Mike Was Absolutely Right!

A couple of months ago in his *Marketing* column here in *QP*, Mike Stevens provided his "Top 10 List" of compelling reasons to use direct mail as one of your principal marketing weapons. As you might expect, my personal favorite was Number 9: It Supports An Outside Sales Staff. But I want you to know that I also agree with everything else Mike said in that column.

Direct mail works for quick printers. That *fact* has been proven in the marketplace. If you are not using direct mail as part of your marketing mix, you should be.

And if you are using direct mail and you're not sure it's working, the fault is not with the medium of direct mail, it has to be with your approach to it!

Direct Marketing

Direct marketing has become a very sophisticated science. In fact, you can see quite a bit of the evolution of the science just in the names changes it has undergone over the years, as its practitioners have tried to accurately describe what they do.

Years ago, what we now know as direct marketing was called the mail-order business. The term direct mail was coined to try to change the fairly common—and often well deserved—perception of junk mail. A number of years later, the term direct marketing reflected the inclusion of other media in this science of selling without salespeople, as telephone, television and radio, fax, and now even E-Mail and the Internet have become part of this pathway to the consumer.

There are some who now call the discipline direct response advertising. I kind of like this particular name, because it indicates a subtle difference in the thinking behind the strategy. The word direct in the terms direct mail or direct marketing was used as an adverb...mail was sent directly to the potential buyer. In the term direct response advertising, the word is used as a verb. The advertiser is trying to direct your response...in other words, to make it very clear to you what he or she wants you to buy, and exactly how to place your order.

Another name that is becoming common for the modern direct marketing discipline is database marketing. This is where the process has really become a science! The idea behind database marketing is to develop a very clear understanding of who buys your products and/or services, and precisely why. If you know that, and if you can compare that to a database that lists a wide variety of characteristics of a large number of businesses, you can pick out exactly—and only!—the ones who are likely prospects for what you have to sell. What we used to think of only as mailing lists have in many cases become very sophisticated databases. I think you would be amazed—and maybe even shocked!—at how much the keepers of these databases know about you.

List And Offer

No matter what you call the overall discipline, your success in direct marketing is based on two factors: the list and the offer. The list, of course, represents the people you are sending your direct mail to. The offer is what you're trying to sell to them. And understanding direct marketing is really as simple as this: if you send a piece of direct mail to a person who isn't interested in what you have to sell, he or she won't buy anything and that individual piece of direct mail will have failed. If you send a piece of direct mail to a person who *is* interested in what you have to sell, but your mailer doesn't get that person's attention and get read; again, that individual piece of direct mail will have failed.

The most important measure of success in direct mail marketing is to have enough individual successes. That means when the mailer gets to the right person, and he or she buys what you're trying to sell. And a secondary measure, of course, is that your direct mail program is cost-effective. And that mostly means not wasting your direct mail dollars by sending out mailers that aren't likely to bring you positive results.

Offer Considerations

I'm not going to talk about *the offer* today, except to say that there's no perfect format for a quick printer's direct mail. No matter what you put together, it will appeal to some of the people who are legitimate print buyers, and it won't appeal to others. Unfortunately, there is no such thing as universal taste or appreciation of graphics and style.

But you should still keep two things in mind. First, don't ever forget Mike Stevens' Reason #6: Your Direct Mail Demonstrates Your Excellence. If the printing you send out in the mail doesn't meet the quality standards of the people you're sending it to, you will never get their business. And even if the mailer itself is absolutely beautiful and

appeals to every non-print-decision-maker on your mailing list, you're still not likely to get any business from those people.

List Considerations

I get asked fairly often how large a quick printer's mailing list should be. The first part of the answer is that it should be as large as possible, in that it should contain as many qualified buyers as you can afford to mail to on a regular basis. By regularly, I mean reaching each customer or prospect at least every other month. Reaching out to them *every* month is unquestionably better, though I'm really not sure you gain much by mailing more often than that.

Now here's the second part of the answer: Your mailing list is almost certainly too large right now! If you're a typical quick printer, your mailing list probably has quite a bit of junk in it...companies listed with the wrong contact names, companies listed without contact names (business-to-business direct mail has a much better chance of success when its addressed to a person, not just to a company), companies that have moved, companies that have gone out of business, and companies who don't buy much printing under the best of circumstances.

So what do you do about this? The best thing to do is to make a commitment to call every single company on your mailing list and get the information you need to bring your list fully up to date and up to par.

Does that sound like a major project? I'm sure it will be. But I'm also absolutely sure it will be worthwhile! Here's how I'd go about it. First, break the list down into two segments: your regular customers (the people you see and hear from at least once each month), and your occasional customers and prospects. For most quick printers, that first segment will be relatively small. Transfer the names on that segment of the list to a "checklist" and keep it at the front counter, or put it into the hands of the salespeople who work with those customers if that's more appropriate. Make it a point to go over your address and contact information with each of these customers the next time you see them or hear from them or the salesperson calls on them. If any of the names on this list haven't been "checked off" in thirty days, make it a point to call them on Day 31 and get the information you need.

With the occasional customer/prospect segment of your list, transfer those names to a checklist twenty at a time. And then either make those calls—or delegate someone to make those calls—in as little time as it can take. Work your way through twenty records...and when you've completed all twenty, go to your main list and get twenty more. Follow that process until you've updated every record in your mailing list.

I think the discipline of working twenty at a time is important. It lets you break a big job down into smaller chunks. Now, you might ask, what do you do when you've connected with seventeen out of twenty, but three or four days later, you still haven't been able to get through to the last three companies on that list? You've called them, but you haven't been able to get the information you need.

I think those people might be trying to tell you something! What I would do is take them off my main mailing list!

Call Strategy

Here's how I would structure those phone calls. I would say to the person who answered the telephone: *"This is Jane Doe from ABC Quick Printing. We have been sending you our advertising and promotional mailers for a while. I'm calling today to make sure that we have all the right information to keep on doing that. We have you at such-and-such mailing address...is that still correct?"*

"Now, can you tell me who is the person who's most involved in ordering printing (and copying?) for your company?" (If you have a contact name in your records, you might say: "I have so-and-so listed as the main person involved in buying printing...is that still correct?")

Then*..."While I have you on the phone, let me ask you one more question. Would you say that your company buys a lot, a little, or never buys printing (or copying) from companies like ours?"*

I hope the purpose of this question is obvious. If anyone ever tells you that their company rarely—or never—buys printing or copying, take them off your mailing list!

Industry Standards

Several months ago during a session with one of my consulting groups, we got into the discussion of the optimum size of a quick printer's mailing list, and I asked each group member how large their list was. I was struck by the fact that the largest volume printer in that group had the smallest mailing list, and the smallest volume printer had by far the largest list. I found myself wondering whether there was any correlation between list size and sales volume throughout the industry.

To explore that, I put out an E-Mail request through NAQP Online on America Online. I asked NAQP Online participants to respond with the size of their mailing list, the number of times they mailed out to that list last year, and their sales volume (rounded to the nearest $10,000).

The responses ranged in total sales volume from $260,000 to $5,280,000. I decided early on that I wouldn't consider the input from people who mailed out less than 4 times during the year. The average number of mailings among these quick printers was 10.5, and almost exactly half of the sample mailed out every month.

The mailing list sizes ranged from 300 to 5000, with an average size of 2320. The $5,280,000 shop at the top of my volume list reported a mailing list of 2100, and mailings every other month. The $260,000 shop at the bottom of the volume list reported a mailing list of 1300, and 16 mailings during the year.

I can't really say that I found any distinct correlation between volume and mailing list size. There were twelve $1,000,000+ shops among the respondents. Seven of those have mailing lists smaller than the overall average of 2320. Of the ten smallest shops among the respondents—all of them below $400,000 in sales—five were above the average and five were below it. The smallest ten as a sub-group had an average list size of 2733, while the largest ten averaged 2460.

Interesting Statistic

The next thing I did in analyzing this data was to multiply the list size times the number of mailings for each respondent, and then divide that total number of pieces mailed during the year into the shop's annual volume. I did the same thing with the total of all of the lists times the total number of mailings by the entire sample, divided into the whole sample's total sales volume. That gave me a very interesting bit of information for comparison: the average sales-per-piece-mailed figure for the entire sample was $41.97.

Now what does this mean? In and of itself, I'm not sure it means anything. I can't tell you if $41.97 represents any sort of balanced or optimum relationship between the number of pieces of direct mail you send out and your total sales volume. But I can tell you that there was quite a bit of variation among the sample.

There were six quick printers in the sample with sales-per-piece-mailed over $100.00. The largest volume respondent mentioned earlier came in at $419.05. The smallest volume respondent mentioned earlier came in at $12.50. The lowest sales-per-piece-mailed figure of all was $5.83! And while I can't tell you what your sales-per-piece-mailed figure should be, I can tell you with a lot of confidence that there is simply no way in which that particular quick printer is getting a good return on his—or her—investment in direct mail marketing. The list is too big, or it's not well-targeted, or the mailers themselves are deficient in getting the printer's message across. Actually, in all probability, it's probably a combination of all three. But the first thing I'd do if I were that quick printer is cut my mailing list back to something considerably smaller.

I think it would be interesting for you to see how your sales-per-piece-mailed compares to what I found in this initial survey. Again, you calculate it by multiplying the number of records on your mailing list times the number of times you mail out to the list, and then dividing that figure into your total sales volume.

Once you've done that, how about sending your list size, frequency of mailing, total volume, and sales-per-piece-mailed figures for 1994 along to me, along with two more pieces of information that I think will help to draw something truly meaningful out of this data: the number of dollars your sales increased (or decreased) over 1993, and your approximate percentage of owners compensation (net profit plus anything you paid yourself and/or co-owners in cash compensation for the year.)

For those of you who responded to the original survey, please send me the two pieces of additional information. I'll write more on topic of direct mail later on in the year, and include the results of this additional research.