



Harvesting Business from Broker Data

**“Keys to leveraging big data
in brokerage operations”**

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Harvesting Business from Broker Data

Real estate brokerages are way behind in the curve of excellence in lead management. This report is not about best practices of routing leads to agents, it is focused on measuring lead quality, and appending lead information with business intelligence that will convert more leads to drive more revenue.

WAV Group's brokerage business is focused on enterprise brokers, 500 agents or more – and usually a brokerage that also has some type of relationship with a mortgage or an insurance company. We use the term “home services” or “ancillary services” to refer to a brokerage that provides a full suite of residential, mortgage, and insurance services to the consumer through its enterprise business units. These companies also frequently have a complement of settlement services and home warranty services that may also be offered. Only brokerages that have significant size and offer a suite of home services will have enough data to profit from the harvesting practices outlined in this report.

This report illustrates the best data analytic and business intelligences practices by the nation's largest banks and mortgage companies. Using these examples, we explain how large real estate brokerages with home services offerings can become more competitive and more profitable from adopting these best practices.

What data does a brokerage have?

Real estate brokerages offering home services have the seeds of great data assets that can be planted and harvested for a lifetime of repeat business. These assets are divided into three core categories - past clients, current clients, and potential clients. Let's examine each.

1. Past Clients

Brokerages have past customers - tens of thousands, or even hundreds of thousands of consumers that have already done a transaction with the company.

Brokers already have trust relationships with their past customers giving the company a clear competitive advantage. Most brokerages have done a decent job of moving customer records from paper over to digital records. In most cases, brokerages have records dating back around 10



years. Although it would be great to have history before the past 10 years, 10 years is enough.

Data Weaknesses

Many WAV Group clients often use either Profit Power or Lone Wolf DPN for back office accounting and management of client records. In inspecting the data quality of these databases, we have learned that they are not being nurtured, causing two problems that undermine the value of client data: **Data Completeness and Data Freshness**

Data Completeness

Most brokerage client record databases are missing important information, like email address and telephone number. We understand that there is a challenge with requiring the agent to provide this information to the brokerage. However, it is essential to solve this problem to minimize communication costs to customers.

Many brokerages have also neglected to collect the original loan information along with an indication of what other services were purchased during the transaction, like insurance, or home warranty. These are a few of the many data points that brokers should focus on improving.

Data Freshness. Stale customer records undermine the value of the data. If the buyers have divorced, a spouse has died, or a seller has moved to a new address, and you have not recognized that in your database, you are missing some key ingredients. Moreover, it is valuable to know if the client has refinanced, taken out a second mortgage, or switched insurance companies. Some agents may be keeping track of this data in their own databases, but the information is not being shared with the brokerage.

Current State: Most brokerage client records are snap shots of the transaction when it occurred. Unless a recent transaction has occurred, updating the property value, checking what kind of equity the owner has, or even if there are recent comp sales, is time consuming and labor intensive.

The Conclusion: Few brokerages are, or have, the capability of keeping their data fresh.

2. Current Clients

For the purposes of this report, we are defining current clients as consumers who are currently actively engaged with the brokerage for services. These services include the traditional services of listing a property for sale and representing a buyer in a transaction. They also include mortgage



sales, insurance sales, and other home services offerings. It is not uncommon to represent a consumer with one service and not all services. Most enterprise brokerages have poor systems for running reports or viewing their active client records.

Disparate Client Servicing Tools

Providing any services to the consumer typically will require a set of tools specific to the task. Real Estate agents have tools like agent websites, CRM solutions, the MLS, and many more. Likewise, there are specific tools that are applicable to mortgage, insurance and other home services.

These systems do not talk to each other today, undermining the quality of current customer records.

It is important that brokers embark on a process to integrate all of their data into one database.

During the course of a transaction, brokerages do not have a clear-cut internal referral path allowing the mortgage division to understand that the real estate division has a client looking for financing, for example. Without constant cross-communication between all divisions, brokerages are leaving business on the table that is already in-house somewhere within the company.

3. Potential Clients



A few years ago, WAV Group published research that examined how brokerages responded to consumer leads generated from their website and telephone. The paper, titled [The Broker Website Effectiveness Study](#) aimed to quantify lead response rates. At that time, the consumer was spending a lot of time on broker websites, engaging with companies by saving listings

to their favorites, saving their search, asking questions, and scheduling showings. It was also at the time when consumers began shifting away from broker websites to new websites like Zillow, Trulia, and other online listing publishers. Our findings were stunning.

More than 50% of leads generated by broker websites were never responded to.

Since then, we have continued to test the findings in small samples to see if the trends have changed. They have not.

Today, more than 50% of broker leads still continue to go unanswered.

Lead Quality

Most agents are laser focused on the business that is closing now, or about to close. When leads get routed over the fence to an agent, they have little to go on, and little understanding about the quality of that lead. Until recently, there's been no way to know for certain what kind of financial situation the lead is in, and whether one lead is "better" than the next.

For example, there is no way to know if a client has negative debt to equity in their current mortgage. How do you know if they are they qualified for a mortgage? Can they qualify for a mortgage?

For most of today's agents, an online lead is a shot in the dark, like a cold call. Unless the client is ready for a listing presentation, or ready to look at houses, the agent does not want to waste their time. Without know the true quality of the

lead most agents ignore online leads because they know that usually about 95% to 98% are not going to be valuable to them.

Lead Incubation

Agents simply do not have the time, or the systems in place to incubate a lead, hold a customers hand, or build a relationship with a lead over a 30-60-90-120 day period. Good agents will cordially address the customer, and will put them into some form of drip campaign. They will keep an eye on the consumer's behavior. They may put set the client up in the MLS for automatic listing notifications. Many simply let leads die a quick death because they do nothing to nurture them.

Lead Sharing

WAV Group has not been able to find a good example of a brokerage that takes online leads and shares them with home services companies. Any lead generated by the company for residential services is also a lead for mortgage, insurance, or other home service offering. Since profitability is usually higher in home services than residential real estate, brokerages are leaving profitability on the table by not connecting the dots between all types of leads.

What data do Mortgage Companies Use?

Banks and mortgage companies have a ton of data, and they have many of the same issues with data management that plague real estate brokerages. These massive companies are highly regulated and highly disjointed. For example, you might assume that a bank would share the deposit history of a customer applying for its in-house mortgage or credit departments. You may be surprised that it happens less than you imagine.

Banks, mortgage companies, and insurance companies focus on fueling sales from marketing and lead generation. Some mortgage banks generate 500,000 to 700,000 leads every month for their mortgage sales associates. Clearly this volume of lead generation needs sophisticated support. Here is an example of the landscape of their technology footprint:

Customer Databases	Qualification Data	Direct Mail
Demographic Data	Budget Tracking	management
Psychographic data	Loyalty Database	External Ad
Lifestyle Stage	Loyalty Providers	Resources
Life Cycle	Transactional systems	eMail Marketing
Third party Data	Campaign database	Lead Generation Data
Social Media Data	Response Rates	Conversion rates
CRM Systems	Event triggers	Financial Tracking
Market Data	Media Buying Outlets	Contract Management

These mortgage companies operate like factories and machines. The volumes, and the requirement to constantly drive lead generation costs down, and enhance conversions, drive this complexity. At the heart of all of it is the lead scrubbing services they purchase. There are huge data companies like CoreLogic, LPS, and others that generate billions of dollars in revenue each year by supporting the data needs of these organizations.

Lead Scrubbing Case Study

WAV Group was invited to review a lead scrubbing service that is used by many leading banks, and we deployed the service in a large brokerage to understand how the strategy can be applied. The study has three prongs. The first phase is to clean up the brokerage customer list, and append the data to fill in missing data fields. The second phase is to mine the customer list for mortgage and insurance opportunities. The third phase is to scrub inbound leads and provide a detailed profile of a lead to sales professionals.

Phase I – Bringing Your Database to Today (Match and Append)

The brokerage provided 20,000 customer records from [Profit Power](#). We used iLeads.com's (www.ileads.com) LeadXL platform to match and append the customer record database in ProfitPower to bring all of the customer records current.

Key data points added were:

Current Owner	Loan Term	Loan Date
Owner Occupied	Interest Rate	Loan Term
First Position	Loan Value	Loan Value
Mortgage Bank	Second Position	Interest Rate
Loan Date	Mortgage Bank	

Using this simple information, the company was able to easily identify business opportunity triggers for customer refinance options. Using the loan dates, which normally correspond with homeowner insurance dates (ex-dates), we were able to trigger marketing programs for the broker to market insurance products.

Phase II – What Do You Do With It (Data Mining)

When you are dealing with large databases, simply having good data is important but having the capacity to prospect or mine the data requires either an in house data expert, or a data mining service. In the case of large banks and mortgage institutions, this takes teams of data experts. In the absence of data experts, there are services offered by companies like iLeads.com that will mine the data

for you. In many cases, these data-mining experts have relationships with the large data stores that enable them to access public records to match and append your customer records.

Customer Segmentation

In addition to the Match and Append data that can be loaded into your customer management data base, companies like iLeads.com provide services that allow the brokerage to see reports and details of information that have the greatest opportunity for success.

The report begins by segmenting out the data into critical categories:

- Customers Submitted to review property ownership history
- No Address
- No Data Match
- No Last Loan Date
- New Loans
- No New Loan.

Loan Market Share

The next segment of the report looks at closing percentage by Lender in your local marketplace. In our sample test, Wells Fargo had 17% market penetration followed by Bank of America at 7%, First Republic, RPM, JP Morgan Chase, Washington Mutual, Union Bank, Citibank, Quicken, and so on. This report will help you measure your loan market share percentage much like Terradatum's MarketMetrics reports allows a broker to measure market share of residential sales. iLeads.com provides that market share information.

Time to Close

An interesting facet of the iLeads.com report is the date to close report. What you learn is that the bulk of loans close between 30 and 90 days, as well 120 to 180 days after the lead is generated. This explains that lead conversion happens when sales associates nurture leads for three months.

However many lenders do not continue their efforts past even 30 days, which leaves typically 50% of the available loans to the competition!

Loan ex-Date

As for insurance remarketing, iLeads.com can also provide the loan ex-date that can be used by the broker's insurance provider to market insurance services. There is a tremendous amount of data that is surfaced from an iLeads.com LeadXL report. Brokers have the ability to look at every loan transaction for every

customer in the broker's database. The report will allow you to the bank, loan type, interest rate, loan date, and loan value. One segment of the report is specific to customers who have been issued a notice of foreclosure – which is a great source of customers who need services urgently.

Loans Closed by Lead Source

The last segment of the report related to loans closed by lead source, ranked in closing percentage. When the brokerage can identify the lead source, like Zillow, Trulia, Realtor.com, or other – iLeads.com's LeadXL platform can reference that lead source to a closing. An interesting note that we observed when we looked at leads that were purchased is that some lead providers resell old or stale leads repeatedly. In the LeadXLreport these become apparent because the platform indicates the leads that have recently closed a transaction before the date the lead was purchased.

Phase III – Real-Time Lead Scrubbing

WAV Group learned two things about how sales associates respond to leads. The first is that many sales associates do not nurture a lead long enough to yield the success that happens 30 to 120 days after the lead was generated. There are CRM solutions that help with this, but it really takes strong leadership to drive this persistent lead follow up through a sales organization. Using a lead team to keep the brokerage engaged with these clients is a great strategy.

The second major lesson is related to the information that is transmitted to the sales associate when passing along a lead. Using a lead tool like RealTAG (www.realtag.com) enables a brokerage to pull relevant information about the lead in real time, and pass it along to the agent.

Here is a sample of the data:

- Prospect's identity is confirmed
- If they own the home, the names on the title are all listed
- The income of the consumer is estimated
- Current equity
- Current value
- 6 most recent comp sales
- The Property details of their current home including size, bedrooms, baths, age, property taxes, and school district are listed
- Foreclosure or notice of default status
- All mortgage liens

While some of this information is included in MLS data, most is not. What's more, the RealTAG platform was built to quickly disseminate the information in

an easy to use simple display so that agents are able to size up their prospects quickly.

Armed with this level of information about the prospect, the sales engage the client with a much higher degree of effort.

Summary

Leveraging advanced tools and techniques deployed by large banking and mortgage institutions allow brokerages to work smarter, manage leads more effectively, and cultivate more business from past, current, and prospective consumers. This strategy enables the residential brokerage to leverage residential real estate customers to drive repeat and recurring business for the brokerage's mortgage, insurance, and other home services offerings.

About WAV Group

WAV Group is a leader in providing research and consulting services to the real estate industry, and is comprised of corporate executives with a depth of expertise in both the real estate industry as well as the consumer market.

For more information or to register to receive report releases and newsletters please contact Victor Lund at 805-709-6696 or victor@wavgroup.com.

WAV Group research operates with the support of many of the nations largest real estate brokerages, franchises, Multiple Listing Services, REALTOR® Associations, and technology vendors in the US, Canada and Europe. WAV Group has expertise in the areas of strategic planning, technology evaluation, product development, market research, recruiting, sales & marketing plan development, technology selection and implementation.

Disclosure:

None of the companies mentioned in this report are WAV Group clients. Our research is a derivative of findings summarized from a number of brokerages.