

DIRECT

A quarterly marketing publication from The Hacker Group

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Kaiser Permanente hits one out of the park

High-impact creative ensures company stays top of desk, and top of mind.

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b2b | The old adage tells us that luck favors the well-prepared. Well, when you have a program that's guaranteed to blast past even the most zealous executive gatekeepers, and add a subject that every C-level exec (and everyone else) is talking about, you're preparing yourself for a grand slam. Here's how Kaiser Permanente, one of the nation's most well-known health care insurance providers, loaded the bases.

They started with a power-hitting concept and format. Imagine a gift-sized box, holding a plexiglass-encased baseball embossed with your name.

Would that pique your interest? Well, it certainly got through to the C-level execs in the mid-Atlantic states. But that was just the first part of the campaign.

The campaign theme, *In the Company of Greats*, features stories of difficult but far-sighted leadership decisions that changed history. The first mailing with the embossed baseball tells the story of Branch Rickey, the Brooklyn Dodgers General Manager who signed Jackie Robinson. The letter and response device copy draws parallels with the courageous decisions business leaders are called to make, such as signing with a new healthcare plan provider. The second touch was a pewter paperweight engraved with a leadership quote from Anne Mulcahy, the executive credited

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Fortune favors the well prepared.

Kaiser Permanente found its campaign called *In the Company of Greats* among the great mailers. They mailed the right message to the right audience at precisely the right moment in baseball history. ▲



A PERSONAL NOTE FROM

▶ THE PRESIDENT



SPYRO KOURTIS, *President*
THE HACKER GROUP

“... if you only focus on the pennies you save, you may be leaving dollars on the table.”

Dear Colleague,

We all know that the Internet is a great tool for getting out information. But that doesn't necessarily make it the best, or only weapon in your sales arsenal. Sure, driving prospects to a Web site to close the sale sounds tempting. It's significantly cheaper and more efficient than phone and retail sales. But if you only focus on the pennies you save, you may be leaving dollars on the table. When I speak at DM Days in New York in June, I'll be addressing some points that marketers often miss to grab those dollars back.

A dialog always helps sales conversion. People are better at selling. Take, for example, buying a wireless phone on the Internet. It's possible, but it can be more than a little confusing, as prospects have to choose both a phone and a service plan. A brief conversation with a sales rep can prevent frustration, answer questions and close the sale. Many of our clients have found that person-to-person selling can close up to 400% more leads.

A conversation can help you up-sell. You can order clothes online. I do it all the time. Also gifts, flowers and books. However, any cataloger will tell you that the "shopping cart abandonment rate" is much lower on the phone. What's more, a person is much more effective at up-selling and cross-selling than a computer.

Cheapest isn't always best. Many travel and hospitality services generally prefer to drive customers to the Web for reservations. Still, many customers prefer the personal interaction and security that speaking with a live person provides. Moving to a Web-only reservation system can save money, but by not giving your customers the opportunity to choose the way they interact with you, you may lose them.

When the Web doesn't close the sale, use it to capture lead information. The Internet may be exactly the right tool to incorporate in a multi-step sales process. One option is to create a campaign-specific microsite. Just remember to make your microsite compelling — amuse, entertain or otherwise engage your prospects' attention long enough to capture the information you need — and drive them to the best place to close the sale.

As always the rule of thumb is: Measure Web sales against your phone and retail sales to discover how **your** customers like to respond — adapt your strategy, and keep that ROI high.

Here's to your success,



Spyro Kourtis

Medicare Marketing:

The power of getting in front of the customer early

b2c

In early 2005, insurance companies that provide Medicare benefits seemed almost frozen in panic. The new Medicare Part D Prescription Drug rules were like a storm on the horizon for marketers. They could all see it coming, but they couldn't tell exactly how big it was going to be.

One insurer went into the market to get an idea of the scale of the market uncertainty.

They found a maelstrom of concern.

The innocent survey goes out

What this provider really wanted was to make sure they were absolutely top-of-mind with their own Medicare members when it came to the new Part D Prescription Drug Coverage. It's just good marketing — if you have a captive audience — to make sure they're thinking about you as the natural up-sell to a big new product like Part D.

As an additional service to their members, and to pull more intelligence out of the program, they used a survey format to help involve the reader and to create a two-way dialog about the new product. Again — just good marketing.

The assurance the letter made to the Medicare member was that, whether they completed the survey or not, they would be receiving more valuable information about Medicare Part D as it became available.

So far, so good.

The package itself was a very

plain, white, double-window envelope with an official-looking snipe. This is a format that has worked hard for this company in the past to get their packages opened.

To increase the emotional impact of the letter and to make it more valuable to the reader, they added the critical deadlines seniors will be facing as Part D takes effect with the advice to “mark these dates on your calendar,” stirring up even more feeling around an issue already fraught with fear and uncertainty.

There's a lot of new business to be won — or lost.

The survey had four simple questions asking how the recipient would like to hear about new Part D information, when they plan to enroll, what their monthly prescription drug expenses were and — most important in terms of emotion — what they already knew about Part D.

The first storm surge

There was no offer beyond a promise to keep the reader informed. There was certainly no specific message about product.

Still, with all that working to depress response, **37% of recipients responded to the survey.**

That's a pretty good indication of a huge opportunity in Part D for insurance providers — and just with their own Medicare members.

The broader implication in the marketplace was that seniors did not feel informed and ready for the new Prescription Drug Coverage. Like their providers, they were a little bit at sea.



The opportunity

An estimated 42 million people subscribe to Medicare in the United States. Every single one of them must take some action to receive the new Part D benefit. That action could be simply signing up with their current carrier (as many will likely do) or it could be as complex as going out and finding a new provider. As it turned out, in just a few short months, there was a huge amount of activity in the senior Medicare insurance market.

What one provider discovered with their (very well timed and very profitable) survey was that the coming storm would shake up every relationship they have. And it was up to them to make sure those relationships were rock solid, or else they would be poached.

The other side of the opportunity

Of course, there's a flip side to that poaching equation. Every Medicare insurer in the country had the same opportunity to reach out to Medicare-eligible seniors with a switch message.

Any insurer who didn't take that kind of proactive stance left the door open for another company to become the new trusted source of Medicare information and advice.

What that huge 37% response told us is how easy it could be to become a trusted source. The changes to Medicare were so big, and the dead-

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JUMPING

BETWEEN B

We try to keep work-life separate from home-life. We talk differently at work. The voice drops into a fact-based, monotone drone. But at home, we allow our emotions to come out. We coo at our babies, we laugh at America's Funniest Videos, and we yell at the dog. It's almost as if we all have split personalities. So, why shouldn't we market to each persona in equally different ways?

Well, there are some things that should be different between them. But over the last 20 years, The Hacker Group has gathered a unique body of testing intelligence that opens new doors between Business-to-Business marketing and Business to Consumer.

To make the most of either, you need to know when to cross the line, and when to stay in your own B2B or B2C yard.

Imagine them all naked.

How do you speak to your B2B audience?

Let's say you're working on a Business-to-Business program that's generating leads to sell a

300 GB EFI High-Speed System Code Integrator to the Director of Budgetary Issues (Grade IV-B) at telecommunications companies with more than 5,000 employees.

This person's mind must look like the inside of a laptop.

You only know these people by their jobs, so you start marketing to the job, not to the person. You talk to the Director as though he or she weren't a person at all, but a function within the company — a computer, or a desk.

Don't fall into that trap.

Whether they work in IT or in Human Resources, or your target reader is a homemaker or independently wealthy, every person you ever market to has one thing in common:

They are all human.

That's something that you can take from your B2C programs and apply to B2B. Talk to people like they're people. If you remember that, then you're on the right track.

One good trick that actors sometimes use to deal with stage fright is to imagine the audience naked. Well, try this exercise. Before attempting to figure out

how to talk to your target, imagine him or her at home in the evening. What is she doing? What did he have for dinner? What TV shows is she watching? Now, you've got a little insight about how to approach them as a person at work.

That doesn't mean that you're allowed to get all chummy in your marketing. You need to speak with the respect you would normally use when dealing with someone who's a leader in their field. You need to maintain your own credibility and not insult your reader. But you also need to acknowledge the human connection between you. That's the power of direct.

Offers that work for people work for employees.

Remember that first rule when you're coming up with offers as well. If you're offering a premium in a B2B program, remember to think of what your reader would like as a person, not just an employee.

Consider two of our clients,

G THE WALL

B2B AND B2C MARKETING

Liebert and Cingular. Liebert sells highly technical cooling and power conditioning systems to a high-tech audience. Cingular sells wireless service — potentially to every consumer in the country. Both companies have gone out with a 6x9 package that highlights a hot offer. (Cingular's offer is a FREE Phone. Liebert gives away a FREE Illuminated Pen.) Both companies put a lot of graphic emphasis on their offers.

Just as Cingular is making an emotional connection with the reader through a FREE Phone, Liebert is making a connection that's just as emotional with the FREE Pen, even though Liebert's talking to a highly technical management audience.

And if you think that the Illuminated Pen only got Liebert a bunch of tire kickers, think again. A survey included with the offer made sure that Liebert's program pulled a 30% qualification rate.

Tell the Official Story.

Another tactic that's worked for both B2B and B2C is the "Official Approach." This has worked in an extremely wide range

of industries.

One client, a major insurance provider, has used an official approach to huge effect in the Medicare consumer market. One package that appeared in the mailbox to be an official notice garnered so much response in one day (over 3,000 calls) that it overloaded the call center.

Onvia, a B2B provider of government bid information, tested an official "Notice of Eligibility" approach in an email to government contractors. This email remained their unbeaten control over several programs.

One of the longest running B2C controls for Cingular used an official-looking Kraft Paper envelope with an offer-heavy letter and brochure. It seemed unbeatable until the above mentioned FREE Phone package edged it out.

The official approach works so well because it appears to be coming from a person of authority. And even when it becomes clear to the reader that the sender might not have that much power over them, that impression remains.



B2B Marketing

It's surprising how many of the tactics of B2C have been found to work in B2B marketing. Even Pre-Approval has worked for small business targets (especially home office businesses).

Take the blinders off and start to think of all B2C methods as possible in B2B, and vice versa. You'll find that the boundaries between the two are more permeable than you may have imagined. After all, whichever type of marketing you're doing, you're always talking to people.

Remember, it's all B2P marketing: Business to People. ▲

Spring Cleaning – Integrated Style

Here are some suggestions for you to do some spring cleaning around your campaigns and operations:

- **Polish up your HTML email shells** – Chances are you are getting tired of the standard look and feel of your campaign creative. Challenge your creatives to invigorate their design or hire a freelancer for fresh ideas.
- **Get close to your competition** – Take a minute to sign up for newsletters and events for all your competition using a personal email address. See what they're doing and benefit from what they are testing.
- **Review your privacy policy and unsubscribe processes** – This is basic housekeeping. Review this once a year – make sure it makes sense, it's compliant with current privacy laws, and your unsubscribe processes work and are customer friendly.
- **Purge non-active subscribers and bounces** – Make sure your team has a solid method to drop repeatedly bounced emails. Drop those subscribers that have never, ever opened an email. Send them a "Final Notice" email; if they respond, you know you've got something that's still worth talking to.
- **See how you did last year** – Conduct a telemarketing or email "Did you buy study" of campaign responders from last year. Use the data to close the gap with sales and to improve your nurture strategies.

Don't limit yourself to these ideas. Use them as a springboard to spruce up your campaigns for leaner and more efficient results. ▲

The Rise and Rise of the Mail History Database

How mail lists can help predict the future



b2c | Most direct marketers rent lists on a project-by-project basis. If they do well, they rent the list again — and again until the response rate takes a dive and it's time look elsewhere.

As a list strategy, it works. But it's not perfect. You're always reacting to what your response analysis tells you — and this vital information often comes too late for your next campaign. Worse still, you never know which names on that list are responding — and which are just along for the ride.

That's the beauty of a Mail History Database. It enables you to accurately predict how a list will perform *before* you mail. There's no reading tea leaves here — just sophisticated **predictive modeling** that generates a constantly improving database.

How many lists is your name on right now . . . a hundred, a thousand? Probably more than you think. It stands to reason that **the more lists a given name is on, the higher their propensity to respond**. They've bought more products, asked for more information, been more open to the efforts of direct marketers like you.

So if you get lists from many different sources, you can cross-reference the frequency of each name and segment individual lists according to their predicted response rate. Factor in the demographic scoring provided by the rental company and you have a **sophisticated predictive model**.

Fictional seeds Tom and Jerry will demonstrate. Tom has a high disposable income and scores well

demographically. So, you'd naturally want to target Tom. But less wealthy Jerry has appeared on far more rental lists than Tom. That means Jerry has proven himself to be a more prolific shopper. Therefore, we can assume that Jerry is more likely to respond to direct mail and adjust our mail strategy accordingly. Without the Mail History Database, we'd waste our budget mailing Tom.

So what is the Mail History Database? It's simply a place where you store all the names you've ever mailed. When you rent a new list, you can quickly run it against the database and see which names come out on top.

Recently, companies have been discovering the Mail History Database actually makes you smarter. Your targeting becomes more refined. Your market segmentation grows in sophistication. And your lists get a good cleansing from the database too. This last benefit is particularly important to companies who target seniors.

If you're thinking about starting your own Mail History Database, here's a word of advice. It's better managed by a third party . . . someone who can store rental files legitimately, who has the capacity to run a database of this size, and who has a trusting relationship with list owners.

When Medica tested lists generated by the Mail History Database, they were blown away. The response rate increased by over 15%! And the great thing is, it will just get better and better. ▲

How to beat the market by 7x!

Test for overpowering response.

b2c Town & Country Credit is a leading sub-prime mortgage lender headquartered in California. A progressive approach to lending allows Town & Country Credit to help people who otherwise might not qualify for a loan — as well as those with good and excellent credit.

After setting up an initial mail program, Town & Country Credit had to grapple with a thorny question: **“How can we get more leads to our branches?”** With the lender’s ability to grow at stake, it needed an answer very quickly.

The best way to the answer? A powerful test program, but not your typical test. Town & Country needed the speed and overwhelming efficiency of the *PowerTest™* methodology — a choice they were very glad to have made because *PowerTest* yielded not one, but two

new packages that both performed far above their expectations. Of course, this gives Town & Country twice the ammunition in the marketplace. This allows them to rotate their winning packages in the mail and avoid fatigue for much longer.

How did they score a couple of winners off a single at-bat? Several new packages with widely varied design looks and copy were simultaneously tested against Town & Country’s existing control. Thanks to the *PowerTest™* methodology, it was possible to conduct the entire test in a matter of weeks — instead of the several months or years required for typical A vs. B testing.

Further testing through this disciplined approach produced several more viable controls, **one of which**

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Even though it was more expensive, this package’s higher response more than justified the extra cost of an embossed plastic card.

Insider STRATEGIES

Ask the Insider and win a FREE 64 MB Flash Drive!

Go to:
highperformancedirect.com/insider and enter your
Priority Code: guest

Looking for the missing bit of intel to make your marketing programs take off? Pose your question to the Insider online (don't forget to enter your Priority Code), or write it down and mail back the postage-paid postcard bound into this issue. If we publish your question, you'll receive a **FREE 64 MB Flash Drive!**

Here's a sample question to spark your inquisitive mind:

- Q: How can I better integrate our direct marketing and sales programs?**
- A:** The best place to start is with your sales force. Ask them what level of qualification they're looking for in their leads. This can range from, "as long as they can fog a mirror" to "not unless they come in with a credit card stapled to their foreheads." Once you know the kind of leads they want, you can tailor your list strategy, creative execution and offer to deliver.

We're looking forward to answering your toughest questions. Go ahead. Try to stump the Insider at highperformancedirect.com/insider and enter your Priority Code: guest ▲

Medicare Marketing

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lines so fast, that this issue caused what one seasoned insurance marketer called a “land rush” in Medicare insurance.

With as many as 42 million policies up for grabs there’s a lot of new business for there to be won — or a lot of business lost. Thinking ahead is key to success. ▲

How to beat the market by 7x!

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generated over seven times the average industry response for lead generation efforts.

The local branches of Town & Country Credit are currently hard at work on closing the wealth of leads this innovative direct mail testing program has produced. ▲

Kaiser Permanente hits one out of the park

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with turning around the Xerox Corporation.

If you’re good enough, sometimes you can make the stars line up in your favor. Kaiser Permanente mailed to executives in mid-Atlantic states in May 2005. By June the newly reminted Washington Nationals were vying for first place in their respective division, making baseball a very hot topic of discussion around the water cooler when the package dropped.

Now, how much attention do you think such a well-conceived high-impact mailing got during this time?

The reaction was immediate and powerful. *In the Company of Greats* generated corporate buzz, viral requests for more baseballs, and enough qualified leads that today there isn’t a single bench-warmer on Kaiser Permanente’s key account sales team. ▲

Town & Country Credit PowerTest™ Matrix

Package	Reminder Letter	Personal Appeal	Corporate Approach	Official Feeling
	Offer A / Offer B	Offer A / Offer B	Offer A / Offer B	Offer A / Offer B
List 1	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 2	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 3	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 4	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 5	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 6	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 7	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 8	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 9	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 10	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000
List 11	12,500 / 12,500	12,500 / 12,500	4,000 / 4,000	4,000 / 4,000