MONSTER

THE SEVEN DEADLY SINS

OF MORTGAGE MAILERS

TOP REASONS YOU ARE NOT MAKING THE MONEY YOU SHOULD USING DIRECT MAIL.

AN EXPERT IS A MAN WHO HAS MADE ALL THE MISTAKES WHICH CAN BE MADE, IN A NARROW FIELD.

NIELS BOHR

FOLLOWING THIS GUIDE

Monster Lead Group was able to produce the following results in 2017 alone:

289,576

UNIQUE CALLS RECEIVED

28,958

MORTGAGES

$7,094,612,000

IN LOAD ORIGINATION

1 TRYING TO APPEAL TO EVERYONE

Ben Franklin put it best when he said, "The one sure way to failure is trying to please everyone." Most mortgage mailings follow the same format. Salutation/Opening Paragraph/Bullet Point, Bullet Point, Bullet Point, Bullet Point, Blah Blah Blah! This is what I'll call the menu. The mortgage professional wants to cover all of the possible scenarios he or she can handle, and does not want to leave anyone out. They mistakenly believe that by addressing more people they will get more calls. Unfortunately, this creates two problems.

First, a bullet point is meant to attract the reader's attention. If your prospect isn't drawn in by the first or second bullet, you have probably already lost. Secondly, it creates paralysis by analysis or Cognitive Stress. Most of your prospects are probably not as mortgage jargon-savvy, and will become overwhelmed by such a multitude of choices and terms they don't truly understand.

> **THEY MISTAKENLY BELIEVE THAT BY ADDRESSING MORE PEOPLE THEY WILL GET MORE CALLS. UNFORTUNATELY, THIS CREATES TWO PROBLEMS.**

Another downside to the typical, cookie-cutter mailing template is that it looks just like everyone else's. Your prospect will identify this immediately as a marketing piece (a.k.a. junk mail) and discard it. The direct mail association of America estimates that at least 50% of all direct mail marketing goes unread. Expect to throw away your marketing investment if your piece falls into this category.

The good news is that this problem can easily be fixed. The first step is to condense your message. Instead of five bullet points, find a singular message that will cover several of them. Focus on a program or one product that may incorporate several of those bullet points and create your piece around that particular program or product.

Be brief! We are living in the information age, and that means that people are not used to waiting for information. They're accustomed to getting what they want in seconds with a click of the mouse or scrolling across the bottom of their TV. They will certainly not wait until the end of your letter to find out what it's about. You need to hook them in the first paragraph or you will most likely lose them. This means driving home why this program or product is special, and why they should invest their valuable time to continue to find out more. Once you have accomplished that, you can incorporate some of the other benefits of the program or product; but, be warned, make it brief. In fact, less is usually more when it comes to mortgage direct mail.

2 TRYING TO SELL INSTEAD OF MARKET

The book stores and libraries are full of books that claim to teach you how to write a sales letter. While most of these books offer some good insights, they do not really fit the mortgage business. A mortgage is an intangible product and cannot truly be sold through a letter. There are many businesses and individuals that are successful using sales letters, but these are not in the mortgage business. A sales letter is great for selling seminars, self help DVDs, vitamins, diet aids, etc., but a mortgage is a different animal altogether.

If sales letters actually worked for the mortgage business, there would be little need for loan officers or sales professionals to work in the industry. First, most sales letters are several pages long and they incorporate their product, its benefits, and the success stories (testimonials) that its product provides. Therefore, you must distinguish between a sales letter and a marketing piece.

I can sum up a marketing piece with the following sentence: A marketing piece should create a question that begs an answer or an emotion that begs an outlet. The most successful marketing pieces do both. I start every marketing letter draft process with the Question or Emotion I want to create. One of the strongest emotional pulls human beings have is called Loss Aversion. In fact, people are more concerned about what they have to lose rather than what they have to gain (How can this program or product keep me from losing money?). If you can also incorporate this into your piece it will certainly get a better response.

> **A MARKETING PIECE SHOULD CREATE A QUESTION THAT BEGS AN ANSWER OR AN EMOTION THAT BEGS AN OUTLET.**

Once you have accomplished creating the question or emotion then the only outlet for getting that answer or dealing with that emotion should be you. This formula will be much more successful at creating phone calls. Remember that your mail piece should generate call volume and your sales people should SELL. Too many loan officers or sales people have become accustomed to order taking. In this competitive market place you cannot afford to be an order taker. The number of qualified candidates out there has been cut in half, at minimum. This means that you need to get as many or more calls than in the past just to get a qualified prospect. Do all that you can to eliminate trying to sell the program or product through the mail and instead make them need you for information. Remember that our curiosity and strong desire to avoid loss are two of your strongest allies.

3 MARKETING TO THINE SELF

It is almost impossible to turn off our beliefs and perspectives. That makes writing a marketing letter all the more difficult. Most mortgage people write a marketing piece as if they were the intended recipient. If I had a nickel for every time a business owner said, "I wouldn't respond to that." That is exactly the point - we aren't marketing to you!

While you may have some things in common with your prospects, it's about putting yourself in their shoes. It is imperative that we step outside of ourselves and get into the mind of the intended prospect. You must ask yourself, what is the most important thing to your intended prospect? You should leverage a combination of personal experiences, previous client interaction, product knowledge and anything else that may help you get into their minds. Do not assume the things that appeal to you will necessarily appeal to your prospects.

In addition, make your message elementary. I have read too many mortgage marketing letters that have confused me, and I've been in the business for 23 years. Believe me when I tell you that if I do not understand your message, your prospect won't either. Always have someone you trust and who is not in the business give you honest feedback. It would be best to find someone who may have similar demographics or traits to those you are targeting. Run your piece by the mail sorter of the house, they're great at determining what's junk and what's important in the mail. If you can get past them you've won half the battle.

> **IF I HAD A NICKEL FOR EVERY TIME A BUSINESS OWNER SAID, "I WOULDN'T RESPOND TO THAT." THAT IS EXACTLY THE POINT - WE AREN'T MARKETING TO YOU!**

Do not discount feedback. Many times copywriters will fall in love with their own words. It is important when getting feedback from any source to take it in and consider it. While you will never appeal to everyone, quite often the flaw in your marketing piece can be found in the feedback you get. Take note of the feedback and use this when writing your second or third draft. While on the subject of draft, let me say one thing. Rome was not built in a day, nor was any great marketing letter completed in one draft.

4 JUMPING OVER DOLLARS TO PICK UP PENNIES

This is what I call cutting corners. Many will try to save a few pennies per piece without regard for the opportunity cost. In other words, let's think about the bigger picture. One of the biggest mistakes is using standard (3rd class) mail. While this may save 10 to 12 cents per piece, the savings on cheaper postage doesn't outweigh the potential cost for three reasons.

First, the most important part of our marketing piece isn't how cheap we can do it, but rather how much will it produce. A better way to illustrate this is that you don't buy a stock because it is cheaper then the next stock, you buy it for the upside. This means that response rate and conversion are the most important factors in determining success. Standard mail can take five to 15 business days to be delivered, which means that you have little to no control over when your piece will reach its intended recipients. When it comes to mortgage mailing, the day your piece hits the mailbox can be a huge factor in your response rate. I have tracked response rates and call curves on marketing pieces for the last 18 years, and I can tell you with 100 % certainty that the day of the week your prospect gets your piece affects your call volume/responserate.

Just think about the way things work in your household. If you get a marketing piece on Thursday night when you get home from work and it interests you, there is a chance you will take it to work with you in the morning. If not, you will put it in the pile. This pile will grow over the weekend and be joined by a multitude of other mail. You will do your weekend activities with the kids or around the house, and by Monday that letter's message will be lost. Let's say you take it with you to work on Friday. Well, if your office is anything like the ones I have ever worked in, Friday is a different type of day. Everyone is just trying to get through to the weekend, and so are you. In fact, you will look at that letter and decide that it can wait until Monday because your mind is on your weekend activities and not business.

You want your marketing letter to reach its recipients on Monday or Tuesday. Wednesday will work also, but it's not quite as good as Monday or Tuesday. If you are using standard mail, you cannot hope to control the day that it will hit. First class mail will help you achieve desired delivery, but too often all we look at is the difference in cost. Controlling when your piece is delivered also helps with ease of staffing. If you know that you will be very busy Monday through Wednesday, it gives you time to prepare your staff and not miss calls. It is hard enough to get the phones to ring, and the single biggest sin is not answering them when they do.

The second hidden cost of skimping on posting is not considering the rest of the costs. Many times, by trying to save a dime per piece, you forget about the cost of printing and data. If I told you to give me a quarter and I will show you how to save a dime you would think I were crazy. Well, you could be doing just that by using standard mail. The Direct Marketing Association of America says that approximately 30% of all standard mail never reaches its recipient, and I believe that it could be as high as 45%. Can you afford for only seven out of every 10 of your marketing pieces to reach its prospect? Believe me, I have no interest in the US Postal Service, so if I thought you could get the best results and save the dime I would tell you; but, unfortunately, that is not the case.

EVERY MARKETING LETTER IS ONLY AS GOOD AS THE DATA YOU ARE MAILING.

Lastly, every marketing letter is only as good as the data you are mailing. I have seen companies hire graphic artists and spend a great deal of money on elaborate marketing pieces, just to cheap out on the data. No matter what anyone tells you, all data is not created equal. There are list brokers out there who will sell you a list for a penny a name. When you get this kind of offer remember what Ben Franklin said, "Be wary of the cheapest as you would be wary of the most expensive." I can generalize this as "you get what you pay for." The three main sources of data in this country are land records, credit bureaus and Donnelly (Phone Book and Criss Cross Directories). For a mortgage direct mail program, you will only want to use land records or credit data. No matter the type of data you choose try to get as close to the source as possible.

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INCONSISTENCY

Many companies or individuals make the mistake of dropping mail, then waiting for the loans from that mailing to close before sending another. While I would never suggest sinking money into something that isn't working, you should be prepared to continue even a moderately successful campaign with consistent mailings. Otherwise, you will be filling and emptying your pipeline in cycles. This is like running wind sprints. Now wind sprints aren't bad if you are trying to run a very short race, but business is a marathon. The only way to successfully sustain production is through pipeline maintenance. A pipeline is like bodybuilding. It's hard to build but easier to maintain.

> **YOU SHOULD ALWAYS BE PRODUCING 45 TO 60 DAYS OUT, AND CARRYING TWICE AS MANY LOANS AS YOU WILL CLOSE IN A GIVEN MONTH.**

You should always be producing 45 to 60 days out, and carrying twice as many loans as you will close in a given month. This will take a great deal of pressure off your sales force and you. It will allow you to really work your leads instead of desperately trying to figure out where the next check is coming from. The only way to accomplish this through direct mail is to be consistent. Any lag in marketing will cost you down the road and cause a dry pipeline when it catches up to you. The old adage is "Early to bed, early to rise. Work all day and advertise." If you are not proactively seeking clients, then you are proactively neglecting your business.

One word of warning, however – do not over advertise. Believe it or not, there can always be too much of a good thing. There is a point of diminishing returns in every organization, and you will have to determine for yourself where yours is. Two key factors are (1) the size of your sales staff and (2) your organization's processing capabilities. I have seen quite a few organizations send out a ton of mail, just to miss many of the calls. I have also seen organizations out-originate their processing staff. In most cases, this is a good problem to have and is easily rectified, but it can still be a problem if left unidentified.

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COMPLACENCY

This is something every person who has ever sent direct mail marketing is guilty of at one point or another. There is a science to direct mail marketing, and as with any science, it is all about experimentation. Many times we have the "If it ain't broke, don't fix it" philosophy. A mail piece goes out and you get an acceptable response, so let's just roll with it. Well, what if you could make that piece 10% better? What would that mean in dollars? How about 20, 30, or 40% better? There is no way you will ever know unless you test it.

Once you have a piece that works you should ask yourself, what made these people call? Is there anything I could add or subtract to get more people to call? How can I keep the same message while appealing to more of this demographic? As with science, these and other questions can help you form your hypothesis.

> **RULE OF THUMB IS THAT IF YOU CAN BREAK EVEN ON A PIECE YOU SHOULD TWEAK AND TEST BECAUSE YOU MAY BE VERY CLOSE TO SOMETHING SUCCESSFUL AND PROFITABLE.**

Then you need to test your hypothesis. In every experiment there is a control, and in this case your current piece is the control. You will test your piece against the control in an A/B split. This means you will randomly divide the mailing between the data and track the response to each. If you are lucky or good, your new piece will be better. That doesn't mean you stop there. You can do this again and again until you show no improvement or decline. Then you will know you have the best product you can put in the mail. Unfortunately, I have seen many mailer concepts fail because they were not properly tested. My rule of thumb is that if you can break even on a piece you should tweak and test because you may be very close to something successful and profitable.

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HYPER FOCUS

I want to jump out the window every time I meet with a client and they pull out their list of mailer zip codes or full-page list of data filters. In a perfect world we could use a database to get exactly our ideal prospect and they would respond in bunches. But there is a big difference between fishing with a rod and fishing with a net. When fishing with a rod you bait your hook with a special lure and if you're lucky you will catch ONE of the fish you were trying to attract. Many times you will catch something else or something too small and have to throw it back. Then you put some more bait on the hook and throw it in again. This works just fine if you are only trying to catch a fish or two, but it's not very efficient or effective if you're trying to catch a whole school of fish. If you want more than one fish at a time you must use a net. When you use a net you go to where your fish live. You put the net in the water and drag up as many fish as possible, knowing that many will be too small or not the right kind, but that you are bound to be left with many of the right fish.

Any kind of prolonged and successful direct mail campaign is strictly fishing with a net. While you can use data filters to help determine where your fish live, every filter you add moves you into a different tributary. For example, using no filters is akin to fishing in the ocean. The ocean is way too big to just drop your net any old place. Add a couple of filters and now you are fishing in a river. Add a couple more and you're fishing in a pond. Add another filter and you are fishing in a puddle. I don't know about you, but I am not interested in fishing in a puddle.

> **THE OCEAN IS WAY TOO BIG TO JUST DROP YOUR NET ANY OLD PLACE. ADD A COUPLE OF FILTERS AND NOW YOU ARE FISHING IN A RIVER.**

Let me give you a real-life scenario. I was recently asked to get all the VA loans over $300,000 with 70% or less LTV, 620 credit, 6% or greater interest rate and credit card debt in one particular zip code. I laughed and said I would do it, just to prove a point. There were three. Then they asked for three more zip codes. I told them to multiply by 10, which equals 30. But for laughs let's just say there were 300. If we were to get a terrific response rate of 3%, that would still only yield nine calls. Good luck making a living off of that.

And what are you going to do next? You cannot keep mailing the same 300 people over and over. You see, the more particular you get, the more you actually limit yourself. What he was really looking for were people with debt off of whom he could actually make some money on the loan. In this case, LTV was the point and not really loan amount. If someone has a $125,000 loan but is at 40% LTV, then their home is worth $312,500. If they also had debt, this would be a perfect prospect, but his filters would not allow for that potential. My point is, figure out what you are really trying to accomplish before putting filters on your data.

MONSTER

WE DON'T JUST GENERATE LEADS.

WE HELP YOU INCREASE REVENUE.

GET A FREE CONSULTATION TODAY

(410) 504-6584