

The Power of a Name

The Sotheby's International Realty® brand continues to prove that a clear, consistent vision and quality firms are essential building blocks of success

By *Stephanie Andre*

In 2004, when the Sotheby's International Realty brand launched a full franchise system, the real estate market couldn't have been much hotter. In the years since then, the high-end market—like the rest of real estate—has seen quite a swing. Yet, the brand continues to thrive...even considering 2010 to be a favorable year for high-end transactions. Here CEO Mike Good and Philip White, president and COO, discuss the brand's initial focus, its evolution and why a name—Sotheby's—can be so powerful.

Stephanie Andre: Sotheby's International Realty Affiliates LLC began its franchising model close to seven years ago. Can you discuss the brand's evolution since it launched?

Mike Good: We began this journey with a huge gift: the name Sotheby's and the heritage that's tied to that. After the legalities, brand development and overall preparation for launch, we've been actively awarding franchises for just over six years and, since then, we've grown at a very steady pace.

We are currently operational in 42 countries worldwide, with approximately 500 offices. We have close to 185 companies worldwide as part of the Sotheby's International Realty network; approximately 142 of

them are in the U.S.

Over the past few years, as the market's changed, we're still thrilled and very appreciative of the quality growth we've had. Part of that is due to the wonderful name we carry and license. The Sotheby's name represents integrity, quality and reliability, and we are proud to be part of that legacy.

We have remained steadfastly committed to our goals, which remain unchanged: building our network with quality firms and helping them be successful, remaining true to our focus on building a unique value proposition, and showcasing the power of our name and heritage.

SA: To what do you attribute the Sotheby's International Realty brand's success?

MG: Our success is really built on three factors. The heritage of this extraordinary brand is first and foremost. The name Sotheby's provides consumers with the confidence that they are working with quality. Second is the growing network of firms and professionals that represent this brand every day in the world's top luxury real estate markets. They are committed to the art of selling real estate. And third would be the tools and systems we have designed to help our affiliates be the best they can be and differentiate themselves in their markets.

As the Sotheby's International Realty brand has evolved, we've developed a truly distinctive marketing platform. Through our unique programs, we are able to provide our franchisees and, in turn, their agents with great value.

A Look at the Sotheby's International Realty Brand from the Canadian P&I

When Ross McCredie learned that the Sotheby's International Realty brand had signed a licensing agreement with Realogy in 2004, he believed it was an opportunity of a lifetime. Here, the president and CEO of Sotheby's International Realty Canada tells his story.

Stephanie Andre: Please discuss how you brought the Sotheby's International Realty brand into Canada.

Ross McCredie: The Sotheby's International Realty brand is an amazing one. What most people don't realize is that the brand has been selling real estate since 1976. But when it signed on with Realogy, I was immediately interested in bringing it to the Canadian marketplace. I knew it was such an opportunity, even beyond just growth.

We couldn't have created what we have without the Sotheby's International Realty brand...and we've done a lot. We are one of the largest companies in the network. When I bought the rights to Canada in 2005, people thought I was crazy. I started talks with the brand shortly after they announced the Realogy agreement. We opened our first office a year later.

SA: Why did you feel affiliating with the Sotheby's International Realty brand was so important?

RM: We primarily do major development work. We have 18 offices that are all corporately owned. By going into business with the Sotheby's International Realty brand, it was an opportunity for us to bring a great brand and different business model to the marketplace. I didn't see anyone else doing what they were doing. They had everything: high integrity and the earned trust of their clients. Plus, the marketing tools are unbelievable. We didn't just want a label; we wanted the entire package...the Sotheby's International Realty brand had that.

SA: How important is the branding to your consumers?

RM: It is huge; it's what gets you in the door. There really isn't anyone who won't meet with us...it's the brand. There's also a high expectation, and you'd better be ready to meet it.

It's also afforded us the opportunity to hire great people. The name is a recruiter and we are able to truly choose the best people.

Phillip White: We were able to take our brand name and put it together with a great value proposition that really speaks to brokers in the luxury market. All of this has resonated with them and as a result, many have chosen to affiliate with us. Many attribute affiliating with the Sotheby's International Realty brand as having significantly contributed to improved results. This is especially true in traditionally high-end markets like Hong Kong, Aspen (see sidebar), Paris and Telluride. Not to sound cliché, but it really is quality over quantity.

That's one of the things that is important to us as a company: when we look back, we can be proud that so many quality companies want to be part of the Sotheby's International Realty network.

SA: How has the brand changed since its inception?

MG: In our early years, the focus was really to increase awareness for the brand so that people knew who we were and that we were establishing a global footprint. That focus was very effective in helping people understand that, through us, they could search throughout the world for luxury homes. Once we grew to the point that our sign was proudly displayed on more than 26,000 homes, we began to focus more on driving leads to our network. We are centered on promoting the brand through interactive marketing as we believe that is key to success in today's environment. As a result, we've been able to drive consumers to our websites and deliver leads to affiliates.

But at the core of all of our efforts from the very beginning, and through today, is quality and a focus on lifestyle. That permeates everything we do, from our marketing to the way you can search for a home on our website.

SA: What have you seen from the luxury market as the overall market's shifted downward?

PW: The luxury market is a bit different. This year, in the first six months, we saw twice as many million-dollar transactions for the same time period in 2009. We've also seen an uptick in the sale of properties in the \$2.5 to \$5 million range and even higher.

The high-end market has done better than expected. Unlike the rest of the market, it's getting stronger. The value proposition in the high-end arena has also strengthened. Given that the stock market has improved and interest rates are low, it has brought buyers back to the high-end market. And, because it's still a buyer's market, they've been able to make some really great investments for their money.

SA: How does the Sotheby's International Realty brand keep strong, even during market downturns?

PW: Our strategy is to stay with our game plan. We have focused on helping our companies grow and expand their market share so they could earn a larger portion of the business. Through all of this, we actually were able to improve our lead generation and spent time refining our skill sets for high-end clients.

SA: What are the Sotheby's International Realty brand's goals for the short term and long term?

MG: We've been very consistent in our focus and that will continue. One of our key priorities is quality growth in markets we are not currently serving, both

How One Name Makes a Huge Difference

If you were to list luxury real estate markets, there's no doubt that Aspen would rank high. From celebs to career success stories, there's no shortage of interest in this highly desirable market.

Still, even with its high-income clientele, Aspen—and areas like it—have felt the pinch of the market downturn. For one broker, that's when he decided he needed a little help.

"We had spoken with the Sotheby's International Realty brand before but we were pretty happy being an independent when the market was healthy," explains Craig Morris, broker/owner of Morris & Fyrwald Sotheby's International Realty. "However, as the market changed, we

realized that a partnership with an international player would be something that would clearly differentiate us. With fewer buyers and more competition for business, it seemed logical for us to have an alliance with a powerful partner."

After careful consideration and investigation, Morris says it was clear that the Sotheby's International Realty brand was the right fit for his company, which maintains two offices and 85 agents. "We looked at others," he says, "but by far, the Sotheby's International Realty brand was the clear choice."

Morris' company has now been affiliated with the brand since February 2009 and is "very pleased."

The partnership has brought Morris' company tremendous business, he says—even in the more competitive market.

"I am 100% convinced that the So-

theby's International Realty name alone has brought us referrals and leads," Morris says. "I can attribute tens of millions of dollars in sales—probably about \$30 million—to this relationship, specifically based on referrals from Palm Beach, The Hamptons and New York."

What's more, Morris says the international buyer pool has increased as well. "I recently attended a brand conference with more than 250 franchisees and their management," he explains. "There were owners there from 10 different countries, including England and Turkey, and 100 offices represented. I feel very fortunate because in those few days I made connections that will continue to help our business grow for a long while to come. I would not get these opportunities if I was not affiliated with the Sotheby's International Realty brand."

domestically and internationally. We will also remain focused on existing markets where there are opportunities for our affiliates to grow through mergers and acquisitions. And we will continue to develop strate-

gies that differentiate our brand and strengthen our unique positioning in the marketplace. **RE**

For more information, please visit www.sir.com.