

How To Sell Mail Order Specialties

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How To Sell Mail Order Specialties

Learn why careful and judicious buying is so important in gearing a procurement program to fit sales. Learn why it's so essential for a beginner to deal only in certain items and what they are.

"HOW TO SELL MAIL ORDER SPECIALTIES"

The old adage, "goods well bought are half sold," is only a half-truth in the selling of mail order specialties, for mail merchandising involves the selling of education and services, as well as merchandise. And that is why it is so essential for a beginner to deal only in items based on his own personal likes, into the selling of which he can put enthusiasm. Nevertheless, careful and judicious buying is an important consideration in gearing a procurement program to fit sales. A balance must be struck to prevent the accumulation of old or shopworn merchandise on the one hand and on the other, to have the proper goods to be ready to fill orders promptly. One thing a beginner does need to have impressed upon him is that it is far easier to tie funds up in a stock than it is to sell it out. Mail trade differs widely from retail store operation, where one or two items of a kind can be piled on an odds-and-ends counter and be priced to more quickly to casual customers. Effective mail selling calls for mass appeal, in which hundreds or thousands of prospects are approached with an identical proposition.

Frequently it is a problem to decide what price lines to carry. Some mail merchandisers choose to handle high-priced items, others prefer to sell inexpensive articles - and in the long run profits may not be far from equal.

DECIDING WHAT TO BUY

Regardless of product to be featured, it is advisable for the small mail order operator to become acquainted with a number of specialties suitable for mail selling. Even if he already has fully decided upon his line, as time goes on he may want to make slight changes in his set-up to take on additional items or select premiums to offer in facilitating the sale of his established proposition. A beginner will often desire to start off with a single item, either a purchased one or something of his own make. But should he stop there, much of his merchandising effort will be wasted. As experienced counselors have repeatedly pointed out, it is necessary for a small mail order business to have three or four offers to follow up inquiries, if the greatest benefit is to be gained from the sales campaign. With some prospects, if the first proposition has not hit the mark, it is well to try another attack. The first attempt to get an order may have resulted in failure because

the price was too high, or it could have been "too cheap" to convey a sense of value to the prospect. Because of the nature of the specialty mail order business, there is for some items, at least, no standard mark-up. However, once a proposition has been worked up to sell at designated price, it is generally advisable to stick to the one-price schedule. If the sales are not up to expectations, then another price level can be considered.

In determining what to buy or acquire for sale, a prospective mail order dealer is reminded that the selling of one and two dollar items alone will scarcely build a profitable business. It is a good plan, however, to be on the lookout for a few appropriate one and two dollar articles which possess real merit to sprinkle into the mail offers as a get-acquainted device in introducing a line of merchandise to new prospects. These articles will help pay advertising and postage bills, and will in addition be of great assistance in concentrating on genuine prospects.

In buying for resale, the purchase price, of course, is a matter for careful consideration. suppose the same article is available at scattered places in three price ranges: high, medium and low. The high price may indicate superiority in construction or materials, or uniqueness in the product. the low price may suggest inferiority, or it may indicate distress merchandise non-replaceable at that figure. And, of course, there is the possibility that an introductory offer is being made at a low price. consequently, in making your selections of items to sell, materials to use in further manufacture, or supplies and equipment for the mail order work shop, be willing to pay a fair price, which usually means a competitive one in the medium priced range.

WHAT PRICE TO PAY

To insure profitable business operation, there must be sufficient margin between cost and selling price to cover operating expenses and net profit. this spread between the cost of goods and selling price is called the gross margin. Here is an example of how cost and profits are figured, the standard "merchandising equation."

Sales price	100%
Cost of goods sold	-60%
Gross Margin	40%
Operating expenses	-30%
Net Profit	10%

Cost of goods means not only the prime cost but also freight or other transportation charges against each incoming shipment. The expense of doing business, including salary or wages to the proprietor, must come out of the gross margin. What is left is the net profit.

There are two principal ways of buying and pricing:

1. **BUYING TO SELL AT A SPECIFIC PRICE.** In many lines of retaining, and in some lines of mail order selling, the retail price of an item is more or less set by custom or competition. In such instances, you cannot expect to buy the item at whatever price offered and then add an arbitrary mark-up to arrive at the selling price. The mark-up is determined by the amount you have to pay for the item you wish to sell. The net delivered cost price is the proper amount to subtract from the selling price to determine the margin of gross profit out of which all expenses and profits must come.

Often merchandise of the same sort will be offered by different suppliers at different trade discounts and different cash discounts for payment within a certain number of days. Then some of the prices will be quoted to you f.o.b. factory which means that you have to pay the freight. Other merchandise will be priced to you at delivered cost. Do not let attractive discounts or delivered prices influence you too much in buying. The net delivered cost less all discounts and plus all freight charge is the amount you must set up on any item when comparing prices of different suppliers.

2. **BUY AND THEN ADD THE MARK-UP DESIRED.** In a great many of the ordinary mail order specialty items there is really no set amount at which you must price your goods for sale. A price can be set either on what you think the item might bring as a good value to the customer, or the price may be set by adding a mark-up to the cost price which will cover estimated expenses and profits.

SELECT YOUR PROSPECTS

Many a new mail order business has gone on the rocks because no serious attempt was made to find the correct class of prospects. Mail order aspirants are often told that the potential is nation wide, as broad as the sum total of the population itself, but what is not stressed is that successful mail order effort requires selective selling. The problem in mail selling is to locate potential buyers of specialized merchandise and convert these into customers. Efforts can often be guided into profitable channels through encouraging repeat orders of the same products or related ones.

Using poorly printed and cheap looking sales literature is one of the serious and often fatal errors into which mail order beginners frequently fall. Prospects, often accustomed to buying through the mail, can spot the work of an amateur who is not careful to employ sales tools up to standard quality.

A common error is to expect a big return for poor merchandise and little effort. Often merchandise used in filling orders of a low quality, unattractively and cheaply packaged. This gives the customer the impression of an excessive profit per unit of sale.

SOURCES OF SUPPLY

For fully completed articles ready to sell, there are three general sources: Manufacturers, large wholesalers and small specialty houses.

MANUFACTURERS - Thomas' Register of American Manufacturers is available at public libraries in most larger places. This directory, issued annually, contains classified lists of manufacturers (imports included), arranged according to product, and subdivided by state and city in which manufacturers are located. One of the volumes also lists alphabetically leading manufacturers, with capital classification for each, without regard to product. There is an index or finding list of products, and also a list of leading trade names and trade marks.

MacRae's Blue Book is another annual directory containing alphabetical and classified listings of important manufacturers, producers and wholesalers. This directory also has a trade name section.

After the name of a manufacturer is known, it is easy to locate the principal local dealers in that product. If the name of the distributor or wholesaler handling a certain make of product is wanted, a card or letter to the particular manufacturer will bring that information. Often the manufacturer sends the inquiry to the wholesale dealer concerned, for further attention if regarded necessary.

LARGE WHOLESALERS - The large houses are divided roughly into two groups; (1) those which feature a department store variety of merchandise, and (2) those which cater to specific fields (as radios, cameras, books, etc.). Very often among the lines so offered, a mail order beginner or small dealer may locate one or more items which he can select as one of his lines. In doing this, it is well to remember that it is the way an article is presented by mail as much as the inherent qualities of the article itself, which puts it across. In the offerings of these large houses there are literally dozens of items, around any one of which all or a part of a sales program could be built.

It is often difficult, however, for the beginner who does not send in a type written inquiry under his own business letterhead to receive the expensive catalogs and auxiliary literature which these large supply firms have prepared for the trade. These wholesalers are careful about sending out costly literature to all comers, and then selling "samples" at retail. Still, these larger supply sources are very willing to assist prospects who are likely to become customers.

SMALL SPECIALTY HOUSES - These cover a wide range as to size and age. Some are well established as supply sources for mail operators, while others are small operators with little more than an idea and one or two items as an experiment. Although a number of the

propositions offered are commonplace and time worn, some small wholesalers are constantly on the alert for new and novel merchandise which carries a "long profit" to the mail order dealer selling to the ultimate consumer. The small operator with a flair for merchandising occasionally can select items from these specialty houses, recognized in their field, to exploit in any one of several ways.

To obtain names of manufacturers, wholesalers or retailers, telephone directories can be used. In telephone company offices in large cities, there is a room where directories of most large cities in the United States can be consulted. Classified sections of telephone directories for distant cities can be used in other ways, such as getting correct street addresses for firms on a mailing list.

PACKAGING YOUR OWN PRODUCTS

The challenge of manufacturing "your own product" together with visualization of the possible market to be reached, is fascinating to many beginners. After the primary consideration of deciding what to produce or make comes the question of locating the most favorable sources of supply for the ingredients, component parts, packages (bottles, tins, paper containers), labels and shipping cartons, to make a professional looking job of the venture.

When you put up your own goods, on a small scale to start, the cost of materials is not the paramount issue. If your product is worthy of making or putting together, it can be priced high enough to be within competition and yet be a very good value to the customer. In chemical specialty compounding the final selling price will probably be four or five times the manufacturing and packaging cost. In the publication of educational materials, the mark-up over processing cost runs still higher. A manual costing less than a dollar in quantity to publish often sells for ten dollars or more. The buyer is not purchasing just so much paper and printing but presumably years of a writer's skill and experience, the recording of which required tedious hours, days or weeks to make it ready for study by people who want to learn.