Real estate in Miami is about to go down again…

Time for real estate to go down again

Almost a year ago, I was writing about the Real Estate in Miami, and I was already aware that the time for good deals was gone. There were no longer any spaces available at a bargain price. As I had forecasted: things are now quite bad, markets are slow, realtors that were making millions a few years ago are now looking for different jobs, and cranes are still standing high, but some new buildings are starting to look deserted.

Let's see what has happened:

Most of the price changes were due to a drop in demand due to external geopolitical factors (Brazil, Venezuela, and the immigration of the wealthy Latin Americans to Southern Florida—Miami in particular).

Now, Venezuela is in complete ruin, and the few that have money had already bought properties a few years ago and are now reselling try to cash out and have money to spend.

In Brazil, the currency is devastated. So Brazilians who can sell their assets in US Dollars now have a significant amount of cash available when exchanged for Reais.

So this means that even if they didn't have a lot of money (in USD), they could make up for it by converting to their currency. So basically, people are letting the deals go and lowering their price expectations.

Now, this does not mean that there is going to be a catastrophe (or at least not anytime soon), as interest rates are still very low, and banks are still lending. But inventory is high, and buyers have greater choices making the time to sell of increasing importance.

Also, most of the foreign buyers who have purchased a property in South Florida in the last few years were cash buyers. Therefore, even if the market continues to go down as it is doing slowly, we will never experience the same situation that we did in 2008 when prices were coming down due to the inability of landlords make their mortgage payments.

Who is buying again?

Well, as we know, people with bad credit are taking advantage of the readily-available bank money and low-interest rates. So they are working to return to a 600 credit score to be able to own property, thus lowering their monthly expenses.

Basically, in some blue-collar areas of Miami, or class C, rents are becoming pretty damn expensive. In Fort Lauderdale, Hallandale or Hollywood, you need, on average, $1700 a month for a three-bedroom residence.

The same goes for semi-ghetto areas such as Miami Gardens, where to rent a 1500 square feet house, you need at least $1500. So, with a less than 4% interest rate on a 30-year loan, mortgage payments will be much cheaper than rent. Mostly, buyers are buying because they are saving money by doing it rather than paying rent. Rents will likely start dropping a bit anytime soon.

If you saved your money, did your homework, worked hard, risked your money, bought when nobody was even touching real estate, and now you are enjoying the fruits of your work, why shouldn't you enjoy the rewards?

My intuition a few years ago was right. Realtors were always trying to discourage you from class c areas, saying that they would not appreciate much. My math was saying, however, that this was bullshit.

Rent was more expensive—much more than buying a property. So, by the time six years had passed, all those landlords foreclosed upon could once again be eligible to purchase a property. Obviously, the first thing they would do was obtain a mortgage and buy a house—sometimes even more than one.

In Naples, Florida, I purchased assets that are now worth easily 5 times more. Those properties were in low-income areas. However, properties on the beach and inexpensive areas did not appreciate as much. Not even close.
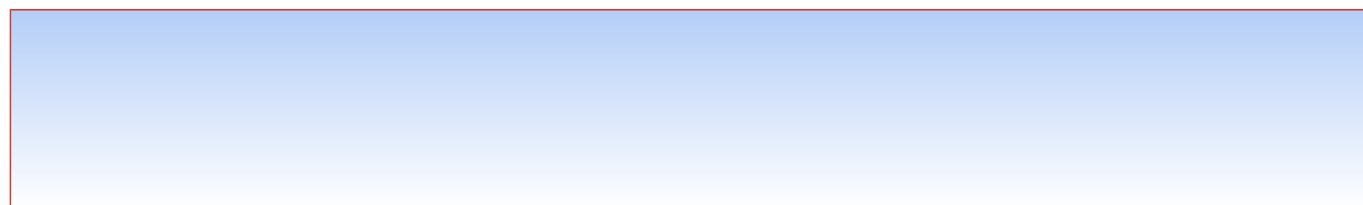
Now, it's time to sell—at least to unload the portfolio.

Why should we get rid of good cash flow properties if, regardless of their value, they are producing a good income?

I think there is a risk: politicians will subtly try to reduce investors' profit through taxes.

Most of the properties in southern Florida bought by investors and hedge fund managers.

They amassed properties, rehabbed them and rented them out. When they did the math, as we did, the simple real estate guys were not that bad, and they not only wanted to have a piece of the pie., they also wanted the entire pie. So they came from New York with millions of dollars, buying properties like people buy apples at the supermarket.

Property values have increased, and the government knows that most of the profit left in the hands of investors. Right now they can subtly take part of the profit, and at the end of the day, investors cannot complain much. So what are they doing?

In the meantime, cities are getting organized. With thousands of inspectors, they create the most stupid laws to charge you money, fees, and any kind of shit, for the most insignificant things. If your tenant parks the car a tiny bit off from the property lines, the landlord gets fined or issued a violation. They're starting to check all of the old permits to evaluate if they are up to code. They are making new regulations to force new construction work, and along with those new codes, there are fines, permit fees, inspector fees, etc. levied.

They are doing it all on purpose. They are trying very hard everywhere to extract money from the landlord, even when it's

clear that the house is in good condition and no work is needed. In this scenario, it's clear that taxes are also increasing, and they will increase more, forcing yields to decline and forcing investors to sell.

The crowds considered by politicians are not the lucky or good investors. The crowds are the poor that cannot afford rent, and they always make more noise. This is what really pissed me off.

If you saved your money, did your homework, worked hard, risked your money, bought when nobody was even touching real estate, and now you are enjoying the fruits of your work, why shouldn't you enjoy the rewards?

But nobody will care about the meritocracy of some wise investors. We will be and always have been the easiest target to hit. When money is needed, the middle class are the ones that need to pay for it more than anybody, even more than the rich.

America will soon face an issue that cannot be solved anymore with quantitative easing. Taxes will need to increase. Real estate assets, mostly when paid for and belonging to investors, will be an easy target.

For this reason, I will not hold many more properties; it's time to sell and look elsewhere. I will only keep one-quarter ($\frac{1}{4}$) of my portfolio.

For more news on great investments stay tuned.

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Domino's, Social Media, & Leveraging Twitter

Domino's: a Case Study of social media and leveraging Twitter (or not)

I want to write today about Domino's Pizza, an international franchise restaurant and pizza restaurant with delivery. Their website is https://www.dominos.com/en/ *

The company was founded by Tom Monaghan in 1960 and now has an annual volume of USD 1.8 billion and 220,000 employees worldwide. Previously the company specialized in pizza. Indeed its name was Domino's Pizza, but then it started to also sell pasta, sandwiches, and bread —changing its name in 2012 to just Domino's.

One reason why I have selected this company to write about is that it has a great story of success—mainly due to its capability of leveraging technology. The main strength of Domino's has been its ability to deliver a pizza within 30 minutes after the order was placed. It was counting on its speed to deliver the pizza before that time frame for customer satisfaction. A few years ago they were offering discounts or even free pizza in the event the order was delayed more than 30 minutes—they believed in their slogan, and they stood behind the pledge.

The Mobile App

In a digital world, like the one we live in today, Domino's has captured the importance of technology. As we know, the importance of e-commerce has been growing, and this is also true for food. Domino's created a very advanced app and managed to have 50% of its orders now made via mobile devices—the first of its kind to have that type of success

with mobile app order placement. The company even has a tracking feature that is able to tell you exactly at what point in the process your pizza is. Being a food business, it has quite a broad market. The core target market is the one related to lifestyle. Usually, families in which both parents work full time, commute more than two hours per day. They are starving after a long day at work and have very little time to dedicate to cooking. Capitalizing on the need to have the food ready, Domino's utilized a brilliant marketing strategy by having an app that is able to track a customer's pizza, thus making it easier to be able to order on the way home and find the pizza right on time when arriving. What a lovely feeling to be able to reach home together with a hot, delicious meal ready and waiting.

The company now tries to maintain its reputation by leveraging technology. To do this, it partnered with the creators of Apple's Siri technology to create a voice assistant to order a pizza; the name of the assistant is Dom (get it?). In 2014 Dom was launched, and it was a huge success relative to reaching and engaging audiences and in promoting social media discussions about it.

http://industry.shortyawards.com/nominee/7th_annual/o4H/dom *

Let's consider some Domino's competitors:

Pizza Hut

The company link is https://order.pizzahut.com/home *

Pizza Hut, according to Wikipedia, has more than 600,000 stores in just the United States and more than 500,000 around the world. They also sell pizza, pasta, and similar food as Domino's, and of course, they also have a big chunk of the pickup and delivery market.

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Papa John's

The company link is http://www.papajohns.com/company/ *

It was founded in 1984 by John H. Schnatter. It has $1.4 billion in annual revenue and 20,000 employees. It's mostly a takeout and delivery business, but in a few locations, it also has some places to sit and eat, but not to the extent of Domino's or Pizza Hut. Papa John's does not serve pasta. They serve pizzas, breadsticks, and wings and thus has fewer options than the first two companies analyzed.

Little Caesar's

The company link is https://littlecaesars.com/ *

It was founded in 1959 and is the third largest company for pizza delivery after Domino's and Pizza Hut, according to Wikipedia. Also, Little Caesar's was among the first to use a new kind of speed cooking conveyor oven, the "Rotary Air Impingement Oven" as described in [U.S. Patent 5676044](https://en.wikipedia.org/wiki/Little_Caesars) (https://en.wikipedia.org/wiki/Little_Caesars) *. Their menu is mostly based on pizzas and breadsticks, and they don't serve pasta and other dishes.

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Domino's has social media. They have:

- Facebook account https://www.facebook.com/Dominos *
- Twitter account https://twitter.com/dominos *

- Google plus account
  https://plus.google.com/+dominos/videos *
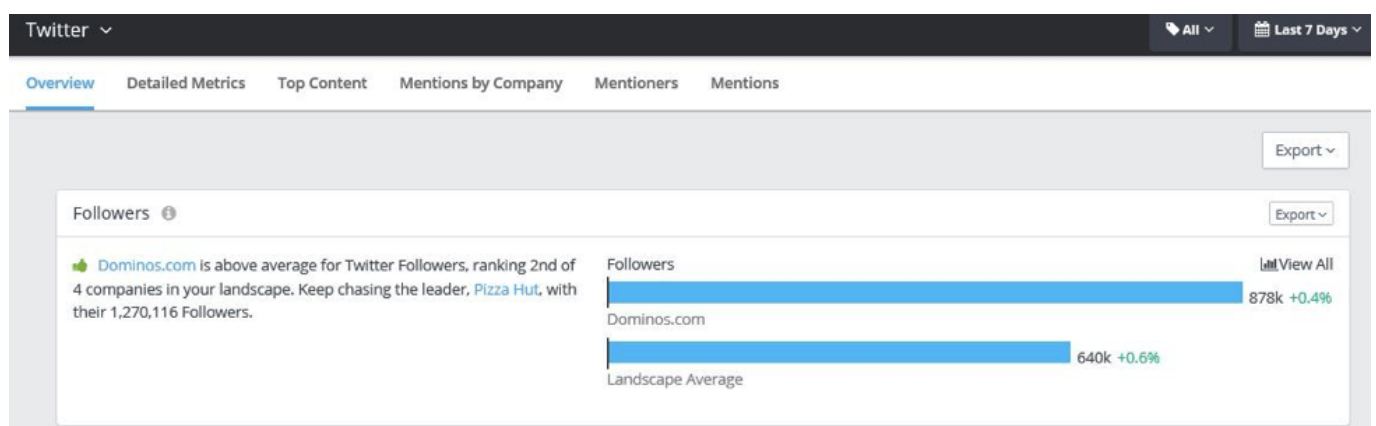
Strangely, they do not have a YouTube or an Instagram account.

Specific to their Twitter…

I recently monitored their Twitter account for 7 days using Rival IQ.

The Twitter account has 878K followers. In the 7 day period, this increased 0.4% according to our analysis.
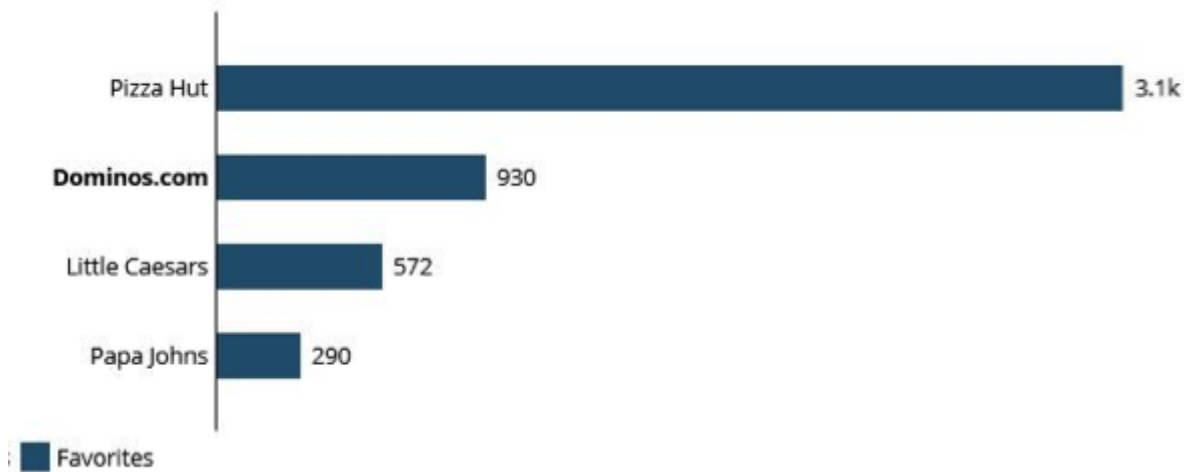

Domino's has many tweets compared to its competitors. As you can see from the graph below, it has almost three times the number of tweets of Pizza Hut.
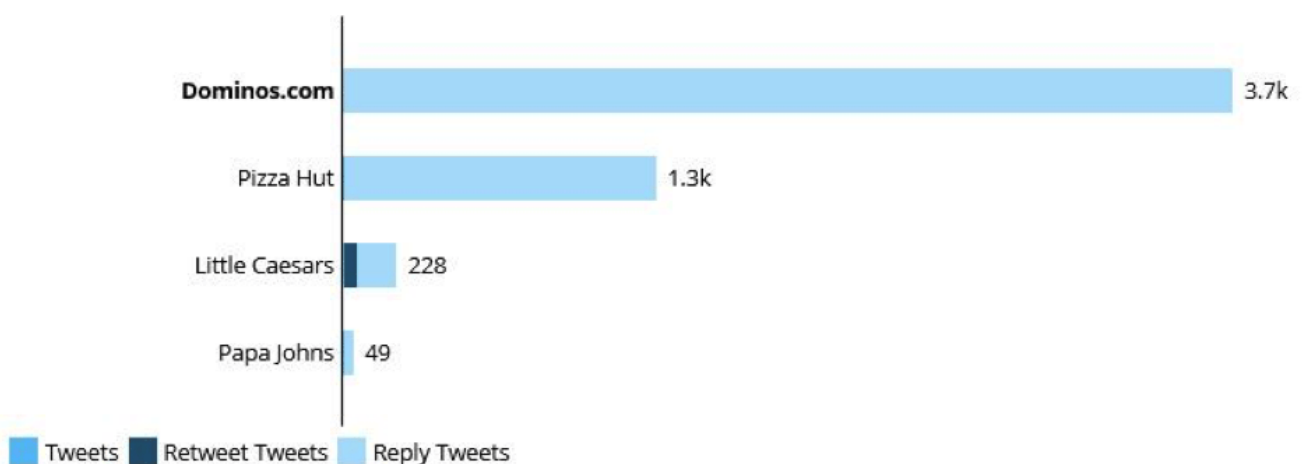
However, it does not appear to have a lot of engagement. Engagement is much more important than the number of tweets. As you see below, favorites are fewer, as are retweets.


It looks like Domino's has more than eight times the followers of Little Caesar's and three times as many as Papa John's. It is not often mentioned and does not get many retweets as seen in the images below.

It appears that most of the tweets do not get attention. What I noticed is that the more the tweet contains rich communication (picture, audio, and video), the more likely it is to get engagement. So an appealing image of a pizza has a higher chance of getting retweeted. However, if the tweet has poor graphics than it is likely to get the same kind of engagement as that without a graphic. Most of Little Caesar's mentions, despite a smaller base of followers (100K against the 879K of Domino's), did get much engagement during the week due to a #LCPizzaParty campaign launched to bring pizza to Justin Bieber fans, which included pictures and sending tweets about it. This brought a lot of engagement and many retweets and mentions. This proves that even with having a smaller audience, a company can be very successful in engaging with the audience. Perhaps it goes to the old saying regarding quality over quantity.
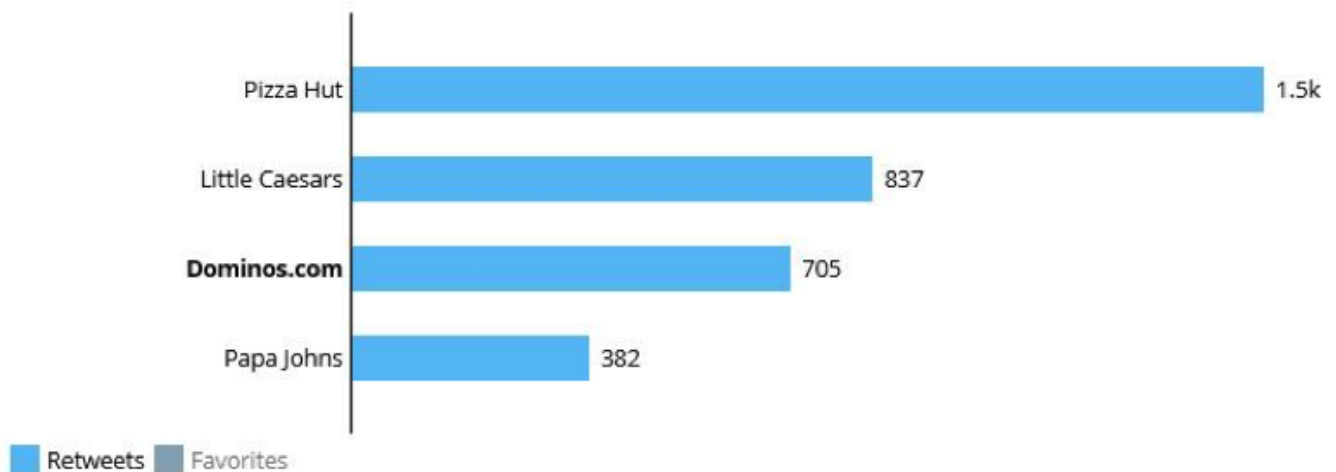
Domino's has not posted many tweets that are content rich. However, they have started to do so recently—even while I was doing this study. Domino's account is tweeting more pictures than it ever did in the past, as seen in the screenshot below. In this case, they did indeed get more retweets and mentions than before.
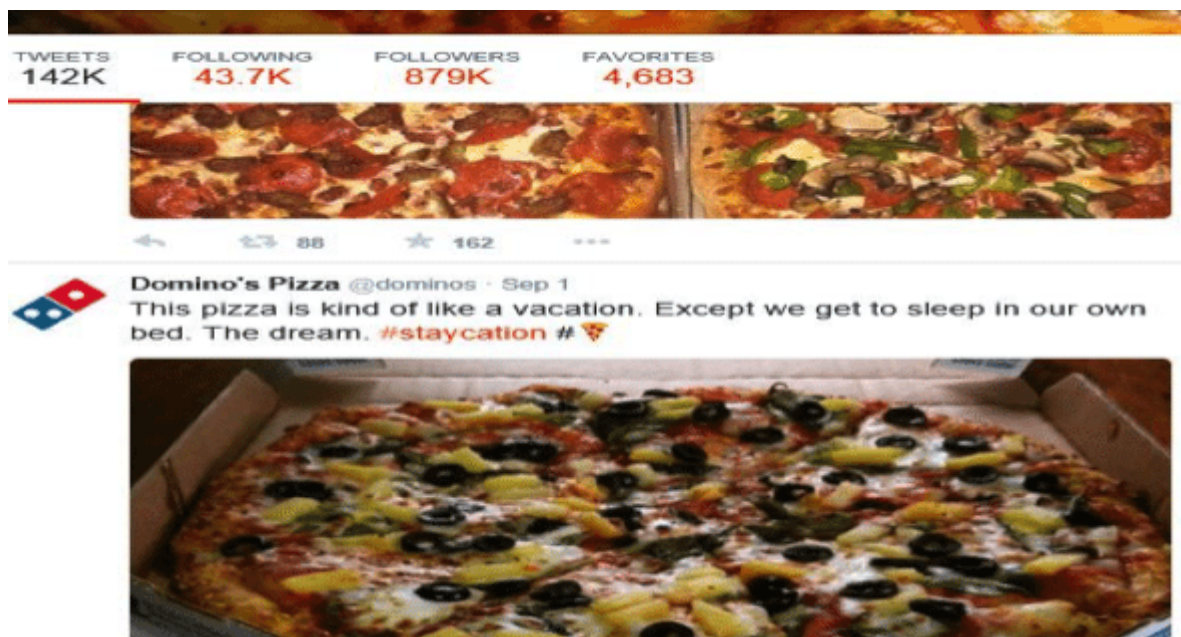
The Analysis:

The data shows that even if the competition's audience is huge, and the number of tweets is even larger—here it was about 4k a week—the tweets themselves are not very engaging and thus do not have a substantial effect. Other competitors with a much smaller audience obtain much more attention from customers—excluding tweets, but those tweets are more engaging. If Domino's would launch a Twitter campaign or involve celebrities like Little Caesar's has done, this could spur more engagement. The LC campaign for Beiber Believer fans was ingenious!

Let's look at the touch points of this brand, (whether it happened during, before and after the purchasing cycle) for Dominos. In particular, it can be:

1. the time in which the delivery will arrive and promised punctuality (a massive brand strength as its target market wants to get a hot pizza to eat right away).
2. Also the ordering experience and how pleasant or how easy the experience of ordering the pizza was can be another touch point.
3. And then there is the product itself and how good the pizza is—how tasty it is.

What it looks like is that one of the more important touch points, delivery, does not perform as it should judging from the social media complaints that Domino's receives. Unfortunately, social media is used to communicate inefficiently by the operations services. Most of the time, all of these negative mentions bring up negative perceptions of the service, even if it is really limited to a few cases. This can always happen, but the way it is depicted on social media skews the perception.

I recommend adding testimonials or launching a campaign to tweet constantly that pizzas arrive on time —accompanied them

with images of satisfied customers or even short videos. Maybe make a public pledge again that should the pizza be late they provide it free of charge or something similar. It needs to be significant, though—to the point that people see it as a real value-added pledge. Often we see that social media can be a magnet for what has gone wrong. This is often the case for reviews—those who are not happy are more likely to complain whereas those who are satisfied are less likely to say so. This is where social media can be compelling. This company, like many others, should institute a program that effectively solicits those other reviews—the more-satisfied-than-not. In this way, I think they can leverage the satisfied customers in ways that communicate well to potential customers.

* External links will open in a new browser window/tab.

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Price Discrimination

Price discrimination may sound strange to people, but it's a strategy used by companies to take advantage of the willingness to pay by different groups of people.

Large companies and great marketing strategists use this technique. Smaller companies do not really employ it, so I would like to dig in a bit more and give an overview on the benefit of price discrimination.

It's a very sensitive topic, so if you apply this to your company's strategy, make sure you do it in the right way, because if poorly managed it could prove to be anti-productive, but if well managed it can really drive your

profits through the roof.

In marketing, pricing strategy is really important. The choice of a price needs to be thoroughly analyzed and cannot be dealt with superficiality.

If you have a maximum price for which different segments are willing to pay, do you set up a lower price in order to make everybody happy?

If this is how you conduct your business, you might lose a big opportunity, not only to make much greater profits but also to generate a competitive advantage in caparison with other brands.

The ability to get the best price from the richer client and to offer a better deal to other groups may sound unfair, but it's used constantly in brands not only to increase profit but to create even more loyal clients and enhance the brand advantage .

Allow me to explain:

What is clear is that clients that buy a different product will have different prices. But we need to understand what happens when the product is the same but the price is different. An example is a student discount; the same product at an adult price. Or think about an airline, train a bus trip or even hotel accommodations.

Some of those services are the same, for example, an economy class for an adult will be the same service that will cost the same money to the company but it is sold for a much lower price. So in this case companies take advantage of another market segment with less spending ability. If you think they were doing it because they feel sorry for the students and they want to make them travel then you are very naïve J, but I need to admit it's a good

> excuse so don't complain about it.
>
> The Internet gives us a chance to negotiate with individual prices. I think such approach is similar to Alibaba.com who gives an attractive price range, but then they negotiate with the individual buyers.
>
> This reminds me of an old trick of a Chinese supplier who would let me choose two products at different prices to assess my knowledge and my approach to them before giving me a price. Testing me gives him an edge on my willingness to pay, my perception of quality and my attitude towards certain products. With the Internet, brands can get information on demographics, interests, age, etc.

First Degree

Companies that negotiate prices individually use a tool called first-degree price discrimination and it's easier to apply to e-commerce brands.

Second-Degree

Second-degree price discrimination is considered more like an indirect method.

Second degree implies that firms offer different deals, (in quality and quantity) and consumers self –select based on their willingness to pay and their tastes. In this instance , you can be more generic; you don't need to know everything about your consumer. You can select groups that prefer different products.

This can be done through:

- **Nonlinear pricing**

  This means you can have a more expensive price for the first quantity and then a lower price if you buy more

products or use more of the services of the company.

This quantity discount is used by many brands, mostly telecommunication companies. They offer different products that allow a bigger discount based on how much you use the product.

- **Versioning**

Firms offer different versions of their product, so a lower quality can have a cheaper price and allow targeting a segment with a lower income.

However, you need to be careful not to make the mistake of making the product substandard (which sometimes costs more money) and sell it at a reduced price. An example can be some software versions if you think about it. Sometimes you can buy software with a limited functionality for a cheaper price. In this case, the company had the premium version but then spent money and time to make it less functional in order to appeal to consumers with less ability to spend.

They spent more money and they are receiving less revenue for their product.

- **Bundling**

Some consumers prefer some product more than others, and sometimes firms can bundle products together making an attractive price for buying several products together. This is also used to promote a new product. This can reduce consumer heterogeneity (which I am not sure is a good thing in a centric customer world) and in this manner you can sell more products to more segments and increase profit.

Rather than decrease prices for example to attract more buyers, you can bundle products together at an attractive

price but not so low as you would need to in order to sell to people not really interested in the product.

For example, you are selling a specific product X , Y , and Z:

Your buyer group 1 is willing to pay $50 for X, but not interested in Y, unless it is really cheap.

You could bundle X and Y at $65 in order to sell more of Y without dramatically lowering the price. You could eventually keep selling Y for $35 to another group interested in that product and willing to pay more, or in this way, the new group could also eventually be interested in buying product X bundled with Y because it seems attractive as a price.

Intertemporal Pricing

Another issue to touch on very quickly is Intertemporal pricing. This is basically the increase or decrease of prices in relation to time.

Unfortunately, in high technology or innovative products prices tend to be higher at the beginning and lower as time goes by. So you are punishing the Innovator or the early adaptor – the people who really buy at the beginning and help the diffusion of the product.

If you don't know what I am referring to please look at the graph below and refer to Theory Diffusion of innovation of Everett Roggers.

https://en.wikipedia.org/wiki/Diffusion_of_innovations *

Price Discrimination

Many consumers that catch the fact that the price of an item may cost less in the future may delay the purchase. This is an

issue. It is also inconsiderate to lower the price of an item. It can represent a lack of loyalty toward some customers.

All my real estate investors know that we (the developers) tend to the inverse strategy when we sell a planned project. We increase the price as we sell more units or as we advance in the process of construction. This is great and helps the early investors gain profits compensating them for the initial trust.
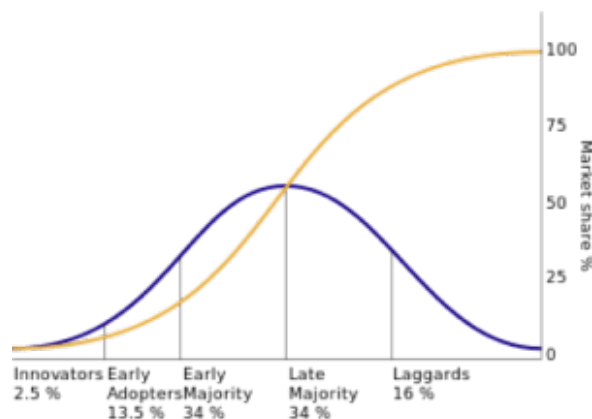
Antonio Velardo price discrimination graph

As an external link, this will open in a new browser/window.

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Charitable Campaign: Helping Seniors Improve Their Quality of Life

Good evening. This is just a short note here to discuss something very important. I love writing. I love sharing my

experiences so that others can learn from them and hopefully have success also. It was once said that with great success comes great responsibility. This is not something that I have hid from or take lightly. I actually take great care and responsibility realizing that there are many in my very own community that requires assistance, right here in Fort Lauderdale. I would like to do what I can and I have been working very hard to that end. This great and noble cause has been one of the reasons it has been hard for me to blog on here the way I enjoy too.

Anyhow, I want to welcome all those who know someone 65 or older in this area to contact me. No games, no scam. Share their story, or help them to share their story with me also, so that I can help. I realize that many people above the age of 65, especially those in real need, do not often have access to a computer or perhaps even basic computer skills. This is where I will rely on my friends and visitors, to nominate someone and share his/her story and help spread the word so that together we can have a great impact and help our cherished neighbors, friends, and family. This is important to me, and I know it is important to many of you also. Let's act quickly and help all those as quickly as we can. I encourage everyone to do the same, especially those who are in a greater position to do so—this is our responsibility, our duty I think, to do so. I will look forward to these requests, and to helping as many of those in need in our area here in southern Florida as I can.

Thank you, and have a good evening.

Read more: https://www.digitaljournal.com/pr/2487539#ixzz3VvWJcxE4 *

As an external link, this will open in a new browser window/tab.

Kickstarter is the way to go?

I know many crowdfunding platforms, and every day a new one is born. However, Kickstarter is the one with more users by far, and it is the most successful platform— not only for many users but also for projects funded.

I will be frank. I don't like their model. I understand why they are successful, and I will explain in this post: why I prefer other platforms instead and why I personally find little value in using it from an investor point-of-view. There are values may be from a potential fundraiser it but I will need to face some ethical issue, and I don't know if I am willing to do that, but let me start from the beginning and down the line I will explain better what I mean.

The main competitor of Kickstarter is IndieGoGo

The main difference between the two is that within Kickstarter if you don't reach all the money requested the project does not get financed, so it's either all or nothing. Instead, with IndieGoGo, you get the money regardless of the amount that you collect. In this model, lies the secret of Kickstarter.

The above concept can be positive or negative. If you are an investor, you can think that you will waste your time attempting to fund a project without knowing with certainty if it gets started. But at the same time, you could also consider that it's better and safer to only finance projects that will begin if they have the money requested. Otherwise, with only a portion of the funds required, a project could not be completed. So if this "all or nothing model" is positive or negative, it might be a unique point of view.

From a fundraiser perspective, if you're sure of collecting the money and have a very creative project, then Kickstarter is excellent. However, many fundraisers are moving towards IndieGoGo, as it's better to get something than nothing. Or maybe with the all or nothing you have a better chance to take them all?

Now, funny enough, the population of the Web likes to feel appreciated and essential. Do you remember the video about McGonigal that we viewed in the crowdsourcing lecture? It opened my mind.

Think for a moment. Let's apply their gaming theory to the attitude of the internet-user towards financing a project. Do you remember the Epic meaning?

Yes, everybody wants to feel so valuable to contribute to a world cause, there is an Epic meaning syndrome on Internet—people get inspired by a mission that will change the course of humanity. In the all or nothing approach, your $20 will make a difference!! There is a project to develop a tool that will change the lives of poor people in Africa? Great! Your $5 will make a difference, but only $10,000 are missing! A great campaign in social media will get you the money!! The user feels that if they contribute to the idea of a project with a robust humanitarian impact, they can make a difference as every dollar counts toward the minimum amount outreach.

The Kickstarter approach plays on the Epic meaning need of the users, thanks to them:

- a project will get funded or not,
- the users have great power,
- they feel they can make a difference,
- they feel it's their project,
- they are part of it.

It's nice. Unfortunately, they fail to understand that they are making somebody else rich with their money, without

anything back, and most of the times project does not help a good cause, and it only helps to make rich or to finance some crazy fancy ideas of lunatic investors that will never get money from serious investors.

This is the only logical explanation. I spend time on IndieGoGo every day, and projects are much nicer, well presented and interesting than Kickstarter—at least from my point of view.

It's important to understand the Role of:

- the investor,
- the benefactor, and
- the Chicken.

Wise investors know that the investment needs to be directly proportional to the risk, most of those crowdfunding platforms are risky, for example in my research project I am analyzing few of the Real estate crowdfunding, and they are dangerous and risky. They mostly offer not virtual guarantee and mezzanine loans and type b shares they not even worth the paper they are written on.

There is a need for education, in this sense. Otherwise, a lot of people will get rich while many others will get robbed. And they risk destroying an excellent idea and concept just because of greed.

Accessing the Web needs to be a way to leverage the possibility to access more people—not to find more unaware investors to take advantage of.

My experience with IndieGoGo was quite upsetting, but I guess it's the norm for most of the project, at least I was aware of it, and the amount of the purchase was small. I bought a little device that was supposed to automatically measure the amount of muscle and percentage of body fat with a simple scan. The amount was less than $200, so it did not really

matter how risky it was (that's part of the trick as many $200 contributions makes millions).

The desire to have this device before it appeared in stores (I guess its part of the motivation behind many funding, too) pushed me to fund the project.

The device was supposed to be ready in May, and I still have not received it. And likely I will never get it.

Somebody is working on a project, getting paid a big salary and probably will never deliver anything. There is less urgency when easy money pours from the sky to finance a project, and a company can pay you big bucks to be the boss.

If I need to put money as I do on a project, I need to consider the risk and the reward. Most of the projects on Kickstarter offer a ridiculous reward for the investment, offering a piece of the equipment or for a slightly better price.

So you pay $250 rather than $200 or $180 for something that's not done yet, you will get the product may be in few months if the project does not fail.

What sort of investment is that?? This does not make sense, I would instead buy the product in the shop, and pay the extra $50 or $100. At least I know I will not lose my money.

This does not make sense, it's more like a donation, it's an act of humanity, or it falls in the gratification need to be part of an epic project and have a fancy device few month before others.

Now, most of those fundraisers are not poor. They are wealthy, but they are leveraging the Web because they know or learned how easy it is to fool young, inexperienced investors that like to play as if they are in a Shark Tank Series. The difference is that they fail to understand they are not the

sharks, but they are the shark's food.

Some of their incentives make me laugh. One project I particularly liked, for example, offered $5,000 incentive in which you get to have a dinner with the Project Leader and be called the primary sponsor.

Now I would happily pay $30,000 or $50,000 to have a dinner with a proper influence person that can teach me a lot: a Warren Buffett, Larry Page Sergey Brin or Gandhi (if he was alive). In substance, somebody I appreciate with a very high level of knowledge and influence. But I will not give $5,000 to a random individual trying to finance a project. This is stupid, but people do just that, and it works.

To answer the question of the assignment: I would not feel like financing most of the project in either Kickstarter or IndieGoGo, at least if the bottom line is to make an investment. Of course, if I feel compelled to contribute to an excellent cause or I need to give a donation to somebody that looks genuine, this is another matter.

Crowdfunding can quickly become a big scam if investors are not cautious to what they do. People get a kick from a project, and they only see the positive aspects of the projects and their sales pitch. Most cannot understand the challenges involved and consequently many projects fail miserably.

When I raise money for a project, I like to give a serious prospectus to my investors, and mainly a fill guaranteed and control of the companies.

I received literally millions of dollars from investors, but all had full control and full understanding of the risk and of the rewards. Raising money without giving the investors proper guaranteed is unethical, so from one side, there is an incentive from the other I feel that if I take money from people that put trust in me I need to do it right, so I don't

feel for now happy to fund a project in those terms.

I am looking at more positive way into CrowdCube that it's a British crowdfunding platform, it seems more serious than other however I still see much threat for serious investors.

Maybe there is a need in the market for a platform that offers to crowdfund with a proper guarantee—rather than a shallow and risky piece of paper that will be almost impossible to claim back when the project turns bad. And they usually do.

My negativity is focused not on the crowdfunding but on the negative use of it. Experienced sharks are damaging unaware and dummy investors, and this, in the long run, can affect this magic world of funding in the new age if it does not get regulated. Besides that, crowdfunding is amazing. It's changing the world, and the business models and the perspective of investors and clients, and anybody approaching business needs to seriously take a look at those options to reconsider a new model and a new way of doing trade.

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Scan Me Reputation Management

This week all our studies were concentrated on online reputation and its effect on every aspect of a career and business, but also its effect on personal lives.

I have not been very active on the Web. I am an investor, and I usually find deals around the world buying shares in companies and installing new management that can produce profits.

For me, the Web is not all that beneficial. People want to make me a permanent resident of one country or another so they can claim I owe taxes to them. I do not need to build a specific reputation to attract business or to try to be presentable for a job application.

I, therefore, do not have an active presence on the Web. There is very little published about me, and I am pleased.

I am present on social media a lot; I usually post some motivational sentences and some information that is helpful as business advice. I use social media to remain in touch with different people or groups, and I usually join business discussions in which my input is highly appreciated.

My companies are on social media, and I do make sure that all are present on the web and have a friendly interface. Since I started this course, I am continually reminding all of my CEO's of the importance of the internet, the importance of presence and interaction with the users. It's new territory for many of them, and everybody confirms the importance of leveraging such tools. However, few really have the tools and the capacity to implement a serious, effective strategy. This course will give all of us the opportunity to develop a significant advantage in this new age business world.

What I also noticed is that there are many people with my name around the world, from America to South America to Europe.

Usually to search for a person who is not a very famous we need to add either the name of the business or the city.

For example, in my case, I can add Miami next to my name in the search, and many more mentions come up.

Most of the results are for my blog and all my sentences on social media, from Facebook, Slide Share, Twitter, etc.

So as we learned, social media can play a significant role in

driving traffic and building a reputation. Social media can be an efficient way to build a reputation and engage with clients and business networks.

People will know who you are, what you do and look into your values and interests. This will help to create an idea about a person. Right or wrong, the first impression counts.

I have a new blog on which I am working, and I post few Real estate notes. The blog is new and has not indeed been launched yet because I want to make more professional graphics.

The blog will be an excellent tool for reputation, and I can apply all the theories learned in this course from SEO optimization and tags words to Google analytics to evaluate traffic.

Honestly, my blog will be only to inspire other people to invest wisely and find the financial freedom I found at very young age. I will also add something about charity. I don't intend to raise funds, but I want to donate money to real people that have a need and leverage social media to spread the news. This may create a trend among friends to help the poorest. This helps reputation but also creates something good for society.

Google Alert will help to keep track of the progress and alert me on my name and how it is mentioned.

I found the notes I took during the Lecture particularly helpful, and I went on socialmention.com and wrote my name.

From it, I could evaluate the ratio of the positive comments, which was quite high 17 to 1, and also the positives of my name on the search engines which was measured with 95%.

The influence on the Web was apparently meager, so from those key performance indicators, I can see what was already known to me: my reputation is exceptional, but I am not really known

on the web.

I will be more present on the Web as I learn how to leverage all the tools at which we are learning.

Zillow's App: a Real Estate App

Being in the Real Estate Industry, I downloaded Zillow's app.

Zillow is the most prominent real estate portal in America. Through the Zillow app, there many options to find useful real estate information from decorating your home to renting an apartment or finding professional help.

Once I downloaded Zillow's app, I let the app find my location. It will suggest via the map real estate deals that were in my area. This works for both rentals and sales.

Now I am able to filter what I am looking for so this will narrow the search. This is a beneficial tool because by identifying the requirements, I will only spend time looking at deals that are within my criteria. The map feature is user-friendly, and you scroll through and pick out the areas where you prefer to live or invest.

Another feature that makes Zillow very successful is the possibility of inserting the address of virtually any house that has ever been in the MLS (Multiple Listings Service) and to be able to know the full story of the house. So I can check the pictures, how much it was sold for in previous years, how much tax it pays per year, and all the characteristics like the year it was built, lot size, etc.

It does have a system that can predict the value of the house and of the potential rent. The information is very reliable. Indeed many investors use it to identify the approximate value of the house based on Zillow's price.

It does have a forum within the app where you can ask questions and get help or just get an opinion from a professional realtor.

The success of this app is also due to the review of realtors. Realtors engage with the clients by asking a question, and they can sell their professionalism with the answers they give. Clients can browse the forum and select an agent that inspires more trust. The latter reflects the concept learned in our first Lecture in which we spoke about the evolution of the expert friend and the importance of the new generation to rely on a specific review to choose to buy a particular product or service.

In Zillow's app, this is precisely what happens. Realtors engage with the customers and sell themselves, their ability, their capability, and professionalism. When they have made a positive impression, they will be chosen by potential clients. Their business model to create revenue is clear. They afford the possibility of realtors to introduce and advertise themselves so that all that interaction with the users earns potential rewards.

The revenue must be huge because they also advertise mortgages and rehabbing. So through the app, I can basically order a new kitchen or bathroom. I can choose the style and the color and have an instant quote.

I sit on my sofa while I get all this from my iPad.

The app does not have coupon or discount, so it leverages on the cognitive need of the users. Zillow provides all the information a user could wish to have instantaneously. People can use Zillow to study and evaluate and compare the rentals

or the buying. Zillow's strategy has been to invest in the data collection of all the transactions in real estate in the USA and create a way to analyze the data and provide it free and in an easy to read format for everyone.

They created their power from sharing for free all the data collected, that's a fantastic innovation, what we learned until now proves how useful and valuable can be the analysis of data, analyzing data can help to develop a strategy for positioning for advertisement, etc.

The innovation of Zillow was to share for free those enormous amounts of data to become popular and visited and as happen eventually leverage this position to grow and start to create revenue.

I always thought that the apps or the socials or the video that are most successful are the ones that before charging try to give a proper contribution or advantage to the user. If you provide a free solution to a gap in the market and that solution has value, it's only matter of time before users will come. Then you can produce a proper revenue late with aggregates services.

Internet population loves the word free, and they recognize value and power of proper content, and I find it so far, more than simple discount or coupon but an app with no substance.

The power of providing information and proper content will generate a real keen interest in the app. This is rather than just downloading an app with the intention of getting a discount coupon. I think the genuine keen interest in using an application that is beneficial for a business or a personal life will always be superior to the attempt to buy a client by offering a discount coupon.

The Dreadful Word: VACANCY

The concept of vacancy, which I touched on in the last post, is one of the most important factors when investing in real estate for cash flow/income purposes.

People lose money or make bad investments primarily because they do not understand how to calculate it correctly.

Obviously, calculating vacancy is terribly difficult. What most investors seem to do is simply discount 10%, sometimes even only 5% from the gross value of the rent that they are supposed to get…and then they just hope that it works.

It's pretty evident that such an approach is very shallow, although it probably does help to limit damages…sometimes. A lot of investors forget to even calculate it, so when someone actually considers some extra costs in the list of expenses, it's to limit possible damages, but it is probably not enough if you want to be professional.

Vacancy is a powerful tool to use to be able to understand the potential of an investment

What is a vacancy?

A vacancy is merely the money that you need to consider and take off from the gross rent because the unit is not rented. It is also a powerful indicator of how good an investment really is and what growth potential it may have. A vacancy is inversely proportional to the expected growth of a property.

I am not able to calculate the numbers precisely, but I am able to at least identify the relationship. The more the vacancy, the more you can expect the growth potential to

diminish.

Why is this?

Well, let's think about it…

Neighborhoods that are really good usually have higher deposit requests to even get in the house. As a landlord, what that means is that you can get 2 months deposit, in some cases even 6 months deposit, which means that the prospective tenant will rent longer and always pay on time because they have more money and don't want to risk ruining their credit. Also, the higher the deposit, the less risk that you, the landlord, will have to take on which will limit your damages and reduce the risk of vacancy.

Of course, we would all love to get 6 months deposit upfront or even 3 months for that matter, but it is usually not the case. People don't always have this kind of money laying around, and you also need to compete with other property owners that are offering a more straightforward payment solution.

So this makes the relationship a little more clear. If you are in the right area, then you can get more money up front and limit the value of vacancy. The areas with the low vacancy will most likely be those with both high rental demand and income, as well as where there is a lot of competition.

For example, you can compare the vacancy rate in a Class D neighborhood in Miami-Dade county, let's say, for instance, Liberty City, which is close to 40% vacancy, compared to another area like Miami Beach which can be calculated at 10% vacancy.

Can we derive a formula or an equation to predict a vacancy rate?

No. But we can have some fun and maybe try to work something

out that will bring us as close as possible to a "formula" or market prediction.

What other values are there that can affect vacancy?

Well, it's not only the neighborhood but what I noticed is that vacancy is directly proportional to the price of rent. The higher the rent, the fewer chances of the landlord being compromised by evictions and legal matters.

For example, regardless of the location of the house, a house that rents for $700 will have a much higher vacancy rate than that of one that rents for $1400 in the same exact neighborhood.

I don't have a lot of data available, but according to my database, even top class locations (income neighborhood of $125K+) where small studios or small 1 bedrooms rent for $800-900 experience 15-18% vacancy. Other data shows that a lot of people struggle to pay 3 months deposit up front.

In the same neighborhood, or even in one with a much lower income ($75-85K), I can basically say that according to my database, I am comfortable to estimate a vacancy of around 10% or less for homes that rent for $1400 or more. 10% vacancy means that there are very rarely evictions and that most of the vacancy depends on the changeover at the end of the contract. Also, the time that it takes to rent it out again is factored in as well.

Then I checked the low-income neighborhood below $50k, and I noticed the same relationship. The vacancy is low on properties that rent at $1400 or above. The $50k mark seems to make a big difference in the vacancy in Miami and Broward counties.

Actually, I noticed that the neighborhood does not make such a difference…what makes the most difference is one thing, the price of the rent! Property that is below $1000 per month in

great areas will have a higher level of vacancy than that of properties in a Class C neighborhood, especially if the latter is a beautiful big house with a pool and the rent is above $1400.

I have owned about 100 properties in Broward and Miami-Dade County, so my data comes from plotting those results. And what I have found is that property with a higher rent value tends to have a much lower rate of vacancy.

So…hypothetically let's say there is $150,000 available to invest in a Miami property for income purposes. Two options exist: 1) a studio in a desirable neighborhood that rents for $1000 per month, versus 2) a 4-bedroom house with a pool that rents for $1500 in a Class C neighborhood. Faced with these two options, I would definitely have to choose the second. The income would be better and more consistent on the second option.

I would also bet that appreciation is more likely with option 2…but that is for another post!

Talk Soon!

Antonio

Second Life — A Digital Community

I began my life in Second Life. At the start, I have to admit I was discouraged and bored. But then I slowly built interest due to the interaction with people made me feel a like an Anthropologist trying to get the essence of that community,

learn their language and their behavior. Yes, it was my first ever research into a digital community.

I began with a normal avatar. I was trying to stick with an integrated self, but then I went for somebody that was similar but not too similar. The simplicity was due in part to a lack of interest in spending hours to adjust my avatar.

Learning how to walk and fly was easy. Flying was nice as it gives one chance to move around the area faster.

I don't even remember where I was, but I saw another Avatar dressed as a beautiful girl looking at a place probably a store, and she is moving like she is dancing.

She is Russian by the name, so I start to chat with her. She said she is shopping. I asked for her help, and she was very friendly.

Usually girls are friendly with me when I am in my Ferrari, but in this case, I think "wow in Second Life you find friendly girls without a big car."

She sometimes types to me in Russian, and then I also see the English translation. I am not sure if it gets translated automatically, or she types in both languages. I will try to explore this functionality.

After knowing her for four minutes, I invite her to dinner. She says "why not" and accepts. In Second Life there is no danger; people are safe, and they can pull the plug any moment. This tends to lead people to be more easy-going and approachable.

Now I can have company and some help, so I ask her what type of food she likes, and of course, she said anywhere it's okay.

Taste did not become digitalized yet, so I guess it may become pretty dull in SL to sit down in a restaurant. I think my old RL script that needs to be readapted to a more modern

digitalized world.

I picked up the use of SL and RL from the community. Second life and real life I know, it's quite apparent.

I look for a beautiful place and I think about Spain, where I lived in RL, so I choose Porto Banus a lovely location in the south of Spain with a beautiful marina. I know I will be able to find a good restaurant there.

After we became friends officially in SL, I choose the location and tele-transported myself there.

The pretty girl asks trough SL to be tele-transported to my location. This is the advantage of being friends — they can be tele-transported in your area.

She arrives with a different look. She totally changed her dress code adapting to the new marina beach environment. She was really fashionable and cool.

Wow, she must be Russian for sure. I can see the business, people spending real money to dress well a Second Life avatar. Now what the point of changing your mode of attire in SL? What is there in the human psyche that makes someone put time and money into making an avatar fashionable and cool?

It may be digital vanity. I should not judge if I need to study a community, but I don't have the time to shop for me in RL. If I think I need to shop for my avatar, then the avatar is too high maintenance. I like simplicity. All this is cool but any hour spent in SL is an hour lost in RL. People want to escape RL; second life is escapism.

Getting back to my second life adventure, after we notice that the place is boring we walk up and down. There is nothing to see and no one around, so she wants to bring me to a club. Cool!

So I go with this pretty, young girl to a nice club called

Vipera.

Many avatars are dancing. A DJ is speaking to people. He is actually fun, and he tells us we can suggest our favorite songs. It appears that everyone is having a good time. The place is busy, and I begin talking to people and telling them that I am doing a project for the university.

Everybody is friendly. They enjoy being interviewed, at least at the beginning. I ask them "why are you here?"

Everybody says something. The best answer I get is "this is like a Facebook in 3D or actually better".

So people have the unlimited possibility to enjoy clubbing and talk.

Some of them say Facebook is boring, and others say they usually don't invite the Facebook friend in SL.

Some people want to keep their lives separate. They all like me, and they all contribute to my questions, but they all get upset when I asked their ages. They told me I should not ask that in SL is rude; age, sex or race cannot be asked. Probably people want to feel disconnected from real life so much that they do not want to consider age differences. The question here is what pushes people to spend so much time behind a screen giving up their real life, their real love to find new virtual ones? I don't know the answer, but it's an answer worth a $10 billion industry.

At the end of the day, it becomes a matter of time. I saw some people probably making money in second life. They have a business where they sell things for real money. Other than that it appears that SL is for relaxation and diversion. People find their comfort zone staying within a virtual environment, and they are willing to give up their real life time to live in a virtual one.

A comfort zone is what causes people to resist improving themselves. It's the worst thing that can happen to an individual. I saw people living with a disease and trapped in a very detrimental environment for years that do not attempt to push themselves out of a comfort zone. How much could the RL be improved if the person took the time spent in the SL and used it in RL? Maybe it's all just a game. Maybe I should not be judging. But time is so valuable to me that I don't see any particular reason why I should spend some time in an SL or fantasy world. So unless I don't have to go back for assignment reasons, I will not renter the second life world.

Survey — Acai Berry

I spent a lot of time thinking the topic of this survey. I guess the topic could have been anything, but I want to make sure that my exercise makes sense to the reader. I did use Qualtrics, and I think it is impressive.

I am an entrepreneur, and I have several companies in different fields. I have intentions to invest in a health-food store chain, specializing in serving natural acai berry bowls.

When invest in my endeavor I will I will look for more specific criteria mainly related to the city in which I will be opening my first shop. The act of a business getting random results from a random population on the web makes no sense; however, due to the nature of the survey which is for academic purpose only, I could make one that could at least give me some insight.

I did notice a significant trend towards natural and healthy habits and products in recent years. I want to verify that the millennium generation is also caring about this or better

which age group is more sensitive to eating healthy food. Identifying the age brackets will help to have an idea on which social media to put more effort the marketing campaign.

Acai berry is particularly good for breakfast mixed with banana, strawberry or mango and other fruit. It can be combined with natural chocolate, Guaraní, granola, honey, etc. I want to see if people will be willing to leave the Starbucks habit to pursue a healthier breakfast.

Acai berry is not very well-known, so I want to first check the knowledge of the product. I believe those who have tried acai will be much more willing to change breakfast habits.

An average acai bowl will be costing around $8. I would like to check the willingness of people to spend their money for breakfast based on their income. I assume that this product is particularly good for people with incomes higher than $90-$100K. Those people, mainly in the USA, are experiencing a significant transformation in eating habits and there is evidence that the trend of people moving toward a vegan choice and raw natural organic food is increasing. The purpose of the survey was to confirm some of the assumptions.

The Random simple and snowball sample would not have been indicated for this survey. I used this approach because it was the easiest for academic purposes. However, when I will do the final one for my business, I will hit specific locations and specific categories of people to understand if my business will fit in the area so my approach will be a Quota sample.

The income question is essential in my research. But as we studied, it is a bit awkward to openly ask for income brackets, and people tend to lie about it. So I devised three specific questions from which without openly asking so that we can surmise the income brackets.

The last result, in particular, will be good in understanding which targets segment in my online campaign or based on age

which social media should be used to get more results.

I tried my best to make the survey funny and entertaining. When I conduct my real one, I will probably use a different strategy, but because I wanted to familiarize myself with the software I tried various things.

One of the scopes of the survey design is avoiding surveyed people dropping during the survey. I used some pictures with food to make it more fun.

I also used the skip logic tool that was mentioned in the Lecture, in question number 5.

One of the aims of the study was to understand when people were more inclined to eat acai. This is important to understanding the working hours of the shop which will have an impact on the cost of the structure but also the location. We had some assumptions that usually fit people or people that work to gain a better weight tend to eat it before training. Having a shop next to a nice big gym eventually could be a strategic value.

Noteworthy to mention is the idea I had about the final question.

Have a feedback from the people on the survey, asking them openly if they got bored or had fun.

This is an excellent opportunity to have a direct feedback and make me think how to improve my next survey.

I did get confused on this assignment deadline. I did think that there was only one post due today, and then I realized that it was two posts that I was to have completed. I apology for that.

Thanks.