D2C That Actually Pays

10 Questions for Building a More Profitable D2C Strategy

Launching a direct-to-consumer channel has never been easier.

Making it profitable is another story.

A strong digital experience and efficient acquisition can get consumers through the door, but conversion alone doesn't tell you whether you're acquiring the right business. Long-term D2C performance depends on what happens after the quote and after the bind, including risk, loss performance, retention and how direct fits alongside your existing distribution strategy.

The carriers making D2C pay aren't necessarily spending more to acquire. They're going in knowing more about the consumer, including the property, the vehicle in the driveway and the household characteristics behind the click, before they ever send a quote.

Before investing more in D2C, here are 10 questions worth asking.

1. Who do you want on the book?

A consumer likely to buy is a different person from the policyholder you want on your book.

D2C widens the funnel fast. Optimize on response or conversion alone and you will buy business that looks strong at the top and behaves very differently twelve months after bind.

> **Consider:** *Are your acquisition criteria based primarily on likelihood to convert, or do they also reflect the characteristics associated with profitable, persistent business? When a segment converts well but doesn't perform well after bind, who catches that, and how fast?*

Define the book you want first. Decide how to reach it second.

2. How well do you know the household behind the click?

Two consumers can look identical in a marketing profile and carry entirely different risk.

Demographics, behavior and household composition move that risk. So do the vehicles in the driveway and the home itself: age, roof, electrical, plumbing, foundation type and condition.

Property, vehicle and personal characteristics together are worth knowing long before underwriting sees the file. They belong in the audience-building conversation.

> **Consider:** *What could you know about the consumer (their property, their vehicle, who they are) before spending money to acquire them?*

Put that picture into audience strategy and you spend against your appetite from the first impression, instead of filtering misfits out after the money is gone.

3. Are you optimizing for conversion or long-term value?

Conversion is fast. Profitability takes longer to reveal itself.

That gap creates a real problem. Clicks, quote starts and binds show up immediately, so they drive optimization by default. Loss ratio and retention arrive months later, after the budget has already moved toward whatever converted best.

The highest-converting audience is rarely the one with the best long-term economics.

> **Consider:** *If two segments produce the same acquisition cost but materially different loss ratios or retention, would you still value them equally?*

4. What does your D2C test need to prove?

A smooth launch proves you can execute. It does not prove you should scale.

Decide what the test has to teach you before it starts, and which results decide what happens next. Usually that means:

- Acquisition cost
- Quote-to-bind rate
- Product mix
- Risk characteristics
- Early loss performance
- Retention
- Lifetime value

The point is not that D2C can generate policies. Any channel can generate policies. The point is whether you can acquire the right ones economically and repeatedly, and whether you know that before the next platform investment gets approved.

5. Are you starting narrow enough to learn anything?

Every D2C launch faces pressure to be big enough to matter.

Go broad too early and you lose the ability to tell what drove performance. One state, one product line or one audience segment gives you a baseline you can read. From there you can see what is working and what needs to change before you spend more.

Launch → Measure → Learn → Refine → Scale

Scale on what you learned, not on the calendar.

6. What do your best policies have in common?

Once policies mature, stop asking how these customers got here and start asking what the best ones have in common.

Read marketing, property, vehicle, risk, loss and retention data side by side and patterns surface: a property age band, a vehicle class, a claims history that shows up far more often in your strongest business, or your weakest.

Those patterns become the targeting criteria for the next round of acquisition.

> **Consider:** *If you identified the characteristics associated with your best D2C business today, could your acquisition team use them tomorrow, or would that finding sit in a report nobody outside the analytics team reads?*

7. Does post-bind performance reach the acquisition team?

This is where the feedback loop usually breaks.

Marketing knows acquisition cost and conversion. Underwriting knows risk. Claims knows loss performance. Distribution understands channel economics. Retention teams know who stays and who leaves.

The question is whether any of that reaches the team buying the media, or whether it dies in the gap between distribution, underwriting and marketing.

Acquire → Bind → Measure Performance → Identify Patterns → Refine Audience → Acquire Again

Someone has to own that handoff. The faster it happens, the smarter the next dollar gets.

8. Can you act on what you know?

Knowing more about a household changes nothing if the knowledge lives in a model or a report.

Carriers making D2C pay run the same underlying data across every channel. Digital and direct mail are two ways of reaching one defined audience, not two audiences built from two data sets.

That consistency lets you sequence outreach, tailor messaging by channel and scale a segment once it proves out, without rebuilding the targeting logic every time you add a channel.

> **Consider:** *Are your digital and direct mail campaigns built from the same audience data, or does each channel start from its own list and its own assumptions?*

9. Which channel is earning the acquisition?

One channel rarely closes a sale alone. A prospect sees a display ad, receives a mailer, and converts online three weeks later. A mailer drives someone to search for the brand by name the next day.

Without attribution that spans all channels, credit tends to default to whichever touchpoint is easiest to measure, usually the last digital click, even when another channel did the work of building awareness and trust.

> **Consider:** *If you shifted budget between digital and direct mail based on last-click data alone, would you be rewarding the channel that converted, or the channel that actually closed the sale?*

Cross-channel attribution turns channel mix from a guess into a decision you can defend.

10. What would you want to know before spending your next acquisition dollar?

The simplest question on this list is also the most important.

Before the next impression, the next lead purchase or the next quote, what would you want to know about that household?

Traditional acquisition strategy asks:

Who is most likely to respond?

A more sophisticated D2C strategy asks:

Who is most likely to respond, bind, retain and perform?

The more of that you know before you spend, the better D2C pays.

The D2C Profitability Checklist

Before you scale, can you confidently answer these questions?

- ☐ We have clearly defined the business we want to acquire.
- ☐ Our target audience reflects more than likelihood to convert.
- ☐ We understand the property, vehicle and personal characteristics behind our target audience.
- ☐ We measure D2C performance beyond acquisition cost and conversion.
- ☐ We have defined what a D2C test must prove before we scale.
- ☐ We can identify common characteristics among our best and worst-performing D2C business.
- ☐ Post-bind performance feeds back into acquisition strategy.
- ☐ We activate our audience data consistently across marketing channels.
- ☐ We can see which channel is actually driving performance, not just claiming credit for it.
- ☐ We know what information could help us make a better acquisition decision before we spend the next dollar.

Know the Consumer Before the Quote

PGM brings together the property, vehicle, people and mover intelligence carriers need to define a D2C audience before the first impression is served:

- **Home Factors**: property data across more than 90% of U.S. residential properties, including age, roof, systems and condition.
- **Auto Factors**: vehicle insights spanning more than 214 million VINs.
- **People Factors**: consumer profiles covering 250+ million U.S. households across 700+ demographic, behavioral and household attributes.
- **Mover Factors**: mover and address-change signals that flag households in the middle of an insurance-shopping moment.

Curious what these signals would show for your own book? Request a consumer and property snapshot and see how PGM data maps against your current D2C audience.

Request My Snapshot →