

Starting A Mail Order Book Sales Business

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Starting A Mail Order Book Sales Business

Selling books by mail can be a profitable and rewarding business, but unless one is careful (and crafty), it is profitable only for the book supplier!

The first challenge a newcomer encounters is finding books that he (or anyone) can actually sell by mail and make money. Many book company (not all are publishers) books have been on the market for years and years and have been offered by literally thousands of "dealers."

Next, the book must be bought at a price that will enable the dealer to offer them at competitive prices and still make a reasonable profit.

Finally, there is the cost of mailing lists, stationery, printing, advertising supplies and postage.

Many unsuspecting, would-be book dealers invest hundreds of dollars only to learn that "everyone else" is selling or offering the same books - sometimes to the same mailing list names.

Book suppliers are not stupid. They know how difficult and expensive it can be to locate potential customers across the nation for their books and are willing to pay retail prices.

That's why many of them try to find someone else to do their advertising and mailing; they can make more money wholesaling at \$2.00 per copy than retailing at \$10.

This is especially true for books that have been around for a while and those that are only offered by mail -- where the customer cannot see before he buys.

Some companies offer a partnership deal. You pay a membership fee and/or purchase a minimum amount for the privilege of buying from them at "wholesale" or "sub-wholesale" (depending on the size of your membership fee).

They provide copy ready advertisements and price lists (which cost them a penny or so each) and the you, the dealer pay to have them copied (up to 10 cents each), prepared and mailed out. It is sort of like a partnership where you split the profits 50:50, but you pay 99 percent of the expenses.

Theoretically, you can sell \$1,000 worth of books and make \$500 profit - but, not so fast. You, as the dealer pay for the stationery, copying the advertisements and price lists,

mailing list or advertisements, plus all of the postage from your "half" of the profits.

Unfortunately, your share may not cover those costs. A good to excellent mailing list response is 2 to 4 percent for book offers. When each package costs 35 cents to assemble and mail, a 4% response yields 40 answered per 1,000 mail outs.

This means the 40 responses cost \$8.75 EACH (1,000 pieces at 35 cents, divided by 40). Even if all of them purchased a book (they won't), you would have to gross \$8.75 per sale - just to break even!

In addition to other individual dealers, the new book dealer must also compete with professional direct mailers. These large companies have machines that stuff, postmark, and sort by ZIP code (for bulk mailing), thousands of pieces of mail per hour.

Their mailing costs will average 2 to 25 cents per piece, compared to our 35 cents because they use bulk rates (and pre-sort) and because they combine non-competing offers (see B254, STARTING A CO-OP COUPON BUSINESS FROM YOUR HOME) in each mailing.

These large mailers do not necessarily handle the same books - partly because the suppliers can't afford their fees (they like orders to be at least 100,000 at a time) and partly because they don't think they will sell enough (yes, some of them do work on commission).

For a different view, consider the following example: "Joe" started and successfully operated a worm farm, which he sold when he moved to the city. He believes his knowledge and experience would be of value to others who might want to try worm farming and wants to write and sell a "how-to" booklet on worm farming.

After weeks of work on his manuscript, he discovers that it is virtually impossible to find a publisher for his work because the subject is too specialized (too few potential buyers) and the author is unknown.

Checking with a "vanity" publisher, he finds that it will cost \$3.00 per copy to have a thousand copies printed; \$2.00 more if the printer also promotes and sells the book. Since such a book would have to sell in the \$5 to \$8 range, he would have to sell quite a few books just to break even.

Later on, however, he learns that by condensing the information (like Reader's Digest does with novels), he can have it printed as a 12 page "booklet" for about 10

cents per copy in small (under 5,000) orders.

Joe decide to market the book himself through national ads in trade magazines, fishing magazines, and/or by mail.

Whether or not he sells enough copies to make a profit, his sales will eventually dwindle to the point where he will be willing to sell his remaining stock of unsold books for perhaps a dollar each or less.

The book dealer might pay a little more to obtain Joe's reprint rights. The book dealer would then own the "rights" to the booklets and is to free to reprint as many as he desires -- at a FRACTION OF A CENT PER PAGE because he is a printer or has large volumes printed.

The booklet is then listed by the book supplier along with other products at "wholesale" prices. It will remain in this category as long as it meets minimum sales requirements. It will be offered "with full reprint rights" to the public (potential book dealers) when the book dealer can no longer market it profitably.

The mail order book industry includes materials prepared by [professional journalists who interview a technician for an hour or so and then "beat out" something they can sell, as well as highly qualified writes with first hand experience in the field they describe.

Book companies also hire commission writers to create salable material for any market they see. Some authors honestly try to pass on their expertise at a fair profit; and other simply "fake it" or even deliberately follow a line they know to be fictional.

Exhibit "A" is articles praising products and plans in opportunity magazines that appear only when those products and plans ALSO appear in large ad).

Ad writers are especially adept at "dangling the carrot" - giving the impression that something is about to be revealed, when they have nothing at all except the ability to lure, or some cheap trinket that no one would look twice at without all their "hype".

The professionals in the book selling market keep abreast of the current market: what does and does not sell; which techniques work, and how to obtain the highest profit with the least investment.

Yet, there is definitely room for the individual book dealer who does his homework and uses his head.

The successful book dealer must know the value and appeal of the products and have a positive, well planned marketing system: he must be DIFFERENT.

One major DISADVANTAGE for large companies is how difficult it is to "sell" an improvement or innovation. There is natural resistance to any change: jealousy, misunderstanding and plain old ego ("I" didn't think of it).

But an INDIVIDUAL dealer can improvise on-the-spot: his advantage is his versatility. He can select and market a product immediately and does not have to negotiate contracts or get board approval. he doesn't worry about competing offers or even company policy. He just places an ad or rents a list and mails out his material.

Although there are many different ways to go about setting up a mail order book dealership, one approach would be something like this:

1. Find (write, update, buy) a "different" book (report, booklet) or subject (occult, survival, worm farming) that you believe has enough potential value to others to be marketed profitably. Do some research to qualify you to intelligently assess the merits of the product and understand your competition.
2. Establish your price level. Set your prices and decide if you want to provide yourself a margin to offer percentage off "specials" or standard price. Consider wholesaling and commission sales to other mailers (including some that you might network with). Once you establish your prices, be very reluctant to change them - especially price increases.
3. Develop a marketing plan: write out exactly what steps you intend to take in making and following-up sales and sales attempts. Determine how much you must sell to reach a break even point with each product and whether you will use ads, Mailing lists, or both.

You can use a large, expensive ad to fully explain the merits of your product, or a small one offers "free details" to those who answer. Plan follow-up mailings to those who don't answer your responses (where legal - you can only mail to names on rented lists once unless they respond).

Check on non-competing offers that you can include in your mailings to help defray mailing and printing costs (or exchange non-competing ads with your networking partners). Consider adding products to your line that seem to do well. Never sell just one product.

4. Design your ad, sales letters and follow-up materials. Try controlled variations of each until you find the best wording and combinations. arrange for printing -- get one that you can call and order additional copies from a master he keeps on file. If and when you decide to use the mails, obtain a bulk permit from your post office and check several professional mailing list brokers to find a reliable source for good names (many bad ones are on the market - usually offered by small dealers).

5. Determine and further refine your primary means of acquiring leads. The most often used are ads and mailing lists. Radio/TV is normally restricted to large operations due to the cost, but sometimes local radio or cable TV can offer bargain rates. with ads, it is important to select a vehicle whose readers would be expected to have an interest in your product. If there is any doubt, consult an ad agency (your cost is the same; they get 15% commission from the media).

For mailing lists, work with a recognized, professional broker who can help you select the best listing (from millions) for your product and market. You certainly DO NOT want a "bargain" list of over-used opportunity seekers.

6. Work out (and carefully follow) a procedure for filling orders and keeping accurate customer records. Initially you may drop-ship some books until you see which ones sell for you. Your cost is highest (profit lower) with this method, but it allows you to discover what does and does not sell BEFORE you stock up.

Stock only items that sell -- to save on cost plus mailings (suppliers charge postage AND handling for each drop-shipped item), plus extra time and paperwork. Base your plan on the lowest expected profit margin. If later on you find a cheaper way to procure or sell, you can decide to keep the extra profit or lower your prices.

Have shipping labels printed with your return address for both items you ship yourself, and for those that are drop-shipped (so they look like they came from your warehouse).

7. Both large and small professional (those who succeed) mailers utilize each mailing to the fullest extent: they include more than one offer in each mailing (except perhaps the first), another offer in each package mailed out, they include each other's non-competing products on a commission basis, and they always plan ahead.

A book order identifies a customer that is currently interested in that subject, who is willing to buy a book, and will do so by mail. The "pros" keep track of these facts and use them wisely!

Although some book suppliers claim that all you have to do is join, buy their materials and mail to their recommended mailing lists, this is NOT what we recommend.

We suggest you carefully select and focus on one product or category that YOU can market -- and use the "normal" book supplier program to back up your operation.

The recommended system uses a product that you feel is a good "leader" to find customers then offers those customers additional products in the same general area. Your "leader" should be easy to describe and offered at a reasonable price that customers will consider to be fair (after they have the product).

As orders are filled, include offers for additional items to people who have demonstrated their interest in the product and their willingness to pay. If they don't buy the second product, offer it again, along with a third, and so forth.

Just be sure that all of the products you offer meet your standards if you want to maintain an image of honesty and fairness. Many mail order dealers are not concerned with either honesty or fairness; they feel that there are so many potential customers that they will never run out of those that they can hoodwink.

We strongly recommend both honesty and integrity in all your dealings - it is not only the "right" way; its also the SMARTEST.

As with any other business, accurate business and customer records are vital - they can help your business to succeed, prevent needless mistakes and keep you out of trouble with the IRS. You want each customer to receive the right package and advertisements according to your plan, yet not to be bombarded with uncoordinated (therefore, wasted) mailings.

You should also need to be able to sit down with your financial records from time to time and study them to see what is working and what is losing money for you, so you can make in-course corrections to increase profits and eliminate excess baggage.

These sessions can extremely beneficial: they equate to those highly productive "brainstroming sessions" that major corporations routinely hold.

BUSINESS SOURCES

COPYRIGHT OFFICE, Library of Congress, Washington, DC 20559.

Request Form TX (application for copyright) for your text or advertisements. Copyright protection is free; registration is \$10.

DM NEWS, 19 West 21st St., New York, NY 10010. Direct Mailing News, weekly trade paper for large mailing firms.

U.S. SMALL BUSINESS ADMINISTRATION, Washington, DC 20416. Information of interest to small businesses. Write for catalog.

AMERICAN PARADE OF CATALOGS Box 3197, Burbank, CA 91504, 818/846-5576. Advertises your product nationally; charges by the response.

PUBLISHER'S SERVICES, 6318 Vesper Ave., Van Nuys, CA 91411-23788. Publishes 50 MILLION DOLLAR DIRECTORY (Library volume) and LOW COST ADVERTISING DIRECTORY (\$8).

EDITH ROMAN ASSOCIATES, INC. 875 Avenue of the Americans, New York, NY 10001. Large, nationally recognized mailing list broker, with many different types of lists and sorts from \$50 per thousand.

MASIL ORDER ASSOCIATES, INC. 120 Chestnut Ridge Rd., Montvale, NJ 07645. Support to independent mail order companies.

DINNER & KLEIN, Box 3814, Seattle, WA 98148, 206/682-2494. Mail order materials; mail list broker. Free book. How to Develop, Keep and Use Mailing Lists.

ZIP TRAGET MARKETING, 401 N Broad St., Philadelphia, PA 19108. Magazine for large mailing order firms. Free subscription (use letterhead to request).

AMERICAN DIRECT SELLING, 2636 Walnut Hill Lane, #337, Dallas, TX 75229. Mailing list broker.

LIST KING, INC., 12 E Walnut St., Kingston, PA 18701. IBM compatible mailing list programs and dealerships.

SELECTIVE PUBLISHERS, Box 1140, Clearwater, FL 33517. Book supplier.

AMERICAN BOOKSELLERS ASSOCIATION, 122 E. 42nd St., New York, NY 10168, 212/867-9060. Book dealer's trade association.

LONG PUBLISHING CO., Box 1465, Garden Grove, CA 92642, 714/638-2167. sells approximately 500 different "how to" and other books for 50-70% off "retail", depending on dealer plan. drop-ships. Also sells mailing lists, prints and sales aids.

BEST PERSONALIZED BOOKS, 412 Best Personalized Plaza, 4350 Sigma Dr., Dallas, TX 75244. Personalized children's books. Offers lifetime license. Free kits. write for info.

PREMIER PUBLISHERS, Box 16254, Fort Worth, TX 76113. sells approximately 500 different "how-to" and other books for 50-75% off "retail", depending on dealer plan. Drop-ships.

BETTER BOOKS, INC., Box 471, Dallas, NC 28034. Wholesale encyclopedias.

HAGEMAN ENTERPRISES, 604 Suntide St., St Louis, MO 63125. Book supplier, drop-ships.

WILSHIRE MAIL ORDER BOOKS, 12015 Sherman Rd., North Hollywood, CA 91605. Book supplier, drop-ships.

DOVER PUBLICATIONS, INC. 31 East 2nd St., Mineola, NY 11051. Discount books, clip art, stencils, etc.

QUILL CORPORATION, 100 Schelter Rd., Lincolnshire, IL 60917-4700, 312/634-4800. Office supplies.

NEBS, 500 Main St., Groton, MA 04171, 800/225-6380. Office supplies.

SWEDCO, Box 29, Mooresville, NC 28115. 3 line rubber stamps - \$3; business cards - \$13 per thousand.

ZPS, Box 581, Libertyville, IL 60048-2556. Business cards (raised print - \$11.50 per K) and letterhead stationery. Will print your copy ready logo or design, even whole card.

WALTER DRAKE, 4119 Drake Bldg., Colorado Springs, CO 80940. Short run business cards, stationery, etc. Good quality, but no choice of style or color.