



**HOW TO LEVERAGE
JOURNEY MAPPING TO
INCREASE CUSTOMER
RETENTION AND TO
GROW YOUR LENDING
BUSINESS**

INTRODUCTION

Over the last several years, consumer expectations for personalized products and services have skyrocketed. Beyond a simple transaction, consumers are now looking for more of a relationship with the companies they do business with.

NOLA Media's 2019 Marketing Trends report found that consumers

“ want to align themselves with a company they believe in and trust. If they're going to spend their money, time, etc., they want brands to engage with them in a way that adds value and relevancy to their lives.”¹

This emphasis on personalization and relevancy is pervasive. In every area of their lives, consumers want to do business with companies that know and understand their preferences, whether they are downloading songs or buying a house. This presents a real opportunity for companies who can get this right, with AdWeek reporting that personalization can reduce acquisition costs by as much as 50 percent, lift revenues by 5 to 15 percent, and increase marketing spend efficiency by 10 to 30 percent.²

The advantages of this approach are not lost on mortgage lenders, who in the past might have operated under more of a take-it-or-leave-it model. Today, lenders are implementing a customer-centric approach to reach borrowers with a personalized and authentic message — a model that is even more important in the current competitive purchase market. The number of single family homes sold in the first quarter of 2019 was off 5.4 percent from the first quarter of last year,³ despite a slightly higher number of homes for sale. Affordability continues to squeeze homeowners, with 86 percent of measured markets showing sales price gains compared to 2018, according to the National Association of Realtors (NAR).

With lower origination volume, direct customer acquisition is vital to growth and lenders must be able to identify and capture every potential homebuyer with a message that resonates with where they are in the home-buying journey. Understanding the consumer and what's important to them at a deep level are critical steps in this process, but it's not always easy. According to a study done by Evergage in 2018, 92 percent of marketers reported using personalization techniques in their marketing, but 55 percent of marketers don't feel they have the customer data to implement personalization that is effective.⁴

This white paper outlines how a top 10 HMDA lender leveraged Sutherland Labs to connect with their borrowers through journey mapping, resulting in increased understanding and customer acquisition.

DIRECT CUSTOMER ACQUISITION

Although the lender — referred to as Lender A in this white paper — funds billions in loans every month and has a large servicing portfolio, it wanted to grow on multiple fronts, including through its direct acquisition customer base versus portfolio, and its purchase loan practice versus refinance. Lender A also wanted to curb the “fallout” that occurs when customers apply for a loan, but change their mind or become unresponsive, preventing the loan from being successfully closed.

Online capabilities have fundamentally changed the customer acquisition process for mortgage lenders. In 2018, NAR reported that the first step of the home-buying process was overwhelmingly online, with 44 percent looking first at properties for sale online, and 11 percent looking for information about the home-buying process online. Only 7 percent of buyers contacted a bank or mortgage lender as the first step.⁵

In addition, consumers now have many more digital channels to choose from, so lenders can’t assume that having a website optimized for mobile is good enough going forward. For example, voice or image search is expected to explode in just the next few months, accounting for 50% of all searches by January.⁶

Even once they have contacted a lender, the prevalence of online mortgage applications has made it easier for consumers to apply for loans from multiple lenders, increasing the competition for those customers even after they have applied. In its Home Lending Experience Radar for 2018, PwC reports that 83% of recent purchase customers had applied for mortgages online, and more than half of those borrowers considered more than one lender.⁷ Although interest rates and fees were the determining factors for 62% of the buyers who chose among multiple lenders, PwC identified other factors that influenced borrowers, including relationship, process and product.

In this environment, Lender A knew that accomplishing its growth goals would require pivoting to a more customer-centric mindset to better understand and serve homebuyers. As part of this effort, Sutherland Labs was brought on board to speak directly with customers, map the ups and downs of the loan process from their point of view, and provide targeted recommendations to improve customer experience.

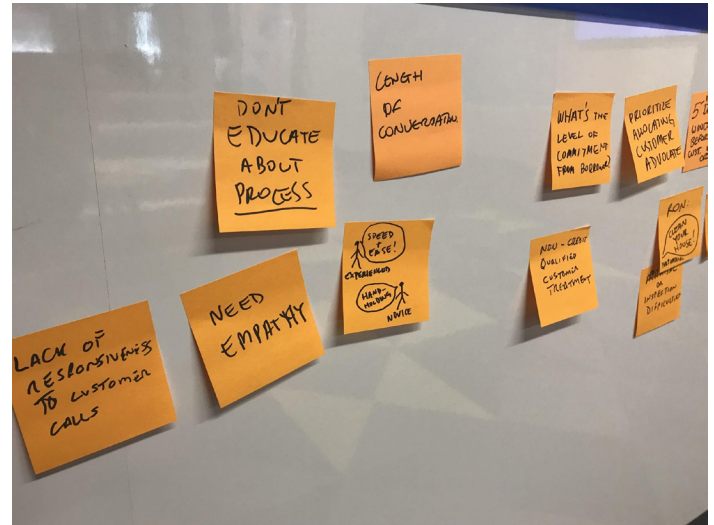
The goals for their collaborative research included the following, applied specifically to cancelled and withdrawn applications:

- Understand who Lender A’s customers are and what they want, to build a robust customer experience philosophy.
- Identify and prioritize the most urgent pain points and opportunities across the customer’s end-to-end journey.
- Take action to redesign procedural and digital touchpoints based on fact-based recommendations.

With the goals and methods outlined, Lender A and Sutherland Labs began the journey-mapping process.



THE JOURNEY MAPPING PROCESS

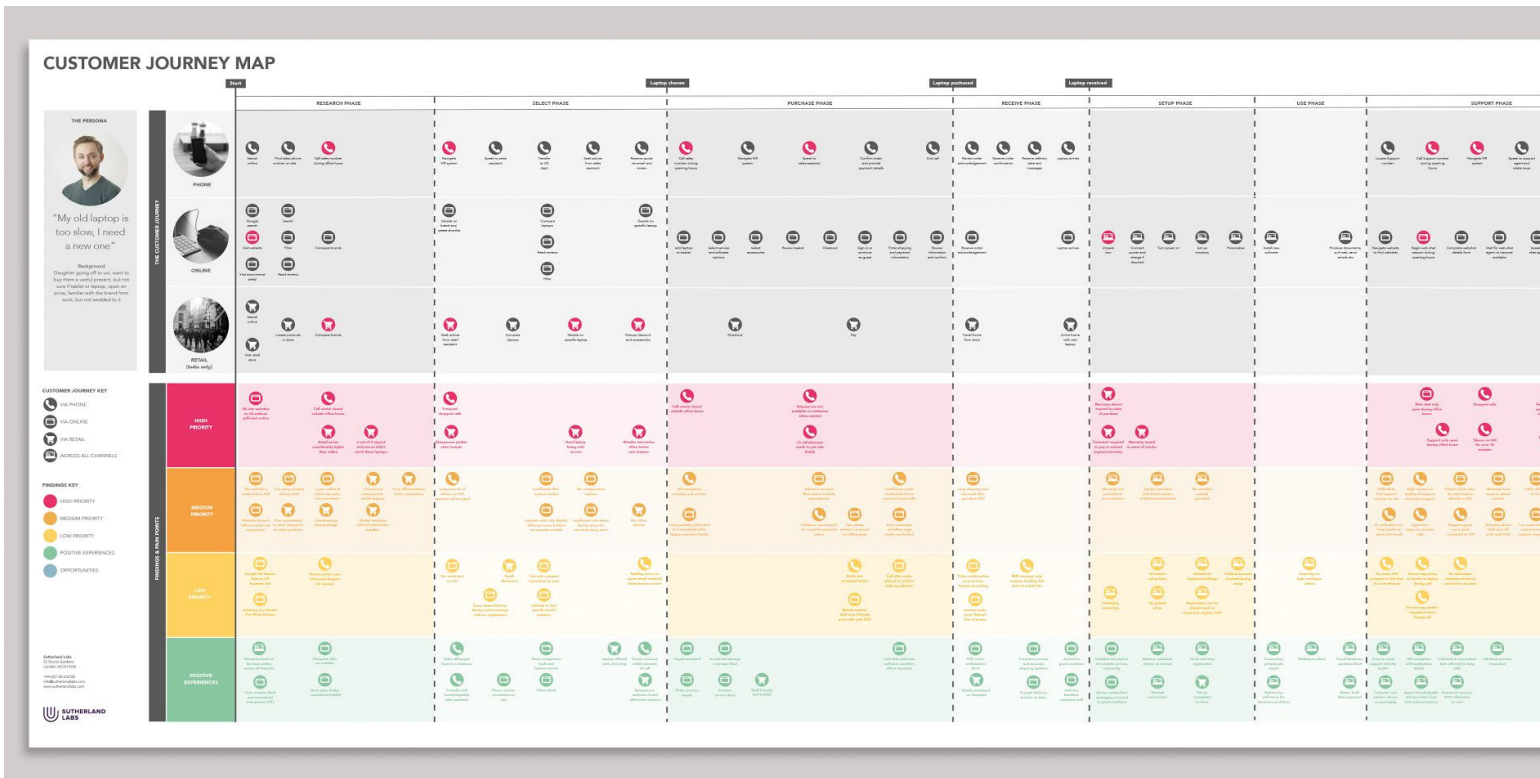


To understand the customer journey, Sutherland Labs first started with the perspective of Lender A employees. The goal was to identify key points of friction and understand back-end behaviors and processes that might impact customer fall out. Two Sutherland Lab researchers spent a week embedded in Lender A's headquarters, interviewing leadership and shadowing sales and processing representatives as they spoke with customers. They chose loan officers and customer advocates who had roles and experience directly relevant to processes impacting withdrawn customers for 60 to 90-minute interviews. This gave them insight into how the entire loan process was set up, and how Lender A loan officers interacted with customers.

The next step was even more intensive. Lender A really wanted to understand why customers who had submitted applications had changed their mind at some point in the process, so they identified 10 households who had withdrawn their home refinance loan within the last six months, and Sutherland design thinkers spent 20 hours conducting in-person interviews with these households. The households were selected to reflect a mix of ages, genders, socio-economic backgrounds and household structure.

Sutherland prepared discussion guides with Lender A's input so researchers could find out why borrowers chose Lender A, at what point they decided to withdraw, and if they went with another lender. Specific emphasis was placed on understanding the friction customers experienced in the loan process, the contextual factors that may have contributed to fall out, and any factors that could have prevented it. These in-person discussions gave researchers valuable insight on the borrowers' needs, challenges, and perceptions along the loan process that would be hard to get from an online survey or other methods. By interacting with customers in their home, part of an ethnographic research method, Sutherland Labs could better understand how customers experienced the challenges of the loan process.

Sutherland Labs shared their findings with the Lender A team in a journey-mapping workshop. Findings were illustrated in a custom physical installation at Lender A's headquarters, which included participant stories, artifacts, quotes, and journey maps. Leaders from across marketing, sales, and operations actively engaged with these materials across a day of design-thinking activities that focused on empathy building and opportunity finding.



One of the biggest benefits to journey-mapping is getting a holistic view of the customer experience across all touchpoints.

Journey-mapping can expose the parts of the process that provide a disjointed experience for consumers that aren't obvious when viewed from different departments. "Cohesiveness is a key element of any successful UX strategy. Without journey mapping, it can be difficult to shape an experience that integrates all the moving parts of the overall customer experience. Having a better sense of the ways in which users interact with a brand at different stages of the journey makes it possible to create bridges between those steps."⁸

OUTCOMES

Lenders typically have lots of data about their customers — translating that data into meaningful insight is the real obstacle. As Salesforce Research noted in its fourth annual State of Marketing report: "On the path to delivering connected customer experiences, marketers continue to wrestle with gaining a single view of the customer and leveraging data from different sources. The difficulty of gaining this single customer view is compounded by elevated customer expectations and the tremendous growth of newer marketing channels."⁹

Lender A wanted actionable insight from the knowledge gained through the in-person interviews and other data. Based on their research, Sutherland Labs created two data-based personas - broad customer “types” based on variation in customer needs, rather than by product. Each persona included a unique, detailed customer journey that identified exactly where breakdowns occurred in the customer experience.

Recommendations were far-reaching in scope and immediately actionable, covering everything from marketing language, to process improvements, to distributing responsibilities across roles in a team. The personas are helping Lender A design a communication and support experience that is customized to customer needs. Large-scale printouts of persona profiles and journey maps are also hanging in multiple hallways, helping build empathy with employees.

Lender A’s success with Sutherland Labs’ journey mapping can be replicated by clients from all segments of the mortgage industry. Leveraging design thinking for journey mapping can help companies understand not just fall-out factors, but how to connect with current customers and build customer loyalty. For example, Sutherland Labs worked with a builder-affiliated mortgage company to explore their penetration rates and ways to improve their penetration. The journey-mapping exercise explored their homebuyers’ experience and mortgage process.

In another instance, a large multi-channel bank explored the possibility of using Sutherland Labs and design thinking capabilities to access the effectiveness of their recent

market launches. In yet another application, a law firm supporting the mortgage business used Sutherland Labs explored ways to improve operations and client facing interfaces.

“Every client has different needs,” said Neil Armstrong, head of global business development at Sutherland. “We had a top servicer approach us with a specific task: maintain their high NPS scores, while reducing our cost to service a loan. The time they spent at our Labs resulted in us creating chatbot’s for high call volumes. Allowing the customer to interact online versus making a phone call will result in achieving both of our client’s goals.”

CONCLUSION

Understanding customer pain points and the obstacles they face in the mortgage loan process is critical for lenders who want to grow in this purchase market. In every area of their lives, consumers want an easy, personalized experience, and buying or refinancing a home is no exception. Mortgage companies have a tremendous amount of customer data, but translating that data into processes designed to minimize friction and deliver a seamless experience is a true differentiator in a competitive landscape. Research from Sutherland Labs can help lenders connect with potential borrowers to increase their customer acquisition, as well as provide insight that keeps current customers happy and coming back for more.



ABOUT SUTHERLAND LABS

Sutherland Labs is an insight-led design agency. We use a human-centered approach to reimagine, design and bring to life services that grow business, and improve experiences for customers and employees. Sutherland Labs is proud to be a part of Sutherland, and every day we draw on the capability of this pioneer of brand innovations, solutions and services.

To find out more, visit sutherlandlabs.com

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