

ATTRACTING NEW BORROWERS

You Need To Really Ask Yourself: How Well Do You Know Your Target Audience?

BY BRANDON PERRY

In today's hyper-competitive mortgage market with fluctuating rates, low inventories, and changing borrower expectations, it is vital for lenders to truly understand their target audience if they want to attract new borrowers.

In an article entitled "How to Define Your Target Market" by Mandy Porta from Inc.com, Porta addresses this topic and states,

"To build a solid foundation for your business, you must first identify your typical customer and tailor your marketing pitch accordingly."

"Given the current state of the economy, having a well-defined target market is more important than ever. No one can afford to target everyone. Small businesses can effectively compete with large companies by targeting a niche market."

“Many businesses say they target “anyone interested in my services.” Some say they target small-business owners, homeowners, or stay-at-home moms. All of these targets are too general.”

The mistake a number of lenders make is trying to appease every possible potential borrower instead of focusing their marketing message and materials to a specific or a limited number of target audiences.

In addition, Porta says, “Targeting a specific market does not mean that you are excluding people who do not fit your criteria. Rather, target marketing allows you to focus your marketing dollars and brand message on a specific market that is more likely to buy from you than other markets. This is a much more affordable, efficient, and effective way to reach potential clients and generate business.”

For example, “an interior design company could choose to market to

“Look at your current customer base.

Who are your current customers, and why do they buy from you? Look for common characteristics and interests. Which ones bring in the most business? It is very likely that other people like them could also benefit from your product/service.

Check out your competition.

Who are your competitors targeting? Who are their current customers? Don’t go after the same market. You may find a niche market that they are overlooking.

Analyze your product/service.

Write out a list of each feature of your product or service. Next to each feature, list the benefits it provides (and the benefits of those benefits). For example, a graphic designer offers high-quality design services. The benefit is a professional company image. A professional image will attract more

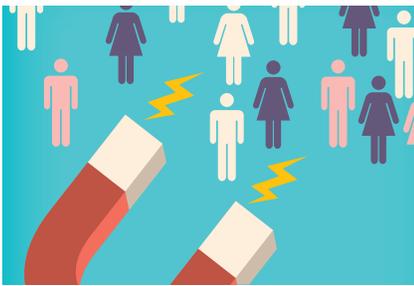
- >>Gender
- >>Income level
- >>Education level
- >>Marital or family status
- >>Occupation
- >>Ethnic background

Consider the psychographics of your target.

Psychographics are the more personal characteristics of a person, including:

- >>Personality
- >>Attitudes
- >>Values
- >>Interests/hobbies
- >>Lifestyles
- >>Behavior

Determine how your product or service will fit into your target’s lifestyle. How and when will your target use the product? What features are most appealing to your target? What media does your target turn to for information? Does your target read the newspaper, search online, or attend



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homeowners between the ages of 35 and 65 with incomes of \$150,000-plus in Baton Rouge, Louisiana. To define the market even further, the company could choose to target only those interested in kitchen and bath remodeling and traditional styles. This market could be broken down into two niches: parents on the go and retiring baby boomers.”

By clearly defining your target audience, your marketing materials and value propositions can be much more specific, personalized, and meaningful to your prospective borrowers.

Porta goes on to state, “With a clearly defined target audience, it is much easier to determine where and how to market your company.” Here are some tips she provides to help you define your target market.

customers because they see the company as professional and trustworthy. So ultimately, the benefit of high-quality design is gaining more customers and making more money.

Once you have your benefits listed, make a list of people who have a need that your benefit fulfills. For example, a graphic designer could choose to target businesses interested in increasing their client base. While this is still too general, you now have a base to start from.

Choose specific demographics to target.

Figure out not only who has a need for your product or service, but also who is most likely to buy it. Think about the following factors:

- >>Age
- >>Location

particular events?

Evaluate your decision.

Once you’ve decided on a target market, be sure to consider these questions:

- >>Are there enough people who fit my criteria?
- >>Will my target really benefit from my product/service? Will they see a need for it?
- >>Do I understand what drives my target to make decisions?
- >>Can they afford my product/service?
- >>Can I reach them with my message? Are they easily accessible?

While targeting is a very powerful tool to help maximize marketing dollars and results, it is important to prudently carve out your niche. Companies can get too narrow with their focus and have a very limited number

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of prospects to market to.

Porta's tip, "If you can reach both niches effectively with the same message, then maybe you have broken down your market too far. Also, if you find there are only 50 people that fit all of your criteria, maybe you should re-evaluate your target. The trick is to find that perfect balance."

She concludes with, "Defining your target market is the hard part. Once you know who you are targeting, it is much easier to figure out which media you can use to reach them and what marketing messages will resonate with them. Instead of sending direct mail to everyone

in your ZIP code, you can send it only to those who fit your criteria. Save money and get a better return on investment by defining your target audience."

Knowing your target audience will

not only save you money on your marketing but it will also deliver greater results as you look to attract more new borrowers in today's highly competitive mortgage market. ❖

ABOUT THE AUTHOR

Brandon Perry is President at The Turning Point. Brandon oversees all operational and administrative activities of TTP. Brandon brings over 16 years of experience in various financial services industries to TTP which enhances the Company's ability to maintain its position as industry leader in providing customers with an advanced marketing solution.



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