

ZILLOW GROUP, INC.: CHANGING THE WAY AMERICANS BUY HOMES

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ABSTRACT

This case explores the growth of Zillow from its inception to a successful company. It started as a platform making income from advertising and then grew into a name synonymous with real estate. It now has three divisions: Home Sales, Internet Media and Technology (IMT), and Zestimate. It forever changed an older tradition bound industry but has enabled other cutting edge technology companies to enter in the future. Students will examine how an industry disruptor grew from an idea into one of the technological companies it is today. The question becomes how does it maintain its momentum?

Keywords: Zillow, real estate, technology, brand management

INTRODUCTION

Zillow burst into a tradition bound market that first recorded real estate sales in the late 1800's and early 1900's. The multiple listing service (MLS) was added in the 1960's leaving the industry the same until Zillow's inception in 2004.

Zillow grew from a simple platform obtaining revenue from advertising fees into a name synonymous with real estate. It now has three segments: Home Sales, Internet Media and Technology, and Zestimate. This is its popular ongoing/living data base of home prices that has created brand and name recognition.

Now that it has entered the market and become popular, the question is what does it do now? Has it opened the door to other innovations in this industry? Will it go the way of older real estate practices? What new market forces will emerge and where does this very successful company go in the future?

THE TEACHING NOTE

Zillow Group, Inc: Changing the way Americans buy homes

Overview of the case

This case explores the inception, development, industry, and environment of Zillow. The case provides the history, environment, and steps that Zillow took on its way from the founders' vision to a successful company, and a change agent of the real estate industry.

Suggestions for using the case

There are different classes that could use this story of a successful company that started with good values and grew to a successful cutting-edge company. Examples include strategic management, entrepreneurship, beginning management, and marketing.

Learning Objectives

1. Analyze company actions by applying brand management principles.
2. Analyze the macro-environmental forces.
3. Analyze the competitive environment using Porter's Five Forces Analysis.
4. Evaluate the leadership and actions taken.
5. Recommend actions for the owners on how to go forward after a disastrous experiment in buying homes for their own portfolio.

Suggested Assignment Questions

1. Prepare an analysis of macro-environmental factors and discuss how they impact the industry using a SWOT analysis.
2. Prepare a Porter's Five Forces analysis of the industry.
3. What overall strategy should the new owners pursue and why (cost leadership, differentiation, focused differential, or focused low cost)?
4. What marketing or strategy should they pursue to regain momentum or brand recognition for the future and especially after the disastrous attempt to purchase and sell houses for their own account?
5. What recommendations would you make to senior management for the future direction of the company.

References are available upon request.