

# Align Mortgage Origination Activities with Customer Needs For Long-term Competitive Viability

By Brent Duncan, Adjunct Professor, *University of Phoenix*

---

REPRINTED FROM SCOTSMAN GUIDE RESIDENTIAL EDITION, JANUARY 2004

---

Whether your title is broker, banker, consultant, officer, specialist, or chief cook 'n' bottle washer, if you're a mortgage originator, your primary job function is likely sales. This might not seem like a problem when you're viewing the market from inside a refinance balloon that provides unlimited demand for your products. It's especially not likely to be a problem if you're one of those rare and gifted folks who can sell ice cubes to igloo dwellers. However, as those who've survived the end of a few refinance markets might tell you, many familiar signs and faces will vanish when the refinance balloon bursts. If you want to be one of the survivors in the post-refinance market, you might want to start transitioning from a sales representative to a Mortgage Origination Marketer.

## SALES IS NOT MARKETING

Contrary to the perspective and practice of many mortgage organizations, sales and marketing aren't the same. Simply put: sales pushes a product, while marketing creates long-term and profitable relationships by satisfying needs. Certain organizations can survive by applying different variations of each extreme, but organizations that want to maintain competitive viability through volatile markets tend to evolve into strategic marketing-oriented companies that align their activities with market needs.

## EVOLUTION OF MARKETING PERSPECTIVE

An organization's marketing perspective is typically defined by its philosophy and culture and is driven by its structure and processes. An organization's marketing perspective, in turn, influences how or whether it can successfully operate in its competitive environment. Looking at some common marketing perspectives through which Perreault and McCarthy (33) say organizations evolve, mortgage originators can grasp how and why they should consider shifting to a strategic marketing perspective.

## PRODUCTION PERSPECTIVE

An organization with a production perspective tends to have little or no competition and sees no ceiling on demand for its products. The primary strategic focus for the production-oriented company is to improve efficiency of production and to sell what's easy to produce. The organization that sees through the production perspective will view everyone in the marketplace as having the same needs. Therefore, the production-oriented company tends to use mass marketing that assumes everyone is a potential customer.



While this sounds like a perspective suited for manufacturers, many mortgage origination companies actually slip into a production perspective during refinance booms. They have an ample selection of loan products available, and they focus on simply selling them to a seemingly infinite supply of customers who tend to be knocking down their doors. In other words, there's more de-

mand than the mortgage origination company is able to meet without hiring more people to originate and process loans. However, when the demand starts to dwindle, these organizations will be forced to adjust their marketing perspectives if they hope to survive.

## SALES PERSPECTIVE

An organization with a sales perspective recognizes that there is limited demand for its products in an environment that has competitors who are offering similar products. The sales-oriented company focuses on creating demand for its products in a crowded market and tends to push its products through personal and mass sales. This is the perspective from which most mortgage origination companies operate.

# Align Mortgage Origination Activities with Customer Needs For Long-term Competitive Viability

During a refinance market, a sales-oriented mortgage origination company will typically limit its marketing communications mix to answering quote requests from rate advertisements. When the refinance market dies, the sales-oriented origination company will emphasize pushing rate sheets to real estate agents. In short, the mortgage origination sales organization pushes product to beat competitors.

## MARKETING DEPARTMENT PERSPECTIVE

An organization with marketing-department perspective recognizes that there are several functions of marketing that need to be coordinated to improve its competitive edge. The mortgage origination organization that evolves to this level will supplement its sales efforts with a marketing communications function that coordinates several promotional contacts with the target customer, including: advertising, direct marketing, public relations, trade shows and events, seminars, and web site. This type of perspective takes some of the challenge from sales by generating qualified inquiries and focusing beyond the initial sale to build a customer base of referral and repeat customers.

## STRATEGIC MARKETING PERSPECTIVE: THE MORTGAGE ORIGINATION MARKETER

An organization with a strategic marketing perspective will emphasize building lasting customer relationships by integrating long-term marketing strategies throughout the organization. They do this by finding out in advance what are the needs in the marketplace, and then they focus all organizational

activities on meeting those needs at a profit. This is what Perreault and McCarthy call “the marketing concept”, which breaks down into three vital components, as follows:

1. Customer satisfaction
2. A total company effort
3. Profit, not just sales, as an objective (34)

A marketing-oriented company has a marketing function that will strategically involve every employee and every department in discovering, understanding, and satisfying the consumer’s needs. In contrast to the production perspective, which views everyone as the same, the marketing perspective allows organizations to recognize that different people have different needs. Therefore, the strategic marketing perspective will allow the organization to practice target marketing techniques that help it to focus its efforts on meeting the needs of specific customers.

In short, the sales-oriented organization pushes a product, while the marketing-oriented company meets a need. Let’s look at how strategies are developed for understanding and meeting the needs of the target consumer.

## THE 5 PS AND THE 1 C OF MARKETING

Once you’ve conducted sufficient marketing analysis to identify and understand the needs of your target consumer, you have the basis upon which you can start developing profitable marketing strategies that align your organization’s activities with its marketing concept. Organizations that have a strategic marketing focus will typically build their marketing mix on the traditional 4 Ps of marketing – Product, Price, Promotion, and Place

– but with a twist. As a Mortgage Origination Marketer, you’ll know the importance of basing the 4 Ps on the Big C—the needs of your target Consumer—as follows:

- Product is what you are offering to meet the specific needs of your target Consumer.

- Price is determining how much your target Consumer is willing or able to pay for your product.

- Promotion is how you tell your target Consumer about the right product; this includes personal selling, mass selling, and sales promotion using media resources you know your target Consumer uses.

- Place is how and where you get the right product to your target Consumer. This could include in your office, over the Internet, over the telephone, or even in the target Consumer’s home.

There’s a fifth decision area that successful Mortgage Origination Marketers address: Positioning. Positioning is how your target Consumer perceives you in comparison with your competitors. Are you the mortgage expert in your marketplace, just like everybody else? Or have you come up with some other angle that actually sets you apart from the competition? For example, if your market is saturated with cookie-cutter conforming loan sources who all promote the best service, you might be overlooking an opportunity to meet the needs of niche Consumers who don’t fit in the cookie-cutter cast. If you can identify unmet needs in your marketplace and design your marketing mix around meeting those needs, you might find yourself in a less crowded and more profitable segment

## Align Mortgage Origination Activities with Customer Needs For Long-term Competitive Viability

of the market — that is, until others figure out what you're doing. By then, however, as a Mortgage Origination Marketer, you'll have already transitioned into another new and ever-changing marketplace.

### THE LAST ORIGINATOR STANDING WILL BE A MARKETER

Those who survive the refinance burst will be the ones who successfully adjust their vision from production and sales perspectives to a strategic marketing perspective. Becoming Mortgage Origination Marketers, the survivors will understand the needs of the marketplace, focus all of their activities on meeting those needs at a profit, align their marketing mix and organizational activities with the needs of their target Consumer, and implement marketing and communications tactics that appropriately position their organizations in the minds of their target Consumer. In short, Mortgage Origination Marketers will establish long-term relationships by satisfying Consumer needs, not by pushing product.

#### Resources:

Duncan, Brent. "Fundamentals of Marketing Workshop." University of Phoenix. 24 September 2002.

Perrault, William D. and E. Jerome McCarthy. *Basic Marketing* (13th ed.) [University of Phoenix Custom Special Edition]. New York: McGraw-Hill Higher Education (1999).

*Brent Duncan is an adjunct professor at the University of Phoenix where he teaches organizational psychology, management and marketing. Mr. Duncan specializes in developing strategic marketing functions for organizations in the high tech and real estate sectors. He also provides a free online resource center for Mortgage Origination Marketers at [www.RealMarCom.com](http://www.RealMarCom.com). Contact Mr. Duncan at [brentad@realmarcom.com](mailto:brentad@realmarcom.com); 2026 Seascape Blvd., Aptos, CA 95003; Phone: 831-688-9520; Fax: 831-688-9530*