

AvalonBay is harnessing the Internet's full marketing potential by using a well-built Web site, apartment listing service and search engines that click.

A man with dark hair and a slight smile is looking directly at the camera. He is holding a laptop in front of him, which is open. The laptop screen is the central focus, and the text 'Online Optimization' is written in a red, outlined font across it. The background is a plain, light color.

Online Optimization

BY KEVIN THOMPSON

Anyone growing up in 1970s might remember a blackberry as something mom put in a pie or a cell phone as the payphone that prisoners used to call their lawyers. Even a TV remote might conjure memories of children scrambling to turn the channels at the command of their fathers (assuming the television's rabbit ears were picking up more than one channel that day). Today, these terms have very different meanings, highlighting how much technology has evolved over the past 40 years.

At times, however, it still seems as though the apartment industry is adjusting its rabbit ears and switching channels by hand. After all, as late as 1995, only 2 percent of all apartment searches began with the Internet. Newspapers and various printed apartment guides were staples of the industry's marketing efforts, supported by banners unfurled from nearly finished buildings and sidewalk A-frame signs with balloons fluttering in the wind.

Ninety-eight percent of all marketing tools used by the apartment industry in 1995 were the same ones being used four decades ago. Although these traditional marketing tools continue to be used, their value diminishes each year. *Chicago Sun-Times* columnist Robert Vanderpoel once said that the most successful businessman is the man who holds onto the old just as long as it is good, and grabs the new just as soon as it is better. It's time for the apartment industry to embrace the new.

The Data Collector

The trend toward Internet usage for finding apartments is now incontrovertible. Once apartment managers admit that the world has changed for good, figuring out exactly how cyberspace is affecting the apartment business is the critical next step. This begins with collecting and analyzing marketing data because without accurate data, measurement is simply impossible.

Gathering information that tracks prospective resident leads, the traffic through each marketing tool and the related costs are keys to understanding the impact of a company's existing marketing efforts. A unique, toll-free telephone number, for example, which is attached to each media source, enables marketing professionals to determine both the quantity and the quality of the leads. Automated tracking software, which is effective and relatively inexpensive, can help track prospective resident traffic by marketing sources; if a budget can't afford tracking software, apartment managers still can gather valuable data with hand-tallied "How did you hear about us?" forms.

In his article "Multifamily Marketing in the Internet Age," John Helm writes that a variety of sources confirm that anywhere from 54 percent to 72 percent of all renters begin their searches online, and the Internet far outstrips more traditional sources of information that potential renters find helpful. Helm goes on to say that the average prospective resident visits three sites, often multiple times, during the course of a successful search. As confirming and validating as this information is, companies still need to track their own specific data on renter searches and, more importantly, lead-to-appointment and lead-to-lease conversions.

Let Them Find You

The issue: The trend toward Internet usage for finding apartments continues to grow.

THE PROBLEM: The apartment industry continues to use traditional marketing tools whose value diminishes each year.

THE SOLUTION: Management firms need to invest in modern marketing options—Web sites, ILS sites, call centers, etc.—to optimize their effectiveness.

The Power of the Internet

At AvalonBay, Internet activity accounted for nearly 51 percent of leases in 2007, compared to the next most effective sourcing, “drive-by/onsite signage,” which garnered 21 percent. Only four years ago, the Internet accounted for just 24 percent of the company’s leases. Conversely, “print guides” and “newspaper” have gone from nearly 20 percent of total leases in 2003, to just over 4 percent in 2007.

AvalonBay’s data indicate that the Internet produces potential residents who are generally solid leads because they have gone through, in effect, a self-filtering process. When they arrive at an apartment community, these individuals have more accurate information about the community amenities and features, concessions, specials and pricing, and they tend to know more about the competitive landscape in general. So if they are visiting an apartment community, they already have decided that that particular community is a real option for them.

Consequently, any follow-up by the leasing team is both time and money well spent. AvalonBay’s experience indicates that the conversion rate from lead to lease is higher with these individuals. Thirty-five percent to 40 percent of prospective residents through the Internet convert to leases, as opposed to 25 percent to 30 percent of those coming through traditional advertising media. But this is not the only marketing advantage that AvalonBay gains through the Internet. This higher conversion rate occurs at a lower cost-per-lead and a lower cost-per-lease. Generating leases through traditional media costs AvalonBay an average of up to three times as much as leases through the Internet.

Strategies For New Media

Once a company is in a position to track its leads, follow the

traffic and determine the “costs-per” benchmarks, it will be well on its way to a more cost-effective and powerful marketing strategy. On a granular level, this tracking system will provide valuable insight into specific marketing techniques and should drive marketing spending. On a macro level, however, it is likely that individual company analyses merely will confirm the industry trends: the Internet simply cannot be denied its place as a top lead generator in the rental markets. So, with data in hand and the new media confirmed as king, how does a company begin to use the Internet effectively?

1 Pay attention to the community Web site.

■ Apartment industry Web sites are known for their beautiful aesthetics—apartment companies showcase their communities with remarkable ingenuity and photography that can, at times, rival that displayed on the pages of *Architectural Digest*. No one would argue with the need to reflect communities in the best possible light, but the e-commerce function cannot be dismissed entirely in favor of beautiful form. Unfortunately, in some cases, form not only fails to follow function; rather, function is simply nowhere to be found. If company Web sites are to be effective in generating qualified leads, then they must be user-friendly, able to be navigated quickly and easily and provide the basic information sought by a prospective resident, including downloadable floor plans, rental prices, specials and customizable directions, as well as other customer-requested features, such as searchable pet policies, online credit checks and leasing, interactive site maps and 360-degree tours.

2 ■ **Optimize the Web site.** During the development or re-development of a community Web site, remember to save room in the budget for search engine optimization (SEO). This often overlooked step can be the difference between the site com-

Behind the Wave

Outside the apartment industry, this so-called Internet tsunami is hardly big news. Marketing experts across sectors have long tracked the rise in U.S. households connected to the Internet, from 69.9 million in 2004 to 82.1 million in 2007, growing at a clip of 6.3 percent a year with no signs of abating. That translates into 136 million Americans who have regular access to the Internet, or 67 percent of all adults in the country, according to a May 2006 eMarketer article. More Internet access means, of course, more Internet searches. In its “Search Fact Pack 2007,” *Advertising Age* magazine estimates that U.S. consumers launch more than 9.8 billion searches each month, which is up 28.4 percent over one year ago.

The Internet and cybermarketing are finally beginning to make their marks on the apartment industry. In 2007, more than 80 percent of all apartment searches are expected to begin online. In 2006, Internet-related activity made up over 50 percent of the industry’s marketing efforts, up from virtually nothing only a decade ago. Newspaper display ads and print guides haven’t disappeared, but they are clearly taking a backseat in the typical prospective resident’s apartment search as the Internet wave surges.

—K.T.

ing up on the first page of Google and Yahoo! search results or landing uselessly around the fifth page, where no prospective resident will ever find it.

There are scores of SEO firms, several with expertise in the apartment industry, which can provide not only reviews and recommendations for a community's site, but can also do the heavy lifting of programming, re-structuring and optimizing the site. Among the ones to consider are Search Engine Optimization, Inc.; iProspect; Netconcepts ClickZ; The Search Agency; Yahoo! Search Marketing; Razorfish; and SEOmoz.org.

Following are steps that a typical SEO project includes when performing a Web site diagnostic. This process is an in-depth review of every page and functionality of the Web site with regard to known industry benchmarks. It can include:

△ **Adding relevant meta tags and title tags.** Placing these tags in the HTML code corresponding to the keywords and page content helps optimization;

△ **Converting Web page location titles.** This helps include relevant keywords such as AvalonCommunities/New Jersey/ to AvalonCommunities/NewJersey Apartments/;

△ **Keyword Research Analysis.** A gauge of how high a site ranks across all major search engines in a query list of apartment-related search words and recommendations for enhancements;

△ **Link Popularity.** Obtaining relevant links to a site from apartment-related Web sites, using search engine spiders; and

△ **Search Engine Page Submissions.** The submission of all pages of a site to more than 1,000 major search engines.

3. Forge partnerships with Internet Listing Services. Internet Listing Services (ILS), such as Apartments.com, For Rent Media Solutions, Move, MyNewPlace, Rent.com, Apartment Guide and others, provide an incredible amount of prospective resident traffic. Companies first should determine which ILS sites are relevant for their marketing purposes and ensure that their communities are included on the basic listing service. After tracking the cost-per-lead and cost-per-call of the standard ILS product, companies can look to invest in their secondary products, such as featured property listings, precision-targeted e-mails, bolded listings and online commercials (“e-mmercials”). Again, managers must keep track of the “costs-per” and add or delete communities based on their ability to meet or miss assigned media expense benchmarks.

4. Follow up aggressively with Internet leads. Over the last several years, the data has demonstrated that Internet leads generally are more qualified than those sourced through other media. AvalonBay's internal data indicates that an appointment set from an Internet lead is 2.3 times more like-

ly to become a lease than an appointment set from a phone call. An e-mail inquiry about a rental community should be returned, using an e-mail template response or phone call, within two hours and during business hours.

5. Consider a call center. With the Internet dramatically multiplying responses from prospective residents, the ability to respond quickly and effectively may seem like a daunting task to apartment companies. In marketing, nothing is worse than generating solid leads only to lose or alienate them because of an inability to deliver timely follow-up. The apartment industry, on average, is only responding to about 40 percent of all e-mail leads, and that is usually over a two- to five-day period. Compare this to a call center, which will respond to 100 percent of phone and e-mail leads, usually within a few minutes.

In addition, call centers are responding to leads 24 hours a day, seven days a week, and call center professionals do an excellent job of converting calls to appointments, setting appointments for nearly 40 percent of all calls versus the average 15 percent to 20 percent from onsite teams.

In terms of phone inquiries, the average time a prospective resident will spend on the phone with a call center is just under five minutes, versus 2.5 minutes for onsite leasing agents. With the right call center, good Internet leads need never be lost for lack of timely response or length of call.

Don't Panic

The emergence of the new media as the primary marketing driver in the apartment industry need not sow panic among marketing executives. What flows from this recognition may not be so foreign after all. In many respects, the same basic marketing principles apply to the Internet as with any other media source:

△ Know who the prospective customers are and where they are searching;

△ Gather and analyze marketing data;

△ Understand the most effective means of converting prospects to customers; and

△ Adjust marketing strategies in light of that understanding.

Web sites, lead response, ILS sites and SEO are the basic building blocks of cybermarketing strategies. Once an organization has maximized these fundamental areas, only then can its principals successfully explore the next generation of Internet opportunities—pay-per-click, Web 2.0 social marketing, local search and more. n



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