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News DIRECT

FIVE WAYS TO BEAT THE RECESSION: INSURANCE DIRECT MARKETERS GET THE GOOD NEWS

by Kevin McKenna

It's tough to read a newspaper, watch television news, pick up a magazine, or visit news Web sites and not come away with a feeling of gloom and doom. However, the insurance direct marketing industry might beg to differ.

Truth be told, the insurance industry has historically done well during tough economic times, and each recession in the past 30 years has had unique contributing factors and unique challenges.

So what's an insurance marketer to do to beat the climate? Before looking ahead, let's see what insurance marketers accomplished during previous recessionary times.

Insurance Marketing During Recession

During the 1973–1975 recession, the direct marketing of insurance offered an alternative to agent–sold business and the methodology was well received. The response rates of offers targeting the low end of the market increased by 15 percent. Companies such as National Liberty, Union Fidelity, Colonial Penn, and Globe Life & Accident provided a testing laboratory for refining marketing protocols. Insurance direct marketing began to come into its own.

During the period from 1980 to 1982, response rates for insurance products sold through direct marketing increased an average of 12 percent. We witnessed the advent of market segmentation and analysis during this time, as well as an extension of newspaper free falls and the emergence of the successful invitation–to–inquire business model. Insurance direct marketers also discovered creative breakthroughs as a result of increased testing.

The 1990–1991 recession showed a blip in response rates. However, the important development was the acceptance of database marketing, which led to response modeling and which fed into sophisticated policyholder marketing. At

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this time there was also a significant shift to using direct response television to generate leads.

The 2000 recession, spurred by the dot–com bubble burst and terrorist attacks, saw a dramatic increase in interest for Travel Accident and AD&D products. Database marketing continued to be enhanced. Transactional Internet sales engines increased. Auto lead generation dominated all media channels and primary health care was a hot product.

The current recession is highlighted by the sub prime mortgage meltdown, frozen consumer credit, an equity market plunge, and consumer confidence implosion–the perfect economic storm! Not to mention the AIG debacle which has hurt investors and employees of AIG as well as consumer confidence in general.

Five Ways To Beat Recession–Now!

To survive current recessionary conditions, insurance direct marketers need to carve out additional market share–remembering that people still need insurance–and decrease costs by utilizing technology and creativity. Here are some ways to beat the current recession and thrive:

1. **Be passionate about leadership**
   Attitudes quickly cascade throughout an organization. In the same way, passion becomes infectious. Encourage and enable people to build skills, capability and knowledge.

2. **Unleash creativity**
   Work towards a creative explosion in your company. Facilitate creativity in communications, formats, offers, product designs, and problem solutions..

3. **Integrate communications**
   Make it a mission to integrate communications across all media and to all target markets. Deliver the same selling message across all platforms..

4. **Create a culture of accountability**
   Partner with accounting, actuarial, administration, underwriting, and IT teams to collaborate and measure everything you do..

5. **Optimize your marketing supply chain**
   Aggressively develop efficiencies and productivity. Watch marketing dollars as if they came from your own savings account..

While there exist many marketing challenges right now–a shrinking universe, high rates of unemployment, pull backs in bank credit card markets, and tightening regulations–the opportunities are there for those who develop an infrastructure for success. Today's wild card–the Internet

What about the Internet? Aside from being a shopper's tool and top consumer choice, it represents a leading example of pull marketing. For insurance direct marketers that are interested in lead generation, it's the place to be. Successful insurance direct marketers embrace these best practices in selling insurance online:

- Know the reasons for building a site. If you've decided that you want to make insurance sales online, then your site must be designed exclusively for making sales. Nothing more, nothing less.
- Ensure that product, pricing and underwriting processes are right for the Internet. Do your homework before embarking on an online effort. Seek the expertise of a marketing partner that has successfully sold insurance online and can guide both technology and marketing choices.
- Dispel the myth that the technology is too costly. It is possible to build a single–product site that sells, quotes, collects policy and payment information, presents an online application, and tracks responses and sales for $50K–or even less in some cases.
- Offer a product that meets an online buyer's needs. Either create a niche product or offer one that meets the needs of an underserved market (such as uninsured students).
- Do not confuse or distract consumers. Develop a simplified offer, lead with it, and provide a clear–cut path to the response vehicle.
- Control the conversation and speak the consumer's language. Use high–level navigation that makes it easy for visitors to arrive at the desired destination quickly. Make a clear offer that is laden with benefits. Demonstrate that you understand the need and can solve the problem.
- Track everything. If you can't test it, it's not worth doing. Test, test and test again. Then refine strategies and tactics to achieve the results you want.
- Know that media should be purchased on a performance basis only. Media should never be bought on a cost–per–thousand (CPM) basis. Partner with vendors who understand and follow this critical rule.
- Leverage other opportunities. Use key words and e–mail, develop and distribute online newsletters, and take advantage of partnerships to leverage your investment.

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