

THE “GROUND TRUTH”:

Improving Real Estate Customer Experience With Higher-Quality Data

INTRODUCTION

Like many industries, the real estate business is going through a time of rapid change catalyzed by the growth and proliferation of new technologies. In this landscape, how real estate businesses use technology, and data in particular, is critical to providing value and differentiating themselves in a market that still relies heavily upon word-of-mouth referrals. Real estate businesses that ignore the importance of data quality risk losing out to competitors. “If you’re not deploying high-quality, relevant data, you’re vulnerable to someone who is, with the objective being taking your market share,” says Mark Friend, director of sales at Pitney Bowes. He adds: “Companies that are embracing technology and data are clearly prospering, and those that are not are being left behind.”

Data is the basis for a number of initiatives that real estate businesses are embarking upon to improve their offerings, namely around providing more accurate location-based information about properties and more detailed analysis and recommendations. However, the reliance upon lower-quality, free data sources can prove a costly problem for businesses to fix. This paper discusses some of these uses for data in real estate as well as the costs that can result from poor data.

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DIRECTOR OF SALES,
PITNEY BOWES

A DETAILED PICTURE

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Real estate data should show “the ground truth,” Friend notes, reflecting local knowledge about neighborhoods and attributes of the geographic region. This kind of information has always been an important part of real estate decisions; a decade ago, however, the real estate industry was still struggling with integrating the basics of it into online capabilities. Now it’s rare to see a site that doesn’t offer some kind of detailed neighborhood analysis on the nearest schools, fire stations and demographics. Real estate businesses are using this information to offer more in-depth analytics and comparisons, allowing sellers to set a more competitive price and providing buyers with better recommendations for comparable properties in similar neighborhoods and price points. “At the end of the day, agents are expected to be a counselor and market authority and someone that can make recommendations—and they’re expected to be good at that,” he says.

High-quality data can help brokers build a picture of relevant options. With this insight, they can make an evidential case to clients about listing prices, alternative properties to consider or where the greatest ROI potential on an investment property might lie. “Those are all questions, assuming you’ve got the right application and the right data, that you’ll get answers to,” says Friend. “Sometimes I use the analogy that complete and accurate data, it’s like paint for a canvas; in the right hands, it can create a really detailed picture.” In a largely word-of-mouth referral-based industry, it is this capability to come to client conversations armed with data-backed recommendations that can set a brokerage apart and improve its customers’ experience.

On the other hand, poor-quality data can have real consequences for real estate companies. “Data goes stale,” explains Friend. “It doesn’t have a long shelf life.” And that means it needs to be updated and kept current, regularly refreshing with new information. School zones change, boundaries are redrawn—and there could be huge reputational costs if customers have made purchasing decisions based on data that turns out to be incorrect. “When you’re talking about where your kid goes to school, that’s a big deal.”

# FREE VS. PREMIUM DATA

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There are two options for real estate companies when it comes to selecting data sources: free and premium data. Free data typically comes from a variety of sources, including private companies, other real estate businesses, and state and local authorities. The main benefit of these sets is that there is no cash outlay required—although there is little consistency or guarantee of quality among the sets, which means the onus is on the user to validate them and ensure interoperability with other internally held data. And, warns Friend, it can be costly to replace the data if you have to start over later. “Certainly, if you are a startup or on a real shoestring budget in your garage with no funding, the free data quite honestly might be the best answer initially,” says Friend, but, he adds, “time is going to be an enormous investment” when it comes to validating, standardizing and integrating that data internally.



Friend outlines a few of the key benefits of premium data.



RIGHTS: Whereas rights to premium data can be negotiated in contracts to provide certainty, free data is often offered under inflexible boilerplate agreements or a Creative Commons license whose terms can change: This may result in legal gray areas when licensed and internal data are combined. “It can get into thorny legal issues,” Friend says.



PROFESSIONALLY CURATED: Typically curated by GIS (geographic information systems) specialists with best practices in mind, so there is quality and consistency within and between data sets.



STANDARDIZED: Standardized formats, like tab, shape, WKT and Geojson, make data easier to integrate internally, whereas free data sets may be offered in non-standard formats requiring work up front before integration.



UPDATED: Refreshed on a regular monthly and quarterly schedule to ensure that information is current.



SUPPORT: If you’ve got an issue with your data, premium data sets come with customer support, whereas with free, you’re on your own.

FREE VS. PREMIUM DATA

Key differences between
typical free and premium data sets

	FREE	PREMIUM
Free to purchase	X	
Negotiable contract rights		X
Standardized sets		X
Regular updates		X
Created by GIS professionals		X
Customer support		X

QUALITY DATA IS CRUCIAL

Data informs real estate transactions in a number of ways, helping sellers set prices, and providing buyers with information about the surrounding neighborhoods and comparable options that help them make better purchasing decisions. Agencies can use data to deliver a better customer experience and deeper analysis for their clients, but they have to be able to rely on the quality of their data to do so. That means having accurate and up-to-date data. Bringing in outside data can enhance the quality of internal data, but it’s important to vet the sources carefully and understand the differences between free and premium data sets.

THE BOTTOM LINE

For real estate businesses, better-quality data ensures a competitive edge, improving the customer experience and driving online engagement with compelling, useful and accurate insights.

Forbes insights

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