



Ten years ago I realised that vendors would be advantaged by a new pricing strategy which would eliminate the fixed price problem. What we needed was a system that eliminated putting a fixed price on the property and was different from the no-price marketing strategy of the auction. One that gave all the advantages to get the maximum price and at the same time open the door to every potential buyer. It was essential for the system to be bottom-up so that no buyers were excluded. The answer, like all good solutions, was amazingly simple.

In Adelaide, at the end of 1990, I developed an entirely new strategy called By Negotiation, which has since been developed into "Buyer Ranged™". This dynamic strategy is the fastest growing in the western world and has brought results which have amazed vendors and real estate agents alike. This is because it involves the most exciting innovation to happen to selling this century - **Buyer Ranged™ Selling.**

Instead of marketing with a single fixed price or no price at all, we market the property with a Buyer Inquiry Range™ which attracts all the potential buyers including those looking below the price they will eventually pay and the dream prices the vendor would ideally like.

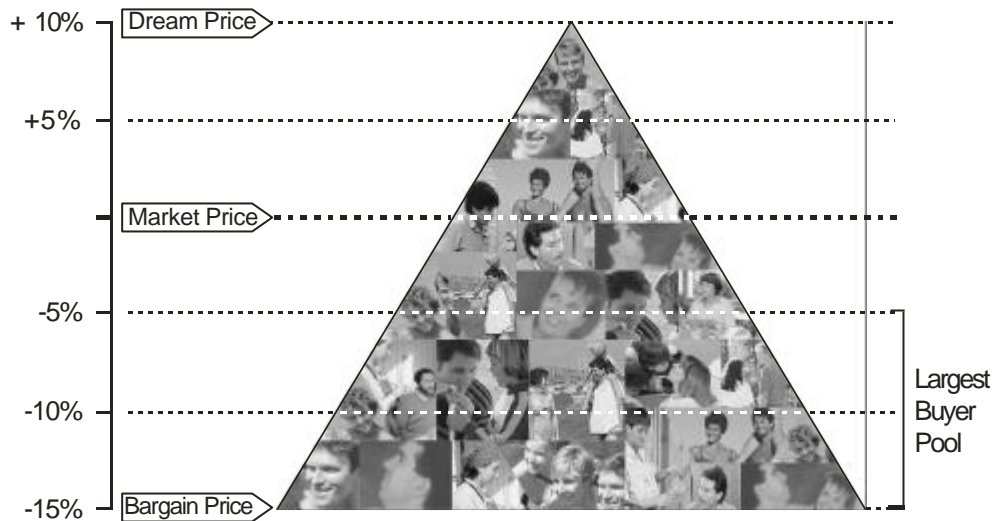
This is how the system is explained to buyers on all the brochures marketed with the system –

### ***"BUYER INQUIRY RANGE™" - HOW IT WORKS***

*When a property is marketed with the traditional fixed price, sellers always ask about 10% above the market price for a number of reasons. With some, it is because they have a fear of underselling. With others, they may have an over-inflated view of what their property is worth. At the very least, all sellers will want a buffer to allow for any negotiation.*

*On the other hand, the pool of buyers looking for a property in a suburb and a range react entirely differently. They form a triangle with very few above the market price. Most will look 10 - 15% lower than what they will finally pay because when they find their dream property, even if it is above what they intended to spend originally, they will buy it.*

# *The Buyer Pool*



*The fixed price system services neither the sellers nor the buyers. Sellers' properties stay on the market for a long time and sell for much less than they anticipated. On the other hand, buyers miss out on seeing those properties therefore miss out on the opportunity to buy their dream property.*

*As a result, a new system was invented. This involves a "Buyer Inquiry Range™" and this is how it works:*

*Instead of setting a fixed price which eliminates at least two thirds of the buyers, a range is set to attract buyers looking within that range. In other words, if you are looking in this range, you should come and look at this property and maybe you will be able to successfully negotiate for it.*

## **What Do I Do?**

*Simply place an offer of what you believe is the right value compared with other properties you have seen. Be prepared to negotiate. We suggest the middle of the range is a very good place to start because the value is usually two thirds up from the bottom of the range. Simply submit your offer and our agent will negotiate a deal satisfactory to both parties.*

## **How Your Offer Will Be Handled**

*We work with integrity for buyers and vendors equally. Our promise to you is that we will never reveal your offer to another buyer and give them an unfair advantage over you. We simply ask you to offer what you are prepared to pay to secure the property.*

Like an auction, the vendor's price is not declared but unlike an auction, the inquiry range gives buyers an indication of where it may be at.

It is important to note the mechanics of the system. First of all, we have not just stated a bottom price - like "over \$160,000". I believe this is somewhat devious and could possibly be bait advertising. With Buyer Ranged™ we are saying, "Buyers who are looking in this range should inspect this property." We are not capping the price because it is the indicated range and not necessarily the vendor's price. This gives a huge advantage over the fixed price for sale strategy and increases the inquiry two to three times.

The buyer's reaction is totally different. They see the range, **look at the bottom and assume the middle**. In other words, the bottom of the range attracts and encourages them to go and look at the property. For example, with a Buyer Range of \$160,000 - \$200,000. They know the \$160,000 is well within their budget so they will go and have a look. They are also aware that it could even be over \$200,000 but they will probably start at the middle. Most buyers will have seen properties in the area and know the competitive prices. They will have an inspection knowing the realistic values and start sensibly but a little lower than the price they expect to pay. Of course, occasionally some will start at the bottom.

Because we are never certain what the market price of a property is, it could be that on occasions, the property will sell in the lower part of the range. However statistics show that only 15% of properties sell in the bottom third. This is because the range attracts two to three times more people than a fixed price. More importantly, these people are the correct pool of buyers who are prepared to negotiate. As a result, far more offers are submitted and whenever we get a situation where there are two or three people vying at the same time, our negotiating position is dramatically strengthened. Consequently, we create a tension-free negotiation climate where buyers can negotiate against one another. The winner's offer, which is often above the seller's expectation, is presented and the tension caused by a public confrontation is avoided. Very significantly all the offers are conducted in privacy, not publicly like an auction so they don't know what the other offers are. As a result we can negotiate even better prices.

We all know we normally ask a high price to avoid underselling, and so we dramatically reduce the inquiry. This system gives you the best of both worlds and often meets the vendor's expectation.

The mechanics of the system are very simple. There is a table which gives you the correct Buyer Inquiry Range™ for each market price showing the lower and upper indicators. It has taken ten years of trial and error to get this range to work perfectly through all prices.

Not only does every market price need to have the correct range applied but the price layers also have to be correct. For example, the buyer layers are \$5,000 until \$150,000. Then they change to \$10,000 layers. **Stick strictly to the table shown to you by the agent. It has been proven to work.**

Always remember it is the Buyer Inquiry Range™, not your asking price. The inquiry range encourages great interest and can even draw an offer above the top end of the range. If you change the range, especially at the bottom range, you will wipe out the biggest level of the buyer inquiry that you could get from that buyer triangle. Users of the system have found time and time again where they have allowed the vendor to bring the bottom-up by say \$5,000, they have not achieved the sale. However, when it is eventually dropped to the correct level, a sale has occurred within weeks for much higher than the bottom end.

For example, Stephen Clark from Remax Coast and Country Property on the Central Coast of NSW had a property which should have been marketed with a range of \$120,000 - \$150,000 because the vendor wanted \$135,000. The vendor insisted on \$125,000 - \$145,000.

Three months later it was still on the market. He then adjusted it to the correct range \$120,000 to \$150,000. The property sold in two weeks for \$135,000, exactly what the vendor wanted.

You must equally understand the most important point of the whole system. Dropping the range to \$120,000 did not cause it to sell at \$120,000 or even \$125,000. What it did was attract someone from that bottom layer of buyers who was prepared to pay \$135,000 once they were attracted to the property. You will not sell your property until you first attract the target buyer and you must remove all the hurdles standing in the way.

Time and time again when a property is marketed in the wrong range, reducing the bottom indicator attracts a new layer of buyers who are prepared to pay the full price. In fact it is more accurate to explain it another way. By increasing the bottom of the range from \$120,000 to \$125,000, the vendor effectively wiped out the biggest and best layer of buyers. This is better demonstrated on The Buyer Triangle. Time and time again it has been proven that a buyer at that bottom level will make a purchase 10% - 15% above the price they are aiming for, provided you get them to the property first.

Bottom-up systems will always work much better than top-down alternatives quite simply because a bottom-up approach includes buyers many of whom drop out if it gets too expensive.

The problem with a top-down approach is it doesn't include them in the first place. It won't sell though if we don't get them there first and equally, buyers won't find their dream property unless they see it.

Florence Chan from Chansis First National in Parramatta in NSW had a property on the Set Sale™ strategy which uses the Buyer Ranged™. It was on a main road which is always more difficult to sell. The vendor wanted \$200,000 and Florence used the range \$180,000 to \$230,000 at the start when it should have been \$170,000 to \$210,000. When it didn't sell, she spoke to me and I told her to put it in the right range. Once this was done it sold quickly for \$200,000. A gain you would have thought that \$180,000 - \$230,000 would have done the job. Wouldn't you? Also you would have thought all you would get by dropping the inquiry range to \$170,000 is maybe \$180,000. But no, it achieved \$200,000 once Florence had attracted the right buyer and she did her job of negotiating it correctly.

Buyer Ranged™ is a bottom-up negotiation and because the system achieves considerably more inquiry, it also produces more serious buyers for the property resulting in more offers. Therefore we vastly improve our negotiating position. It's rather like having three times more bidders at an auction. And here's another significant point: There is no stress involved for either the buyers or you, the seller, which is just one of the reasons why it is quickly becoming a preferred option.

The bottom line is that sellers achieve mostly better prices in a shorter time than by using For Sale. The increased inquiry sells the property more quickly avoiding the price reduction phase. You then get the best price in the shortest time with the least amount of hassle.

The buyer equally benefits from the system. In the first place, they gain access to a property which excessive pricing would normally have eliminated them from viewing.

Secondly, they don't waste their time inspecting properties that are below the price they are willing to pay. In addition, the Buyer Inquiry Range™ motivates them to view a property which the no-price marketing methods often discourage. In the final analysis, buyers will only pay what they believe the property is worth and what this system does is eliminate the prospect of the property being undersold.

I must also re-emphasise a point which you may have missed. We are advertising this as the Buyer Inquiry Range™ and this does not restrict you from achieving above the top of the range, which often occurs. For example a Melbourne agent sold four of his first ten Set Sales above the top of the range.