



Healthcare Marketing

Generating leads through direct-mail marketing

Federal Reserve Chairman Alan Greenspan may have stated that recovery from the recession "is already well under way," but business CEOs remain wary. A late February survey of CEOs by the Business Council found 75% saying the economy is still stuck in recession. As a result, CEOs will most likely continue to scrutinize company expenditures and hold marketing purse strings tight.

In this climate, healthcare marketers cannot yet celebrate with full-fledged marketing campaigns, but instead must continue to identify cost-effective ways to reach audiences and justify marketing expenditures with visible return on investment statistics.

As a result, direct mail and direct e-mail marketing may be a cost-effective and efficient way for your organization to reach prospects. Whether you're looking for donations or volunteers for your nonprofit organization, or sales leads with new and existing customers, direct mail has several benefits and advantages over other forms of advertising.

First, direct mail is fully accountable and measurable. You can understand your cost per order, cost per lead, and the even the lifetime value of a customer can be calculated into your direct mail costs. This is a major advantage because you will know exactly what your marketing money is providing... or not providing. Second, direct mail is designed to drive response or prompt an action - such as an order, donation, or inquiry.

In addition, experienced direct mail marketers know that an active customer list can be a treasure chest for customer relationship marketing. As such, these contacts deserve personalized mailers specifically geared to offer products or services with a high likelihood that these individuals will be interested. Managing these customer relationships through direct mail represent a "cheap growth" option, allowing your organization to improve its results with less waste and immediate, measurable benefits.

Three key ingredients

In any direct mail campaign, there are three key ingredients to a successful campaign - the list, offer and copy. Following the 40-40-20 principle, 40% of the success of a direct mail campaign depends on the effectiveness of a well-targeted mailing list, 40% depends on the offer, and 20% depends on the copy.

If advertising is an art, direct mail marketing is a science in which you can track and document all your variables, and test and change these factors to find the most effective conditions. You can then try to replicate an effective mailing with the same or better results, again and again to larger and larger lists.

- **Your list can make or break your mailing.** Despite its measurability, direct mail can be expensive, and must be targeted to the right individuals in order to get the best response. If you have a long-term direct mail campaign in mind, you will want to test various available lists. Your goal is to offer mailing list prospects something in which there is a high likelihood that they will want, so find out whether the lists are based on previous consumer response or merely a compilation of contacts?

Various healthcare trade associations compile member lists that can be purchased for direct mail purposes, such as the American Medical Group Association or the American Association of Health Plans. If there is an association that your organization is a member of or is trying to target, check if the association makes its member list available for purchase.

Also, specialized healthcare marketing companies have available mailing lists, such as the Dorland Healthcare Information and SK&A Information Services. Sometimes, these marketing companies have actually compiled mailing lists in association with a healthcare trade association - these may be most effective.

Whatever mailing list provider you use, be sure to do your due diligence by testing the accuracy of the list, or obtaining a guarantee on accuracy. For instance, many mailing list companies guarantee their lists are 95 - 99% accurate. This means if you receive returned mail, you, likewise, receive returned funds.

- **Your offer should stimulate response.** Your offer is the deal you extend to prospects. Perhaps it's a discounted subscription to a healthcare trade publication, or a free user trial of provider billing software. Upon evaluating your offer, prospects should be motivated to respond by signing up, expressing interest or calling.

The offers should be something tangible that the prospect can visualize and it should be a neutral means in which the prospect and marketer can come together with no obligation. Of course, the offer should provide the prospect with value, usually in the form of information. Some companies offer a white paper on industry trends, others offer a free trial period for a product or service.

In addition, prospects don't want to take a risk by putting out considerable investment on a new product or service that they may not be happy with, so guarantee satisfaction. This will serve as a good testament to your organization, that you're willing to stand behind your offer with full faith in its performance.

- **Direct mail uses a tried and true copywriting method known as "AIDA."** - get the prospect's "Attention," arouse "Interest," stimulate "Desire" and direct him or her to a specific "Action."

You have very little time in which to get the reader's attention. One way to immediately "hook" the reader is to use the word "you." Never start your letter with "I" or "We." There's no surer way to lose the reader's attention and

turn them off to your offer than to start off with the organization's history and background of the founding members. As a result, direct mail writers almost exclusively use the second-person point of view - "You will gain...", "You will improve..."

The way to arouse the reader's interest is to stress benefits. Unfortunately, a seller's experience tends to make them focus more on features. They have developed the product, service or company from scratch, worked with sweat and tears to bring it to fruition. Now they want to tell the story behind it and expound on its wonderful virtues. However, features are dry and uninteresting. Instead, readers prefer to hear about benefits... to them.

At some point, you must transform this attention and interest into desire for your product or service. They must want to find out more. Perhaps you could reserve one of your best user benefits for this purpose, or reiterate something you already said with greater emphasis.

The reader must respond with action. Don't be afraid to ask for the order. Specifically instruct the customer on how to get what they now want. Perhaps they have to send a pre-paid reply card, call, email or send in a business card, but specific and simple direction must be given to maximize your response rate.

Other considerations

After the anthrax scare in October 2001, approximately 45% of U.S. citizens expressed strong concern regarding personal exposure to anthrax through the mail, according to a consumer survey by Protocol Communications. Since then Anthrax fears have dissipated, but there is still a minimal affect with direct mail prospects rejecting suspicious and unsolicited mail. There are several ways to alleviate people's suspicions over unknown pieces of mail - clearly identify the origin, address and contents of the mail.

Other forms of direct mail can lessen worries. For instance, postcards have become a more acceptable form of direct mail, or using mailers that are transparent so prospects can see the contents through a transparent envelope window or using plastic wrapping for something like a healthcare product catalogue. Some direct marketers have also begun using direct e-mail campaigns, but for healthcare, many marketing companies have not compiled email lists yet. You can certainly build your own through Web site opt-in lists or e-mail newsletters that can keep you in regular contact with people interested in your healthcare niche.

In healthcare as in other industries, information about consumers and patients has become particularly sensitive with privacy concerns under HIPAA. Because of these privacy mandates, the types of healthcare mailing lists that may best suit your purposes, perhaps toward promoting a disease management program or pharmaceutical product, may not be available or may be severely limited. In this case, the best resource may be your own consumer database.

Customer relationship management in concert with direct mail or e-mail can also help you to significantly hone in on the customers that may be most profitable, as well as those who have the highest likelihood of response. Retailers such as Toys-R-Us have launched customer relationship-based website marketing in partnership with Amazon.com, and have reported a tripling in sales over the previous year. This

increase occurred during a time when other retailers such as Sears, Wal-Mart and Nordstrom posted dismal sales results.

The success of a direct mail campaign can be improved by spreading the outreach across various channels besides mail to perhaps include an e-mail newsletter, website information portal, telemarketing follow-up, as well as in-person meetings. You can also significantly improve response by repeating a direct mail campaign from several different benefit angles. Many companies assume that a prospect will see the first mailing, consider the second, and buy on the third.

The future of direct mail

Whether the recession is over may be a point of contention among economists and CEOs, but wise companies will continue to invest in smart marketing initiatives such as direct mail to generate leads with less waste and effective targeting.

When direct mail is combined with other initiatives such as an online information forum, an e-mail newsletter, a multiple-part mailing, or customer relationship management, your response rate will significantly increase and add more leads for your sales department. The benefit of also being able to measure the success of direct mail initiatives is also appealing in a time of increased accountability.

Direct mail marketing is big business. According to the Direct Marketing Association, more than \$40 billion was spent on direct mail promotions, and if you include telemarketing, direct marketing accounts for approximately 50% of the marketing dollars spent in the U.S. each year. All these people and money can't be wrong, but following the steps outlined in this article can definitely improve your likelihood of success.

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