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MAKING THE MOST OF MAILING LISTS

By Dan Gooder Richard

If your database of past customers and contacts isn't your most valuable marketing asset, it's way ahead of whatever is in second place. Your customers are comfortable with you and you know where they live. Experience proves there isn't any better mailing list than your customer database for repeat business and referrals. But what if you want more? What if you want new customers to fill in for attrition and to freshen and expand your database? What if you want to grow your business beyond what your existing database can provide?

Direct-response mailing lists can work for you. They are accountable...in good markets and bad. They are measurable. What's more, you can test to uncover what works and what doesn't. Then shift your marketing dollars accordingly. If you want hundreds or even thousands of new names (leads) for your next mailing, read on. I'm going to show you how the pros avoid pitfalls and get the most out of working with mailing lists.

List broker Sue Tomasso (Partners for Response, Bethesda, MD, 301-365-8706) advises, "Keep in mind that you never buy a mailing list. You rent a mailing list. Even if you rent unlimited use for one year, the names on the list are the names of someone else's customers, and you cannot use the list more than your agreement with the list provider allows. However, once those people respond to your mailing, they are your customers, and you can continue to mail to them."

The six strategies for success with mailing lists are:

1. Do your homework.
2. Select your mailing list with your offer and your client in mind.

3. Don't be afraid to ask lots of questions.
4. Budget for success.
5. Be alert and be realistic.
6. Don't forget alternate sources for mailing lists.

Do your homework. To begin, there are two separate areas that need your full attention and full understanding before you obtain a mailing list. The first is: What is it, specifically, you want the mailing list to do for you? The second is: What, specifically, can you expect from a list provider? Write down your answers to these goals (more later). Set a deadline. Specify an objective outcome in dollars or inquiries or loan applications. I've used the word specifically twice on purpose. It's important that you understand the subtle nuances and small details of these two areas, because the success of your mailing depends on them.

Select your mailing list with your offer and your client in mind. The large array of mailing list types that are available can be confusing, and if you don't pick the right one for your purpose, you could waste a lot of money and miss out on today's market. Your next step is to ask yourself these three questions about your planned mailing and your potential new customers.

1. What, specifically, is the offer or product you will be promoting with your mailing? Purchase money? Refinancing? Equity loans?
2. Who will want or need that offer or product? Homeowners? Renters? Investors? Business owners? Veterans? Seniors?

3. Of those people who will want and need your product, which ones do you want as your new customers? Consider such qualifiers as:

- Interest rate (refinance)
- Closing date (3-5 years in house is ideal)
- Lease expiration (3-6 months from mail date is best)
- LTV ratio (80% LTV or less for refinance, equity loan or PMI cancellation)
- Loan type (conventional, jumbo, government-backed)
- Non-owner occupied (investor/owner, renter/occupant)
- Credit score (how are they handling their current debts?)

Not as directly important as their critical financial information but may be of interest to you, are: ZIP code, age (reverse mortgages), income, recent marriage, child birth, and other assets owned such as boat, RV.

If you know specifically whom you want to reach, the list consultant will be able to build your mailing list selections around your new customer criteria.

Don't be afraid to ask lots of questions. The kind of information that's available about individuals varies from state to state. So one of your first questions to the list provider will concern the type of information your list will be based on. Will it be based on the actual homeowner's data or on a statistical model that predicts data? Other questions you should not be afraid to ask include:

- How recently has the list been updated?

- How has the list information been gathered? (public record at court house, credit bureau, response list)
- What is the rate of accuracy? (i.e. original mortgages vs. refinancing and equity position-LTV)
- Will you have exclusive use of the list in your area for at least two to three months?
- Will the list be free of duplicates?
- Is the list available with phone numbers for telemarketing follow-up?
- Will the list provider guarantee the rate of accuracy in writing?
- Will the list provider give you names and contact information of at least three happy customers?

If you're interested in such government-backed programs, such as FHA or VA or state loan programs, ask about them. Some list providers have these lists, others don't.

Consultants will counsel mortgage originators and brokers on how to use the lists. "Know what you want, and ask for lists that help you achieve your goals," advises Glenn Prettyman (Info USA, Omaha, NE, 800-555-5335).

Budget for success. According to list provider Dan Debroux (Debroux Marketing, Hartland, WI, 888-332-7689), the right list is the primary tool. "Sixty percent of the results are due to the list," he says. "The method and the message is the other 40 percent. The marketing message has to be a catalyst to prompt a response."

Considering you'll probably want to stay away from a general homeowner's list, plan your budget accordingly. The costs for general homeowner lists usually run about 5 cents a name. The response rate on these unfocused lists run a little higher than .5 percent, according to Debroux. Depending on how highly focused a list is, the response rates can rise to 1 to 2 percent, or even as high as 5 to 8 percent. Naturally, more focused lists cost more and may be smaller. You can, for example, spend 20 cents a name for a list focused specifically on your desired new loan customer, but you expect and get more response to your offer.

List broker Eric Wakefield (Liberty Diversified, Woodland Hills, CA, 888-550-5478) says, "It's best to go to homeowners who have bone fide needs and require assistance immediately. If their name is on a list because they've completed a 1003 document, they're expecting a phone call."

Be alert and be realistic. "The biggest mistake list purchasers make," cautions

More Tips From The Pros

- Mail to yourself. To track delivery time, seed your mailings with your own address.
 - Response lists are best. Responder files, (people previously responding to a mailing or other contact), are typically more expensive but usually worth it, are preferable over compiled files. Live customers who have spent their money on a seminar, a home fair, a newsletter or magazine are often best and deliver better results than cold prospects.
 - Consider B2B. While consumer lists are your primary lists, don't ignore business-to-business lists by occupation or title. Business owners, executives, doctors, lawyers, accountants also need mortgages.
 - Do your R&D. Ask for a Rate and Data Card that describes lists and gives counts, prices, list owner or broker and source of how names were obtained.
 - Profile your own customers. Rent more names that match your profile, such as loan type, closing date, interest rate, ZIP code, dwelling type, non-owner occupied, job title, age, etc.
 - Test single versus multiple use. Lists are normally rented for one time use (seeded or decoy names are added to detect unauthorized use.) But ask because some lists are available for multiple use. Often compiled public record lists are multiple-use lists.
 - Save with de-dupe. If you rent several lists, or multiple segments of a larger list, ask the list owner to purge the duplicates from the merged list to save yourself the mailing house fee to do the de-dupe process. De-dupe of multiple files by list provider is possible only if the lists are coming from the same source.
 - Track your results. Each list must be given its own list code. Track your results and go back to the lists that worked.
 - Negotiate minimums. Sometimes minimums are negotiable, especially for a first trial. For example, ask for a test quantity if you want to use only a segment of a larger national list because only the local portion works for your goals.
 - Use compatible file format. Check with your mailing house first, and then ask the list provider to save the data in a format that is compatible with your mailing house.
 - Ask for "net name" option. A "net name" arrangement is where the list user only pays for the number of names actually mailed after the duplicates have been purged.
 - Reserve re-mail rights. If you have to pay for every name you rent, whether or not it is a duplicate, reserve the right to re-mail the same offer to the duplicate names.

Sue Tomasso, "is buying something that sounds too good to be true." If you've done your homework, you'll have a pretty good idea of the results you can realistically expect for the money you've budgeted.

Debroux says it makes sense for lenders to examine their motivations before taking on a marketing program. If you want to keep expenses down, you

make different choices than if your goal is gross revenue only.

The timing for your mailing can also be important. What's the top story in the evening news programs? If a negative event is impending or has just happened, your loan prospect's mind might not be inclined toward a 30-year debt commitment. In that case, you might want to wait a few days to have a better

chance of capturing their attention. Tomasso told me about a 20,000-piece mailing she was involved with in San Francisco the day before the big earthquake hit there. No one could have seen that coming. On the other hand, maybe the top news story is a positive one about lower interest rates or a red-hot, don't-miss-out housing market. In that case, count your blessings and move full speed ahead as planned.

Don't forget alternate sources for mailing lists. Paul Whittemore, a top marketing consultant from Gaithersburg, MD, advises lenders to always keep an eye out for new lists. "The Standard Rate and Data Service (SRDS) Direct Marketing List Source is available in the reference section of many public libraries, and it's the traditional 'Bible' of direct mail lists," he said. Whittemore also points out that home and garden show sponsors, seminar companies, associations, book and newsletter publishers, and many other types of organizations that maintain mailing lists are often looking for others with which they can exchange. "Many smaller lists may still be available for rental or exchange even though they are not listed in the SRDS. Call them up and ask," Whittemore advises.

Downloading compiled mailing lists from public sources can present more problems than promise for do-it-yourselfers. A mortgage broker in Alaska recently related to me his experience in downloading such a list, gleaning the compiled records for the address

Mailing List Definitions

Letter "M": The letter M, not K, stands for 1,000. (15M = 15,000)

Hotline names: Names added to a list within the past three to six months. Sometimes more expensive and considered better because names are more recent.

The players: The List Owner owns the list. The List Manager promotes the list for sale and helps list owner. The List Broker works for the list owner with the interests of the list user in mind.

N-thing: Small, random sample Nth record selection. Sometimes used for testing.

Reciprocity: You rent their list, and they rent your list. This can open doors to lists that are not commonly available.

Exchanges: Some list owners will not rent, but will exchange. Usually, talks begin with swapping name for name. As a relationship develops, you keep books on running balance and exchange as needed.

information he needed, producing a mailer, then mailing to the resulting list of 5,000 names. He spent \$1,800 and didn't get a single phone call. The moral of the story, he says, is "leave it to the pros."

If you're looking to obtain some promising new leads and ultimately expand your customer base, mailing lists can be the answer for you. But success hardly ever comes without sacrifice. Plan to invest some time and effort up-front to spotlight your desired new clients and select the best mailing list for results you want and the money you have budgeted. Then, just do it.

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GOODER GROUP®
RAINMAKER LEAD SYSTEM™

2724 Dorr Avenue, Suite 103

Fairfax, Virginia 22031-4901

(703) 698-7750

FAX: (703) 698-8597

E-MAIL: Leads@GooderGroup.com

www.GooderGroup.com