

Finding Your Niche

Presented by:

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To find your niche, listen to your passions.
A career based solely on remuneration is
devoid of passion. Find your passion and
you will feel good about the way you
spend most of your waking hours.

What We Will Discuss



- How to determine which niche is right for you.
- Consumer and geographic niche types.
- Loan products as a niche.



What We Will Discuss



- Housing and lead source niche types.
- Ways to reach your niche.
- Using a mailing list.
- Ways to add value to your niche.



What is a Niche?



- A slice of the overall market
- Defined by a particular type of product or consumer
 - geographic area
 - loan product type
 - consumer type



Why a Niche is Important



- Without a niche:
 - you'll be a jack-of-all-trades
 - you'll have no specialized expertise and not be recognized as an expert within an area
 - you will limit your business growth
 - you will limit your ability to build your reputation and obtain referrals



Many new LO's make the mistake of not specializing – doing loans is not a specialty!

Even though you decide to have a niche doesn't necessarily mean you don't do other types of loans – it just means that you focus your marketing efforts towards one area rather than all areas.

Choosing Your Niche



- **Accidental method**
 - need deals and “fall” into a niche
- **Demand based method**
 - the number of buyers
- **Purposeful method**
 - exploit your strengths, passion and interests



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Accidental Method – the business changes – rates go up – find a way to get deals. You not thinking strategically if you fall into a niche. Rather you’re focused on getting deals through the door. This may result in an unintended niche.

Demand Based Method – you live in an area that has many condos or supports a large ethnic population; this may dictate your niche

Purposeful Method – this is the most strategic way to determine a niche because you’re choosing something based on your interests and passion rather than fate or happenstance.

Choosing Your Niche



- To identify your passion ask yourself:
 - What excites me?
 - What makes me feel like I'm making a difference?
 - What makes me feel good?
- What you become is a direct result of the steps you take
 - Direction and planning are important to ensure you end up where you want to be



The key to choosing your niche is to have a plan – if you don't have a plan, you won't know if you've arrived where you want to be. If you have a plan and don't end up where you planned, at least you will know it and can make adjustments or choose this alternate course.

Niche Types



- Geographic
 - Neighborhoods
 - Sub-divisions
 - Zip codes
 - Landmarks
- Consumer
 - First-time buyers
 - Ethnic buyers
 - Move-up buyers
 - Parents of college students



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There are 5 niche types:

Geographic

Consumer

Loan product

Housing

Lead source

These niche types are broad categories. We will explore each type in much more detail. First we're going to define each niche type and give examples of the demographics included within a particular niche.

Geographic is cold list marketing, prospecting or farming. It can be defined in a variety of ways. Although this can be a very effective niche, it can take anywhere from 6-36 months to see results.

Consumer is probably one of the most popular niches used. You simply choose a specific demographic that you identify with or is a group that is being under served.

Niche Types



- Bankruptcy clients
- Newlyweds
- Fire and police officers
- Investors
- Military personnel
- Second home buyers
- Self-employed borrowers
- Relocating employees
- Seniors



Niche Types



- Loan products
 - FHA
 - VA
 - 100%, 103%, 80/20
 - Jumbo
 - Construction
 - Limited, no doc, stated
 - Reverse
 - Non-prime



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Loan products is probably not something you would consider a niche, and yet, depending on the types of loan products you have, you may have a unique product that could be used to build a profitable income stream for you.

Even if you don't have a unique product offering, you may be able to take something like a stated product and "build" a self-employed niche around it. Develop your expertise in helping those who are self-employed by using a stated product and market your expertise.

Niche Types



- **Housing**
 - Condos, mixed use
 - New construction
 - Resale
 - Vacation homes
- **Lead source**
 - Realtors
 - Builders
 - CPA's
 - Financial planners, tax accountants
 - Attorneys
 - Bankruptcy
 - Divorce
 - Insurance agents



Housing niche may not be an obvious choice unless you live in an area that has many condos for example. Depending on the demand for a housing type, you can make this a great niche.

For example, if you live near the mountains, you might want to explore working as a vacation home lender. Maybe you own a property in the mountains and love the area. It could be a natural niche for you because you have a passion for your retreat.

Lead source is probably the most popular way to build your business but probably isn't considered a niche by many people. This niche is by far the most popular method used to build a business. The key to successfully building a niche with any of these lead sources is to provide fantastic service, keep your word and maintain contact with them during the loan process.

Niche Marketing Basics



- Geographic
 - Referred to as farming or cold list prospecting
 - To successfully farm a geographic area determine:
 - the size of the area you want to prospect
 - the turnover rate within an area



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To successfully farm an area you must make the commitment to send something on a consistent and regular basis. Sending something occasionally will not result in business. It will only result in wasted marketing dollars.

You may want to limit the size of your geographic farm initially to lower your costs. Start small and expand as the business builds.

Niche Marketing Basics



- Consumer

- To successfully farm a consumer niche determine:
 - which consumer group you feel strongly about
 - which consumer group you want to help
 - which consumer group is in demand in your area



Consumer niche marketing is most successful when you have a vested interest in the demographic. For example, some people are very passionate about helping first time home buyers buy their first home. It's very rewarding and makes you feel good. It can also be very frustrating and take months before you can make that closing a reality.

If you do work with first time home buyers, you may eventually move into the move up buyer niche as your clients begin to trade up. This can create a new niche for you and a new set of opportunities.

Niche Marketing Basics



- Loan
 - To successfully market using a loan type determine:
 - a unique loan product
 - identify a unique selling proposition to position your product
 - need for your loan product



The loan product niche can be used to set you apart from other lenders if the product you're offering is unique. For example, if you have a construction to perm loan that has an upfront closing rather than back end closing, both builders and Realtors will listen and want to work with you.



- Housing

- To successfully market using a housing type determine:

- the pre-dominant type of housing in your market
 - the type of housing that is being under served
 - a unique loan product that meets a specific housing need

The housing niche can be lucrative if you make it known that this type of house is your specialty. For example, there are some lenders and Realtors who only finance and sell condos. They even turn away non-condo business because they have specialized. They become the experts in their niche and often get referrals from others who only occasionally sell or finance a condo.

Niche Marketing Basics



- Lead source
 - To successfully market using a lead source type determine:
 - interest in building a partnership
 - shared values and goals
 - ability to provide business
 - comfort level with the professional referral source type



The lead source niche can be your most profitable niche if you work at it. Carefully choose who you work with so that your values and goals are in alignment. It's important to have that alignment because it makes your working relationship more enjoyable. Since you spend a great deal of your life working, you need to find ways to make it fun.

Ways to Reach a Geographic Niche



- Send a high quality monthly mailer
- Offer something of value:
 - invitation to a seminar
 - brochure
- Walk the farm area to gain “face” recognition



As stated earlier, if you only send information occasionally you may as well not do it at all. Unlike keeping in touch with your past clients, those in a geographic farm don't know you or your offering. The only way they will get to know is by what you send them. Make sure that your mailers are high quality and that you offer something value-added. For example, the postcard you send could have keepable information or you could offer a free brochure or invite them to a free seminar. You have to accomplish 3 things with your mailings: 1) you want them to get to know you, 2) you want them to understand what it is that you're offering, and 3) you want them to respond.

Another great way to build recognition in a geographic farm is to walk the farm. Use door hangers or give away a magnet or brochure, but walk your farm at least once a quarter. Make sure you put your photo on all your materials so that you begin to build face recognition. Then you may want to consider doing some other types of marketing like bus benches within your geographic farm or grocery cart ads at the grocery store in the farm. These won't directly bring you business but will add to your name recognition. It's said that people have to hear and see your name at least 7 times before they begin to recognize it. That means you have to be consistent and frequently market a farm to get results.

Ways to Reach a Consumer Niche



- Newlyweds
 - 65% of newlyweds purchase a home during the first year of marriage
 - Obtain a local list
 - Develop alliances with:
 - home furnishings stores
 - computer stores
 - home improvement stores

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Although there are many consumer niches that you can pursue, for this discussion we're only going to briefly explore 3 of these niches.

Newlyweds as a niche is probably not something you would immediately consider, and yet 65% of newlyweds purchase a home during their first year of marriage. This type of niche requires a local list which you won't be able to obtain from your title rep. You will have to purchase a list. To obtain a list, talk to those who service the wedding industry to find out where they get their list from. Then contact those vendors to purchase a list. If you want to be creative, you might propose to a wedding industry vendor that you co-market with them so that you can use their list.

To gain interest from newlyweds talk to retailers that newlyweds will patronize after they're married and obtain discount coupons that you can use as a value added give away item. This will drive business to these retailers and give you the opportunity to become the newlywed's lender of choice.

Ways to Reach a Consumer Niche



- Newlyweds (cont'd)
 - Exhibit at a local bridal show
- Investors
 - Professional investors buy up to 5 properties a year
 - Offer specialized financing
 - Send high quality monthly mailers
 - Offer investing seminars



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Another great way to meet to soon to be newlyweds is to find out when a bridal show is coming to your area and then purchase a booth for the show. You can also invite one of your lead source partners to help you with the booth and you can show visitors how they can own a home sooner rather than later. As a follow-up you can offer a free first time home buyer seminar.

Property investing has become the “new” stock market. People feel that on the whole real estate investing is a safer bet and over time has a better rate of return. As a result, investing clubs, local and online have sprung up. Watch any late night TV and you will see the infomercials about how you can have financial independence buying and selling real estate.

The key to appealing to professional investors is to have a unique product offering that limits the down payment requirements or isn't as stringent on limiting the number of properties an investor can have at any given time. Be creative regarding how the investor obtains money for a down payment, become an expert regarding short sales and how they're conducted and learn the 1031 exchange process.

Ways to Reach a Consumer Niche



- Ethnic buyers
 - Develop an understanding of the borrower
 - Conduct cultural research
 - Determine size of local immigrant population
 - Support services such as:
 - translation
 - separate phone number

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The immigrant population is at an all time high within the United States. To capitalize on the hottest real estate market you should consider marketing to an ethnic group.

Before you dive into an ethnic market, do your homework. First, most of these buyers prefer to work with someone who speaks their language. Even though most speak English, they will feel more comfortable working with someone who can speak their native language. If you don't speak a second language, consider having translation services available to ensure a smooth loan application meeting and process.

Learn the culture's customs and honor them. Remember, other cultures don't necessarily do business the same way we do. It will be to your advantage to learn these differences and incorporate them into your process.

To make prospective clients feel comfortable when calling in, offer a separate line that is answered in the clients' language. Make sure you have someone on staff who is fluent and can answer these calls when they come in.

Ways to Reach a Consumer Niche



- Determine appropriate marketing methods
 - Word of mouth
 - Newspaper ads
 - Mailers
 - Fliers
- Develop foreign language materials
 - Loan process materials
 - Brochures
 - Forms



Traditional marketing methods may not work with ethnic buyers. For example, in some cultures advertising is done primarily by word of mouth. Family members tell their extended family and friends about your services. Talk to an ethnic marketing firm to determine what types of marketing will work for the ethnic group you want to target.

Be sure you have all your materials translated into the appropriate language so that buyers are comfortable with the loan process. Check to see if your LOS has the capability of printing your 1003 in Spanish. That would be an invaluable aid to your Hispanic clients.

The potential of this market has great potential if you're willing to do the work needed to reach this buyer.

Ways to Reach a Loan Niche



- Educate your lead sources and clients about this product
 - Explain the benefits of using this product to your lead source partners
- Develop brochures and fliers explaining the loan product
- Target market those demographics who would benefit from your loan product
 - Send monthly mailers that explain your offering
- Have systems in place to handle response rate



To effectively use a loan product as a niche, you must educate your lead sources about the product and how it will benefit them. Will it help them sell a home more easily? Will it make the loan process shorter, faster? Will it make the impossible deal a done deal?

Develop marketing materials that explain the loan product to your lead sources and your potential clients.

If you're marketing a specific loan product be sure you're marketing it to the appropriate demographic. Your response rate will suffer if your target market isn't accurate.

When sending mailers describing your loan product be sure you have a system in place to handle the responses. You don't want to lose loans because you can't adequately respond to incoming requests.

Ways to Reach a Housing Niche



- Offer specialized loan programs
- Send high quality monthly mailers outlining your services and offer
- Offer free value-added services
 - brochures
 - seminars
- Become visible/involved in your housing community of choice



If you choose this niche, offer specialized loan products and outline the benefits of this product to your buyers.

Become known in your housing community by sending quality mailers and participating in events within this specialized community. Participate in events such as pancake breakfasts, sponsor a youth athletic team, sponsor a community garage sale event. Be creative in how you build your name in this niche. Remember... you want to become the lender of choice when these home owners need a loan.

Ways to Reach a Lead Source Niche



- Contact lead sources by:
 - Telephone
 - Email
 - Letter
 - In person meetings
- Provide a systematic method of loan process follow-up
- Offer educational sessions to increase their knowledge of the mortgage industry
- Maintain consistent and frequent contact
- Help them accomplish their goals
- Make their job easier

Your lead sources can be an important pillar for your business. To successfully work with lead sources there are some basic things you need to do. First, find out what if you and your lead source have the same goals and values. If you don't share similar values it will make your working relationship less effective and less enjoyable for you. Find out what would help your lead source become more successful. What are their goals? How can you help them achieve these goals?

Most lenders will tell their lead sources that they communicate well. Rather than tell them you communicate well, show them the systems you have in place to keep your lead source informed about a loan in progress. Explain your processes and how these processes will make your lead source's life easier.

Targeting the Best Lead Source



- When working with a niche, use the best lead source to build your business

Bankruptcy	Attorneys
Ethnic	Ethnic Realtor
Move up Buyer	CPA, Financial Planner
Vacation homes	Resort Realtor
Investor	Investment Realtor



When working with niche it's important that you match the best lead source with the niche you want to work. This seems obvious, but if you want to work a specific niche and your lead source isn't tapped into that niche, your niche won't thrive.

Mailing List Basics



- When purchasing a list, ask the following questions:
 - How often is the list scrubbed?
 - This tells you how often they update their information.
 - What is the percentage of return on bad addresses?
 - How long has the company been in business?
 - What type of guarantee do they offer?
 - Do they resell their lists to others?



If you're marketing to a specific demographic most likely you will need to obtain a mailing list. Depending on the demographic you want to target you may be able to get what you need from your title rep. However, if you want to target a very specialized group, you may need to purchase a list so that you get exactly what you want.

When purchasing a list be sure to ask questions so that you get what you want. If you don't get the best list it may negatively affect your response rate which may make your marketing efforts ineffective. That simply translates to you could be wasting your money. If you go to the effort of purchasing a list and sending high quality mailers, you definitely don't want to waste your money or time.

Mailing List Basics

- What type of lists do they offer?
 - Do they specialize in a specific demographic?
- Can the list be used more than once?
 - Do you have rights to the list for multiple mailings?
 - Can you obtain a copy of the list?



Ways to Add Value to Your Niche



- **Consumer Groups**
 - Educational seminars
 - Brochures, informational items appropriate for those consumers
 - Monthly mailers
 - Systems to handle all facets of loan process
- **Loan Products**
 - Be the expert
 - Stay current with your competitors' offerings



To effectively serve your niche you always need to be mindful that you must add value.

Ways to Add Value to Your Niche



- **Geographic Groups**
 - Maintain consistent, frequent contact
 - Monthly mailers that offer something of value
 - Educational seminars
- **Lead Source Groups**
 - Provide exceptional service
 - Build a mutually beneficial partnership
 - Be available
 - Educational information
 - Do what you say you'll do



Ways to Add Value to Your Niche



- **Housing Groups**
 - Maintain consistent, frequent contact
 - Develop brochures or flyers explaining finance options
 - Sponsor events that benefit those in your housing community
 - Offer seminars



Key Take Aways



- A niche is a small slice of the overall market
- A niche gives your business direction and allows you to follow your passion
- There are 5 basic niche types
 - Geographic
 - Consumer
 - Loan



Key Take Aways



- 5 basic niche types (cont'd)
 - Housing
 - Lead Source
- Geographic niche – cold list prospecting
 - Determine the size, area and turnover rate
 - Send high quality mailers every month
 - Offer something of value such as a brochure
 - Be visible in the community



Key Take Aways



- **Consumer niche**
 - Choose a group that you identify with, have a passion for and has supporting demographic
 - Determine the best method of contact and maintain frequent and consistent contact
 - Offer something of value such as educational seminars



Key Take Aways



- **Loan niche**
 - Identify a unique loan product and the need for the product
 - Market to the appropriate demographic
 - Identify benefits to those using your service
- **Housing niche**
 - Offer a unique loan product that meets a specific housing need



Key Take Aways



- **Housing niche (cont'd)**
 - Send high quality monthly mailers outlining your services and offering
 - Become visible/involved in the housing community in which you are marketing
- **Lead source niche**
 - Identify shared values and goals
 - Build a mutually beneficial partnership



Key Take Aways



- Lead source niche (cont'd)
 - Provide excellent service; put systems in place to maintain communication
 - Help them meet their goals
 - Do what you say you'll do
- Target the appropriate lead source to obtain business
- Find a reputable list company who serves your demographic



Thank You!



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