

Riding Out the **Storm**

Active intelligence in your marketing platform maximizes the value of existing customers and referral sources.

BY JUDY MARGRETT



Seattle-based Washington Mutual Chief Executive Officer Kerry Killinger made headlines when he noted that a variety of well-publicized economic and market pressures at play today have the mortgage industry facing a near-perfect storm. Fallout from the subprime-lending sector is spreading, and the resultant credit crunch is reshaping the landscape for the foreseeable future. Few still hold out hope for a soft landing to this crisis, with the growing consensus that the next year or two will continue to see volatility and industry contraction lead the day. ● In such an environment, it's more important than ever for lenders to continue to seek out new business opportunities. The smartest will draw upon the invaluable wealth of data they've accumulated over the years as a direct byproduct of doing business. ● With the right tools, it's possible for lenders to turn these data into new dollars by fostering referral, repeat and cross-sale business. Of course, in order to accomplish this effectively, lenders need to focus their efforts on those leads that hold the greatest possibility for conversion. Doing so requires the kind of robust, active business intelligence offered only via the most sophisticated marketing platforms.

Marketing for the future

Companies that want to maintain a healthy level of revenue during a period such as this one must maximize the value of every business relationship, including both existing customers and professional referral sources. While some lenders, facing the current level of uncertainty and market volatility, might instinctively be tempted to cut back on marketing efforts, the recent development of marketing systems driven by active intelligence now invalidates that response.

In fact, the case is easily made that generating new and repeat business is more crucial now than during times of heavier volume, more favorable conditions and greater consumer confidence. This is, after all, not exactly a market that invites the consumer to take on more debt. And yet, at the same time, the consumer's need for funding obviously doesn't dry up entirely whenever the market takes a downturn.

So lenders have a choice: They can wait patiently while individual loan officers attempt to massage their key relationships, soliciting referrals and repeat business, or they can take a cue from the operational side of the mortgage industry and leverage technology to achieve better results, faster, more intelligently and less expensively.

By combining technological tools with an understanding of the loan product options that are available and most attractive to the individual borrower, the lender stands the best chance of driving in new business.

So while it may indeed not be the ideal time for conventional scatter-shot marketing campaigns, it is most definitely the time for intelligent marketing efforts to maintain the level of business necessary to survive during lean times. In fact, given technological and communications developments that reach—globally—into every area of society today, the time for conventional marketing campaigns may have passed altogether.

A revolution of one(-to-one)

Throughout all corners of the business world, sales and marketing models are shifting from the traditional one-to-many model. Such models are built around a singular message distributed widely to the largest number of recipients possible, with an anticipated relatively minute conversion rate. Instead, the emerging preference is for a personalized, individual one-to-one form of communication. By targeting individuals based upon individual characteristics, marketing dollars are more intelligently spent and produce a greater return on investment.

Proof of this theory exists, as Richard Smith, senior vice president and national production operations manager for Tulsa, Oklahoma-based Bank of Oklahoma Mortgage, can attest. Charged with identifying and applying a customer marketing solution from the ground up, Smith quickly assessed that building a customized solution internally was not an option, given time and resource constraints. So after thorough research, he outsourced the solution to The Turning Point.

"Between February and May of 2007, our monthly loan production increased by 25 percent—impressive. But when you consider that from July to September—in a down-cycle market—our production increased *another* 25 percent, it's truly amazing," Smith says.

One of the first things his team leveraged through the new system was customer surveys. Smith was expecting an 80 percent satisfaction rate, anticipating a need to strengthen service during processing or closing. However, to his surprise, the surveys showed a 95 percent customer satisfaction rate. This intelligence helped Smith make more strategic allocations into recruitment and marketing.

Knowing, for example, that a significantly high proportion of Bank of Oklahoma Mortgage's business came from repeat customers and referrals allowed Smith to focus marketing dollars on expanding that business. By achieving consistency of branding, Bank of Oklahoma Mortgage was able to raise the level of professionalism across all of its operations, strengthening the quality of relationships with both Realtors® and other referral partners, as well as the bank's borrower customers.

Additionally, being able to offer top originators easy and effective marketing tools to enhance their own efforts has greatly improved the bank's ability to recruit new talent. The response to implementing a consistent marketing strategy with its customer base was so successful that the company developed a drip campaign (a campaign in which ads are infrequently shown over a long period of time) specifically designed for recruitment of originators and referral partners. As a result of the survey results, Bank of Oklahoma Mortgage leveraged its high customer satisfaction rating as the focus of a particular marketing piece within that campaign.

So how did all of this active intelligence help Smith increase originations? He explains, "To our surprise, the investment with MACH3™ from The Turning Point not only improved our customer and operations analysis; it dramatically increased our value proposition to originators. The quality and breadth of customer marketing materials we can now offer makes us more appealing to originators."

Although challenging, the power to craft personalized messages holds great appeal and fosters success. Understanding consumers' individual behaviors and drivers allows marketing communications to be tailored accordingly. For example, the customer who actively pursues real estate investment deals can be contacted with information on loan products and credit lines that meet his or her specific needs. Likewise, the first-mortgage borrower who has built up equity in a purchased home can be informed of and prequalified for the home-equity loan for which they're eligible.

Rather than "spamming" (it's as valid a term whether delivered by post or e-mail) the widest possible variety of potential customers, hoping to convert a small percentage of blind leads into new business, the lender can spend marketing dollars

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intelligently and efficiently. For the consumer, there is a world of difference between being approached about an offering directly suited to their specific needs and having to transfer large volumes of largely unread, essentially irrelevant mail and e-mail to their respective trash bins.

Accomplishing this paradigm shift—and honestly, it's nothing less—is a matter of having and utilizing active intelligence, of being able to analyze and exploit those rich data to expand market opportunities. A critical component in gaining market share at any time, this ability becomes particularly crucial in today's rapidly changing marketplace.

Hitting the tree in the forest

Imagine this: A system that automatically pulls automated valuation models (AVMs), runs the math, reports which customers have home equity (and how much) and what their FICO® scores are, then with a few clicks allows you to generate a targeted, personalized marketing message to those customers. This is active intelligence.

The key to active intelligence, then, is the individual. Sophisticated marketing platforms allow lenders to analyze aggregate data down to the borrower level, painting a picture of individualized marketing opportunities based on the borrower's particular wants, needs and trended behavior. Automated decisioning engines can even automatically trigger one-to-one marketing appeals based on the customer meeting particular criteria.

It is the lenders' data, analyzed and presented intelligently, that fuel this capability—and these sophisticated marketing platforms are designed to pull useful data from a variety of sources. Customer, property and loan data from a loan origination system (LOS) can be combined with professional referral data drawn from Realtors, builders, brokers or other sources, resulting in deeper, richer, hybrid reports on customer activity, sources of business and conversion rates.

Lenders are tapping into unified, active intelligence by drawing information from static silos across the enterprise and aggregating a combination of operational, origination, product and customer information. Then, by leveraging that information against third-party market data, they are able to proactively identify and act upon sales opportunities, matching those to appropriate marketing content and context. Adding a level of automation to the process allows for campaigns to be event- and/or timeline-triggered and easily implemented.

Integration with other service providers allows for seamless interaction between platforms. Automated valuation models can inform equity credit offerings, for example, which can, in turn, trigger automatic communication of pre-qualified offerings. The leading marketing platforms will have many such points of integration which, combined with sophisticated analytics based on merged data sources, provide a nearly limitless range of opportunities. Other points of

integration can include address verification for offer recipients through the U.S. Postal Service and Web-based geocoding of property addresses for physical delivery of loan documents post-conversion.

Informed, adaptive and on-the-fly

The benefits of such marketing platforms are wide-ranging. Aside from the proactive, individualized marketing they make possible, they also give lenders invaluable quantification as to the effectiveness of their efforts. Lenders can examine customer and partner loyalty at a glance and how that ties in to individual originators, affinity partners, company-wide trends and more. But most important, reports show clearly and specifically where marketing efforts are, or are not, succeeding in building loyalty, as well as which efforts are most successful in generating new business.

From the large broker who saw a 5 percent increase in referral business, to the small branch that increased overall volume 40 percent through targeted marketing efforts, to the big bank that is currently closing more than 100 referral loans a month, lenders and originators of all sizes benefit from active intelligence—particularly when it comes to increasing referral-based business. They can each now track the unique flow of their businesses, tying that flow to particular marketing efforts, borrower type, loan products, economic profiles and so on. They're also better positioned to gain repeat business by leveraging referral data and to accurately track their return on investment (ROI) as well as the real-world effectiveness of campaigns.

By providing real-time analysis on multiple levels of marketing ROI, the lender is able to adapt campaigns—in progress—according to the findings, thus maximizing the success of its efforts. Knowing how many pieces were sent out is one thing, for example, but knowing how many people actually opened the communication is quite another, and it is the latter that helps lenders to streamline messaging according to what works best for what particular customer. Through a combination of automation and ongoing analysis, continually tweaking efforts based upon understanding what works well, less well and not at all, lenders ensure that the money being put into driving new business is paying dividends.

Another benefit comes from the consolidation afforded by a unified marketing platform. Sophisticated technology and multiple points of integration with other tasks, systems and services bring significant value as an end-to-end system covering analysis, communication, intelligence-based actions, tracking and reporting. Simply doing away with multiple systems, various local and Web-based software, and innumerable spreadsheets—each of which is often devoted to a single task—is a significant victory in and of itself. The ability to produce, fulfill, monitor and report on relationship marketing activity from a single, unified interface represents a markedly better way forward.

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The tools for success

Current market conditions make it imperative for lenders to maximize every existing business relationship while working actively to convert referrals into new business. By employing the active intelligence offered by the best unified marketing platforms, lenders are able to leverage the vast amounts of invaluable data at their disposal, combined with data from a wide variety of other sources, to automatically initiate individualized communications with customers.

Lenders and originators are sitting on or have access to a wealth of key database assets, including information on prospects, customers, referral partners and other sources of business—even branch offices and individual loan officers. Aggregation of that data can produce active intelligence, provided the firm has the capability to analyze the information accordingly and has the tools to act upon the findings.

Age demographics, for example, can help lenders target the growing niche market for reverse mortgages, while access to loan-terms data helps to target borrowers with refinancing opportunities. Understanding changes in market conditions and lending regulations lets the lender inform its customer base of timely opportunities, specifically targeted to the borrower's profile.

Additionally, understanding how borrower behavior and characteristics relate to particular product offerings or market trends can be invaluable to crafting effective marketing communications. Automating the initiation of these communications and seamlessly connecting to production and fulfillment systems ensures economy, speed and security.

Systems leveraging active intelligence can also integrate with external address-verification and postal presorting tools, including certified address correction and real-time address-change processing, eliminating wasteful duplication. In addition, gaining access to active intelligence lets executives easily compare and evaluate campaign performance, branch activity, staff changes, external market data and much more, while receiving specific strategies for improvement.

By monitoring, measuring and maximizing data, lenders create valuable intellectual capital from their databases. A sophisticated marketing platform delivering active intelligence fueled by this capital gives lenders the tools necessary to enhance the value of their database assets

while intelligently courting new revenue opportunities. **MB**

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