

**REAL ESTATE ADVERTISING IN TODAY'S
AUCTION INDUSTRY**

by

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ABSTRACT

Purple Wave, Inc. has five major auction categories: Real Estate; Business Liquidation; Heavy Equipment (Agricultural and Construction); State Surplus; and Personal Property). Although Purple Wave is rapidly expanding in all categories its current focus is on increasing its real estate sales category. Selling real estate via the auction method is the fastest growing sector of the auction industry. The auction process provides a time-defined result, usually 60 to 90 days from contract signing to closing. The process also establishes a true market value established by the public. I have been tasked with evaluating our current real estate marketing methods. I am to determine the best way to allocate marketing funds to attract the most viable, competitive, well funded, and aggressive real estate bidders.

The economic rationale of this issue is the ability to market real estate for higher sale prices. The cost of this issue cannot be measured in terms of a direct expense. The issue is how the company could best spend the marketing funds they receive to ensure the auction will reach the maximum price for the property. Purple Wave is paid on a percent of the sale price. The customer and company have everything to gain from a higher sale price since both will receive a larger profit.

Purple Wave would like this issue to be solved with the development of a marketing menu. The real estate teams can use this new menu to show a potential customer how their marketing funds will be used to gain them the maximum amount of advertising exposure. The format can also show sellers how we plan to invest the marketing funds in specific promotional areas.

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CHAPTER I: INTRODUCTION

Purple Wave Auction Company was founded in October 2001 by Aaron McKee. Purple Wave is a family owned and oriented business located in Manhattan, Kansas. The company has five major sales categories: Real Estate; Business Liquidation; Heavy Equipment (Agriculture and Construction); State Surplus; and Personal Property. Purple Wave is an Internet business disguised as a live auction event. It is their mission to build “the largest local market in the world”. They do this by combining a central e-commerce destination at www.purplewave.com with a growing network of live auction locations across the United States. The result is an innovative model where customer acquisition is largely offline and Purple Wave’s monetization is largely online.

All auctions are listed online for Internet bidding at www.purplewave.com. Many auctions also have a live event component. These live auctions can be conducted at one of our company locations, at a temporary location, or offsite where the assets reside.

The company has invested in proprietary technology that streamlines the integration of live and online participation and they believe this leads to higher price realization and a competitive advantage for them.

When a customer comes to Purple Wave with real estate property to sell, the company goes through a series of steps before the property is ready for auction. The first step is talking with the customer to obtain the address of the potential real estate property so our real estate broker/agent can compile comprehensive price comparisons of similar properties to develop a potential property value. Next is a “face to face” meeting with the customer at the location to inspect the property and come up with a solid estimated value of the property. This estimated value is only an opinion of the real estate broker, not an

official appraisal. The real estate broker will review the sales contract with the seller and explain how the auction process works. Purple Wave requires a marketing fee to be paid at the time of contract signing. The fee is 1% to 3% of the real estate broker's estimated value of the property and is required of every contracted seller. These marketing funds are applied against a set marketing plan which is targeted to a wide audience. The disadvantage to collecting this fee upfront is that most people have a hard time writing a check for \$2000 or \$3000 dollars. The other disadvantage of collecting this fee is when the estimated value is off and the company may not collect enough upfront money. A system to make this process more straight forward and easier to explain to a seller would be helpful. The auction marketing plan is aimed at hitting the largest number of potential buyers to generate competition throughout the auction process to result in the maximum sale price.

1.1 Purple Wave's Current Marketing Strategy

Our current marketing strategy is to media blast at least 1 million people in a particular customer segment. The customer segments are either residential or commercial, investment or end users. Many times these customer segments cross each other depending on location and type of property. The media campaign involves using a combination of newspaper, print ads, electronic billboards, e-mail blasts, direct mailings, yard signs, direct call list, radio, television, and the company website.

The use of newspaper advertising depends on the type of property, residential or commercial, and location of property, from small town Kansas to downtown Kansas City. The newspapers range from the Kansas City Star, Kansas City Business Journal, The Thrifty Nickel or other small town local publications. Each publication comes with a

different fee structure which also determines the size of advertisement and amount of usage. Purple Wave has contracts with electronic billboards on major highways such, as I-70 between Manhattan and Kansas City. The electronic billboard gives our company the ability to change the message on a daily or weekly basis at no additional cost. Depending on the timeframe of the seller, we run the ads at least two weeks prior to auction. In some situations, the seller wants a longer marketing window and has the upfront marketing funds to support a longer marketing window. This longer marketing window can add an additional one to two weeks. This additional time gives the print ads at least one additional print to potential bidders.

In our website, we give visitors the opportunity to fill out a response request on properties in which they are interested. The request is sent to the agent/broker for the property. The agent/broker follows up the request response to help answer any questions or walk them through the auction process. The company generates and sends an e-mail letter for every real estate auction describing the properties for sale. This list currently has more than 60,000 email addresses who receive an email for every real estate auction.

Purple Wave sends direct mailings to addresses we have purchased from a marketing database company on the customer segments we are targeting. Yard signs range from the typical 24" X 30" metal sign to a 4' X 8' banner on plywood and wood post frame. The yard signs have our company information and auction details including date, time and phone number to call with questions. We maintain a phone list of investment buyers and end users with specific property interests. The list is continually refined, combed and updated to be current with each real estate auction. We also advertise on radio and TV when deemed useful.

Once a property has a signed contract, we send our operations team out to take pictures from all angles and of every room to give potential bidders a complete visual of the property. Every property gets a video for potential bidders to take a virtual tour. Then after all pictures have been labeled and the information has been researched from the preliminary title reports, the property goes up for bidding at www.purplewave.com. The website is the most powerful advertising tool the company has. According to Google analytics, in February 2009 the company website generated 110,000 unique visitors for the month and has a community of 39,648 registered bidders. A registered bidder is a person or business that has signed up for an account with Purple Wave. The registered bidder list grew at an average rate of 1,500 new bidders per month in 2008. In February 2009 visitors to the website opened more than 7.2 million pages or average 23.8 pages per visitor and spent an average of 12 minutes per visit.

The issue is how the company could better spend the 1% to 3% marketing money it receives to ensure the auction will reach the maximum price for the parcel of real estate. The economic goal of this issue is the ability to market real estate for higher sale prices. The cost of this issue cannot be measured in terms of a direct expense. All property contracted includes a 10 percent buyer's premium added to the auction price. The seller commission is negotiated based on the estimated auction price of the property. The higher the value of the property, the lower the potential seller's commission can be. Purple Wave is profiting from the buyer on each real auction. Real estate is typically consigned with a zero seller's commission since we are grossing 10 percent off the buyer's premium before expenses. The customer and company have everything to gain from a higher sale price since both will receive a larger profit.

1.2 The Objective

Purple Wave has charged me with determining if we are using the marketing fees most effectively. If not, which areas of our current marketing strategy are least effective, which areas are the most effective and what are we not doing that we should be. The research question for this thesis is “What are the best media or marketing sources to use to promote Purple Wave Real Estate auctions?”

CHAPTER II: LITERATURE REVIEW

2.1 Auction Basics

What is an auction? An auction is a market institution with an explicit set of rules determining resource allocation and prices set by market participants at a single sales event. The Oxford dictionary defines an auction as a “public sale in which articles (items) are sold to the maker of the highest bid.” We use the term “auction” to describe both offering to sell and bidding to buy (McAfee and McMillan, 1987).

There are four basic types of auctions used to buy or sell items. They are the English auction (also called oral, open, or ascending-bid auction), the Dutch auction (or descending-bid), the first-price sealed bid auction and the second-price sealed bid auction (or Vickrey).

The English auction is most commonly used for the selling of goods or items. This type of auction is one in which most lay people are familiar. In the English auction, the price is successively raised until only one bidder remains. This can be done by having an auctioneer announce prices or by having the bids submitted electronically with the current best bid posted. Each bid must be higher than the last bid in order to stay in the competition for the item. The essential feature of the English auction is at any point in time each bidder knows the level of the current and highest bid, which are the same (McAfee and McMillan, 1987). Modifications include setting a specific auction end time such as specifying an auction end date and time. An example of this would be the auction platform of e-Bay.

From an economics view, auctions are presumed to be a monopoly on one side of the market. While it is possible in auctions that there are many bidders and only one seller

it also moves into perfect competition because there will only be one bidder left at the end. Simply stated, the highest bidder will win. There is also oligopoly on the seller's side of the market. In classical economics, monopoly-oligopoly problems were regarded as indeterminate. However, the auction theory sidesteps such bargaining problems by presuming the monopolist has all the bargaining power (McAfee and McMillan, 1987).

2.2 Growth of Selling Real Estate at Auction

Tommy Williams, CAI, 2007 President of the National Auctioneer Association, said "More frequently, real estate holders are turning to auctions as their preferred method to sell their property". As we look at this statement we think of two main questions. The first question is "What is the reason for this growing trend for auctions over a traditional real estate agent?" The second question is "What are the advantages to selling at auction over listing with a traditional real estate agent?" We can answer both at the same time. The auction process provides a transparency for establishing a true market value. The fair market value is set by the bidding that takes place during the auction.

The auction setting could be online, live auction only, or both. The property is available for different lengths of time depending on the seller's situation. Some auction companies could have it available for a few days of online bidding with a live auction event as the conclusion. Some auction companies only advertise for the live auction only. The highest price generated from auction is the fair market value of the property on that particular day from that group of bidders (McAfee and McMillan, 1987).

All bidders have full knowledge of the property and all bidders know where everyone stands for bids. The auctioneer keeps moving the price up in increments of \$100, \$1,000, \$100,000 etc... until one bidder remains for the highest offered price. The auction

provides a time-defined result with an average start to close of 60 to 90 days. Once a property is signed up for auction, the contracted property is marketed for up to 30 days depending on the set auction date. All auction companies develop a marketing plan to reach the most potential buyers to generate excitement throughout the auction process for maximum sale price. The marketing period is also the time where prospective bidders do inspections and gather all the information possible about the property to ensure their knowledge of the property on which they are preparing to bid. The information could include tax records from the court house for taxes paid, tax evaluation, liens, utility costs, previous major repairs, etc. Contract details vary as with traditional real estate. Most properties are sold “as is” but some have contractual allowances for different situations. The winning bid on auction day determines the price. Closing on the property takes place no more than 30 days after the auction. After the auction, the transaction concludes like a traditional real estate transaction. Real Estate contracts are signed by the buyer and seller; escrow funds are collected and sent to the title company where the final transfer of funds will take place.

Tommy Williams, CAI, 2007 President of the National Auctioneer Association, said “Residential real estate is the fastest growing sector of the auction industry. The growth rate between 2003 and 2007 has been 46.6%. In 2007 over \$58 billion in real estate was sold at auction in the United States.” With this amount of money available in the industry, if Purple Wave could obtain a fraction of this market the revenue potential is enormous.

2.3 Where Should Real Estate Companies Advertise?

In this type of growing market, a company is always faced with how marketing dollars should be spent. Where would Purple Wave get the most exposure and how can they measure return on those dollars? According to Truliablog.com, a blog for real estate professionals, more real estate agents/brokers are turning towards the Internet for their real estate advertising. This is driven by several major factors. First, the real estate audience is no longer reading newspapers. The Internet is real time and current where as newspapers may have information that is out of date, and/or difficult to access/organize. Newspapers typically only have one picture of the property compared to several on the Internet. The ubiquity of Internet exposure makes it more difficult for newspapers to sell ads to their customers since each picture takes up more space and costs the customer more money for the advertisement. Conversely, Internet advertising is affordable, in color, offers multiple photos and multimedia tours to prospective buyers worldwide. The Internet can offer full size pictures and potential customers can expand the pictures for a better assessment.

According to the National Association of Realtors, 84% of real estate buyers used the Internet in 2007 compared to less than 50% using traditional print media.

The second factor driving Internet real estate advertising is traditional classified advertising products are often not as cost-effective compared to their digital alternatives. The availability of free Internet real estate listing services is prominent on the Web. Why would an agent/broker buy newspaper classified advertising when prices are often determined as a percent of the properties estimated value or sale price? Think of the family needing to relocate across the state or across the country. It is easy for them to get online and look for real estate in their new area 24 hours a day. They can find school district

specifications, city size, chamber information, realtor information and other local informational things with a few clicks of the mouse. The family does not have to look for a local newspaper, call the school districts or the chamber of commerce and then wait on the information to be mailed. Also, rates have been increasing over the years and these traditional print products are often sold via expensive telesales operations, making it more difficult to compete on price with Internet advertising.

The third factor that is causing Internet real estate advertising to gain in popularity is the change in the housing market. The housing market has been on the decline for the last 14 months. In December 2008, the number of houses sold increased for the first time since the start of the decline, but according to the National Realtors Association, this was due to a higher number of foreclosure sales at year end. As a result of slower sales, agents and brokers are limiting their marketing expenditures. When they spend, they are actively looking for cheaper alternatives and this is a key reason for them to shift their advertising budgets to online sites (www.truliablog.com).

The purpose of the print media for a traditional real estate salesperson is typically to satisfy the sellers' so that they may see their property for sale in the local paper. The real purpose a traditional real estate agent advertises in the local newspaper is to drive potential customers to the agent. Agents are not expecting the ad for a particular house to sell that house. The ads are meant to get the listing agent's phone to ring so they can sell their houses. Most agents still find the most effective means for selling a house directly is the "for sale" sign in the front yard (Outing, 1998).

2.4 Selling Real Estate at Auction

The auction process is very different compared to traditional real estate when it comes to making advertising work. The auction process needs the advertising to get people looking at the property and let them know that on a certain date in the near future this property is going to sell. If anyone in the population is considering purchasing this property they need to act expediently. If they do not get involved now it is a guarantee someone else will be the new owner in 60 to 90 days. The auction process gets those people who have been interested in or thinking about buying property committed to the decision to buy. In traditional real estate sales, the agent only has to find one customer willing to pay or negotiate the price the seller is asking. An auction needs to find competition among bidders to achieve the highest dollar amount possible.

What is the effect of increasing the amount of competition among the bidders? Increasing the number of bidders increases the possible revenue of the property. Without the pressure of competition, a sole bidder will bid the lowest possible amount. If the number of bidders is small, the winning bidder often pays a price less than their own valuation of the property. But if there is significant competition among the bidders, then all of the gains from the auction will go to the seller. In addition to the number of bidders, another determinant of the strength of the bidding competition is the variance of the distribution of the property valuations. The larger this variance is, the larger the difference between the highest valuation and the second valuation, this results in an economic gain to the winning bidder. The focal point of the auction problem is the inability of knowing each bidder's valuations. The effect of increasing the number of bidders could be statistically significant. Large gains can be obtained by introducing bidding competition where none

formerly existed. This bidding competition also leads bidders into making a quicker decision instead of waiting and wondering if they should bid (McAfee and McMillan, 1987).

The buying public is aging and many are becoming more familiar with computers and use the Internet for business. The number of people doing business on the Internet is increasing each year as the use of the Internet becomes more of the norm instead of the exception. This is why it is important to have advertising on the Internet because of the large number of people you can reach in a short period of time.

According to a survey at the California Association of Realtors (CAR), in October 2008, the top real estate related business uses of the Internet include e-mail (93 percent), checking online listings (90 percent), MLS access (89 percent), access to brokerage Web sites (59 percent), and access to electronic forms software (55 percent). Since most realtors have some type of high-speed connection in their homes, the Internet has evolved into a crucial tool for business. Realtors across the US are doing more than ever on the Internet. They are marketing, maintaining their websites, posting their listings, and communicating with clients. As a result, they feel they are generating more business from the Internet than ever before.

The CAR survey also revealed that realtors are turning to high-tech instruments such as handheld Internet devices, e-mail, and web sites to communicate with their clients. Twenty-two percent of these realtors own a handheld wireless Internet device for their real estate business; 32 percent of respondents said they answered clients' e-mails instantly and another 34 percent said they did so within 30 minutes to one hour. The results also said that realtors are making use of their personal Web sites to be more easily accessible to their

clients. For this group of realtors, more than three-quarters (77 percent) have personal Web sites that include an IDX feed to display listings, along with other features such as virtual tours (53 percent), contact me options (42 percent), and interactive maps like Google Maps (33 percent) (California Association of Realtors). Many people outside of real estate do not understand what an IDX feed is. IDX stands for Internet Data Exchange. It is also known as Broker Reciprocity. IDX allows realtors to show the active association listings on their website. Website viewers can search for properties by certain parameters such as price, area, bedrooms, etc. IDX is lead generating, which means no matter who the listing office or agent is, you will be the only one that they can contact for more information. When you get your email lead, it will show the MLS number as well as the contact information for the person inquiring.

Where does all this leave newspaper advertising for real estate? “Real estate advertising dollars in newspapers have held up for longer than other industries like autos and recruitment” according to www.Truliablog.com. Today’s technology and market place are forcing a change in how brokers and agents allocate their budgets. Advertising spending is more complex in the real estate industry and not purely driven by the transaction. It is also driven in a large part to appease sellers. Sellers want to see their property in the newsprint and feel the listing company is promoting their property. The other tactic traditional real estate companies do with print advertising is to gain additional listings and to keep brand awareness out in the public. These marketing decisions are not made on a strong financial basis. Until the industry can change the mindset of sellers and agents there will be lots of inefficient dollars spent in the future (www.Truliablog.com).

A report released in March of 2006 found a disparity between long-time agents and those who are relatively new to the industry. It showed that only 36 percent of those who have been agents for 10 years or longer purchase online advertising, while 64 percent of those in business for 10 or fewer years purchase online advertising. Of those agents with less than 10 years of experience, 71 percent indicated they will boost their internet advertising budgets in 2007 compared to 48 percent of their veteran counterparts (Kaye 2006).

In addition to our own website, “YouTube.com” provides a channel for offering a free virtual tour of a property for sale. A realtor may put an online advertisement on their website and with the work of a digital camera and a tripod they make a recording of each room and the house. The realtor or staff member uploads the recording to YouTube.com and at no cost can put a link under the picture of the property to their website. Now, when a potential customer finds the house advertised on a website, they can click on the link and it will take them to YouTube.com where the virtual tour starts automatically. Additionally, there is no advertising to watch first nor is there a membership id and log in. This realtor has now given potential customers a virtual tour of the property they are selling with very little work, marketing money or monetary investment in IT staff or computer software (Goo 2006).

Real estate within the auction industry is typically thought of as a commodity. The auction industry does not go looking for the “unique” real estate markets as do traditional real estate brokers/agents. If a real estate broker/agent is selling a commodity they should also promote it that way. That means real estate advertising should follow a well selected

marketing plan to deliver the best possible results back to the seller of the commodity/real estate.

CHAPTER III: THEORY

The research question is “what are the best media and marketing sources to use to promote Purple Wave Real Estate auctions?”

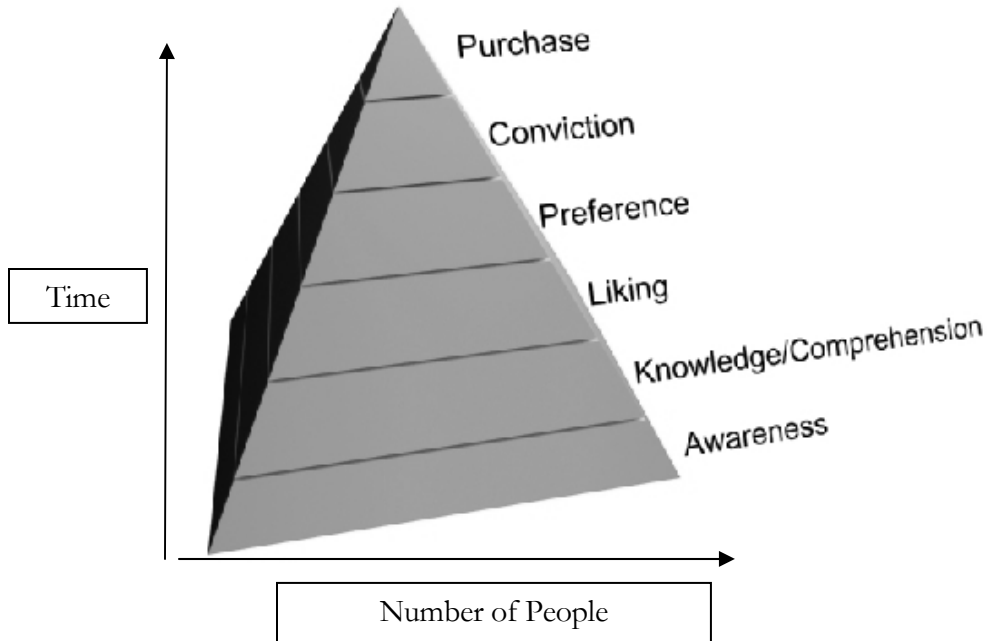
The word “best” in the research question implies a measurement of effectiveness. The Hierarchy of Effects Model can be useful as it serves to determine what “best” means. “Best” is an adjective to describe the highest quality or standard. It can still mean different things depending on which level someone is talking. An example could be the “best” media and marketing source that most effectively increases awareness of Purple Wave Real Estate auctions. “Best” could be the media and marketing source that does the most efficient job at building knowledge related to Purple Wave Real Estate auctions. For this thesis, I am going to concentrate on the first level in the Hierarchy of Effects Model with Awareness.

The target audience is a critical influence on Purple Wave’s decision of what to say, how to say it, when to say it, and where to say it. There have been extensive amounts of information gathered in order to determine how advertising works, and how it influences consumer behavior. Many studies have been conducted in order to discover what constitutes advertising effectiveness. A popular theory in understanding advertising effectiveness is the Hierarchy of Effects concept. It says that consumers pass through stages or levels as they move towards a purchase action (www.drypen.in).

An understanding of the way advertising can affect consumers (potential bidders) is vital in order to produce successful advertising and marketing campaigns. A useful way to

describe the stages potential bidders work through can best be summarized via the Hierarchy of Effects Model.

Figure 1.1: Hierarchy-of-Effects Model for Real Estate bidders



The steps through the process are best viewed as levels of a pyramid. Potential bidders work their way up the pyramid to the next level looking towards the top with “purchase” being the preferred choice using Purple Wave Auction as a source for acquiring real estate. It is easier to accomplish advertising objectives located at the base of the pyramid than the ones toward the top. We also know the percentage of prospective bidders will decline as they move up the pyramid towards auction day. Just like the arrows on figure 1.1 where one represents time and other represents number of people. As time gets closer to auction day the number of bidders decreases. We will explore each level of the pyramid to get a full understanding of bidders moving through the process to auction day.

Awareness: Is making the audience aware, perhaps just name recognition, with simple messages repeating the product name. Consumers must become aware of the brand.

Capturing someone's attention doesn't mean they will notice the brand name. The brand name needs to be made the point of attention in the advertisement to get consumers to become aware. Advertisers try different ways to grab the consumer's attention with campaigns of bright colors or new ideas.

Purple Wave has to make bidders aware that they have properties available for auction in the near future. The advertising campaign should accomplish two objectives. The first objective is to achieve consumer awareness. Just because we captured someone's attention doesn't mean they will automatically become aware of our website, our methods or that Purple Wave Auction sells real estate. For example, people are aware of many amusing commercials but often are unable to identify the associated product being advertised. This leads people to visit www.purplewave.com . Once visiting, they need to become aware of the real estate auctions on their first visit. The website needs to be easy to navigate and find items they are looking for. The purpose of awareness is to move consumers to the next level in the Hierarchy of Effects Model.

Knowledge: The target audience might have product awareness but not know much more; hence this stage involves creating brand knowledge. This is where comprehension of the brand name and what it stands for become important.

Purple Wave has to move the target audience from brand awareness to creating brand knowledge of the company. This is the stage where the target audience knows Purple Wave auctions real estate and how the online system works in conjunction with a

live auction. The target audience learns about the properties for sale, where they are located and who they can contact for a showing or an open house, and how to bid or receive more information about the properties. The real estate auction business must adhere to the same regulations as traditional real estate, meaning only licensed realtors or brokers can be involved with all aspects of customer contracts, relaying information, marketing and closing.

Liking: If the target audience knows the product, how do they feel about it? If the audience looks unfavorably towards the product they need to find out why. If the unfavorable view is based on real problems, a communication campaign alone cannot do the job. For a product problem it is necessary to first fix the problem and only then can you communicate its renewed quality.

Getting potential bidders to Purple Wave as their real estate resource is the goal. A customer needs to feel comfortable with our company, and we have to prove we are their best real estate auction firm. Once this occurs with customers they will have a favorable attitude toward Purple Wave and then we have accomplished this level. If potential bidders do not like or feel comfortable with Purple Wave as their real estate resource; we can lose revenue due to the opportunity cost of lost bidders. Is this because of the properties we are selling or the way Purple Wave conducts business? If the unfavorable view is based on real problems, Purple Wave needs to fix these problems and then communicate their renewed quality. These problems might be repairable by seeking to offer different types of property, change the way we conduct business, or change communication strategies. There may also be issues that cannot be resolved. In either case Purple Wave needs to make sure

they are aware of these issues and forthright about the solutions, future change and things that will not change due to real estate regulations or rules.

Preference: The target audience might like the product but not prefer it to others. In this case, the communicator must try to build consumer preference by promoting quality, value, performance and other features. The communicator can check the campaigns success by measuring audience preference before and after the campaign.

Preference can be achieved by providing good customer service. Customers need to understand Purple Wave's system and they need to understand the way we list the properties. Our website provides customers with a phone number to a real estate agent/broker to talk with about the properties. Confidence results from bidders knowing the Purple Wave website works consistently and effectively with the listing. Specifically, that the bidding system and the websites relay information back to the bidders in a manner they can understand and trust. When a customer prefers Purple Wave for their real estate acquisition over other options such as other auction companies, traditional brokers and agents, For Sale by Owner and bank repo we have accomplished this stage.

Conviction: A target audience might prefer a particular product but not develop a conviction about using it. The communicator's job is to build conviction among the target audience.

Building a community of bidders with committed desire to use Purple Wave to bid on or to buy real estate is the ultimate goal of this stage. If they have a conviction to use Purple Wave, then consumers will use Purple Wave even if their cost/effort might be more

than elsewhere. This equates to shopping at store B even when it is more convenient or affordable to use than store A. The advertising campaign can help induce conviction by building excitement to a peak level. In a real estate auction context, this level is reached when bidders feel that if they do not get involved in the auction they are being excluded from an opportunity.

Purchase: Is where these consumers take the final step. The final step is the point where consumers' decide to purchase the product or idea of what is being offered. At this point advertising is thought to have worked and following a certain sequence where the consumer has moved through a series of stages in succession from unawareness to the purchase of the product. Advertising cannot induce immediate behavioral response; rather a series of mental effects must occur with the fulfillment at each stage before progress to the next stage is possible.

In the real estate auction context we are defining purchase as actively participating in the real estate auction either by bidding online or bidding at the live auction (regardless of their success at the winning bid). At this level, purchase is not about buying the property but about buying into the idea of using the Purple Wave auction process as a mechanism for purchasing real estate.

The theory is a hierarchy because consumers must move through the stages in sequence. Purple Wave knows they will lose people as each bidder moves through the sequence of levels. At each level marketers must achieve different communication goals (e.g., creating awareness or building specific knowledge.). There are three keys for Purple Wave to build a bidder base. The first key in this hierarchy is to build brand awareness so

more bidders become exposed to Purple Wave real estate auctions. The second key is to move more bidders through each level so they end up using Purple Wave as their primary resource for finding and buying real estate. The third key is retention of those previous bidders to finding future real estate purchases.

CHAPTER IV: METHODOLOGY

Surveys were the method of data collection for this thesis. Surveys were chosen because the questions could be consistent across all surveys to provide comparisons and the survey questions could be direct with short answers. Purple Wave felt bidders attending the live real estate auctions would be the most candid about filling out an informational survey. We wanted these bidders to be candid in order to get the most accurate information possible. When you compare this data collection method to direct mail surveys, email surveys, or phone surveys this in person survey process seemed the most accurate, compared to other venues Purple Wave felt the response rate and clarity of answers would give us the most accurate picture about our real estate advertising.

The survey questions were carefully chosen to get the most useful information in the simplest format. The responses are designed to give Purple Wave a clear understanding of what promotional source generated bidders for each real estate auction. The survey questions were written broad enough to allow each person to provide their best answer by multiple choice or fill in the blank. The survey also asked a few basic questions to determine a baseline of bidder type and what they were seeking.

From November 1, 2008 through January 15, 2009 surveys were completed by the real estate bidders attending live real estate auctions at Purple Wave. The surveys were conducted in Manhattan, Kansas, Wichita, Kansas and Lee's Summit, Missouri. These three locations were chosen to ensure diversity among bidder profiles from different regions. This cross section from three auction locations gave Purple Wave the data from three varying real estate markets. Purple Wave chose to survey only the bidders who

attended the live auction because those were the bidders with the strongest interest in the properties. Bidders with strong interest in watching these properties took time out of their daily routine to attend a live auction. This group of bidders passed through the different levels of the Hierarchy-of-effects model to attend these live real estate auctions. The survey results will give Purple Wave marketing a clear understanding how attending bidders are learning about the properties for sale. Appendix A provides the questions that were created to help the company determine where and how our bidders learn about upcoming real estate auctions.

The results have been gathered from the attending bidders. The group was not random, as all bidders actively sought the property information to attend the auction in person, instead of only bidding online. The survey was used to build a profile of the attending bidders. The first two questions were used to build the profile of the bidder by asking if they are currently registered with Purple Wave and if they have ever attended a Purple Wave real estate auction before. This divides the group into new bidders and previous bidders. By dividing the group into new and previous bidders the company can determine if we are pulling from our current online bidder community or building new bidders that are choosing to attend the live auctions only. The next question builds on the profile, whether or not; the bidder is familiar with other real estate auctions. From this, the company can determine if the marketing funds are drawing on bidders who look for real estate auctions or if we are discovering a new group of bidders. Drawing on bidders who look for real estate auctions tells Purple Wave they are getting the advertising into the right areas to compete with other auction companies. If the company is pulling in new bidders

not familiar with other real estate auctions the company must be hitting a new market subsector.

The survey next addresses the type of real estate the bidder is seeking. When the survey was developed we gave the bidders the choice of commercial or residential. After reviewing the surveys I realized I should have added a third option for both. 65% of the surveys came back with both boxes being marked. This indicates these bidders were likely investors. The term “investors” is used loosely because these individuals may not have represented companies or buyer groups but were individuals looking to invest in real estate while the market appeared to be soft. I added the third option of both into my results in the next chapter.

The fifth question in the survey establishes how the bidders learned about the real estate auction. Purple Wave wanted bidders to tell us what forms of advertising they saw, read or heard about for the particular real estate auction they attended.

The profile will inform the company about how the bidders are being informed of the properties or auction events. The results of this survey will be used to build a marketing menu to give the company a solid direction for future marketing budgets. This format will be used during the marketing plan process so the company will know what percentage of the total marketing budget will be used for each advertising venue.

Once the marketing menu is established and functioning according to the survey results, Purple Wave hopes to improve their bottom-line with these changes. If the company finds most people are learning about real estate auctions on the website, then we

might consider altering the marketing plan to have a fixed fee for the website exposure. This would be another avenue for cost recovery on website design instead of the company absorbing most of those costs.

The outcome of the survey will guide the market plan but it may not be the final answer. Purple Wave sells property involved in many different situations (Bank repo, short sale, private and corporate ownership, ect.) which require varying types of advertising for which the marketing menu may or may not be appropriate.

In conclusion, the company has a survey instrument to help accomplish our objective. The objective is “What are the best media or marketing sources to use to promote Purple Wave real estate auctions?”

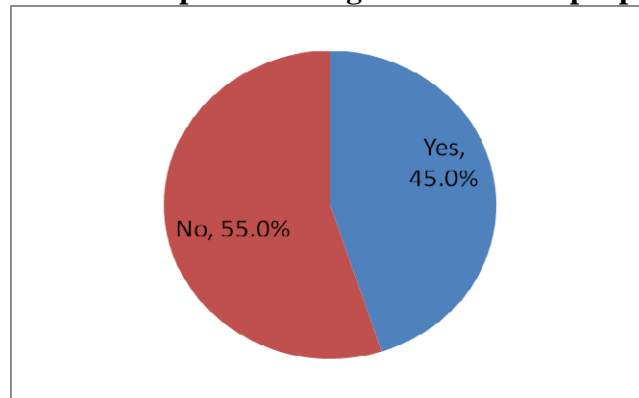
The first step is getting surveys completed and information gathered. The next step is to evaluate the data to understand what customers are telling us about our business and how the company can improve. The information gathered will be used to develop the marketing menu for use with individual sellers in allocating their marketing funds. The goal with the marketing menu is to streamline the marketing plan process as much as possible for maximum return. This streamlined process will differentiate how customers look at Purple Wave as the real estate experts. Purple Wave will stand above the competition and the company will be on the leading edge for selling real estate in an ever challenging and changing environment.

CHAPTER V: RESULTS

During the survey timeframe Purple Wave was able to collect 40 surveys from the attending bidders. These surveys were completed and returned just prior to each of the eight real estate auctions selling sixteen different properties. The auctions were all conducted during the week and typically during the day except for one conducted at 5 PM. These bidders either took off work to attend or made special plans to attend an event during business hours. Real estate auctions are held during the week and typically during the day as we found with previous experience to have stronger attendance at these times instead of on weekends. The weekend seems to compete with activities for children, family and travel compared to the weekday. We have also found bidders are more willing to travel during the week to attend a real estate auction than during the weekend since this competes with the previous statement.

Question #1 asked the bidders if they were already registered bidder at purplewave.com. More than half (55 percent) of those surveyed were not previously registered on the website.

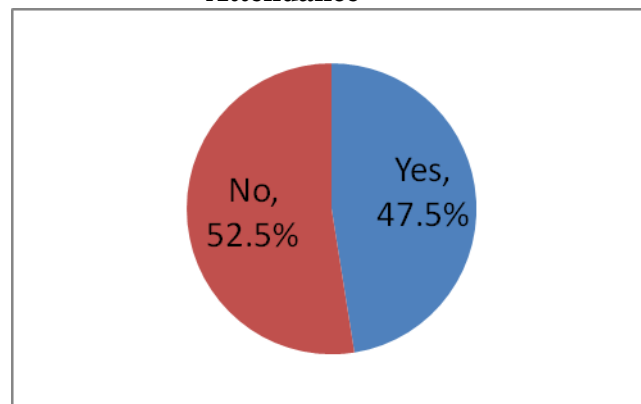
Figure 5.1: Distribution of Respondents Registered at www.purplewave.com



These results tell the company that real estate advertising was reaching the public because more than half of the bidders attending the live auctions were not currently registered on Purple Wave.

The second question asked was if the bidders had ever attended a Purple Wave real estate auction before. 47.5 percent replied that this was their first Purple Wave real estate auction and they were interested in one of the properties the company was selling.

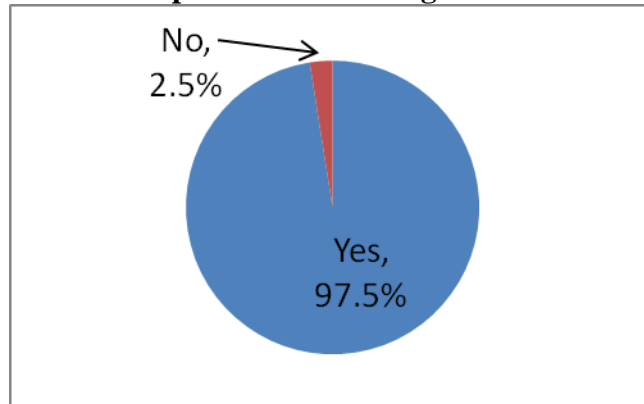
Figure 5.2: Distribution of Respondents by First Time Purple Wave Auction Attendance



Just under half of those surveyed were attending their first Purple Wave real estate auction. Marketing is attracting new bidders to the auction which may not have been interested in Purple Wave before.

The third question asks the bidders if they have ever attended a real estate auction from another company. The bidders told us 97.5 percent had previously attended real estate auctions by other companies. Only 2.5 percent of the bidders told us this was their first real estate auction.

Figure 5.3: Distribution of Respondents Attending other Real Estate Auctions



A high percentage of the bidders attending our real estate auctions were experienced attendees and were drawn to our real estate auction because of the properties we were selling. Purple Wave is attracting bidders familiar with real estate auctions.

The next step was to run an analysis on these first two questions to see how closely they fit together.

The question of “are you currently registered at www.purplewave.com?” is represented in the left hand column of the table. The second question of “is this your first Purple Wave real estate auction?” is represented across the top of the table. The table is also set up with the answers given in the rows and columns according.

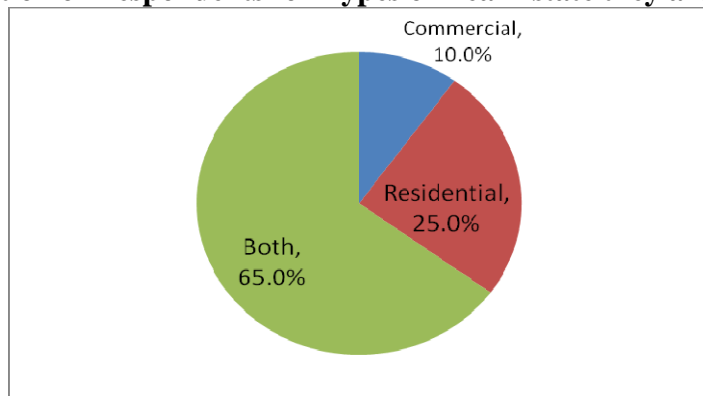
Table 5.1: Crosstab Table of the First Two Survey Questions

			First PW Auction		
			No	Yes	Total
Registered	No	Count	3	15	18
		% within Registered	16.7%	83.3%	100.0%
		% within First PW Auction	15.8%	71.4%	45.0%
	Yes	Count	16	6	22
		% within Registered	72.7%	27.3%	100.0%
		% within First PW Auction	84.2%	28.6%	55.0%
	Total	Count	19	21	40
		% within Registered	47.5%	52.5%	100.0%
		% within First PW Auction	100.0%	100.0%	100.0%
% of Total		47.5%	52.5%	100.0%	

The crosstab table 5.1 is comparing responses for bidders being registered with Purple Wave and if this was their first Purple Wave real estate auction. Among those registered with Purple Wave, 27.3 percent indicated this to be their first Purple Wave real estate auction. The crosstab also revealed 16.7 percent of non-registered bidders had previously attended a Purple Wave real estate auction.

The fourth question in the survey asks in what type of property the bidder is interested. Are they seeking residential, commercial or both?

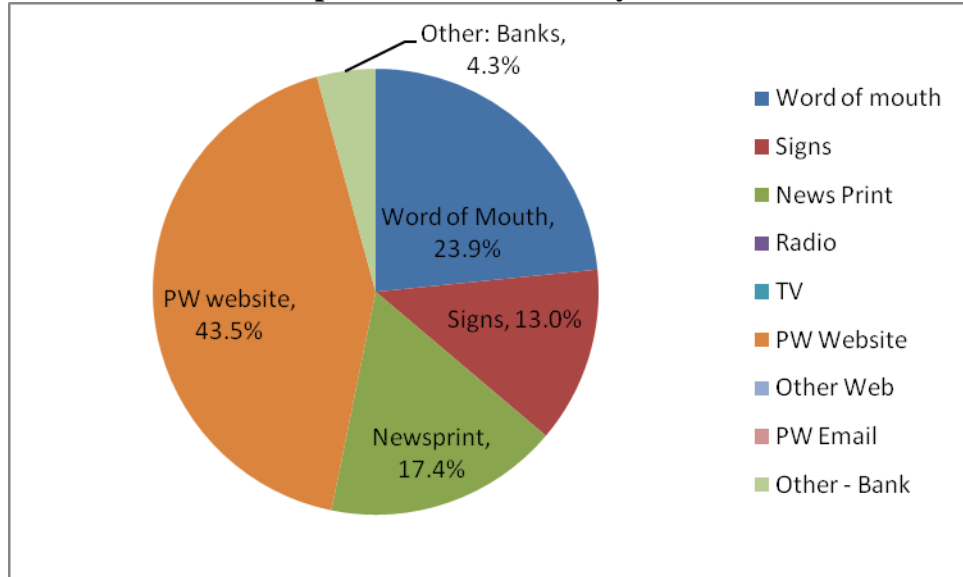
Figure 5.4: Distribution of Respondents for Types of Real Estate they are looking for



Residential real estate made up 76% of the property sold during the survey period. Most bidders (65 percent) attending the real estate auctions were looking for both residential and commercial type properties. Only 10 percent of the bidders were looking for commercial exclusively and 25 percent of the bidders were looking for residential exclusively. These results show that Purple Wave has a wide group of bidders available. The group of bidders looking for both types of property is the best group since they are not just looking for only one type of property. These are the results we need as the company looks for real estate opportunities. We know we have a bidder base that is looking for both, not just one, type of property.

The fifth survey question asked bidders how they learned about the properties available for auction. They had nine options to choose from and were asked to check all that apply so the company could get a complete understanding of where bidders saw our advertising. When the survey asked about newspaper advertising we also asked them to list which papers so we could track the newspapers bidders are reading. We also did this with radio ads, television ads and other websites that led them to this real estate auction. The survey included an "other" category for bidders to fill in if they heard about the auction from a different avenue. 15 percent of the surveys had 2 answers on this question. None of the surveys had more than two answers. I took all the results and put them onto one chart with each answer counting then dividing back out by the total for the percentage.

Figure 5.5: Distribution of Respondents for How They Heard about the Auction



The pie chart above only shows percentages for answers given. The right hand column shows all possible answers. 43.5 percent of bidders learned of the properties on the Purple Wave website. This was also the most frequently selected response. The website generates a large number of visitors every month and those numbers keep growing. In the last 12 months the number of unique IP addresses has doubled according to Google analytics. Unique IP addresses are a good way to measure web traffic because each computer has a unique address just like a house has a unique street address. Google analytics is only counting unique addresses visiting our website and not the number of total visits, which could include the same individual visiting multiple times. When Google is counting unique IP addresses, each IP address is only counted one time for the entire month even if they visit multiple times during the month. This method tells Purple Wave different people are visiting the website, not just the same people repeating several times.

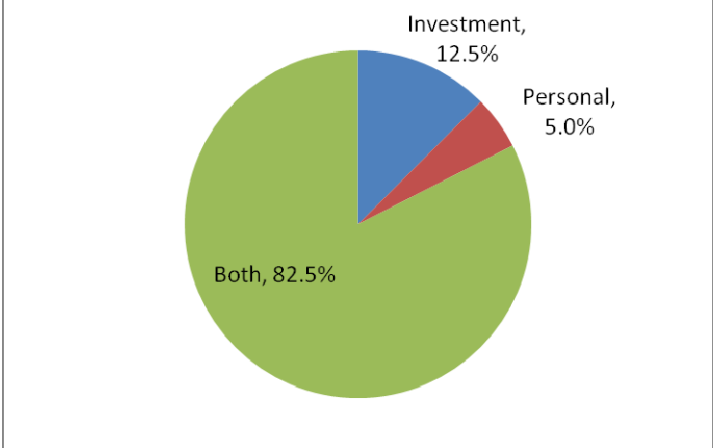
The next most frequent response behind the website is word of mouth at 23.9 percent. The auction business has traditionally been built on people telling other people about upcoming auctions. The auction business relies on this type of advertising due to the fact that people like to tell other people about something interesting. “Did you see what they are selling?” or “Did you know Joe Peterson is selling his place? It is going to be auctioned off by Purple Wave.” Word of mouth is a powerful tool for the auction business. Another example of word of mouth communication is when bidders are told about the real estate auction from their banker.

Signs on the property and newspaper combined for just over 30 percent. Neither stood out for being primary sources of information but both seem to show enough strength that they played a part in the promotion of the property. Radio, television, and other websites did not attract anyone from these surveys. Emails from Purple Wave did not get a response from these bidders, but more than half were not registered on the Purple Wave website. Once a bidder registers on Purple Wave’s website, they have to have a valid email address to receive a bidder number. When the bidder is registering they can check a list of boxes to let us know what types of items they are interested in. The company sends out email messages every couple of weeks to bidders based on the information they are interested in. The company limits these email messages to between one a week or one every two weeks so we do not overwhelm our customers with things they do not want to see or read. The company feels that if we limit emails to this frequency then, bidders are more likely to read the email and check out the items being promoted.

The sixth question asked the bidders what would be the property's primary use.

Was the potential purchase for investment, personal use or both?

Figure 5.6: Distribution of Respondents for the Types of Real Estate



This question shows that bidders attending the real estate auctions are interested in purchasing properties for multiple uses (82.5 percent). This is a desirable bidder type because they are looking for properties that fit both into their personal portfolio and their investment portfolio. They may come to bid on the property for personal use but if the property does not fit that profile that may still have interest for investment reasons. These investment reasons could be to a landlord or might feel the price is not high enough for the market. Either case the buyer is bidding on the property to use for return on investment dollars. Not for personal use only. These bidders are usually more flexible on the price of the property and usually have a floating upper limit. While the personal only or investment only bidder usually has a maximum price in mind when they arrive at the auction and once the bid reaches that point they are finished and won't risk the higher price. These two types of bidders are usually working with a budget and know how much they can afford to spend

on the property. The dual type bidder usually pushes these bidders to their maximum and tries one or two more times to see if they can still win the property.

Next, I ran a crosstab on the type of real estate respondents were interested in compared to the primary use for the property.

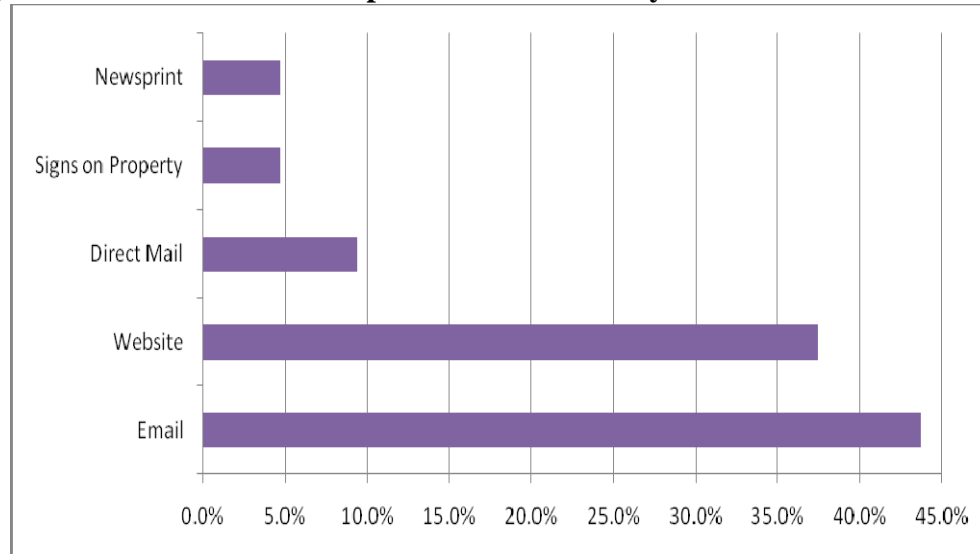
Table 5.2: Crosstab Table between Survey Questions #4 and #6

			Primary use			Total
			Investment	Personal	Both	
Type of RE	Commercial	Count	2	0	2	4
		% within Type of RE	50.0%	.0%	50.0%	100.0%
		% within Primary use	40.0%	.0%	6.1%	10.0%
		% of Total	5.0%	.0%	5.0%	10.0%
	Residential	Count	2	1	7	10
		% within Type of RE	20.0%	10.0%	70.0%	100.0%
		% within Primary use	40.0%	50.0%	21.2%	25.0%
		% of Total	5.0%	2.5%	17.5%	25.0%
	Both	Count	1	1	24	26
	% within Type of RE	3.8%	3.8%	92.3%	100.0%	
	% within Primary use	20.0%	50.0%	72.7%	65.0%	
	% of Total	2.5%	2.5%	60.0%	65.0%	
Total		Count	5	2	33	40
		% within Type of RE	12.5%	5.0%	82.5%	100.0%
		% within Primary use	100.0%	100.0%	100.0%	100.0%
		% of Total	12.5%	5.0%	82.5%	100.0%

The table found a high percentage (92.3 percent) of bidders responded to be interested in both residential and commercial properties for both personal and investment reasons. The crosstab also revealed none of the bidders were looking for commercial property for personal reasons. Only 2.5 percent of bidders were looking for residential property for personal reasons. Yet 12.5 percent of bidders were looking for residential or commercial property strictly as investment.

The final survey question was open ended to find out the two best methods for notifying potential bidders of upcoming real estate auctions. This last question was filling in the blank with no leading answer to see if we are already using their desired methods.

Figure 5.7: Distribution of Respondents for how they would like to be contacted



The number one answer from bidders was to be notified by email (43.8 percent). Purple Wave uses this system to let our buyer community know about upcoming real estate auctions. The first question on the survey asked how many bidders were currently registered with Purple Wave and respondents told us 55 percent of them were not. The second written response from bidders was to see the upcoming real estate auctions on our website (37.5 percent). It would be a great benefit to Purple Wave if we could get those unregistered 55 percent to register on www.purplewave.com and they would keep visiting the website to check for upcoming auctions. This means we should be able to notify 81.3 percent of our potential buyers using the current methods in place. If all non-registered bidders would check the website frequently and register with their email address Purple Wave would be able to inform them of upcoming real estate auctions.

Signs on the property (4.7 percent), newspaper print (4.7 percent) and direct mail (9.4 percent) totaled 18.8 percent of the responses. The respondent's answer to this last question is in line with Purple Wave's thinking for advertising. A small amount of potential bidders are looking for property through the most expensive means of advertising.

The key is for Purple Wave to encourage these attending bidders who are not registered as bidders to get registered. Therefore, they will automatically receive these email notifications. They do not have to be registered to get a first look at the properties on our website, or ask for email notifications to be sent. They do have to be registered in order to place a bid online before the live auction if they cannot attend a live auction.

The survey results from this targeted group of bidders on our past real estate auctions were eye opening. This survey told us a lot about our business practices and was a good grading scale of how we are doing business today. Many things we thought we were doing successfully were confirmed with these results. For example, the survey said bidders would like to find real estate either on the website or have email notifications sent to them. The surveys also told us areas where we need to consider future changes and how we can better inform potential bidders what real estate auctions are coming. For example, the survey results suggest we should place greater emphasis on getting bidders registered on the website when they attend a live auction. If the bidder chooses not to register we should at least ask to capture their email address for future real estate notifications. The information we found exciting is the visibility we are getting from our website and how powerful a marketing system we currently have in place.

CHAPTER VI: CONCLUSION

The reference question for this thesis was “What are the best media or marketing sources to use to promote Purple Wave Real Estate auction?”

6.1 The Summary of Results

Each real estate auction has a limited amount of marketing funds available to inform the buying public about an upcoming real estate auction. The available marketing fund is a fixed budget the Purple Wave marketing department must stay within to keep the auction profitable. With the limited amount of marketing funds the problem comes back to where should those funds be spent to ensure the maximum amount of exposure? The exposure needs to not only make people aware that Purple Wave sells real estate at auction, but also encourage them to visit www.purplewave.com for their real estate needs. The survey of bidders attending the auctions showed Purple Wave that more than half (55 percent) of the bidders attending the real estate auctions had never registered with Purple Wave before. Less than half (47.5 percent) had never attended a Purple Wave real estate auction before. These results revealed the company was reaching out to new bidders and was able to attract them to their real estate auction. Almost all (97.5 percent) bidders attending these real estate auctions had attended real estate auctions held by other companies. This told Purple Wave these bidders were experienced in the auction process and were not intimidated about real estate marketed via the auction method. The survey also showed a large percent of the bidders (65 percent) were looking for both residential and commercial property and most of them (82.5 percent) were looking at the properties for both personal and investment uses. Bidders heard about the real estate auctions, either from the Purple Wave website (www.purplewave.com) (43 percent) or by word of mouth (24 percent). A smaller number of bidders heard about the auction from newsprint (17

percent) and by signs on the property (13 percent). According to the surveys this suggests that a larger share of the marketing funds should go toward the website instead of newsprint for attracting bidders. A small percentage (4.4 percent) of the bidders heard about the real estate auction in the other category which bidders filled in “banks”.

The survey also asked how buyers would desire to be contacted about upcoming real estate auctions. The majority (65 percent) of the responses preferred a direct email. The second most popular answer (30 percent) was via the website www.purplewave.com.

6.2 The Next Step

The end results told Purple Wave they were attracting new bidders for the real estate auctions. The results also showed the website to be a powerful tool for attracting bidders to real estate auctions even if they had not registered before. Even though the website is attracting bidders they also said they would like to be notified by email about future real estate auctions. This requires us to make sure bidders are getting registered on Purple Wave. To do this we should have a computer setup and ask for them to register so they do it then not later. When a bidder gets registered they have to give an email address for the company to send them their bidder number. The second part of the registration process asks the bidder to check the areas they would like to receive information on for upcoming auctions. When they check the real estate information box their email address is added to a list of bidders who will receive an email message whenever Purple Wave has upcoming real estate auctions. In this way, even if the bidder does not check the website very often the company can make their bidder community aware of these upcoming auctions. The real estate email message will also include a link directly to the property or

properties the company is informing them about. The company wants to make this step simple enough that bidders feel comfortable with the process so they will choose Purple Wave as their first real estate choice.

The basic research question for this thesis: how to best to use the real estate marketing funds, which implies the question of how much money the company and seller should spend to notify potential bidders? In the beginning of the thesis, I talked about our real estate broker evaluating the property and asking for 1% to 3% of the expected auction price for this marketing fund. This project has changed the company's direction on the best approach to collect these marketing funds. There is fixed cost to maintaining and loading data to the website. There is another fixed cost to send an email to all registered bidders interested in real estate auctions. These costs must be covered regardless the price of the property. For example, if Purple Wave is selling a \$10,000 property with estimated marketing funds at 3 percent the marketing budget is \$300. However, \$300 would not go far to cover both advertising and our fixed costs. To make this a fair marketing campaign the company would have to invest an additional \$700 to \$1000 in signage, Google search words or fliers. Remember, the company applies a 10 percent buyer's premium to the selling price. In this scenario, Purple Wave would get \$1000 of gross profit ($\$10,000 \times 10\% = 1,000$). The contract price of the property is \$11,000, the seller gets \$10,000 and Purple Wave is paid \$1,000. When the company spends an additional \$700 for marketing this only leaves \$300 for net profit. This \$300 will not cover all the other expenses associated with salaries, time and opportunity cost of managing the auction. There is also the case where a buyer brings their real estate agent/broker in for additional 3 percent of the proceeds. Meaning, if another real estate agent/broker brings a winning buyer to the

auction we have to pay 3 percent of the proceeds to them. Alternatively if the company only uses the original \$300 of the marketing money and the property is not advertised correctly it may only bring \$5000 on auction day. This leaves the company losing money again with a seller who might decide not to close on the deal. Once the auction is over we have to have the buyer and seller sign the contracts. This can break the deal if the seller feels we did not do a good job of bringing buyers to the auction and refuses to sign the final contract. Both scenarios are problematic and had not been fully realized before. We now know we must seek higher value property to cover all expenses or set minimums on marketing funds no matter what the price/value of a property.

This thesis project has provided insight into the development of a solid plan for how to establish and collect marketing funds to cover all expenses no matter what the estimated price of a property. In some cases the marketing funds might be a higher percentage of the expected selling price than normal.

This thesis project has confirmed Purple Wave's need to develop new marketing menus. They will be structured to ensure Purple Wave is covering their fixed costs along with properly notifying potential bidders of the properties. The new marketing menus have been tailored to their geographic area and serve to inform sellers of their options and costs before listing a property with Purple Wave. Customers wanting to keep their costs to a minimum and only do what is necessary to sell the property can choose the lowest cost option for around \$1000. Those customers who want to see their property for auction in the local paper can do so via the a la carte method of the menu. Each additional item a seller chooses will be priced individually like picking upgrades to a car they would order

from the factory. All newspaper, radio, television, billboard, fliers, web banners, and custom signage will be produced by our marketing department. The Purple Wave marketing department has been recognized many times over the last few years by the National Auctioneer's Association for their work in design and execution of marketing campaigns.

The survey process taught Purple Wave what types of advertising is working to get bidders aware of a real estate auction. The survey process also taught Purple Wave that through the website and email is how bidders want to be notified about future real estate auctions. Based on this information the marketing menus were created to offset some of the labor costs for creating marketing literature. The other main reason the marketing menus were created was to show sellers what other methods of advertising are available in their region and its cost. These marketing menus will allow the customers to pick out what types of advertising they would like to see and how it will fit into their budgets.

Figure 6.1 shows the new marketing menu developed for the Kansas City area. This menu has been customized for the Kansas City area with local newspapers, radio stations, television networks and billboards in mind. The costs are current estimates for spring 2009 but prices will be adjusted as our costs increase or decrease. The starting marketing bundle is priced at \$1,000. This allows Purple Wave to begin real estate advertising and put the listing on the Purple Wave website. All other services are individually priced so the seller can add additional promotional methods to gain more exposure for their real estate property and meet their personal expectations. A \$10,000 property may only warrant the basic package, but if the seller desires more they can elect to

upgrade. A seller of a \$100,000+ should have the basic marketing package plus could potentially select additional ads to target a larger potential buyer base.

I have developed a marketing menu for each real estate area. These areas include Kansas City (Fig 6.1), Wichita (Fig 6.2), Manhattan (Fig 6.3) and Hays (Fig 6.4).

Figure 6.1: Kansas City Area Marketing Menu



Kansas City Area Marketing Menu

REAL ESTATE

Auction Info:

Title _____ Time _____ Auction location _____

Property Address _____ City _____ ST _____ Zip _____

Open House date and times _____

Sales person _____ Target Audience _____ Budget _____

Unique property features _____

Custom Campaign to include	<i>all materials to be designed by nationally recognized advertising artist</i>	
Marketing Bundle to include:		\$ 1,000.00
Due Diligence Booklet		
Virtual Tour	syndicated to 100's of real estate sites	
Printed Fliers	distributed locally	
Property Signage		
Purplewave.com Calendar Listing		priceless
National Auctioneer Association Multiple Listing Service		priceless
Kansas Auctioneers Association Calendar		priceless
Missouri Professional Auctioneers Association Calendar		priceless
Kansas City Multiple Listing Service		priceless
40,000 Purple Wave Registered Bidders		priceless

Additional Optional Services		estimated values
Display ads in:	PER WEEK	
Kansas City Star		\$ 300.00
Kansas City Business Journal		\$ 1,100.00
Thrifty Nickel	All papers	\$ 300.00
Johnson County Sun Publications	Per paper	\$ 150.00
The Pitch		\$ 150.00
Client Requested Publications	Price to be determined	

printed mailer	quantity 500, sent to a database of potential buyers defined by demographics and/or geographics, postage included	\$ 450.00
additional signage		
4'x6' single sided custom banner		\$ 110.00
4'x8' single sided custom banner with backing and posts		\$ 200.00
4'x8' double sided custom banner with backing and posts		\$ 350.00
3'x3' custom double sided real estate sign		\$ 125.00
2'x3' custom double sided real estate sign		\$ 100.00
riders custom double sided		\$ 18.00
search engine marketing	2 weeks notice required / min. \$500	\$ 500.00
<i>indicate recommended keywords:</i>		
loopnet	largest commercial real estate listing service online	\$ 75.00
CoStar	Commercial real estate listing service online	\$ 75.00
ebay property listing		\$ 150.00
radio commercials	70 :30 sec commercials	\$ 1,500.00
web banner ads on targeted sites		\$ 500.00
High Plains Journal	classified display \$55 per column inch per week	\$ 165.00
Land Journal web banner ad	1 month	\$ 250.00
Land Journal.com	online classified listing / per week	\$ 50.00
Land Journal publication	120,000 farmers and ranchers / ads range \$50-\$3500	
USA Today	region auction display ad \$1375 / real estate line ad \$350	
Grass & Grain		\$ 200.00
Lawrence Journal World & News		\$ 300.00
Topeka Capitol Journal		\$ 300.00
Craigslist		\$ 25.00
Digital Billboards	Per month	\$ 1,000.00

Seller:

APPROVAL:

(Please sign here agreeing to all charges above)

Figure 6.2: Wichita Area Marketing Menu



Wichita Area Marketing Menu

REAL ESTATE

Auction Info:

Title _____ Time _____ Auction location _____

Property Address _____ City _____ ST _____ Zip _____

Open House date and times _____

Sales person _____ Target Audience _____ Budget _____

Unique property features _____

Custom Campaign to include	<i>all materials to be designed by nationally recognized advertising artist</i>	
Marketing Bundle to include:		\$ 1,000.00
Due Diligence Booklet		
Virtual Tour	syndicated to 100's of real estate sites	
Printed Fliers	distributed locally	
Property Signage		
Purplewave.com Calendar Listing		priceless
National Auctioneer Association Multiple Listing Service		priceless
Kansas Auctioneers Association Calendar		priceless
Missouri Professional Auctioneers Association Calendar		priceless
Wichita Multiple Listing Service		priceless
40,000 Purple Wave Registered Bidders		priceless

Additional Optional Services		estimated values
Display ads in:	PER WEEK	
Wichita Eagle		\$ 400.00
Wichita Business Journal		\$ 900.00
The Bee	Per week	\$ 150.00
Display ad in Strictly Auctions	Per paper	\$ 100.00
PennyPower	Per Week	\$ 150.00
Shopper Guide	Per Week	\$ 150.00
Client Requested Publications	Price to be determined	


printed mailer	quantity 500, sent to a database of potential buyers defined by demographics and/or geographics, postage included	\$ 450.00
additional signage		
4'x6' single sided custom banner		\$ 110.00
4'x8' single sided custom banner with backing and posts		\$ 200.00
4'x8' double sided custom banner with backing and posts		\$ 350.00
3'x3' custom double sided real estate sign		\$ 125.00
2'x3' custom double sided real estate sign		\$ 100.00
riders custom double sided		\$ 18.00
search engine marketing	2 weeks notice required / min. \$500	\$ 500.00
<i>indicate recommended keywords:</i>		
loopnet	largest commercial real estate listing service online	\$ 75.00
CoStar	Commercial real estate listing service online	\$ 75.00
ebay property listing		\$ 150.00
radio commercials	70 :30 sec commercials	\$ 1,500.00
web banner ads on targeted sites		\$ 500.00
Hutchinson News		\$ 200.00
High Plains Journal	classified display \$55 per column inch per week	\$ 165.00
Land Journal web banner ad	1 month	\$ 250.00
Land Journal.com	online classified listing / per week	\$ 50.00
Land Journal publication	120,000 farmers and ranchers / ads range \$50-\$3500	
USA Today	region auction display ad \$1375 / real estate line ad \$350	
Craigslist		\$ 25.00
Digital Billboards	Per month	\$ 1,000.00

Seller:

APPROVAL: _____

(Please sign here agreeing to all charges above)

Figure 6.3: Manhattan Area Marketing Menu



Manhattan Area Marketing Menu

REAL ESTATE

Auction Info:

Title _____ Time _____ Auction location _____

Property Address _____ City _____ ST _____ Zip _____

Open House date and times _____

Sales person _____ Target Audience _____ Budget _____

Unique property features _____

Custom Campaign to include	<small>all materials to be designed by nationally recognized advertising artist</small>	
	Marketing Bundle to include:	\$1,000.00
	due diligence booklet	
	property signage	
	virtual tour	syndicated to 100's of real estate sites
	fliers	distributed locally
	purplewave.com calendar listing	priceless
	National Auctioneer Association Multiple Listing Service	priceless
	Kansas Auctioneers Association Calendar	priceless
	Manhattan Area Multiple Listing Service	priceless
	mass email to 35,000 Purple Wave registered bidders	priceless
	local television commercials	40 :15 sec. spots \$ 1,800.00
	Display ads in:	
	Showcase guide	\$ 300.00
	Home Guide	\$ 300.00
	TV guide front cover	\$ 100.00
	Manhattan Mercury	\$ 300.00
	Grass & Grain	\$ 200.00
	Smoke Signal	\$ 100.00
	Ft. Riley Post	\$ 100.00
	Junction City Daily Union	\$ 100.00
	Go 24/7	\$ 100.00
	Riley Countian	\$ 100.00
	Free Press	\$ 50.00
		\$ 3,550.00
Additional Optional Services		estimated values
	printed mailer	quantity 500, sent to a database of potential buyers defined by demographics and/or geographics. postage included \$ 450.00
	additional signage	
	4x6' single sided custom banner	\$ 110.00
	4x8' single sided custom banner with backing and posts	\$ 200.00
	4x8' double sided custom banner with backing and posts	\$ 350.00
	3x3' custom double sided real estate sign	\$ 125.00
	2x3' custom double sided real estate sign	\$ 100.00
	riders custom double sided	\$ 18.00
	search engine marketing	2 weeks notice required / min. \$500 \$ 500.00
	indicate recommended keywords:	
	loopnet	largest commercial real estate listing service online \$ 75.00
	ebay property listing	\$ 150.00
	radio commercials	70 :30 sec commercials \$ 1,500.00
	web banner ads on targeted sites	\$ 500.00
	High Plains Journal	classified display \$55 per column inch per week \$ 165.00
	Land Journal web banner ad	1 month \$ 250.00
	Land Journal.com	online classified listing / per week \$ 50.00
	Land Journal publication	120,000 farmers and ranchers / ads range \$50-\$3500
	USA Today	region auction display ad \$1375 / real estate line ad \$350
	Salina Journal	\$ 200.00
	Topeka Capital Journal	\$ 300.00
	Abilene Reflector Chronicle	\$ 100.00
	Concordia Blade Empire	\$ 100.00
	Clay Center Dispatch	\$ 100.00
	Marysville Advocate	\$ 200.00
	Council Grove Republican	\$ 100.00
	Emponia Gazette	\$ 200.00
	Hutchinson News	\$ 200.00
	Dodge City	\$ 100.00
	Garden City	\$ 100.00
	Billboards	prices may vary depending on location \$ 1,000.00

Seller: _____

APPROVAL: _____

(Please sign here agreeing to all charges above)

Figure 6.4: Hays Area Marketing Menu



Hays Area Marketing Menu

REAL ESTATE

Auction Info:

Title _____ Time _____ Auction location _____

Property Address _____ City _____ ST _____ Zip _____

Open House date and times _____

Sales person _____ Target Audience _____ Budget _____

Unique property features _____

Custom Campaign to include	<i>all materials to be designed by nationally recognized advertising artist</i>		
Marketing Bundle to include:			\$1,000.00
due diligence booklet			
property signage			
virtual tour		syndicated to 100's of real estate sites	
fliers		distributed locally	
purplewave.com calendar listing			priceless
National Auctioneer Association Multiple Listing Service			priceless
Kansas Auctioneers Association Calendar			priceless
Manhattan Area Multiple Listing Service			priceless
mass email to 35,000 Purple Wave registered bidders			priceless

Eagle Television	80 :15 sec. spots		\$ 700.00
Eagle Radio	40 :30 sec. spots @ \$8.00		\$ 320.00
Display ads in:			
Hays Daily			\$ 300.00
Shopping Mart			\$ 150.00
Plains Trader			\$ 100.00
Hill City Times			\$ 75.00
Salina Journal			\$ 200.00
Hutchinson News			\$ 200.00
Colby free Press			\$ 100.00
Rush County News			\$ 100.00
Russell News			\$ 100.00
Stockton News			\$ 100.00
			\$ 2,445.00

Additional Optional Services			estimated values
printed mailer	quantity 500, sent to a database of potential buyers defined by demographics and/or geographics, postage included		\$ 450.00
additional signage			
4x6' single sided custom banner			\$ 110.00
4x8' single sided custom banner with backing and posts			\$ 200.00
4x8' double sided custom banner with backing and posts			\$ 350.00
3'x3' custom double sided real estate sign			\$ 125.00
2'x3' custom double sided real estate sign			\$ 100.00
riders custom double sided			\$ 18.00
search engine marketing	2 weeks notice required / min. \$500		\$ 500.00
<i>indicate recommended keywords:</i>			
loopnet	largest commercial real estate listing service online		\$ 75.00
ebay property listing			\$ 150.00
radio commercials	70 :30 sec commercials		\$ 1,500.00
web banner ads on targeted sites			\$ 500.00
High Plains Journal	classified display \$55 per column inch per week		\$ 165.00
Land Journal web banner ad	1 month		\$ 250.00
Land Journal.com	online classified listing / per week		\$ 50.00
Land Journal publication	120,000 farmers and ranchers / ads range \$50-\$3500		
USA Today	region auction display ad \$1375 / real estate line ad \$350		
Grass & Grain			\$ 200.00
Topeka Capital Journal			\$ 300.00
Plainville Times			\$ 100.00
Dodge City			\$ 100.00
Garden City			\$ 100.00
Dighton Herald			\$ 100.00
Channel 8 billboard			\$ 75.00
Nextech Web listing			\$ 75.00
Billboards	prices may vary depending on location		\$ 1,000.00

Seller:

APPROVAL:

(Please sign here agreeing to all charges above)

The four marketing menus start with base marketing funds to cover Purple Wave's start up costs for a real estate auction. The marketing menus do not take into account a no sale or reserve not being met. In some cases we have to put reserves or a floor price on a piece of real estate. The reserve or floor price is the minimum a piece of real estate can be sold for. If the highest bidder has not reached this level in the bidding the seller can refuse to sell their piece of real estate. If this happens, the property transaction will not close and Purple Wave will not get their commission. This is why it is important to receive the marketing money upfront to cover our expenses first. Sometimes we can work with the seller and potential buyer to negotiate a price to make both parties satisfied. This negotiation is the broker/agent's responsibility. The broker/agent has an important role to make sure they are doing their homework regarding the properties estimated value. Once the property is evaluated then the agent/broker has two key roles. The first responsibility is to work with the seller to make sure they understand the market and what the property is worth. The seller needs to be informed what the broker/agent is thinking about the property and what could be the price at auction. If the broker/agent does not follow through with the seller and later finds out after the auction that the seller is not happy, this can cause problems with closing. Once the auction is over both the seller and new buyer are required to sign a contract with the established auction price plus 10% buyer premium. If the seller is upset and refuses to sign the new contract, this can cause legal problems for all three parties (Purple Wave, seller and buyer). Purple Wave only gets their 10% buyer premium once the real estate closes with a title company.

Once the property evaluation has been covered with a seller and they are comfortable with the price, the broker/agent needs to establish the marketing campaign for the property.

Each marketing menu is a little different based on geographic area. Kansas City and Wichita are very similar regarding resources available, publications and population. Manhattan and Hays are both more rural and have different outlets to make potential bidders aware of the upcoming real estate auction. When selling property in Manhattan and Hays, Purple Wave needs to reach out a greater distance to strengthen the awareness of the population. Manhattan is unique since it is a college town and often when Purple Wave has a residential property in Manhattan the advertising needs to reach across the state. This is because Manhattan is a college town with many students moving here from all parts of the state. As such, Purple Wave needs to make sure potential bidders from around the state are aware of real estate when it becomes available in Manhattan. The second highest technique bidders used to find out about the real estate auctions was word of mouth from a friend, colleague or business associate. This advertising can either have a low cost factor with positive results or it can have a low cost factor with negative results. Purple Wave needs to make sure every real estate transaction is a positive experience so they will spread positive word-of-mouth about Purple Wave since this is the second highest method of people finding our website.

The marketing menus in this thesis are going to be used as report cards as time passes and new avenues for advertising present themselves. The seller will have a copy of

this marketing menu and they will be able to follow the progress Purple Wave is making with their marketing campaign.

Purple Wave needs to make sure we are attracting the right type of bidders for each real estate auction. These marketing menus can be a powerful tool when talking with potential sellers about how the company is going to spend their marketing funds. The research from this thesis project gives Purple Wave the insight to know what type of advertising works the best to attract those potential bidders. These marketing menus are also going to be used to set the company apart from the competition. Purple Wave is ready to market properties faster, better and smarter than the traditional real estate agent/brokers and other auctioneers in the real estate industry. Purple Wave has put the resources forward on developing a fluid marketing plan for each key marketing area. It is through tools such as these that we can gain consumer trust and confidence. It is these same tools that attract the bidders we need and how we keep growing our bidder community to be their first choice in finding the real estate they desire.

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APPENDIX A



Appendix: Survey Given to Bidders at Real Estate Auction
Real Estate Marketing Survey

1. Are you currently registered at www.purplewave.com ___ Yes ___ No
If "yes" what is your bidder number _____ or name _____
2. Is this your first Purple Wave Real Estate auction? ___ Yes ___ No
3. Have you attended a Real Estate auction from another company?
____ Yes _____ No
4. What type of real estate are you interested in today?
____ Commercial _____ Residential
5. How did you hear about this real estate auction?
(Please check all that apply)
 - A. ___ I heard about the auction from a friend or colleague/business associate.
 - B. ___ Signs on the property being sold.
 - C. ___ Newspaper advertisement. Please list newspaper(s) _____
 - D. ___ Radio commercial. Please list station _____
 - E. ___ TV commercial Please list station _____
 - F. ___ Purple Wave Website. What information source led you to the Purple Wave web site for this auction? _____
 - G. ___ Other website Please list _____
 - H. ___ Email from Purple Wave
 - I. ___ Other sources Please identify _____
6. The primary use for the property you are looking at today would be
____ Investment or _____ Personal use or _____ Both?

7. What are the top two ways you would prefer to learn about property auctions in the future?

1 _____

2 _____