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How to thrive in a competitive market place

By Scott Arpan

Many note brokers and finders are intimidated by mailing note holders. However, unless you have a developer or rehabber feeding you a constant stream of transactions, you need to inform a large number of note holders, realtors and attorneys about your services. Direct mail connects with the largest number of note holders for the least expense. While making a website might be initially cheaper, you will not receive many inquires unless you spend thousands more dollars to compete with all of the web based brokers. Many marketing studies show mail will attract more prospects the web based advertising.

Note holders are not hit by as many brokers as they imagine.

I currently hold three notes I carried as part of my rehab activities. In the first two months of carrying each note, I was flooded with post cards and letters from brokers wanting to buy my note. However, after the initial two months, I received an average of one letter or postcard a month. Like 95% of note holders, I might glance at the mailing to see if it was interesting but tossed it quickly since I did not need their offers. Many of the mailings were from the same three long time brokers who know they need to mail their top prospects more then one time.

The fact is websites face much more competition then direct mailers. Note holders with a name and phone number in front of them will pick up the phone. If they use a search engine to find a broker, what are the odds they will ever find you? Unless you spend thousands more then you would otherwise on mailing, you will not make it high enough in search engine ranking to get the same calls a mailing produces.

However, if I had to sell my note right now, I would call the last broker or two who mailed me. Would you rather be competing with none or perhaps one or two competitors or against ten competitors? Which one provides much better odds?

Many note holders will only call the next broker they hear from and the one after that if the first broker blows their opportunity. Usually, the most brokers a note holder will call after the first two month frenzy is three brokers. A few note holders will keep every card and call everyone but this is the exception, not the rule, and those sellers are the most difficult to work with anyway.

“30 brokers mailed me in a month?”

From time to time we will hear about a note holder who was contacted by 30 or 40 note brokers in a month. That can happen the first month they hold a note and to a very small number of note holders unlucky enough to be included on lists provided by broker schools for their students to practice on. Several of the “schools” give their students 500 or so free names to mail and they seem to give every student the same names and postcards.

Two steps to thriving in a competitive market

#1 The first step is obvious, mail after the hoards have finished in the third or fourth month of a notes existence. Almost all of your audience remain and you now have the upper hand. See point #3 below. All the first brokers are putting the idea in your note seller’s head about selling the note but most note holders don’t want to sell their note in the first three months. All the payments have arrived on time, they are still friendly with their new payors and they have not had to file tax reports or other filing requirements. You need to give note holders enough months to tire of the duties of holding a note.

#2 The second step is following the points made below and be ready to compete against a few brokers. There really is no such thing as an exclusive note to market. Mailing lists reach 95% of all note holders. The 5% that remain are extremely expensive to locate and you can’t make a living chasing such a small number of notes.

The note industry is no different than other industries in the United States. Competition makes American companies and our economy stronger and healthier. Fortunately, you only need to broker a small fraction of all of the notes created to thrive in a competitive environment.

The following points will help you compete to earn your share of the market.

1. Keep your name in front of your best prospects

Even the most well presented offers are forgotten within four months. Generic offers are forgotten in less than a week. You can still be on the forefront of the prospect’s mind when they sell their note by placing your message in front of them every three or four months.

Ingrain your name in the note holder’s memory. Most marketing experts agree you are forgotten until your message is seen at least four times and they are reminded of your message every two or three months. * *Big tip*

The note brokering community atrociously violates this tested principle of marketing. Based on the notes I hold and receive mail from, only two companies adhere to this rule. Most brokers sent one or two mailers then stop. It is no coincidence the two companies who continue mailing me every three months are two of the largest in the country. Try to be as familiar in the note holder’s mind as their favorite store. See point #2 for explanation on why you want to be “that store”.

2. Be the easiest to contact *This is obvious but missed by many brokers*

As a rule, anyone shopping for a service will not call more than three providers. Unless they are familiar with a specific company or person, they will call on the three companies whose phone number or website is easiest to find. If your toll free number or reply envelopes are difficult to locate, they will move on to someone else. **Toll free numbers must stand out with large bold print** hopefully in a different color than your script. On a post card, your number should stick out subtly at the top, and very obvious at bottom of the card. Working it into the opposite side will also increase responses. If you are sending a letter, your number should be at the top, bottom and in an area about two-thirds of the page down and one-third over from the left edge.

If you want virtually no competition on about 25% of the note holders, send a letter with a reply coupon and postage paid Business Reply Envelope (BRE). A quarter of the population prefers to inquire by mail rather than talk with a stranger over the phone according to the Direct Marketing Association. Brokers sending post cards will never hear from these prospects.

Directing prospects to your web site will enhance your communication with this 25% as well. The downside is, they must take additional time and effort to find your website assuming they have access to the internet. Also, once your prospect goes on-line, they may discover someone else's website they like better.

3. Let your Competition set the table boosting the desire to sell a note.

You are better off receiving a smaller slice of a larger pie. When note holders, Realtors, builders and other prospects are marketed by your competitors, they are more likely to feel selling a note is a viable option and will become more willing to explore their options.

We found when we were marketing to our database of note holders, all else being equal, our highest response rate came from counties where four or five other brokers were also mailing. Counties where we were fairly certain less than three brokers were mailing usually had the same or lower response rates than counties easily available to all brokers.



The same principle applies to most retailers. Why do car dealerships, grocery stores and other stores often cluster in the same area? Part of the reason is their presence together creates a greater sense of value for potential customers. Since the customers feel they can shop for the best deal, many more customers are created. Each store ends up with increased sales because the "pie" is so much bigger.

Second, more advertising creates more demand. When Circuit City entered my local market and flooded us with commercials and advertisements, they created enough consumer awareness and hype, sales at competing electronic retailers increased by 10%. Dick's Sporting Goods did the same thing for their competitors. The note industry like most retail stores benefit by the additional demand created by their competitors marketing.

4. Follow up on all hot prospects

Follow up on all prospects who request a quote from you. When they are contemplating your offer, ask them what you can do to get them to yes. If they need more time ask permission to call on them in as short of time as you feel comfortable. If they say no to your offer send a special letter two weeks later or call them with a new twist on your offer that more closely meets their needs. When you are outbid, follow up with a call two or three weeks later and check if your competition stumbled and you can close the deal for them.

5. Standout Creatively

Red helps you remember.

When we were a mortgage broker, we received two or three solicitations daily from mortgage lenders with their wholesale rate sheets. All were generic and forgettable except one. This lender sent us a special package with a box of Red Hots candy with the message “Red Hot rates for you!” I still remember it after five or six years have passed.

You need to be careful and test your this type of creative offer. Gimmicks often fail when marketing financial products. The point is that sending bulky or odd shaped marketing material will get you noticed and remembered if done correctly.

6. When possible, stress the unique benefits you will give the note holder

Tell the note holders/creators what special benefit you can legitimately provide. Brokers often tell note holders they offer the highest price, close the quickest and will “convert their note to: cash, a nice vacation, buying a RV, funding an education...” Many also throw in they will allow the seller to “avoid late payments or other problems with holding a note”

If nothing else, tell the seller you work harder, are more friendly and use whatever you can to stand out

Since we are constantly bombarded with advertisements, many consumers today often equate “best price” with low value, poor service, or a possibly deceptive offer and view “fast service” as impersonal service with a poor price. Offering best price and fast service is viewed with skepticism. How many companies do you know that provide consumers with the best price and services in their market?

Most consumers want the best value which will be a combination of satisfying emotional or required physical needs. Most brokers fail to make an emotional connection with the note holder.

Some consumers will shop only for the best price or quickest closing but these are poor customers to pursue. When consumers are only concerned with obtaining the best price, they tend to shop every competitor and then go with the vendor who cuts their profit margin so low, they can not survive in the long run.

Having cash, taking a vacation, avoiding problems or other attributes of selling a note are good to mention but first inform the prospect what true benefits they receive from these items? Convey to the note holder the bottom line emotional benefits you will deliver and how you may be uniquely able to provide them.

7. Focus on the 20% prospects that will bring in 80% of your business

Review your closed files and evaluate the identifiable traits your customers have in common. Chances are you can identify many personality and demographic traits your marketing and sales personality connect with most strongly.

An old sales axiom is your marketing message and the sales person's personality will strongly resonate with 20% of your prospects. They will stick with you when your less compatible competitors make a superior offer. Take advantage of your strengths and focus on those who will respond the strongest to your marketing and sales presentations.

A caveat, this 20% will approach 0% if any of your staff appears inexperienced with brokering or buying notes. If you are a small company, an experienced note processor can assist you in this regard.

Up to another 60% of your prospects may be persuaded to use your company if you have a talented copywriter to grab their attention and/or sales people who can understand the prospect's motivations and identify when to act on the prospect's buying signals.

8. Do not try to take market share you can not obtain

You should also accept 10% of your prospects will not like you no matter how hard you try. Either your marketing piece or your sales/first contact person hit a raw nerve with the prospect. If you can identify these low to no probability prospects, eliminate them from your prospect list and spend your marketing dollars pursuing the other 90%.