



Build relationships and avoid the tarts

ALAN DRING
INDUSTRY CONSULTANT

As the sales guru for the Marketing Information Forum I have been debating the value of brokers securing business by paying for leads.

When you analyse why lead generation firms such as Leadbay have come to prominence over recent years, there is one underlying reason.

Brokers do not do enough to retain clients so a high percentage of them become broker tarts.

As we take comfort from improved figures for March, brokers I have spoken to recently are taking stock of their actual client bank and are finding that many have gone elsewhere.

Market data shows that for the five years up to 2008, some 60% of lender business was generated by

brokers. So why is the control advisers once had over clients now being switched to lenders?

Well, former clients still want the same thing – value for money, best advice and quality customer care – but the reality is they are now seeking it from the web in the first instance.

Many have forecast the end of the broker sector as we know it, but I am not that pessimistic.

Good brokers who can see a lead for what it is – an opportunity – will survive, but only by developing long-term relationships.

Recent events have led the public to put trust in people they know and they realise big is certainly no longer best.

So seek out those leads but beware the tarts – some can be expensive.



Get some lead time over the weekend

GRANT STEVENS
MANAGING DIRECTOR
LEADBAY

Everybody wants value for money, especially when times are tough, and buying leads is no exception.

So why not play the system so you can buy at the optimum time to get your hands on leads that offer value for money and the biggest return on your investment.

Most of the established lead generators now offer bidding systems for leads. When you bid for leads, it means you pay a price that is a true reflection of the market value for that opportunity.

As a result, prices fluctuate depending on how many advisers are buying at that time, how much they want to pay for a particular type of client and how many of that lead type are available.

Monday and Tuesday typically

see higher numbers of advisers wanting access to new clients to set their workload for the week.

This means that prices are higher at the beginning of the week and during working hours, with another peak at lunchtimes.

By Friday and the weekend or any evening after 7pm, for that matter, what you find is that a lot of advisers stop buying. But consumers haven't stopped looking.

As many people look for advice outside key working hours, lead prices are lower at these times, allowing you to be instantly in touch with prospective new clients at a fraction of the price you would pay on a Monday morning.

So make every Friday a good Friday by working the system when other advisers are putting their feet up.



Guard against buy-to-let novices

JAMES WATSON
SALES DIRECTOR
PAYMENTSHIELD

Brokers looking for light at the end of the tunnel would have been encouraged to see that some experts are now calling the end of the property downturn.

Their upbeat assessment of the market has been based on Bank of England figures showing a sharp rise in the number of new mortgage approvals – up by 19% to 37,937 in February.

But any delight in this revelation will have been tempered by news that the Association of Mortgage Intermediaries expects to lose 15,000 members by the end of this year.

Chris Cummings, director-general of AMI, recently told *Mortgage Strategy* that he expects there to be only 15 to 20 brokers of scale to be left standing after the shake-out.

We can only hope mortgage approvals continue to rise and that these translate into sales.

There is an assumption that the rise is due to landlords taking advantage of the depressed housing market to boost their property portfolios and there is nothing wrong with that.

But what must be guarded against is lending to novice speculators. The danger of doing that can be seen in the present predicament of taxpayer-owned mortgage bank Battered & Bruised, sorry Bradford & Bingley.

It has just revealed that the number of mortgage customers in arrears soared last year. One in every 22 customers is now more than three months in arrears, with worse predicted to come – and B&B was a major player in the buy-to-let market.



A summit of few achievements

JOHN MURRAY
EDITOR
LENDING STRATEGY

The agreement that followed the G20 summit on April 2 is already being feted as historic but on reflection it's hard to see what the \$1.1trillion boost to the world economy will achieve.

After all we've been waiting for Prime Minister Gordon Brown to put our banking system to rights ever since the fall of Northern Rock nearly two years ago. And with the problems at the Royal Bank of Scotland and HBOS the situation has got worse rather than better.

True, the problems facing the UK finance industry shouldn't be underestimated but they are puny in the context of the global economy, so what hope is there of the G20 measures working, even with US President Barack Obama on Brown's side?

Of course all that extra cash

should prevent the world economy sliding into an even deeper recession but it won't do much to help the economic crisis at home.

In that context, chancellor Alistair Darling's Budget on April 22 is possibly more important, though given our present state of indebtedness he won't have any room for manoeuvre.

Intriguingly, the communiqué from the G20 summit was almost as complicated as those mortgage market derivatives that fooled so many company boards and regulators and led to that mountain of toxic assets.

And the G20 leaders had the nerve to claim their measures to support banks were enhancing transparency and shrinking that toxic mountain when the opposite is true. But transparency is not a hallmark of governments.