

Mailing Lists Can Be Profitable

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Mailing Lists Can Be Profitable

How to purchase, compile and build mailing lists. Strict Attention to the mailing list is a means by which waste can be reduced in direct mail efforts

MAILING LISTS CAN BE PROFITABLE

Stricter attention to the mailing list is one important means by which waste can be reduced in direct mail efforts. Some companies pay great attention to the preparation of sales promotional material, and then overlook the fact that much of it may reach individuals who have no genuine interest or need for the company's products or service. The large volume of mailing pieces that are thrown into the waste basket annually has been cited as proof that there is considerable room for improvement in mailing list control.

Naturally, problems involving the maintenance and use of mailing list vary according to the kind of business and even with individual concerns in the same industry. Mailing lists policies may also vary with the type of product sold, distribution channels and the merchandising practices followed. Some companies use purchased lists or those prepared from directories, while others build their lists from internal and advertising sources.

The effective operation of a mailing list involves three basic steps: first, to find a reliable source of names of logical prospects; second, to classify the names secured, so that the proper promotional effort may be directed to each prospect; and third, to keep the list up to date. Under these three headings - sources, classification and checking - the problem is discussed in this report.

SOURCES OF NAMES

Mailing lists may be purchased, compiled, or built. Purchased lists are those secured from mailing list houses, name brokers, etc. Names obtained from directories and other published sources are usually referred to as compiled lists. The built list is one which the company itself originates, generally from space advertising.

The purchased list is well adapted to the type of promotion which has a broad appeal and one in which a single unit of presentation of the offer can be made. The purchased list is well suited for a company selling a non-repeat product and in cases where a large list is desired cheaply.

Trade directories are used by many organizations in compiling mailing

lists. Several books have been published listing and classifying various directories. One of these is the "Mailing List Directory" published by U.S. Ponton, Inc. Another is "Mailing List Sources" prepared by the Dartnell Corporation. Thomas' Register of American Manufacturers is classified by industries with a geographical sub-classification. Dun and Bradstreet's rating book includes practically all business concerns, and is arranged geographically, with symbols designating the industry. Financial rating books such as Moody's and Poor's Manuals are a source of all companies in which there is a public interest in the securities. Many states publish directories of trades, which are usually classified geographically. In addition regular and classified telephone directories, street directories, city directories and blue books are sources of names.

Lists of names are available from many sources in city, county and national records. Some of these are registration lists, tax lists, license and permit lists, building permits, school lists, automobile license lists, labor reports, lists of government employees, incorporations lists and vital statistics.

Many organizations do not send out direct mail pieces to general lists of prospects, but secure selective distribution by following a practice commonly known as "working on inquiries." Such inquiries are usually obtained from classified advertising, or in the form of coupon returns from advertisements in newspapers, trade publications and general magazines. In the advertisements, an offer is made to send a booklet, an article of merchandise, or some other inducement to those who may be interested. The type of item offered is important because it should appeal to the class of customer desired for the mailing list. Inquiries thus made from the advertisement usually indicate a definite interest on the part of the inquirer and such a list of names is considered to be a much better group of prospects than a general list.

Companies selling merchandise of a general appeal to a wide market often use this method of securing prospect names. In this way, a specialized list of names is prepared from a large general market. Companies that have a product with an appeal limited to a particular group or class also use this method to obtain a highly selective list of prospects from a comparatively small audience.

Some companies that use the coupon-return method of building a mailing list attempt to eliminate those who are just curiosity seekers or who have a mania for sending in coupons. They charge a small amount for the booklet or whatever is offered. This small charge, it is said, will not deter those who are really interested, but will eliminate many who are not real prospects.

Many firms have found that one of the most profitable sources for building up mailing lists is their own customers. Prospect names are obtained from customers by letter, special incentives, and contests. It is not uncommon to send out letters regularly to

customers asking them to furnish the names of friends and acquaintances who might be interested in the company's merchandise. Forms are usually enclosed for listing the names. sometimes a company's house organ, or small printed leaflets or folders are used for this purpose. Many companies give customers cash or merchandise rewards for names which result in actual sales of the company's product.

QUALIFICATION AND CLASSIFICATION OF NAMES

After the names of prospects have been secured the next problem is to qualify and classify them properly. Several different mailing lists of various sub-divisions of one mailing list may be employed in grouping the names. the principal reason for classifying names into separate groups is that each may require a different type of sales promotion, may require the promotion at different times of the year, and may vary in the extent to which they should be cultivated. For example, people may be prospects for various products; their needs and desires may vary; some can be sold now, some soon, and some in the distant future; some are large buyers, others small; some may buy frequently, others seldom; some are new customers, others old ones; some have large buying power, others small. All of these groupings require different methods of approach. The greater the specialization of the promotional efforts and the more specific that appeals can be tied in with the direct interest of the prospects the greater will be the results obtained. Consequently, the less waste there will be in the direct mail work.

For the purpose of keeping all names on record, many firms use 3x5" cards, one for each prospect or customer. On the first line is the name and on the next line is the address. To the right of the name and address is usually listed the source from which the name was secured and the date. On the lower part of the card additional pieces of information is given, such as dates and kinds of mailings.

In order that names may be properly classified and qualified, many firms consider it necessary to take steps to see that the proper information concerning the names is obtained at the original source. If the names are gathered from salesmen, customers, or other outside sources, they designate the kind of names desired and the information about them that is required. If the names are being purchased from mail list houses definite specifications are submitted as to just what kind of names are desired. If a company is not able to get needed information when the names are received originally, sometimes information blanks or letters are sent out to the list to get the facts that will enable the company to determine the selling opportunities and other necessary facts for an intelligent promotional program.

In addition to classified lists companies sometimes also have what is termed a general list. Into this list will go the

names concerning which the buying possibilities are not known. These names will receive mailings of a general nature, while the classified lists of known prospects receive specific mailings appealing to their particular interests.

Most successful direct-mail companies report that they classify customers and prospects separately. They consider the separation of these two groups as the first important step in classification. They believe that direct mail efforts to customers in most cases should be materially different from those used on prospects.

Geographical classifications are often used by companies with well defined field organization set-ups. This enables the company to circularize any particular dealer's list or distributor's list at any time, without circularizing the entire prospect list. A geographical classification is also maintained by some firms so they can concentrate on particular sections of the country where business conditions may be especially good.

It has been found that in some firms the great percentage of business comes from a fairly small percentage of total customers. Some consider it highly important to concentrate selling efforts on prospects who have large buying power and to expend less effort on those with smaller worth. Consequently many mailing lists may be found which are classified according to buying power.

Some customers purchase regularly and often while others send in an order only occasionally. To obtain the greatest degree of effectiveness some companies classify their customers according to the frequency of purchase and concentrate more effort on the regular buyers. This is considered particularly advisable in cases where the promotional literature sent out is of an expensive nature.

For example, a company which sends out an expensive catalog to its mailing list classified the list into three groups according to the regularity of their purchases. To the regular buyers twelve issues of the catalog are sent out each year. To the less regular customers six catalogs per year, and to the still less regular customers only two per year. Names are shifted back and forth from group to group as the regularity of their purchases changes. To have the records easily available all purchases are entered on the customers mailing list cards.

Another example is that of a mail-order publisher who classifies his mailing list as follows: (1) New customers (2) Steady customers and (3) those who have not bought for six months or more. Purchases are recorded on all mailing list cards. In sending out direct mail, special effort is made to turn the new customers into steady customers and when this is accomplished the mailing list card is transferred into the second group of steady customers. To the steady customers the company sends

out more mailings than to the group which purchases only occasionally.

The appeal made is also different for these two groups. The names are being constantly transferred as their status changes. Under this system the publisher can tell at any time just how his business is progressing in respect to actual customers. He can tell how many customers he has lost over a period, how many he has gained, and how many he has made into regular customers. The company also has a prospect list which is cultivated separately.

CHECKING AND KEEPING THE MAILING LIST UP-TO-DATE

To avoid waste in direct mail effort, many companies pay considerable attention to the problem of checking mailing lists and keeping them up-to-date. Many direct mail users favor pruning the mailing list in large proportions and concentrating on the cream of the list. The extent to which names are culled depends in a large measure upon the nature of the business and the expensiveness of the direct mail matter.

A live up-to-date mailing list is essential to recapture old markets and gain new ones, and to make time and money spent on direct mail advertising pay off. If the mailing list is too bulky, out of date, too expensive to be used profitably, or improperly organized, the entire system of maintaining the list may need to be revised. To accomplish the objectives of a profitable mailing list, it may in some cases, be necessary to scrap the entire list and start afresh.

One of the most common methods of checking mailing lists for accuracy and for prospect interest is to write the prospect. Usually a return post card is enclosed. The entire list may be canvassed in this way at one time. Another method, used by many direct mail advertisers, is to write the customer when he fails to send in an order within three months. The letter asks whether or not the prospect wishes to be retained on the mailing list. If no reply is received and if the customer does not order within a reasonable time after the check-up, the name is removed from the list permanently. A book publisher recently sent out a letter to check his entire mailing list and enclosed a return post card. As a result, 15 percent of the names asked that they be removed and 26 percent reported corrections, a total of 41 percent.

Telephone books, directories and other published sources are frequently used in making a check of mailing lists. Returned mail is usually checked with these sources for day-to-day corrections. One company uses the telephone company's long distance information service for checking names. When general check-ups are made of the entire list, published sources are generally used, even though other checking methods may also be employed.

There is a frequently a laxity in taking advantage of the opportunities offered by returned mail in keeping the mailing list up-to-date, although in some cases there is an established routine to insure that all returned mail is thoroughly checked for this purpose. In cases where the mailing list is used infrequently, however, the returned mail check is not necessarily adequate. some advertisers who are not certain that their mailing lists are up-to-date make a test mailing to a part of the list. From this sample they are often able to determine the condition of the complete list. some firms send out a preliminary mailing under first-class postage before an important direct mail campaign is begun. The returned mail enables the firm to remove all the dead wood before the main campaign is begun.

Postal regulations permit the checking of mailing lists by postmasters. A reasonable charge is made. Postmasters are allowed only to correct lists and are not permitted to list new names.