



# Effective Lead Generation Strategies in an Increasingly Competitive Marketplace

## MBA's Reverse Mortgage Lending Conference 2008

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# Panel Members

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# Session Overview

## Sandeep

**Direct Marketing Overview, Universe Size, Predictive Analytics Usage**

## Mary

**Market Characteristics, Flow Through, Process Optimization**

## Kenny

**Seminar Marketing Overview & Best Practices, Metrics & ROI**

**Q & A**



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# Session Overview

- ❖ Direct Marketing Overview
- ❖ Marketing Universe Sizing
- ❖ Predictive Modeling

# ChoicePoint Precision Marketing



ChoicePoint Precision Marketing (CPPM) is a database marketing solutions company specializing in the insurance and financial services industries. CPPM serves the needs of direct marketing professionals and helps businesses acquire and grow customer relationships through direct marketing programs that integrate data, advanced analytics, creative strategy and scalable technologies.

[www.cp-pm.com](http://www.cp-pm.com).





# Marketing Channel Spectrum

Mass Media	Interactive	Referral	Emerging	Direct
Radio	Online Search/Key words	Viral	SMS/Text Messages	Direct Mail
Newspapers	Banner Ads	Word of Mouth	Online Communities	Telemarketing
Television		Memberships		Email

# Direct Marketing Advantages



- ❖ More Targeted
- ❖ Higher quality
- ❖ Limited adverse selection
- ❖ Predictable Results
- ❖ Scalable
- ❖ Measurable

# Estimated Direct Marketing Universe



Criteria	Prospects	Comments
Geography: Nationwide	221,000,000	Entire U.S.A
Multi-sourced Leads	141,000,000	Multi-sourced Information is more reliable
Include Confirmed Homeowners	96,000,000	Based on Property Tax and Deed Files
Include Owner Occupied	94,000,000	Exclude Investment Properties & Second Homes
Include Age 60+	27,000,000	Multi-sourced Age Attribute
Exclude Mobile Homes	25,000,000	Based on Mobile Home Sales Info and Geography
Exclude Deceased and Do Not Solicit	24,500,000	Sourced from SSA Death Master and DMA
Retain One per Household/Address	19,000,000	

**There are 19 million prospects for reverse mortgages via direct marketing in the United States.**

# Further Marketing Universe Qualification

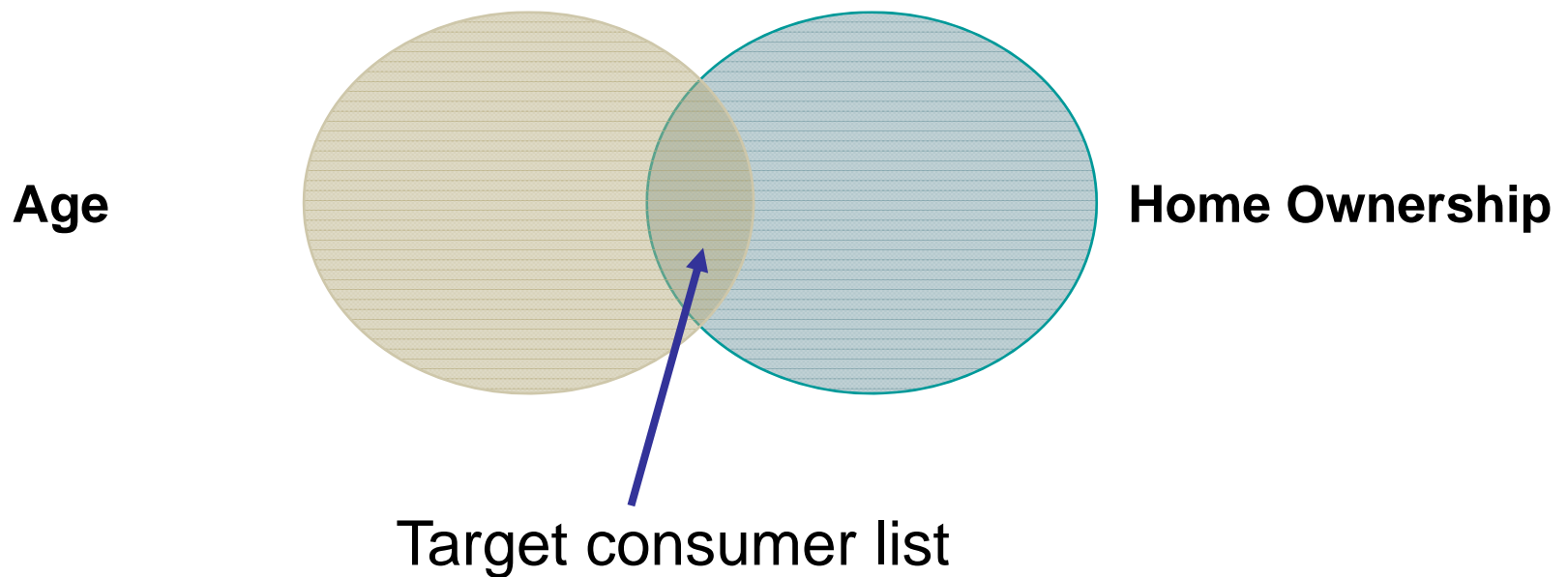


## Out of the 19MM estimated prospects:

- ❖ Approximately 15.5MM are households where all members are over the age of 62
- ❖ Approximately 12MM are households without a mortgage and own their home outright
- ❖ Approximately 11MM are households with an excellent credit history
- ❖ Approximately 500K are households with a previous bankruptcy or foreclosure
- ❖ Approximately 2MM are households with home values over \$400K



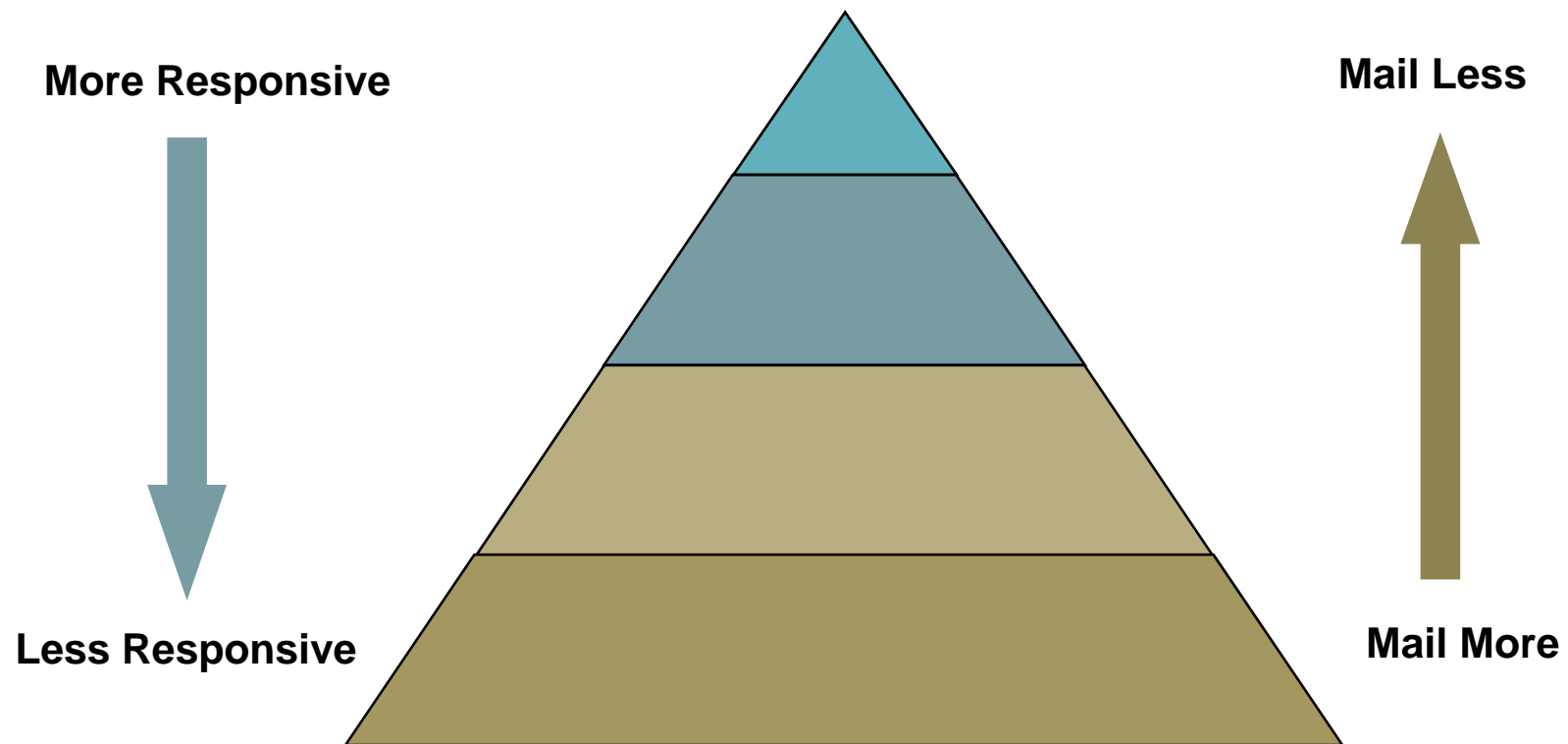
# Traditional Reverse Mortgage Targeting





# Traditional Targeting - Issues

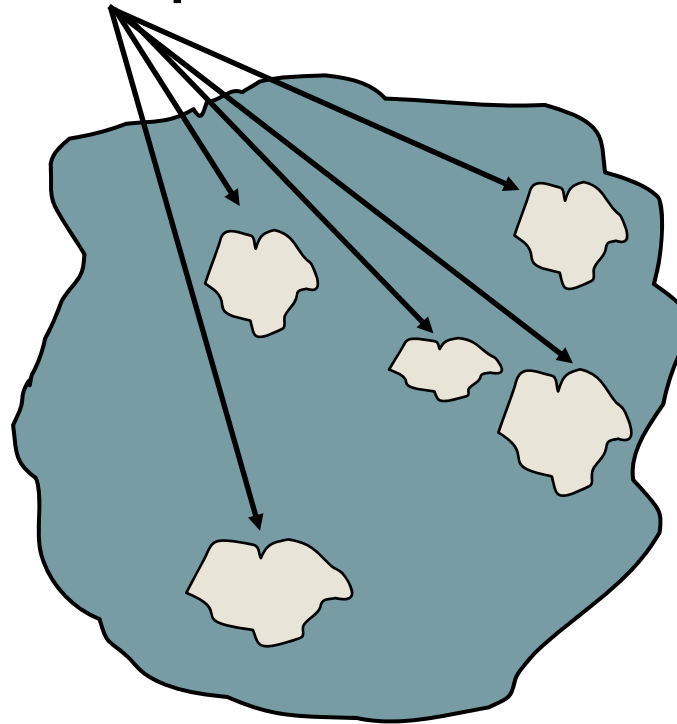
**No additional prioritization based on prospects' likelihood of responding to the offer or purchasing the product**





# Traditional Targeting - Issues

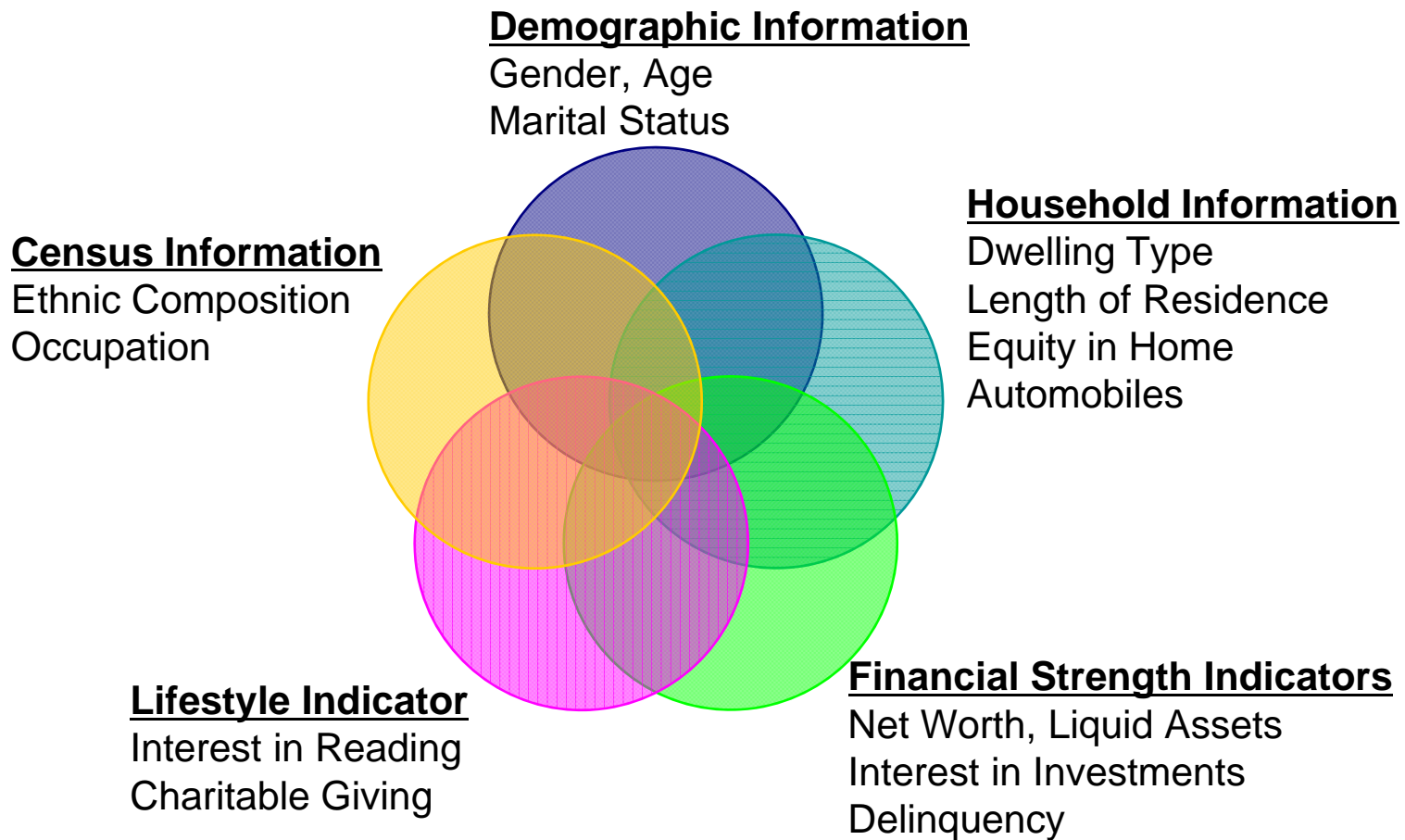
- ❖ **Over-marketed prospects**
  - **Saturation** - often targeted by multiple lenders
  - **Possibly becoming less responsive** after each mailing
- ❖ **Resulting in poor response rates and ROI**



**Available Universe**  
using standard age &  
home ownership  
criteria = ~19 MM



# Statistical Response Model



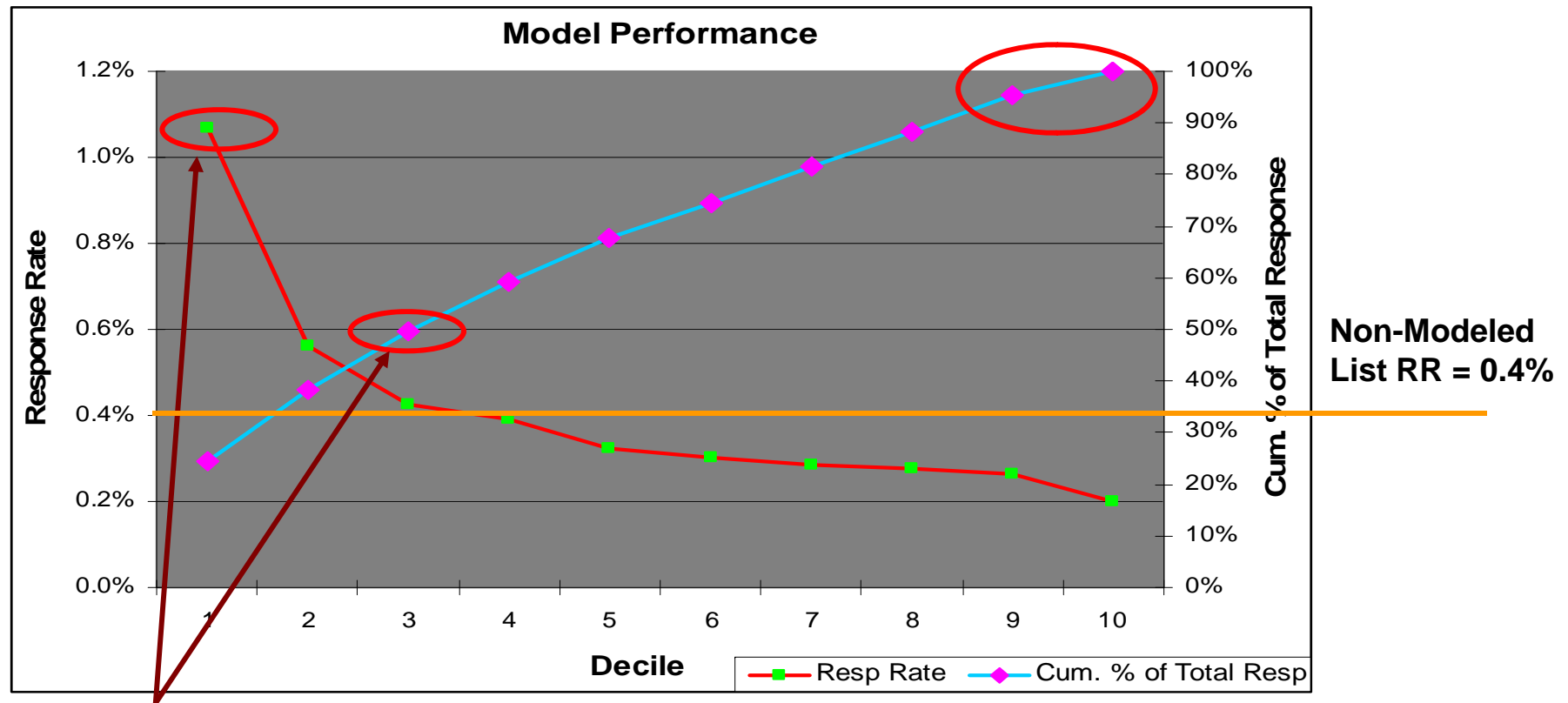


# Advantages of Using a Model

- ❖ Focuses on various factors that affect response rate beyond the obvious
- ❖ Accounts for possible interactions among different factors and assigns importance based upon their impact on response rate
- ❖ Prioritizes the prospect population based upon objective (e.g. increased number of leads, improved conversion, etc.)
- ❖ Helps in targeting the most profitable prospects based upon
  - Available marketing budget
  - Targeted cost per lead/sale



# Sample Response Model Performance



- The top decile response rate of 1.07% is more than twice the overall response rate (0.40%) and over 5 times the bottom decile response rate of 0.20%.
- Nearly 60% of the responders are captured in the top 4 deciles and only 5% of the responders are lost when the bottom 20% of the prospects are eliminated from mailing.



# Sample Return On Investment

Quantity mailed can be determined based on lead goals, expense constraints, and return on investment hurdles.

Decile	Resp Rate	Mktg Cost	Cost per Lead	Cum. Cost per Lead
1	1.07%	\$29,502	\$37	\$37
2	0.56%	\$32,142	\$71	\$50
3	0.43%	\$34,184	\$94	\$60
4	0.39%	\$31,185	\$102	\$67
5	0.32%	\$30,225	\$124	\$74
6	0.30%	\$29,727	\$133	\$79
7	0.28%	\$32,400	\$141	\$85
8	0.28%	\$30,280	\$144	\$89
9	0.26%	\$35,885	\$153	\$94
10	0.20%	\$29,479	\$202	\$99
<b>All</b>	<b>0.40%</b>	<b>\$319,208</b>	<b>\$99</b>	<b>\$99</b>

- Average cost per lead of \$37 for records in the top decile is less than half of the overall average cost per lead.
- The model enables marketers to more precisely forecast and control their cost.

- If the goal is to generate as many leads as possible at less than \$75 cost per lead then we can mail to the prospects in the top 5 decile.



# Sample Response Model Attributes

## ❖ Key drivers included in the model

- ❖ Equity amount
- ❖ Home market value
- ❖ Presence of automobiles
- ❖ Age
- ❖ Length of residence
- ❖ Age of mortgage loan
- ❖ Interest in investments
- ❖ Contributes to charities
- ❖ Interest in travel



## Factors Differentiating Responders

### ❖ When compared to non-responders; responders are more likely:

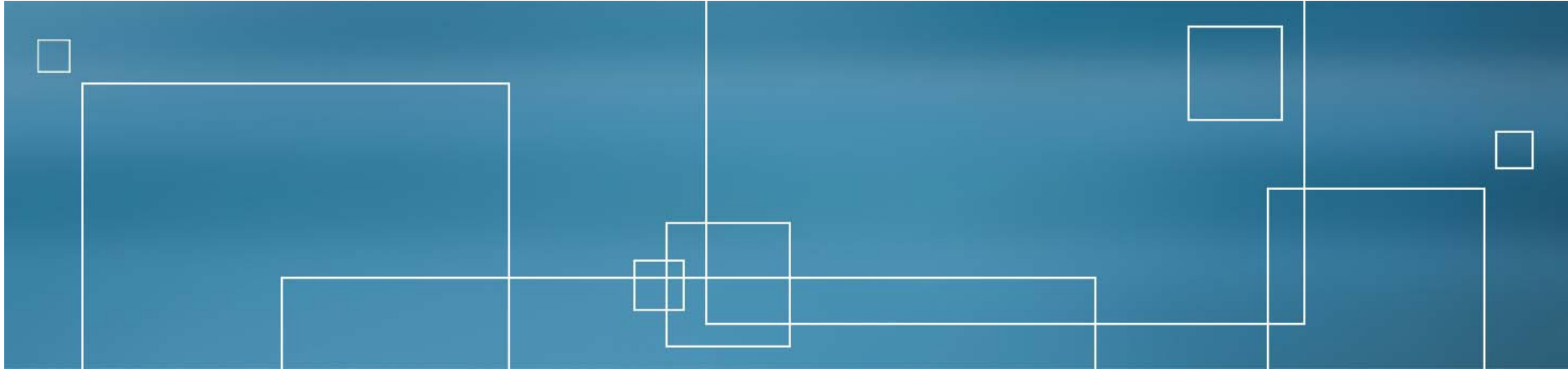
- ❖ To be aged 75 years or under
- ❖ To be single
- ❖ To have income under \$50,000
- ❖ To have a net worth under \$100,000
- ❖ To have lived in their homes a long time
- ❖ To have credit cards
- ❖ To be a mail order buyer

# Direct Marketing Summary – Reverse Mortgage Products



- ❖ Multi sourced prospects have nearly 40% higher response rates than single sourced prospects
- ❖ Low start up costs
- ❖ Higher conversion rates when compared to other lead sources
- ❖ Lag time for lead capture is considerably longer than traditional mortgages or other financial products
- ❖ Statistical models greatly reduce lead costs

**Direct marketing can be developed as a cost effective channel for leads through the use of predictive analytics**



Thank you for attending!



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