A Practical Approach To METRICS-BASED PLANNING & DIRECT MAIL THAT WORKS
METRICS-BASED PLANNING
“Metrics” are the assumptions and expectations based on trends and historical data used to create successful situations for communities.
Results-Based Marketing

- Define your expectations and assumptions.
- Base these in historical data for your community as much as possible; fill open information with industry data.
- Use your historical data to take your future potential to a whole new level.
Getting started

• How many inquiries do we need?
• How much money do we need to spend?
• How do we project response and build a plan?
How many inquiries do you really need?
First, figure out your conversion ratio. You can’t know how much activity you need until you know how many consumer inquiries your sales team needs to get one sale.
Use historic data when possible.

- 2010 = 1,200 inquiries and 80 sales
- 2011 = 1,100 inquiries and 65 sales
- 2012 = 950 inquiries and 70 sales

Total of 3,250 inquiries and 215 sales
215 divided by 3,250 = 6.6%
6.6% of inquiries converted (or approximately 1:15)
What can make historic data less useful?

• Varied stages of development.
• A new sales team.
• A recession or other economic anomaly.
• Significant increase in competition.
• A poorly maintained/inaccurate sales database.
In the absence of solid historical data, what do we do?

1:20 or 5% is considered the industry benchmark.
Let’s finish our scenario:
If we need 75 sales in 2013, and our conversion ratio is 6.6%:

\[
\frac{75}{6.6\%} = 1,136 \text{ inquiries are needed}
\]

Or, if you used the industry benchmark of 1:20 or 5%:
\[
\frac{75}{5\%} = 1,500 \text{ inquiries are needed}
\]
HOW MUCH MONEY DO YOU NEED TO SPEND?
Determine what an average inquiry will cost:

Look at the historic CPL (cost per lead), if available. If not available, start tracking this data today and include both new leads and re-inquiries.

A typical CPL will be between $400 - $800.
Some factors that affect CPL:

- The historic lead source mix (in particular mass media vs. direct marketing, and digital SEM).
- How competitive/saturated is the market?
- How reasonable are the new lead goals?
- How attractive is your community to prospects?
- How productive is your digital marketing program?
- The amount of non-lead generating expenses needed during the budget period (collateral, photography, website development, etc.).
Let’s continue with our scenario:

If we need 1,136 leads at a conversion ratio of 6.6%:

\[ 1,136 \times \$400 \text{ CPL} = \$454,400 \]

If we need 1,500 leads at a conversion ratio of 5%:

\[ 1,500 \times \$400 \text{ CPL} = \$600,000 \]

(See what a good conversion ratio can save you?)
What if someone gives you the budget?
You back into the metrics & manage expectations.

- A budget of $300,000 is allocated and you need 75 sales.
- You have reason to believe it will be a $400 CPL.
  - $300,000/$400 will fund 750 inquiries.
- The sales team will need to convert 1:10 or 10%.
  - If conversion remained 6.6%, this budget would only net 50 sales.
PROJECTING RESPONSE FOR THE BUILDING BLOCKS OF A MARKETING PLAN
Direct Mail

• A typical blended response rate (for purchase lists and existing database leads combined) is between .25% and .33%.
• Database-only mailings will see higher response of 1% to 1.5%.
• Count buying units (households) – not total attendees.
• An example:
  – Mailing 20,000 age- and income-qualified prospects and leads at .25% response should generate 20,000 x .0025 = 50 buying units.
• If you’re not regularly doing direct mail, you should assume the high end of response (.33% to 1%), at least initially.
Projecting Response

- **Digital**: Take last year’s average per month and increase it.
- **Mass media**: Look at last year’s spending and plan for about the same cost per lead, or inquiries per ad run.
- **Referrals**: Take last year’s average per month and discuss referral tactics for the upcoming year and expectations.
- **Word of mouth, reputation, signage and unknown**: Take last year’s average per month and don’t increase it.
BUILDING THE PLAN
<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Inquiry Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT MAIL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>List Purchases</td>
<td>$8,000</td>
<td></td>
</tr>
<tr>
<td>Direct Mail to Leads &amp; Prospects</td>
<td>$140,000</td>
<td>500 20,000 quantity for 10 mailings with .25% average response rate</td>
</tr>
<tr>
<td>Direct Mail to L Only</td>
<td>$32,000</td>
<td>80 2,000 quantity for 4 mailings with 1% average response rate</td>
</tr>
<tr>
<td><strong>MEDIA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newspaper Placements</td>
<td>$42,000</td>
<td>28 Averaging about 1-2 inquiries per ad or a roughly $1,500 CPL</td>
</tr>
<tr>
<td>Magazine Placements</td>
<td>$20,000</td>
<td>10 Averaging about a $2,000 CPL</td>
</tr>
<tr>
<td>Media Planning &amp; Placement Fees</td>
<td>$8,000</td>
<td></td>
</tr>
<tr>
<td><strong>DIGITAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEO/SEM</td>
<td>$25,000</td>
<td>264</td>
</tr>
<tr>
<td>Online Directory Listings</td>
<td>$6,000</td>
<td>24</td>
</tr>
<tr>
<td>Website Updates/Hosting/Maintenance</td>
<td>$12,000</td>
<td></td>
</tr>
<tr>
<td><strong>OTHER</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Service/Agency Fees</td>
<td>$96,000</td>
<td></td>
</tr>
<tr>
<td>Marketing Office Materials/Production</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Event Costs</td>
<td>$48,000</td>
<td></td>
</tr>
<tr>
<td>Call Tracking</td>
<td>$3,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>$460,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Inquiries from Advertising</strong></td>
<td><strong>906</strong></td>
<td>Community averaged 10/mo. In FY12 - increase by 25% in FY13</td>
</tr>
<tr>
<td><strong>Inquiries projected from Referrals</strong></td>
<td><strong>120</strong></td>
<td>Community is averaging 10/mo. now - maintain</td>
</tr>
<tr>
<td><strong>Inquiries from WOM/Signage</strong></td>
<td><strong>120</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Projected Total</strong></td>
<td><strong>1,146</strong></td>
<td></td>
</tr>
<tr>
<td><strong>CPL</strong></td>
<td><strong>$401.40</strong></td>
<td></td>
</tr>
</tbody>
</table>
Additional considerations:

• Activity benchmarks
  – Inquiries to appointment
  – Appointment to sale
  – Projecting the average number of appointments needed per sale

• Size of target market vs. the realistic number of people who will buy (market penetration)

• Cost per deposit/resident
DIRECT MAIL THAT WORKS
Topics of discussion

- Key elements of direct mail success
- Ideas and information to maximize each element of success
- Practical examples from our experience
Why we believe in direct mail

- Targeted
- Seniors open and read mail
- Flexibility in format
- Handles messages from simple to complex
Elements of Success

**List**  
Who is receiving the mailing  40%

**Offer**  
What is in it for them  40%

**Format**  
What are you mailing  20%
BUYING AND MAINTAINING THE BEST LIST
Keys to Propensity

Mail to those with greatest propensity to buy

How do we target?

• Past behaviors or purchases
• Demonstrate the right lifestyle
• Life stage
Building the profile – choose your community’s criteria for:

- Age
- Financial means
- Geography
Factors that will impact list criteria

• Level of care
• Operational vs. development
• Immediate availability or wait list
• Types of residences available
• Average age of residents
Community Example: “The Village”

- Operational life care CCRC in densely populated metro suburb
- Competitive marketplace
- Entrance fee range - $225,000 - $650,000
- Monthly service fee range - $2,400 - $5,000
- Focus is on independent living
- All floor plans available
- Average move-in age is 78 years old
Relevant Financial Criteria

- Annual household income
- Net worth
- Income-producing assets
- Home value
• Apply your community’s financial requirements

or

• Use starting monthly service fee and entrance fee to project income and net worth/assets needed
Income Example: “The Village”

- Monthly service fees $2,400 - $5,000
- Lowest monthly service fee = $2,400
- $2,400 x 12 months = $28,800
- MSF as approximately 60% of income
- Annual income criteria for list $50,000+
Entrance fees from $225,000 - $650,000
Net worth requirement is 2x the entrance fee
Net worth criteria for list $500,000+
Use past lead and move-in data to define future prospecting area

Other factors:

- Density of population
- Physical or psychological barriers
- Traffic patterns
- Competition/areas of opportunity
PUTTING IT ALL TOGETHER
FOR THE VILLAGE
**“The Village” List Criteria**

- Age 75+
- Net worth $500,000 and/or home value $250,000+
- Household income $50,000+
- Head of household
- ZIPS: 12345, 12345, 12345, 12345, 12345, 12345, 12345
## “The Village” – Alternate Scenarios

<table>
<thead>
<tr>
<th>The Village Expansion</th>
<th>Age 70+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net worth $500,000+ and/or home value $250,000+</td>
</tr>
<tr>
<td></td>
<td>Household income $50,000+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Village Studios</th>
<th>Age 80+ and single</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net worth $500,000+ and/or home value $250,000+</td>
</tr>
<tr>
<td></td>
<td>Household income $50,000+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Village Cottages</th>
<th>Age 75+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net worth $1 million+ and/or home value $500,000+</td>
</tr>
<tr>
<td></td>
<td>Household income $100,000+</td>
</tr>
</tbody>
</table>
Think ROI when considering quantity

Example:
- Target inquiries (buying units): 50
- Assumed response: 0.25%
- Mail quantity needed: 20,000

- Consider incremental postage and printing cost to expand mailing
- Balance frequency & new creative with volume
# Ways To Manage Priority & Budget

<table>
<thead>
<tr>
<th>Priority</th>
<th>Most coverage in “best ZIPs”; tighten criteria elsewhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment</td>
<td>Purchase list with key codes; use inventory for segmentation</td>
</tr>
<tr>
<td>Buy what you can use</td>
<td>If criteria results in 20,000 records, you don’t have to buy all</td>
</tr>
</tbody>
</table>
PURCHASING THE LIST
Resources for List Purchase

Find a list broker

• Professional referral
• Recommendation from peers
• Referral from printer
• Online search
Suggested questions for your list broker

• What is the data source(s) of the list?
• When was the data purchased?
• If multiple sources, have they been “de-duped”?
• Can they key-code the list?
• How many times can the list be used?
• How much returned mail should be expected?
Clean List Best Practices

- Keep database of “do not mail” requests; purge from each mailing
- Returned mail can be added to “do not mail” file if you use first-class presort; third-class and non-profit won’t be returned by the Post Office
- Ensure list is put through National Change of Address (NCOA) every 90 days; use NCOA file to make updates to database
- Refresh list every 6-12 months
Why do companies sell lists with names of deceased included?

There are 3 sources for receiving the deceased information:

• Weekly Social Security updates
• When a loved one calls the list company directly
• Monthly Direct Marketing Association (DMA) updates
Why names are not removed

• The current death benefit is only $255 for Social Security
• SS data is name and ZIP only, and is for address to which the death benefit was mailed; impairs data matches
• Many widows leave their deceased husband’s name active in phone book, subscriptions, etc.
• Removing deceased relative’s name from mailing lists often isn’t family’s top priority
OFFER: CREATING A COMPELLING REASON TO ACT NOW
General Thoughts on Offers

• Meaningful
• Interesting
• Easy to act on
• Varied
• Appropriate for the audience
• Consistent with category and community
Senior living is not transactional

- Objective is to start or continue a relationship
- Sales process requires personal interaction
- Getting prospects to the community is a key goal
Direct mail and direct mail offers typically work best when tied to event marketing.
I Invite You To:
LEARN ABOUT THE MANY BENEFITS OF OUR COMMUNITY
Event Marketing

I Invite You To:
GET INFORMATION

John,
To make your life even easier, we filled out the reply card for you.

Best regards,
The Terraces at Bonita Springs

“YES!” By all means, send me the informational brochure on The Terraces at Bonita Springs.

Name    John Smith
Address  1234 Easy Street
City     Bonita Springs
State    FL   Zip Code  34135

Now all you have to do is put it in your mailbox.
I Invite You To:

**TASTE WHAT LIFE HERE IS REALLY LIKE**

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**YOU’LL ALSO GET A Flavor**

OF THE POSSIBILITIES AT PARK PLACE.

*Tuesday, July 17th*

1:30 – 3:30 p.m.

Mayslake Peabody Estate
1717 West 31st Street
Oak Brook, Illinois

As a not-for-profit senior living community, we believe in giving back to the area we call home. So in this spirit of supporting our community, we will accept and match donations up to $500 for our local chapter of the Northern Illinois Food Bank. It's an event that's both satisfying and gratifying!

Don't miss out on this exclusive event. Space is limited, so R.S.V.P. for yourself and your friends and family members by calling (630) 333-4343 by Thursday, July 12.

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*Offering the Best LIFE CARE in Chicagoland*

Park Place Christian Community of Elmhurst is a distinct subsidiary of Rest Haven Christian Services, which has served area seniors for more than 90 years.
We’re cooking up something special at University Village — a clam bake beach party, right here in Thousand Oaks!

Enjoy refreshing cocktails and a delicious buffet, as our beautiful courtyard “beach” is filled with festive Caribbean music and stimulating conversation among friends.

We will also have beautifully decorated homes to tour.

Please join us!

Date: Wednesday, July 28, 2010
Time: 3:30 – 6:00 P.M.
Place: University Village Courtyard
I Invite You To:
ATTEND THIS SPECIAL EVENT AND BRING A FRIEND

Program Highlights

Geoffrey Baer's exciting presentation, "Chicago's Western Suburbs: From Prairie Soil to Prairie Style," takes you westward from Cicero to Naperville, and then returns east from Wheaton to Oak Park. Here are just a few of the many stops along the way:

- Brookfield Zoo
- McDonald's headquarters
- Frank Lloyd Wright architectural treasures
- Morton Arboretum
- Kankakee
- La Grange Annual Pet Parade
- Hillside cemetery where Al Capone is buried

This is sure to be a very popular event, so call us today at (708) 482-8511 to reserve complimentary tickets for yourself and a guest.
I Invite You To:

ACT NOW FOR THE BEST PRICING

When the hard hats go on,
our pricing must go up.

We’re breaking ground on GreenFields of Geneva this summer! And when we do, your chance to secure pre-construction pricing, benefits and guaranteed Life Care will come to an end.

Don’t take chances. Learn how you can capture a retirement lifestyle full of freedom, opportunity and security at this exciting new senior living community coming very soon to Geneva. Your deposit is fully refundable if you change your mind, but chances are you won’t.

Our pre-construction benefits include:

- Waived monthly service fee for 2 months.
- 4 percent earnings on your reservation deposit upon moving in.
- Guaranteed Life Care pricing and services upon move-in, even if your health changes between Life Care approved and move-in.
- Discounted Second Person Fee — only $995 a month, versus the standard $995 a month — a savings of $3,600 each year.

Pre-construction pricing. Commit now and you’ll save up to $54,500.

Don’t Wait & Wonder.

To our guest and get all the details about GreenFields, our progress and how we can make a big difference in your plan for the future.

THURSDAY, MAY 13
10:00 A.M.

WEDNESDAY, MAY 19
10:00 A.M.

Mill Creek Golf Club | 39W525 Herington Dr. | Geneva, IL 60134
Complimentary brunch will be served.
RSVP for yourself and a friend today at (630) 232-9105.
Event Marketing

I Invite You To:
TRY OUR COMMUNITY FOR YOURSELF

Your pass for a
2-Day Getaway
at Plymouth Village

Join us for a 2-Day Getaway!

You're invited to be our guest for a 2-Day Getaway and take a closer look at why Plymouth Village is such a refreshing place to retire.

Experience the lifestyle our residents enjoy during a mid-week stay, when you'll have one of our fully furnished, cottage-style apartment homes to yourself for 2 days and 1 night — all meals included. We'll show you around and make sure you feel right at home — in fact, you may already know some residents you'd like to reconnect with during your stay! It's the best getaway you'll ever have, because it could be the beginning of so much more.
Effective Offers by Audience

Current Leads

• Discounts
• Limited-time offers
• Assistance programs
• “Try It” programs
• Appointment generation
• Intimate events – lunch with the ED, etc.
• Lifestyle events

Potential Future Leads

• Informational seminars
• Lunch and Learns
• Resident panels
• Open house or other large-group events
• Special-interest events
Creating Urgency

This type of message is appropriate for those who have already inquired

• Only 3 one-bedroom floor plans remain
• A few select cottages are available for first time in 5 years
• Tour by November 30 and receive $3,000 in upgrades when you move in
• Reply soon, before this special offer is released to general public
• Special pricing only available until May 31
• Prices will increase in January
FORMAT: COMPLEMENTS OFFER & MESSAGE
Factors Influencing Format

- Objective of the mailing
- Type of message – personal or general
- Complexity of message
- Need for illustrations or photos
- Your community brand
Format Examples

- Letter
- Letter package
- Postcards
- Self-mailer
- Invitation/note card in envelope
- Die-cut mailer
- Dimensional mailer
- Newsletter
A Few Final Words on Format

• Keep it fresh with a variety of formats, but don’t overdo it
• Be careful of non-traditional formats, die-cuts, non-machinable envelopes or pieces
• Invest in piece, volume or frequency; don’t spend more on postage than necessary