

The Real Life Guide to Referral Marketing

and how alternative loans can help.



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The purpose of this guide.

Our research with our broker network confirms what wider research suggests, that over 60% of all new business comes from referrals, either from existing customers or from professional networks, for example, accountants, real estate, or financial planners.

The purpose of this guide and its accompanying tools is to help you to position your business to attract referrals for the growing numbers of customers that need alternative lending solutions. Meeting your need to sustain and grow your business and customers' needs for solutions when traditional lenders increasingly say no.



What is referral marketing?

Referral marketing:

Deliberately and systematically encouraging your customers and your professional networks to tell their friends, family and other people about you.

Here's an **interesting real life fact.**

83% of satisfied people are quite willing to refer products and services...

-----|-----| **83%** |-----|-----|



-----|-----|-----|-----| **29%** |-----|-----|

...but only **29%**¹ actually do! **Why?**

Well there are a lot of reasons but mostly it comes down to one simple reason – people get busy and then forget. Your job is to jog their memory and make it easy for them.

1. Texas Tech University & Advisor Impact. "Anatomy of the Referral: Economics of Loyalty." December 2010.
https://www.aicpastore.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2011/CPA/Feb/AnatomyReferral.jsp

Why build referrals for alternative lending?

To stand out

There are many brokers out there all looking for the same business as you – so when it comes to building networks and getting recommended by others, you want to stand out by providing a unique and valuable service.

For growth

The best place to look for business growth is where there is the most significant opportunity. Alternative lending is an area of need that is currently underserved and it's growing. For example, we know that 6 out of 10 customers getting turned down for a mortgage today are getting a 'no' when they could be getting a 'yes'. We also know that tightening criteria by traditional lenders and an environment of increased economic pressure for many Australians means that the real life examples of people who need alternatives are expanding.

To be top of mind

When these people are turned down by traditional lenders, they look for alternatives and as they do so they turn to their networks for recommendations – asking for ideas about who has the specific expertise to help them. Almost every person will know of someone at some time that could benefit from an alternative loan, you want yours to be the name they use.

To build trust

What we also know is that when they are in this situation, people are more likely to want the help of a broker. They are looking for someone they can trust to help them.

To be known for full service

What can help you to stand out and grow your customer base is being known for having the complete range of solutions to offer. Being an expert in alternative lending is a great way to position your business for sustainable growth.

Position your business as offering a truly comprehensive loan service.

It's a big misconception that people who need non-bank loans have problematic financial histories. Not so. In real life around 20% of people looking for a loan need alternative lending.

While it's true that some people are facing financial difficulties - often through no fault of their own - generally they need alternatives simply because they don't fit bank criteria.

Good examples are not having conventional paper work, being self-employed, or because of complex situations arising from one of life's unexpected hurdles, like divorce, changes in circumstances, or unexpected illness.

Having the expertise to meet that need, and doing it well, will position you as a valuable provider and ultimately increase the number of all referrals that come your way. Because by offering both traditional and alternative loans, you become a comprehensive option to refer to.

Handy hint.

There are many terms used to describe people who fall outside main bank lending criteria. For example: non-prime, near-prime and non-conforming.

These terms make sense to brokers and lenders because they are common industry terms. But for customers or professionals from other industries, we recommend using terms they can understand and feel positive about.

Alternative lending - offering a range of options for people who don't currently meet standard bank loan criteria. For example, people who are self-employed, people receiving income from multiple sources, and people with an imperfect credit history.



The referral opportunities roadmap. How to create signposts to your business.

1 If someone's been knocked back by traditional lenders and looking for alternatives, they're likely to ask for recommendations from friends, family or professionals they know.

Your name needs to be the one they refer to.

3 Earn their trust. Be upfront and set realistic expectations for them from the get-go.

5 Make the moments that matter, matter. If they have to call you to find out how their application is going you are not delivering.

7 Call them when the funds clear to congratulate them.

When funds clear so does all the worry. Now is a good time to say: "It is so awesome to have this sorted for you. The best compliment we know of is a referral. Do you know anyone you think could benefit from having a chat with us?"

8 Send a congratulatory email as follow up.

In your email message provide a click through to ratings options, saying something like: If you liked our service please let others know about it. [Click here to rate us/recommend us.](#)



2 When they've been knocked back they're more likely to want to talk to a broker.

Be referable.

4 Communicate. Get feedback at the end of the first meeting. Find out how they're doing. Ask them if they understand everything, if there is anything at all they're not clear about, and check how they're feeling.

At the end of the first meeting, if you've made them feel relieved and in good hands, it can be an opportune time to say: "We specialise in helping clients who face difficulty getting finance with the banks - feel free to take a card if you know anyone you think we should talk to."

6 Let them know when the loan is approved, if there are unexpected delays and how long funds clearance takes so they are not left wondering or worrying.

9 Get in touch a couple of months down the track to make sure they are still doing well. They are now part of your referral network - and very likely to know someone who could use your help...

Have a clear call to action (CTA) before your sign off: For example, so good to hear all is well with you. Don't forget to tell your friends about us. Or, A referral is the best compliment.

Always thank them when they refer. We all like to be appreciated.



Your referral tips and tools.



Like every profitable activity, referring needs a planned approach and good tools. Here are your 10 steps to success:

1. Create a referral plan and follow it.
This means doing your homework.



2. Understand your customer base.

Learn who your core customers are and what sort of customers you want to attract in future, e.g. the self-employed.



To see the types of customer profiles you may want to be thinking about for alternative lending, take a look at the selection we have prepared as part of the referral collateral on the broker portal.



3. Know your referrers.

Learn who your key referrers are and look after them. Understand what type of business you are getting from them today and think about whether they can give you the new type of business you might want to get from them in the future.



4. Build your networks.

Get to know your local colleagues and connect with them by adding relevant value to their worlds. Who else might you be seeking referrals from? Educate them on the different types of clients you can help to establish this strong, comprehensive lending value proposition. And remember to speak their language – talk to people in terms they will understand that matter to them about your offer.



Visit Broker Portal to download your Pepper Referral Partner Collateral.



5. Set up good feedback systems.

Ask how you're doing and analyse results to track your trends so you can respond to things you need to change.



Visit Broker Portal to download your Pepper Customer Survey Research tool.

Your referral tips and tools.



6. Provide great supporting information.

Make sure your profile and 'look' is up to scratch across all the channels people will check you out on – which includes your professional reputation, your LinkedIn profile, your website, and social media or blogs you have, any ads/case studies you create and how things 'look and feel' in your offices. They all add up.



7. Provide content that specifically talks to your expertise with alternative loans.



Visit Broker Portal to download your Pepper Web Content tool.



8. Keep track to know what works.

Monitor your referrals, conversions and their value to the business. Follow-up. Be brilliant at always getting back to people and never leave them chasing you.



9. Offer ongoing value that is worth referring.

Keep them happy by giving a high quality service. Surprise and delight with unexpected touches. Stay connected, say thank you and refer back to colleagues that refer to you.



10. Challenge the accepted.

Keep it going. Keep asking. And you will see the results.

Making alternative lending easy.

We also have a great range of tools to help make it easy for you to develop your alternative lending expertise.

- A simple animated guide to alternative lending through Pepper's '[Better Business Hub](#)' - online broker training with CPD points.
- [The Little Book of Real Life](#) to guide you through scenarios and solutions.
- [Pepper Product Selector](#) [a super easy indicative offer tool].
- The cascading Pepper Money alternative loan product suite.
- Your Pepper Money BDM.

Your Pepper Money teams.

Changing market conditions mean it's always a good idea to stay in touch.



**Your sales
support team**

New applications and general enquiries:
origination@pepper.com.au
1800 737 737

Settlement enquiries:
settlements@pepper.com.au
Broker Accreditations:
accreditations@pepper.com.au



**Your scenarios
team**

Fast paced review:
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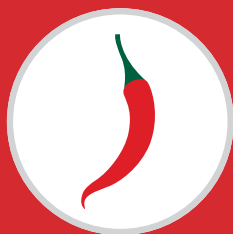
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