

# New competitive imperatives in mortgage lending: Redefining the customer experience

*Blend engaged [Nazare Advisors](#) to provide industry insights for this ebook. Nazare Advisors provides strategic advice for financial services and technology companies to meet the demands of 21st-century consumers and businesses. They provide valuable insights, which support underserved markets with technological discontinuity and help build new capabilities to address real market challenges.*

The U.S. mortgage industry is undergoing rapid transformation. Digital disruptor direct-to-consumer lenders are delivering the experiences consumers expect, and consumers are willing to switch lenders to get them. This trend is bolstered by the large demographic of digitally native first-time homebuyers.

There is an opportunity to redefine the customer experience to deliver the experiences borrowers demand. It entails developing a strategic vision, reaching borrowers through digital channels, and delivering a nuanced combination of a tech-forward application and the guidance of your trusted team.

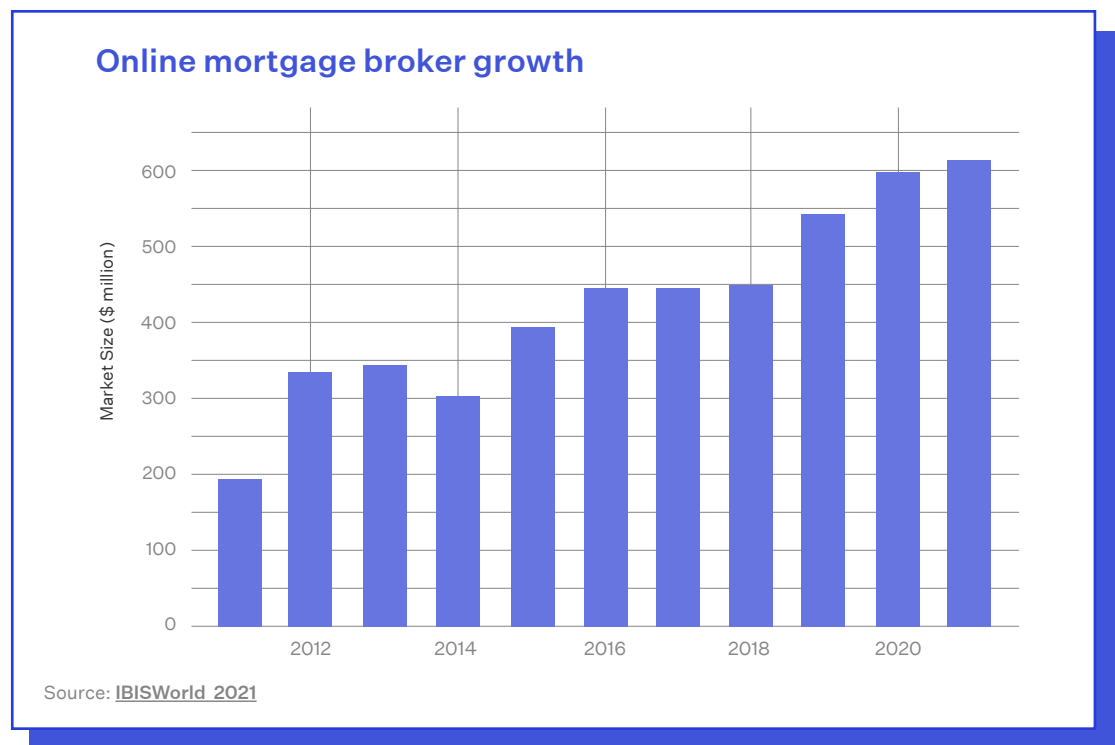
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## Section 01

# A changing digital landscape

Digital disruptor direct-to-consumer lenders are on the rise. This segment's market size grew from under \$200 million in 2011 to over \$600 million in 2021, indicating increased consumer willingness to use online lenders for their mortgages.<sup>1</sup>



In 2020, two digital disruptors landed in the top five lenders by dollar volume.<sup>2</sup> Online lenders continue to see market share growth at the expense of traditional lenders.

<sup>1</sup> [IBISWorld 2021](#)

<sup>2</sup> [National Mortgage News 2021](#) New competitive imperatives in mortgage lending: Redefining the customer experience 3

## Top 5 single-family lenders by dollar volume and units

Company	\$ volume of loans
Quicken Loans	\$313.41 billion
United Shore Financial Services	\$182.82 billion
Wells Fargo	\$137.15 billion
JPMorgan Chase	\$108.01 billion
LoanDepot	\$100.53 billion

Source: [Statista 2021](#)

The market has changed rapidly, but it's not too late to integrate digital into your lending identity. Let's examine how these digital disruptors are achieving this growth — and how you can uplevel your offerings to compete.

## What customers want

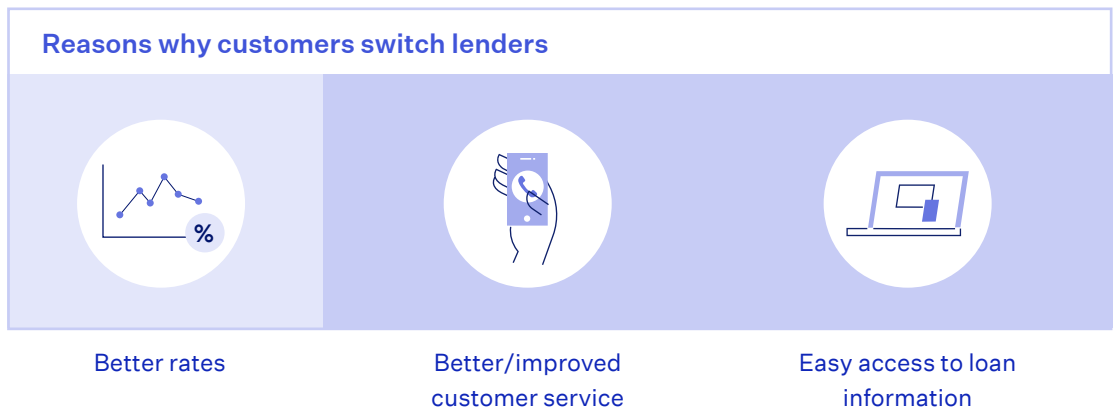
To understand what's causing these shifts, it's important to acknowledge that these digitally-advanced lenders are leveraging customer insights and cutting-edge technologies to deliver seamless experiences that are threatening traditional lenders.

**68% of surveyed consumers said their perception of the homebuying process was improved by technology, noting convenience/ease of use and time savings as the biggest benefits.<sup>3</sup>**

Customers who say they would switch lenders listed “better/improved customer service” and “easy access to help myself to information about my loan” as their top reasons beyond better rates.<sup>4</sup> Lenders can achieve success with these two factors by leveraging digital capabilities.

<sup>3</sup> [HousingWire 2021](#)

<sup>4</sup> [J.D. Power 2021](#)



Additionally, when choosing a lender, consumers are armed with a wealth of information, like rate and product comparisons pulled from easy-to-understand charts on aggregator platforms. Consumers know what their options are, and with dramatically rising expectations for digital engagement, they aren't afraid to choose a digital one.<sup>5</sup>

Digital direct-to-consumer lenders take advantage of this by investing heavily in digital marketing, targeting consumers when they are in-market for a mortgage and researching their options online.<sup>6</sup>

## The wave of the first-time homebuyer



The digital effect is particularly prevalent among younger homebuyers, a key demographic for mortgage lenders. Millennials accounted for more than half of homebuyers in 2021,<sup>7</sup> the large majority of whom are first-time buyers.<sup>8</sup> This digitally-native constituency demands digital experiences at even higher rates than previous generations.<sup>9</sup>

Many first-time homebuyers are looking online for information about the homebuying process.<sup>10</sup> This includes learning through online reviews and word of mouth to identify which lenders are delivering exceptional experiences, which can be a deciding factor in selection. In fact, around 60% of borrowers say they would be open to completing the *entire* mortgage process online.<sup>11</sup>

5 [McKinsey 2021](#)

6 [Inside Mortgage Finance 2020](#)

7 [CoreLogic 2021](#)

8 [NAR 2021](#)

9 [Forbes 2021](#)

10 [Ibid.](#)

11 [Ibid.](#)

Section  
02

# Bridging the gap: A three-pronged approach to cementing your digital strategy

We understand that meeting the expectations of today's consumers is easier said than done. We've developed a three-pronged approach to redefine the customer experience. This approach, which takes into account the clear changes in the mortgage landscape, is designed to help you meet borrowers where they are.



**Develop a long-term vision with the right partner** - With the help of a supportive partner, create a strategic plan that incorporates market responsiveness so you can compete with banks and fintechs now and for the long haul.



**Invest in digital marketing** - Reach prospective customers in their shopping journeys when and where it counts.



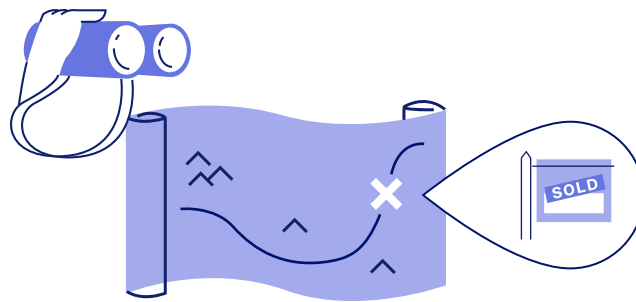
**Make your customer experience a differentiator** - Offer a fast, simple, intuitive application supported by your knowledgeable team of loan officers.

## Section 03

# How Blend can help

Let's dive into how Blend's unified platform can help you create and implement a strategic vision that ensures your success for years to come, integrate an effective digital marketing strategy, set yourself apart with a streamlined customer experience bolstered by expert guidance.

## Develop a long-term vision with the right partner



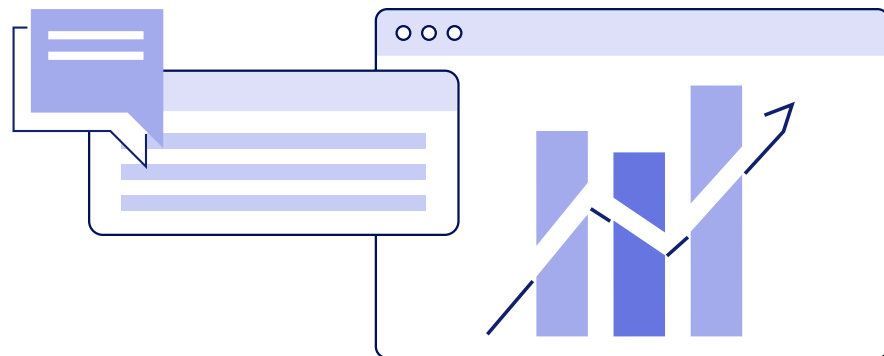
Blend has been honing our mortgage solution for years, and our depth of experience transforming the customer experience — and backend processes — for mortgage lenders makes us the right partner to form a long-term strategy with.

We know it can be overwhelming to try to compete with disruptors who live and breathe tech — and have invested huge amounts of capital into it. But Blend doesn't just sell you “off the shelf” software and send you on your way. Instead, we provide an enterprise level of support and guidance to help you digitize operations and deliver excellent customer experiences in a way that makes sense for your unique business model.

Not only can we get you to market quickly, but we can also advise you on where to start and which investments are going to make the biggest impact. Blend can deliver substantial returns with our Mortgage product, which can power your investment in the next innovation to elevate your customer experience and operations. For example, according to a Blend-commissioned MarketWise survey, the total potential ROI for a Blend Mortgage customer is \$827 per loan. But add Blend Close and total potential ROI jumps to \$962. Error reduction as a result of automation, decreased origination costs, and shorter loan cycles all help drive this ROI for our partners.

Additionally, the ability to scale our solutions and deepen your impact can help you keep pace with demand so you don't miss out on opportunities for growth. When demand rises or market conditions change, many lenders struggle to master challenges or scale their operations to take full advantage of opportunities. We work with our partners to make the most of Blend's flexible technology, so you can customize experiences and processes to adjust to changing expectations and demands.

## Invest in digital marketing



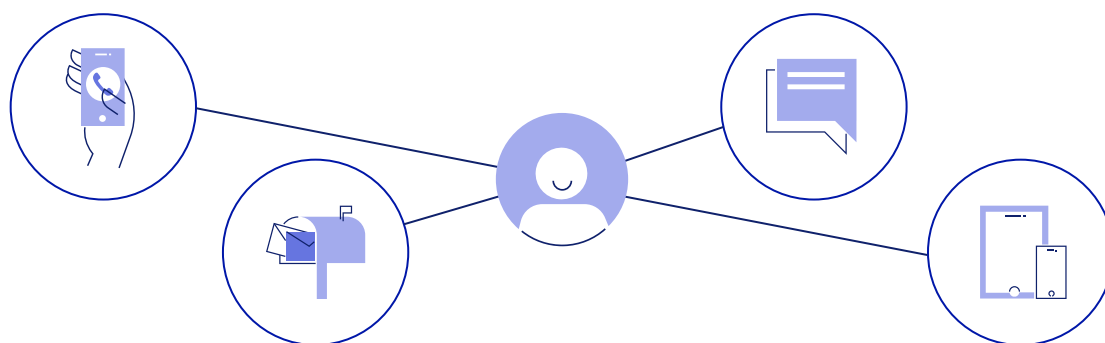
Because consumers have a variety of bank and non-bank lenders to turn to, lenders that are able to quickly identify and communicate to prospects are likely to grow their customer base. Lenders are leveraging more and more data, including transaction activity and property listing information to identify, segment, and target potential customers based on who they believe to be in the early stages of the homeownership process. Developing a deep, data-informed understanding of prospective customers' relevant characteristics can enable personalized marketing tactics relevant to each unique person's needs.

By beginning outreach and building relationships with those likely to borrow, lenders can efficiently optimize resources to convert prospects to customers. Digital marketing is needed to create awareness beyond word-of-mouth referrals. Digital marketing tools and channels, including email, social media, and CRM platforms, are critical investments needed to drive customer acquisition and build brand awareness. Connecting with millennial borrowers, who typically begin their home mortgage process via digital channels, requires lenders to meet them where and when they begin their shopping and start their selection process.<sup>12</sup> With lenders expected to continue to increase their investments in digital marketing, this cannot be overlooked.



Without marketing tech integrations, generating and recording leads can be exhausting and tricky. Your marketing operations teams may currently find themselves performing redundant data entry and insecurely sharing data across systems. Documents and important lead information can get lost in the shuffle. Fill your funnel more safely and efficiently in Blend, and keep your process for recording communications with prospects simple and streamlined.

## Make your customer experience a differentiator



While getting the best rate has always been important, so is a good customer experience.<sup>13</sup> This enables lenders to differentiate on service instead of sacrificing pricing and margins. With Blend, deliver a digital interface on par with disruptors while trusting your loan teams to provide added support that outshines the competition.

Instead of a one-size-fits-all approach, offer a customized experience that includes the right mix of streamlined automation and personal guidance. With a responsive design that's optimized for any device, customers can apply how and when it works for them. Customers can expect an intuitive application complete with self-serve pre-approval, contextual help, and streamlined information capture.

But even with the most seamless digital application experience, there are moments in this complex process where borrowers want to connect with a knowledgeable and reliable person. That's where your unique advantage comes in — the expertise of your loan officers who have guided countless homebuyers through an often overwhelming process.

Establishing the optimal combination of interactions — across live personal service, digital self-service, mail, and email — can be a challenge. Tailor the right communication to the right customer at the right time. Blend makes these handoffs painless. With click-to-call buttons, borrowers can get their questions answered in real-time, and Co-pilot that allows loan officers to follow along with a borrower's progress. But we also free up your loan officers to act as trusted advisors, automating manual tasks and increasing their capacity so they're able to offer the personalized interactions borrowers are looking for.

Blend gives loan officers a full view of their borrowers' loans so they can easily access loan information in [the palm of their hand](#). All key [workflows are located in one place](#) so they can operate efficiently and deliver top-notch service to borrowers, complete with expert advice and updates throughout the journey.

Let your loan officers do what they do best — give borrowers the meaningful advice they need to make sound decisions about their financial futures.

Blend's digital application experience, coupled with the power Blend gives to loan officers so they can offer expert guidance, increases pull-through. Customers can see submission rates above 80% on Mortgage applications. Put your digital marketing dollars to good use by closing on the leads you invest in.

Digital engagement is the foundation of the future of mortgage lending. This understanding, bolstered by a partnership that fuels a long-term vision, a powerful marketing strategy, and a differentiated customer experience, can help you keep up with today — and tomorrow's — demanding and smart customer. Blend supports each element of this strategy, offering:

- **Martech integrations to maximize your marketing funnel**
- **Consistent, low-friction digital experiences across products**
- **Workflow automation for teams and customers**
- **Enterprise-level support to craft a unique strategy suited to your goals**
- **Agile technology to respond to market conditions in a timely manner**

## Want to learn more?

Schedule a demo to understand how these capabilities work in action.

[Mortgage Suite](#)

[Close](#)

[LO Toolkit](#)

[Income Verification](#)



### **Powered by Blend**

Blend helps lenders maximize their digital agility. We streamline the journey from application to close for any banking product across every channel. Our Digital Lending Platform is used by Wells Fargo, U.S. Bank, and over 285 other leading financial institutions to acquire more customers, increase productivity, and deepen customer relationships.

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