

# How To Maximize Your Direct



By Ron Appel

*National Sales Director/ A+ Letter Service*

In today's ever changing mortgage landscape, it is becoming increasingly difficult for mortgage professionals to plan their marketing budgets effectively. In an attempt to receive the maximum return on investment, brokers are always looking for the best value for their marketing dollar.

There are many factors to consider when planning your marketing strategy. In today's financial market you will need to be exceptionally focused in order to target the market 'niche' best suited to your company's business profile and capability.

While many mortgage professionals agree that the refinance market may never return to the 'glory days', there are still creative ways to appeal to borrower's in today's financial environment. First, you will need to identify your company's strengths. Are you an A paper shop? Is your forte sub-prime business? Do you specialize in BK13 buyouts? Are you seeking out first time home buyers? Is the foreclosure market your 'niche'?

After narrowing down your prospective client base, you can now create a better plan for your marketing budget. Too many mortgage professionals scurry around chasing so many avenues of business, but never really take the time to become an expert in any one target market. By distinguishing yourself as an expert in a particular 'niche' business sector, you will distance yourself from your competitor.

Now, this does not mean to only specialize in one market sector. Obviously, the more knowledge you have about the

various loan programs and products available today, the larger the rewards you will reap. Understand, the days of only needing a pen and loan application to close a loan, are long gone. The 'clerks' of this business have fallen by the wayside. The consolidation of the industry has never been more apparent than today.

So, what can you do to s-t-r-e-t-c-h your marketing dollar to achieve the best possible return on investment? Simple, do your homework!

In planning a direct mail campaign that will produce the highest possible response rate, you must break down your program into segments and carefully analyze each segment.

## IT ALL STARTS WITH THE LIST!

Perhaps, the most important part of your direct mail campaign is usually the most neglected or overlooked. The mailing list!

Never has the age old adage "Garbage In- Garbage Out" been more appropriate than with the preparation of your data base/ mailing list. Purchasing, or compiling your own mailing list, is the single most important aspect of your direct mail campaign.

## Why?

The mailing list will either make-or- break the success ratio (response rate) of your direct mail campaign. You may say, "Well, that's common sense." As much as this seems to be a

# Mail Response Rate In Today's Market



“no brainer,” it remains the #1 reason that direct mail marketing programs fail, or produce poor response rates.

Let's dissect the mailing list. Would you send a sub-prime marketing piece to an area within your community with \$ 750,000 home values? Do you think there are a large number of sub-prime borrowers that live in that community? Of course not. However, time and time again, brokers, in an effort to reach out and stay within their local market area, send out direct mail using a 'shotgun' approach. The ultimate result is targeting the wrong market sector with the wrong loan programs.

Another example of this would be for those brokers targeting the Renters- To- Purchase market. Would you send out a mailer to appeal to renters, in an area of single family homes? Believe or not, many brokers never take this factor into consideration. You must know the demographics of the area that you are mailing to.

Purchasing a list from a reliable resource is vital to the success of any direct mail marketing campaign. In today's data driven world there are so many 'filters' and 'criteria' that need to be included in creating the proper mailing list/data base for target-

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ing the best possible respondent for your message.

If you think that the number one priority of your direct mail campaign is cost per piece, you better re-think that philosophy quickly. The only thing that matters when considering using direct mail as a component of your marketing strategy is cost per response, not cost per piece. There are many intelligent ways to 'build your mailing list.' Maybe now would be a good time to look into using a qualified data/list provider or direct mail company that specializes in the mortgage industry.

That old list that you have had laying around for 2 years and never had NCOA scrubbed (National Change of Address) or CASS certified (The U.S Postal Service's - Coding Accuracy Support System), might not be the best list to use for your next direct mail or telemarketing campaign.

The reason that we are spending so much time on building the proper list is because nothing is more important to the success of your mailer than getting your message into the hands of the borrower, or prospect, for which it has the highest level of appeal. This alone will increase the chances of maximizing your response rate.

Remember, the main attraction of using direct mail marketing, is that your prospect is CALLING YOU! So, make sure that you have the 'right' type of potential borrower responding to your mailer. It all starts with the LIST!

Filters (or criteria as some call it) are vital in building your data base. There is value in knowing prior to sending out your mailer the homeowner's specific 'profile.'

How much is their home worth? What is their LTV% (Loan -To-Value?), What is the borrower's FICO score? How much do they owe on their current mortgage? Is the borrower's current mortgage a fixed or adjustable rate product? Who is the current Lender on their mortgage?, or other factors such as: How can I target the Spanish speaking community? How much revolving debt do the borrowers have? Are there children present in the household? What are the ages of the homeowners? How do I target Renter's only? Can I select only VA Loan holders? Can I get a list of BK13 borrowers? If so, what sub-filters can be included within legal guidelines?

This, and a wealth of additional information, is available

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when using a professional list company or direct mail letter shop for your marketing campaign.

Virtually any piece of vital information can be included in the preparation of your mailing list. Mailing to only those prospective borrowers that fit the exact profile of the product or services you are offering will increase your chances of not only getting a higher response rate, but on converting those prospects into closed loans.

### WHAT'S IN YOUR MESSAGE?

Ok, so now that we have identified the best candidate for your products and services, what do you want to say to them? Let's use the Reverse Mortgage prospect for this example.

As you are aware, there are certain restrictions, guidelines and regulatory issues that must be adhered to when pursuing the Reverse Mortgage prospect. Listed below are a few of the 'rules' that borrowers must comply with:

- You, and any other current owners of your home, must be aged 62 or over, and live in your home as a principal residence;
- Your home must be a single-family residence in a 1- to 4-unit dwelling, a condominium, or part of a planned unit development (PUD). Some manufactured housing is eligible, but cooperatives and most mobile homes are not (although some cooperatives may have become eligible by the end of 2005);
- Your home must be at least one year old and meet HUD's minimum property standards, but you can use the HECM to pay for repairs that may be required; and
- You must discuss the program with a counselor from a HUD-approved counseling agency.

Of course this is just a snap shot of the overall requirements to qualify for a Reverse Mortgage.

We have listed the above reference for a reason. When targeting the Reverse Mortgage client, it is imperative for a number of reasons, to use the 'soft sell' approach.

What do we mean by the 'soft sell' approach? As you are well aware, pasted all over the local news lately are horror story's about predatory lending and abusive business practices preying upon the senior citizen community. Not just in the mortgage industry, but across all walks of business.

This has created a high level of distrust and skepticism among this group of prospective borrowers. What we have found successful is to use an 'educational forum', or 'information only' approach to attract this niche of borrower.

Your initial offer to the Reverse Mortgage borrower should be geared more towards enlightening and educating the prospective client about the rules and regulations in regard to the Reverse Mortgage program. An effective 'tag' line for the front (mail panel) of your direct mail piece should read nothing more than this: "The Truth About Reverse Mortgages."

The message contained in your mailer should be a call to action for your prospect to receive additional information about the specifics concerning the Reverse Mortgage program. You can prepare an inexpensive pamphlet as a follow up response piece for the inquiries you WILL receive for your informational brochure.

By offering something of value, prior to asking for anything in return, you have created a level of credibility and trust that perhaps your competitor has not taken the time or invested the effort to establish. You may not write the loan today, but you have certainly planted the 'seed' to get that prospects business in the future. Think about it. Everyone is chasing that prospective borrower around, but who among them has offered advice prior to asking for the application? You, that's who!

This approach is reaping great rewards for those in the broker community that have the patience and insight to implement this 'soft sell' method. In a market sector where credibility is paramount, offering something of value without having your hand out, expecting something in return, works wonders in establishing a rapport with this type of borrower.

### THE DELIVERY

As mentioned in this article, by scrubbing your mailing list against the NCOA registry and by CASS certifying that list as well, you have increased the chances that 100% of your mailers will reach their intended destination. After all, you are paying for each and every mailer whether it reaches your prospective client or not. Many brokers fail to realize that by not properly 'preparing' their data files, up to 20% (or more) of their mailers will be undeliverable. That translates to a great deal of wasted marketing dollars.

Although we, at A+ Direct Mail Service, specialize in all forms of mail pieces (standard and oversized postcards, #10 window and non-window envelopes, oversized mailers, snap pack self mailers, fulfillment products, etc.), we have found that the Snap Pack (self mailer) has been producing the highest response rates. We feature this product almost exclusively for the mortgage community for use in direct mail programs.

We have found that the 'mystery' of this type of mailer and the sense of urgency it creates, lends itself to getting the piece opened. Let's face it, next to the quality of the mailing list, getting the mailer opened and your message read is the next major hurdle that has to be overcome.

In a market (mortgage) where response rates have been dropping, this product seems to be holding it's own in terms of still generating favorable responses rates.

The Snap Pack style mailer is producing in the range of 0.5% to 1.5% response rates even in today's market. That may not seem like a high number, but what value would you place on getting between 25-75 quality respondents for every 5,000 pieces you mail?

I would consider that an extremely valuable marketing tool. In today's market where 70% of your prospects are on the Do Not Call list, and with the sophistication of the new email SPAM filters, direct mail remains one of the best marketing tools available for your marketing dollar.

Creativity is worth its weight in 'gold' when market conditions tighten, or for that matter, in any market conditions. Knowing what to say, what to send, and to whom, is critical in achieving the maximum ROI on your direct mail marketing campaign. ■

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