

Zillow Offers Agents Low ROI Outside of Premier Platinum Membership

Companies: MOVE, TRLA, Z

March 13, 2013

Research Question:

How indispensable is Zillow for real estate agents and brokers?

Summary of Findings

- Nine of 14 real estate sources find [Zillow Inc.](#) (Z) to be dispensable, with a low return on investment and failure to generate leads that result in sales. Five sources, all from California, find Zillow to be a good investment that generates solid leads and exposure.
- All five real estate agents who had positive comments on Zillow had also [purchased ZIP codes](#), which gives them exclusivity in certain areas. This tactic was less present in our interviews elsewhere in the United States.
- Four sources said they have received no leads through the Zillow network, three received less than 5%, and three estimated that 10% to 20% of their leads come from Zillow. One source said he receives 39% of his leads from Zillow but noted that very few turn into sales. Two sources said they are satisfied with their lead generation from Zillow, and one had no comment.
- Three of seven sources commenting on traditional non-Internet media sources say they receive no leads this way, while three receive 5% to 20%, and one receives half his listings this way.
- Zillow cannot raise its fees without alienating agents, according to seven of nine sources who commented on the topic. One source believes fees could be raised 5% to 10% with no backlash, while another believes the market could handle a minimal increase in fees. All of these nine sources find Zillow to be dispensable.

Silo Summary

1) REAL ESTATE AGENTS

Nine of 14 real estate sources find Zillow to be dispensable, citing a low return on investment and failure to generate leads that result in sales. Five sources, all from California, find Zillow to be a good investment that generates solid leads and exposure. **These five sources also have purchased ZIP codes, allowing their picture and contact information to be present on all searches within their purchased ZIP code, even if they are not the listing agent assigned to the home.** This may be the differentiating factor for real estate agents in determining Zillow's return on investment. Most sources report that few leads from Zillow turn into sales. **Zillow's pricing power in areas outside California is low, and most real estate agents believe a price increase would alienate agents.**

| | Zillow ROI | | Leads from Traditional Media | Zillow Superior to Trulia |
|--------------------|------------|-------------------------------|------------------------------|---------------------------|
| | Outside CA | CA (purchased zip code areas) | | |
| Real Estate Agents | ↓ | ↑ | ↓ | ↑ |

Key Trends

| Location | Leads from Zillow vs. other online sources? | Is Zillow indispensable for real estate brokers? |
|----------------|---|--|
| Florida | 20% | No |
| Virginia | <10% | No |
| Florida | 2% | No |
| Texas | 0 | No |
| Illinois | 2-3% | No |
| Oregon | 0 | No |
| New Hampshire | 10% | No |
| Kansas | 0 | No |
| Oregon | 0 | No |
| San Francisco | 39% (but don't turn to sales) | Yes |
| Silicon Valley | 4% | Yes |
| Santa Barbara | satisfactory | Yes |
| Santa Cruz | 1:10 is a good buyer | Yes |
| Silicon Valley | N/A | Yes |

Background

Blueshift Research spoke with a single silo of primary sources, real estate agents, and also included secondary sources focused on how Zillow is actively trying to expand their brand presence.

CURRENT RESEARCH

In this next study, Blueshift spoke with 14 real estate agents throughout the country and assessed how many of their leads come from Zillow and other online sources and how many come from traditional media such as newspapers. We also asked agents whether they felt Zillow was indispensable, whether Zillow could raise prices without causing a backlash, and how they view their return on investment for advertising spending on Zillow.

Blueshift employed its pattern mining approach to establish and interview 14 sources in one independent silo:

- 1) Real estate agents (14)
- 2) Secondary sources (5)

Blueshift interviewed 14 primary sources and included five of the most relevant secondary sources focused on Zillow's recent attempts to expand its brand through TV campaigns, new services, and advertising deals.

Next Steps

We will follow up with real estate agents in urban areas similar to California to see if the positive sentiments about Zillow follow through to more densely populated affluent areas. We will monitor the impact of Zillow's recent attempts to expand its brand via media on real estate agent leads and sales from Zillow. Finally, we will monitor [[Move Inc.'s/MOVE](#)] [Realtor.com](#) to determine if they develop a tool comparable to Zillow's [Zestimate](#).

Silo

1) REAL ESTATE AGENTS

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➤ Owner, licensed broker of a real estate group in southeast Florida

The source does not spend any money on advertising, including Zillow or newspapers, but has received two out of 10 leads from Zillow in recent months. The source receives free leads from Zillow, uses its rental listings, and avoids advertising. The source uses [Trulia Inc.](#) (TRLA) less frequently because the sign-up system is tedious. He does not pay for the Zillow leads; if it did involve a fee, he would not use it. He describes Zillow as a useful but non-essential tool that is gaining popularity.

- "I'm not tracking on Zillow right now but they do occasionally supply me with leads. I also use their rental listings for leads and that's been helpful. Right now, roughly two out of 10 [property] leads come from Zillow."
- "I use Trulia sometimes, but I'm not able to track as easily. Zillow actually sends the leads with a lot less hassle. Trulia wants you to sign in for every lead and provide a lot of information. On a busy day, that's all I need is Trulia asking a bunch of questions."
- "I don't use any other services. I don't use or get any leads from newspapers. It's not worth the time."
- "I don't use Zillow for advertising. I don't spend any money on advertising."
- "Zillow is a good and useful tool, but I wouldn't describe the service as indispensable. It's just one tool in an arsenal of tools we use in our work. It's definitely gaining in popularity."
- "We don't pay anything to work with Zillow. They don't charge. If they did charge, I wouldn't use them. I'm not spending money on that kind of thing."
- "If I have to co-broker on a property, obviously the co-broker gets half the commission. That's just the way it is. But without other brokers, it would be hard to move certain properties, so it's just part of doing business."

➤ Realtor in Williamsburg, Virginia

This source has been listing on Zillow for about 18 months, paying \$123 per month for premium listings. During that time, she has not closed any sales as a result of lead generation on Zillow. Leads from the online service constitute less than 10% of her total sales leads. Her main problem with Zillow is that the service has not generated enough leads for qualified buyers to justify the cost. She does not use Trulia and, based on her knowledge of this competing service, she has no plans to start. While she will continue listing properties on Zillow, she plans to cancel the premium subscription. She believes Zillow cannot raise prices beyond the current level without risk of losing realtor-broker customers.

- "Less than 10% of my leads have come from Zillow since I started using them."
- "I would say about 20% of my leads come from traditional media."
- "I pay Zillow and I've never had a closing from it. For 18 months I've had the service. I've gotten leads but not good qualified leads, and frankly I'm getting ready to stop. I don't use Trulia. I'll keep my houses in Zillow; I just won't pay for their premium listing."
- "Having other agents on the Zillow site isn't doing anything, so they aren't getting anything either. I don't see Zillow helping the real estate market. I have listings in a new subdivision, and they're devaluing the homes by \$200,000 because there's an old neighborhood nearby. It's not helpful."
- "I don't think Zillow can raise prices. I'm already going to cancel."
- "I've been involved with Zillow for a year and a half, and I've had zero return on my investment. I've been paying \$123 a month. I've paid them more than \$2,000 and received nothing."

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*Realtor
Williamsburg, Virginia*

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➤ Owner of a real estate brokerage in Tallahassee, Florida

This source says he lists properties with Zillow only because his tech-savvy clientele expect him to, but he only receives one out of 50 leads from Zillow. Zillow provides one more avenue for exposure, he said, although he sees no benefit to realtors who use the service. He also criticized Zillow for posting inaccurate and out-of-date information on listed properties. Zillow does not hold enough value with realtors to raise its prices.

This source does not use print media.

- “My opinion is Zillow is not that useful. Their estimates are very misleading as far as home values are concerned. Their data is inaccurate or not up-to-date in our Tallahassee market.”
- “Zillow cannot afford to raise their prices right now. No way. It is a waste of money. On the Internet, Realtor.com is still providing the vast majority of my leads. Also, Homes.com.”
- “I might get one out of 50 leads from Zillow.”
- “Probably the most frustrating part about Trulia and Zillow is they advertise other brokers next to my listings. They’re benefiting off of our data, then they’re charging us to advertise on their sites. I don’t pay to be one of their featured agents, so they list three other premiere agents who are paying for placement alongside my listings.”
- “I’m going to continue to send information to them because it’s one more place for a client to see their property listed for sale. Do I believe they are a benefit? No, I do not. Clients want to be on there, but again, is it really beneficial for them? The vast majority of leads still come from our local [MLS](#) [Multiple Listing Service]. And out-of-towners seem to use Realtor.com more than anything else.”
- “None of my leads come from what you’d call traditional media. I do no advertising on print media.”
- “Zillow and Trulia I see as great places for consumers to get data from, but not great places for realtors to market listings. I put the two companies in the same boat.”
- “My listings have been syndicated to Zillow for probably six years.”

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*Owner, Real Estate Brokerage
Tallahassee, Florida*

➤ Sales associate with a realty office in Fort Worth, Texas

This source, who has eight years of experience selling real estate in the Dallas-Fort Worth area, said she no longer uses Zillow because it wasn’t generating enough leads to justify the price of the service. She said Zillow cannot raise prices without alienating realtors. Zillow primarily benefits consumers but is of little use to real estate agents. Five percent of her leads come from traditional media advertising.

- “I used to pay for Zillow, but I quit because I wasn’t getting the leads. I had it for a year, paying \$40 a month.”
- “Maybe 5% of our leads come from traditional media advertising.”
- “I wouldn’t call Zillow indispensable. It’s just another avenue for being able to search for properties. It helps consumers. It’s not useful to me.”
- “I would say Zillow probably cannot raise prices without real estate agents cutting back on the service or canceling.”
- “In terms of ROI and benefits, Zillow and Trulia are about the same, including the price they charge.”

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*Sales Associate, Realty Office
Fort Worth, Texas*

➤ Real estate agent in central Illinois

This source in central Illinois says less than 5% of his company’s leads comes from Zillow and all other online services combined. Most of the sales leads come from the traditional MLS, as well as the publications produced by the realty association serving his market. While the source is not opposed to using Zillow’s premium services, he sees it as more of a consumer tool. He does not believe Zillow can raise prices right now without losing paying customers.

- “I think Zillow is more of a consumer tool. Buyers are typically the ones who use that, doing their research before they contact a realtor. The information we get from our local and state associations, they tell us most people do online research for up to seven months before they get serious with a realtor.”
- “We don’t purchase any enhanced packages from Zillow. Anything that comes through Zillow or Trulia is supplied by our local realtors’ association.”
- “I would not be opposed to using Zillow’s premium services, but I don’t right now. I can’t say whether Zillow can raise prices right now without push back from realtors who use them.”
- “Maybe 2% to 3% of our leads come off Zillow.”
- “Our leads from newspapers are not so much. I would say we get more leads from the publications that our association puts out, and our website.”
- “Our association participates in an Internet data exchange so on our website you will see pretty much the entire MLS, but it gives credit to whoever has listed it. I have a problem when third parties come in and scrape our association listings or non-realtor listings appear next to ours.”

➤ Realtor in Oregon

This source has been selling real estate in Oregon since 1969, but has never used Zillow. She is considering listing properties on the Zillow site, but does not plan to pay for premium services. She does not believe Zillow can raise prices as the current rates are already expensive. She receives no leads from Zillow.

- “We’re on the MLS, so we’re entitled to use Zillow. I’d rather just put properties on so people can see them, but not pay any extra.”
- “I don’t know that they could raise their prices. Their current prices sound like an awful lot.”
- “Our biggest return on investment comes from our monthly booklet and our website. We also use local newspapers.”
- “None of our leads come from Zillow.”
- “One of my clients had been looking at properties on Zillow. Some of the realtors in this area are on it. We’re thinking about signing up with Zillow.”
- “Most of our leads come from the [Real Estate Book](#), a monthly publication in our area.”

➤ Realtor at a Rochester, New Hampshire, real estate agency

This real estate agent has 20 years of experience. He does not use Zillow’s premium service but would consider it if the price does not increase. Zillow generates about 10% of his business leads—the same amount as traditional advertising. He is considering adding Zillow and/or Trulia to his advertising mix, but would not use either service as a replacement for traditional media and the MLS.

- “I would say probably 10% of our leads come from Zillow and another 10% from traditional media. The MLS still generates the most.”
- “Zillow is currently a small piece of the business. I think it’s a growing segment, but in our particular demographic area it’s a small piece and we would not miss it greatly if it wasn’t there. But that is probably changing on an ongoing basis.”
- “[Zillow could not raise prices] much in this market. I’m sure the California, Florida and Las Vegas markets might be different, but not in New Hampshire, not right now.”
- “I would guess the ROI from Zillow is equal to other Internet advertising. We might add Zillow or Trulia to our advertising mix but would not replace any of our current advertising with either of them.”

➤ Realtor in northern Kansas

This real estate agent, who has more than seven years of experience, says Zillow can comfortably increase prices by as much as 10% without losing customers. Although he has had no leads from using Zillow, he believes it is a simple-to-use system. Few clients are aware of it, he said, speculating that his rural location is slower to adopt Zillow and other online search tools for real estate. Half of his leads come from traditional advertising.

- “Zillow can probably raise prices by maybe 5% to 10% without getting too many complaints.”
- “I’ve gotten zero leads from Zillow. I’ve used it, but I’ve never gotten any leads back from them.”
- “Probably 50% of my leads come from traditional media advertising.”
- “Zillow is a good tool. It’s easy to use.”

- “My other forms of advertising give a better ROI. I don’t get a real good return on Zillow. I’m in more of a rural area and sometimes I mention it to people and it’s the first time they’ve ever heard of it. I think it will catch on here over time.”

➤ **Director of marketing and business development at a real estate company in San Francisco Bay area**

This marketing and business development director notes that Zillow is strongly outpacing Trulia with more unique monthly visitors. Zillow is the lead online generator for his company at 39%, followed by the company’s own website at 33%, and Trulia in third place at 22%. But converting online leads to actual transactions is quite low—5% to 3%. He believes his company will continue to pay over the long term for Zillow’s featured listings service and has recently started paying for another Zillow service to buy impressions in specific ZIP code areas. Trulia, he adds, is being sued by Zillow for [patent infringements](#) over its automated valuation model tool, which is similar to Zillow’s popular Zestimate feature.

- “[Zillow] is important as a lead-generating tool. However, it is a cluttered environment and hard to stand out from the pack.”
- “We pay Zillow one fee to feature our listings, and that’s a flat fee every month. The other thing we do is that we have bought impressions for specific ZIP codes and Zillow charges us a flat amount each month for a rough estimate of how many impressions we get a month. Those impressions could go up or down, depending on what is going on that month, but we are paying a flat fee.”
- “I feel we can’t ever stop paying for the Zillow featured listings. It’s become the standard, it’s what people expect. The other part of buying impressions for listings in a ZIP code is a new thing that we’ve just started in late December. Because business doesn’t pick up until spring, we haven’t really seen a trackable difference yet. Zillow has offered this service for a while, but it’s the first time we are using it. We want to see if there is a significant increase in leads in those ZIP codes.”
- “Over the past year, breakdown of leads by percentage is as follows: 39% Zillow, 33% our own company website, 22% Trulia, 6% other.”
- “Online is, by far, the best way to generate a large quantity of leads. However, the conversion rate for online leads is extremely low—typically 0.5% to 3%. If you ask a top producer where they get the largest source of closed deals, 80% to 90% typically comes from word of mouth (past clients, referrals). You can come to the conclusion that online generates more leads, but word of mouth is better at generating transactions.”
- “In terms of leads, the quantity of leads is certainly a way to value Zillow, but the conversions of the leads is ultimately a more important way to value it. Typically, if you ask any agent, those [Zillow] leads are crap. The majority of leads are not going to go anywhere, but some of them will. There’s a lot of noise, and that’s why the conversion rate is so incredibly low. We have to do a lot of nurturing of those leads. We do convert leads. We converted about 14 leads in the past year. There’s a clear trackable dollar amount.”
- “I actually met with the guys from Trulia when they launched into business, and Zillow didn’t even exist at the time. Trulia really dominated impressions, referrals to the site, and quality leads. Over the past two to three years, Zillow has really upped their game and they are doing more deals, getting more impressions, and ultimately generating more traffic by far than Trulia is right now. Including Zillow and Yahoo! [Inc./YHOO] ([the Yahoo!-Zillow Real Estate Network](#)), together they generate about 37 million unique visitors a month. Trulia is generating about 25 million unique visitors per month. So the pure quantity of leads is getting higher for Zillow. The other difference is that what Zillow offers is different than what Trulia offers. Zillow’s core offering is the Zestimate. They are providing an estimate of value for a home whether it’s for sale or not. Trulia’s core value is around

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Dir. of Marketing & Business Development, Real Estate Company San Francisco Bay area

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showing listings for sale. So inherently Zillow's service is perceived differently. Zillow is for knowing what your house is worth, or what your friend's house is worth. Trulia also has their own AVM (automated valuation model), and Zillow is suing them over it."

➤ Real estate broker in Portland, Oregon

This real estate broker does not believe Zillow is a very effective advertising channel and primarily relies on it as a listing tool. He has only closed one Zillow lead in over five years. He was an early adopter of Zillow and does not appreciate the steep price rise of its services. Referrals are this broker's best method of generating leads.

- "I have a love, mostly hate, relationship with Zillow. If you can't beat them, join them. When they triple the price of their service to their early adopters, [screw them]. We're down to premium placement having given up our ZIP code."
- "We use it more as a listing tool than a buyer lead source. Leads are typically lousy."
- "I don't think we have closed a Zillow lead in five-plus years (same for Trulia). We generate all of our Internet leads from either our personal web presence or PPC [pay per click]."
- "Referrals are our No. 1 source, but online through organic search and PPC is [also] very effective."

➤ Real estate broker in a high-end neighborhood of Silicon Valley

For this Silicon Valley real estate agent, Zillow is still a good investment with about one out of every 25 leads resulting in a sale. He credits his success using Zillow with his strategy of buying the entire ZIP code of the high-end neighborhood he targets. He also advertises via local newspapers, mailings, [Google Inc.](#) (GOOG), and at open houses. His best form of client generation is from past client referrals. He used to advertise on Trulia, but no longer.

- "I get about 10 leads a month on Zillow, and one out of every 25 is for real. So I've actually gotten some deals from it."
- "For me, Zillow is worthwhile because of the way we went about it—I bought an entire ZIP code, so nobody else can buy into it. I think that's the way to go about it. My name shows up as often as it can. Every time someone clicks on that ZIP code, I'm there. I'm going to stick with it [Zillow]. I've tried a lot of these things in the past and most of them don't work. This one has been good and if it doesn't have a return on investment, then I will kill it. I'm going to stick it out for a while. I've been on Zillow for two years."
- "My best channel is referral business from past clients. If you are talking about actual advertising, we still get some out of the newspaper, local mailings. We also pay a pretty penny to be at the top of Google. We try to hit all aspects of advertising so people can see us in print, on the web, at open houses, everywhere."
- "I did use Trulia and I paid for it for a 1.5 years and I got leads that I didn't want and that didn't turn into anything."

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*Real Estate Broker
High-end Neighborhood, Silicon Valley*

➤ Real estate agent in Santa Barbara, California

This real estate agent has sold 10 homes in the past year through Zillow generated clients. She spends approximately \$600 to \$700 a month on Zillow advertising [ZIP code purchases] and believes it is money well spent. She notes, however, that her colleague has advertised on and off with Zillow without positive results. She previously used newspaper and television to market herself, but now focuses primarily on Zillow. She has noticed that real estate agents from higher-end offices, who used to criticize Zillow for its lack of professionalism and inaccurate information, are now advertising on the site. She is also currently advertising on Trulia, but is extremely disappointed with the service and will not renew her one-year contract when it expires.

- "Zillow is No. 1. I love Zillow. It has changed my life."
- "I have sold 10 homes through Zillow in the past year. It is definitely worth me advertising with them."

What I find interesting is that the bigger offices used to pooh-pooh Zillow, saying it wasn't professional and that its information wasn't accurate. All those people who used to pooh-pooh it I've noticed are now advertising on Zillow. They are finding that it does work.

*Real Estate Agent
Santa Barbara, California*

- “I had a contact recently from Zillow from a woman looking for a home in the \$1.5 million range and so I started talking to her. She came down and we met and we are going to close escrow next week on a \$2 million house.”
- “I work in a very small office without any politics. We all help each other. What I find interesting is that the bigger offices used to pooh-pooh Zillow, saying it wasn’t professional and that its information wasn’t accurate. All those people who used to pooh-pooh it I’ve noticed are now advertising on Zillow. They are finding that it does work.”
- “I have purchased two ZIP codes on Zillow. I did have three, but I dropped one because it was high in price and didn’t seem to give me any return. I just dropped it last month, but I did increase my coverage of another ZIP code. I have two ‘shares’ of one ZIP code and one ‘share’ of the other ZIP code. Zillow does call me and tell me if a ZIP code has opened up and alerts me that I can buy more [shares]. I think I’m paying about \$350 [a month] for that ZIP code. Right now, my monthly Zillow bill is about \$600 to \$700. I started at \$350 and saw that it worked, so I added the ZIP codes. I’m happy with the investment.”
- “I had been doing different advertising through the newspaper and television, and I wasn’t getting anything out of those. Someone called me from Zillow and asked me if I’d like to advertise. I know a lot of the general public uses Zillow as a guideline for buying homes. The reason why they use it is that you can get access to houses without having the pressure of an agent contacting you. You can stay anonymous and see what homes are for sale without making a commitment to anyone.”
- “Since I started Zillow, it says I have had 78 contact leads. Some are not worth anything. Some of them I’ll contact right away and they never get back to me. Some are just like dead leaves and don’t go anywhere.”
- “I got into Zillow about a 1.5 years ago when I bought my first ZIP code. My colleague has seen me go crazy on Zillow. He’s been watching me sell homes through Zillow, so he decided to pick up Zillow, but he only had a few contacts and the ones he did have were very poor. He dropped Zillow and watched me continue and he just went back and bought another ZIP code. As of today, he says he still hasn’t gotten any good contact leads with Zillow. He would tell you right now that Zillow has not been worth it for him.”
- “I also signed up for Trulia and wish I hadn’t done that. What I found out from Trulia is that you are buying a space there, but if you really want to get attention, you have to spend an extra \$100 per month and they’ll put you in the forefront. They didn’t tell me that in the beginning. ... I thought I was going to be really busy, but it never panned out and the hits I get from Trulia are just terrible. I signed up for a year with Trulia because they gave me a 25% discount that way and I wish I hadn’t. I’m getting absolutely nothing out of it. I called them up and they said pay another \$100 a month. I asked them if I could try it out for a month and they said no. I will never go back to Trulia.”
- “Zillow is making some realtors upset because they are not getting contacted on their own listing because they do not advertise with Zillow. When Zillow posts a house from the MLS, you can find the listing agent’s name even if they are not advertising on Zillow, but you have to search. A lot of people will see my ad next to one of these listings, usually along with two other advertising agents, and think that maybe I am the [listing] agent. It’s helpful for me, but the true listing agent is not happy with that. Zillow never says that I’m the listing agent. Realtors are saying that this is not fair. There’s been a little bit of confrontation. People are upset about how Zillow works.”

➤ **Real estate broker in Santa Cruz, California**

This broker has seen his subscription to Zillow pay itself back handsomely. He has sold 30 homes in the past two years through Zillow-generated leads alone. He credits his success with Zillow to his ZIP code-buying strategy and growing number of positive client reviews. He values other features of Zillow’s platform, such as the ability to build a personal website that allows for blog posts, listings, database management, and more. He believes that realtors who don’t have success with their Zillow subscriptions are not properly leveraging the website’s many useful tools and features.

- “I’d say my Zillow investment pays for itself 10 times over. I’m a devotee of Zillow. I monitor it—in the past two years, about 350 people have approached me from Zillow and I have put them into my database. These are people who have reached out to me individually and said they are interested in a certain property or want to sell a home. Nearly every other day I get a lead from Zillow. It takes about 10 leads to get one good buyer. It takes about 20 days to get one good buyer. So I’ve had 30 sales from Zillow in two years and each sale generates a minimum of \$6,000—that’s over \$180,000 in two years of

What I like about Zillow is that there is some exclusivity with the ZIP codes—after they are sold out, they’re sold out.

*Real Estate Broker
Santa Cruz, California*

gross sales. If you take what Zillow cost me per month, about \$400—it's very much worth it."

- "I haven't worked with Trulia. What I like about Zillow is that there is some exclusivity with the ZIP codes—after they are sold out, they're sold out. ... On top of that, Zillow has this great website they give you to create your own platform that's included in the monthly fee. The website is based on [WordPress](#) and is really well-written code. You can do a lot of things with it—post blogs, post listings—there's a lot of backend office infrastructure—database management, all kinds of graphs, charts, Google Analytics. You see everything happening. It's like a really cool car with a lot of bells and whistles, but if you don't use the car for what it was designed for, then you might as well use any car."
- "I currently have three ZIP codes—I had five at one time. The way I did it was to buy very inexpensive, way-out-in-the-boonies ZIP codes that nobody else wanted, and I developed my reviews through those great experiences in those remote areas. I've started to weed off the old ZIP codes, because the average home price is about \$250,000, and I now have 30 good reviews and I've gone to the higher-end ZIP codes. That's the evolution of it—you try to buy better ZIP codes and then you make more money. My average ZIP code has a home price of about \$750,000."
- "Those not doing well with Zillow have no reviews and they are not aggressively going after the heart of the business model, which is reviews."
- "Zillow has a good product. They have the leading product in the industry. It's well priced and a very supportive business model. There's a lot of horsepower behind the engine if you drive it the way you are supposed to drive it."
- "It's very difficult, as an independent salesperson, to be flooded with other independent salespeople with monochromatic skills. Realtors are probably seen as a ubiquitous pile of mashed potatoes. What separates me from a pile of mashed potatoes? Zillow gives you the ability to strut your stuff, to embrace their business model and leverage your image through their platform. I'm leveraging a \$1 million platform. Through your own good activity and own good efforts, people are reviewing you as end users and they have the ability to slam you as well as praise you. I feel people look at reviews more so than word of mouth. If someone hears about me through word of mouth, they still are going to Google me and find out the dirt about me before they invest their time."
- "I feel the [Zillow] reviews are really the way to go. It's really time-consuming and expensive for me to create my own review platform. To have a platform that is very well monitored—they research every single review—if there is any monkey business, they don't post it. They realize that if those reviews aren't validated somehow for authenticity, that whole platform goes down the toilet. It's just nothing then but a marketing ploy. There's no honesty in it. They realize the backbone has to have integrity. I applaud them for that."
- "It's a very robust search engine for people looking for properties. The downside is that research engine for properties is tainted with misinformation all over the place. You might see an available property, but find out that it was sold six months ago. That's to the benefit of the business model in that people are researching old information and reaching out to real estate agents, and that develops a relationship. The agent will then get them into a database that spits out proper information from the MLS. You're then cultivating a lead and hopefully they buy a home through you."

➤ Real estate broker in Silicon Valley

This former-engineer-turned-real-estate-broker plans to advertise on Zillow in the near future. He sees the power of Zillow in attracting leads among the tech-savvy workforce who turn to the website for housing data and to search for agents. He calculates that he has to sell at least two homes a year to get a good ROI while advertising on Zillow. He notes that homebuyers in the \$1-million-plus property range, however, do not tend use Zillow to find agents, but instead use trusted friends for referrals. This broker's agency only invites Zillow representatives to its sales meetings.

- "The Zillow salesperson I have a rapport with knows that I'm eventually going to subscribe. I just want to know that there's good ROI on it. I've talked to my VP and he says I need to have an online presence where it matters—to go with big names and top performers. Zillow is basically the big gorilla when it comes to people going to look for homes. It's because Zillow has the house value tool. They have a big draw for

Zillow is basically the big gorilla when it comes to people going to look for homes. It's because Zillow has the house value tool. They have a big draw for people who use it, so if you actually want your face up there, it's helpful.

Real Estate Broker, Silicon Valley

people who use it, so if you actually want your face up there, it's helpful. There also have things you can do once you have a listing."

- "Zillow is the only one invited to our [real estate] company's sales meetings."
- "One realtor at our office is getting over 80% of his leads through Zillow, and that's something that happened over time. Obviously, part of lead generation is to go door to door, work through your sphere of influence—friends and families, et cetera. For him, he found Zillow worked really well and there's a specific reason why—Zillow is used by a lot of tech-savvy folks looking for something in their price range. ... Zillow is No. 1, Trulia is not far behind, then [Redfin](#). Overall, Zillow is the absolute No. 1 place that consumers go to look at finding a property for themselves. A lot of times it starts out with wanting to find out how much the place they are living in is worth. From there, they look at the surrounding areas. They use the data to find a home and to find an agent, especially if they don't have one to begin with."
- "The Zillow salesperson gave me the data I wanted. I went back to my office and found who the top performers were at our company, and finally came to the conclusion that it's [Zillow] a good deal."
- "I generate my leads through friends, family, and coworkers."
- "There [are] probably 20 to 30 agents that are considered really successful in our office of about 130 agents. Zillow is helping them."
- "Zillow is not the only place. I want to build up my awareness and trust factor first with other people before I actually advertise on Zillow."
- "I've got to sell a few properties a year to make [Zillow] worth it, so that's why I haven't invested yet in Zillow. Now that I have pipeline, it makes more sense to me to have an online presence, so that when I do show up for a [community] meeting, people will say, 'Every time I go to Zillow I see your face pop up on the left-hand side.'"
- "You have to be where people can see you. The reason why I'm looking at Zillow [to advertise] is that a lot of clients of mine are engineers. Really successful people are using Zillow to build their influence outside their own circle of influence."
- "People trust you when they see your face everywhere. They think, 'Well, this guy isn't going away.' I need to build that first before throwing \$300 to \$700 a month for advertising on Zillow. There are a lot of folks out there who need to have a job and don't have passive income, but a lot of these one-percenters [top performing agents] already have investments and a steady supply of clients and they've already built up a pipeline—they just need to continuously maintain that pipeline, and that's what this tool [Zillow] is for."
- "I can't get the ZIP codes I want [on Zillow]. There are a lot of one-percenters that won't give up their ZIP codes."
- "But there is a caveat to it, and this is what I'm concerned about in advertising with Zillow: For the higher-end home buyer, Zillow is not going to be where they go to find an agent. They are going to go to trusted advisors for that—accountants, friends, their close circle of influence. However, for homes that are less than \$1 million, with a sweet spot of \$650,000, Zillow really fits that demographic well."
- "I farm an area with about 1,000 homes, and it would be nice for people who see me at association meetings, fundraisers, at the park, et cetera, that they also see me on Zillow. That's a really good motivation for me to advertise on Zillow. It's a supplement. It's not the primary method if you want to be successful."
- "I don't think this tool [Zillow] is good for someone who just got their license—I don't think it's going to help them."
- "It a signature. When people think of Zillow, they think of house value. When they think of Redfin, they think about the zoom-in, zoom-out map."

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Real Estate Broker, Silicon Valley

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Secondary Sources

To gain exposure and recognition with potential customers, Zillow has launched its first TV ad campaign and a new home improvement iPad application and website called [Zillow Digs](#). Over the past month, Zillow has expanded its brand by adding a new partnership with HGTV's FrontDoor and an advertising deal with Engel & Völkers; it also announced that Hunt Real Estate, one of the country's largest brokerages, has joined its Zillow Pro for Brokers program.

- **Feb. 11 GeekWire [article](#)**

As the busy spring home shopping season approaches, Zillow has taken the next steps to gain household recognition by launching a TV ad campaign that will air nationwide on channels such as Scripps Networks Interactive Inc.'s (SNI) [HGTV](#) and the Travel Channel, Viacom Inc.'s (VIA) [Comedy Central](#), and [MSNBC](#).

 - “The first half decade of Zillow we didn’t spend on any advertising at all—great web and mobile products, that drove great PR and word of mouth, established our brand and grew us to nearly 46 million unique users in January 2013.”
- **Feb. 6 Washington Post [article](#)**

Adopting popular characteristics from [Pinterest](#) and [Houzz](#), Zillow has released a new website and iPad application called Zillow Digs, which allows users to collect and organize home improvement ideas while estimating the cost of the project.

 - “What sets Zillow Digs apart from Pinterest and Houzz is its Dig Estimates, a predicted cost of the renovation. Zillow hired contractors to price what it would cost to replicate each picture, including labor and materials.”
 - “Zillow has culled tens of thousands of images from homes it has listed for sale across the country. So if you find a kitchen you like, you can likely look at other rooms in the home to see how they were designed.”
- **Feb. 8 [article](#) from Herald Online, a South Carolina newspaper**

[HGTV's FrontDoor](#) has joined forces with Zillow to be the next exclusive addition to the Zillow real estate network. The newly acquired partnership will allow brokerages and agents substantial marketing for listings and additional exposure for local ads.

 - “As part of the partnership, Zillow will feature select home-improvement video content from Scripps Networks, which owns HGTV and FrontDoor.”
- **Feb. 21 [article](#) on Inman News, an independent real estate news website**

Real estate franchisor [Engel & Völkers](#) signed an ad deal with Zillow, which allows its logo to be present, stipulates that no ads from competing companies will appear on the property detail pages, and includes lead forms that direct users to Engel & Völkers agents.

 - “Pittsburgh-based Howard Hanna, for example—ranked by Real Trends as the fourth-largest brokerage by transaction sides in 2011—[said in February it would pay](#) a seven-figure sum (between \$1 million and \$10 million) for special treatment of its listings on Trulia and Zillow.”
- **Feb. 25 Inman News [article](#)**

[Hunt Real Estate](#), one of the country's largest brokerages, is the 49th brokerage to join the [Zillow Pro for Brokers](#) program. This deal will allow Hunt Real Estate to send listings it represents in New York and Arizona straight to the Zillow real estate network.

 - “Hunt Real Estate ERA is committed to providing our agents with the best tools and the best training in the business, and Zillow Pro for Brokers helps give them an edge in the marketplace.”
 - “In return for providing listings directly to Zillow, Hunt Real Estate ERA listing agents are featured at the top of a list of buyer's agents that appears next to listings they represent (buyer's agents pay Zillow to appear next to listings on the site).”

Additional research by Steve Evans, Carolyn Marshall and Liana Mortazavi

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