

The New Zealand Herald publishes a weekly Herald Homes print publication. The NZ Herald has commenced an advertising campaign across a number of media platforms to promote Herald Homes and encourage property owners and agents to advertise in the publication:

Link from the NZ Herald website <http://heraldhomes.co.nz/?ref=masthead>

Banner adverts in the NZ Herald website : https://www.dropbox.com/s/njocyqirqbme8s/Auckland_property_Grey_Lynn_hovel_sells_for_1_075m_-_Business_-_NZ_Herald_News.png?dl=0

https://www.dropbox.com/s/737ngveisjgmqc8/Auckland_property_Grey_Lynn_hovel_sells_for_1_075m_-_Business_-_NZ_Herald_News%202.png?dl=0

As well as adverts in the Herald Homes magazine included with the NZ Herald of the 11th October. There are also bus shelter adverts around Auckland.

The advertising campaign states "Sell your home for more with the Herald Homes" with the supporting statement "on average, properties sell for 20% more when the marketing includes Herald Homes"

There is supporting small print which states "Properties that included Herald Homes in their marketing sold for an average premium over CV of 20% higher than those that didn't - TNS Research, 2014"

I contacted the publishers of the NZ Herald / Herald Homes seeking clarification of the research process and analysis.

I received this email from Brad Glading, Head of Research & Insights.

"Thank you for noticing our HeraldHomes campaign and your enquiry. We agree the statement is bold and we are excited to be able to talk about it.

The research was carried out on our behalf by TNS Research, a well-respected global research provider.

TNS purchased a list of recently sold properties from CoreLogic – all properties were residential dwellings in the Auckland area (Franklin to Rodney), and had sold in the most recent 6 month period (1st August 2013 – to 31st January 2014) for over \$1 million. This list contained fields for address, land area, dwelling area, number of bedrooms, CV, sale price, days on market, agency and agent.

This list was then supplied to the relevant agencies to populate with marketing data for each property. We asked for spend by media options (Herald, Property Press, TradeMe, etc.), open home visits, enquiries and numbers of auction bidders where relevant. This took a reasonable amount of time to collate but resulted in a completed list of 252 properties. Success measures were based on:

- Sale price to CV ratio
- Premium achieved (sale price minus cv)

This allowed TNS to look at similar properties (based on the data from CoreLogic) that included / didn't include Herald Homes in their marketing mix (based on the additional agency data). Our advertising is based on the results of this analysis. We are absolutely confident in the methodology –as we have based our claims on actual sales and market data."

Based on this response I wish to complain that the advertising is misleading and potentially deceptive based on the following premise.

1. The advertising is misleading as no where does it state that the claim can only be valid based on property sales of over \$1m which actually only represent around 1 in 8 of all Auckland properties sold over this period. The Herald Homes is trying to promote their advertising for all properties.
2. The advertising is misleading and deceptive as there is no proof of causation between the advertising and the premium price above CV - there is merely a correlation. Property marketing is never undertaken in isolation - all properties are featured online across websites such as Trade Me Property, realestate.co.nz as well as real estate company websites - these properties may well have had premium advertising online as well as any adverts in the Herald Homes. Over 80% of all buyers state that they use online as their primary means of searching for property, with less and less relying on print publications. Such properties may well have been in the Property Press and other local papers. Equally the method of sale (auction vs. negotiation vs. Tender) could play a key part in the outcome as would timing location and condition of the properties in the sample set.

To prove causation and therefore be able to make such a claim would require a true control experiment where one property was advertised with Herald Homes and no other advertising and another home of exactly same structure, location and price would need to be marketed with no advertising. Clearly this is never possible as no owner or agent would agree to this.

There are simply too many variables that impact the sale of a property to be able to say with any confidence or genuine proof that there is a causation between one piece of marketing and the final sale price. It is misleading and unprofessional of the NZ Herald to make such a claim.

Please be aware that I have written two opinion articles on this matter on my website:

<http://properazzi.co.nz/opinion/can-advertising-generate-extra-sales-price-for-property>

<http://properazzi.co.nz/opinion/sale-price-premium-cannot-be-claimed-by-advertising-alone>

I will make no further comment on this subject or as to this complaint online until I hear the outcome of the investigation of this complaint.

Regards
Alistair Helm