

# Research and Analysis Study

## Medicare Supplement Mailings to “Turning 65” Prospects

## **INTRODUCTION:**

This research study was undertaken to determine what major insurance carriers are doing to generate leads from “aging in” prospects. The analysis of 53 different Medicare direct mail campaigns examines the timing, formats and offers actually received by a “Turning 65” prospect over a one year period ending in January, 2012.

With this overview, marketers can increase the effectiveness of their promotions, communications and strategies with the “Turning 65” market.

## **EXECUTIVE SUMMARY:**

The individual studied for this analysis was a Texas resident who turned 65 in December, 2011. Actual mailers received totaled 56 over an eleven month period.

Humana is the most prolific mailer with 22 different mailers in seven months. That is an average of three mailings every month starting five months prior to the 65<sup>th</sup> birth month and ending one month after.

A distant second was AARP with eight mailers in five months. However, AARP mails the most elaborate packages, complete with applications and multi-page brochures. AARP is also the primary mailer to promote price discounts. Of the six promotions highlighting a price discount, AARP accounted for four of them.

Blue Cross/Blue Shield and United of Omaha mailed the earliest, eight and six months out, respectfully.

For details on the research results, please read the findings which follow.

## KEY FINDINGS:

### Company Mailers Studied –

Eleven different company mailers were analyzed in this research. They were AARP, Aetna, Bankers Life & Casualty, Blue Cross/Blue Shield, Bravo, Colonial Penn, Humana, Physicians Mutual, United HealthCare, United of Omaha and Health Spring. In addition, two mailers from individual agents were received and included in the study.

### Timing –

The earliest mailer was Blue Cross/Blue Shield which mailed in March, 2011, nine months before the subject turned 65. BC/BS again mailed in June, six months before the 65<sup>th</sup> birth month. At six months before, United of Omaha also mailed the Medicare prospect.

The months in which most mailings were received were September and October, three months and two months before the subject's 65<sup>th</sup> birthday.

Eighty-eight percent of all mailers were received between July and December. These included mailings sent five months prior to and through the birth month in question.

Humana sent three mailers per month for seven consecutive months. They were the most prolific mailer in this study. Aetna was the most inconsistent mailer. Both Humana and Aetna also mailed in January, 2012, one month *after* the targeted individual's birth date.

WHO MAILES WHEN?												
	AARP	Aetna	Bankers Life	BC/BS	Bravo	Colonial Penn	Health Spring	Humana	Independent Agents	Physicians Mutual	United HealthCare	United of Omaha
Mar				✓								
Apr												
May												
Jun				✓								✓
Jul		✓			✓	✓		✓		✓		✓
Aug				✓	✓	✓		✓	✓	✓		
Sep	✓		✓				✓	✓	✓	✓	✓	✓
Oct	✓							✓			✓	✓
Nov	✓			✓	✓			✓				✓
*Dec								✓				
Jan	✓	✓						✓				

\* = Subject's month of birth

## Formats –

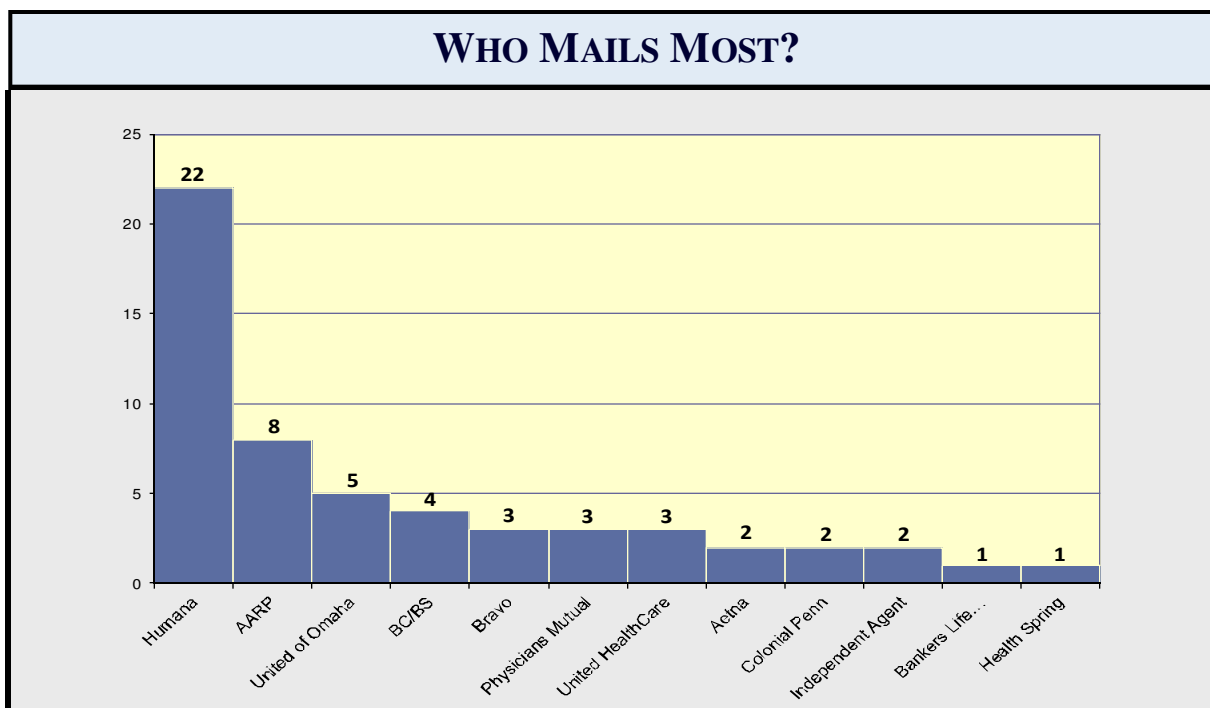
Envelope mailers were by far the dominate mailer format (66%). Postcards were used significantly less (30%). The balance (4%) were tri-fold mailers. Usually we can determine what works and what doesn't by frequency of use.

The lack of tri-folds may suggest the format is not successful. Postcards may be favored because they are the least expensive. But single postcards require a call-back response, since there is no mail-back option.

Letters, although the most costly, can contain additional selling material such as brochures and applications. AARP mailers were the most ambitious when considering amount of material in their letters.

AARP is currently under Congressional scrutiny for using its non-profit status while pursuing for-profit endeavors. Especially pertinent in this analysis is the cost of non-profit postage rates which would give them an advantage on their acquisition costs. This competitive benefit may help explain their rate discounting promotions. (For example, maximum 3<sup>rd</sup> Class bulk rates are 27¢ per mailer, while the highest non-profit bulk rates are 19¢ per mailer. This is a difference of 8¢ per mailer or \$80 per thousand pieces mailed).

The type of format selected is influenced by the purpose of the mailer. Postcards are acceptable if lead generation is the goal. On the other hand, if getting an application back in the mail is the objective, envelopes are obviously required.



## Offer –

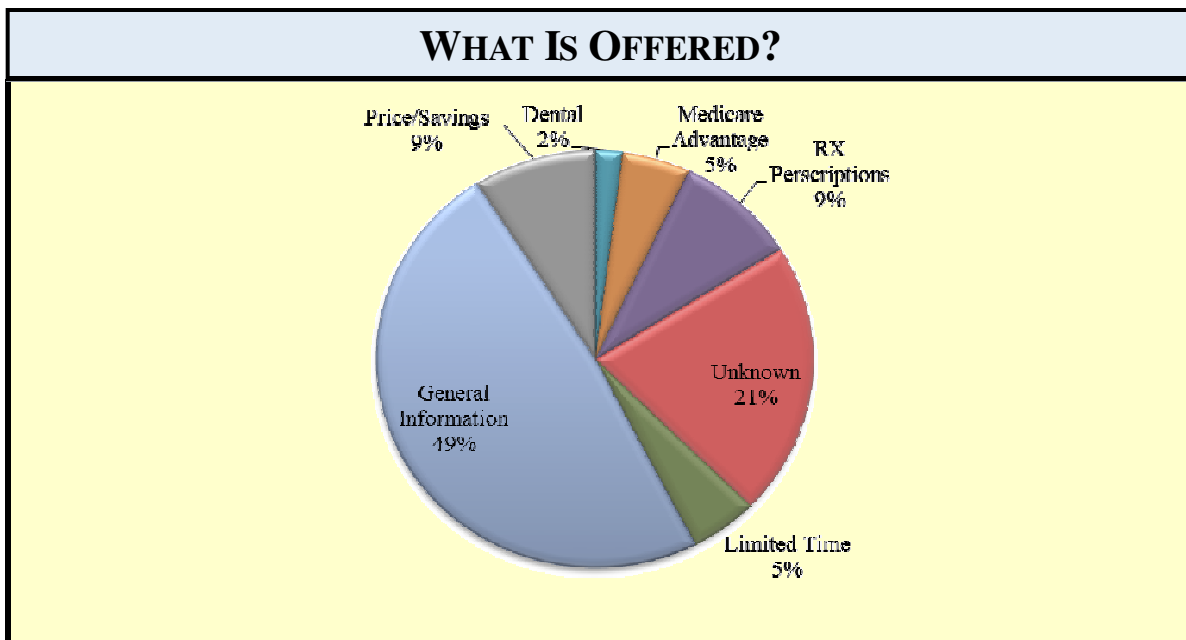
It is important to note that only the outside of mailers were analyzed regarding the offer. In direct mail, a primary objective is to get the prospect to transition from glancing at the outside of the mailer to reading the message. Therefore, only the outside of the mailers were included in the analysis of the offer (or, as in some cases, the non-offer).

By far, the most common theme was trying to grab prospects' attention by promising some new information or asking a question. An "information" offer was used by almost half (45%) of the mailers. Here again, we can make the assumption that this type of approach gains the most response because of its overwhelming use.

The approach used next most frequently was not having any offer at all on the outside of the mailer. This means a person could not identify the purpose of the mailing by reading the outside. Prospects would have to open the mailer to read the message inside.

This "non-offer" method was used by 12 ½% of the mailers. Obviously, curiosity can get prospects to continue reading. But with company names prominently shown in the upper left corner of most mailers using this approach, prospects were probably inclined to know the mailer was an advertisement if they were not a current client of the company.

Other offers used, in order of most used to least used, were price/savings, prescription drugs, Med Advantage, limited time/last chance and dental offers.



## CONCLUSIONS –

### **Timing:**

To stand out from the competition and reach prospects before other offers, it is best to mail six months in advance of prospects' birthdays. Most companies start mailing five months out and continue through the birth month.

During the five months prior to the subject's birthday, between eight and ten mailers were received each month. That equates to two mailers or more every week for those 20 weeks or 44 different mailers.

### **Format:**

It is probably best to provide a mail-back option, rather than a single postcard with only a phone-back option. This conclusion is based on postcards being used only 30% of the time, even though they are less costly. The conclusion is also supported by Kramer Directs' testing of its own mailings.

### **Offer:**

Questions and new information are obviously the way to get prospects' attention based on the results of this study.

Here again, Kramer Directs' own tests support this finding. Americans are naturally curious and always want to know the latest information.