

HOW BROKERS CAN INCREASE CUSTOMER RETENTION



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INTRODUCTION

In September 2018, while describing the current mortgage market, Esther Dijkstra, director of strategic partnerships at Lloyds Banking Group, said: “Retention, retention, retention – for lenders, brokers and customers. The retention market has overtaken the acquisition market.”

Customer retention is a leading indicator of your business' health. It is your ability to keep customers returning to your product for future purchases and engagement.

Foundation Home Loans director Jeff Knight says: “It costs up to four times more to obtain a new client than to retain one.” Making customer retention a crucial part of becoming competitive in the market.

But how do you incorporate retention as part of your strategy? The guide will take you through the techniques, practices and cultural changes that will help you piggyback this trend and make the most of your existing customers.





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WHY IS CUSTOMER RETENTION IMPORTANT?

Winning new clients has always been a top priority for businesses. Anything new brings with it connotations of excitement, something fresh, and growth.

But once a new client has been onboarded, there should be a strategy to maintain and build the relationship, helping to create future revenue opportunities.

Why? Studies show that an increase in spending by existing customers by only 5% can boost a company's profits by as much as 95%. With those numbers, can you really afford not to make retention a higher priority? Here are four more reasons why mortgage brokers should focus more on retention, making it a core business strategy.

Maintaining existing customers costs less

It costs up to 4 times more to attract a new customer than it does to keep an existing one. New customers cost time and money: whether it's through new marketing campaigns, cold calling, email marketing, advertising or social media, it all adds up. That cost and effort has already been spent on existing customers, so why use more energy when returning business ends up being more profitable?

Existing clients spend more

According to Bain & Company, the average repeat customer spends 67% more in their 31st-36th months of their relationship with a business than in months 0-6. After all, those customers know your business and trust you, they are familiar with the level of service you offer and therefore more open to upsells. Just make sure you are maintaining the relationship up to that point because loyalty takes work before it can increase revenue.





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WHY IS CUSTOMER RETENTION IMPORTANT?

CONTINUED

Free PR

That's right, a happy customer can provide you with more business simply by recommending you to a friend. In fact, 85% of consumers use online recommendations to find local businesses. To make the most of this, ensure you utilise feedback effectively; whether it's asking for a review on TrustPilot, Google or Facebook, you want new customers to easily find how you stack up against the competition. You also want existing customers to have somewhere they can sing your praises. Want more proof? A survey by McKinsey found that word of mouth is the primary factor behind 20 to 50% of all purchasing decisions.

You already have an advantage

Your competition cannot compete with any loyalty rewards that you offer. According to a study by Facebook, 70% of people are considered brand loyal. Interestingly, the social media giant also discovered that Millennials are 1.75% more likely than Baby Boomers to say they'd like to be brand loyal. This does not bode well for your competitors, as you are best placed to offer additional products and services to existing customers.



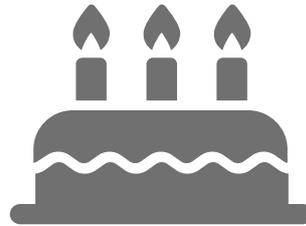


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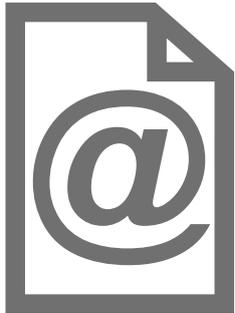
HOW TO ENGAGE YOUR EXISTING CUSTOMERS

We've determined why customer retention is important, but how do you actually convince customers to return? Here are a few tools of the trade to get you started.



Wish them a happy birthday

Spend time researching your customers and getting to know them. Enter their birthday into your CRM and you'll be automatically reminded when their big day arrives. Send them a short birthday email, or even a physical card to stand out.



Send them a newsletter

This can be a regular customer touchpoint delivering valuable content about your industry insights, or sharing news relating to their persona. It's all too possible your customers are inundated with emails every day, so maybe consider sending a newsletter by post, something that stands out as showing you're thinking of them can pack a big punch when it comes to re-engagement.



Asking for an introduction

If you haven't spoken to a customer for a while, a great excuse to reconnect is to give them a call asking how they are and if they know of anybody looking for a mortgage who might need some expert advice. This carries a double benefit: you engage your existing customers and potentially find new business.



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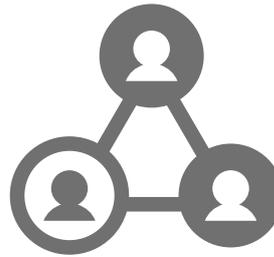


HOW TO ENGAGE YOUR EXISTING CUSTOMERS CONTINUED



Ask for feedback

Everybody likes to feel valued - asking your customers for feedback achieves this and is an opportunity to re-engage multiple times to get their opinion on your products, services, or even the state of the industry. Create a scheduled plan for sending emails and surveys so you ensure you touch base regularly.



Share their social media content

Always follow your customers across different social media platforms. Whenever they post content, it could help you identify cross-selling or upselling opportunities. On a social front, regularly sharing customer content helps maintain a good relationship.

CUSTOMER TOUCHPOINTS

 AWARENESS	 DISCOVERY	 ENGAGEMENT	 ACTIVE CLIENT	 SUCCESSFUL CLIENT	 REFER
Press/Media	Website	Quotes Proposals	Invoices	Client Satisfaction	Refer to a friend
Social Media	Brochure	Email signatures	Customer service	Product upgrade	Referral thank you
Advertisement	Contact us email	Website	Installation	Service renewal	Advertisement
Flyers	Contact phone	Salesperson		Additional purchases	Social Media sharing
Telemarketing	Product catalogue	Social Media contest			



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HOW GOOD CUSTOMER DATA MANAGEMENT MAKES RETENTION EASIER

According to many, customer data is the oil of the digital world, and it should be treated as a precious resource that needs safeguarding because the risks are too high.

Take the 2016 Uber data breach: hackers got hold of the personal information of 57 million riders and drivers. When Uber discovered the breach, they tried paying off the hackers but were caught and made to pay £113 million in damages. Other large companies such as Yahoo, eBay and Under Armour have also suffered data breaches, all contributing to the rollout of the General Data Protection Regulation (GDPR). This regulates how personal data should be stored, protected and handled.

Managing a large volume of customer data is not impossible. With good planning, you'll be able to keep all the data you need and use it effectively to achieve your retention goals. Here are some tips on how to achieve that.

Protect the data you collect

According to the 2018 Cost of Data Breach Study, the average cost of a data breach is £2.95 million with an average cost per lost or stolen record of around £113.

So when you collect a customer's home phone number or address, or details about their finances, you need to have a plan in place to handle that data. Luckily, there's plenty out there to help. Three starting points are investing in a good CRM, investing in a backup system, and investing in staff training.

Collect data ethically

Facebook users lost a lot of trust in the social media platform in March 2018 for hiring data firm Cambridge Analytica to collect the information of 50 million users without their knowledge. The loss of confidence was huge, and as confidence is priceless when it comes to customer retention, you need to source information ethically.





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HOW GOOD CUSTOMER DATA MANAGEMENT MAKES RETENTION EASIER CONTINUED

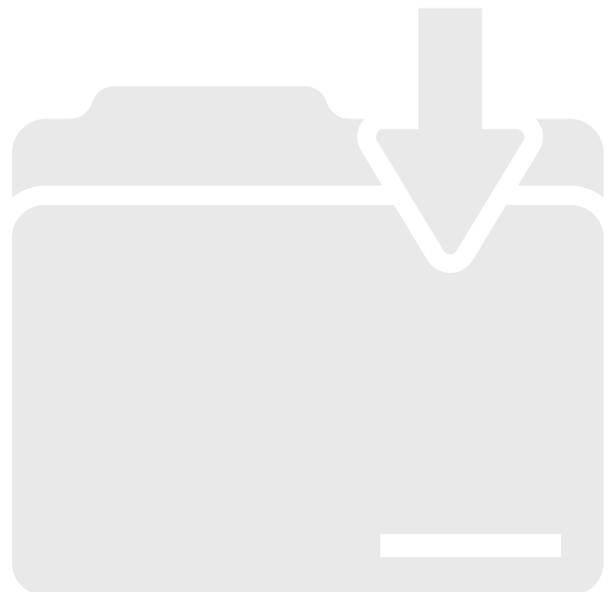
Be clear with customers when you first engage about how you will hold and use their data. If you're sending out newsletters, allow customers to opt out. Also, draft a privacy policy to display on your website. If you keep the customer's privacy in mind at all times, they will value your transparency and reward you with confidence.

Invest in a CRM

In days gone by, customer data used to be stored on spreadsheets. It's easy to imagine the sheer volume of data accumulating over the years across hundreds of spreadsheets, some being forgotten about or under-utilised. That's where a GDPR compliant customer relationship management (CRM) tool comes in. CRMs make the organisation and collection of information easy and secure.

The benefits are that all the data is contained in one place and labelled in a way that it can be quickly called upon for new campaigns. For instance, if you want to re-engage with customers whose mortgages are due for renewal in the next 6 to 9 months, a CRM will allow you to quickly find those prospects. The tool further allows you to track customer interactions and have a unified view of each customer, containing all their data and your historic communications.

Once the data is secure and managed through a good CRM, it's time to plan how that tool can help your engagement campaigns. For instance, you could set up a mailer to launch when industry-relevant news occurs, like a Bank of England rate change. You could draft the mailer and instantly send it to the relevant customer base, meaning you focus on crafting the right message and personalising the tone, rather than worry about the tech or worrying about reaching all your customers manually.





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HOW TO CREATE A CUSTOMER RETENTION CULTURE

If your strategy has always been growth through new customer acquisition, but you want to focus more on retention and enjoy the benefits that brings, you'll need a shift in culture. Let's take a look at four steps that will help build that new culture.

focus on how the customer feels when interacting with the various elements of your service. Your customer will like being valued, and you will get useful insight into how you can improve, or continue growing.

Importantly, always act on any relevant feedback you receive.



Collecting regular feedback

It goes without saying that before developing a culture focused on the customer, you need to listen to what the customer has to say. As the broker role is customer-facing, it's easy to simply ask for feedback during regular catch-up meetings. This is a quick, verbal way of ensuring you continue to meet your customers' expectations.

Ask customers if they're satisfied with your company, and the products and services you offer. Make sure you document any suggestions and make it a priority to review them regularly.

For customers that you don't meet regularly, send out a satisfaction survey as part of a newsletter. These don't need to be hugely in-depth, but



Set a Net Promoter Score (NPS) as a business goal

Alongside traditional business goals of greater revenue and growth, establish what your current NPS is and aim to lift it by the end of the next business cycle.

The metric grades your customers' overall sentiment toward your brand.

Send a survey out asking customers to score their feeling towards your brand on a scale of 0 to 10. Customers that give you a score of 6 or below are Detractors, a score of 7 or 8 are called Passives, and a 9 or 10 are Promoters. It's those promoters that you want to particularly focus on for our next point.



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HOW TO CREATE A CUSTOMER RETENTION CULTURE CONTINUED



The marketing funnel is dead - long live the flywheel

We'll keep the jargon to a minimum - the traditional marketing funnel illustrates the hypothetical journey a customer takes in going from someone who knows nothing about a company to becoming a customer of that company. Basically, a marketing funnel is designed to turn leads into customers.

The flywheel, on the other hand, understands the value of nurturing the customer relationship as they interact with sales, marketing and customer service. The user journey therefore takes customers through the awareness stage, where they discover your brand and product, the engagement stage, where they make a purchase, and the delight stage, where they receive great customer care.

It's the delight stage that turns happy customers into promoters, so it's worth investing time in tools and practices that engage at this stage.



Appoint customer service champions

To make a truly customer focused culture, make sure you have somebody to act as a customer champion. This is somebody who represents the customers and their experience, while being focused on their needs and improving the customer experience at every phase of the buying journey.

A great example is when PayPal put the concept of champions to the test with their "Be the Customer" initiative.

Over an 8-month period, the company focused on renewing their team's customer focus. This included letting non-customer-service employees listen to customer calls to give them more insight on that side of the business, as well as encouraging employees in all departments to test new PayPal products themselves.

And it worked: PayPal's revenue grew 19% from Q1 to Q2, and their Net Promoter Score reached a new high.



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THE REMORTGAGE OPPORTUNITY

The remortgage opportunity has changed in recent years, with lenders now commonly offering brokers product transfer fees.

Managing the remortgage process is an important part of customer retention. It's a point of vulnerability in terms of losing customers. If you've been doing a great job in maintaining regular contact through newsletters and other activities, the chances are high that the customer will be proactive in coming back to you. But it's likely that this won't always be the case, so here are some thoughts on ensuring maximum retention.

Create a robust process

This is all about data and a good CRM platform. Develop the workflow systems and processes that will automatically create activities and tasks ahead of any remortgage opportunity, such as the end of a product discount period. Some CRMs will automatically send out email reminders to customers, but it's also a good idea to include phone calls or text prompts.

It's essential that the right data is collected and uploaded to the CRM in the first place. Ensuring good data management will ensure processes run smoothly.

Communicate early and frequently

Contact the customer at least six months in advance of the renewal or end of term date. This gives plenty of time for any advice to be delivered and puts you on the front foot in terms of retaining the relationship. The method of communication can vary but an initial email is usually the most appropriate approach.

Follow this up with a programme of regular communication until you have delivered the remortgage advice. Often customers need a nudge to take action: don't leave it too late. You will gain credibility for chasing customers to deliver an outcome that is in their best interests. If you're not getting a response to emails, follow up with phone calls; the customer will thank you for it!





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THE REMORTGAGE OPPORTUNITY CONTINUED

Seek other opportunities

The remortgage process is an opportunity to revisit the broader client needs and opportunities. It's likely that their personal circumstances will have changed, so are there any protection or general insurance risks that need to be addressed?

Revisit referrals and recommendations

Any engagement with a client is an opportunity to seek feedback and generate referrals. Can you ask for a testimonial for your website? Create a process for following up the remortgage process with a short customer satisfaction survey - you can also use this as an opportunity to request online reviews.



There are around 750,000 mortgages due to mature in the first half of 2019.

Of these, 185,000 are households that will be looking to remortgage for the first time – a 10% increase on the same period in 2018.





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SUMMARY

Client retention takes some work, but the payoff is worth it. What's more, you end up forming strong relationships with customers who trust you and continue spinning that marketing flywheel!

With technology continuing to evolve, there are growing opportunities to reach out and engage existing customers across a growing number of platforms. CRM systems and data management are at the heart of client retention: get this bit right and the rest becomes much easier.

Overall, it's a customer focussed culture that matters most. It's not just about the initial advice, but the ongoing engagement that creates customer advocates, selling your services to others and helping you grow.



"As a Lender, we're always working hard to retain our customers, by offering competitive rates and making the process quick and easy at the point of remortgage. If mortgage brokers adopt similar strategies, the working partnership will only be strengthened with the customer feeling valued on all fronts and truly becoming 'brand loyal'".

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