

Profit with Internet Leads

To be successful, understand the intricacies of online lead-generation

By **Ryan Steinert**, national sales trainer, 1st Metropolitan Mortgage

THE INTERNET HAS REVOLUTIONIZED the way consumers evaluate, compare and select mortgage products and services. Since 1995, mortgage-lead Web sites have been responsible for billions of dollars in closed transactions. It has been estimated that by 2007, more than \$300 million in mortgage transactions will have occurred as a result of Internet lending.

Each day, curious mortgage-shoppers fill out thousands of online forms to seek more information, rate quotes and loans. There are hundreds of mortgage-lead-generation sites out there run by companies that are more than willing to dish out these coveted leads for a price.

Although this segment of our industry has exploded in the past 10 years, some questions still linger for many mortgage brokers: Is buying 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 return on investment?

The answers lie in knowledge of Internet lead-generation's many details.

The perfect Internet lead

If you can close between 6 percent and 12 percent of all leads you receive via the Internet consistently, you are doing top-notch work.

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

- **Timeliness:** The rule for Internet leads is: the fresher, the better. Ideally, you want your leads in real-time, the instant the consumer applies. At a minimum, you do not want them to be more than 48 hours old. The longer it takes for you to get the lead, the



less likely your chances of closing that loan. Ask your potential lead source if it reduces its cost per lead as time passes. It should.

- **Exclusivity:** Most people who fill out online forms searching for more information or for rate quotes are your worst nightmare. They often are shoppers with quotes from other originators. Wouldn't you like to be the only one who received their form? Many mortgage-lead brokers offer exclusive leads. Understand that you will pay a premium for exclusivity. It is all about how much you want to spend. Experiment with purchasing fewer exclusive leads and then with a bigger bundle of leads that is divided with other originators. See how they pan out.

- **Seriousness:** Another large hurdle you may face is the seriousness of the lead. Is the person really interested in getting a mortgage now? In recent years, more mortgage-lead brokers have offered incentives for consumers to fill out online mortgage forms. Brokers offer them everything from points to prizes to actual cash just for filling out the form — yet the consumers often have no

intention of purchasing products or services. Ask your potential lead source if it uses leads in which incentives were offered.

- **Accuracy:** Data accuracy is a huge concern in buying Internet leads. Consumers enter inaccurate data regularly, and there is little anyone can do to stop it. Many lead brokers will attempt to sell you on the technology they have in place to minimize this. The more important issue, though, is the lead source's return policy. What are the stipulations for a bad lead? Ensure that your potential lead source will refund your money for inaccurate or incomplete data. Some will refund not only for inaccurate data but also for disconnected phone numbers, multiple lenders contacting the consumer, duplicate leads and more. You do not want to spend money on junk leads.

- **Filters:** Lead brokers will filter leads in many categories, such as location, loan to value, loan amount, credit and whether it is for a purchase or refinance. Ask the lead source what filters are included in the lead's base price. Further, what additional filters are available and at what cost? Some lead sources will include many filters at no extra cost, while others charge per filter. If you can afford it, drill down as much as possible and get exactly what you seek.



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Rules for success

After addressing 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, if you follow a few simple rules and understand some essential elements of the game.

First, online leads are shoppers. And depending on the type of clientele you want to target, you have to consider that you are probably not the only one they have contacted. You will have to work smarter to earn their business. Here are some points to keep in mind:

- **The need for speed:** You should take no longer than 24 hours to contact the consumer once you get the lead. The faster you respond and begin building rapport, the better your chances are to get a loan from the lead. If you are not calling them quickly, someone else is.
- **You vs. the world:** All people say they have great service, but what does that mean? Explain to consumers why your service is great and what you will do proactively during the process of their loan. Set their expectations right away. You must also explain to them, in simple terms, exactly how the loan process works. Remember, you will likely never meet these people face-to-face. They need to understand the process to be at ease about working with someone they do not know and cannot see. You should use words to make up for the lack of body language.
- **Confident and friendly, yet professional:** Sounding confident over the phone is required to succeed in this market. You must project confidence in yourself, your product, the process and your company. If you are vague, hesitant, stammering or wishy-washy, prospects will sense it and will end the call. You should also engage clients in conversation. Begin the call by asking about the weather, their names and how they like to be addressed, their family, etc. Interject some humor and lighten the mood. There is such a thing as being too professional, believe it or not. Your potential clients need to feel relaxed and to feel as though they are among friends, not pricing auto insurance.
- **Do more with less:** Generally, you will not earn as much with Internet leads as you would with a referral or client from another marketing source. Because these

consumers are shopping around, they will leave you for 0.1-percent better rate if they find it.

This is a more cutthroat arena. Your goal should be to get consumers' business the first time through the Internet, not to make a lot of money. Do a bang-up job on their loan, and they will refer you and return to you. When you have proven yourself and earned their trust, you can earn more. You may have to close more loans at a lower fee per loan, but in the long run, it may well be worth the effort.

Internet leads are certainly not the way to origination heaven. And it is definitely not a good idea to create a marketing plan that is entirely based on Internet leads.

But using Internet lead-generation as a component of your overall plan is a good way to remain competitive and expand your market reach. **!**