

Factors Related to the Selection of a Real Estate Agency or Agent

Joyce M. Johnson*
Hugh O. Nourse**
Ellen Day***

Abstract. Real estate firms attempting to maintain or increase their market share want to know the characteristics of the firm or individual agents that are important to market participants. A survey of homeowners conducted during August 1987 found the following: 1) the individual agent is more important than the firm itself in the selection of a real estate firm; 2) knowing an agent of the firm was the primary factor considered in the selection of a real estate firm; and 3) agent characteristics of selling ability, competence, integrity, knowledge of the market, and understanding the client's needs and concerns were most important.

Statement of Problem

Real estate brokerage firms attempting to maintain or increase their market share want to know the firm or individual agent characteristics important to market participants. However, research relating to these issues is scant. One study conducted by Colwell and Marshall [7], the purpose of which was to explain the effects of selected brokerage firm characteristics on market share, produced ambiguous results. The authors attributed the inconclusive findings to the "relative unimportance of the brokerage firm and that the important capital and goodwill belong to the salesperson."

This study directly addresses the question of whether it is the firm or the individual agent that is more important to potential residential market participants (homeowners). Once it is determined which of the two is foremost in the minds of homeowners, the study will attempt to determine those firm characteristics or individual characteristics that are most important.

Description of Data

The study sample consisted of two hundred homeowners who reside in Athens, Georgia, a metropolitan statistical area with a population of approximately 100,000 persons. The sample was stratified into four neighborhood groups by the values of homes. Exhibit 1 contains the dollar value range of homes by group and information regarding the distribution of regular

* Doctoral Student, School of Accounting, College of Business Administration, University of Georgia, Athens, Georgia 30602.

** Professor, Department of Insurance, Real Estate and Legal Studies, College of Business Administration, University of Georgia.

*** Assistant Professor, Department of Marketing and Distribution, College of Business Administration, University of Georgia.

Date Revised – September 1988; Accepted – October 1988.

Exhibit 1
Sample Strata and Type of Interview

| Group | Value Range of Homes | Interviews | | Total |
|-------|-----------------------|------------|-------|-------|
| | | Regular | Short | |
| 1 | \$ 60,000 – \$ 75,000 | 43 | 7 | 50 |
| 2 | \$ 75,000 – \$ 90,000 | 42 | 8 | 50 |
| 3 | \$ 90,000 – \$120,000 | 42 | 8 | 50 |
| 4 | \$120,000 and above | 45 | 5 | 50 |
| | Total | 172 | 28 | 200 |

and short interviews. Homeowners were randomly chosen from a reverse telephone directory¹ until each group (stratum) consisted of 50 respondents. Data were collected by means of a questionnaire that was administered by telephone,² during August 1987, with a response rate of 80%.

Of the 200 telephone interviews, a total of 28 were "short" interviews. "Short" interviews were those in which the homeowner would not solicit the assistance of either a real estate firm or individual agent if the homeowner were in the market either to buy or sell a home. The homeowner was then asked the reason for this decision (27 answered this query). Fourteen respondents felt that they could buy or sell a home with no assistance from a real estate firm or agent. Eleven homeowners felt that they could save money by not using a real estate firm or agent, one felt that the firm or agent was not efficient, and another felt that the agents in the area were basically dishonest. The remaining 172 interviews were considered regular interviews in which all questionnaire items were addressed; the data from these interviews are analyzed and discussed in this article.

Which Is More Important—The Firm or the Agent?

The results of this study clearly indicate that, regardless of neighborhood group, it is the individual agent and not the firm itself that is more important to homeowners in their selection of a real estate firm. Both direct and indirect evidence exist to support this very important finding.

The survey questionnaire directly addressed this issue by asking the respondent, "Which is more important in your selection, the individual agent or the firm?" Of the total sample of homeowners, 70.4% indicated that the agent was more important while only 20.3% chose the firm as being more important in the homeowner's selection of a particular real estate firm (see Exhibit 2). These responses indicate that it is the agent that drives the selection of the real estate firm and not the firm that drives the selection of the real estate agent.³

Indirect evidence supporting the above finding is provided by the responses of homeowners as to which factor they might consider in selecting a real estate firm. For the total sample, 30.2% of homeowners indicated that knowing an agent of the firm was the primary factor in their selection of a real estate firm. Forty-four homeowners (25.6% of the sample) said that word of mouth was the factor they would consider in selecting a real estate firm, while 23.8% of the respondents felt that reputation of the firm was the key selection factor (see Exhibit 3).^{4, 5}

Analysis of the contingency table in Exhibit 3 indicates that the factors considered in

**Exhibit 2
Selection Importance : Firm versus Agent**

| | Group 1 \$60-75k | Group 2 \$75-90k | Group 3 \$90-120 | Group 4 \$120k+ | Total |
|------------|---------------------|---------------------|---------------------|--------------------|--------|
| Agent | 31 | 32 | 29 | 29 | 121 |
| | | | | | 70.35% |
| Firm | 8 | 7 | 12 | 8 | 35 |
| | | | | | 20.35% |
| No opinion | 4 | 3 | 1 | 8 | 16 |
| | | | | | 9.30% |
| Total | 43 | 42 | 42 | 45 | 172 |
| | 25.00% | 24.42% | 24.42% | 26.16% | 100% |
| Statistic | df | value | p-value | | |
| Chi-square | 6 | 8.190 | 0.225 | | |

selecting a real estate firm do differ somewhat across the neighborhood groups (chi-square = 29.757 and *p*-value = 0.003).⁶

More respondents than expected in neighborhood groups 3 and 4 indicated that knowing an agent of the firm was the primary factor in selecting a particular real estate firm, whereas fewer respondents than expected in groups 1 and 2 indicated this factor as a selection criteria. This finding would indicate that knowing an agent of the firm is more important for those homeowners in the high-income groups (the authors assume that the homeowners in the groups with higher values of homes are individuals or families with higher incomes).

Opposite results from the above were obtained for word of mouth as a selection factor, suggesting that lower-income families consider word of mouth more important than do higher-income families. Here, more homeowners than expected in neighborhood groups 1 and 2 responded that word of mouth is the key factor in selecting a real estate firm, whereas fewer homeowners than expected in neighborhood groups 3 and 4 indicated this is a selection factor.

**Exhibit 3
Real Estate Firm Selection Factors**

| | Group 1 \$60-75k | Group 2 \$75-90k | Group 3 \$90-120 | Group 4 \$120k+ | Total |
|---------------|---------------------|---------------------|---------------------|--------------------|--------|
| Knew agent | 7 | 10 | 20 | 15 | 52 |
| | | | | | 30.23% |
| Word of mouth | 16 | 11 | 6 | 11 | 44 |
| | | | | | 25.58% |
| Reputation | 7 | 11 | 12 | 11 | 41 |
| | | | | | 23.84% |
| Other | 6 | 8 | 4 | 8 | 26 |
| | | | | | 15.12% |
| Do not know | 7 | 2 | 0 | 0 | 9 |
| | | | | | 5.23% |
| Total | 43 | 42 | 42 | 45 | 172 |
| | 25.00% | 24.42% | 24.42% | 26.16% | 100% |
| Statistic | df | value | p-value | | |
| Chi-square | 12 | 29.757 | 0.003* | | |

*significant at the 0.05 level of significance

Exhibit 4
Importance of Firm Characteristics

| | Very Important | Important | Some Importance | Unimportant | No Response |
|-------------------|-------------------|-----------|--------------------|-------------|----------------|
| Selling ability | 40 | 10 | 0 | 0 | 122 |
| Agent competence | 43 | 7 | 0 | 0 | 122 |
| Good advertising | 15 | 21 | 11 | 3 | 122 |
| Integrity | 48 | 1 | 1 | 0 | 122 |
| Firm location | 1 | 8 | 23 | 18 | 122 |
| Service package | 22 | 17 | 5 | 2 | 126 |
| Firm prestige | 11 | 21 | 12 | 6 | 122 |
| Agent personality | 17 | 26 | 7 | 0 | 122 |
| Firm reputation | 37 | 13 | 0 | 0 | 122 |
| Chain member | 5 | 15 | 15 | 14 | 123 |
| \$1M sales staff | 3 | 14 | 18 | 15 | 122 |
| Other | 7 | 3 | 0 | 0 | 162 |
| Total | 249 | 156 | 92 | 58 | 1509 |
| Statistic | df | value | p-value | | |
| Chi-square | 44 | 411.569 | 0.000* | | |

*significant at the 0.05 level of significance

Respondents in neighborhood group 1 indicated reputation of the firm as a real estate firm selection factor less often than expected, while homeowners in groups 2, 3, and 4 responded to this factor more times than expected.⁷ The authors cannot readily explain this particular finding.

Importance of Firm or Agent Characteristics

Firm Characteristics

Those respondents who had indicated that the firm was more important in their selection of a particular real estate firm were then asked to indicate the level of importance of certain real estate firm characteristics.

Chi-square analysis revealed that the real estate firm characteristics thought important by market participants actually reflected an attribute of an individual agent (i.e., agent competence, selling ability, integrity, and agent personality). The level of importance for the firm characteristics of service package and agent personality were not the same for all neighborhood groups. Also, the level of importance of the firm characteristics, taken as a whole, was not the same across the neighborhood groups (see Exhibits 4 and 5).⁸

The firm characteristics of selling ability, agent competence, integrity, and firm reputation were deemed to be 'very important' more often than expected for this sample population. Firm characteristics of service package and agent personality were identified as 'important' more often than expected by this sample of homeowners.

Of little or no importance to the homeowners in the sample neighborhood groups were the firm characteristics of firm location, firm prestige, membership in national chain, and the number of \$1 million-dollar salespersons. The results of one firm characteristic, good advertising, are mixed as there is no clear indication of importance to the homeowner. These results are consistent with those found in the Colwell and Marshall [7] study, for similar variables.

**Exhibit 5
Importance of Firm Characteristics by Group**

| Firm Characteristics | Group 1 \$60-75K | | | | Group 2 \$75-90K | | | | Group 3 \$90-120K | | | | Group 4 \$120K+ | | | | Kruskal-Wallis Test | |
|----------------------|---------------------|-----|----|-----|---------------------|-----|----|----|----------------------|-----|----|----|--------------------|-----|----|----|---------------------|---------|
| | VI | IMP | SI | UI* | VI | IMP | SI | UI | VI | IMP | SI | UI | VI | IMP | SI | UI | chisq | p-value |
| Selling ability | 10 | 2 | — | — | 7 | 2 | — | — | 8 | 5 | — | — | 15 | 1 | — | — | 4.68 | .1972 |
| Competence | 11 | 1 | — | — | 7 | 3 | — | — | 12 | 0 | — | — | 13 | 3 | — | — | 4.61 | .2031 |
| Good advertising | 3 | 6 | 2 | 1 | 2 | 4 | 1 | 2 | 4 | 5 | 4 | 0 | 6 | 6 | 4 | 0 | 1.00 | .8015 |
| Integrity | 11 | 0 | 1 | — | 9 | 0 | 0 | — | 13 | 0 | 0 | — | 15 | 1 | 0 | — | 1.70 | .6365 |
| Firm location | 0 | 2 | 4 | 6 | 0 | 1 | 4 | 4 | 1 | 3 | 5 | 4 | 0 | 2 | 10 | 4 | 2.02 | .5689 |
| Service package | 5 | 5 | 1 | 1 | 2 | 3 | 2 | 1 | 4 | 5 | 2 | 0 | 11 | 4 | 0 | 0 | 7.92 | .0477* |
| Prestige | 3 | 4 | 4 | 1 | 1 | 3 | 2 | 3 | 3 | 4 | 5 | 1 | 4 | 10 | 1 | 1 | 4.31 | .2302 |
| Personality | 5 | 4 | 3 | — | 0 | 6 | 3 | — | 6 | 7 | 0 | — | 6 | 9 | 1 | — | 7.91 | .0480* |
| Reputation | 7 | 5 | — | — | 7 | 2 | — | — | 8 | 5 | — | — | 15 | 1 | — | — | 5.77 | .1232 |
| Chain member | 1 | 4 | 2 | 5 | 0 | 3 | 3 | 3 | 2 | 2 | 7 | 1 | 2 | 6 | 3 | 5 | 1.14 | .7665 |
| \$1M sales staff | 1 | 2 | 6 | 3 | 0 | 2 | 4 | 3 | 2 | 3 | 2 | 6 | 0 | 7 | 6 | 3 | 1.21 | .7506 |

*significant at the 0.05 level of significance

*Legend: VI = Very Important
 IMP = Important
 SI = Some Importance
 UI = Unimportant

In contrast, Frew and Jud [12] found that franchise membership increased sales. Perhaps it is an indirect measure of sales training or potential clients may assume that a franchise affiliation means that an agent is well trained, although not all franchises do in fact provide intensive training programs. Our work suggests that sales training expenditures should be used in market share studies. Indeed, Richins, Black and Sirmans [14] found an increase in the ratio of number of agents to number of transactions was negatively related to market share. They suggest that increasing the number of agents could reduce sales, or alternatively more efficient agents (more transactions per agent) could increase market share. Our study is consistent with the second proposition since we found great importance in individual agent characteristics as opposed to firm characteristics.

The results of the Kruskal-Wallis multiple-comparison procedure show that the level of importance of the firm's service package for neighborhood group 2 was significantly less than that for group 4. Also, the level of importance of the personality of the firm's agents for group 2 was significantly less than that for group 3.⁹ For all firm characteristics viewed as a whole, the level of importance for neighborhood group 2 was significantly less than that for both groups 3 and 4. It is unclear why group 2 should be different.

The ten responses to the 'other' real estate firm characteristic category were diverse and touched on such areas as the longevity of the firm, the agent character, timeliness of sale, and interest in the client, to name a few.

Agent Characteristics

Homeowners who had responded that the agent was more important in their selection of a particular real estate firm were then asked to indicate the level of importance of certain real estate agent characteristics.

Results from the chi-square analysis indicate that the level of importance for the real estate

Exhibit 6
Importance of Agent Characteristics

| | Very Important | Important | Some Importance | Unimportant | No Response |
|----------------------|----------------|-----------|-----------------|-------------|-------------|
| Selling ability | 100 | 26 | 6 | 3 | 37 |
| Likeable personality | 46 | 69 | 18 | 3 | 36 |
| Agent competence | 108 | 27 | 0 | 0 | 37 |
| Integrity | 120 | 14 | 2 | 0 | 36 |
| Market knowledge | 104 | 28 | 4 | 0 | 36 |
| Acquaintance | 20 | 34 | 43 | 38 | 37 |
| Understanding | 79 | 48 | 6 | 2 | 37 |
| Other | 24 | 3 | 0 | 0 | 145 |
| Total | 601 | 249 | 79 | 46 | 401 |
| Statistic | df | value | p-value | | |
| Chi-square | 28 | 803.892 | 0.000* | | |

*significant at the 0.05 level of significance

agent characteristics of selling ability, competence, integrity, knowledge of the market, and understanding the client's needs and concerns differed from that which was expected for this particular sample population. The Kruskal-Wallis chi-square test statistic and the Friedman test statistic indicate that for each of the agent characteristics, viewed individually or as a whole, the level of importance did not differ across the four neighborhood groups (see Exhibits 6 and 7).¹⁰

The agent characteristics of selling ability, competence, integrity, and knowledge of the market¹¹ were seen as 'very important' more often than expected for this sample population. The agent characteristic of understanding the client's needs and concerns was 'important' more often than expected to this sample of homeowners. Of little or no importance to the respondents was that the agent be a personal acquaintance. The results of one agent characteristic, likeable personality, were mixed as no clear indication of importance was given by the homeowners.¹²

Exhibit 7
Importance of Agent Characteristics by Group

| Agent Characteristics | Group 1 \$60-75K | | | | Group 2 \$75-90K | | | | Group 3 \$90-120K | | | | Group 4 \$120K+ | | | | Kruskal-Wallis Test | |
|-----------------------|---------------------|-----|----|-----|---------------------|-----|----|----|----------------------|-----|----|----|--------------------|-----|----|----|---------------------|---------|
| | VI | IMP | SI | UI* | VI | IMP | SI | UI | VI | IMP | SI | UI | VI | IMP | SI | UI | chisq | p-value |
| Selling ability | 24 | 7 | 4 | 0 | 27 | 5 | 1 | 1 | 20 | 6 | 1 | 2 | 29 | 8 | 0 | 0 | 2.26 | .5203 |
| Likeable personality | 13 | 17 | 4 | 1 | 9 | 19 | 6 | 0 | 10 | 16 | 2 | 2 | 14 | 17 | 6 | 0 | .94 | .8161 |
| Competence | 27 | 8 | — | — | 29 | 5 | — | — | 24 | 5 | — | — | 28 | 9 | — | — | 1.33 | .7209 |
| Integrity | 29 | 4 | 2 | — | 32 | 2 | 0 | — | 25 | 5 | 0 | — | 34 | 3 | 0 | — | 3.40 | .3334 |
| Market knowledge | 28 | 7 | 0 | — | 28 | 6 | 0 | — | 22 | 6 | 2 | — | 26 | 9 | 2 | — | 2.22 | .5277 |
| Acquaintance | 4 | 8 | 11 | 12 | 5 | 6 | 12 | 11 | 8 | 6 | 7 | 9 | 3 | 14 | 13 | 6 | 2.65 | .4485 |
| Understanding | 22 | 13 | 0 | 0 | 21 | 10 | 2 | 1 | 19 | 7 | 2 | 1 | 17 | 18 | 2 | 0 | 2.83 | .4187 |

*Legend: VI = Very Important
IMP = Important
SI = Some Importance
UI = Unimportant

Twenty-seven respondents gave 'other' reasons for choosing a particular real estate agent. Examples of these reasons include a particular characteristic expected of the agent, appearance of the agent, availability, knowledge of financing, and structural knowledge of houses.

Respondents were asked with which real estate firm or individual they would consider dealing if they were to buy another house or sell their home today. Since this information is specific to the area surveyed, the results will not be discussed in this paper. Another question, included in the survey questionnaire as an internal consistency check, then asked the respondents to explain the reason(s) for choosing that particular firm or agent. The responses to this question serve to reinforce the previous responses, as no new information was obtained. A ranked summary of responses for all groups (86 respondents) is shown below:

| | |
|------------------------------|-------------|
| Prior dealing with the agent | 27.91% |
| Prior dealing with the firm | 24.42 |
| Personal acquaintance | 19.77 |
| Reputation | 8.14 |
| Agent competence | 5.81 |
| Active in neighborhood | 3.49 |
| Ability to sell houses | 3.49 |
| Integrity | 3.49 |
| Personality | 1.16 |
| Understanding | 1.16 |
| \$1 million sales staff | <u>1.16</u> |

Total 100.00%

It should be noted that about 20% of the homeowners interviewed chose a particular agent because that person was a personal acquaintance. This may seem contradictory to the findings related to the level of importance given certain agent characteristics, but in reality the homeowner may select the agent from those he or she knows personally based on the characteristics deemed important, such as selling ability, competence, integrity, and knowledge of the market. Being a personal acquaintance of the homeowner would facilitate the evaluation of the agent along important characteristics. This implies that the agent should try very hard to maintain these contacts even after initial services are performed.

Reasons for Switching from One Firm or Agent to Another

Homeowners were asked whether they would choose again the same real estate firm or agent whose assistance was provided when the homeowner's current residence was purchased. Twenty-six homeowners answered 'no' to this question and were then asked to explain why they would switch to another firm or agent; responses were as follows:

| | |
|-----------------------------|-------|
| No longer in business | 42.3% |
| Now know different agent | 15.4 |
| Reputation of new firm | 15.4 |
| Larger firm / more contacts | 3.8 |
| Unsatisfactory performance | 3.8 |
| New firm helpful | 3.8 |
| Stronger ties with new firm | 3.8 |
| Past experience | 3.8 |

| | |
|--------------------------|------------|
| New agent more qualified | 3.8 |
| No response | <u>3.8</u> |
| Total | 100.0%* |

May not add up to 100% due to rounding

It is obvious from the responses that the primary reason that homeowners switch to a different firm or agent is due to the prior agent or firm having moved from the area or no longer being in business in the area. A secondary reason is that now the homeowner knows and prefers a different firm or agent than the one that had originally sold the homeowner his or her current home. These responses suggest that homeowners do not switch real estate agents or firms without thought or need and imply that real estate agents and firms should treat the homeowner buying a home as a potential future as well as a current client.¹³

Another note of interest is that as the value of the homes increased (moving from group 1 to group 4) the number of homeowners switching to a different real estate firm or agent increased substantially until group 4 is reached and the rate of switching decreases dramatically. The authors can give no explanation for this observation.

Conclusions

Results of this survey indicate that, regardless of neighborhood group, the individual agent is more important than the real estate firm in the selection of a particular real estate firm. This finding is very important since it has implications for the marketing strategy of a real estate firm.

Almost a third of the homeowners surveyed indicated that knowing an agent of the firm was the key factor when considering the selection of a real estate firm. About one-fourth of those interviewed indicated that word of mouth was the factor considered, while approximately another fourth felt that reputation was the primary factor in the selection of a real estate firm. Results differed across neighborhood groups in that knowing an agent of the firm was more important for those homeowners in the high-income groups and word of mouth was more important for lower-income families.

For those homeowners who felt that the firm itself was more important in the selection of a real estate firm, the level of importance of certain firm characteristics (such as selling ability, agent competence, integrity, firm reputation, service package, and agent personality) was higher than expected for this particular sample of homeowners. Homeowners who responded that the individual agent was more important in their selection of a real estate firm indicated a higher level of importance than expected to the agent characteristics of selling ability, competence, integrity, knowledge of the market, and understanding the client's needs and concerns.

The last finding of this study concerns the reasons given by homeowners for contemplating the switch from one real estate firm or agent to another. The primary reason given by these homeowners was that the firm or agent that the homeowner had dealt with in the past was no longer in business in the area. Secondary reasons were that the homeowner now knows a different agent or was swayed by the reputation of the new firm.

It should be noted that the results of this study may or may not be generalizable to other markets and care should be taken in the interpretation of the conclusions. Applicability may depend on the extent of similar market conditions.

Notes

- ¹A reverse telephone directory lists homeowners and businesses alphabetically by street address.
- ²An appendix containing the survey questionnaire and more detailed analyses are available from the authors upon request.
- ³Each of the questions in the survey questionnaire was analyzed by contingency table utilizing the chi-square test of independence. A 5% level of significance is used throughout this study. The SAS (Statistical Applications for the Social Sciences) programs were used to analyze the data.
- ⁴Selection factors considered in selecting a real estate firm were consolidated because of low response rates in five of the categories. Specifically, the selection factors of advertising, ability to sell the house, by the number of million-dollar salespeople, prior dealing with the firm, and the firm's active role in the community were deemed nonsignificant alone and were reclassified as 'other'. The selection factor of 'based on the agent who sold me my house' was reclassified as the selection factor of 'knew an agent'. After examination of the original 17 responses to the 'other' category for this question, the authors felt that 3 responses could be reclassified to the selection factor of knew an agent of the firm and 11 responses could be reclassified to the selection factor of reputation. The three other reasons given were 1) aggressive agents; 2) by chance; and 3) whether or not they employed women.
- ⁵Results similar to these are found in a study performed by Day, Denton, and Hickner [8] which focused on the selection and retention criteria for small C.P.A. firms. These selection criteria may be universal to all service-oriented firms.
- ⁶Results for this question will be discussed in the order of the factors considered in selecting a real estate firm, not in the order of the neighborhood group results. Observed frequencies will be compared with expected frequencies in the analyses that follow.
- ⁷An item of interest to the authors was that only two respondents, out of a total sample of 200 homeowners, indicated advertising as a factor they might consider in the selection of a real estate firm. This was an interesting finding in that it seems to be contrary to popular belief reflected in much of the real estate literature of the importance of advertising in the marketing of a real estate firm. One possible explanation is that this particular selection factor is closely related to reputation as a real estate firm selection factor. Supporting the relative unimportance of advertising in the marketing of a real estate firm, a Federal Trade Commission Report [11] notes that "advertising, . . . which appears to be important as a means of attracting customers in some markets, apparently has not become critical to success in most. Referrals continue to be the primary source of brokers' business." "Advertising by firms in the media . . . appears to account for less than 15 percent of listings and sales."
- ⁸Because each of the real estate firm or real estate agent characteristics specified in two of the survey questions was essentially a separate question, summary contingency tables were constructed.
- ⁹Responses were ranked in the following manner:

Very important = 4
 Important = 3
 Somewhat important = 2
 Unimportant = 1

Any other response was viewed as missing data by SAS. Since the responses were ranked in the above fashion, nonparametric tests were performed to determine whether there was any difference in the level of importance among the four groups. The Kruskal-Wallis test only indicates that a difference exists; therefore multiple-comparison procedures were performed in order to pinpoint the exact location of the difference(s). To determine whether the characteristics, as a whole, were different across the groups, the Friedman test was performed along with multiple-comparison procedures.

The authors acknowledge that the response format is unbalanced but feel that the results were not affected substantially by this fact.

- ¹⁰See notes 8 and 9 above.
- ¹¹This portion of the results is supported by a Federal Trade Commission Report [11] which states that an "intense knowledge of the local market often represents the individual broker's most valuable expertise." Of the buyers and sellers surveyed, 62.5% and 63.5%, respectively, indicated that the agent's knowledge of the housing market was very important; 29.0%, for both buyers and sellers surveyed, felt that it was an important factor in the selection of a broker.
- ¹²A Federal Trade Commission [11] reported that of the buyers it surveyed, 83.4% felt that the agent's

honesty or integrity was a very important characteristic and 68.3% indicated that the agent's ability to understand the buyer's needs was very important. The results of our study seem to be consistent with those described above.

¹³Of the buyers surveyed in a Federal Trade Commission report [11], 75.4% indicated that if they were to buy another home they would likely use the same agent, if available, who handled the purchase of their current home. Of the sellers surveyed, 72.4% indicated if they were to sell another home they would likely use the same agent, if available, who handled the sale of their last home. This serves as evidence to support our suggestions above.

References

- [1] Boris W. Becker. *Economic Aspects of Real Estate Brokerage—Utilization, Performance, Structure and Price Competition*. Berkeley: University of California Printing Department, 1971.
- [2] Robert K. Brown. *Corporate Real Estate—Executive Strategies for Profit-making*. Homewood, Ill. : Dow Jones-Irwin, 1979.
- [3] Terrence J. Burke. It is Important to Find the Right Specialist for Your Property. *Corporate Real Estate Executive* (November/December 1987) 2–8.
- [4] Michael Carney. Costs and Pricing of Home Brokerage Services. *AREUEA Journal*,/10:3 (1982), 331–54.
- [5] Fred E. Case. *Real Estate Brokerage—A System's Approach*, 2nd ed. Englewood Cliffs : Prentice-Hall, 1982.
- [6] Ronald P. Cody and Jeffrey K. Smith. *Applied Statistics and the SAS Programming Language*, 2nd ed. New York: North-Holland, 1987.
- [7] Peter F. Colwell and David W. Marshall. Market Share in the Real Estate Brokerage Industry. *AREUEA Journal* 14: 4 (1986), 583–99.
- [8] Ellen Day, Luther L. Denton and Jerome A. Hickner. Clients' Selection and Retention Criteria : Some Marketing Implications for the Small C.P.A. Firm. *The Journal of Professional Services Marketing* (Summer 1988).
- [9] Robert Edelstein. The Determinants of Value in the Philadelphia Housing Market : A Case Study of the Main Line 1967–1969. *Review of Economics & Statistics* 56: 3 (1974), 319–28.
- [10] C. William Emory. *Business Research Methods*, 3rd ed. Homewood, Ill. : Richard D. Irwin, 1985.
- [11] Federal Trade Commission Staff Reports. *The Residential Real Estate Brokerage Industry*. Los Angeles Regional Office Staff Report : Vol. I & II, and The Butters Report. Washington, D.C.: U.S. Government Printing Office, December, 1983.
- [12] James R. Frew and G. Donald Jud. The Value of a Real Estate Franchise. *AREUEA Journal* 14: 2 (1986), 374–83.
- [13] Jean D. Gibbons. *Nonparametric Methods for Quantitative Analysis*. Atlanta: Holt, Rinehart and Winston, 1976.
- [14] Marsha L. Richins, William C. Black and C. F. Sirmans. Strategic Orientation and Marketing Strategy : An Analysis of Residential Real Estate Brokerage Firms. *Journal of Real Estate Research* 2: 2 (Winter 1987), 41–54.
- [15] SAS Institute Inc. *SAS User's Guide : Statistics*. Version 5 Edition. Cary, N.C. : SAS Institute Inc., 1985.
- [16] William M. Shenkel. *Marketing Real Estate*. Englewood Cliffs : Prentice-Hall, 1980.
- [17] ———. *Marketing Real Estate*, 2nd ed. Englewood Cliffs : Prentice-Hall, 1985.
- [18] Park Weaver, Jr. Real Estate Service Firms Must Sell Themselves. *Real Estate Review* (Winter 1975), 45–50.
- [19] John Yinger. A Search Model of Real Estate Broker Behavior. *American Economic Review* 71: 4 (1981), 591–605.

The authors would like to acknowledge the assistance of Dorothy Kingery and the Survey Research Center at the University of Georgia and Century 21 Benny Payne Realty of Athens, Georgia in the design and administration of the survey questionnaire. The authors would also like to thank two anonymous reviewers for their helpful comments and suggestions.