you or your agent can control the market, eventually you will realize the folly.

There are three basic strategies to consider, one of which will suit you. They are:

- ◆ The classic approach
- ◆ The (maybe) top dollar approach
- ◆ The quick sale approach.

Through the entire home selling procedure remember this: **You** are the seller. **You** decide what your price will be at any given time, and whether you will accept any particular offer. Also, **you** will reap the benefits from your good decisions or bear the consequences of your less-than-good decisions.

The **classic approach** to a marketing strategy is the mainstream approach rather than one of the extremes that will be discussed later. It is the correct strategy for more than 90% of home sellers and is probably the right one for you. In the classic approach, you will enter the market at exactly the right price and sell in two to ten weeks. If you sell in less than a week, your asking price **might** have been a bit low. Do not worry too much about this happening to you. It's rare. Further, it can be “self-correcting” if handled properly. But if your home languishes on the market, the price has proven to be higher than the market will bear. Up to 50% of home sellers err on this side and cost themselves time and money. Your agent can point out a number of local properties that have been on the market too long.

To accomplish the classic approach, you will start with the expected contract price from your home value analysis as described earlier in this series. To that, you will add a small amount for negotiation, usually about 5% of your home's market value. That is much less than many would guess. But why guess? The average home's selling-price-to-asking-price ratio is often around 95%. In other words, all you have to give at the negotiating table is 5%, much less if you have done a good job of selecting an agent with a superior negotiating record. It might be a good idea to ask your agent to run an updated selling-price-to-asking-price ratio calculation as discussed earlier in this series. A tailored calculation can reflect your price range or geographic area.

However, the MLS data must be taken at random and must include at least 200 recent sales in order to ensure the statistical significance, or reliability of the information generated.

It all but the slowest markets an asking price 5% above the predicted contract price is a good starting point. In a slow market this will provide the required fat for negotiation. In a hot market the 5% uplift will help “lead the market” and provide some assurance that you are not pricing your home too low, as home prices rise.

Why does this work? The classic approach holds that at any time your home enters the market, there are a certain number of ready buyers, let's assume 25, milling around in search of a home similar to yours. They have seen everything currently on the market. Within a few weeks these 25 buyers will notice your new entry on the market, visit it, and form an opinion of it. If everything is right, including the price, your home will sell to one of these buyers. If not, you will never see them again; perhaps because they purchased something else or felt they had no need to see your home again later, **even at a lower price.**

After this “initial wave” only buyers newly entering the market will visit you. This number is rather low and will produce, for example, only one or two visits weekly. But if someone in the initial wave did not buy your home, the newly entering buyers probably will not buy it either and your home's asking price will need to be reduced.

The classic approach is usually the best approach, but even with the best plan, occasionally your home will not sell in ten weeks. Results do vary. The numbers above serve to illustrate the theory. In the real world, the decline in buyers' visits is not precipitous: Do not look for exactly eight visits per week for two weeks, followed by an immediate drop to one or two visits per week. And remember that it takes at least two weeks to establish a trend. Good judgement comes with experience.

The classic approach will give you a reasonable chance of obtaining multiple concurrent offers. If you are fortunate enough to generate the concurrent interest of more than one buyer, you will be in the strongest position to get your full asking price or more, with other terms to your complete satisfaction. The next issue will detail two alternate marketing strategies.