





November 5, 2009
VPM: 17,000

ILS Pricing and Reporting Models Questioned

Multifamily operators and property managers continue to grapple with lead-to-lease tracking accompanying the explosion in Internet marketing of apartment communities.

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The multifamily industry's leading Internet listing service (ILS) providers will hold an executive summit this Sunday as part of pre-conference events for the National Multi Housing Council (NMHC) Technology Conference and Exhibition, and topping the discussion agenda will likely be increased concerns among apartment owners and property managers regarding ILS pricing models and reporting methodologies.

As the paradigm for apartment marketing has evolved from printed locator guides to the Internet over the past decade, so too has the tracking of lease leads, particularly those leads generated by ILSs, and even more specifically those leads that ILSs are charging back to multifamily operators as part of their normal billing cycle. The issue received widespread attention last month when Carmel, Ind.-based J.C. Hart Co. vice president and director of marketing and training Mark Juleen posted a video highly critical of Santa Monica, Calif.-based ILS Rent.com on industry blog sites including [theapartmentnerd.com](#) and [multifamilyinsiders.com](#).

"I feel like the pricing model is flawed, and it needs to be fixed," Juleen tells MULTIFAMILY EXECUTIVE. "We're not cancelling our Rent.com contracts or advocating that others cancel theirs. I think Rent.com is a great brand in our space; there is a lot of brand equity there. The reason I posted the video is because I want something to happen. I feel like if I just called up the ILS, little me here with 2,500 units in Indiana, the response would be 'yeah, whatever.'"

On the contrary, [Rent.com](#) president Peggy Abkemeier was quick to respond by commenting to the posts online and also phoning Juleen directly to let him air his concerns. "I think both property management firms and ILSs share the same concern of accurately attributing signed leases to the appropriate marketing source," says Abkemeier, who will attend the NMHC ILS roundtable summit along with executives from Apartmentguide.com, Apartments.com, Apartment Finder, MyNewPlace, and For Rent Media Solutions. "Because ILSs want to quantify the value they bring to their customers and property management companies want to effectively allocate their marketing dollars, the lack of clarity over lease attribution can be frustrating for both parties."

Juleen's not alone in feeling the pain of trying to reconcile monthly ILS lead-to-lease billings with guest cards and other on-site confirmation offered by residents as to how they were specifically referred to properties. "One of the drawbacks to marketing on the Internet is deciphering all of these clicks and hits and reports and taking that information and translating it into actual traffic and leases to justify the costs involved," says Chicago, Ill.-based RMK Management executive vice president Diana Pittro. "Part of me wants to throw my hands up and say forget it, I'm just going back to print guides where prospects bring in your ad or coupon, but you can't go back there—that's not where our demographics are, and we've got to move on."

With Internet savvy demographics in mind, Houston-based REIT Camden Property Trust has made an investment in San Francisco-based ILS Rentwiki.com, which uses a social media interface and neighborhood-level, user-content driven wiki as an overlay to the backend ILS listings of participating apartment firms. The intent, says Camden chairman and CEO Ric Campo, is to leverage consumer preferences for social media and also bridge the gap between traditional ILS listings and the lease prospect's desire for granular neighborhood-level information.

"Most of the ILSs continue to argue that they are the first touch for the consumer, but we're finding that's really not true," says Campo, whose firm has engaged focus groups to more accurately determine the shopping patterns of lease prospects. "Apartment searchers do use the Web a lot, but more often they are driving neighborhoods and identifying properties first and then using the Internet to refine their search and get more information. That realization was an eye-opener for us."

At RMK, Pittro reports having measurable success with tracking Internet leads-to-lease by using unique identifiers including individual 800 call center numbers and individually-designed application coupons for each ad the firm places with an ILS or other online marketing source. Despite those successes, there seems to be a human factor involved in all of the technology that continues to propagate the gray areas of lead sourcing. "You can put all of this Internet technology in place, but it boils down to how well you train your on-site staff to go after the information. If your staff isn't trained to ask the question and identify the lead, you are shooting in the wind," Pittro says.

Compounding the problem is the vast amount of searchable information across different Internet sources, not to mention print ads, word-of-mouth advertising, referrals, and even drive-by traffic. Many property managers find that lease applicants are often unsure of exactly where they found about a property, and use "the Internet" as a catch-all response when filling out lease office guest cards. "There are so many resources for people to find out about an apartment now," Juleen says. "To pay a referral fee to one particular Web site because somebody says that is where they found you seems a little unrealistic."

Still, Juleen recognizes all too much those on-site lead-to-lease difficulties and attempts at the property level to reconcile guest card reporting with his monthly ILS charges. Following discussions with Abkemeier, Juleen posted a follow-up video praising Rent.com for its open-door efforts to resolve the pricing model conflict. "I'm really just a person who is always seeking a better way, and I expect that from my vendors," Juleen says. "In the dialogue that has ensued I know that Rent.com is striving for that as well."

The process could be a long one. Although caller identification technology and e-mail routing and tracking can all be used to create and populate guest cards, the technology is far from perfect, and continued industry reliance on leasing agents to complete guest cards based solely on on-site consumer testimonials makes those technologies ineffectual anyway. "It is difficult to imagine that we will achieve 100 percent accuracy in attributing leases to their marketing sources any time soon," Abkemeier admits. "While there will likely always be some margin of error, by relying more on technology we can shrink that margin of error dramatically and improve the accuracy of attributing lead sources within the industry."