

TARGETING THE UNTARGETABLE

and getting great results!

The market for health insurance is chaotic, to say the least. Targeting the different audience segments can be very difficult. The audience is so broad that it can be a challenge to reach in a relevant way.

Making it even harder is that some people are confused by conflicting claims, while others are too frightened by the cost of insurance to even shop. Still others believe they're too healthy to need insurance.

Blue Cross and Blue Shield of Alabama (BCBSAL) wanted to find an effective way to communicate with all of these groups to generate new sales of its individual and family insurance products. It had aggressive sales goals and needed to find a way to generate qualified leads.

Insurance is a complicated product with a relatively complex consumer



BCBSAL targeted a wide range of individual insurance buyers to meet aggressive sales goals.

sales process. It was important for BCBSAL to track results of its marketing efforts at every step and refine its programs accordingly. This would allow BCBSAL to allocate its budget more efficiently.

“It was important for BCBSAL to track results of its marketing efforts at every step...”

BCBSAL also wanted to improve its ability to capture leads online. This is a savvy way to leverage the investment already

made in a high-quality Web site as well as to inexpensively obtain email addresses of prospective members.

SOLUTION: IT ALL STARTS WITH MEDIA

Segmentation is critical to success in virtually all marketing campaigns, especially with such a broad target. BCBSAL focused on the highest-responding segments in the 25- to 64-year-old universe to generate leads and new members, including:

- Early retirees
- SOHO (small office/home office) and businesses with fewer than two employees
- Single-income working families
- Previous responders and former customers

The creative approach reinforced the significant financial and health risk

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DRTV: DO TESTIMONIALS REALLY PULL HARDER?

Find out now.

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A Note from THE PRESIDENT



SPYRO KOURTIS
President and CEO,
HACKER GROUP

Dear <Colleague>,

People love complexities.

We love the twists and turns of a well-crafted novel or movie. We admire the incredible attention to difficult detail in our favorite artist's work. Friends or acquaintances who have rich histories and can tell absorbing stories about their lives fascinate us.

Maybe that's why we like to make things more complicated than they need to be. And it often gets us in trouble.

For example, the Seattle City Council recently passed a resolution urging the state of Washington to establish its own Do Not Mail registry. Since there's already a national Do Not Mail registry, this just adds a layer of complexity and administration. But I suppose it makes some City Council members feel they're doing something constructive.

This issue of *LEAD: Performance Marketing Insight™* has examples from a couple of smart marketers who took out some of the complexity for their customers. Highmark tested a "Simple Value" message in its DRTV campaign. Blue Cross and Blue Shield of Alabama took some of the confusion out of health insurance marketing messages. The work is succeeding for both organizations.

As we consider our strategies for the year ahead, use these articles as helpful reminders to keep it simple for better results.

But don't forget Albert Einstein's take on complexity: "Make everything as simple as possible, but not simpler."

Sincerely,

A handwritten signature in blue ink that reads "Spyro Kourtis". The signature is fluid and cursive.

Spyro Kourtis
President and CEO
Hacker Group

“ Use these articles as helpful reminders to keep it simple for better results. ”



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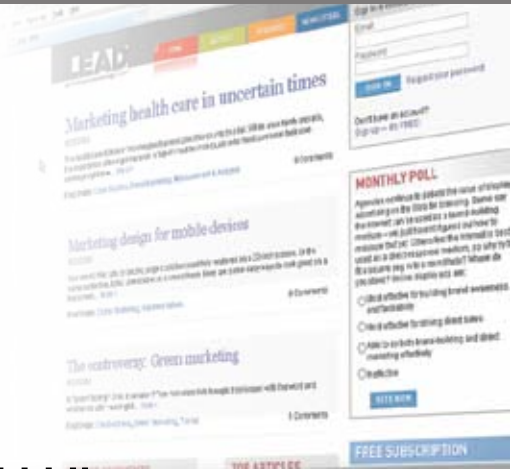
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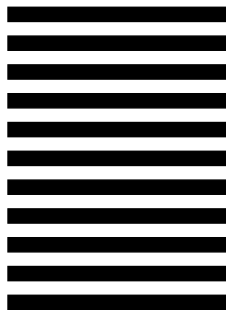
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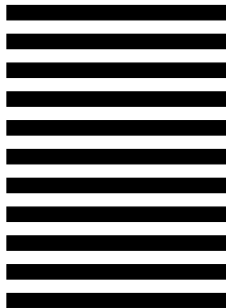
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Just because we know what we want the recipients of our marketing messages to do doesn't mean it's obvious to them. Here's a little checklist to help you think about making it easy to say "yes."

- **Ask for a response.** Sometimes copywriters get so caught up in their own cleverness or in describing their wonderful product that they forget to ask for the order.
- **Ask often.** Tell recipients exactly what to do — such as click, call a toll-free number or write a check for your cause.
- **Give a choice for how to respond.** If you send a letter, let responders mail back a reply form in the postage-paid envelope you provide. Or go online to respond. Or call a toll-free number.
- **Don't give too many choices about what to respond to.** If you offer the opportunity to buy now, sign up for an e-newsletter or apply for a job, people will usually choose not to choose. And that means you won't get any responses.
- **Prepare as much of the response for the recipient as possible.** If you send an email and the response requires recipients to fill out an online form, pre-populate as much of the form as possible. If you send a direct mail package, the reply form should already be personalized with the recipient's name and address.

Make it easy on yourself, too. Be sure that everything you want to track is trackable with correct codes — such as unique URLs or toll-free phone numbers — so you know what prompted each response.



7 TRUTHS ABOUT LEAD GENERATION

1. When leads stop flowing, your sales representatives go hungry.

Consistent lead flow is critical to good morale, a low-cost program and retention of your sales team.

2. Start at the point-of-sale and work backward to the marketing campaign.

This is the only good way to cost-justify your marketing campaign.

3. Spend quality time with the sales team.

Ask questions: What goes on between the sales rep and the prospect? What information is needed to close the sale? How does the sales rep get the buyer to say yes? What objections come up?

4. Make sure “deal killers” don’t creep into your campaign copy.

You don’t want to raise objections the prospect never even thought of.

5. Match your leads-to-sales capacity.

Will the sales force be ready to handle the leads? Have they been trained properly? Sales reps work better in a drizzle than in a thunderstorm. A hungry sales force will close at a higher rate.

6. Set prescreen and qualifying rules.

Left to their own devices, sales reps will want you to over-qualify leads, hoping for easy sales. Resist. Why disqualify people from the sales process before they understand

what the product or service is about?

7. Introduce information at the right time in the process.

For example, you probably don’t want to put price in the lead generation campaign — especially if the price-value relationship is not clear to the potential buyer. Let sales reps introduce price later when they can handle objections. Lead generation campaigns should only tease.

If you’ve asked and answered the proper questions, your options for offer development, copy platform, media strategy and fulfillment systems will be defined for you by the people who convert leads to sales.



THE CONTROVERSY:

Point-Counterpoint

Display ads are better brand-building tools

Carolyn Hansen, Executive Director, Marketing

Banner ads used to be great for getting people to click. In the early days of the Web, they were a novelty. It didn’t take long to learn that clicking on banners was not very rewarding. Advertisers quickly trained users to avoid responding to display ads.

With that said, we know it’s true that display ads have an impact on searches. People go to Google, Yahoo! or Bing after viewing online ads to look for some information they perceive as impartial. That means they are still looking at online display ads, just as people are still watching TV commercials — even when they have the technology (VCRs, DVRs and TiVos) for skipping them.

Banner ads can have a positive impact on your brand. Just don’t count on the clicks.

Online display advertising: Effective for direct sales

Jon Bell, Associate Creative Director

It’s true that banner ads aren’t what they used be. They’re better.

Technology has improved banners so people no longer need to be afraid to click — because clicking isn’t required. Just rolling over a display ad can provide more information. Clicking within a banner no longer has to take you away from the site you were visiting. You can even fill in a form, right inside the banner itself.

Other tools also make display advertising far more relevant and thus more effective. Re-targeting people who have shown an interest (for example, by putting an item in their shopping cart but not following through with a purchase) is an inexpensive way to leverage your direct response campaign and achieve more results.

The banner ad is definitely worth considering in your DM media mix.



VS.



entirely on testimonial footage, “Concerns” used real-life Highmark members to tell the story of how they had been worried about the future of their Medicare options.

In a series of interview-style clips, the spot established the tension that many Medicare beneficiaries felt coming into the AEP this year. They didn’t know what insurance companies would do about coverage costs, prescription drug coverage or even the availability of plans. Then, using the same members, the spot presented Highmark as the Blue Cross Blue Shield partner they could rely on — even in troubled times — and offered help in the form of a Medicare Value Guide.

Because the spot used actual Highmark members and presented an offer of valuable Medicare information, it had a great chance of winning the test.

In contrast to the warmth and personal feeling of the “Concerns” spot, Highmark took a much more graphic and simple approach with a

“The spots Highmark created could hardly have been a better contrast of ideas.”

spot called “Simple Value.” Since one of the year’s biggest concerns (and motivations to shop for coverage) was rising prices and reduced Medicare coverage benefits, a pure value message made sense, and “Simple Value” was all about value — getting more for the Medicare dollar.

Just as its title implies, the spot’s

central idea was extremely simple: Medicare should connect the beneficiary with the medical services needed.

To illustrate that point, the entire DRTV ad was based on a line between two points: The Medicare recipient and his or her medical services. From this line, all the benefits and values of good coverage literally sprang, and were then used to sell the offer of the Medicare Value Guide — the same offer as in the “Concerns” commercial.

One important difference, however, was that “Simple Value” spent more time describing the offer itself by emphasizing the value of the information it contained.

Before we give you the results, see the spots for yourself and pick a winner. Take a look at both spots online at www.lead-pmi.com/head-to-head and make your prediction. Then turn to page 8 and see how well you can predict performance DRTV.

MEDICARE DIRECT RESPONSE TELEVISION GOES HEAD-TO-HEAD!

Highmark conducts a valuable test in the midst of an eventful year

Any Medicare marketer will tell you that 2009 was an interesting year, with vast changes to marketing regulations, audience perception and even to the products they sell. What you may not hear is that it was also a great opportunity for learning and developing breakthrough ideas.

Case in point: Last year, Highmark hit hard with direct response television (DRTV) — and gleaned all the intelligence it could from the results.

To do this, Highmark produced two very different television

spots simultaneously to test on the same channels at the same time. In other words, Highmark took the increased competition in its marketplace as a chance to conduct a real DRTV test.

THE CONTENDERS

The spots Highmark created could hardly have been a better contrast of ideas and selling propositions for the Annual Election Period (AEP) marketing season.

The first spot was called “Concerns.” Based almost



Both DRTV ads Highmark ran this year were 60 seconds long, both made the same offer and both were broadcast to the same markets. Compare them for yourself at www.lead-pmi.com/head-to-head.



The “Concerns” spot used actual Highmark member testimonials to illustrate the stability and value of Highmark plans.

E-MARKETING 3 Big Ideas to Test in Social Media Marketing

Everyone's talking about social media. It's an exciting and highly trackable channel for direct marketing via click-through and distribution reporting. The question is: How can advertisers use this as a successful marketing platform to drive ROI?

Idea #1: Start listening

One of the best ways to get started is to find out what people are saying about your organization. It's easy to set up Twitter™ alerts for your company, your competition and any issues that are important to you.

Of course, the people you want to reach most — prospects — may not be talking about your product. However, this can be a fast way to see what your reputation really is — without the time and expense of a member survey or focus group.

Idea #2: Get personal

Social networks maintain vast amounts of information about their

members. People on Facebook® proudly disclose the organizations they join, the places they've worked, the things they enjoy and much more.

You can use this data to make sure your messages are relevant to the recipient. Ads can be personalized for age, location, gender, job, hobbies and



just about anything else.

While you're at it, create a Facebook fan page for your product — but don't passively wait for Facebook members to look for you. Capitalize on Facebook's popularity to drive traffic and business! Advertisers are starting to promote their Facebook URLs in their advertising. These are a lot easier to remember than a campaign-specific microsite. More importantly, users spend a lot of time on Facebook and are comfortable with the environment, so it's much easier for them to interact with your brand.

Idea #3: Go viral with a great promotion

Twitter is an ideal, low-cost way to promote sales and time-sensitive promotions to your fan base and drive ROI. Be sure to add urgency and drama to your tweets.

For example, a 24-hour, online-only sale allows you to count down the

(continued on page 8. . .)



BEST OF THE BLOG

Tools for Re-tooling

By David Nova

Several weeks ago, I was focused on completing a home project and looked in my messy toolkit for a carpenter's square, a basic tool for any homeowner.


After searching the garage, I was unable to locate the tool (I would later discover my six-year-old son used it for one of his many "construction projects"). So I used my best judgment and eyeballed it. The result was a completed project, but with flaws.

Have you ever taken this approach with the people you manage?

I believe each manager has a toolkit from which we can select to motivate, correct an employee's behavior or reward their performance. And no, I'm not talking about a hammer. I'm talking about Management 101 tools that help managers support and guide employees in their pursuit of professional development, compensation, promotion or whatever the goal is. When we don't have the correct tool, we might eyeball it and end up with a result that's flawed.

Have you examined your toolkit lately? What's in it? What's missing?

As the recession ends and consumer confidence rises, companies will begin hiring. NOW is the time to look in your toolkit to see what you're missing. Set some goals (and budget) to acquire those tools. They'll come in handy when you want to attract, recruit and retain highly qualified employees.

Managing employees can be tough but also very rewarding. Especially when you have the right tools. 

SOCIAL MEDIA AND MARKETING: MEASUREMENT MATTERS

Every marketer wants to make money from social media these days. However, questions still remain. How can direct marketers break into this space without coming across as intrusive or overly aggressive? More important, how can we measure ROI to prove our efforts are working?

Direct marketers have a reputation as a “let’s stick with what we know works” bunch. That’s why social media marketing may seem like such a risky venture for some.

Strongmail Systems, Inc. recently published data from a survey of over 500 marketers. Of those surveyed, only 5% had a dedicated social media

department, while 9% reported that social media falls into the hands of their public relations departments.

It seems like things are picking up, however. Of the marketers planning to increase their budgets, 62% plan to

spend on social media, second only to email at 83%. This is certainly encouraging news. As more and more marketers delve into social media, we’ll begin to see what works and what doesn’t. Then we can begin to apply what we’ve learned to tried-and-true direct marketing best practices.

Consumers already use and trust social media when making purchases. Over 67% of shoppers said they would spend more online after following

recommendations from an online community or social network.* The truth is, social media can help sell a product without any advertising on your part. Allowing your customers to post reviews, blog, tweet and comment on your Facebook® fan page

is the most effective tactic for mobilizing consumers to promote products online.**

We know consumers are using social media, but when it comes to our bottom line, how can we prove it?

“We know consumers are using social media, but when it comes to our bottom line, how can we prove it?”



In a 2009 Forrester Research survey, 100 interactive marketers were asked to rank their ability to measure social media efforts on a scale of 1 to 10. On average, these marketers gave themselves a score of 4.5, or 45%. This is not encouraging.

Part of what makes direct marketing so powerful is its ability to measure results. As more and more marketers take the plunge into the social media space, it’s clear that a reliable system of measurement is needed. Is it as simple as including a unique code in a Tweet? Or linking to a personalized URL on a Facebook® page? The development and refinement of these techniques will need to be a combined effort from all parties involved. Clients and agencies, creative and account teams, interactive developers and data analysts take note: Social media still may be relatively new, but now is the time to harness its power and apply it to direct marketing.

62%

Marketers planning to **increase spending** on social media

yet...

45%

Have the ability to **measure social media**

*Internet Retailer, September 2009

**Etailing, September 2009

Targeting the Untargetable

(...continued from page 1)

associated with being uninsured or underinsured. In addition, the message was tailored to each audience with great specificity.

AN OFFER TO SOLVE THE PROBLEM

Offers are key drivers of response, and information offers help drive qualified response as long as they are perceived as valuable. We offered free information as a consultative tool to help Alabamians assess their health coverage choices and to make a decision that could provide them with peace of mind. Best of all, this allowed BCBSAL to leverage its existing resources and contain costs while offering something of value to the consumer.

Because of the complexity of the product and the sensitivity of the cost issue in the mind of the consumer, revealing the price of the product in the mail piece may or may not have improved results. To find out which approach worked better, BCBSAL did not mention the price; it emphasized affordability in one group of test cells. For the remainder, it named the low cost of coverage.

THE RESULTS TRACK STRAIGHT THROUGH TO THE SALE

By using a cost-effective approach, the cost per response was lowered significantly.

BCBSAL learned that talking directly about the cost of the product slightly suppressed initial response. However, BCBSAL's sales results were not yet tallied as of this printing, so it may find that those leads close better than those who haven't known the price all along.

To gather information about



BCBSAL has a strong brand to anchor its message.

responders requesting fulfillment kits, BCBSAL also used a response-capture microsite. This allowed it to track and measure results — including Web, BRE and phone responses — from the first message sent to the point of sale.

Response to this initial test was overwhelming — **4.5% overall**, with some former customer segments spiking as high as 7.2%. Providing multiple ways to respond — a direct marketing best practice — proved important when about 13% responded via Web, nearly half by mail and the rest by phone.



3 Big Ideas to Test in Social Media Marketing

(...continued from page 6)

hours in your tweets and build urgency. Don't forget to ask your followers to re-tweet you — and offer this great promotion to their followers, too, instantly expanding your marketing universe.

Another way to use Twitter is to promote big-ticket items, like a cruise vacation or the newest electronic gadget everyone wants but can't necessarily justify buying at full price. Tweet a buy-one-get-one sale and encourage your followers to find a friend to partner with. They'll get an awesome bargain and you'll get a new customer.

KEEP LEARNING

Staying on top of rapidly changing online behaviors is going to become a bigger part of every marketer's job. You can find the experts and ask questions, but the best approach is to try social media networks. These simple ideas are a great starting point.



Medicare DRTV Head-to-Head Results

(...continued from page 5)

Highmark pitted two equally savvy DRTV commercials head to head to generate leads on the same channels, same time slots and with the same offers. The only difference? Creative approaches. "Concerns" used testimonials to tell a salvation story about Highmark's Medicare offerings. "Simple Value" made a value play, pure and simple. And the results:

As it turns out, both approaches work. After weeks on the air, the two spots ended up in a virtual dead heat. "Simple Value" began the run with a slight advantage, but the testimonial-

based "Concerns" finished strong, evening the tally and giving Highmark an overall cost-per-call rate that stands up to previous years, even with the current uncertainty about the economy and healthcare reform. Both ads pulled admirable response, well over previous years' spots.



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