Successful Direct Marketing Techniques

Presented by Richard Bufkin, VP
Difficult Times

- Marketing exclusively for LTC is becoming more and more difficult

- Response rates are down across the country

- More entities are mailing and the messages are similar
How to make Direct Mail work

- Market for a multitude of products.
- Vary your demographics and zip codes
- Utilize effective contact management
- Track your response and sales
Marketing Multiple Products

- Mail pieces that offer the consumer multiple offerings generate a higher response rate, by as much as 300%

- These pieces create a better environment for multiple sales
Marketing Multiple Products, cont.

- Fabulous door openers
- Everyone is looking for more people to talk to, more people to present to, these work.
- If you cannot sell LTC, the opportunity for Annuities, Life, Med Supp and more are possible
- Generate a greater referral base
Marketing Exclusively for LTC

- Use Tax Advantage language
- Partnership States will bring new appeal
- Offer to establish if a consumer can Health Qualify
- Affinity Marketing
- Duplicate Lists
Advantages of purchasing the Duplicate List

- Dupe Lists will provide the name, address and phone number of your entire mailing.
- You can easily find the neighbors of the respondents, when you are in a neighborhood, you have all the demographically qualified residents.
Advantages of purchasing the Duplicate List, cont.

- Many clients tell us that they sell as many policies from the dupe list as they do from the respondents.
- Because they received a mailer, a follow-up call to the non-responders is not cold, but a warm call.
- A very inexpensive way to generate more prospects.
- Phone numbers are DNC Scrubbed.
Varying Demographics

- If you are constantly mailing to the same zip codes with the same parameters, you may be missing opportunities.
- A zip code that requires greater driving may not be mailed as frequently and more likely to respond.
Varying Demographics, cont.

- If you are constantly mailing to a specific Income Range, dropping the income slightly may also increase response.
- You will reach new prospects.
- Income selections are estimates and may not reflect a consumers true spending abilities.
Client and Prospect Management

- If you are still using a paper filing system, you are missing opportunities.
- Leads are precious and must be treated like gold.
- Effective Contact Management is imperative to maximize the potential of your leads.
Client and Prospect Management

- Caller-Id makes it harder to reach consumers.
- Consistently calling at the same time of day is not always effective.
- Timely follow-up is critical.
- Marketing cross-sell opportunities is very hard without database help.
- Allows for ease of tracking mail and selling success or failure
TL LeadManager, our system
Enhance Your LTCi Direct Marketing Program for Maximized Profit

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ChoicePoint Precision Marketing
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Session Overview

- Common strategies used
- How to use an analytics-driven marketing strategy
- New concepts for cross-sell/up-sell
Components for Successful LTCi Marketing

Creative

Successful LTCi Marketing

Data

Strategy & Analytics
Creative – Prevailing Marketing Messages

- Home care instead of nursing care
- Income tax deductions/credits and tax-free benefits
- Retirement strategies with LTCi as cornerstone – Medicare limits on LTCi coverage
- State partnership programs, including asset protection from Medicaid spend down
Analytics-driven Marketing Strategy

- Analytical Diagnosis and Strategy Development
- Campaign Analysis and Reporting
- Predictive Modeling
- Customer Segmentation and Profiling
Analytics-driven Marketing Strategy

- Using **multi-sourced data** can improve response rate by 40-45%.
- Multiple mailing to same prospect can improve response rate – maximum of 2-3 mailings per year.

Profile of Responders and Non-Responders

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Responders</th>
<th>Non-Responders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Group</td>
<td>48% between 65-70 yrs</td>
<td>59% below 65 yrs</td>
</tr>
<tr>
<td>Education: High School or less</td>
<td>45%</td>
<td>35%</td>
</tr>
<tr>
<td>Income</td>
<td>64% between $35-$75K</td>
<td>55% above $75K</td>
</tr>
<tr>
<td>State Income Deciles: Top 20%</td>
<td>46%</td>
<td>28%</td>
</tr>
<tr>
<td>Number of different types of credit cards: 2-3</td>
<td>55%</td>
<td>61%</td>
</tr>
<tr>
<td>Mail Order Buyer</td>
<td>89%</td>
<td>83%</td>
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</table>
Predictive Modeling
Identify patterns in data and develop models that can be used to predict consumer behavior.

Common types of marketing models used:

- **Look alike/clone model** – ranks a population based on how closely their characteristics match the target group
- **Response model** – predicts propensity of a consumer to respond to a marketing offer
- **Conditional purchase** – predicts propensity of a consumer to respond to a marketing offer and purchase the product
- **Multi-state/region** – improves overall performance while taking into consideration the regional differences
Response Model

Demographic Information
- Age Range
- Education

Census Information
- Ethnic Composition
- Occupation

Household Information
- Dwelling Size
- Number of Children

Financial Strength Indicators
- Presence of Credit Card
- Presence of Bank Card

Zip+4 Summarized Data
- Number of Inquiries
- Number of accounts 30 days past due
The response rate of the gold tier prospects is 68% higher than the average, and their cost per lead is almost 40% lower than the average.
Model Implementation

- The generic models are intended for independent agents or new marketers, or for short-term use by larger clients to provide them with some performance lift while simultaneously building custom models for them.

- As a next step, larger carriers and IMOs should consider building custom response and/or conversion models.
### Analytics-driven Marketing Strategy

#### Campaign Analysis Reports

This step gives you the fact-based information you need to make strategic decisions that can positively impact marketing performance.

<table>
<thead>
<tr>
<th>Model Decile</th>
<th>Model Decile</th>
<th># Mailed</th>
<th># Resp</th>
<th>Resp Rate</th>
<th># Policy</th>
<th>Net Sales Rate</th>
<th>Resp To Policy Rate</th>
<th>Cost Per Sale</th>
<th>Total Lifetime Premium</th>
<th>Average Lifetime Premium</th>
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<tbody>
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<td>1,056</td>
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<td>$909</td>
<td>$2,560,413</td>
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<tr>
<td>6</td>
<td>425,665</td>
<td>2,564</td>
<td>0.60%</td>
<td>203</td>
<td>0.05%</td>
<td>7.92%</td>
<td>$1,048</td>
<td>$958,048</td>
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<td>102,155</td>
<td>445</td>
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<td>49</td>
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<td>8</td>
<td>54,236</td>
<td>189</td>
<td>0.35%</td>
<td>22</td>
<td>0.04%</td>
<td>11.64%</td>
<td>$1,233</td>
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<tr>
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<td>11</td>
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<td>21.15%</td>
<td>$1,414</td>
<td>$15,720</td>
<td>$786</td>
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</table>

| Total        | 7,967,387    | 115,950 | 1.46% | 7,948     | 0.10%    | 6.85%          | $501               | $50,939,460    | $1,287                 |
Cross-sell/Up-sell Strategies

Product Preference Indicator
Analyzes consumers’ buying pattern to:
- Identify products and services that appeal to the customer
- Provide information about when to time an offer

Applications:
- Group products and services based upon customers’ buying habits
- Product offer recommendations – identify “next best product”
- Targeted offers
- Cross-sell/Up-sell
Questions?
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