Get Your Marketing Back on Track

Knowing the pros and cons of popular methods can help you best reach consumers

By **Ron Appel,** national sales director, A+ Letter Service

Clearly, the mortgage industry took a huge hit in the past year. But I don't think anyone expected the repercussions to be so drastic.

The fallout of the nonprime industry and the ensuing credit crunch certainly cast a negative light on the mortgage industry. Consumers have been shell-shocked by the damage created by adjustable-rate loans. The foreclosure rate is skyrocketing, and the real estate market is reeling from the downturn in home values and from reduced equity positions.

Further, in the past few years, many mortgage companies closed their doors. Every aspect of the mortgage community has been affected to one degree or another.

Obviously, it's not business as usual any longer. Now is a good time to look at your marketing methods, however. What worked for you previously may not work today.

All forms of marketing have certain pitfalls in terms of perceived credibility to consumers, but they also can be successful when used properly. Here are the pros and cons of a few popular marketing methods.

Telemarketing

More than 75 percent of U.S. households are on the federal Do Not Call Registry, according to a 2006 Harris Interactive poll. As such, telemarketing is used less for mortgage-lead generation than before.

It is hard enough to survive when you have a large client base, but it's even harder when you can reach out to only 25 percent of the market.

Some telemarketers who generate leads for mortgage brokers have questionable practices. Their methods only add to the skepticism about mortgage brokers among consumers.

For instance, once a homeowner is on the phone, an unscrupulous telemarketer will look for some area within that homeowner's profile and within the loan program's criteria to exploit. This will not generate successful loan prospects for you.

There is a solution, though. Many telemarketing companies offer live-transfer-lead programs. These leads can produce higher-than-average close ratios because they are produced in real time and are transferred directly to you at the time of contact — hence the name.

When done properly, a good telemarketing live-transfer lead can be an effective tool to have in your marketing toolbox.

Blast e-mails

Even if you can get by the spam filters and enhanced security features in people's e-mails, your response rate to blast e-mails likely will be next to nothing. There are several reasons for this.

First, data — i.e., e-mail addresses — can be difficult to find. Additionally, people are skeptical of e-mail marketing because of the multitude of e-mail scams in the past few years. Although this type of marketing sometimes can be useful for lead generation, e-mail's return on investment is inherently low because of the restrictions associated with this form of coummunication.

To make this work for you, find an e-mail-marketing company that lets you test its e-mail-blast program on a small scale before you commit to a larger program. When you test the waters, pay particular attention to how data are obtained.

You also can specify opt-in lists when you order your data. Opt-in lists contain e-mail recipients who wish to receive future e-mail correspondence. This translates into a more-receptive audience for your e-mail marketing campaign, which can improve your open rate.

Print media

Newspapers have always been a favorite advertising medium in the mortgage community. Newspaper circulation is declining in many areas, however, mostly because information is now available and easy to get online.

To make the most of newspaper ads, promote your personal integrity, the ease of doing business with your firm and your superior customer service. Try to avoid advertising rates and terms.

If you advertise rates in your newspaper ads, you likely will attract a lot of rate-shoppers. This is important to note because rate-shoppers are just that — shoppers. They will jump ship over one-eighth of a percentage point. Is that the type of borrower you want to chase down?

Let's face it: There will be little difference between your interest rate and that of your competitors. Push customer service and work to develop strong relationships with your clients. This will help to foster referral business for you, as well.

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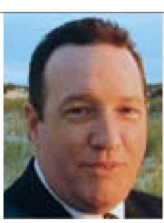

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Direct mail

Like other methods, direct mail has taken a hit in terms of response rates. Now more than ever, you must review your mailer's content with a fine-tooth comb. Borrowers will look for any indication that there is a catch or that things may not be as they seem in your marketing piece.

Most state laws require that you include a lengthy legal disclaimer when you publish or quote a specific interest rate. But one of the biggest turnoffs to consumers is the disclaimer section of your message.

To get past this, avoid using rates in your direct-mail pieces. If you do, your disclaimer may take up half of the page. You already know that borrowers are looking for the fine print, and your response rate is directly related to their perception of your mailer's content. As soon as readers see a long disclaimer, your direct-mail piece is heading for the garbage.

Avoid advertising interest rates at all. Like with newspaper ads, this will keep you from getting rate-shoppers.

Instead, try something different for your direct-mail piece. Oversized envelopes or postcards and snap-pack-style mailers are proving to be effective in today's market because they draw recipients' attention.

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Unfortunately, there is no magic wand that will solve the problems that mortgage professionals now face. The mortgage industry probably won't ever be what it once was, which is why you should get serious about your marketing plans.

Consider spreading your marketing dollars among different methods. This will insulate your business from a downturn in performance from any one media source.

By the same token, you also must take a close look at where your marketing dollars are going and be quick to analyze your return on investment from each form of marketing.