

REAL ESTATE
TRAINING INSTITUTE, INC.

*“Home of Live/Interactive
Training & Coaching”*

i-FASTTRAC® 101

Power Pricing
‘How To’ Control The Pricing Strategy

(Part 1)

Video #1:

- Factors Influencing the *Pricing Strategy*
- Why Sellers Insist on Overpricing the Property
- Why List Price Is So Important
- The Benefits of an Effective *Pricing Strategy*
- Why & When to Use a *Competitive Market Analysis*
- The Different Perspectives of Value
- The ‘*Great Comp Fallacy*’

(Part 2)

Video #2:

- Eight (8) Things to Remember When Introducing and Explaining the *Competitive Market Analysis*
- ‘How to’ be Convincing Enough to Get the ‘Right’ Price
- ‘When and How’ to Introduce the Dilemma Technique
- Twelve (12) Tips When Discussing Your Marketing Fee
- Pricing Strategy Mantras

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(Video 1)

**‘How To’ Control The Pricing Strategy
(Part 1)**

Recommended Reading: *Maximum Influence....* Kurt W. Mortensen

I. Factors Which Influence The *Pricing Strategy*

- _____
- Size of _____
- Square footage of _____
- Area _____
- Seller _____
- _____ of the property
- Seller _____
- Local market _____
- _____
- _____
- Local real estate market _____

II. Why Sellers Insist On Overpricing The Property

- Need \$\$\$
- Negotiating room
- Underwater/upside-down
- Lack motivation/urgency
- Working with inaccurate data/information
- Agent competitors
- \$\$\$ Invested
- Overpaid
- Lack objectivity
- Relocation buyout
- Cover cost of your *marketing fee*
- Greed

III. Why List Price Is So Important?

- Maximize buyer _____
- Maximize _____ possibilities
- Achieve _____ sale
- Minimize _____
- Maximize _____ responses
- Attract _____ buyer
- Attract _____ offers
- Avoid property becoming _____
- Avoid wasting _____
- Helps property get sold _____

IV. What Are The Benefits Of A Realistic Pricing Strategy?

To Seller

- Faster sale
- Less inconvenience
- Larger net proceeds
- More buyer exposure
- Increased agent response
- Attract higher offers
- Creates competition

To Agent

- Improved agent image and reputation
- Improved self-esteem
- Improved time management
- Reduced risk of burn-out
- Greater return on marketing invested
- Greater income for time invested
- Improved seller/agent relationship

V. Why Use A *Competitive Market Analysis*?

- Help seller see his property through the eyes of _____
- Identify the _____ (and features) which impact value
- Dispel _____ expectations
- Help seller reach a _____ value conclusion

VI. The Different Perspectives Of Value

- _____ *perspective*
- _____ *perspective*
- _____ *perspective*
- _____ *perspective*
- _____ *perspective*

The Different Perspectives Of Value (Exhibit)

VII. Script For Referencing The Different Perspectives of Value (Exhibit)

VIII. ‘The Great Comp Fallacy’! The Facts About CMAs

- CMAs are not _____!
- There is no such thing as a _____
- You don’t get _____ for doing them!
- Today... CMA’s are _____ to do ...
“Computer, computer on the wall...!”
- Worse than no CMA at all...is a _____ CMA!
- CMA’s need to be supported by _____ (one-line descriptions) (of additional _____):
For Sale, Sold, Expired and Withdrawn
- CMAs are not _____ and usage is **not** _____

IX. When Do You Introduce Your *Competitive Market Analysis*?

- “Only when _____!”
- But when you have to... do so during _____:

- And do so immediately **after** using the

(Video 2)

**‘How To Control The Pricing Strategy
(Part 2)**

Recommended Reading: *Good To Great.....* Jim Collins

X. Eight (8) Things To Remember When Introducing And Explaining Your *Competitive Market Analysis*. Checklist. (Exhibit)

XI. ‘How To’ Be Convincing Enough To Get The ‘Right’ Price. Checklist. (Exhibit)

XII. *Pre-Listing Package* (Exhibit)

XIII. ‘When And How’ To Use The Dilemma Technique To Help Control The *Pricing Strategy*

1. Use the *Dilemma Technique* _____
introducing your *Competitive Market Analysis*

2. Say: _____ ...

3. Refer to: your marketing appointment _____ and
the _____ the seller gave during Phase 2: Question
and Inspection

4. Explain: how you tried to _____ the seller’s price
...however, “*I couldn’t come close!*”

5. Explain: your _____

_____ ... as some agents are tempted to do
to get the listing...only to let you down later? or

_____ ... and maybe lose the listing to another
agent whose being less than honest with you?

6. Ask: “*So, what do you want me to do... _____
with you?*”

XIV. Dilemma Technique Script (Exhibit)

XV. Tips When Discussing Your *Marketing Fee*. Checklist. (Exhibit)

XVI. Multi-Column Estimated Seller's Charges. (Exhibit)

XVII. Pricing Strategy Mantras (Exhibit)

i-FASTTRAC[®] 101

'How To' Control The Pricing Strategy

Assignments

- Review the information covered in this session at least once.
- Consider purchasing and reading *Maximum Influence*... Kurt Mortensen and *Good To Great*... Jim Collins.
- Spend 30 minutes per day over the next 5-10 business days familiarizing yourself with your company's CMA software and/or your MLS's CMA software.
- If you have never done a CMA, start by doing a CMA on your own property. Try to complete the CMA in 30-45 minutes. Once complete, spend an equal amount of time analyzing it. Then, present and explain it to your Broker/Manager or your '*Success Partner*' as if they were the owner.
- Revisit the Exhibits/Tools introduced in this session and be sure to add them to your 'Agent Tool Box'.
- Revisit the '*Dilemma Technique*' Script. Say it out loud 3-5 times taking note of the words or phrases that you might want to re-write in your own vocabulary/phraseology. Then PDR (practice/drill/rehearse) your re-written script several times out loud!
- Make 2 copies of the *Pricing Strategy Mantras*. Post one at your desk at home, the other at your desk in the office. Read them every time you arrive at one of those locations! Do this for 9-12 months!

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'How To' Control The Pricing Strategy

Exhibits

1. *The Different Perspectives Of Value*
2. *Script For Referencing The Different Perspectives Of Value
(Rewrite/practice/drill/rehearse)*
3. *The Eight (8) Things To Remember When Introducing
And Explaining Your Competitive Market Analysis*
4. *'How To' Be Convincing Enough To Get The 'Right Price'*
5. *Contents Of Pre-Listing Package*
6. *Dilemma Technique Script (Rewrite/practice/drill/rehearse)*
7. *Tips When Discussing Your Marketing Fee*
8. *Seller's Estimated Charges*
9. *Pricing Strategy Mantras*

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The Different *Perspectives of Value*



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There Are Different *'Perspectives Of Value'*



Your Lender



Your Buyer



Your Tax Assessor



Your Appraiser



Yourself

Script For Referencing The Different Perspectives of Value

“Mr. and Mrs. _____ before we can intelligently discuss the price we should be asking for your property, it’s important for you to realize that there are different perspectives on the issue of value!

One perspective of value is the one that owners place on their property. This is what your property is worth to you.

Another perspective is one that experts would place on your property. This could be for appraisal, loan, tax or insurance purposes.

The third perspective is the value buyers place on your property.”

Quite honestly, I can’t tell you what exact value a buyer might place on your property. What I can and will do is show you some market data that I’ve compiled from the (Name Source) which indicates what buyers are paying for similar properties that will be competing for the buyer’s attention. This will give us a strong indication of what a buyer may willing to pay for your property.

The perspective of value that’s most important depends on what you want to do.

If you want insurance, the insurance expert’s value is most important. If you want to keep your property, the most important value is the one you place on it. But if you want to sell your property, the most important perspective of value is the one the buyer puts on your property.

What is most important to you at this time?

The best way to determine the value of your property is to determine what buyers will pay for similar properties.

Buyers comparison shop, comparing features and prices of properties that are similar, though not necessarily identical. Isn’t that the way you bought this property?

While your property is truly unique, we must consider properties- both recently sold and currently on the market- that buyers will feel come closest by way of comparison. They are not exact matches, only similar.

They are, however, the ‘benchmarks’ against which your property will be measured.

Eight (8) Things To Remember When Introducing And Explaining Your *Competitive Market Analysis*.

Checklist

1. Keep the *CMA* **simple!** (Kiss!)
2. Introduce your *CMA* during **Phase 4. Closing...** But only if you have to!
3. Explain the four (4) categories of information collected and the **significance** of each: For Sales/Solds/Expireds/Withdrawn
4. Identify the **source(s)** of the information
5. **Guide** the seller through *CMA*
6. Be prepared to answer seller **questions**
7. Do not indicate the **suggested list price** or **sale price** range.
(Invest in 'White Out'!)
8. Ask for **seller's value estimate** before volunteering yours.
Say:
*"Based on the information I've been able to assemble from
(Name Source), what do you feel your property is worth?"*

'How To' Be Convincing Enough To Get The 'Right' Price. Checklist

- Know your **CMA** and **printouts**
- Believe in your **message**
- Tell the **truth**
- Emphasize the **benefits** to the seller
- Speak **slowly**
- Maintain **eye** contact
- Look **professional**
- Utilize **'targeted' testimonials**
- Never just say what you can better **say and display**
- Believe in yourself and your **professional value**
- Recognize that at times you must **walk away** from a bad listing opportunity
- Use the **'Dilemma Technique'** immediately prior to introducing and explaining your *CMA*
- Include the **'Pricing Your Home to Sell'** videotape (David Knox.com) in a **Pre-Listing Package** which is delivered to the seller **FedEx or UPS**

Recommended Contents **Professional-Looking Pre-Listing Package**

- One-page cover letter
- Three (3) business cards
- (Completed) Agency Disclosure Statement
- Personal/Professional Resume (direct seller to *personal* website)
- Testimonial Letters /Quotes (if available!)
- Company Promotional Brochure (direct seller to *company* websites)
- Marketing/Advertising Samples (if available!)
- Home Warranty Brochure
- Copy of Service Pledge or Cancellation Guarantee (*resource section*)
- One-page print-out of a comparable property currently for sale
- One-page print-out of a comparable property recently sold
- One-page print-out of a comparable property recently expired
- List/visual of Preferred Service Provider (Your Team)
- Multiple Listing Service (MLS®) statistics:
 - Number of Listings on the Market this year vs. previous year
 - Average Time on the Market this year vs. previous year
 - List Price-to-Sale Price - Ratio This year vs. previous year
 - Other Personal/Company (supportive) Statistics (if available!)
- Seller's Disclosure Statement (With request for seller to complete prior to appointment)
- Assemble information in a Glossy Pocket Folder
- Send 'Pre-Listing Package' FedEx

Dilemma Technique **Script**

“Mr. and Mrs. _____...I have a dilemma!

After we spoke the other day about today’s meeting, and again after you answered several questions I asked earlier in this meeting, I got the impression you are hoping to get between \$_____ and \$_____ for your property.

I would like you to know that prior to coming over, I ransacked our Multiple Listing Service to try and substantiate those kinds of numbers but... I couldn’t come close!

But, that’s not my dilemma!

My dilemma is this!

Do I come over and ‘lie’ to you as many agents are tempted to do in hopes of getting the listing... or... do I ‘level’ with you... but in doing so run the risk of losing your business to another agent who’s being less than honest with you.

So before we look at my Competitive Market Analysis what would you like my to do... ‘lie’ to you or ‘level’ with you?

Tips When Discussing Your *Marketing Fee* Checklist

- ❑ Sell the **benefits** (not the features) of what you do.
- ❑ **Reassure** seller that you and your company represent quality at a very competitive price
- ❑ Stress how the services you provide solve the seller's **problem(s)/challenge(s)**
- ❑ Explain how the services you provide will avoid a **'loss'** or **'gain'** a benefit for the seller
- ❑ Ask: "Which is More Desirable...?" **cheapest price** vs. **best value?** (Use an analogy!)
- ❑ Show how the **'fee differential'** might be insignificant (Use 'Reduce to the Ridiculous')
- ❑ Quote your 'Marketing Fee' with **confidence...** based upon the value received
- ❑ Strive for **win-win**
- ❑ Use the **Feel/Felt/Found** technique... (be specific!)
- ❑ Offer a **'Service Pledge'** or **'Cancellation Guarantee'**
- ❑ Introduce and fully explain your **Home Marketing 'Upgrade' Strategy** and the benefits of the strategy to the seller
- ❑ Stress that your company is (by choice) a **Value-Added Broker...** not a **Discount Broker** and explain 'Why'

Address _____				Seller _____			
				Purchaser _____			
Listing Date: _____		20__		Offer Date _____		20__	
Type Sale _____		Sale Price \$ _____		Down Payment \$ _____		Mortgage \$ _____	

ESTIMATED SELLERS CHARGE

Title Insurance.....	\$ _____	\$ _____	\$ _____
Abstract or Title Search.....	\$ _____	\$ _____	\$ _____
Documentary Stamps (State .70/\$100).....	\$ _____	\$ _____	\$ _____
New Mtg. Placement Fees (___% of mort).	\$ _____	\$ _____	\$ _____
Interest Adjustment (payable in arrears).....	\$ _____	\$ _____	\$ _____
Mtg. Property Taxes (if not escrowed).....	\$ _____	\$ _____	\$ _____
First Mortgage Payoff (estimate).....	\$ _____	\$ _____	\$ _____
2nd Mortgage Payoff (estimate).....	\$ _____	\$ _____	\$ _____
Recording Fees (satisfaction of mtg.).....	\$ _____	\$ _____	\$ _____
Buyers Closing Costs-VA/FHA Sale.....	\$ _____	\$ _____	\$ _____
Termite Inspection (VA/FHA Sales).....	\$ _____	\$ _____	\$ _____
Transfer Fees (Assumption Sales).....	\$ _____	\$ _____	\$ _____
Home Protection Warranty Plan.....	\$ _____	\$ _____	\$ _____
Bank/Legal Fees.....	\$ _____	\$ _____	\$ _____
Broker's Fees.....	\$ _____	\$ _____	\$ _____
Condo/ Homeowners Association Docs.....	\$ _____	\$ _____	\$ _____
Other.....	\$ _____	\$ _____	\$ _____
.....	\$ _____	\$ _____	\$ _____

NOTICE: There may be pro-rations & fees deducted or credited at closing.
 These include insurance, maintenance, garbage, assessments, express mail.

TOTAL	\$ _____	\$ _____	\$ _____
SELLING PRICE	\$ _____	\$ _____	\$ _____
ESTIMATED SELLING EXPENSE	\$ _____	\$ _____	\$ _____
ESTIMATED CASH TO SELLER	\$ _____	\$ _____	\$ _____

Seller(s) acknowledge receipt of a copy of this Seller's Estimated Selling Expenses and understand the figures are based upon those available at this date, do not include pro-rations, and may not be totally accurate or complete as of date of closing. Signature/GMAC Real Estate or its associates assumes no liability as to the accuracy of this statement.

SELLER _____	Date _____	
SELLER _____	Date _____	
ASSOCIATE _____	OFFICE _____	Date _____

Pricing Strategy

Mantras

- I need to prepare my sellers for the possible need for future *'Price Adjustments'* the day I list the property.
- 90% of my marketing success depends on my *Pricing Strategy!*
- I do not take grossly overpriced listings!
- 'Need' is not an acceptable excuse for overpricing!
- I always bring a *Competitive Market Analysis* when I go on a *Marketing Presentation*.
- I understand that sellers typically want more than the property is worth. I am always prepared to handle their price objections.
- When it comes to the price of my services I will not discount what I charge unless I get a meaningful seller concession!