

Leading Mortgage Lenders Keep Prospects Waiting

Large lenders fail to provide responsive customer service, creating opportunity for competitors.

EXECUTIVE SUMMARY

In this study of consumer response strategies across the mortgage lending industry, top mortgage lenders underperform on key customer service and sales effectiveness metrics and lead response benchmarks. In fact, 74 percent of lenders failed to attempt contact with a new lead via telephone within the first 24 hours after the lead was submitted. Only 58 percent of lenders responded via email within the same time frame. Beyond the unresponsive follow-up, nearly half of the lenders surveyed failed to average even a single call attempt to contact each prospect; clearly demonstrating an unacceptably low level of responsiveness to consumers.

Perhaps even more troubling is the inconsistency in responding to similar leads within the same lending institution. The research strongly suggests that some leads are pursued doggedly while others are left completely untouched. In an age of increased competition within the industry, this lack of consistency should be seen as a major red flag for mortgage lenders because it demonstrates a fundamental absence of appropriate processes, compliance, and management.

The lack of a thoughtful and consistent consumer response strategy is resulting in lost opportunities and lost origination volume. Most importantly for the industry, the customer experience of searching for reliable mortgage information, contacting a prospective lender and receiving responsive, appropriate information and service from a lender is a game of hit-and-miss...at best.

Report Card					
				Industry: <i>Lending</i>	Evaluated By: <i>Leads360</i>
Company	Speed-to-Call	Phone Attempts	Speed-to-Email	Email Attempts	Overall
Quicken Loans	A-	A+	B-	A	A-
GMAC	C	C-	A+	B+	B
Wells Fargo	A-	C-	B-	C	B-
CitiMortgage	B	B+	F	F	B-
Key Bank	D	F	A+	A	B-
Huntington	B	F	D	C	C+
OneWest Bank	C	C	B-	B	C+
MetLife Bank	C	F	A	B+	C+
Bank of America	A	B	D	D	C
HSBC	D	F	A	B-	C
Provident Funding	B	D	D-	C-	C-
U.S. Bank	B	D	C	D	C-
JPMorgan Chase	D	F	A+	F	D
BB&T	C-	F	B-	F	D
Flagstar Bank	F	F	C+	A	D-
SunTrust	F	F	D	C	D-
Regions Bank	D	F	D	D	D-
Ameriprise	F	C	F	F	D-
PNC Mortgage	F	F	F	F	F

For details on the study methodology, please see page 6.

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Large lenders fail to provide responsive customer service, creating opportunity for competitors.

RESULTS

Whether by phone or by email, the speed with which a lender reaches out to a consumer that has expressed interest in a loan is critical to a successful sales strategy. Consumers gravitate toward lenders that are able to provide easy-to-understand information in a timely and relevant manner. By being first to establish contact, a lender has the ability to educate while simultaneously providing responsive customer service.

Both conventional wisdom and numerous industry studies (including several by Leads360) support the assertion that when a consumer is contacted moments after they submit a request for

information, they are most likely to be engaged, interested and receptive. This advantage accrues specifically and mostly to the first lender to attempt contact. Given the inherent complexity in mortgage products and yet the strong consumer belief that mortgage products are undifferentiated, it is no surprise that the initial contact with the customer is so powerful. The relationship of trust and confidence in the loan officer becomes the linchpin of the transaction. The initial conversation allows the lender to begin to establish the relationship before the cacophony of sales voices begins to add another level of complexity to the loan process. Even if the consumer decides that they do not want to commit to loan

terms immediately, lenders can look forward to the fact that consumers are more likely to return to the company who contacted them first—especially if diligent follow-up and nurturing is performed following the initial contact.

In this study, lenders took almost 7 days to respond to inquiries via phone, and over 1 day to respond via email. Considering that previous Leads360 research indicates that leads responded to within 1 minute result in a 391% improvement in conversion rate, the fact that phone responses took almost a full week provide cause for legitimate concern for lenders. Simply put, many lenders are damaging their

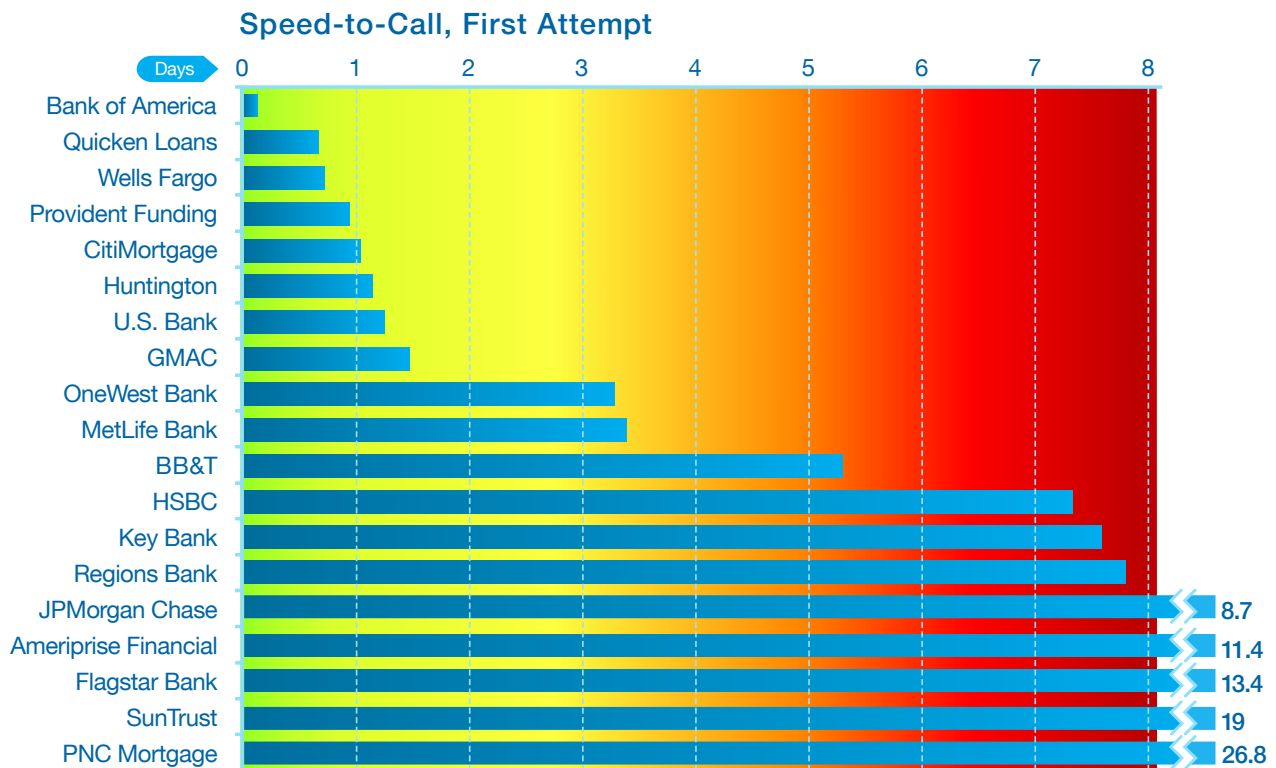


FIGURE A

Large lenders fail to provide responsive customer service, creating opportunity for competitors.

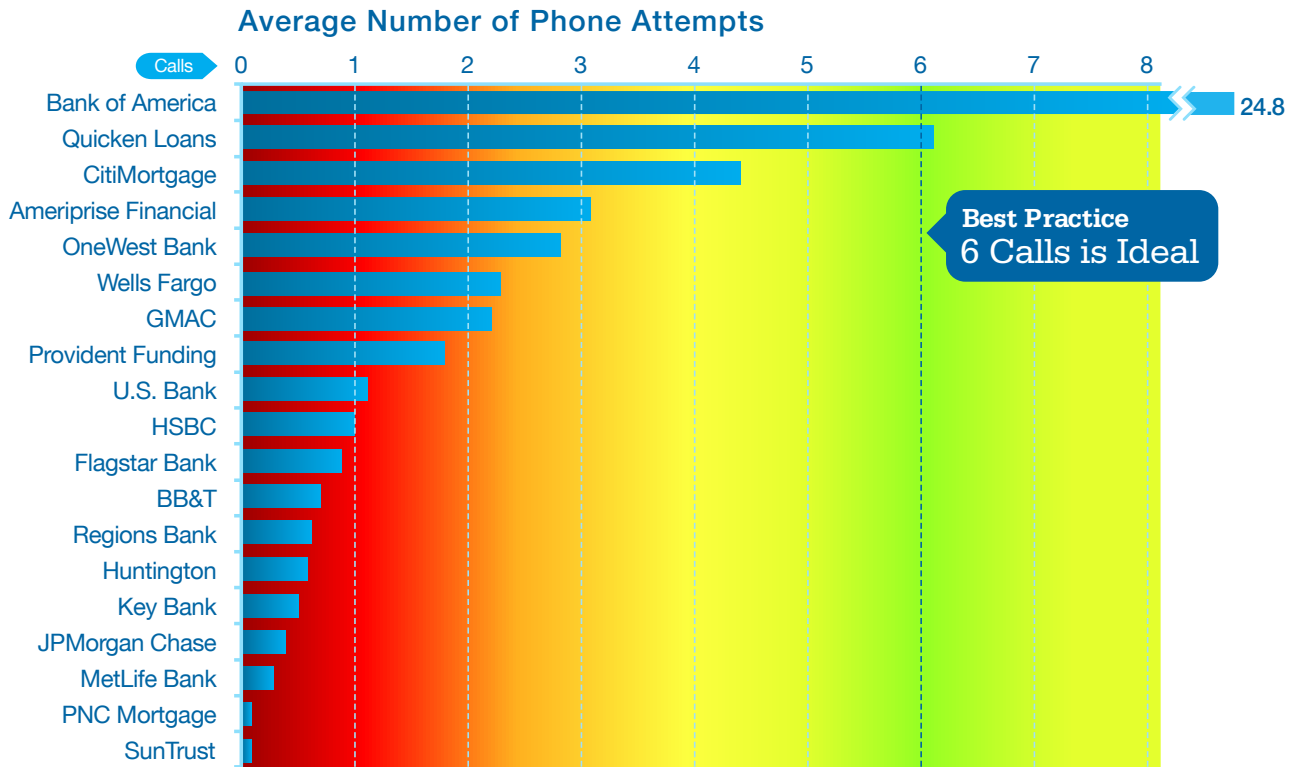


FIGURE B

business prospects unnecessarily by taking too long to respond to inquiries. Besides wasting the opportunity, a lack of swift follow-up demonstrates a concerning approach to customer service—and creates a poor customer experience. Even if a loan inquiry is unqualified, notifying them quickly of their status or simply acknowledging the fact that they received an inquiry helps to create a reputation of good customer service that fortifies the brand and establishes a foundation for future customer acquisition.

Although the average speed-to-call performance across all lenders (Figure A) was very slow (6.4 days), Bank of

America, Quicken Loans and Wells Fargo performed far better than the other lenders studied. On average, each of these lenders managed to attempt contact with each lead in well under one day.

This responsiveness helps these lenders establish contact first, which translates to higher conversion rates both immediately and in the future. It should be noted that even the 1-day average of these top 3 performers currently leaves significant room for smaller, more aggressive and more responsive lenders to potentially step in and win these opportunities by responding within minutes or seconds to consumer inquiries.

In addition, these top-performing lenders (Bank of America, Quicken Loans and Wells Fargo) were highly consistent in their response strategy and execution. In our multiple inquiries, these lenders responded to every lead and over 98% of leads were called within 24 hours after receiving the lead. It is clear that these companies have solid processes and technology in place to facilitate their response strategy.

In this study, only two lenders – Quicken Loans and Bank of America – were persistent enough to contact all of the efficiently contactable leads (Figure B). Forty seven percent (47%)

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of lenders failed to make an average of just one call attempt per lead. Quicken Loans, with an average of 6.1 calls per lead, matched the established best practice of 6 calls per lead. Bank of America, with an average of 24.8 call attempts per lead, ensured contact with every contactable lead, but only by making roughly 4 times the recommended number of calls. Again, this high volume of calls does not typically lead to higher yields and thus the cost of the additional 18 calls likely outweighed any return. As conversion rates on leads diminish with the number of call attempts required to make contact, the marginal benefit of a calling campaign beyond the sixth call is extremely low. Additionally, Bank of

America and any lender making significantly more than 6 contact attempts per lead risks unnecessary damage to their brand and reputation. Figure B provides overwhelming evidence that mortgage lenders are missing out on significant revenue opportunities that could come from the leads they are already generating or purchasing. Persistence and rigorous consistency in lead follow-up would result in immediate improvement in lending pipeline and productivity.

The lack of persistence in their phone contact strategy carries over into lenders' email nurturing practices and capabilities. (Figure D) Only three lenders

(Key Bank, Quicken Loans and Flagstar) performed to standard, sending an average of 2-4 emails per lead. Another two (Ameriprise and CitiMortgage) failed to send just one email. A thoughtful, automated email nurturing infrastructure should be viewed as a necessary requirement for any mortgage lending institution and can easily and affordably mean the difference between a conversion and a lost opportunity.

CONCLUSION

Many of the top mortgage lenders in the US fail to respond to online consumer mortgage inquiries in a timely or consistent manner, resulting in

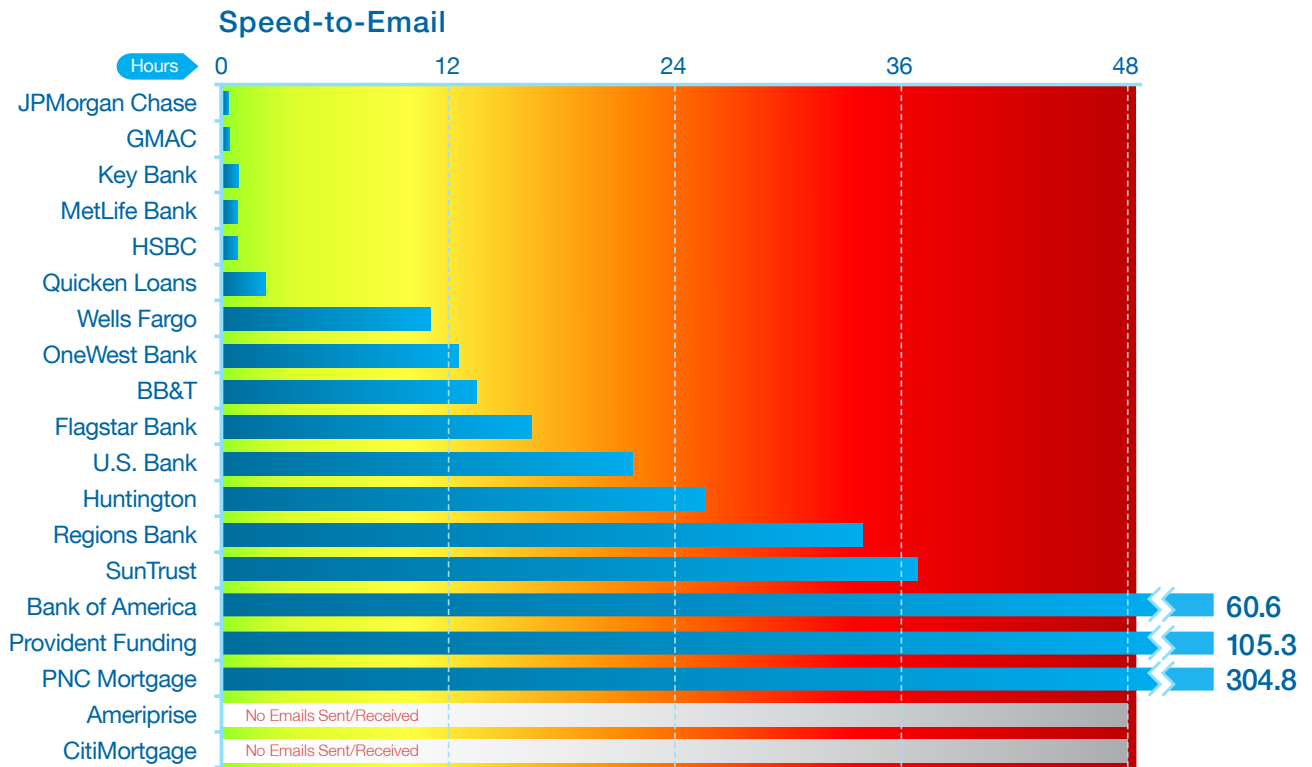


FIGURE C

Large lenders fail to provide responsive customer service, creating opportunity for competitors.

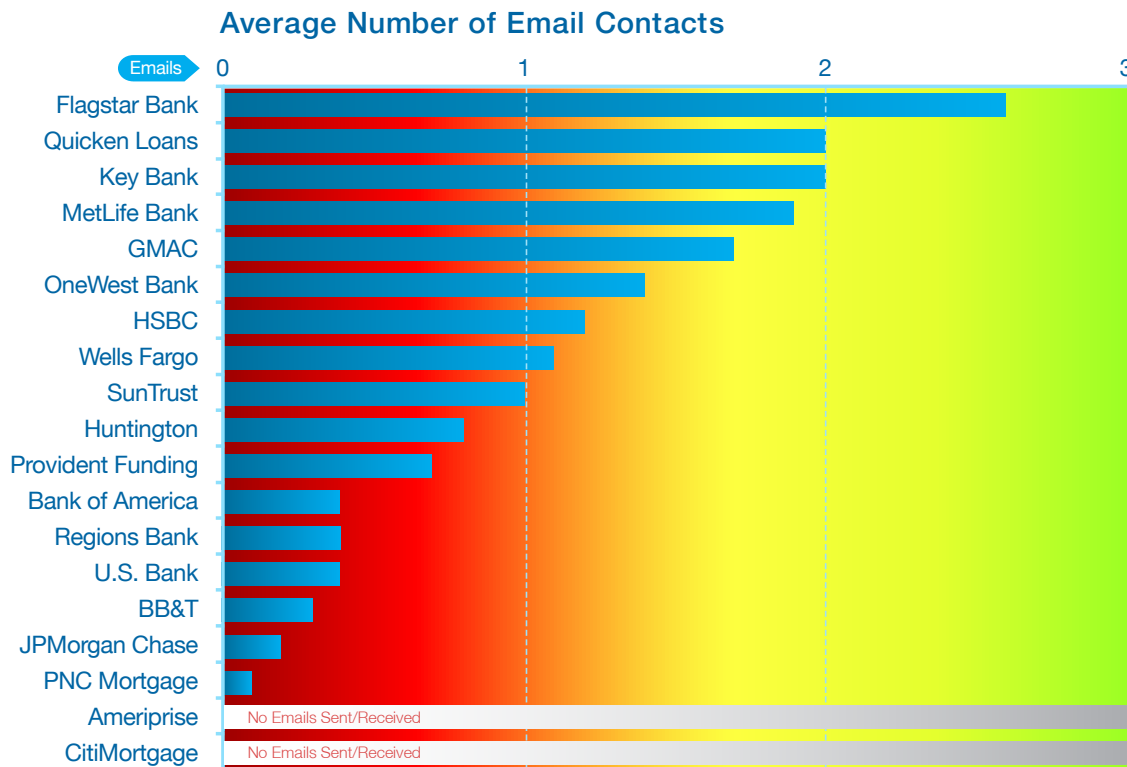


FIGURE D

a poor return on their marketing investment, bottom line under-performance and a disappointing or even damaging customer experience. Despite the competitive state of the industry and a generally low supply of high quality leads, this study illustrates that mortgage lenders have a significant

opportunity to improve their business by improving their customer response strategy, processes, and systems.

The findings also reveal a key opportunity for medium-sized and smaller mortgage lenders. While smaller lenders may not have the marketing budgets or product range of the major national lenders, they

can compete aggressively in terms of customer service and sales responsiveness. By putting in place basic policies and tools that ensure responsiveness and by adopting well-established industry best practices, any bank or broker can efficiently compete with and potentially out-perform the lenders in this study.

How does your organization stack up?

- Do 100% of your loan officers follow up on 100% of your leads promptly and consistently?
- Do you know your speed-to-call and the number of calls per lead you are making today?
- Is your team improving or getting worse in any of these metrics?
- Do you have a systematic, automated nurturing process?
- What are your goals or target performance on these key metrics?

THE STUDY

As an industry leader in lead management and inquiry response strategies, Leads360 periodically conducts evaluations of industry sales practices in an effort to uncover inefficiencies and provide solutions that increase performance, visibility and ROI. For this study, Leads360 Research conducted a thorough analysis of the mortgage industry to gauge how effectively mortgage lenders respond to consumers' online requests for mortgage loans. Researchers visited the targeted mortgage lender's websites and submitted loan inquiries. All lenders received similar information on prospects, though variations exist in lead capture





forms. Once a lead was submitted, each communication attempt from the lender was carefully logged for evaluation. Due to the established relationship between the process and discipline of contacting a lead and the likelihood of converting a lead, the focus of the study was to measure the response strategy during the pre-contact period (after an inquiry has been made, and prior to when any actual contact is made). It is important to note that the Leads360 researchers posing as interested consumers at no point responded to any of the communications.

After several weeks of collecting and logging relevant data, researchers calculated the average speed-to-contact

attempt and the average number of contact attempts made by each of the lenders. Once aggregated, Leads360 compared the lenders' performance against their peers, industry benchmarks and prior Leads360 research on best practices and then assigned letter grades based on their performance across four key performance metrics.

KEY INSIGHTS

Leads360 graded the leading mortgage lenders by measuring and evaluating the 4 Key Performance Indicators (KPIs) of a successful consumer inquiry response strategy. The 4 KPIs were speed-to-contact attempt via phone and email, number of email contact attempts and the number of telephone contact attempts.

-  Few major mortgage lenders have a focused, consistent customer response strategy in place to cultivate online leads during the initial contact and sales process.
-  Only 21% of mortgage lenders attempted to call customers within 24 hours of the initial inquiry.
-  9 out of 19 lenders failed to attempt contact with all inquiries submitted.
-  Enforcing a strategy that includes swift follow-up, appropriate persistence in both phone and email contact attempts and an adequate lead nurturing infrastructure, enables lenders to optimize their sales process and convert more leads.

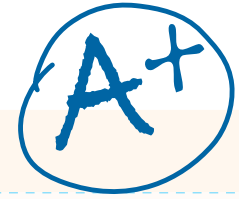
ABOUT LEADS360

Founded in 2004 and headquartered in Los Angeles, Calif., Leads360 develops software-as-a-service (SaaS) solutions for managing sales leads. Distinguished by its focus on solutions that address the unique needs of businesses who sell to consumers, Leads360 is recognized as a market and technology leader, managing more than 40 million leads for over 5,000 clients. With a suite of solutions scaled for enterprise sales organizations as well as small businesses, the company offers the industry's most comprehensive and configurable lead management platform.

Leads360 enables companies to distribute, track, analyze and convert sales leads using a customizable lead management workflow. Professional services, including training and sales process consulting, are also offered to deliver a highly effective solution for converting sales leads. Businesses look to Leads360 for solutions that allow them to maximize their investment in leads generated both online and from traditional sources, and ultimately increase sales closure rates for greater revenue.

Learn more about the research cited in this study:
Visit [Leads360.com/whitepapers](https://www.lead360.com/whitepapers) to access the entire Leads360 Research library.

Leads360 Best Practices: Benchmarks Measured



Speed-to-Contact – Best Practices

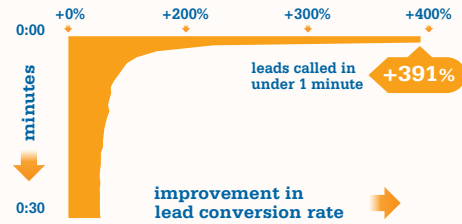
Data

Speed-to-call and speed-to-email are essential components of any sound inquiry response strategy. In an increasingly competitive Internet age where consumers have access to many different market options, following up quickly is one of the most important factors to successful consumer sales.

Leads360 research has shown that speed-to-contact is an important driver of lead conversion: Responding to leads within 1 minute resulted in a 391% improvement in conversion rate.

Beyond Qualification: The Impact of Speed on Lead Conversion Rates

April 2010



Strategy

Don't wait to attempt contact with a lead who expresses interest. Reaching out to them immediately (within the first minute) allows your organization the best chance of converting them into a customer. Even if your staff is not able to keep up with the high volume of leads on a particular day, an instant automated email acknowledging that someone will reach out to them soon can mean the difference between a conversion and a lost opportunity.

Fact: Only 5 out of 19 lenders studied had instant email capabilities.

Lead Nurturing – Best Practices

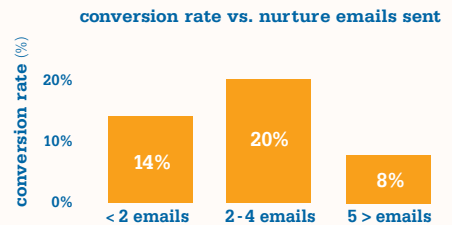
Data

Sending nurture emails to consumers that have expressed interest but who may not be immediately ready to buy, is a cheap, easy, and effective way to acquire new customers that would otherwise be missed.

Leads360 research shows that leads that receive email nurturing have a 3.5 times higher chance of converting than those that receive none. Additionally, leads that receive 2-4 emails convert 42% better than those that receive less than 2.

Leads360 Analysis

February 2010



*Although Leads360 emphasizes that a good lead nurturing strategy should last longer than 30 days, the study measured email nurturing within a 30 day window because we believe the time frame is a strong indicator of a carriers overall lead nurturing strategy.

Strategy

If your company does not automatically respond to every lead via email upon receipt of a lead, your company is certainly missing out on significant new revenue. Nurturing your clients between 2-4 times via email is an important component of a successful consumer response strategy.

Fact: The lenders measured in this study sent an average of less than 1 email per lead.

(continued)

Leads360 Best Practices: Benchmarks Measured

Call Frequency – Best Practices

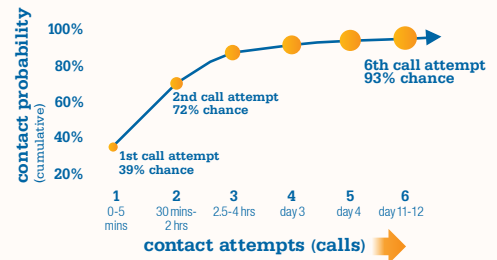
Data

Maximize the value of each lead by attempting contact 6 times. Giving up too soon or spending too much time on ultimately unproductive leads can significantly undercut an organization's new client acquisition potential.

Leads360 research found that making 2 calls versus just 1, increased the chances of contacting a lead by 87%, and that calling 6 times (**The 6 Call Standard**) resulted in nearly the maximum possible contact rate, with minimum opportunity costs.

Six Calls Equals Success: The surprising Impact of Call Frequency on Lead Conversion

November 2009



Strategy

It should be every organization's priority to attempt to contact each lead via telephone 6 times. By following this 6-call approach, your organization is maximizing the value of each lead while minimizing wasted effort.

Fact: Companies in this study attempted only 2.8 calls on average.

Getting Leads From Your Web Properties? Here's an Online Approach That Works.

Online Consumer Engagement – Best Practices

To an online consumer, your website is the face of your company and it is important to keep it simple, attractive, and useful. Your website should be designed to move a consumer through a simple 3 step process (outlined below).

Attract → Educate → Capture

- (1) Attract:** Getting a consumer to your website is one thing, but keeping them there is another. Create a website that is aesthetically pleasing, but not overwhelming.
- (2) Educate:** Provide your consumer with education about your products and reasons why they should do business with you. Don't make consumers work for information; empower them with easily digestible facts and tools.
- (3) Capture:** Now that you have a lead's attention, provide a simple contact form that allows a consumer to disclose as much information as they are willing to disclose. Don't limit how much information you can collect, the more information a lead provides, the greater the chance of contact.

Opps, Arie. "Focus on 'User Experience Optimization.'" Entrepreneur 05 Feb. 2010: Web. 12 Oct. 2010.