

# Choosing and Using Mailing Lists



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## Choosing and Using Mailing Lists

Success in direct mail always depends on the list used. The main rule, therefore, is to spend as much time selecting your list as you do creating your mailshot. The best mailing list of all is your own, compiled from responses to your own advertising campaigns and people who have purchased from you already.

Your mailing list includes people who have not proceeded beyond the enquiry stage, and will include many people who contacted you out of pure curiosity. A fair proportion will be your own competitors, people who just want to know what you are offering, what approach you are using, and what price you are asking.

But among that group of enquirers will be a sizeable chunk of people for whom your first offer did not generate enthusiasm. These are the ones you must try hard to turn into buying customers. And you must keep on trying to turn them into customers. As all direct mail specialists know, it isn't unusual for someone to fail to respond to several of your offers, only to place an order the next time round, and the time after that .....!

Once your business develops in direct mail, you'll find yourself mailing out to tens of thousands a week, and in time your own list, however large, will be inadequate. So you'll want to use outside mailing lists, sometimes from direct mail specialists, sometimes from brokers.

## Important Points About Outside Lists

For many mail order dealers and direct mail specialists, the answer to carrying out larger campaigns than they have names for, means utilizing other people's lists, sometimes buying the names outright or exchanging with colleagues in the business.

If names are purchased outright, they are yours to use as often as you like. Names can be obtained by writing to people whose advertisements offer products similar to yours, and asking if they wish to sell their original letters of enquiry to you. 10p per original letter is common. Alternatively, most competitors will swap names with you, on a one-for-one basis, where both double their database of names to use as and when they like.

Sometimes names are offered on actual order forms, or at least the purchase is highlighted. In this case, your audience can be very precisely targeted, and can generate superb response. For these names you will be charged a much higher fee, or exchange request, than will be so for a list of mere enquirers or general buyers.

Good names - top drawer names - are worth their weight in gold, and the extra money they cost will be returned many times over in orders.

## Rented Lists

Most lists are available for rental or purchase. Where you purchase names outright, you can add these to your database and mail to them as often as you like. Rented lists are usually offered for one use only, and will be 'seeded', to include fictitious entries aimed at detecting misuse and breaches of

the conditions of rental. Enquiries and orders generated from this list can be added to your database and mailed to as often as you like.

Lists are available for hundreds, maybe thousands, of different groups, including those sharing particular hobbies and interests: members of professional groups, opportunity seekers, book buyers, gardeners, parents of young children, and so on. In short, whatever your target audience, there will almost certainly be a list to suit you.

Some lists are more productive than others. Lists from professional, established brokers are likely to be your most profitable source. And the more you have to pay, generally speaking, the better the list will be, meaning it will be cleaned regularly of 'gone aways', people no longer active members of the appropriate group, and so on.

This does not always mean that lists you might be offered by colleagues and competitors in mail order will not yield a good return for your advertising pound. As for all things in this business, careful testing will determine which are the best lists and those you should avoid. Always mail to a sample portion before 'rolling out' to the entire list.

Do not expect to make a profit from using a list just once. Many firms find they achieve quite low response rates from hired lists, but that a higher response is achieved to follow-up mailings to previous buyers and enquirers.

## **Renting Outside Lists**

Things you should know about a list before assuming it is suitable for you include:

- Where do the names come from? Why was the list compiled? Does it include buyers or enquirers, subscribers or advertisers, and so on?
- Does the list adequately cover your target group?
- How old is the list?
- How often is the list updated and when was the last time it was updated? Make sure the list owner compensates you for returns, usually replacing each 'gone away' with an appropriate number of fresh names.
- Can you select certain names and addresses by different criteria, for example: sex, postcode, job title, status?
- What minimum order can be used to test the list?
- Is the list heavily duplicated? Does the owner check regularly for multiple entries?
- Is the list correctly registered under the Data Protection Act?
- Can the list be used repeatedly, or just once? Does it contain 'seeds' or 'sleepers' for the owner to detect misuse?

- Are business names entered by firm, job title or named individuals? Response is invariably higher for mailings to named individuals.
- What format is the list supplied in: labels, label format printout, computer listing? Is printout quality adequate? Bear in mind that some labels will be quality laser typeset, others might be printed through a faded ribbon on an inferior dot matrix machine. Another thing to watch out for is ALL CAPITAL printouts known to have an undesirable effect on recipients.
- Is the list available to you? Obviously some list owners are reluctant to hire out names to competitors.
- Is the list postcoded to allow you to take advantage of Mailsort?
- About the List Owner/List Broker: How helpful is that person or his representative? Has he asked why you want the mailing list, does he want to know what you are selling? Has he asked to see the contents of your mailing? Is he interested in helping you achieve a positive response or does he seem more intent on taking your order? Has he taken time to answer your questions? Is there a telephone number you can use for further information? If not, why not?

## Response Rates

It is that frequently quoted, but often highly misunderstood, 'response rate' that accounts for all the difference between achieving massive profits with your current mailing or marking it down as a dismal failure.

'Response rate', basically, is the percentage of responses (orders or requests for further information) resulting from a particular campaign.

Let us assume a direct mail campaign comprising 1,000 packages from which 30 orders are received. Actual response rate is:

$$\frac{30}{1,000} \times 100 = 3\%$$

To analyze the effect of slight improvements to response rate, let us imagine a product that yields £20 net profit per sale, that is after all advertising and fulfillment costs have been accounted for.

Let us begin by assuming a response rate of 2%. Profits per 1,000 mailshot are:

% Response Rate	No Orders	Net Profit (\$ or other unit)
2	20	400

Now assume increases in response rates of 1/2%, 1%, 2% and 3%.

% Response Rate	No. Orders	Net Profit (\$ or other unit)
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2.5	25	500
3	30	600
5	50	1000
6	60	1200

Note that an increase from 2% to 2.5% means achieving just one more order from every two hundred packages posted, yet the result is \$100 pure profit (or other unit, in my case it's GBPs)

Such dramatic effects on profits from small increases to response rate, well explains why all successful direct mail specialists work hard at improving their response rates, analyzing and testing all features of their advertising campaigns.

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