



Social CRM and Home Lending

Executive Summary

While change and adaptability to change have been constant for business over the years, one thing hasn't changed: "The customer is always right."

An increasing proportion of customers now fall into the 15- to 40-year age range, popularly known as Generation Y, or millennials. For this generation, expressing oneself and gaining acceptance via social networks is highly important. Millennials are increasingly participating in virtual communities like Orkut, Facebook and Twitter; social games and virtual worlds like Secondlife.com, World of Warcraft and Social Life; and social broadcasting like YouTube. With mobile phones supporting many social networks, socializing has never been so easy.

This explosion in social networking among millennials has moved the practice of sharing information to a more meaningful plane, one in which businesses can harness consumer preferences and insights to gain a competitive advantage. The sharing of information on social forums regarding opinions and experiences across various products and services has exploded and is now a key influencer in the decision-making process. This is in striking contrast with the traditional consumer experience, where customers visit stores and request information for a product and rely on the information provided by employees to make a buying decision. Instead, now they trust the advice of friends, colleagues, relatives and unknown fellow

customers more than that of the organization and its employees. Thus, B2C (business to consumer) organizations need to realize and account for the fact that buying intent or brand positioning takes place much earlier than ever before.

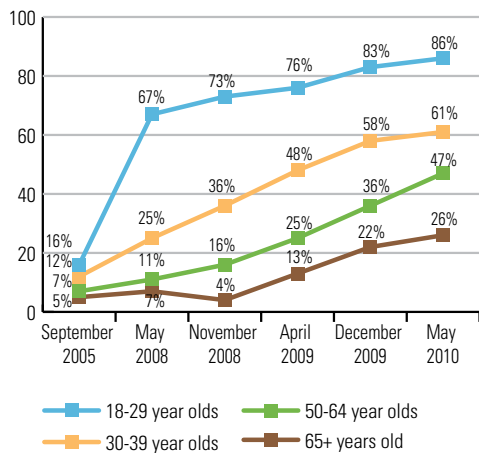
B2C organizations have slowly started realizing that the traditional way of reaching out to the customer is changing fast, and social media is becoming a critical channel for connecting with the largest segment of their customers. This has given rise to the new discipline of CRM called social CRM (SCRM). SCRM pundit Paul Greenberg says, "Social CRM is engaging in a collaborative conversation with the customer in order to provide a mutually beneficial value in a trusted and transparent business environment."

Even though organizations have started realizing the business importance of SCRM, few have made it an integral part of their larger marketing and process improvement efforts. This white paper discusses how mortgage bankers can leverage SCRM to better understand consumer preferences and respond with offers and services that more appropriately serve their needs.

Social Media Examples from Industry

Some B2C organizations have taken steps to reach out to customers through social media campaigns via sponsored Tweets, YouTube, Facebook, etc. and are tracking social sites (like Twitter) to monitor

Social Networking use Continues to Grow Among Older Users



Source: Pew Research Center's Internet & American Life Project surveys, September 2005 - May 2010.

Figure 1

and assess feedback and requirements even before inquiries reach the customer service desk.

Some examples of corporate use of social media include:

By employing an integrated and comprehensive SCRM approach, mortgage banks can leverage intelligence gained through social media to improve consumer perception, quality of service and market share.

- Car manufacturers like Ford and GM publish news with interactive multimedia content to support new car research and development.
- Visa and HSBC have built business networks to connect a variety of key stakeholders like small business owners and entrepreneurs using blogs, videos and forums.
- Global IT services firms such as IBM and Cognizant were among the first to embrace and encourage employee blogging.
- SAP sponsored a global survey of social media professionals to learn more about social media worldwide.
- Sears partnered with MTV to create a social network around back-to-school shopping.
- Nationwide Mutual Insurance launched Yammer, a private secured application with functionality similar to Twitter for real-time communication among employees.

While these pioneering corporations have tapped social media as a customer communications channel, the overwhelming majority of companies have been slow to leverage social networking as an integrated and potent sales and marketing tool.

Key Challenges for Mortgage Players

No industry has been more under siege over the past few years than mortgage banking. Originators have experienced the "triple whammy" of declining volumes, tighter guidelines and repurchase demands. They need to differentiate in an increasingly competitive and commoditized market. Servicers, on the other hand, are reeling from an explosion in the volume of defaults and are hamstrung by antiquated systems and processes. They seek mechanisms to improve their operational processes and place borrowers in the right loss mitigation program at the right time. A visit to blogs that focus on mortgage issues reveals that:

- Prospective borrowers are asking for more information on services and products and are seeking feedback before deciding on a mortgage bank.
- Borrowers are not happy with their existing originator banks due to inadequate disclosure, communication or delays in responding to queries.
- Borrowers are not satisfied with their servicers for various reasons: Unclear guidelines on various loss mitigation programs, delays in modification processing, poor communication from servicers and a general lack of responsiveness.

Social CRM can provide originators and servicers with much-needed market intelligence, leads and insights, which can help increase market share and customer satisfaction and improve processes and services. By employing an integrated and comprehensive SCRM approach, mortgage banks can leverage intelligence gained through social media to improve consumer perception, quality of service and market share.

SCRM for Mortgage Banks

The main challenge for banks with most social media initiatives is the lack of long-term support by senior management, a lack of metrics to measure success and the ambition to try to do too many things concurrently. Thus, their social media campaigns often lack the back-end support needed to convert opportunities into profits, or their content is too long or boring, or their marketing lacks punch.

To be successful at leveraging social media to generate business benefits, a comprehensive strategy covering front-end, back-office and metrics to measure results is a must. The initiative should span all aspects of social networking, including creating social communities for interaction, positive communications, listening solutions, analytics and a strong back-office to convert this intelligence into action. Mortgage banks need to listen to the conversations happening in social media about their products, services and brands vis-à-vis others. This data, gathered from active listening, needs to be analyzed and converted into intelligence that can be incorporated into actions that help companies engage with customers, expand markets, improve service delivery and deliver measurable results. In a mortgage industry context, the SCRM approach can be broadly classified into three components (see Figure 2).

- **Social community development:** Mortgage banks need to create social communities and engage with members to create positive sentiment and build trust. They can create focused communities with discussion forums, self-help groups and online chat capabilities to support various sub-groups, such as distressed

homeowners (DHOs), builders, brokers, prospective borrowers, etc. These sites are owned and managed by banks and are a platform for collaboration for agents, brokers, loss mitigation and servicing teams, employees and sales executives, along with news publishing, corporate branding, PR and content sharing.

- **Social media listening:** Banks should gather feedback, questions, suggestions, etc. through listening solutions and analyze these inputs to generate intelligence for devising consumer strategies. They can listen to user content in key mortgage social networking sites (such as loansafe.com, Reuters blogs, bankrate.com) to capture information on products, perceptions and services and use business intelligence tools to help formulate strategies to improve their products, services and communications. Ideas on strategy and implementation should also be gathered from all internal stakeholders through blogging, wikis and other forms of idea and content sharing, since the best ideas come from the grassroots level.
- **Program development:** Having a social media presence and interacting with borrowers are necessary, but not sufficient, to leverage

The Phases of Social CRM

	Activity	Implementation Approach	Tools
Social Community Development	Create social communities and engage with them to create positive sentiments and build trust.	<ul style="list-style-type: none"> • Community creation and management: Build focused communities with discussion forums and self-help groups to support various customers like distressed home owners (DHOs), gather feedback, questions, suggestions, ideas, etc. • News publishing and awareness creation regarding loan offerings and loss mitigation programs. • Corporate branding and public relations. • Internal collaboration across teams for idea generation and content sharing. 	<ul style="list-style-type: none"> • Jive Technologies, Lithium, Liferay and open source software like Drupal, Joomla.
Social Media Listening	Listening solutions for information capture and analysis.	<ul style="list-style-type: none"> • Listen to the user-generated content in key mortgage social networking sites. • Capture, process and cleanse info. • Feed the social media insights into strong analytics and BI solutions. Convert raw data into opportunities and leads that can be harnessed and provide measurable results. • The output of the listening solution can also be integrated with CRM/customer applications. • Compare current sentiment vs. historical sentiment and perform trend analysis. 	<ul style="list-style-type: none"> • Network Hippo, Radian6, biz360, Nielsen BuzzMetrics, Cognizant's Customer Listening Solution (CLS), an RSS-based listening tool.
Program Development	Analyze information and design solutions to engage, retain and influence customers.	<ul style="list-style-type: none"> • Product development: Design innovative products suitable for a specific group of mortgage customers. • Lead generation and segmentation: Feed marketing insights to the marketing and product group to design promotions, campaigns, surveys and product enhancements. • Process improvement: Effectively use feedback to improve servicing and originations processes. • Customer information management and profiling. • Improve customer service and issue resolution. 	<ul style="list-style-type: none"> • Analytics tools like SAS

Figure 2

Listening to and analyzing customer comments on various social networks can help identify potential customers and provide insights into products people are looking for or want banks to offer.

SCRM to provide competitive advantage in the market. The SCRM infrastructure needs to feed consumer sentiments into a strong analytics and BI engine to convert raw data into opportunities and leads that can be harnessed to provide measurable results. The information captured through SCRM must be leveraged to boost sales and improve perception, products and services. Doing this requires the following:

- **Services analysis:** Lenders can leverage information captured through SCRM tools and infrastructure to identify process gaps and inefficiencies in customer service and improve processes that will have maximum impact on enhancing customer experience. They will be surprised to learn that most of the complaints pivot on a lack of communication and clarity.
- **Product/brand analysis:** In mortgage originations, loss mitigation and servicing, positive publicity and brand image are as important as process excellence – and even more so today, when the progress and suc-

cess of different modification programs are under close scrutiny by borrowers, government, analysts and the industry. SCRM can help build positive brand image through community creation, awareness creation, corporate branding, public relation campaigns and crowdsourcing for new product and service development.

- **Sales analysis:** With so much advertising noise and so many options, customer acquisition is a big challenge for lenders. Listening to and analyzing customer comments on various social networks can help identify potential customers and provide insights into products consumers are looking for or want banks to offer. This analysis will help in creating leads, cross-sell and up-sell, and launch new products that are already in demand.

Moving Forward

Demographic, social and behavioral shifts have implications for all businesses. This is even more important for businesses with high-touch points with their customers, such as the mortgage banking industry. As the Internet becomes a critical channel for information dissemination, access and customer interaction, borrowers are

SCRM Analysis Functions

Area	Sample Web Sites	Sample Conversations	How Information Can Be Leveraged
Services Analysis	http://www.loansafe.org http://www.wannanetwork.com http://www.loanmortgagecredit.com http://blogs.reuters.com http://www.finextra.com http://www.bankrate.com	<ul style="list-style-type: none"> • Complaints about lack of clarity on changing HAMP guidelines. • Have sent docs for HAMP but bank not responding. • Questions on loan consolidation. • Questions on BK & FC. • Comments on realtors and brokers. • Complaints about lack of clarity on fees on GFE and how it changes at closing. • Comments on mortgage originators. 	Originations Servicing and Default: Improve customer satisfaction through: <ul style="list-style-type: none"> • Better communication and tracking. • Faster turnaround time. • Multiple communication mediums.
Product/ Brand Analysis			Default/Loss Mitigation: Improve borrower, market and government perception through: <ul style="list-style-type: none"> • Better solicitation/ communication and tracking. • Faster turnaround time. • Originations: Improve brand perception through feedback on processes, communication and tracking.
Sales Analysis		<ul style="list-style-type: none"> • Getting loans with low credit scores. • How to refinance an existing mortgage. • How to quickly close a loan. • Comparing rates. 	Originations: Gain market share through <ul style="list-style-type: none"> • Innovative products, perception. • Generating leads..

Figure 3

seeking more timely and meaningful insights on everything from property listings, to valuations, interest rates and glossary data. They crave content in a variety of formats, from straight text through video, and want more interactive forms of learning, offering feedback on products and services, and receiving communication from banks. In fact, the focus for banks' online presence has moved away from real estate professionals and banking operations to the customer.

This shift has significant consequences for all stakeholders in the mortgage industry. Banks must adapt their strategies to this shift to stay competitive. They must leverage all forms of social media to

their advantage and convey their value proposition in a consistent and persuasive fashion. This active strategy should include all tools and techniques in their SCRMM arsenal that can convert the structured and unstructured data captured by social media (such as engaging borrowers in online conversations and offering tips and advice on home buying) into meaningful market insights. Home-buying decisions are usually a once-a-ten-year event for most customers, which requires transparency and responsiveness. Applying SCRMM solutions effectively can go a long way to improving market perception, boosting sales, enhancing internal processes and building long-lasting relationships with customers.

Footnote

¹ <http://www.insideview.com/social-crm.html>

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Cognizant's Mortgage Practice employs over 60 subject matter experts and analysts and 800 associates, and has successfully delivered over 100 large and complex engagements across origination, secondary markets, servicing and loss mitigation in the U.S. and Europe. We offer consulting, IT, BPO and IT infrastructure services across all functional areas. Our IT services comprise business and IT transformation, systems consolidation, application development, application maintenance, testing, data warehousing, business intelligence and analytics.

Cognizant's Social CRM Practice helps create a more adaptive and collaborative organization to improve overall customer experience. We leverage cutting-edge technology and innovations in the social CRM space to provide solutions to leading players across industries. We help businesses formulate social CRM strategies and build roadmaps to implement these strategies, integrating traditional and social channels, building communities and providing actionable insights from social media.

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About Cognizant

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