Required Reading for Mortgage Marketers

What's the difference between lists, prospects, leads, prescreen and ITA data?

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What's the difference between a list, a prospect and a lead ?

I get many calls from mortgage marketers looking for data. Many people use the terms list, prospect and lead interchangeably. But, that could not be further from the truth.

The term list is the broadest. There are lots of people on a cold list; all kinds of people. In the "old days of spray and pray", advertisers mailed to everybody and hoped that some their efforts would pay off. Well, not everyone on a cold list is your prospect. The truth is that marketing to non-prospects can actually weaken your brand's impact. Not only that, it's a tremendous waste of time and money. They need to be qualified.

In lead generation, the key is to take that cold list and narrow down the possibilities to create a workable list of solid prospects.

These prospects can be used for direct mail, telemarketing, email or digital advertising.

Lead Generation needs to be a daily exercise

Let's define a Mortgage Prospect

In general, a prospect is a person whom you believe is a potential customer.

Ask yourself these questions to help define the list you can select that will be best for your marketing needs.

- Why might they be a potential customer?
- Do they resemble your current customers?
- Are you comparing demographics such as age, income, or home ownership data?
- Are you looking deeper at purchase triggers or lifestyle information to help massage the data into viable prospects for your business?
- Do they have the credit to afford your product?
- Are you using credible research or survey data to help shape your prospect universe?

In the mortgage industry, you have the option of selecting **Prescreen or ITA (Invitation to Apply) lists.**

The difference between Prescreen and ITA Lists

Prescreen Lists

Prescreen lists provide a great way to ensure that marketing targets are credit worthy and conform to specific criteria requirements, such as actual credit score. Typically, these lists reduce the number of responders that may not be approved for a loan. Consequently, they generate the best results for loan acquisition.

However, prescreen lists don’t come without their shortcomings. They can often be expensive and require extensive red tape to get a marketer set up to rent lists or to get mail pieces approved. Some companies are just simply not qualified to receive prescreen data. Also, there is required legal language that can eat up valuable real estate on a mail piece and require the marketer to make a firm offer of credit.

According to Wikipedia, Prescreen is the process by which a lender proactively evaluates a consumer's credit history in order to decide whether or not to offer them credit. The process of prescreening consumers happens without the consumers' knowledge and without any derogatory effects on their credit file

The major players in terms of prescreen lists are Experian, Equifax and Transunion. Each of these companies has their own way of creating their data, based on consumer's prior credit history. You can find out more about this from the Fair Credit Reporting Act.

Prescreen data automatically qualifies a prospect for your offer. This can save you time and money as long as you understand that you are required to provide the offer to the person you have solicited.

The cost of Prescreen data can run anywhere from 25 cents each to $5.00, depending on quantity and the agreement you have with the individual company. There may also be lots of hoops to jump through. These may include site visits, background checks and data storage requirements.

Before you embark on a prescreen program, make sure you check out the FTC website.

ITA (Invitation to Apply) Lists

Many businesses, including mortgage and loan institutions, are not making a firm offer of credit. Instead, they are offering the consumer an “Invitation to Apply”. For that offer, we suggest using our modeled credit data. While ITA lists may not perform quite as well as prescreen lists, they are a great second option because:

ITA LISTS OFFER OPPORTUNITIES

- The costs are significantly less expensive
- It’s easier to acquire this list of credit worthy people
- No firm offer of credit is required
- Ability to overlay demographics, home data

Even when you are using a modeled / ITA list, it’s not necessary to completely sacrifice being able to target households by credit worthiness. **ITA lists allow you to select modeled credit.** This can be modeled at either the household or the zip+4 level. In addition to this, you can use demographics, current mortgage information, and other criteria. This helps further qualify the best targets for a loan or credit card offering.

BEST OPTION:

To maximize marketing dollars and get the most response, marketers can use a combination of both prescreen credit data and invitation to apply (ITA) lists. This offers the greatest opportunity for success. By selecting the best targets via prescreening and supplementing that with modeled / ITA records, it allows the audience to be expanded.

For example, a mid-Atlantic institution used this collaborative approach for an Equity program. First, they took their own list of customers and ran them through a prescreening process to qualify them for the particular offer. They ended up with nearly 9,000 customers that met the required credit and other criteria. They then used the same criteria – however taking modeled data – and were able to locate an additional 20,000 households, which expanded their outreach to a new group of prospects.

The prescreen list achieved a response rate of 0.46% as a result of 41 equity openings. This exceeded the 0.31% response rate seen from the ITA list. But, the inclusion of this ITA group enabled the bank to open 61 additional equity accounts. As a result, the bank realized an incremental increase of $30,000 in revenue through these additional accounts.

Bottom line, even thought there are differences between prescreen credit data and invitation to apply data, both can provide a good response. Mortgage companies need to review all the different options that are available to them.

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Using Data to Define Your Prospect List

What kind of data can you use to help you define your prospects?

Many industry trade associations offer studies and information that their members can access. For example, the Mortgage Bankers Association produces a great deal of information for it's members. These include webinars, blogs and conferences that give mortgage brokers lots of facts and figures to guide you on your marketing journey. By understanding how rates will be moving and learning about new loan products you can move your marketing forward in terms of creating a great list of prospects.

For example, we know that there are millions of homeowners who have loans at a much higher interest rate than is currently being offered. If you are offering refinance loans, these are your top prospects.

Even though the research has shown that a high percentage of these prospects will jump on your offer right away, many of these prospects may not necessarily be keen on purchasing from you today. But they are still good prospects. By keeping them in your funnel and marketing to them more than once, you can increase the probability that they will purchase from you.

Or, you can model your own customers to see if you can clone them. Many prospect list providers will do this for you at no charge. And, you can overlay modeled credit data to further enhance and refine your prospect.

The cost for prospect data ranges from 5 cents per record to 25 cents per record, depending on complexity of the prospect name and quantity.

Once the prospect exhibits some kind of interest in your product, we can move them from prospect to a lead. In this case, you have generated the lead yourself. We call this a self-generated lead.

These leads are yours and yours alone. Your job is to work them.

Self-Generated Leads

These are the best leads.

For you to generate your own mortgage leads you first need to focus on your website.

Your website becomes a quality lead generator when you establish yourself as an authority in the mortgage business. Your first goal is to drive traffic to your site. Your second is to build trust with first-time visitors. Your third is to make offers that inspire visitors to provide their contact information.

Great content is the key to be successful for all three of these goals.

Content may be in a variety of formats - written copy, video, blogs, social media, infographics, not to mention pay per click advertising. Your goal is to become a trusted expert.

Reviews are also a big converter. People read the reviews of your company and your service. Reviews count. Positive reviews also give you coverage in consumer-driven search engines, such as Yelp.

So, you've done your homework. Your website is up and running with all the bells and whistles and you're ready to generate your own leads.

For example, you may consider a combination direct mail / email campaign directing people to your website. They like what they see. They respond to your marketing outreach.

They have filled out a form on your website, indicating that they want more information about your product.

Time is of the essence

Now that they have filled out the form on your website, you need to contact them right away.

According to a study by Lead Connect, 78% of customers buy from the company that responds to their inquiry first. That means that time is of the essence when it comes to working with interested leads.

Hot Leads

Hubspot defines a hot lead as a qualified lead who is highly interested in your product. They are ready for direct contact asking for the sale.

According to Hubspot, a hot lead

- Has expressed a level of interest with your product.
- Your product fulfills a need
- They can afford or can authorize the purchase of your product.
- Has a clear timeline to purchase the product

You will want to give this to your best salesperson and have her close the sale right now.

Warm Leads

A warm lead is an individual who has expressed interest in your product or company.

Right now, they may not have a sense of urgency or a specific timeline for their purchase. A warm lead is someone who is aware of your product and is interested in buying from you. They just may not be looking to buy right now.

A warm lead is definitely someone you want to keep at the top of your pipeline. These are leads you want to nurture. After all, you've already done so much work getting them to this point.

There are some tried and true methods for working warm leads. You may want to offer them a product demo or show them customer success stories. Consider personalized emails, remarketing, and sharing content that shows how you provide value to them.

And, since they've been having a hard time pushing that "buy" button, you might consider a special short-term offer to help close the sale.

Buying Leads

If I had a dollar for every prospect who called my office looking for exclusive Hot Leads, I'd be rich.

Chances are that if a company generated a list of people who want to buy a new roof, had the money in hand and wanted to buy that new roof today, they would be working it themselves.

For those leads that don't pan out, lead generators may sell the cast-offs to other companies as "aged leads".

For some businesses, these aged leads can be a good source of new prospect data. But remember, you will have to work them from the beginning since they are not familiar with your company or what you do.

A Note About Mortgage Leads

According to articles in the lead generation industry, one of the hottest lead segments is Mortgage Leads.

How do these leads get generated?

There are a few large websites such as Lending Tree, Find a Mortgage, Choose a Mortgage and NerdWallet that provide information and free quotes for consumers.

These companies collect data from their website visitors and sell them. It is estimated that they generate thousands of leads across the entire U.S. daily. That means the number of leads in your particular area may be very limited.

These are also fairly pricey. That being said, mortgage companies should absolutely try to test these leads, if it's within their budget.

One last point, you need to understand that when a company such as Lending Tree generates leads, they typically work them first. They sell the ones they did not close as "aged leads". If you're buying these leads you need to understand that these may be the "cast offs" that they didn't want.

But, they may work for you. Testing is the only way to assess value.