The Importance of Your Company's Mail List

"Without the right list, you are just wasting your marketing dollars. The right list is ten times as important as whatever you put in the envelope."
– Arthur M. Hughes / The Importance of the List

As we've mentioned before, the success of any direct mail marketing campaign depends primarily on the mail list. Studies have shown that at least 60% of the response rate can be attributed to the mail list, while only about 20% each is attributable to the offer and the appearance of the mail piece. Given the importance of a mailing list, we recommend that all our customers understand the basics in order to make the best use of any list – internally-generated or purchased.

Q: When is the best time to market your business?
A: All the time.

Marketing – making people aware of your business, its products, and services, and convincing them to buy – is a fundamental activity for any business and a requirement for sales growth. Broadly defined, marketing encompasses almost everything a business does, from providing good customer service, to having a consistent look in printed materials, to networking and sales calls.

One of the most popular methods of marketing is direct mail – mailing something of interest or value to customers and prospects. Especially for small businesses, direct mail is favored over media advertising (newspaper, magazine, radio, and television) because it can be directed at people who are likely to be interested in or receptive to receiving information about your product or service. A direct mail marketing piece not only describes the product or service in a way that elicits interest from the recipient, it also tells the recipient what action to take next and may even give a deadline for responding.

What to Expect From a Direct Mail Campaign

If you haven't consistently used direct mail as a marketing method, there are a few things you should know to tailor your expectations – and your marketing budget – accordingly.

Tip 1: *If you are going to use direct mail, use it repeatedly.* Mailing periodically and regularly (such as monthly, every six weeks, or quarterly) puts your name in front of customers and prospects and helps establish both familiarity and recognition of your business. In addition, most businesses offer more than one product or service. Regular mailings allow you to tell your company's story and highlight individual products and services. Finally, regular mailings mean you are putting your contact information in the hands of prospects and customers again and again. You aren't relying on them to remember, keep, or find the contact information.

Tip 2: *Have a strategy for your list.*
The most important determinant of response rate is the mail list. Send a well-designed and printed mail piece with a great offer to the wrong audience, and the response rate will be disappointing. So, what is a good list strategy? We think it is having a mix of your top customers as well as selected prospects. By including your top customers, you will be reinforcing their decision to buy from you and also reminding them of other products and services you offer that they may need but not be buying from you.

To determine which prospects to include on your list, develop a profile of your top customers, then select prospects who match the profile. Bring the list size to what you have determined fits your direct mail marketing budget. Keep these prospects on the list for a predetermined number of mailings, then rotate them off, to be replaced by new prospects.

Tip 3: *Don't expect a single mailing to produce spectacular results.*

The success of direct mail marketing is based on cumulative effect. If your budget allows you to mail 5000 pieces, it is better to mail three times to a list of 1600, rather than one time to a list of 5000. The mailings should be closely spaced (3-4 weeks apart) and can use the same mail piece all three times.

Types of Mail Lists

Mail lists can be divided into two basic categories: house lists and rented lists. A house list is one you compile yourself and consists of customers and prospects. The customer portion of a house list might include both current customers and those who haven't purchased in a while (and therefore would be considered inactive). Prospects are those whose demographic characteristics match those of your customers, but who haven't yet purchased anything from you.

Individual businesses or organizations are the sources for house lists. If you know the owner of a non-competing business in your area whose customers have the same demographic profile as yours, you may be able to exchange mailing lists to the benefit of both companies.

Rented lists consist of compiled lists containing names and addresses that have been gathered from secondary sources: response lists, composed of people who have made purchases or responded to offers; and specialty lists, containing names and addresses of a specific nature (such as a mailing list covering education, healthcare, religion, or government listings). Compiled lists are further subdivided into residential or consumer lists and business lists. Finally, a residential list may include names or may contain a generic descriptor such as resident or occupant instead of the name.

Mail List Quality

The goal of a direct mail marketing campaign is to motivate people to take action. Toward that end, a good house list will outperform (meaning, will generate more response) any other list. Since it is unlikely that every one of your customers is already using all your products or services, and since you already have an established relationship with them, you can predict that your customers will read and respond to information or offers you send them. The exception to the above is when your mailing list has errors that either prevent delivery or negatively impress your customers or prospects.

There are several ways errors can be introduced into a mail list:

- *Data entry.* According to a report by the research firm The EDI Group, the average error rate for data entry is 10.1%. This means that on average, if a mailing list has 1000 records, 100 of them will have errors introduced during data entry.

- *Customer relocation.* The United States Postal Service reports that every year about 17% of Americans move, thus introducing incorrect address errors to the mailing list. Even though a smaller percentage of businesses move each year, a business list can also be adversely affected by business failures.

- *Differences in mail list structures.* If your mailing list is assembled from various sources whose structure varies, error may be introduced. Structural deviations can be both the amount and type of information collected (one source may capture a spouse name, while a second source does not) and the space allocated for the data. For example, one source may allocate 20 characters for the street address, while another allocates 35.

Improving Mail List Quality

The more complete and accurate the address information in the mail list, the faster the mail will be delivered to the right person. Use these tips to improve the quality of your mail list:

- *Institute and enforce standards for data entry, including standardizing individual address elements.*

- *Verify and validate the information in the mail list.* You may be able to verify and validate using an Internet search engine and visiting the web sites of customers and prospects. For those without web sites, telephoning to verify is the best approach.

- *Identify and remove duplicates.* Duplicates may be exact (meaning all elements of the name and address are identical) or near (some elements are similar but not exact – a first name of *Bob* versus a first name of *Robert* is an example). Identifying duplicates can be difficult without specialized software for the task.

- *Be sure the mail list structure will accommodate all the data.* Just as there are standards for preparing documents you give us to print, there are standards for the structure of a mailing list. The standards define the fields in each record and the field lengths – in other words, the amount of information that will fit into each field. In general, field lengths should be set to accommodate the longest character string that is possible in the mail list. However, this general rule may conflict with the amount of space available in the mail panel or the window of an envelope for the address elements.

Your Mail List: A Valuable Business Asset

We hope you'll agree that your mail list is a valuable business asset that is worth some time and effort to maintain and improve. It is the basis for a successful direct mail marketing campaign, as well as effective communication with your customers and prospects.

a vocabulary of the graphic arts

Cleaned list: a list that is free of duplicate and unwanted records.

De-Dupe: to identify and eliminate duplicates within a single list.

Field: an individual data element in a computer file record.

Compiled list: a mail list compiled from public records; lacks purchasing history.

Customer list: a list of current and inactive customers.

List broker: a mailing list provider who makes the lists available for rental for one-time or multiple use.

List compiler: a mailing list provider who specializes in gathering names, addresses, and other information from a variety of sources and who verifies the accuracy of the gathered information.

Merge: the process of combining two or more mail lists into a single list.

Merge/Purge: the process of combining two or more mail lists and identifying and deleting duplicates.

Prospect list: a list of names whose demographic characteristics match a customer list.

Purge: the process of identifying and eliminating duplicates or unwanted names from one or more mail lists.

Record: an entry in a computer file. A mail list record may contain other information besides what is needed to address a mail piece.

Response list: a mailing list of people who have purchased products or services.

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Data Entry Standards

Consistency and accuracy are important attributes of a good mail list, and establishing and enforcing data entry standards is an excellent way to promote both.

Data entry standards are the rules for how the individual data elements in a mailing list appear. Data entry standards dictate how words are abbreviated, how to shorten data elements that are too long for the allowed field size, and what to do with data elements for which no field exists in the record.

Data entry standards should be developed, then written and published to ensure that everyone who is working on the mailing list understands what they are and why they are important. Appoint someone in your organization to monitor and ascertain that the standards are being followed, and provide training to anyone who may be violating the standards.

An Audience Profile

A useful tool for marketing to customers and prospects is to develop an audience profile – a detailed description of each customer's characteristics, attitudes, and behaviors. The profile can be either demographic or psychographic.

Psychographic information predicts why customers act the way they do. Demographic information describes characteristics of each customer in measurable terms. Typical demographic characteristics for a consumer profile are age, gender, occupation, marital status, household income, education level, ethnicity, etc. Typical business list demographic information is size (stated in number of employees or sales volume), SIC or NAICS code, years in business, etc.

Profiles can be used for current customers to help refine the marketing message so it is more effective for a specific customer segment. And, knowing the profile of current customers will help define a target audience for prospecting.

Profile information should come from more than one source. Typical sources include what your marketing and customer service staff know about their customers, interviews with customers, and third party research. Profiles should be refined and updated often.

What is SRDS?

SRDS is an acronym for *Standard Rate and Data Service,* a database of information on advertising rates, closing dates, and contact information for more than 100,000 United States and international media sources (magazines, newspapers, television, direct marketing, radio).

SRDS also acts as a clearinghouse for mailing list rental. Through its Direct Marketing List source service, SRDS provides information on list sources, costs, and other information to help find an effective mail list. With over

55,000 list rental opportunities in 230 business and consumer market classifications, SRDS claims to be the most comprehensive reference for locating specialty lists.

SRDS is a good source for list rental opportunities for response and specialty lists. Access to the SRDS database is via annual subscription.

questions and answers