

who's fooling who?

Do you list a house at \$599,900 or \$600,000? There have been many studies on the psychology of pricing most of which have suggested that pricing at \$0.99 instead of on the exact dollar amount is the correct approach to trigger that buyer emotion to act.

The real estate industry has grabbed on to this concept and ran with it for many years. 99% (pun intended) of new listings are not nice round numbers but instead end in \$---,900 or \$---,999.

We all know \$599,999 is really the same as \$600,000 but because of buyer psychology most realtors still opt to use the former.

But is this the right strategy in today's online market? The National Association of Realtors (NAR) states that 97% of buyers use the internet in their home search and 50% actually found the home they purchased online.

You see the buyer psychology angle worked great when it was the buyer sifting through the local paper, magazines and home books but today it's search portals that generate the results.

Look at Realtor.ca for example - the inputs for pricing go up in nice even increments.

So let's say we price that home at \$599,999 and a buyer is searching for home from \$500,000 to \$600,000 - great our property shows up in the search. But now let's look at the buyer who has a higher budget of \$700,000, they may set their bottom threshold at \$600,000.



Uh-oh, now our listing will not populate in their search because we priced it \$1 less. You see, we know \$599,999 and \$600,000 are really the same but to a computer generated search these are two very different numbers.

The same thing happens in matrix when realtors set up a portal search for clients. When is the last time you set up a search for a buyer with a max price of \$599,999 - you wouldn't. We use nice round numbers as well often going with the closest \$25,000 increment as there is potential for a price drop or room to negotiate. So properties that may potentially match a buyers criteria are not showing up in their automated search because their realtor chose to price the home \$1 or \$100 less than the nice even number that was inputted for their criteria.

By pricing at an even number we are increasing the chances that we are showing up in the results of multiple buyer ranges.

Now we are not saying this strategy works for every price point but if you are close to one of these round increments its certainly worth a discussion.

Marketing and pricing strategies have changed, its time our industry realized that we need to change with it. Our company is constantly looking for new ways to innovatively market and price properties and challenge the status quo. With the majority of buyers using online portals and search engines to find their next home we feel it only makes sense to price it to get more buyers eyes on it, that's the TW difference.

