WHERE TO FIND INQUIRY, PROSPECT AND SUSPECT NAMES FOR YOUR MAILING LIST

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WHERE TO FIND INQUIRY, PROSPECT AND SUSPECT NAMES FOR YOUR MAILING LIST

Your lists of inquiry, prospect and suspect names are very important to the long-term success of your business. These are the names that you will try to convert into loyal customers. This process can be the key to your growing business or organization.

PROSPECTING AS AN "INVESTMENT" PHILOSOPHY FOR YOUR CUSTOMER LIST

Your customer list should be considered one of your organization's most valuable assets. Unfortunately, customers sometimes move or die (or go out of business) or just decide to take their business elsewhere. You must continue to replenish and build this list by prospecting for new customers if you want your business to grow or even just to survive.

Prospecting - attempting to convert potential customers into customers - is a means of investing in the future of your organization.

Prospecting successfully does not come easily - or inexpensively - which is why it should be considered an investment. In comparison to your results from mailings to your customers, your response from mailing to prospects will be much lower. By the time you add up the costs of prospect lists, along with production costs and postage, you will almost surely lose money in your attempt to recruit new customers. This loss is called "front-end cost" or an "acquisition cost."

Your profit from prospecting comes on the "back-end," once you have acquired these new accounts. If your new customers continue to shop from you or use your service or renew their membership to the point where your back-end profits cover your front-end costs, you've succeeded. And, of course, that will primarily depend on how you handle the initial contact(s) and whether you can establish a good long-term relationship with the new customer.

DEFINING THE CHARACTERISTICS OF POTENTIAL CUSTOMERS

Where should you look to find your potential new customers? The sources you use to develop the names of your inquiries, prospects and suspects will depend on your understanding of current customers and your business.

You want to select and maintain the names of individuals (or businesses) sharing the characteristics of your best current customers.

You already know what those characteristics are. When you created your customer database, you made decisions about which data to capture for each of the customer names on the mailing list.

For example, you might have determined that your best customers live in a definable geographic area or have attained a certain income or gross revenue level. They may have a specific family or organizational structure. Or, they may have interests or regularly pursue activities that make them good prospects for your product or service. You want to first pursue prospects with

those same characteristics.

FINDING SOURCES FOR PROSPECT NAMES

There are two different ways to build a list for prospecting:

1. Through direct prospecting (also called "one-step").
2. Through lead generation (commonly known as "two-step").

With a one-step process, you are trying to sell your product or service directly to the prospect via list of people or firms you think are likely to purchase. Once the sale is closed, the prospect becomes a customer.

In a two-step system, first try to get prospects to indicate their interest through generating an inquiry about the product or service. You can then target your mailing or other sale efforts to names which not only have a greater likelihood of responding, but also have a certain identified need which can be fulfilled by your product or service.

There are many sources you can use to develop lists of potential customers. Here, we are going to describe some of the most productive sources for inquiry, prospect and suspect names.

SOURCES FOR INQUIRY NAMES

Inquiries are people or firms that present themselves to you by asking about your product, service or organization in general. They are better potential customers than "cold" prospects or suspects because they have expressed some interest in your organization and have already responded in some way.

If you are developing a program to recruit inquiries, you must first plan for how you are going to respond to the inquirer. A list of inquiries and leads does no good unless you have a way to convert them into customers. Two factors will determine how many inquiries will convert into customers: (1) speed of response and (2) offer given to the inquiry. The faster you get your sales pitch into the inquirer's hands, the more likely you'll get a future order. The longer you wait, the more your results will be reduced. Also, since you have already invested money in this lead when generating the inquiry, make sure to present your best possible offer. The most common problem with inquiry programs is that inquirers are not treated with the care and attention they deserve.

ACTIVELY SOLICITING INQUIRIES

You should not wait passively for people to inquire about your organization. You can actively invite inquiries. Below are descriptions of some of the more common ways to do this:

1. Media Advertising:

An advertising program can be used to stimulate inquiries about your organization in addition to selling your product or service. Your advertising program can be quite simple if you want only local exposure:

* Place classified advertisements in area newspapers.

* Buy ad space in community newsletters.
* Use a display ad for yellow pages listing.
* Purchase time on local radio or television shows.

If your audience is national, generate inquiries by:

* Placing advertisements in national magazines.
* Buying space in card decks. A card deck is a group of promotional postcards sent to a set of defined prospects. The cards are usually wrapped in plastic, may offer products or information, and always include a way for the prospect to respond.

Whichever media you choose to advertise in, make sure it serves the same audience you want to attract.

Whether using your advertising to sell a product or service or simply to urge people to inquire about the organization, (or a combination of both), always include some way for them to respond. Coupons, a tear-off card and a toll-free telephone number are often used to make it easy to inquire. Also, the advertisement should always feature your organization name, address and phone number prominently.

A word of caution about the method through which inquiries can respond. If you make it too easy to respond, you may get inquiries from people who have no interest in your organization, but who simply like to fill out forms and/or receive mail.

It costs money to respond to inquiries (especially if these are leads for salespeople), so make sure your objectives are clear before designing your program. Are you looking to obtain as many names as possible or do you want to receive inquiries from "highly qualified" leads only?

There are a number of ways to qualify inquiries. Roughly speaking, the more difficult (or expensive) it is to respond, the more likely it is that the inquiry will have a true interest in your organization. For example:

* A few short questions on the response form may deter people who aren't really interested in your organization. In any case, YOU can qualify inquiries based on the information given and choose to add them to the list or not.

* A toll-free telephone numbermay produce a greater proportion of "non-qualified" repsonses than would a phone call for which the inquirer must pay. (The same principle hold true for postage-paid vs. unstamped response form.)

2. Trade Show Exhibiting:

Companies exhibit attrade shows for a number of reasons: to sell a product, to talk to customer, to build name identification, etc. However, one benefit of trade show exhibiting which is often ignored is to talk to prospective customers and collect their names for follow-up with future mailings.

If you want to exhibit at trade shows solely for the purpose of generating leads, first answer the following questions:

Trade Show Questions

a. What is the expense involved in exhibiting? Registration fee? Materials for the booth? Travel costs?

b. Does the type of business or individual who fits your customer profile attend?

c. How many businesses or individuals attend?

d. What response rates would you need to pay for the costs of exhibiting?

e. Is your product or service appropriate for the show?

f. Are there other benefits to exhibiting at the show, such as selling products, increasing awareness of your organization, creating goodwill, or gathering information about the competitors?

If you decide to exhibit at a trade show, you should have a well thought out method for collecting qualified prospect names. Too many trade show exhibitors overlook this necessary step. At the trade show, you will want to capture the names of the visitors to your booth. And, as we mentioned above, you will also want to have them give enough information about themselves to decide if they are truly qualified inquiries.

Some ways to encourage people to give the information you want include asking them to drop their business cards into a "fish bowl" or fill out a brief form. Any of these methods can be used in a raffle format (where a winning card or form is chosen to receive a prize). You must weigh the cost of running a contest against the benefit of increased response and the potential of less qualified leads.

3. Leads From Suppliers:

Some suppliers may do lead generating publication advertising for their products of services. Typically, they turn over the inquiries to dealers for follow-up.

4. Seminar and Meeting Attendees:

Giving a presentation at a seminar or meeting is a good way to make people aware of your organization. Many of them will ask for additional information about the product or service, if given the opportunity by means of a card on their seat or a tear-off portion of a handout. Of course, the registration list itself is a good source of names.

5. Additional Information Cards:

All organization written materials should include an invitation to contact you for further information.

6. "Take-Ones":

These are small padsr or forms that are attached to advertisements found on buses, public bulletin boards or kiosks. These forms include an invitation to request more information about a company's products or services.

7. Visitor Cards:

Have any visitor to your business or organization fill out a card.

8. Advertising Specialties:

These are useful items (such as pens, lighters, magnets, etc.) with a company's name, slogan, address, telephone number imprinted on them.

SOURCES FOR PROSPECT NAMES

There are so many sources for prospect names that it is necessary to be very clear about what types of names are most appropriate for your organization. Understanding of the characteristics of your best customers is vital here.

Understanding your target customers can help you identify the best sources for new prospects and suspects in another way. You may have decided to use one of the database fields to track how current customers heard about your business or organization. The information in this field would give an indication of where to look for potential customers.

Below are some of the sources for prospect and suspect names that many organizations find productive:

1. Referrals:

Present customers may be willing to suggest the names of their friends or associates who could benefit from your product or service. These names are usually more valuable than "cold" prospects because they have been selected by people who know, and are satisfied with, your organization. Similarly, the prospect will probably be receptive to (at lease) listening to your offer. A recommendation coming from a friend or associate carries with it a great deal of credibility and trust. (Note: When contacting the referral name, results will be better if you indicate who referred them.)

In addition to referrals, directories and public lists are another source for prospect and suspect names. They are less valuable than referrals because they have not been given to you by someone familiar with your business or organization.

2. Directories and Public Lists:

Many organizations publish directories which can be used to construct your own list of prospects. When you add the names from a directory to your own mailing list, they are usually yours to use without any restriction. Some directories do have limitations, so check before using

names.

Because people or even businesses are so mobile and because it takes so long to compile and print a directory, most directories have a relatively high "error" rate.

The significant amount of time needed is one of the biggest drawbacks to manually compiling a list from directories. for example, consider the time it would take to type all (or even some) of the entries in the Yellow Pages. In many cases, this work has already been done by a professional list compiler, who then offers the list for rent. (We'll discuss this area later in the report.)

Here are a few of the many directories you might want to consult:

Directories To Consult

* Telephone Directories - Both Yellow and White Pages.
* City Directories or Reverse Directories - Organized by street and address.
* Business Directories - Directories compiled by type of business.
* Association Directories - Many associations publish directories with listings of their members.

The Directory of Directories, published annually by Gale Research Company (Book Tower, Detroit, MI 48226), contains listings for over 9,600 organization and business directories.

* Government Directories - The federal government and most state governments publish directories of their agency offices and personnel. Federal directories are available at low costs through the Superintendent of Documents, Washington, D.C. 20402.

Other lists are available through public sources:

* Local governments maintain a number of different lists which may be available in your area. Contact your city or county clerk for lists compiled from any of the following sources:
    1. Voter registrations.
    2. Marriage licenses.
    3. Birth certificates.
    4. Business licenses.
    5. Business loan information (also at state level).
    6. Hunting or fishing licenses.
    7. Fund-raisers for elected offices.

* Institutional Lists - Public schools and hospitals may also have lists of students or births.

* Association and Church Lists - Many local organizations (such as Kiwanis or Chamber of Commerce) have lists of their members. Also, your church or syn§a§gogue's list of its members could be useful.

3. Visitor or Customer Registration

Many organizations use a registration device to develop lists of people who visit their facilities or participate in their programs. Retail stores in particular are known for using this technique. To build a prospect list, they invite each visitor to the store to fill out a card with his/her name and address along with any other information desired. This request for information is sometimes presented as an entry to a raffle or sweepstakes.

The main thing to keep in mind is that these are many lists which are easily and inexpensively available to you, particularly if your product or service has a wide appeal within a local area.

OTHER OPTIONS FOR OBTAININGPROSPECT AND SUSPECT LISTS

When you develop prospect and suspect lists yourself, using the above sources, the names belong to you. However, compiling lists from these sources yourself can be very time-consuming, since much of the work is manual. You may be severely limited in the number of names compiled because of the time it takes. That time restriction might also mean that when you've finally completed the list, many names will have moved or are no longer appropriate to mail. Also, working on your own, you may overlook (among the thousands of list sources available) those that are best for your purposes.

Several options are available to you for expanding your prospect list on a larger scale and without manually compiling the names. For example, rent or purchase names or exchange names with another organization:

* List Rental

List rental can cost anywhere from $25 for one thousand names to more than $100 for one thousand names. The charge is usually higher if you want to make selections within the list (for example, by business type, last order amount, etc.). Typically, 5000 names is a minimum order quantity. However, fewer names may be rented, depending on the total size of the list.

Lists can be rented for one-time use only, unless otherwise agreed upon. List owners usually include decoy names on the list to monitor the use of their lists and detect unauthorized mailings. Decoys are names that are unique to their owner's list and to each mailing. They may be "doctored" (or entirely phony) names, but they do have actual addresses. These decoys then inform the list owner when they received a mailing with the "fake" name.

* List Purchase

List purchase is not as common as rental. List purchase is actually more like "long-term rental." The list is sold for permanent or long-term use; that is, for some period longer than six months. The time period is usually negotiable.

List purchase can be a welcome option if you have determined that you will want to contact the names on a multiple, or unlimited bases. If you buy a list, you must maintain it. In other words, you are responsible for updating names and addresses as needed, reviewing for and eliminating duplicates, and generally keeping the list in its most efficient mailable form.

* List Exchange

As the in-house list of customers, inquiries and inactive customers grows, you may be able to exchange it with other list owners for their lists. Arrange list exchanges with organizations that have similar audiences but do not compete directly with you. Occasionally, competitors do exchange lists for offers of a non-competitive nature.

By exchanging lists you will avoid the costs of list rental or list purchase. Of course, you must always take care to verify that the list you are getting is accurate, current and free of duplicates.

COMMON TYPES OF LISTS AVAILABLE FOR RENTAL, PURCHASE OR EXCHANGE

Following are examples of some of the common terms used to describe available lists:

* Compiled Lists: Compiled lists are prepared from names found in directories and other sources of printed (usually public) information. They are "put together" based on certain predetermined criteria such as type of business or location. When you rent a compiled list, the manual work of building a list is done for you.

Another advantage of using a compiled list is that compilers often include additional data with the list. You can often select compiled lists by such variables as age and income on a consumer list and business type and number of employees on a business list.

The disadvantages of using a compiled list are basically two-fold. You don't now how recently the list was compiled. Given the length of time it takes to compile and issue a list, the names and data could be 1 1/2 to 2 years old by the time you order and attempt to mail the list.

Also, with the exception of the possible demographic information you have about the names on the list, you have very little knowledge about whether this name has any likelihood of wanting your product or service.

* Subscription Lists: Subscription lists are made up of people who subscribe to a publication or a service. It is important to distinguish between paid and free subscriptions when evaluating these lists for your purposes. People who have paid for a subscription are considered to be better potential responders than those who request and receive a free subscription. Subscribers might not have the same propensity to buy by mail as do names on a response list. However, based on the publications they subscribe to you know more about the names (and their interests) than you do with a compiled list.

* Response Lists: The names on a response lists have already responded to some sort of offer (from another organization) and are thus considered more valuable. The theory is if they have responded once, they are more likely to do so again! However, response lists are usually the most expensive to rent. Also, depending on the source of the names, you do not know how well the list have been maintained.

Below are terms commonly used to describe the names within a list:

* Buyers: People who have made a purchase at some time.

* Active Buyers: Individuals on a list who have more recently (usually within the last 12 months) demonstrated some form of action, e.g. purchase, rent, subscribe to a service, etc.

* Hotline Names: The most recent names added to a list. These names should not be older than three months and might be able to be selected by categories as recent as 30 or 60 days. If this selection is available on a list (usually at an additional charge), it is wise to consider testing it since these individuals have recently demonstrated some action and their address is probably correct.

* Inactive Buyers: Those who have purchased but have not within the last 12 months. Be careful here: These names age. Unless the list has been cleaned recently, you may get many obsolete addresses.

* Multibuyers: Individuals who have made more than one purchase. Multibuyers, if available on a list, are the best selection to make when renting a list.

* Inquiries: Names who have inquired but have not yet purchased. The ages of these names are very important.

DATA CARDS

Data cards provide basic information about rental lists.

A. The price of renting or purchasing the list.
B. The number of names available.
C. The different list segments available.
D. Hotline names available monthly or quarterly.
E. List selections (and the costs of those selections) for better targeting.
Typical selections include:

1. Sex.
2. Geographical (by state or zip code).
3. Home vs. business address (often differentiated by whether the address has three or four lines).
4. Type of business (SIC code).
5. "Nth" name to ensure randomness for a test mailing.
6. Specific name/title within the business to get the mailing (particularly if mailing to larger businesses).

F. Minimum order size.

G. Date data card was updated.

H. Written description of the list.

I. Terms of renting or purchasing list.

J. Formats (and changes) for how the list is available, e.g. computer tape, microcomputer disk, Cheshire labels, peel-off labels.

K. Profile of the list, usually including the following:

1. Average order size (unit of sale).
2. Sex (% male, % female).

3. Source of names (direct mail, membership, publication advertising, telemarketing, television and radio advertising).

4. Method of payment (% cash buyers, % credit card buyers on the list).

L. Name and address of the list manager or broker.

WHERE TO GO TO RENT,PURCHASE OR EXCHANGE LISTS

There are list professionals available to help you carry out the transactions described above. In addition to handling the details of each arrangement, some may be able to advise you on which list(s) will be most effective for your purposes. Two types of list professionals - list compilers and list brokers - are described below:

1. List Compilers

List compliers offer catalogs of the lists they have built, using many of the same sources we have presented above. The lists may be either compiled or response lists. The list compiler not only builds, but must maintain, his lists as well.

List compilers offer literally thousands of business lists and consumer lists. The names on the lists range from purchases to home burglar alarms to people who have traveled to Hawaii in the past three months to businesspeople in California. New lists are made available regularly and are promoted through announcements and advertisements in direct marketing industry publications.

It may ultimately be more efficient to use an "expert" who has already built the list you want, as long as you are prepared to purchase the names in volume.

If compiled lists are appropriate for you, there are a number of sources for obtaining them. If you are seeking lists that are national in scope, two good places to begin your search are the:

* "Direct Mail Directory" found near the back of every issue of Direct Marketing magazine (224 Seventh Street, Garden City, NY 11530-5771).

* Mailing List Compilers section of Direct Mail List Rates and Data,

published by Standard Rate and Data Service, (5201 Old Orchard Road, Skokie, IL 60077).

2. List Brokers

List Brokers are the direct marketing field's mailing list specialists. They are independent agents whose primary function is to arrange the rental transaction between list users and list owners and compilers. List brokers must keep up-to-date with what is happening in the field in order to recommend the best selection of lists to achieve their clients' (the users) objectives.

The broker is paid a commission by the list owner. That commission is typically 20 percent of the list price. The broker collects the full amount of the list rental fees, deducts his commission and gives the balance to the list owner.

Some clients use brokers simply to order the lists. Others tap the broker's know-how about maintaining lists, keeping direct mail records and testing, as well as the creative aspects of direct marketing. To find a list broker, check the Mailing List Brokers section of Direct Mail List Rates and Data.

3. Full Service Agency

Another source to go to in arranging a mailing list transaction is the full service agency. A full service agency can provide the entire range of mailing function necessary to conduct a program. The agency can help select names but can also design and produce the mailing package, and carry out or arrange for the physical mailing. They can also arrange to have the orders filled if necessary.

From free-lancers to direct response advertising agencies through full service advertising agencies, every imaginable service is available.

For listing of full service agencies, contact local direct marketing associations or clubs, or consult the local yellow pages under "Advertising - Direct Mail."

HOW TO ORDER A MAILING LIST

The steps involved in ordering a mailing list may vary depending on the source used and the type of list you want to obtain. Here are some general guidelines that apply to most situations:

* Plan your list selections well in advance of a mailing. Allow at least two to four weeks for ordering and delivery of the names, as well as time for the list owner to approve the order.

* Be specific about the selections. All instructions should be written and complete.

* Specify the format you want to receive the names - computer tape, microcomputer disk, peel-off labels, hard copy, etc.

* Communicate the mailing date. If you foresee a problem in meeting it, let the

list broker know as soon as possible. Also, determine whether the lists are to be delivered to you or the mailer. Specifically indicate all dates when and places where the list or computer tapes need to be delivered for each step in the processing of your mailing.

* Work closely from the start with all parties involved in the list transaction.

FOR ADDITIONAL INFORMATION ABOUT THESE OPTIONS

A good source to contact to find out more about list transactions is the Direct Marketing Association (DMA). The Direct Marketing Association is the national trade association representing both direct marketing users (such as mail order businesses, charitable organization, and financial institutions) and suppliers (such as list professionals, advertising agencies and printers).

The Direct Marketing Association offers a wide range of services, seminars, reference books and directories on all aspects of direct marketing.

For more information about the Direct Marketing Association, contact its headquarters at 6 East 43rd Street, New York, NY 10017, (212) 689-4977.

Successful promotion to inquiry, prospect and suspect lists is the key to keeping the current customer list growing and productive. This report has outline the various avenues available to you in the search for these potential customer lists. Your organization may want to handle the whole effort in-house. Or, you may want to use the services of direct mail industry professionals for some or all of the steps.