

Buying Internet Leads For Profit – Good For A Few Eggs

Ryan Steinert | ryansteinert.com

The Internet has certainly revolutionized the manner in which consumer's evaluate, compare and select mortgage products and services. Every day more and more shoppers utilize the web to study and purchase mortgages. Since roughly 1995, online mortgage lead sites have been responsible for billions in closed transactions. It has been estimated that by 2007, over \$300 million in mortgage transactions will have occurred as a result of Internet lending.

Thousands of online forms are filled out daily with curious mortgage shoppers seeking more information, rate quotes and loans. There are literally hundreds of mortgage lead generation sites out there run by a plethora of mortgage lead generation brokers, who are more than willing to dish out these coveted leads for a price. Obviously, purchasing Internet leads works for somebody out there...right?

And yet although this segment of our industry has exploded in the last 10 years, the question still lingers for many: is purchasing Internet mortgage leads profitable? Is it really a viable source of business? How do I know if the leads are any good? How can I measure my ROI?

In this article, I will explore these questions and attempt to provide some clear answers for you. I will also explain the questions you need to be asking when purchasing Internet leads.

The Components of the Perfect Internet Mortgage Lead

What determines a perfect Internet mortgage lead? One that closes, right? Well if we were all able to close 100 percent of our Internet mortgage leads we'd all be on a beach somewhere right now. The reality is that, at least in my experience, if you can consistently close between 6 and 12 percent of all leads you receive via the Internet, you are doing top-notch work. My hat is off to you.

So what do you look for in an Internet lead to achieve these numbers? Here are the essential qualifications:

When did you make that coffee? Like java juice, the rule is the fresher the better. And this is rule number one. Doesn't get any bigger than this. Ideally, you want your leads delivered to you in 'real-time,' the instant the consumer applies. At an absolute minimum, you do not want your leads to be any older than 48 hours. The

longer it takes for you to get the lead from the mortgage lead broker, the less likely your chances of closing that loan. Ask your potential lead source if they reduce their cost per lead as time evolves. They should. If there is one single piece of advice I can offer anyone purchasing Internet mortgage leads its this: get fresh, immediate leads and call them ASAP. The sooner the better. Remember, these folks are shoppers and looking for a great deal quickly.

'You Talkin to Me?'– Again, most folks that are filling out online forms searching for more information or rate quotes are your worst nightmare: shoppers with quotes from others. Wouldn't you like to know that you were the only one who received their form? You can! Many mortgage lead brokers offer exclusive leads (meaning you are the only one who receives the lead). Simply understand that you will pay a premium for this. Sometimes the cost for exclusivity may be nearly double the cost of having your lead sent to multiple lenders. It is all about how much you are wanting to spend. Experiment with purchasing less leads which are all 'exclusive' and then a bigger bundle of leads divvied up to others. See how they pan out. If the source does not offer exclusive leads, ask them how often they sell their leads. Listen to their answers carefully and use your judgment.

Is it Live or is it Memorex?– Another one of the significant hurdles you may face in purchasing Internet leads is the seriousness of the lead. How truly interested is the party in obtaining a mortgage. In recent years, mortgage lead brokers have increasingly 'incentivized' consumers to fill out online mortgage forms. Consumers are often offered everything from points to prizes to actual cash just for filling out a mortgage form, with no real intention whatsoever of purchasing products or services. Be certain to ask your potential lead source if they used 'incentivized leads' and steer clear of those that do.

John Q. Public at 123 Anywhere Street– A huge concern in purchasing Internet leads is the accuracy of the data on the lead. Consumers enter inaccurate data regularly and there is little anyone can do to stop it. Many mortgage lead brokers will attempt to sell you on the technology they have in place to minimize this from happening. The more important issue here is what is the return policy of the lead source? What are the stipulations for a 'bad' lead? Ensure that your potential lead source will refund your money for inaccurate or incomplete data. If they are a quality organization, they will. Some will refund you for not only inaccurate date, but for disconnected phone numbers, multiple lenders contacting them, duplicate leads and more. This is an important piece of the puzzle as you do not want to spend money are junk leads! With leads ranging from \$15-50+ out there, this is a lot of money you are spending.

Could you be more specific please? - Another important topic relates to filters. Mortgage lead brokers will 'filter' leads for you in numerous categories such as location, LTV, loan amount, credit, purchase or refi, etc. Be certain to ask the lead source what filters are included in the base price of the lead. Furthermore, what is the additional filters available and at what cost? Lead sources range heavily in this area; some will include many filters at no extra cost while others charge \$5 or more for each filter. If you can afford it, drill down as much as possible and get exactly what you are looking for.

But Can I Really Make Money Here?

Now that we've covered the most salient issues regarding Internet mortgage leads, the ultimate question looms: can you be successful with this type of sourcing? The answer is, yes, you can, provided you follow a few simple rules and understand some essential elements of the game.

First, and foremost, these folks are shoppers. And depending on the type of clientele you are marketing, you must know that you are most likely not the only one they are talking to or looking at. These folks weren't referred to you and they didn't just call in or walk in off the street looking for money. You will have to work smarter, not necessarily harder, to earn their business.

The need for speed. From the moment you receive their lead until you contact them cannot be more than 24 hours, preferably less. The faster you respond and begin building a rapport, the better your chances. If you are not calling them within hours, someone else is. Fast, fast, fast. Rule number one.

You vs. the world. You must separate yourself from the other 'online' lenders. Everybody says they have great service. What does that mean? How intangible can you get? Tell them why you have great service, tell them how you have great service. Explain to them immediately what you will proactively do during the process of their loan. Set expectations up-front right away. You must also explain to them, in simple terms, exactly how the loan process will work. Remember, you will more than likely never meet this person face-to-face. It is a whole new ball game compared to the way you are most likely accustomed to doing business. They need to have a very clear understanding of the process to set them at ease working with someone they do not know. You are simply a voice on the other end of the phone at this point. Noisy air.

Confident, not cocky; Friendly, yet professional. Sounding confident over the phone is an absolute requirement if you want to succeed in this realm. If you are remotely one who does not like conversing over the phone, do not enjoy selling in a non face-to-face environment, then you need to run quickly away. This is not for you. You must project confidence in yourself, your product, the process and your company to the lead. If you are vague, hesitant, stammering or wishy-washy, they will smell it like frying bacon in the morning and leave you with a dial tone in your ear. In addition, you want to engage the client in conversation. Begin the call by asking about the weather, their name (how they like to be addressed), their family, anything. Speak with them as though you have been friends for years. Interject some humor and lighten the mood. There is such a thing as being 'too professional,' believe it or not. These people need to feel relaxed and although they are among friends, not pricing auto insurance.

You have to do more with less, more or less. Generally speaking, you will not earn as much rebate with Internet leads as with a referral or client from another marketing source. These folks shop. And believe me, they will leave you for .125 percent better rate if they find it. It happens. This is a more cutthroat arena. This is why a closing ratio of 6-8-10 percent of all leads taken is not just good...it's very good. Understand that the grand scheme is to get their business the first time through the Internet and perhaps not make as much as you'd like. Do a bang-up job on their loan and they will refer you and return to you over and over again. It is now when you can earn more and they are not shopping you like before. You have proven yourself and earned their trust. So you may have to close more loans at a lower fee per loan.

Is this a sure-fire plan to origination heaven? Not at all. Would I suggest to you that your entire marketing plan be Internet lead based? Definitely not. Do I feel that as an additional revenue stream it is possible to make a decent profit with Internet leads? You bet. I wouldn't put all your marketing eggs into the Internet lead basket...but it's good for a few.