BRANDLE®

State of Social Media in the Mortgage Industry

A Social Media Footprint Study of the Top 25 Mortgage Companies.

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Enterprise Web Presence Management

BRANDLE

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Social Footprint Study of the Top 25 Mortgage Companies by Brandle, Inc.

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Introduction

What does a mortgage company's investment in social media say about its business? Do top companies use social media differently from their less-successful peers? What does the "average" company look like? If you're curious about these questions, read on.

In January, 2012, Jeremiah Owyang and the Altimeter Group reported that "enterprise class corporations (those with over 1,000 employees) have an average of 178 social media accounts."[1] However, at Brandle® we have observed that many enterprises have significantly more social "points of presence" (POPs)[2].

We launched Brandle in 2012 because we believed social media was going to significantly change the way business is conducted. We also believed that there was no infrastructure to support this massive growth of digital presence on the web. The Brandle Presence Manager is our solution to help companies with social media asset management, brand protection, and compliance, in one integrated system.

Every industry has adopted social media at different levels and each industry analysis shows a particular pattern of performance with social media. Regulated industries, such as the Mortgage Industry, have entered social media more judiciously due to the additional burden of keeping their employees' and agents' POPs compliant as well as their branded POPs. Today, we see every industry, regulated or not, jumping heavily into social media. We were interested in the current state of social media for the Mortgage Industry, so we embarked on The State of Social Media in the Mortgage Industry.

In this study, we look at the social media presence of the Top 25 mortgage companies as measured by the Scotsman Guide based on retail origination volume.[3] The mortgage industry is particularly interesting because not only does the enterprise (or brand) itself have social presence, but the local offices and mortgage loan originators (MLOs) often have their own points of presence as well. This made the industry worth studying to see how social media presence varies based on revenue performance.

About Brandle®

The Brandle® Presence Manager gives any company with a digital footprint the power to discover, inventory, monitor, and patrol its presence on Web and social media sites. Whether a point of presence (POP) is created by an employee, agent, or other party (authorized or unauthorized) Brandle helps protect your brand and keep your company compliant.

Brandle, Inc. is dedicated to providing a comprehensive system for companies to manage and protect the properties which represent their brands, identities, and relationships across the web.

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[1] http://www.altimetergroup.com/2012/01/buyers-guide-a-strategy-for-managing-social-media-proliferation-altimeter-report.html

[2] We use the term "Point of Presence", abbreviated POP, to refer to the various forms of social media (e.g. accounts, pages, channels, boards, streams, etc.) as a general class.

[3] http://www.scotsmanguide.com/rsDefaultNone.aspx?iPTitle=7.1.1&id=1048

Synopsis

Social media has become a strong business tool for marketing and building relationships in almost every industry. However, businesses that are in regulated industries have been cautious about engaging with customers on social media sites. This is true of the Mortgage Industry. Some companies have invested heavily in social media and have created training programs for employees to ensure best practices and regulatory compliance, but most are stepping slowly into the social media space.

At Brandle, we are interested in how each industry progresses with their social media business practices and creates their governance strategy. The Mortgage Industry is primed to have significant growth in social media business practice due to new clarification of regulatory compliance and we wanted to benchmark this growth. The State of Social Media in the Mortgage Industry Study is the first analysis of the industry to date.

Our study focused on the "points of presence" (POPs) which could logically and confidently be identified as representing a business interest of the enterprise. The Brandle Presence Manager looked at Twitter Accounts; Facebook pages but not personal Facebook accounts; LinkedIn company pages but not groups or personal LinkedIn accounts; Google+ pages including personal Google+ accounts; Vimeo and YouTube channels; Flickr accounts; Instagram accounts; and Tumblr accounts.

Statistically speaking, the "average" mortgage company in the Scotsman Guide Retail Top 25 has a social presence of 134-177 POPs with an Audience size ranging from 11,000-24,000. The majority of their social media presence and audience is on Facebook with Twitter following.

Interestingly, this average is about the same as the Altimeter Study enterprise average in 2012. This does not surprise us, as we believe companies within regulated industries have conducted social media practices more conservatively, awaiting stronger guidelines from the governing regulatory bodies. The majority of U.S. governing bodies clarified their guidelines in 2013 with more coming in 2014.

The top company in our study, Guaranteed Rate, represents $14.71B in revenue, 750 MLOs, 804 POPs and over 200,251 in audience while the bottom company represents $2.42B in revenue, 37 POPs and 6,252 in total audience.

The main take-aways of our research are:

- Top-performing companies are more socially engaged.
- Facebook dominates but Twitter appears to be most efficient in terms of audience building. However, investing proportionally more in Twitter may not necessarily pay dividends.
- Buying followers (known as Fake Followers) rather than earning them "organically" was observed in a couple of companies, however it offers minimal reward at the expense of reputation risk.
- Regulatory compliance in social media needs attention! A quick review of the POPs discovered in this study shows that the most compliant of companies only has the NMLS license number disclaimer in just over two-thirds of their social media presence. The worst has it in none! The industry median-average is 17-21% compliance.
- A relatively mature presence in social media is most likely indicative of an organization which has invested more in marketing their brand, their offices and their mortgage loan officers.

It is our belief that the Mortgage Industry as a whole, will be more aggressive and complete with their social media practice in 2014. New regulatory guidelines have delivered clarity for how a mortgage company must maintain compliance on social media POPs (and watch for employee and agent compliance). Additionally, new technology, such as Brandle, is now available to help companies with discovering, monitoring, and protecting their brand on web and social media sites. This combination makes it possible for mortgage companies to create a strong social presence governance program and manage corporate risk that may arise from using social media as a business practice.

Method of study

Our study looked at the Top 25 companies by retail loan origination volume for the most recent year reported by the Scotsman Guide (2012). We ran each company through the Brandle Presence Manager to initiate a POP Discovery. A POP, or Point of Presence, is a general term we use to refer to the various types of social media (e.g. accounts, pages, channels, boards, etc.) available on the web today.

Once the automated part of the discovery was complete, a member of our team reviewed the results. We then moved those POPs, which we could determine with confidence belonged to the enterprise, into the corporate inventory. We iterated this process until the Brandle discovery algorithm produced no new POPs matching the enterprise. At this point we considered the inventory for this company to be "complete."

In the context of this study, "complete" means that during a reasonable search by an individual, he or she would not find additional POPs which could be linked to the enterprise without more information than is generally available to the public.

Once the inventory was complete for all 25 companies, we tabulated the results and generated the statistics, charts and graphs in this report.

What companies are in the study?

Here are the companies we included in our study, listed in order of their rank in the Scotsman Guide:

1. Guaranteed Rate
2. PrimeLending A PlainsCapital Company
3. Mortgage Master Inc.
4. W.J. Bradley Mortgage Capital LLC
5. Guild Mortgage Co.
6. Fairway Independent Mortgage Corp.
7. Fremont Bank
8. Pinnacle Capital Mortgage Corp.
9. Primary Residential Mortgage Inc.
10. Academy Mortgage
11. George Mason Mortgage LLC
12. Freedom Mortgage Corp.
13. Prosperity Mortgage Co.
14. Flagstar Bank
15. First Home Mortgage Corp.
16. New American Funding
17. Cobalt Mortgage Inc.
18. American Pacific Mortgage Corp.
19. SWBC Mortgage
20. New Penn Financial
21. First Place Bank
22. Supreme Lending
23. Envoy Mortgage Ltd.
24. NOVA Home Loans
25. Trident Mortgage Co. LP

What did we examine?

Our study focused on "points of presence" (POPs) which could logically and confidently be identified as representing a business interest of the enterprise. We looked at Twitter Accounts; Facebook pages but not personal Facebook accounts; LinkedIn company pages but not groups or personal LinkedIn accounts; Google+ pages including personal Google+ accounts; Vimeo and YouTube channels; Flickr accounts; Instagram accounts; and Tumblr accounts. As the data below will show, Facebook and Twitter dominate the presence of these 25 companies.

The "average" company

Defining the middle ground between the best and the worst of the pack.

In this study we examine the Top 25 companies in the retail mortgage space as a group though we also look at a couple of sub-groups – e.g. the Top 5 (#1-5) and the Bottom 5 (#21-25). Before we dive into their social media data, it would be useful to understand what a typical company in this select group might look like. Statistically speaking, the "average" mortgage company in the Scotsman Guide Retail Top 25 has:

- 350-500 MLOs
- $4.0-$4.8B in Total Revenue
- $14.6 - $21.3M in Revenue per MLO
- Presence in 25-30 states
- 12-17 MLOs per state

The numbers above represent both the median and the average expressed as a numerical range.

In terms of social presence, this "average" company also has:

- 134-177 Total POPs
- Audience size in the range of 11,000-24,000
- 81-85% of their total POPs and 53-62% of their total audience on Facebook
- Just ~8% of their total POPs but 15-22% of their total audience on Twitter
- 4-7% of the total POPs and less than 3.5% of the total audience on other platforms

Again, those numbers represent both the median and the average expressed as a numerical range.

We would like to point out that there is significant standard deviation within those Top 25 companies as can be seen in the summary chart in the appendix. For example, the top company represents $14.71B in revenue, 750 MLOs, 804 POPs and over 200,251 in audience while the bottom company represents $2.42B in revenue, 37 POPs and 6,252 in total audience.

Top-performing companies are more socially engaged

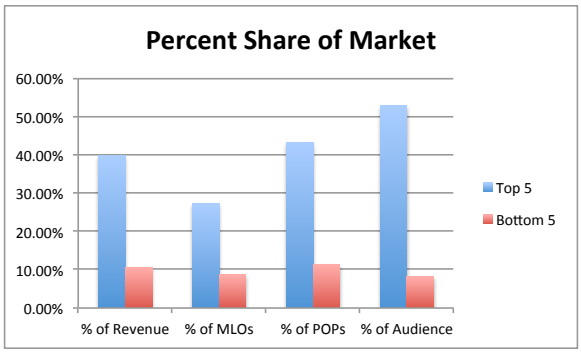
How do the first 5 companies compare to the last five?

Just relying on a comparison of the top company to the bottom company could lead one to draw conclusions based on one or more exceptional companies and not general trends. Instead, we opted to

compare two groups: the 5 companies at the top of the ranking ("Top 5") and the 5 companies at the bottom ("Bottom 5"). Based on this comparison, we see that the Top 5 have:

- 3.7x more revenue
- 3.1x more MLOs
- approximately the same amount of revenue per MLO
- 3.7x more POPs
- 6.3x more audience
- 17% more POPs per MLO
- 41% more audience per MLO

The following chart represents another way of looking at this relationship between the Top 5 and Bottom 5 companies. It shows what percentage of the total metric each segment represents.



As you can see, there is significant separation between the two segments across the board. However, of particular interest is that two data sets don't mirror one another in shape, particularly due to the diminished relative share of the total audience ("% of Audience"). To the author, this reflects an area where the Bottom 5 are under-performing (and possibly under-investing).

Revenue performance and social presence correlate

Is social presence indicative of a more mature and comprehensive marketing plan?

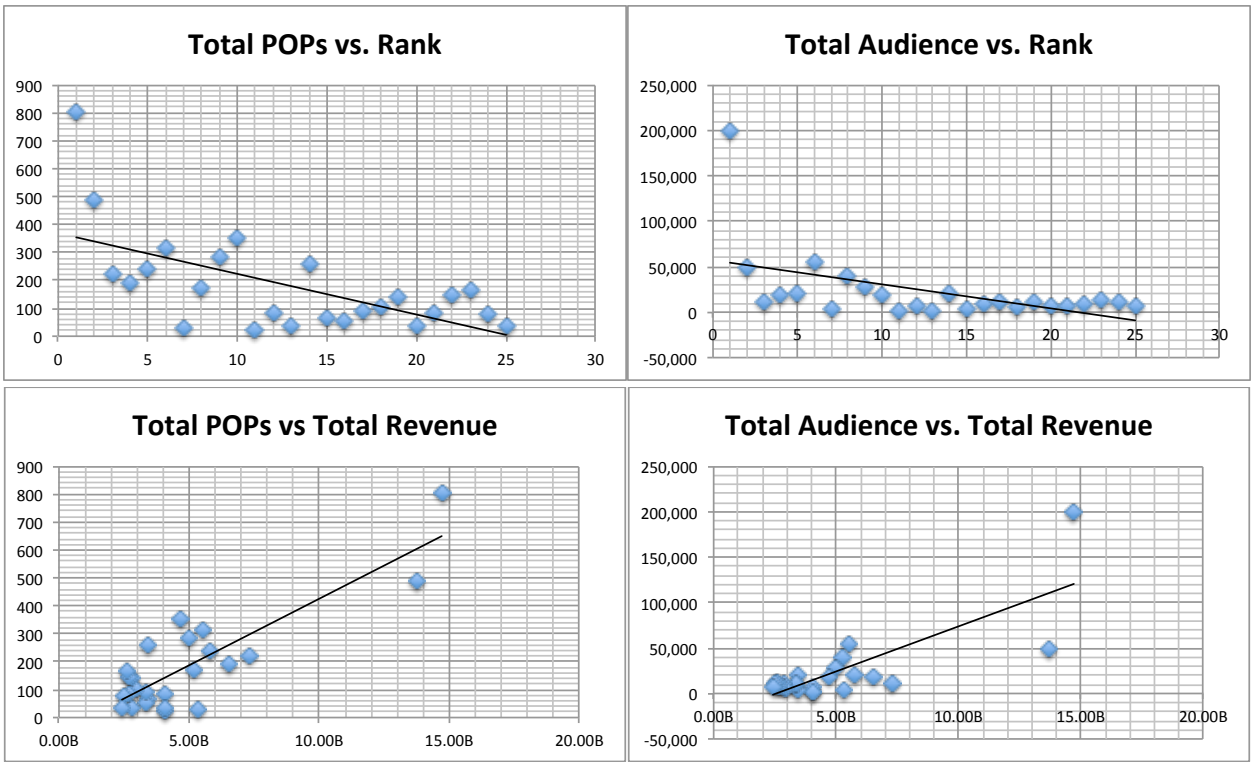
Now that we've taken a cursory look at the two extremes, let's return to examining all 25 companies in the study. The charts below introduce a "chart-matrix" format which we will repeat throughout the remainder of this report. Presenting four charts in a 2x2 matrix allows us to look at these individual relationships in a larger context.

In the chart-matrix below, we examine how presence in general correlates with performance. We do this by comparing the number of Points of Presence/POPs (left column) and their collective Audience (right column) against the Scotsman Guide Rank (upper row) and Total Revenue (bottom row) of each company.

Just as Rank can mask the magnitude of difference which is only revealed by looking at Revenue, one must often consider POPs and Audience as two sides of the same coin. We have found this chart-matrix to be a valuable tool understanding the data before us.

This chart-matrix first shows that POPs and Audience are strongly correlated with both Rank and Revenue. We will revisit correlation later in this study but it is worth noting how strongly the top two

performers in the study, Guaranteed Rate and PrimeLending, stand out from their peers in terms of Revenue, Total POPs and Audience.



We would also like to point out the clustering at the low end of the Revenue charts. While it is another way of looking at the Bottom 5 performers, one can see that the least performing companies in terms of revenue are also the least performing in terms of social media presence. In essence, they are anchoring the low end of the major statistics in the study.

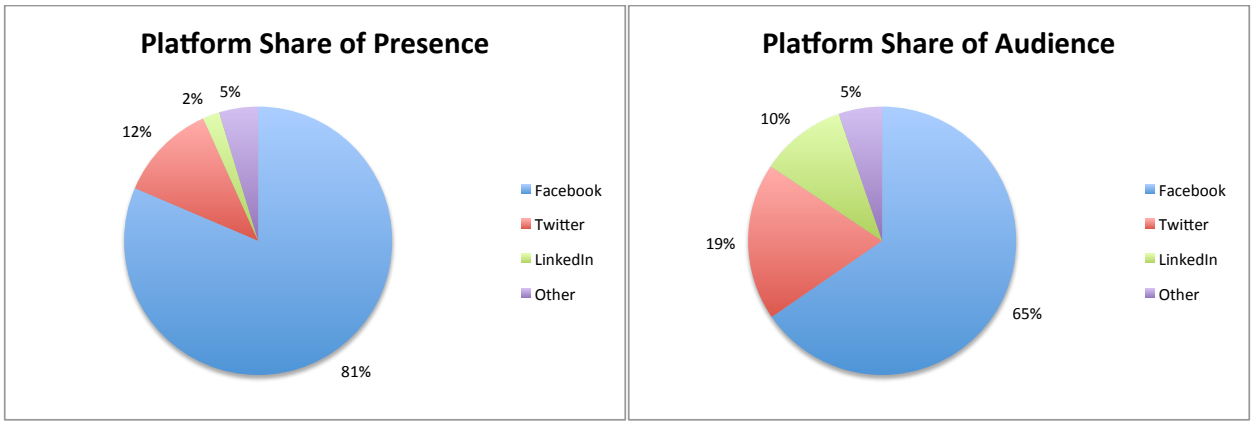
While we can't make the assertion that these companies have higher revenue because they are on social media, it is clear that the more successful companies are more successful in their social media marketing efforts. We would be remiss if we did not point out that there are some relatively successful companies, e.g Fremont Bank in 7th position, which do not appear to have much of a social presence. However, the general trend is that the more successful a company is, the more mature and successful its social media efforts appear to be.

This may imply that the more successful companies have more sophisticated marketing programs and thus more significant social media presence is indicative of that maturity. Without a study that controls for some independent variables it is impossible to say; however, it is certainly worth noting.

Looking deeper into social presence

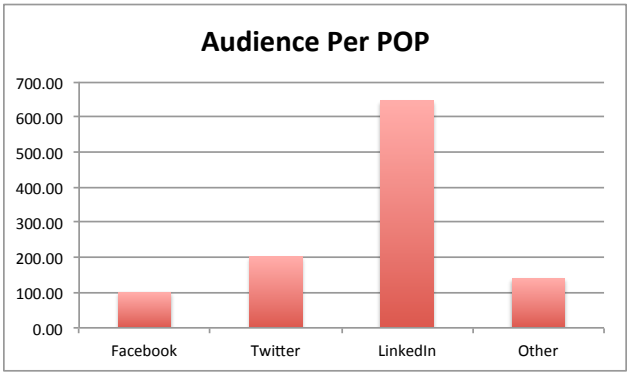
Facebook dominates but not necessarily most efficient in terms of audience.

If we drill down to look at individual social media platforms used by the Top 25, we see that Facebook dominates both the total presence (as measured by total number of POPs) and the total audience. In fact, Facebook owns 81% of the presence and 65% of the audience, while Twitter owns 12% of the presence but 19% of the audience. So, while Facebook dominates in total numbers, Twitter appears to be more efficient in building audience.[4]



Looking at the charts above, LinkedIn would appear to be the real standout with just 2% of the POPs representing 10% of the aggregate audience. However, this "efficiency" can be explained due to the fact that we only included company pages and not individual accounts, so the LinkedIn audience is concentrated in just a few "points of presence" representing the corporation itself.

If we consider the efficiency of potential reach as measured by "Audience Per POP", we see that Facebook appears to be the least efficient platform. While more companies and professionals are creating Facebook pages (3,654), those who are creating Twitter accounts (532), appear to be almost 2x more efficient at attracting followers.



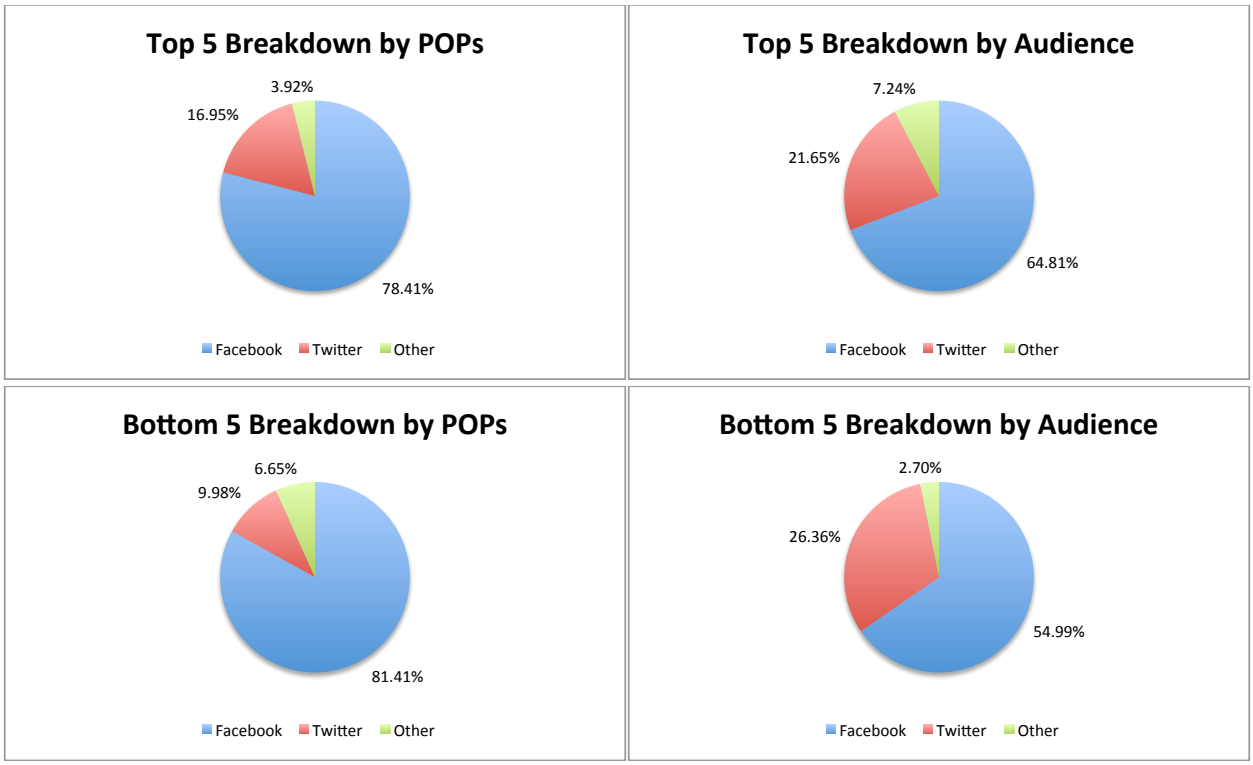
[4] It should be noted that we have not controlled for any effect "place" pages may have had on inflating Facebook's share of total presence (POPs). We hope to address this in a future version of this study.

We should note that just the ability to reach an audience does not guarantee more people will read, or more importantly, engage with a company or person's content. The next section will take a closer look at this apparent efficiency edge of Twitter.

Social media breakdown – Top 5 vs. Bottom 5

Investing proportionally more in Twitter may not necessarily pay dividends.

Returning to the 5 companies at each end of the ranking, we see that the Top 5 companies have a more balanced approach to using social media though it is still dominated by Facebook. The social media strategy of the Bottom 5 shows that while they have created relatively fewer points of presence on Twitter, they have attracted relatively more audience. The Bottom 5 have also invested more in presence on other platforms but for a relatively smaller audience.

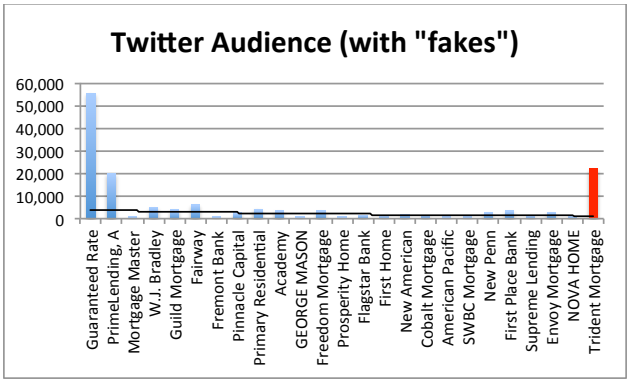


What the chart-matrix above indicates is that while Twitter may be more efficient in gaining followers, putting proportionally more effort into building that audience at the expense of building audience on Facebook may not yield the desired results. At a minimum, a company which has a relatively high concentration of its followers in Twitter may indicate less mature (or less developed) social media marketing strategy.

Sidebar: Buying vs. Earning audience

Trying to game the system doesn't pay off.

This would be a good place to point out that social media performance is not simply a numbers game. Unfortunately, a few still believe that social media is about running up the score on the number of fans, followers and likes and opt to take short cuts by purchasing followers on the grey market. During our research, this issue came to our attention when we observed a spike in the audience data for the company sitting in last place:



We asked ourselves if this was the exception to our hypothesis or if something else was going on. Looking more closely, the "average" company in the study had a Twitter-to-Facebook ratio in the range of 0.3-0.9. This particular company had a ratio that was 8.6 or roughly 14x the average!

We then double checked our data and found our numbers matched what Twitter was reporting for the one account that was driving this spike. The next step was to validate that these were real organic followers and not "fake" followers.

There are a few services on the web which one can use to analyze the makeup of the followers of a Twitter account. Using "Fake Follower Check" from Status People[5], we found that this account, which appears to be the main corporate presence, had a "Faker Score" of 85% fake.

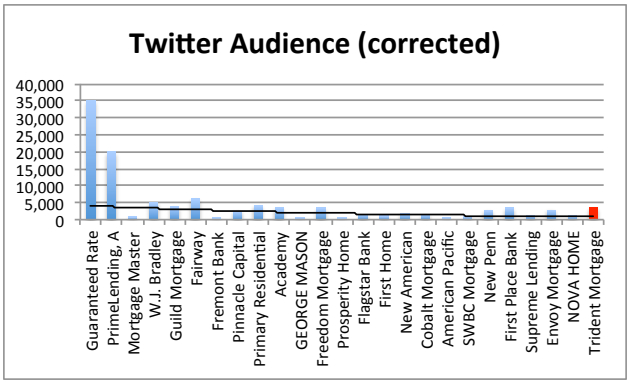
We subsequently looked at other Twitter accounts, which had higher than average audience sizes, and found three more accounts which had much higher than average Faker Scores. These happened to represent MLOs for the first place company.

The Faker Score for Twitter accounts with organic followers usually maxes out in the 2-4% range. This is because the "bot farms," which sell the fake followers, randomly follow people who are not their

5 http://fakers.statuspeople.com

customers to mask their behavior. Also, some people join Twitter, follow a few people but then disappear without every developing their account.

Focusing on those accounts which deviated from the norm, we adjusted the data to account for the non-organic followers indicated by the service we used. The revised chart below reflects this correction.

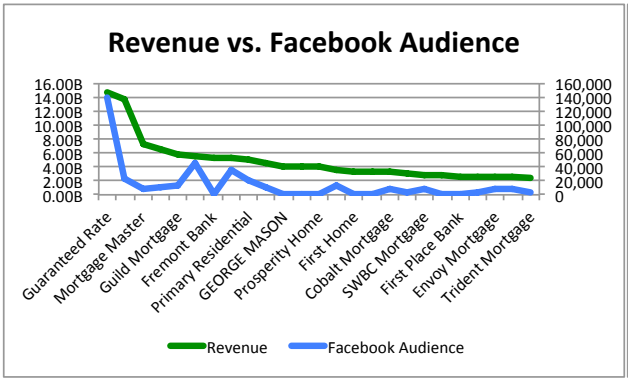


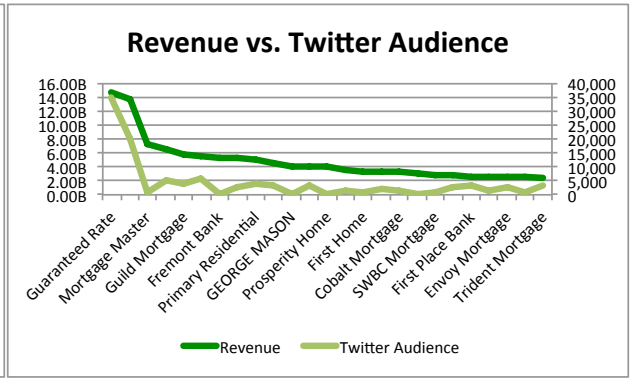
Not only did the total audience for the last place business drop to fit the trend line more accurately but the first place business also lost approximately 20,000 followers (e.g. one account fell from over 14,500 followers to just over 2,500 after the correction). There are certainly some fake accounts represented in the data but we do not believe they are statistically significant.

Facebook and Twitter versus Revenue

Surprisingly, Facebook presence is not most closely correlated to Revenue.

Earlier we said that Facebook dominates social presence but Twitter was twice as efficient at building audience per POP. The obvious next questions is this: which one is a better indicator of company revenue performance? Looking at the two diagrams below, one might assume that Facebook audience size more closely correlates with revenue performance.





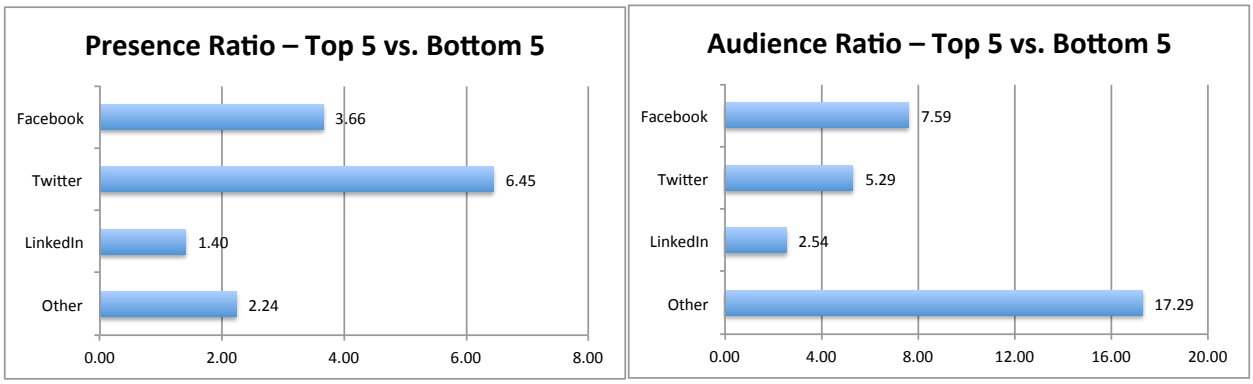
That conclusion would be wrong as Twitter (with correlation coefficient of 0.88) is closer to being purely correlated (1.0) with revenue than Facebook (at 0.73). However, both values are still quite high which once again confirms that the more successful companies are investing more time and effort into developing their social media presence and audience than the less successful.

For completeness, the following chart shows the correlation coefficients for both POPs and Audience across the major platform categories we studied.

Correlation	POPs	Audience
All Platforms	0.85	0.78
Facebook	0.82	0.73
Twitter	0.78	0.88
LinkedIn	-0.02	0.63
Other	0.61	0.62

The data suggests that Facebook and Twitter are “highly correlated” with revenue while the other platforms are “moderately correlated.”

Another way to look at this might be to revisit the Top 5 to Bottom 5 comparison. The following chart shows the ratio of POPs and audience of the Top 5 versus the Bottom 5 across the major platforms. As the chart shows, across the board the Top 5 have significantly more presence and audience then the Bottom 5.



While we cannot say that social media is responsible for a company’s success, it’s obvious that successful companies have chosen to invest more broadly and deeply in social media.

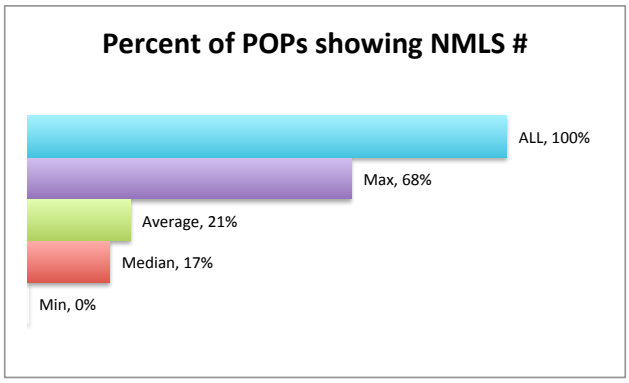
A note regarding compliance

Unlike a printed brochure, social makes it easier for regulators to check on compliance.

Regulators generally require disclosure of a NMLS number on all marketing materials (e.g. business cards, advertisements, etc.) and this now includes social media. For example, the State of Washington requires:

> *Failing to display the NMLS unique identifier for the Company and Licensed MLO’s on web based advertising is a violation of WAC 208-620-620, WAC 208-620-622, and WAC 208-620-710(25).*

However, a quick review of the POPs discovered in this study shows that the most compliant of companies only has the NMLS disclaimer in just over two-thirds of their social media presence. The worst has it in none! The industry median-average is 17-21% compliance.



We know the regulators are already giving social media more scrutiny so it is surprising that the companies are still so lax. We can only assume that with the extensive MLO networks, that each enterprise is challenged to find and monitor these “points of presence”. Simple use of a system like Brandle could significantly improve those numbers and mitigate this risk.

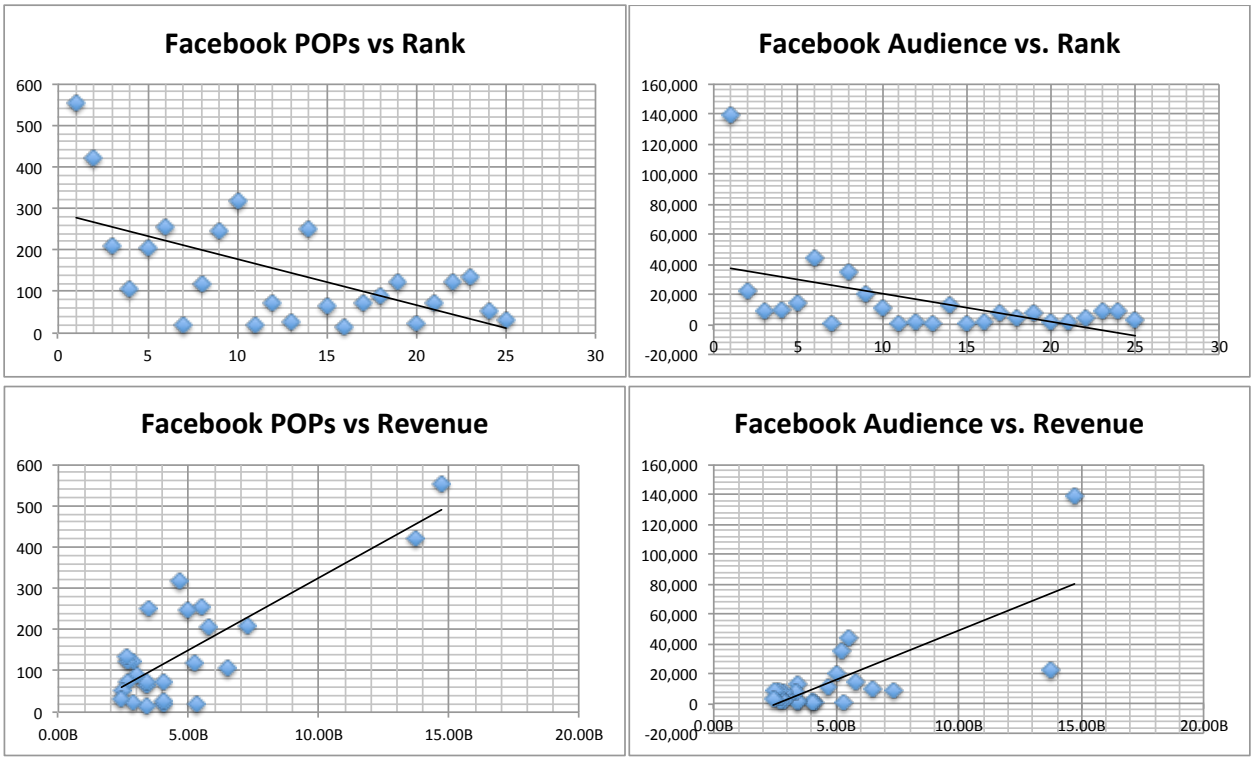
Summary

We still live in a social media universe dominated by Facebook and Twitter but LinkedIn should not be ignored. The mortgage industry appears to be a few years behind other industries in terms of developing their social presence and this may be due to concern over regulatory concerns. However, it is obvious that the most successful companies are investing broadly in social media and apparently succeeding in building organic audience.

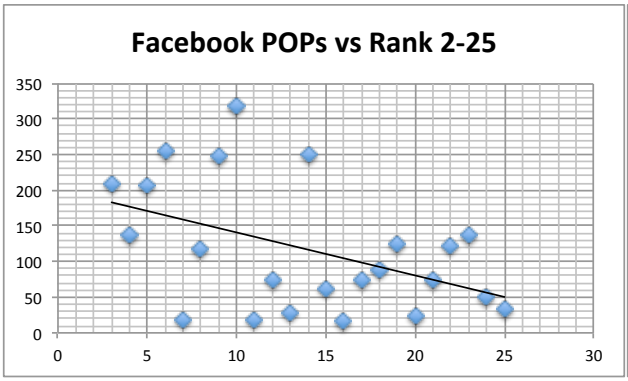
Companies that choose to focus on one platform (e.g. Twitter) while neglecting others do not appear to reap any benefit from that specialization. Similarly, attempts to game the system by purchasing followers to appear more successful does not have a noticeable effect and in the long run may damage the brand.

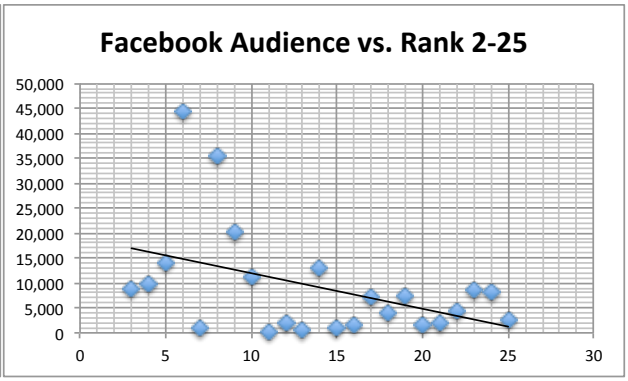
The main take away is that a relatively mature presence in social media is most likely indicative of an organization which has invested more in marketing their brand, their offices and their mortgage loan officers.

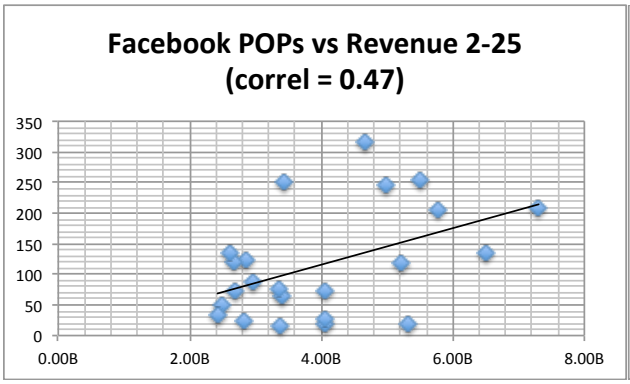
Appendix: Facebook Charts

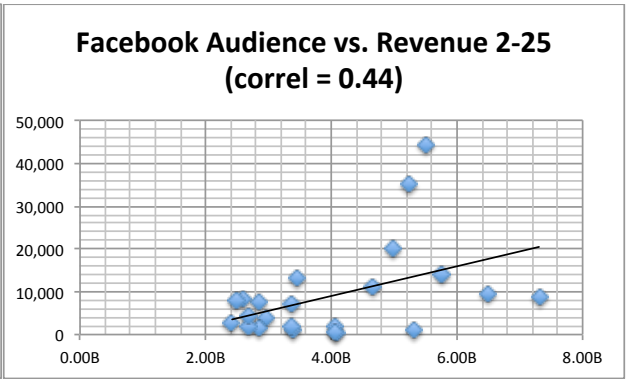


We also looked at these charts by removing the top 2 companies to see how much they might skew the results. When we remove those two most successful companies, the correlation dropped to the low-to-moderate boundary. A visual inspection shows a considerable difference between the top half and bottom half of this population but there is a much higher standard deviation in the top half.







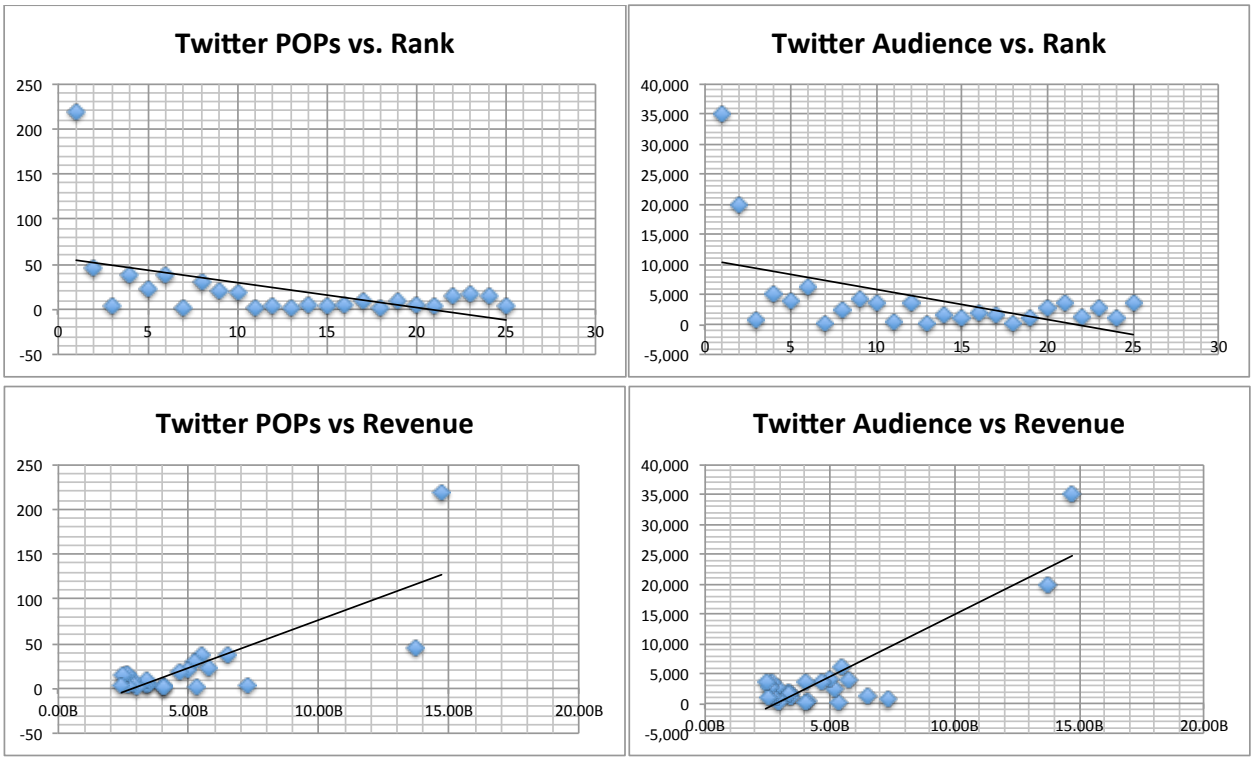


In our estimation, this is a reflection that not all social media efforts are equal and that one would need to look at a content and engagement strategy to get a fuller picture. There are also other external factors, like how closely the marketing of the mortgage business is tied to the banking business. This too, would be worth further study.

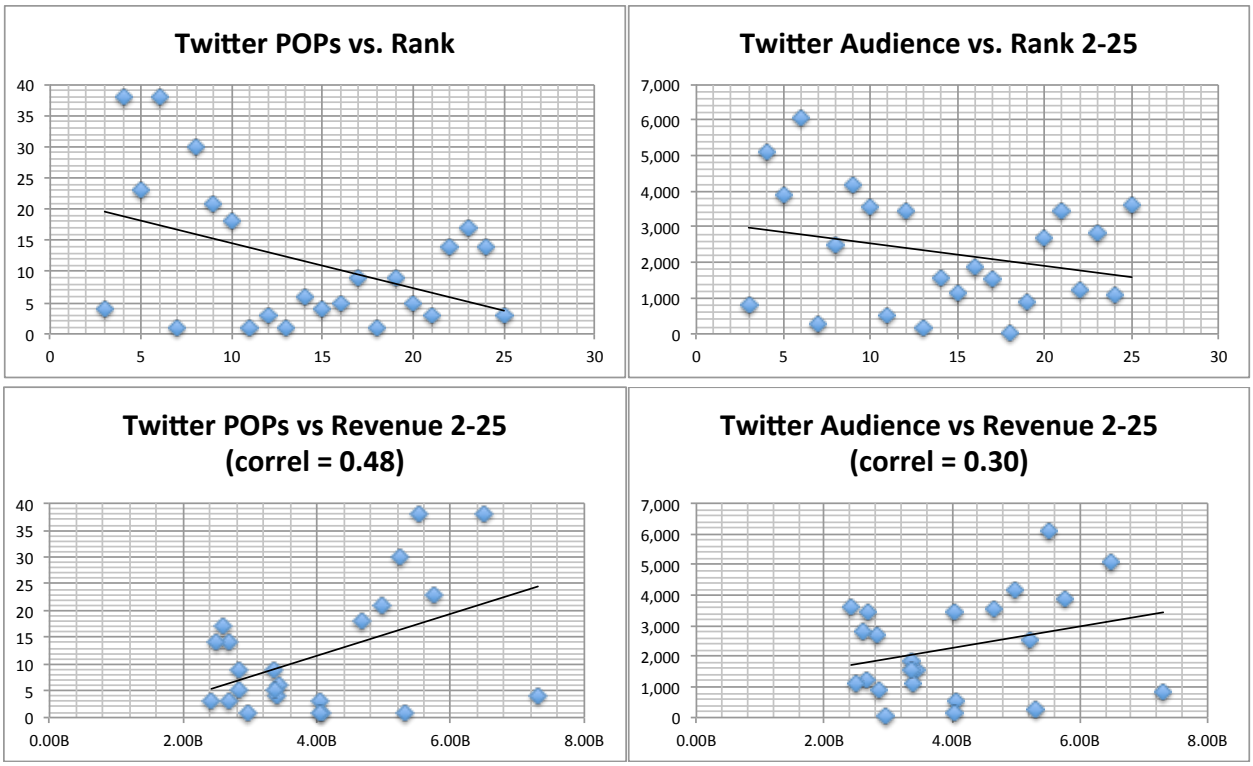
We should also note that we did not correct the data to account for Facebook Place pages. Place pages are created when someone defines a location for a business on Facebook, usually by checking in (e.g. geo-location). Some companies have invested the time to merge their “Fan” page with their “Place” page while many have not.

We opted to leave this in the study as they were another indication of social engagement and are worth some additional study. For example, a comparison of the number of place pages to the number of fan pages and offices would be interesting. We may revisit this topic at another time.

Appendix: Twitter Charts



We also looked at these charts by removing the top 2 companies to see how much they might skew the results. When we remove those two most successful companies, the correlation dropped to the low (Audience) to moderate (POPs) range. A visual inspection shows a considerable difference between the top half and bottom half of this population but there is a much higher standard deviation in the top half.



In our estimation, this is a reflection that not all social media efforts are equal and that one would need to look at a content and engagement strategy to get a fuller picture. There are also other external factors, like how closely the marketing of the mortgage business is tied to the banking business. This too, would be worth further study.

Appendix: General Statistics

Column1	Min	Max	Average	Median	Stddev
Revenue	$2,420,254,208	$14,710,666,093	$4,840,223,138	$4,052,156,327	$3,062,458,618
MLOs	33	2871	504	357	571.37
Rev Per MLO	$1,198,481	$160,972,780	$21,372,142	$14,689,367	$30,286,537
States	3	50	30	25	16.61
MLO Per State	2.50	76.54	17.62	12.29	15.85
Total POPs	21	804	177	134	172.17
Total Audience	1,439	220,568	24,027	10,954	42,391
Facebook POPs	16	551	145	107	132.22
Facebook Audience	270	139,326	14,807	7,590	27,572
Twitter POPs	1	218	20	9	42.01
Twitter Audience	33	55,309	5,698	1,843	11,449
LinkedIn POPs	1	15	4	2	3.56
LinkedIn Audience	55	7,938	2,342	2,180	1,681
Total Other POPs	0	34	8	6	8.88
Total Other POPs Audience	0	21,196	1,180	72	4,208
Total Discovered	52	19,585	1,843	1,200	172
POPs per MLO	0.07	1.07	0.45	0.44	0.25
Audience per MLO	7.08	466.89	65.98	39.71	98.47
Facebook % of POPs	28.57%	96.53%	81.42%	85.06%	0.13
Facebook % of Audience	10.43%	89.28%	53.27%	62.20%	0.23
Twitter % of POPs	0.98%	27.11%	8.67%	8.11%	0.06
Twitter % of Audience	0.56%	89.35%	22.33%	15.29%	0.19
Other % of POPs	0.00%	58.93%	6.73%	4.17%	0.12
Other % of Audience	0.00%	51.60%	3.27%	0.35%	0.10
Twitter - Facebook POP Ratio	0.01	0.40	0.12	0.09	0.10
Twitter - Facebook Audience Ratio	0.01	8.57	0.89	0.28	1.69
Facebook - Twitter Audience Ratio	0.12	122.48	8.97	3.61	23.44

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