



RESEARCH SHOWS OVERWHELMED LENDERS MISSING MILLIONS

Business may be booming in the mortgage lending space – but most lenders are still missing out on millions of dollars in revenue.

LQ Digital Special Research Report, October 2020

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INTRO

We are in unprecedented times. With the ongoing pandemic, economic uncertainty and political unrest, we've witnessed many changes in businesses and industries, as well as the strategies they are taking to keep up with the evolving needs of consumers. However, the one silver lining in the economy is the housing industry. It's booming.

This may not be a surprise. People, after all, still need shelter and a place to call home. That need isn't going away. Whether people need to purchase a home or are interested in moving to a more "desirable" location given today's current environment, they're seeking mortgages. Additionally, historically low interest rates are driving a refinancing boom that some experts in the industry are saying is **just getting started**. The result? Mortgage lenders are getting an influx of consumer requests interested in taking advantage of those low interest rates while they last.

On the surface, it looks like the mortgage industry is booming. And in the short term, it is and it seems that everyone can get a piece of the pie. However, lenders are overwhelmed with these requests and simply cannot meet the demand. On one hand, why worry about capturing all the lead overflow when there's enough to go around? But this view is short-sighted and lenders know this. If this year has taught us anything – it's that everything can change in the blink of an eye. More importantly, there will be real winners that emerge in the mortgage industry based primarily on how they handle the refinancing boom and the opportunities presented right now. Those that do it right will see a payoff that could literally transform their business, taking them from a multimillion-dollar business to a billion-dollar business. Alternatively, those that simply ride the wave and don't strategically go after the right leads, may see quick cash now, but will be regretting the opportunity left on the table in the future.

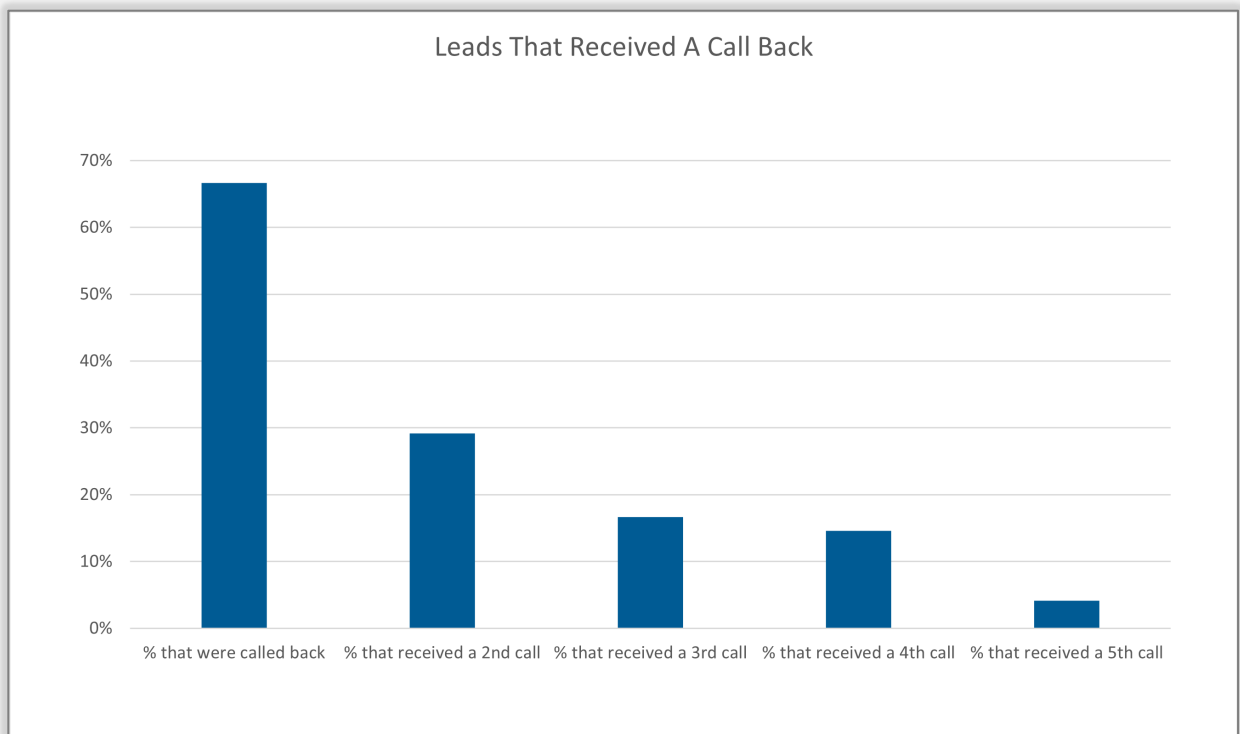
Here at LQ Digital, we work with many mortgage lenders and have been in this space for 10+ years. What we know and have witnessed is that most lenders have limited resources when it comes to handling the surge of consumer requests coming through during this unprecedented time. With limited resources and major competition to hire, lenders are in danger of missing out on millions of dollars in opportunities.

We wanted to better understand how well lenders were able to follow up with leads in today's market. To satisfy our curiosity and collect some data, we researched 12 well known multibillion-dollar mortgage companies to get a benchmark of how well they were following up with consumer requests. The results were alarming.

To conduct our research, we registered 4 numbers as lender requests for each company – resulting in a total of 48 numbers for call back stats. Out of our research, we found:

- Of the 48 numbers registered, only 32 were called back, resulting in 1/3 or 33 percent of requests simply going unanswered.
- While only 32 of the numbers were called back (or 67 percent of leads) only 29 percent received a 2nd call.
- Only 1 out of the 12 leads were followed up with right away (the best in class out of the 12 companies we surveyed called back in 32 seconds).
- Of the 12 companies we researched – 6 companies took more than a day to call back.
- On average, it took mortgage lenders over a day and a half to follow up with leads.

33 %
of ALL leads are going unanswered



Out of the 12 companies we researched, really only one is doing it right. The other 11 are leaving a tremendous amount of opportunity on the table by dropping the ball on 3 key priorities: **1) Follow Up, 2) Speed, and 3) Consistency.**

OPPORTUNITY KILLER #1: NOT FOLLOWING UP

This one seems obvious, but the data says maybe not so much. As stated above, according to our research, 33 percent of all incoming leads were simply not followed up with. So, while LO's may be following up with the 67 percent of leads that do come in, not all of those leads are qualified. Therefore, LO's are spending valuable time and resources on some leads that won't go anywhere, and their time could be better spent on the 33 percent of leads that never got called at all.

In addition to the mortgage lenders we researched, we also looked closely at the data profile of a well-known mortgage lender that is now a client of ours (we'll call them **Mortgage Lender A**). We were able to benchmark the opportunities their LO's were able to capture and quantify what that meant to the bottom line of their business. When we looked at this lender, out of the 1,000 inquiries they received in a day, we found:

- **65 percent of incoming leads were sales focused.**
- **75 percent of the sales focused calls qualified.**
- **30 percent of the qualified leads created an application.**
- **50 percent of the applications closed.**

In this scenario, each lender received 1,000 inquiries a day with each loan worth \$3,000 in revenue. At LQ Digital, we're obsessed with tracking numbers, revenue, cost per funded value and the unit economics of it all. So, we did the math:

By missing 33 percent of incoming leads, loan officers were missing nearly \$1 million a day in lead value:

**33 percent of inbound calls missed by LO =
333 valued at \$3,000 = \$999,000 a day**

65 percent of those are sales:

$\$999,000 \times .60 = \$599,400$

And 75 percent of those are qualified:

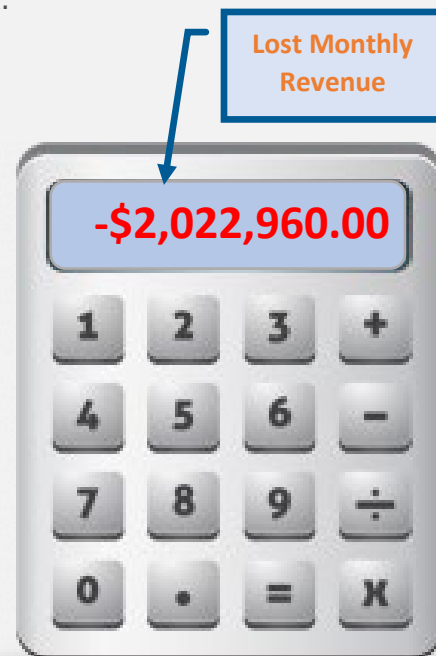
$\$599,400 \times .75 = \$449,550$

Of those that qualify, 30 percent create an application and 50 percent of those are funded:

$\$449,550 \times .30 = \$134,865$

$\$134,865 \times .50 = \$67,432.50$ – *daily revenue*

\$67,432.50 in lost daily revenue equates to \$2 million in lost revenue every month.



The math shows us that by missing 33 percent of incoming leads, lenders are missing out on \$67,432.50 in lost revenue each day. In just 30 days' time, or one month, you're looking at over \$2 million dollars in lost revenue. Numbers like that add up fast and can make the difference between a good year and a year that will fundamentally change your company and businesses trajectory for years to come. When looking at the 12 mortgage lenders in our dataset – it's safe to say that each lender is leaving millions of dollars on the table each month.

Missing 33 percent
of incoming leads
costs lenders

\$2 million

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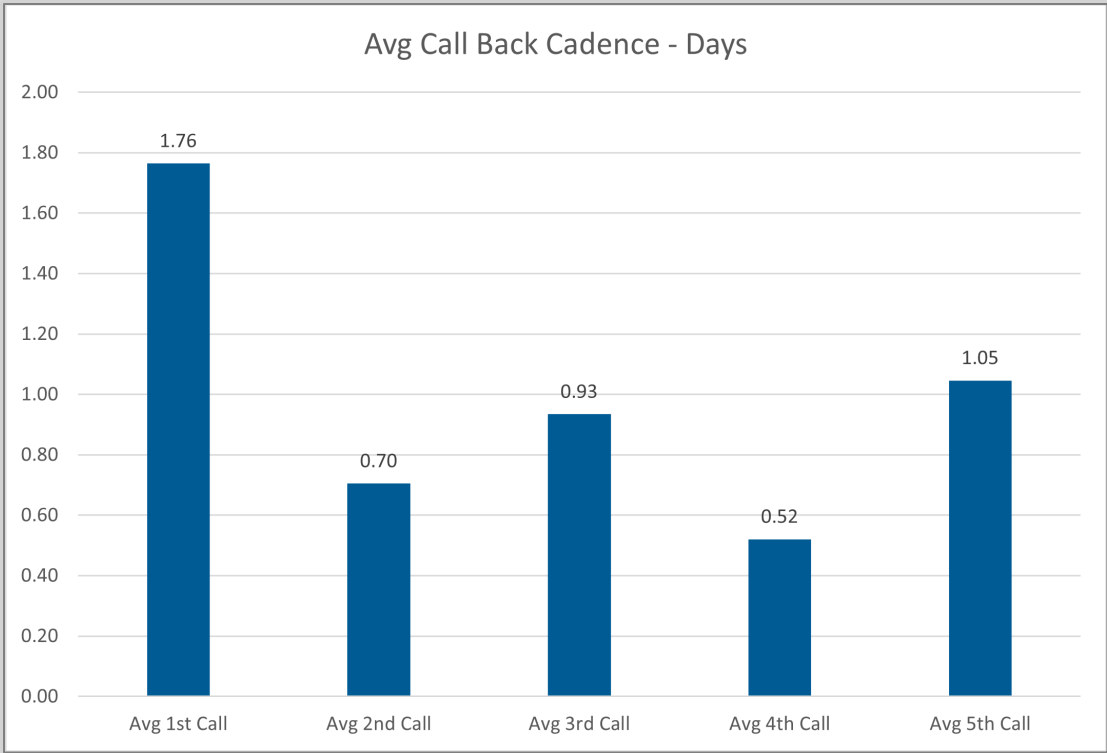
OPPORTUNITY KILLER #2: LACK OF SPEED

Time kills all opportunity when it comes to closing a lead. As we stated before, Loan Officers (or LO's) time is extremely valuable and limited in this current market. Even in the rare case that a company has been able to hire a bunch of new LO's to accommodate the recent surge in demand, based on our client feedback, LO's are still overwhelmed. They aren't able to follow up with all qualified opportunities and end up spending valuable time and resources following up with what they can – when they can.

The maximum time it took to get a first call back was over
5 Days

Even if the average for our data set of mortgage lenders is to follow up with 67 percent of leads at least once, the drop off rate is pretty incredible. When just 29 percent receive a 2nd call back (and that continues to drop off to the 3rd call and so forth...) you really miss the opportunity to reach the key decision maker. This follow up is important because if you aren't speaking with the decision maker, it doesn't matter who picks up the phone.

The other finding from our data was that the average time to follow up with a lead was over a day and a half, specifically 1.76 days. The maximum time it took to get a first call back **was over 5 days**. And let's face it, when homeowners are shopping around for the best interest rate, they aren't waiting even a day for a call back. They'll just go on to the next – which is especially concerning when you consider that some of these mortgage requests are coming from existing clients that are looking to refinance. This puts some lenders at risk of losing loans from their own portfolio.



OPPORTUNITY KILLER #3: NO CONSISTENCY

The other surprise finding from this research was the variability for which each company would follow up with leads. One mortgage lender followed up with leads within 32 seconds – which is best in class for this list. However, most of the lenders we researched varied in their call back times. Some took a couple of hours for one lead, and then a couple of days for another. The inconsistency was surprising and shows that there is very little standardization across the board for how leads are followed up with.

Consistency matters. Yes, it's important that every lead gets contacted quickly, but also consistently with the same cadence so you can have clarity on the performance of your marketing channels and sales team. If your process is standardized across the board, you can essentially put your leads in a vacuum and figure out what the optimal cadence is. For example, did a lead not close because the lead was bad? Or was it because of the customer segment? You'll never know if you don't have the consistency in place with your own follow up times and process. You can't isolate the campaign performance variables and improve your process unless things are consistent, whether it's the lead source, data or otherwise. Right now, with the amount of inbound leads coming in, it's the optimal time to capture all of this rich data that can fuel your business growth not just for the coming weeks, but for years to come. If you don't have standardization and consistency in place though – you're missing out on the opportunity to capture meaningful data to do that.

The goal of course for most LO's is to get the right prospect on the phone to close a deal. The best way to do that swiftly is to standardize your process. Additionally if you ever want to add technology to make that process better, such as adding SMS or text to reach out to people or other resources, you need to standardize your process now, or you won't be able to jump to the next iteration for business improvement.



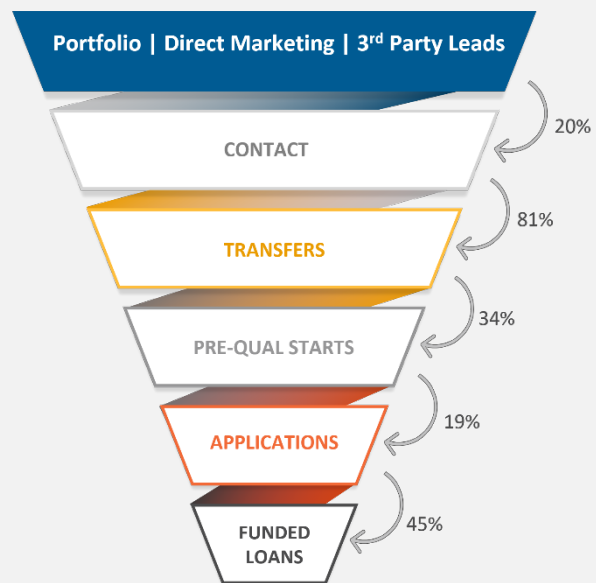
SOLUTIONS

We know mortgage lenders are under the gun and are busier than ever. They're letting leads sit because they either don't have LO's to manage them or they don't have the processing. That doesn't mean you want to turn away the opportunity though. When you're short on resources, how do you best capture new opportunities and keep them warm while trying to deal with the overwhelming volume?

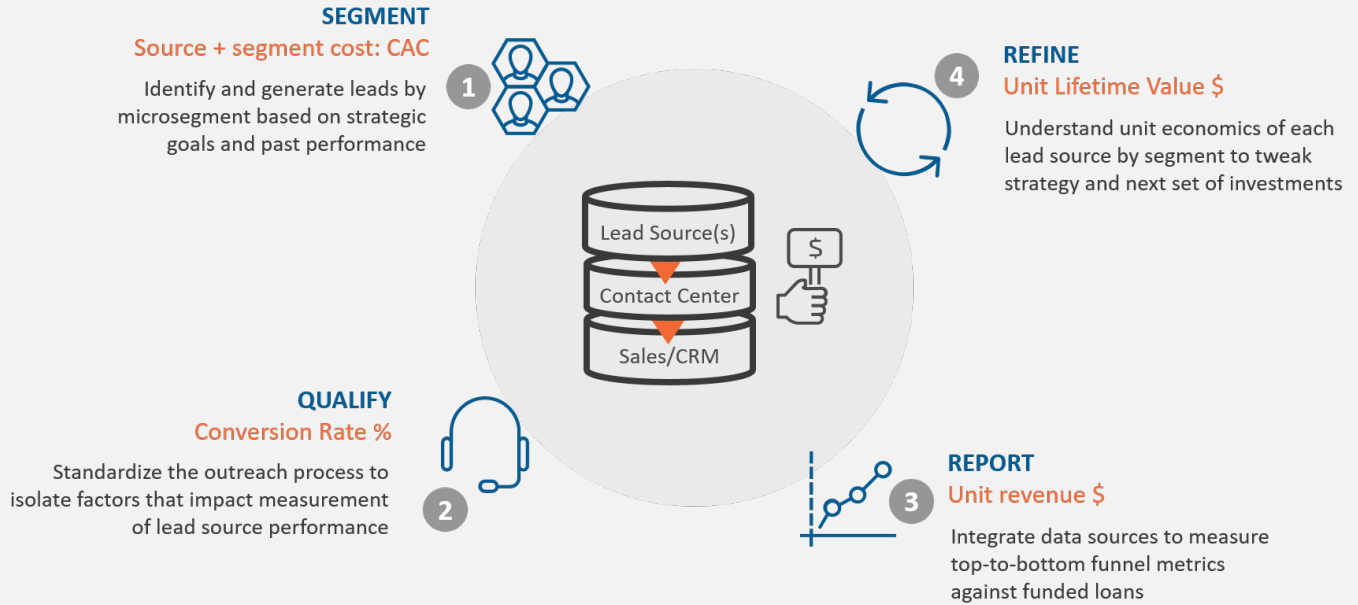
A contact center can be a great solution to answer this problem. Instead of hiring on new, permanent LO's (which are expensive, a commitment in a volatile market and require onboarding, etc.) – an outsourced contact center allows for elasticity to capture and nurture opportunities in a way that scales *and* can help standardize your process.

The phone – and specifically an outsourced contact center– is your secret weapon to qualifying and closing leads, improving the effectiveness of your LO's and driving more revenue. Leveraging a call center to seamlessly weave a personalized phone conversation into your lead conversion and sales process will:

1. Capture every lead that comes to your business, so you're never leaving money on the table.
2. Standardize the process and cadence for which leads are followed up with, to gather critical insight as to what creates a qualified lead and converts them.
3. Satisfy the personalization needs of the customer & move them down the funnel faster and more consistently.
4. Qualify out prospects that are not qualified or are not serious about purchasing.
5. Free up your loan officers and key closers to focus strictly on what they do best - closing deals with real high-value prospects.



A BETTER WAY: DATA-DRIVEN LEAD ACQUISITION



What if your business could capture 100 percent of the inbound leads and qualify them so that your LO's were **only** spending time connecting with qualified leads? When we worked with **Mortgage Lender A** referenced above, we were able to provide a scalable, flexible contact center solution that captured every lead that came to their business. This transformed the productivity of their LO's and company by generating tens of millions of dollars in new revenue that would've been lost without our contact center.

Now is the time to protect your portfolio, standardize your process, and of course, capture and qualify all of the leads that are coming to your business. This won't just ensure the success of your business in the short term but could potentially catapult your business into a new phase of success in the future in a sustainable way.

THE LQ DIFFERENCE

Our team offers best-in-class strategies and solutions for driving a consistent lead generation, qualification, and conversion process, woven together with valuable data and insights that allow you to manage and optimize future campaign performance better than ever before.

Here's what makes LQ Contact Center Services unlike any other outsourced offering:

- Upfront investments made in people, standardized processes, technology, and other critical resources to deliver scalable, enterprise-grade call center capabilities at a variable cost that aligns to your budgets and business model. Dedicated QA systems and teams monitor each campaign to ensure ongoing process consistency and standardization.
- Contact center services are powered by on-shore specialists with financial and operations expertise across all industries — including complex service and product verticals — capable of managing, deploying, optimizing, and testing infinite campaign variables, and qualifying hundreds of thousands of leads per month with precision.
- Industry-leading expertise in lead qualification and sales data collection and analysis processes to eliminate noise, improve data quality and integrity, while providing insight into which leads types and sources are more likely to convert and deliver the greatest future business value.
- Access to key benchmarking data that compares our team's performance against multiple industry best practices, allowing us to pass valuable insights and learnings to help you run more successful and profitable lead generation campaigns.
- Our Contact Center services are fully-TCPA compliant, as the proprietary, homegrown software platform used by our Contact Center to manage lead qualification campaigns does not include an auto-dialer (ATDS) capability.
- An experienced, cross-channel agency team led by Digital Economists bringing expertise in how to execute customer acquisition campaigns, track and optimize conversion rates, quantify business impact, and how to map that back to lead value (i.e. what are the best leads, what are they worth) to inform our client's lead investment choices.

[Ready to learn more?](#)

Read more about LQ Contact Center Services and **contact us today**



HOW WE CAN HELP

LQ Digital is a customer acquisition company. Our mission is to help brands win their most profitable long-term customers. We do this with our people, technology platform and our full funnel approach. What makes us unique is we are obsessed with lifetime value, are paid on performance and bring an objective market-wide perspective to your acquisition strategy.

Call 1.800.670.3515 now and speak with one of our digital media experts or visit us at lqdigital.com to maximize your revenue growth and minimize costs today.

How confident are you in your digital performance?

FREE ASSESSMENT

