

# Teaching grandmothers how to suck eggs?



## - Case Study -

How we helped the UK's largest and most successful IFA achieve even better results through direct communications

## - The Challenge -

- Hargreaves Lansdown (HL) is one of the leading providers of investment management products and services to private investors in the UK.
- During the 25 years they have been in business, they have placed investments for over half a million clients.
- Today, they have more than 350,000 active clients and as at 31st March 2007 held £8.3 billion of assets under administration on behalf of private investors.
- HL market value is expected to be £711 ml in their forthcoming flotation on the London Stock Exchange.
- Over 2.5 million copies of their market-leading investment publications and research are circulated each year.
- The Hargreaves Lansdown research team is the most widely quoted financial commentator in the media.
- When asked how he built his business, Peter Hargreaves said: “Simply by using direct marketing.”
- HL has an in-house team of copywriters (the best being Peter Hargreaves himself) and designers that produces outstanding pieces of direct marketing - with often outstanding results.
- They came to us with a very precise challenge. They wanted to see if we could produce better results.
- We worked on a number of products, including SIPP (Self Invested Personal Pensions), Annuities, Life Insurance (Term Life Insurance and Critical Illness Insurance), and ISAs - targeting both consumers and intermediaries, in a variety of direct media - online and off.
- In addition we provided training for selected members of their team, as well as their entire marketing department - attended by Peter Hargreaves.

**How do you improve  
on “outstanding”?**

## - The Solution -

- It is hard to improve on excellence, but we were able to.
- Direct Marketing is not a “one size fits all” discipline, therefore we varied the solution depending on the nature of the product, the promise and the audience - in one case, two audiences at the same time.
- In general, we did a more complete selling job, resulting in greater efficiency. By that we mean fewer replies of far greater quality.
- Our work generated more money - and *saved* HL a lot of money (and time), by cutting the fulfilment cost of unqualified replies.
- How did we do that? Simply by using tried and tested direct response techniques:
  - ✓ Strong headlines promising a clear benefit to the prospect;
  - ✓ Use of emotional triggers - appealing to greed, flattering the prospect or both;
  - ✓ Incentives;
  - ✓ A detailed and easy to understand explanation of what the product is and, more importantly, what it can do for the prospect.
  - ✓ “Proofs” of the products’ benefits, with mentions of awards won, experts’ opinions and clients’ quotes;
  - ✓ Strong calls for action - repeated more than once in each piece - using offer closing dates to create a sense of urgency.

**“Making more money  
- at less cost”**

## - Selling to intermediaries -

### **The problem**

- HL segmented their database according to occupation and it emerged that for their investment products, the largest category of clients was accountants.
- It stood to reason that accountants should be amongst their best prospects for SIPPs too.
- They had tried in the past to target accountants specifically - but without much success.
- They asked us to create a direct mail pack that would be sent to a cold list of accountants, at their practice address.
- The objective was to sell to two audiences: the accountant as the prospective client and the accountant as an adviser.
- This had to be a two-stage mailing. Accountants were offered a free guide to SIPPs. The respondents would then be followed up and converted.

### **The solution**

The mailing we wrote got a 23% response rate - the highest they ever got. More to the point, conversion rates were 100% on target.

**“23% response rate -  
the highest ever”**

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Hargreaves Lansdown Pensions Direct Ltd. Registered office at address shown.

**HARGREAVES  
LANSDOWN**

Pensions Direct Limited  
Kendal House  
4 Brighton Mews  
Clifton, Bristol  
BS8 2NX  
Telephone: 0800 138 2121  
Fax: 0117 98 09 906  
www.hargreaveslansdown.co.uk

16 June 2005

Dear Mr Lam

**A FREE 16-page GUIDE to SIPPS for your clients.**

As you are an accountant, I am sure you are familiar with the advantages of SIPPs.

You will know better than anyone that a pension remains one of the most tax effective ways of saving for your retirement - and that SIPPs are probably the best bet. You can take advantage of tax benefits and you have the potential to reap greater rewards.

It won't have escaped your attention that not only the experts, but even the press - often quite critical - generally praise them. For instance, Emma Simon of the Telegraph wrote:

**"SIPPs have been one of the few success stories in the pensions market in recent years"**

(The Sunday Telegraph Money Section 16/05/2004)

Few of your clients, though, will be as well informed as you. Explaining the ins and outs of pensions - and SIPPs in particular - can be quite a task. You may find our

*Many other accountants have asked for this information. Perhaps you will find it useful too.*

This "hand-written" post-it note ("Other accountants asked for this information. Perhaps you will find it useful too") attracted attention and reassured the accountants that it is OK to get something free, as their colleagues did.

This headline ("A free 16 page guide to SIPPs for your clients") appeals to greed - it's free - and flatters the prospects, by implying they don't need the guide, their clients do.

Starting with the opening - and throughout the letter - accountants are further flattered ("of course you already know this but your clients...")

The selling argument is supported by experts' opinions.

Here's a quick run-down of the content:

- **Tax benefits.** Under current tax law a £10,000 investment could cost as little as £4,600. We make a contribution you receive tax relief at highest marginal rate.
- **Optimise performance potential.** Traditional pensions offer a narrow investment choice - limited to a few middle-of-the-road funds. Our booklet explains why this often falls to potential performance.
- **New opportunities.** A SIPP allows you to be managed by specialist investment houses & insurance firms, giving you the option of investments and fund managers whenever you can also take advantage of new opportunities when they arise.
- **Investment freedom and flexibility.** Our 1,000+ of investments from 100s of providers spread your pension across different asset investments, whilst keeping everything under one roof.
- **Capital gains and other tax advantages.** You pay no capital gains tax on their investments and normally no inheritance tax is due when they die before taking benefits. The free lump sum of up to 25% of the value when they start to draw benefits and - 75 years old (55+ - 75+ Birthdays onwards).

As you will know, the levels and basis of from taxation are subject to change and their individual circumstances. Moreover, the value go up as well as down and they should be held.

You are aware, no doubt, that SIPPs were expensive. Things have changed. With our Van insurance, we charge no set-up fee, no transfer many cases no additional annual fee. Please full details.

This means your client has more money ultimate return potential.

We also make life easier - your client can do everything from choosing an investment to monitoring performance with a quick telephone call or a click of a mouse.

Many accountants and their clients find this 16-page guide extremely helpful. Why not claim your copy - or copies - now? Just call 0800 138 21 21, or fill in the priority reply slip I've enclosed and send it back to us free.

You're busy, I'm sure, so why not make the call now while this is on your mind?

Yours sincerely,

*AJF Davies*

Alexander J F Davies  
Head of Life and Pensions

P.S. If you reply by 12th July 2005, we will send you as many copies as you want (up to a maximum of 15) absolutely FREE. Act now. Why don't you make it the next thing you do?

P.P.S. Remember the rules regarding personal pensions are changing in April 2006. For further information please request our Guide to Pensions Simplification on 0800 138 2121.

Please note that if this is the first time that you have received information from Hargreaves Lansdown, we are likely to send you complimentary issues of our publications or e-mails about our products and services. If you do not wish to receive these, please let us know.

The copy goes into detail, giving every reason why they should reply - and covering any possible objection.

Strong calls for action throughout the letter - and a closing date in the P.S. ("If you reply by 11th July, you can get as many copies as you like free")

**PRIORITY REPLY SLIP FOR ACCOUNTANTS**

**YES** please send me my FREE Guide to SIPPs.

Simply indicate how many copies you would like and send this card back to us (no stamp required).

Please send me  copies of the FREE Guide to SIPPs (maximum 15)



**HARGREAVES  
LANSDOWN**

www.hargreaveslansdown.co.uk

Attention to every detail: not just a reply coupon - a Priority reply slip for accountants, plus a picture of the incentive

## - Selling direct to consumers -

### **The problem**

- HL had been selling Life Insurance products for a while.
- As this was not their main product offering, they didn't expect to sell as many policies as they sell investments; nevertheless they thought their results were not nearly as good as they should have been.

### **The solution**

The mailing we wrote got 3 times less replies than their control - but 5 times more conversions.

**“5 times more conversions”**

Pensions Direct Limited  
Kendal House  
4 Brighton Mews  
Clifton, Bristol  
BS8 2JY  
Telephone: 0800 138 2424  
Fax: 01 17 98 09 09  
www.hargreaveslansdown.co.uk

A combination of emotion (“If you don’t think about your loved ones, who will?”) and comparison (“Can you spare 5 minutes and £10.20 a month? £100,000 for those you love - £43,354 more than you might get elsewhere”) make this a very strong headline

If you don't think about your loved ones, who will?

Can you spare 5 minutes and £10.20 a month?  
£100,000 for those you love - £43,354 more than you might get elsewhere

We spend our lives working for a better future - for ourselves, for the people we love. But what if anything goes wrong? Who will take care of them - if not you?

Although 7 in 10 people believe the most important insurance policy is one that provides stability for their family if they die, almost half have no life cover to speak of.

I believe you couldn't do better than Life Cover. In many cases it takes no time to set up. It's the easiest, cheapest way to protect your family. And, we give you an extremely good deal:

- > For a very small outlay you get really worthwhile protection.
- > Unlike an endowment, there is no element of investment, so you know exactly what you are paying for - no nasty surprises.
- > It's not open ended, so it's the cheapest form of assurance.

We shop around to find you the best terms from a panel of leading providers - then make them even cheaper. Just look at this table to see how much cheaper.

As much as 77% more money for your family

Sum assured for £10.20 a month policy over 25 years	
Via Hargreaves Lansdown	£100,000
Norwich Union Direct	£79,600
Egg	£78,700
Virgin Money	£73,500
Nationwide	£69,900
Halifax	£65,817
Marks and Spencer	£56,646

(Figures correct at 24/08/04 for a 35 yrs old non-smoker male.)  
Research by Abbey, May 2004.

The table proves the promise is believable.

We offer an incentive - a free camera - but we also explain why (“How can we afford it, you may ask? Once again, it’s very simple: the extra replies we get more than cover the cost of the camera.”)

Strong calls for action, using phrases as “Why not make it the very next thing you do?” or “Pick up the phone right now”

a good deal? It's very simple. We...  
penses. More importantly, we give...  
20% in fact.

our terms will stay this good...  
r the past 12 months some...  
and this trend may continue. If...  
eapest premium, we believe you

### have insurance?

s shows that over 16 million...  
fe cover. And which could save...  
to a company who charges less

You need a lump sum that can...  
family's welfare. We believe...  
f up to 10 - 15 times your...  
mortgage.

continued...

ate, we believe we offer a remarkably

So good that, to encourage you to reply, you get a free gift - a digital camera - as soon as your policy is set up.

How can we afford it, you may ask? Once again, it's very simple: the extra replies we get more than cover the cost of the camera. All you have to do is reply before 30th September 2004. After that, as I mentioned earlier, the premiums may rise.

Life Cover may not be the most exciting two words you ever read. But think you'll agree that the safety of those you love is so vital that you really should give it due consideration.

To get your quotation, fill in the form enclosed and post it. There's no obligation to go ahead. But this really is important - so why not make it the very next thing you do?

Please note that this is a non advisory service. If you are unsure of a policy's suitability for you, please seek expert advice. Term assurance is not regulated by the FSA.

Yours sincerely

*Alexander J F Davies*

Alexander J F Davies  
Hargreaves Lansdown - Head of Term Assurance

P.S. If you hate filling in forms, there's an easier way. Call free 0800 138 2424, quoting reference 'DB35' and talk to a member of our knowledgeable Helpdesk who will answer all your questions and fill in the form for you. (They are all experienced personnel, not sales people - and you don't have to go ahead unless you want to). Why not pick up the phone right now?

## - What they say about us -

“I value the partnership which seems to have to have grown between our two firms” - Peter Hargreaves, Co-Founder and CEO, Hargreaves Lansdown

“Extraordinarily good at understanding products, identifying what motivates prospects and, above all, getting more of them to reply and to buy. All I can say is *Thank God for Drayton Bird*” - Alex Davies, Marketing Director, Hargreaves Lansdown

**“Thank God for Drayton Bird”**



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