

GENERATING BUSINESS

IN A DOWN MARKET... ♦ ♦ ♦



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I am sure that everyone knows that the mortgage industry, especially the sub-prime sector, is going through a rough stretch right now. It's all over the news. Every time you turn around another company is filing chapter 11, or just closing up shop. The mortgage industry is going through yet another consolidation, only this time the stakes are much higher.

Many brokers are pulling back on their marketing plans until there are signs of stability in the market place. Is this the smart thing to do?

Well, it really depends on how well developed your 'pipeline' is. Broker's that have insulated themselves from the current market conditions by offering a diverse portfolio of financial products are not going to feel the pinch of say, a sub-prime broker. The sub-prime market is going through a transition right now that is unprecedented in recent history.

The current sub-prime mess is shaking the very foundation of the financial markets and brokers are scrambling to try and survive this recent down turn in the market. So, that brings us to the burning question; with all of the uncertainty in the mortgage industry right now, is this a good time to market your company?

Look at it this way. If you take the 'wait and see' approach and market conditions improve, which many experts believe they will in the not too distant future, and you have done nothing in terms of marketing, you will have placed yourself

squarely behind the 8-ball.

Marketing, whether it be direct mail, telemarketing, internet leads, whatever form of marketing you use, is not something whereas you can 'flip a switch' and sales leads will come pouring out of the pipeline.

Any form of marketing has a ramp up period. Let's use direct mail as an example. If someone comes to me today, I can absolutely help them to develop a lead stream, but it will not happen over night. First, we will need to determine the market sector they wish to target, then we must identify the 'profile' of the borrower they seek to attract, then we must take into account the creative process involved in designing their direct mail piece. Then we have to produce and mail the piece and lastly, we have to wait for it to be delivered to the prospect via the United States Post Office.

Broker's will call us up and ask: "How soon before you can get my phone ringing?"

They (broker's) who are hurting for business, or are looking to feed some of their Loan Officer's leads, think that we have a bucket of leads stored up and can just turn a handle and leads will pour out in their specific geographic area.

This is not quite how marketing works. Marketing is a marathon, not a sprint. If you are serious about developing a viable lead source for your company, or for yourself personally, you must understand some key points about marketing.

1. Timing.

Timing and planning are paramount in order to insure that your marketing plan succeeds, or has the best chance of success. Sending out a marketing piece touting 'no money down, no doc or stated income loans' while the restrictions on this type of loan has tightened up dramatically, is going to put you in a precarious position when calls start coming in and you cannot satisfy the needs of your prospects. This will do more to harm your corporate image than enhance it.

2. A measurable goal.

What is the goal of your marketing plan? Is it designed to produce sales leads like most marketing campaigns, or do you have a different reason for your marketing campaign? Perhaps, you are just looking to create inquiries for another purpose. If you do not define your 'goals', how will you know if you have achieved them?

3. A plan.

What are your marketing plans? If you are planning to make one mail drop with no intention of additional mail drops, or follow up mailings, save your money! This type of 'shotgun' approach to marketing will not achieve the results you are anticipating and you will be wasting your precious marketing dollars.

4. Name branding.

Name branding, simply put, is keeping your company's name in front of your target consumer on a regular basis and creating a recognizable 'branding' for yourself and/or your company. Sending out one direct mail drop will NOT accomplish this. You must be prepared and budget for repeated mail drops and campaigns. This is how direct mail marketing will produce the results that you desire.

5. Tracking.

Do you track the results of your marketing to measure the effectiveness of your efforts? Most people (companies) do not. With just a simple question, "How did you hear about us?" you can track the success of your direct mail marketing. You can also use a reference code, whereby the prospect must refer to a code contained within your mailer to redeem a special offer, coupon or other form of incentive.

6. Know your product.

We at A+ Letter Service are very good at getting your phones to ring using our highly effective Snap Pack mailer's, but what happens when you get the call? Nothing will 'kill' a lead faster than not being able to answer your prospective borrower's questions. After all, you are the mortgage expert, not them. Know your product inside and out and be prepared with alternatives and options for the borrower, especially in today's volatile market.

7. First Impressions.

First impressions really do mean a lot. This is especially true in the world of advertising. Sending out a 'flyer' that looks like you printed it on your copy machine will not have the impact or impress the recipient like a 'professionally' designed direct mail piece will. Your mailer speaks volumes about your company's image and level of professionalism.

Of course there are other components that are equally important as those listed above including; the mailing list/data base, your incentive or special offer, your 'message' or ad copy, etc. In the world of direct mail, success is not determined by cost per piece. Direct mail success is determined by cost per

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response and ultimately, your return on investment.

I have seen well designed and esthetically pleasing marketing pieces fail because the broker mailed them to the wrong target audience.

Don't forget, it's called a marketing **plan** for a reason.

I hear brokers complaining all the time that when they target ARM (Adjustable Rate Mortgage) borrower's in today mortgage environment, that more often then not they are unable to help the borrower because of the lack of equity in their home. I ask them one question: Did you build in an LTV or Equity filter into your data base/ mailing list? This might shock you, but 75% of these broker's did not know such a filter even existed.

Wouldn't it be good to know prior to mailing, that most of your prospects have equity in their homes, thus increasing your chances of getting their refinance loans approved? Sometimes it's the little things that are overlooked and spell certain doom for a marketing campaign.

Another key factor that directly affects response rates is the delivery rate of your mail piece. Did you know that up to 20% of your direct mail pieces may not be delivered at all?

How does this happen?

In the world of data compiling there may be subtle errors contained in the mailing list. An example of this could be as simple as a street direction being reversed. Let's say you want to mail something to Mr. John Smith, 123 Main Street North, Any Town, USA.

However, the data file is formatted to read: Mr. John Smith, 123 North Main Street, Any Town, USA. This piece of mail will be deemed undeliverable by the United States Postal Service, because it does not match a certified address contained in their CASS address file.

What is CASS and what does it do?

The term CASS (Coding Accuracy Support System) is widely used by the USPS when they refer to the verification status of an address list. In order for an address list to receive CASS certification, the list must be checked against the USPS Address Matching System (AMS) CD-ROM, a match must be found for each address and the correct 11-digit Delivery Point ZIP code and corresponding barcode must be added. Only addresses with the Delivery Point ZIP code and barcode are

eligible for automation bulk mailing rates.

A mailing list must undergo address verification every six months (every three months for Carrier Route mailings) and is particularly important to mailer's because of the difference between "automation" and "non-automation" mailing rates, which is about five cents per piece. For a 10,000-piece mailing, CASS certification of the address list could save the mailer approximately \$500.

A+ routinely CASS certifies every data file to insure that the maximum number of mailer's reach their final destination. After all, you are paying for each piece whether it makes it to the final delivery point or not. Your response rates largely depend on how many of your records are actually delivered to your prospective audience.

No matter whom you decide on for your marketing needs, make sure that they are experts in your field (the mortgage industry). By doing this, you can feel reassured that your marketing company is familiar with the nuances and intricacies of the mortgage industry and will be in compliance with RESPA regulations, and can identify trends and 'niche' markets for you. This takes a lot of the guess work out of deciding what market to target and which markets are performing well in term of response rates.

There is no need to reinvent the wheel. Remember, you're in the business of closing loans, not in the marketing business. Rely on a professional lead generation service/ letter shop for your marketing requirements. Marketing need not be difficult or expensive, if properly coordinated. ■

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