

Interest rate cap helps borrowers

First Permanent Group has set up an interest rate cap offer for borrowers, which allows home buyers to benefit from drops in the interest rate – while also protecting them from increases.

The company will lend up to 106% of the purchase price of the home, which also allows borrowers to consolidate their other loans and credit card debts, as well as cover purchase transaction fees.

Ian Grant, chief executive, First Permanent Group, believes that the new cap is perfect for first-time home buyers, especially with the recent rise and the possibility of another on the way.

He said: "This cap feature couldn't come at a better time in the interest rate cycle. A few banks offered a similar scheme in the early 1990s, but they

weren't prepared and the Australian Prudential Regulation Authority shut the offers down within 90 minutes of discovering them."

First Permanent requires that those applying for a loan should have a combined income of over \$70,000, but waive the usual requirement that borrowers show genuine savings. They have not had a loss on any of the 3000 loans it has advanced in its five years of operating.

Interest on the account is capped at 7.9% for loans between 100% to 106%, and 7.5% for those between 95-100%.

Grant added: "No loans are interest only. They are all fully amortising, principal and interest."

First Permanent is owned by Devine Ltd, and is Australia's only specialist no-deposit mortgage lender. ■

Advertising on the internet

With the internet seeing ever-growing connections and becoming a 'need' rather than a 'want', the web today provides new opportunities for brokers to get their message out there fast and at an affordable price. However, there are many variants to consider before plunging yourself and your budget into online advertising. **Diane Costa**, director of sales and marketing, Marketing Mechanics, has some advice



What is your budget?

Like all marketing, you need to set a realistic budget rather than trying to afford what is on offer or taking a cheap deal because it is 'cheap'. Do not take the first proposal that comes along or an offer you found while surfing. Some offers seem too good to be true and some will seem ridiculously expensive.

For the past 12 years I have been advising businesses on advertising and marketing. I recommend a budget of around 7-14% of gross turnover,

rather than pluck a figure out of the air or launch into guerrilla marketing, set your budget. Let's say you have allowed \$5000 over three months, which equals around \$1670 per month.

Now you have comfortably made that decision, the next step is to decide what you should expect. The obvious expectations are phone calls, increased sales and hits on your website. But how many? A good benchmark is to at least cover your costs, so each month, if your advertising dollars are covered

"Your message should be short, have impact, and most importantly, tell people your offer. It should be good enough to make a potential client click on it"

depending on what stage the business is at, which is then split up over the 12 months, dependent on the goals you want to achieve. I recommend a fair percentage of online advertising as being at least 4% of your budget. So

in sales, you have done well. Along with covering your expenses, your brand has been seen by thousands of potential customers, which will set the benchmark for future advertising and brand recognition. A fair call would

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be to sell at least double what you have spent and anything above that is cream on the cake. If your advertising is sales-focused (ie, to drive sales your primary objective and brand awareness is secondary), you would expect no less. If by the end of the campaign you have not reached this objective, it is fair to say that your choice did not give you the best ROI (return on investment). If this is the case the first time around, do not count online advertising out

“Each month, if your advertising dollars are covered in sales, you’ve done well ... your brand has also been seen by thousands of potential customers”

as ‘not worthy’; you have to learn from experience and will be in a better position to make your next online advertising decision.

What kind of advert do you place?

Online advertising is offered in many forms – different shapes, different methods, different sizes. Banner ads, cube ads, ad-words through to rotating ads. Ensure the company you have decided to buy online space from is specific in size, location, etc and get them to direct you to their site so they can show you what to expect – what size

and where your ad will appear. They will talk about size in pixels and as most of us will not know what that means, ask them the size in centimetres.

I strongly recommend using a marketing agency to design your ad, rather than rely on the supplier of online space. Your marketer will have your best sales and marketing objectives at heart and understand how to portray this in a perfectly designed, high quality ad. You are spending

big dollars on advertising so do not take shortcuts. Give your ad the best opportunity to work.

Position is extremely important, as is the number of ads on the site. You do not want to advertise on a site with a blur of other advertisers. But, if there is no advertiser then it might not be a good site to advertise on. Two to five ads on a site is more than acceptable. Ensure your ad is on the homepage and if you can get right-hand-side position, that would be optimum. Using a little flash or animation on

your banner ad for eye-catching appeal is also recommended. Your message should be short, have impact, and most importantly, tell people your offer. It should be good enough to make a potential client click on it. Your marketing agency can work with you to ensure you get the best impact.

Once your potential customer is clicking on your ad, what happens next? Does it turn into a pop-up box, does it get directed to your website or a new page? Obviously you will need a design that is developed based on your objectives and offer.

Some people like pop-ups, some do not. Some people have pop-ups deactivated on their site, so it may not be the best way to go. We suggest the click links through to a new, fast loading page, which provides the customer with more information to help close the sale. We can build a new page on your website that is directly about the offer and can lead to other pages on your site.

Now that you have the interest of a potential customer, you should try to keep them on your site for a while. The benefit of a new page is that you can also monitor the number of clicks, rather than relying on whether the supplier of advertising space is being honest about the number of clicks on your ad.

It is also a good idea to collect your

SOME POINTS TO CONSIDER

1. What is your budget?
2. What are your expectations?
3. How do you know you are getting value for money?
4. What kind of advert do you place, what size, how long should it stay up, and on what page will your advert be placed?
5. Where do you advertise, which websites are best, and how does it all work?

payment, some may offer a three-month contract, others may offer pay-per-click where you are offered a ‘click price’. You can set a budget of \$1500 for one month, for example, the click through price may be \$2 per click, and you receive 250 clicks. However, those 250 clicks may be used in four days. You may keep changing until you find what provides the best results, and may increase your budget.

The last but not least important point to consider is how you know where you have chosen to advertise is reputable. Let’s face it, anyone can sell ad space on their website, even make it look like they have big brand advertisers by simply uploading a fake site. Look for sites that have been around for a while with reputable

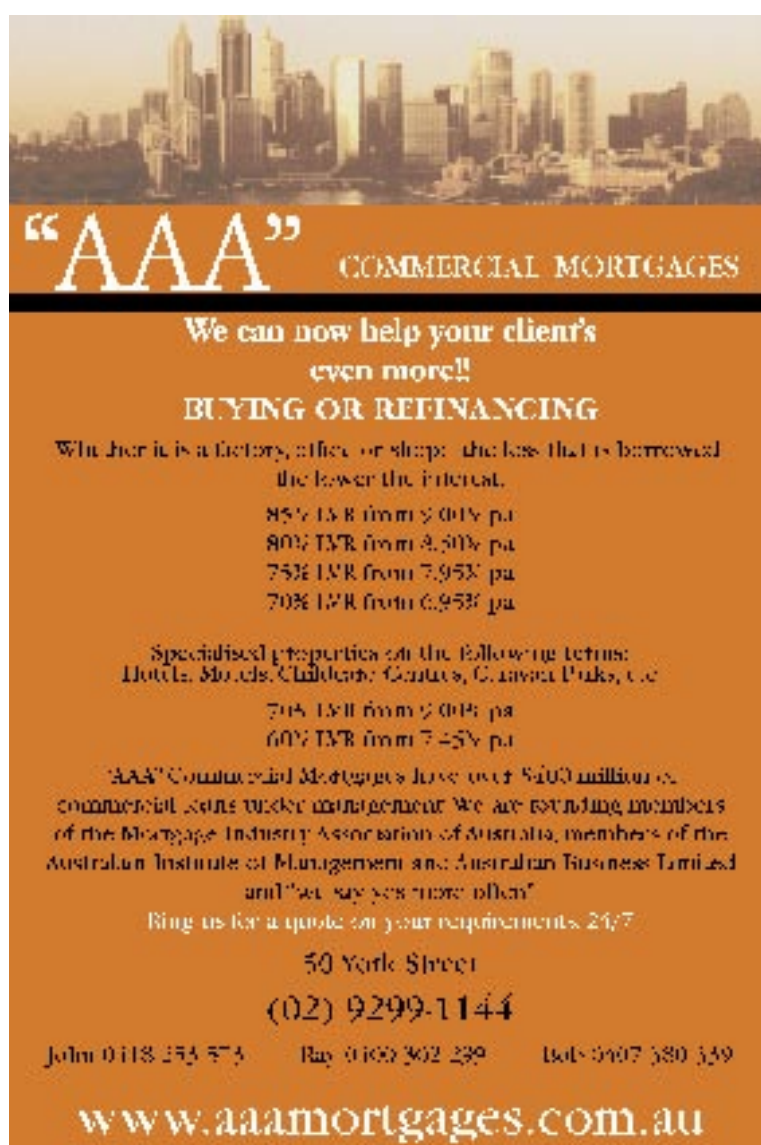
“The click links through to a new, fast loading page – this provides the customer with more information to help close the sale”

customer’s data. Maybe a competition with a form to fill out may be the way to go. But remember, you must provide a privacy statement.

How do you pay for the advertising?

Different online advertising suppliers will request different methods of payment. Some may expect a one-off

advertisers. Ask them for a copy of their web statistics. It is easy for anyone to say “we get over one million clicks per month”, but proving it is another thing. Another point to consider is whether the website you are thinking of taking an ad on actually market their website. ■



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