

Mail Order - Most Common Mistakes

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Mail Order - Most Common Mistakes

INTRODUCTION

Much of the following text is based on mistakes, some of them costly ones, which I made during the early part of my mail order career. In addition, I have worked with many people over the years and have observed the most common mistakes that are made over and over again by most entrants into this business.

THE GREAT MAIL ORDER MYTH

There are a number of totally unrealistic and irrational beliefs about the mail order business. To believe in any of them can be dangerous to your pocketbook. Here are some of the most common ones:

1. It is possible to make vast amounts of money in a short period of time under the following conditions:

- a. No experience
- b. Little or no investment
- c. Insignificant work effort

If this were a multiple choice test, then A, B, and C, would be FALSE-- FALSE AND FALSE AGAIN

It does take experience, and knowledge, which can be acquired through reading, observing, and doing... There are many good books as well as some bad ones, on the mail order business. Stay away from books that make unreasonable promises. Our Special Report Series is designed to give you factual information on a specific subject. Universities and colleges across the country give courses in mail order and direct mail.

You can learn a great deal by observing companies that have been around for some time and are successful. Read their ads, study their offers and promotional literature. Some of the most effective direct mail offers are written by professional writers who are employed by large companies and who will not have a job unless they write successful and effective material. So, the next time you throw away a piece of mail from American Express or the Book of the Month Club, look at it and study it carefully.

The mail order business, like any business, requires an investment... It may be smaller, in many cases, than a business which requires a store front.. In most cases, mail order entrepreneurs launch their businesses from their homes. The amount of the investment is largely determined by the magnitude of the entrepreneur's effort. A part-time mail

order business can be gotten off the ground for less than a thousand dollars... The belief however, that a business, any business, can be started for \$50 or \$100 is totally false. I might add, it can be very profitable to those who make their living telling people it can be done.. of course, they are usually the ones that want, and often get, the only \$50 they say it takes to start the business.

And now we get to the really good part--little or no work. In some peoples' minds, it goes something like this: Put in a few hours here and there, easy work, just stuff some envelopes, run a few ads; and wow, the money will be pouring into the mail box! Anyone who believe that probably also believes they are going to win a few million dollars in the lottery. The odds are not very far apart. Building a business, mail order or any other, is hard work.. It takes great perseverance, belief in your efforts and lots of work.

2. Many people believe that they can get lucky in this business. Don't believe it for a minute.. It is the greatest mail order myth of them all. To believe it is fatal. Look at this business in the same way you once looked at your job anytime you first began to learn a new skill. It took time to acquire those skills and this is no different. It will take time and also effort.

3. Finding the one book or product that thousands or even millions will buy. Well, it is obviously possible since it has been done, however, your chances of coming up with another Pet Rock or Rubik's Cube are highly unlikely. It is equally unlikely that you will discover the one book that will be bought by hundreds of thousands. But your chances of becoming a success in this business and making a lot of money are excellent, if you adhere to the rules and principles of the business.

4. Running a small ad in a national magazine and getting hundreds or even thousands of orders.

5. Renting a mailing list of 1,000 names and getting 150 to 200 orders. A very good list will generally produce no more than 2% to 3%, 20 to 30 orders for 1000 names. Your own list may do much better.

There are a few of the ,most common beliefs about our business that are almost always totally false.

PRODUCT CHOICE

Since my experience in the mail order business is exclusively in the area of selling information products, my comments will be most pertinent to that segment of the market. However, much of the information covered here is applicable to any product sold by mail.

The first task any new entrant into this business has to deal with is to determine what product to sell and to whom he will sell it.. This is a considerable task and it should not be taken lightly.. Many serious errors are committed in this area.. To become well informed in this area, it is necessary to read various publications that cater to those people to whom you wish to sell your products. REad the news content and study the ads. Send in for free information on those ads that are close to the products that you select have an ongoing demand so your customers will want to buy from you again and again.

During this early stage of your mail order career, it is of utmost importance to control your enthusiasm. If you don't, you will get drawn into the SHOTGUN APPROACH. In this scenario, you will be so enthusiastic and impatient that you will make a number of rapid moves such as the following: You will buy one or more distributorships; choose one or more products that you know a little about (it amazes me beyond belief that people make marketing decisions about products they have not seen--this is simply insane): run one or more of the publications; or rent a mailing list and have no idea how the names on that list were accumulated.

Needless to say, you can spend a thousand dollars or more in a hurry and you may get little or no results from your efforts.. And what is even worse, you will probably become discouraged and get out of the business before you had a chance to understand it at all.

When choosing a product, take care in considering all aspects associated with the marketing of it.. The most important considerations are:

demand and repeat demand

Cost and mark-up potential

Shipping or dropshipping arrangements

Reliability of your major suppliers

Product storage in case you decide to do your own shipping

Cost of shipping

The most important consideration in choosing a product or line of products is your belief that this product represents a service or need to your potential customer. The product or products must also have related products that can be sold to your customer at a later time.. Each product you sell should be marketed with the aim of selling additional products. This is why, in general, selling just one product is so very difficult and selling a line of products via a catalog for example, is so effective... A versus a single one. The more items you can sell each customer, and the more repeat sales you can generate, the more money you will make.

THE PROMOTIONAL OFFER

Once you have chosen your product, set the price, decide who your supplier is going to be and how it will be shipped, you begin to put together the marketing material.. This is more crucial in our business than in any other business and it is also precisely the reason why a percentage of the population will not buy by mail---because they cannot see, smell or feel the product until they have paid for it.

The most common mistake committed in this area is to duplicate exactly what another enterprise is doing. One of the big problems with this approach is, since there is so much plagiarism going on in this business, you may be copying someone who is just as new in this business as you are and who is also copying someone else's idea. It is OK to copy what others are successfully doing example, many companies in the information product line will provide their dealers or distributors with ready-made promotional material. In most cases, this is the least expensive way to get started and, if you are dealing with a reputable and successful company, you will be promoting products that have been proven successful.

It is recommended however, that you use this approach only until you get your feet wet. Then you should begin to develop your own material. Once you have a better understanding of what sells and who is buying it and why, develop your own brochure, circular, etc. You can still utilize the material of others as an addition or follow-up to your material. Developing your own material is not at all difficult and can be done professionally and effectively on a rather small budget. A good promotional offer consists of several important components which include:

The circular or brochure, or catalog. A brochure or catalog does not have to be a 40 page instrument but can be as few as 4 pages.

An effective sales letter

The ordering instrument--this may be a built-in order form, separate order form, etc.

Return envelope

Of the above, the development of the brochure, circular or catalog, is the most expensive so here is where you will most likely use something that is supplied to you by your supplier.. A hard hitting sales letter is as important as the brochure. You have generally three options in tackling this project:

1. You can copy one from someone else. Since an exact copy may be illegal, you should probably use elements of the letter and make some changes but the end result generally leaves much to be desired.
2. You can pay someone to write one for you. This can be very expensive and may still bring about less than desirable results. The biggest problem here is that the writer of your sales letter will generally not understand your product as well as you do.
3. Do it the right way, the hard way. Do it yourself.

There are many good publications on effective letter writing for direct marketing and you should read one or more of them. Keep in mind that no one will understand your product as well as you do..

To do a good job, it is a definite requirement that you believe in the product and believe that it has one or more important benefits to the buyer. Just having the desire to sell the product, so it will make money for you,, will not cut it as a rule.. Once you understand the basic components that need to be in every sales letter, you should be able to write one.. A little practice may be necessary. You will become more proficient with each new product.

An order form should be user friendly. Your customer should be able to read the instructions with ease. If your brochure, circular, etc. has a built-in order form, it is generally a good idea to enclose a separate order form.. This way the customer can keep the original offer intact.

Enclosing a return envelope is strongly suggested. The idea is to make it as easy as possible for your potential buyer to part with his money and send it to you without too many hurdles.

The biggest sins are committed under this topic of The Promotional Offer and, since the promotional offer is the only thing your customer sees before deciding if he will buy from you or toss you in the nearest trash can, you must do things right, there are absolutely no exceptions. If you are sloppy here, if you try to save a few bucks, you are cheating yourself, not your customers. Keep in mind he is an expert at rejecting offers since he had many years experience. the average American is presented with approximately 6,000 plus offers to buy something per week--TV, radio, newspapers, magazines, road signs and, last but not least direct mail. Or, putting it into more personal terms, YOUR OFFER. So sweat over this one SO YOU WON'T GET TOSSED.

The money which is wasted annually in this country on substandard direct mail would make a substantial dent in our country's national deficit. Every week I see dozens of offers come across my desk that could make me weep.. Such garbage! Return envelopes with crooked rubber stamp imprint, sales letters with spelling errors, grammatical errors, etc., so called brochures which were apparently copied by a 20 year old copying machine.., circulars that look extremely unprofessional because the order form section has obviously been changed by a typewriter and they arrive all by their lonely selves, no sales letter, no return envelop.. God it is awful! The authors of this garbage are screaming to the world: "I am an amateur, I am an amateur, I have no idea what I am doing but I want your money. You'd better believe and not forget that this country is made up of 240 million of the most sophisticated buyers to be found anywhere on this globe.

Yet, this is also the area where you can shine and excel beyond your wildest dreams.. Modern technology has given us the tools to produce marketing material that can make you look as good as some of the largest and most successful companies in this country. And you can do it right out of your home. You will find professionals who can help you in this endeavor. Right in your own city there are desktop publishers, graphic designers, and word processing services that are eager to help you. You could get a 4 page brochure designed for as little as approximately \$100, in most markets, plus printing. The brochure can look just as good as the brochure of a million dollar company.

Therefore, you must do things right. The average buyer will look at your piece for less than 8 seconds to decide whether to junk it or study it.

MARKETING YOUR PRODUCT VIA ADVERTISING

Most new mail order entrepreneurs will sell their products through advertising once they know what they will sell and have developed their promotional offer. Since display advertising is generally quite expensive, it is best to start out with classified ads in monthly national publications. Classified ads, as well as small display ads, should only be used to get inquiries from promotional buyers. The inquiries are sent the promotional material you have developed and a percentage of them are converted into buyers. This percentage generally will range from between 6-12%. If you want to sell something directly from an ad, the item should cost less than \$4. There is not enough space in a small ad like that to convince a buyer to spend \$10 or \$20. For that reason, you see full page ads selling products in that price range.

The first task is to choose the right magazine. One of the most effective ways to find the right magazine is to choose one that carries ads by successful companies that sell products similar to yours... The wrong magazine is generally the one whose content attracts readers who are not at all interested in the product you are selling.

Choosing the right classification in the publication is as important as choosing the right magazine.. Again follow the leaders. Since there are thousands of magazines catering to almost every possible interest group, the possibilities of finding new opportunities to market your products are unlimited. I suggest, however, that in the beginning you stick with well known magazines and leave your experimentations for later when you are better established.

Monthly publications are generally more cost effective than weekly magazines, and certainly, daily papers. You can get inquiries from a national publication, such as Popular Mechanics, for months and sometimes well over a year. A daily paper, on the other hand,, will rarely produce an inquiry beyond 2-3 weeks after it was published.

A common advertising mistake is to choose inexpensive advertising such as in shoppers papers, mail order trade journals, etc. It is not how much the ad costs but how much each inquiry costs you... If you ad costs \$100 and you receive 100 inquiries, each one has a direct cost to you of \$1. Early in mail order career I spent a lot of money for a \$10 ad here and a \$20 ad there. I soon learned that sometimes I would only get one or two inquiries for my \$10. Expensive! To test a product and promotional offer it is sufficient to run the ad just once.. The magazines and advertising agencies will often tell you that to test an ad you must run it 3 or more times. I say no. Not until you know how the first one pulls. You will need some patience for this endeavor since most monthly publications have a lead of two or three months.. But its is much better to wait a little while than to spend hundreds of dollars without getting needed results. To write successful ads also takes practice and work.. Once again, follow the leaders. A successful ad can often pull two, and sometime three, times as many inquiries as an ineffective one.

MARKETING YOUR PRODUCT VIA MAILING LISTS.

This approach is often preferred by the newcomer. Unfortunately, it is also generally the least effective way. It is preferred by many because it is perceived to

be easy. And if it worked it would be. Millions of dollars are made by companies in renting the wrong names and stale names to new mail order entrepreneurs.

Both sides lose. The company renting the names will not get any repeat business and the customer often goes out of the business if his efforts are futile. Almost my very first mail order experience, "a very rude awakening," was when I rented such a list, sent out 1,000 offers (first class no less- a definite no, no) and I got how many orders: "How about two or in dollars \$20." Between postage, printing, renting the list, etc.,my cost was well over \$300.

The most unfortunate mistake newcomer make here is to assume one list as good as the next one. I generally recommend that inexperienced mail order operators start out advertising, and as they gain experience, begin to use mailing lists in addition to their advertising. But, if you absolutely cannot resist, at least be very picky in choosing your lists. Deal with a reputable broker or smaller mail order company that you know advertisers frequently. Find out how the names were generated. What did the ad that brought the inquiry sell? If you are trying to sell books on how to start a new business and end up with the names of people who answered an ad about how to find a better job or learn a new hobby, you will have wasted your money... Likewise if names are older than 6 months, preferably no more than 3 months, you will get too many returns and people may not be interested in the same subjects anymore. Mailing lists especially your own, can be highly successful, but only if you have gained enough experience to make wise selections.

MANAGING YOUR BUSINESS

The single most important element of managing this or any business is watching each and every expense. Although mail order companies, even larger ones, have relatively low costs in the area of labor, office rent, etc.,they do have very high costs in these categories: postage, printing, and advertising. You must watch these expenses like a hawk. The best way to look at your expenses is on a per unit basis. We already addressed the cot per advertising inquiry. Let's now look at a typical mailing of 1,000 pieces.

Your Cost	
1,000 #10 envelopes.....	\$25.00
1,000 #6 3/4 return envelopes.....	20.00
1,000 sales letters imprinted on both sides.....	28.00
1,000 order forms 8 1/2 x 11.....	28.00
1,000 4 page brochures.....	90.00
1,000 postage (bulk 0.26.7 cents per.....	167.00
Total	\$358.00
1,000 names--rental.....	40.00

Total

\$398.00

Now think in terms of cost per unit, each one costs 40 cents. If you were to use First Class Mail instead of Bulk Mail, your cost would shoot up to 48 cents, a 20% increase. If, on the other hand, you could buy your printing for a little less, you might be able to cut 5 cents off your cost.

It is also very important that your product allows you a high enough profit margin. A markup of 200% is preferable but 100% may be sufficient, especially if you sell via catalog and will therefore, generate more than one item per order.

Let's assume you will get a 1.9% rate of return on this mailing which will give you 19 orders at an average order of \$38.00 which:

Would give you a gross take of.....	\$722.00
Less -- Cost of product - 35%.....	-.252.00
Gross profit.....	\$470.00
Less -- Cost of Mailing.....	- 398.00
Net profit.....	\$ 72.00

Let's assume you had sent your mailing First Class. The additional \$80.00 would have robbed you of your entire profit.

The above figures are merely used to illustrate the importance of thinking in cost per unit and being highly cost conscious.

The receding pages have attempted to cover some of most important areas you should be aware of as you start out in this exciting business. Although the emphasis in the preceding pages has been largely on the negative, I believe strongly that this business has immense potential and rewards for anyone who has the interest and dedication to learn it. If you do your homework and make deliberate moves based on your personal knowledge and experience and you expand with each success, the potential for your ultimate success is almost unlimited. Don't forget that unlike your friendly neighborhood retail store which sells only to a confined geographical market, you can market your product to over 260 Million people in the U.S. and Canada.

So remember before you can earn you must learn!