

THE DIRECT MAIL REVOLUTION



HOW TO CREATE PROFITABLE

DIRECT MAIL CAMPAIGNS

IN A DIGITAL WORLD

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PLANNING: THE PROFESSIONAL APPROACH



You wouldn't spend \$100 million on a new national advertising campaign without carefully setting goals and objectives. Yet many advertisers will dash off a quick sales letter and mail it to hundreds or thousands of customers without a second thought. In direct marketing, planning is the professional approach.

Your plan need not be elaborate or complex, but by analyzing your audience, selecting your message, and establishing your sales goals, you increase your mailing's chances of success.

This chapter shows you how to plan a direct-mail project of any scope and size, from a one-page sales letter to a series of sophisticated mailings sent to thousands—or even hundreds of thousands—of prospects. We will cover the ten key steps of planning a direct-mail campaign, which are:

1. Selecting the medium
2. Selecting the product or service to promote
3. Establishing objectives
4. Targeting the right market

THE DIRECT MAIL REVOLUTION

5. Finding mailing lists
6. Choosing a format, tone, and style
7. Determining your unique selling proposition
8. Identifying supporting features and benefits
9. Creating your offer
10. Scheduling your mailing

Let's explore each of these steps in greater detail.

STEP 1: SELECTING THE MEDIUM

The first question to ask when planning a direct-mail campaign, especially in today's multichannel marketing world, is: "Is direct mail the best medium for accomplishing our objectives? Or should we be using other media, either instead of direct mail or in conjunction with it?"

What other ways are there to promote your product? Some of the methods available to you include:

- ☒ Email marketing
- ☒ Sales representatives
- ☒ Space advertising
- ☒ Directory advertising
- ☒ Banner advertising
- ☒ Social media marketing
- ☒ Google AdWords
- ☒ Online video
- ☒ Public relations
- ☒ Exhibitions and trade shows
- ☒ Event marketing
- ☒ Catalogs
- ☒ Brochures
- ☒ Telemarketing
- ☒ Case histories
- ☒ Seminars
- ☒ Webinars
- ☒ Podcasts
- ☒ Newsletters

THE DIRECT MAIL REVOLUTION

- ☒ Free-standing inserts
- ☒ Premiums, incentives, business gifts
- ☒ Teleseminars

And there are many others. A useful tool for choosing the right marketing channels is a comparative analysis of sales tools, or CAST. Figure 2.1 on page 28 shows a blank CAST worksheet you can copy and use.

How does CAST work? Create a separate CAST worksheet for each campaign promoting a specific product to a specific audience. Write in the product and the audience (or market) at the top of the sheet.

Next, in the far-left column, list all the marketing channels you would ever consider using; some possibilities are already filled in, and there are spaces so you can add others. Then rate each channel for its effectiveness in the ten categories listed across the top row of the table on a scale from 1 to 5; 1 means ineffective, 3 means average, and 5 means extremely effective.

Following are the ten categories in the CAST worksheet and an explanation of each.

Impact or Impression

How memorable is the medium? How much of an impact does it make on the consumer's awareness of the product? A TV commercial broadcast during the Super Bowl would have a high impact; a small newspaper ad would rate lower. Email can be great at generating responses, but much of it is forgotten almost instantly, so it would rate low in this category.

Size of Audience

Is the medium effective at reaching large numbers of people? Direct mail can reach only those people whose names are on a mailing list or who get the mailing when someone else passes it along to them. A newspaper ad reaches only those who read that newspaper. A billboard reaches only those who drive along that road. A website can potentially reach every internet user on earth, though it is unlikely to do so. You may write great blog posts, but is anyone reading them? Theoretically, SEO reaches everyone on the internet, but in reality, it touches just a small percentage of

THE DIRECT MAIL REVOLUTION

Figure 2.1. Comparative Analysis of Sales Tools (CAST)

Product:	Impact or Impression	Size of Audience	Cost per Contact	Sales Lead	Message Control	Flexibility	Timing Control	Repetitive Contact	Credibility	Closing the Sale
Audience:										
Websites										
Email										
SEO										
Content Marketing										
Blogs										
Telemarketing										
Sales Rep										
Space Advertising										
TV										
Advertising										
Radio Spots										
Google Ads										

THE DIRECT MAIL REVOLUTION

Figure 2.1. Comparative Analysis of Sales Tools (CAST), continued

	Impact or Impression	Size of Audience	Cost per Contact	Sales Lead	Message Control	Flexibility	Timing Control	Repetitive Contact	Credibility	Closing the Sale
Banner Ads										
Billboards										
Directories										
PR										
Trade Shows										
Catalogs										
Brochures										
Direct Mail										
Case Studies										
Seminars										
Newsletters										
Premiums										
Others:										

THE DIRECT MAIL REVOLUTION

the people who have searched your specific keywords. With telemarketing, you are limited by the speed at which you can make phone calls.

Cost Per Contact

What does it cost to reach a potential prospect with your message? If an ad in a magazine with a circulation of 50,000 costs \$5,000, the cost per contact is \$0.10. If a mailing costs \$500 per thousand to mail out, the cost per contact is \$0.50. If it costs \$150 to send your salesperson out on the road to visit one prospect, the cost per contact is \$150. If your telemarketer makes ten \$5 phone calls to get through to one person, the cost per contact is \$50. If your bid for a keyword on Google was accepted at \$3 per click, the cost per contact is \$3.

Sales Leads

Is the medium effective for generating sales leads? Billboards may get consumers to think about your product, but they usually don't generate inquiries. Direct mail, by comparison, is strong at bringing back responses. Email is, too.

Message Control

Do you have control of the message in your promotion? You do when you buy an ad in a newspaper or magazine because it appears exactly as you wrote and designed it. With radio advertising, DJs often take liberties with copy, and your commercial might not come across quite the way you envisioned. On Facebook, the site, not you, controls whether users will be allowed to see your ad or boosted post. And it dictates to a large degree what you can say in your ad, the copy of which is subject to their approval. When you send out a press release to the media, you don't know how much editors will rewrite it or even if it will run at all.

Flexibility

Can you make rapid changes if the promotion isn't working? A telemarketing script can be changed from one phone call to the next. A web page can be updated in minutes. But if you've created 5,000 DM pieces

THE DIRECT MAIL REVOLUTION

and sent them to the post office, it's too late to change anything until you print and mail another batch. And it can take weeks before you know the results of your initial test.

Timing Control

Do you have precise control over when your message will reach the consumer? When you run an ad in the Sunday paper, you know most of your audience will read it Sunday. Emails can be delivered at a precise date and time. Bulk rate direct-mail delivery cannot be controlled precisely, only roughly. And the USPS reports that in 2015, about 1.4 billion pieces of mail were classified as “return to sender”—and any mailings that get returned never reach their audience at all.

Repetitive Contact

Can you use the medium to expose your market to the message again and again? TV and radio commercials can be run many times. A speech you make to the local chapter of a trade association, on the other hand, can be given just once. PR is also more of a one-shot deal: If you send out a press release and your local newspaper runs it on the front page, sending the same release to them next week won't get you additional coverage.

Credibility

People are skeptical about advertising, and direct mail is a form of paid advertising. Promotion always has less credibility than “editorial.” That means an article about your business in your local newspaper has greater credibility with subscribers than a paid ad or a sales flier inserted in the same paper.

Closing the Sale

When deciding which marketing channels to use, you should choose the ones most effective at achieving those objectives most important to you. Let's say you want to generate leads. If only direct mail, email, and directory advertising are rated 5 on a scale of 1 to 5 (1 = worst, 5 = best) in lead generation, then these would be the best vehicles for your lead-generation program.

STEP 2: SELECTING THE PRODUCT OR SERVICE TO PROMOTE

Once you have decided to use direct mail, what product should you choose to feature? The answer is not always as obvious as you might think.

Do you feature one product or the entire product line? Do you sell the deluxe version, the midline model, or the low-cost basic model? Pushing the deluxe version will bring in more money per order, but the higher price might hurt response.

Do you sell the product with supplies, accessories, and options as a complete package, or do you sell the basic product now and then upsell the buyer on the supplies and accessories after the initial purchase?

The question you must answer is this: What exactly are you selling?

Let's say you are a bank offering a special low rate on 15-year fixed-rate mortgages. How would you write a direct-mail pitch for this offer? You could talk about the benefits of this particular mortgage, the special interest rate, the advantages of fixed vs. adjustable-rate mortgages, and the fact that it will be paid off in only 15 years rather than the standard 30.

But, as good as it is, this mortgage is not for everybody. Some people want variable rates. Some want 30-year mortgages for the lower monthly payments. Some are willing to pay a slightly higher interest rate if the upfront costs are lower. Maybe, then, your letter should talk about how your bank offers a complete line of home mortgages—"the right mortgage to fit your financial needs"—rather than focus on this one specific type. Which approach works best?

Or let's say you sell a complete line of equipment used in chemical plants. You have many different products for sale, but your customers tend to purchase multiple items, each with different functions. Do you use each mailing to highlight an individual product? Or should each mailing sell your full product line?

Maybe your products are similar to those of your competitors. In that case, would you be better off stressing service, price, fast delivery, or the reliability and reputation of your firm rather than trying to convince your customers that the products themselves are superior?

What exactly are you selling?

Here are two hints to help you answer that question:

THE DIRECT MAIL REVOLUTION

1. *One at a time.* Except for catalogs, most successful direct mail sells one thing at a time. Selling two or more items in the same mailer usually doesn't work.
2. *Keep it simple.* The simpler your offer is, and the easier it is to understand, the better the response. Don't clutter your mailer with too many options, models, colors, and accessories. As a rule, the fewer choices you offer customers, the better.

When you give the recipient too many options to consider, they may put the mail piece aside to think about it, which depresses response. A decision deferred is often a decision never made.

STEP 3: ESTABLISHING OBJECTIVES

Why are you sending out a direct-mail package? Most people answer, "To increase profits and sales," or, "To get leads for new business."

But how many leads? Of what quality? How much profit? How many sales?

Once you have chosen the medium and the product, you can set concrete, measurable goals—the more specific, the better. Why is this important? Because if you don't have a goal—a specific result you want from the mailing—you can't know whether it has achieved its objective. Only by defining your sales objective can you determine whether the mailing succeeds.

Some people say a 1 percent response is good, but that's highly dependent on circumstances. For a mail campaign of 5,000 self-mailers asking people to pay \$895 to attend a seminar, a 0.5 to 1 percent response is excellent . . . and highly profitable. But if you're going for leads, not sales, and you offer a free gift with no strings attached (such as a book, coffee mug, or calendar) to everyone who requests your brochure, a 2 to 5 percent response or even higher is possible with a highly targeted list, a great product, and an irresistible offer.

Comparing a sales-generating mailing with a lead-generating mailing, or a free gift offer with a straight offer, or the orders generated for a \$10 product with those for a \$1,000 product, is meaningless. You have to set objectives that make sense in terms of your audience, your product, your offer, your price point, and your sales methods. One manufacturer

THE DIRECT MAIL REVOLUTION

may want leads for its salespeople, while another sells its product directly through a catalog. The type of response you want, and how *much* response you want, is a decision you must make.

Also, do you base your revenue forecasts on just the immediate sale the direct-mail package generates or on the *customer lifetime value* (CLV) of the responses? CLV is how much money a new customer is worth to you over the length of their relationship with your company. If the average sale is \$100, and the average customer places ten orders a year, they are spending \$1,000 annually. If that person remains an active customer for five years, their CLV is \$5,000.

That's important because if you calculate marketing budgets and returns based only on initial sales, it will sharply limit what you can afford to spend. If the initial order generated by the mailing is worth \$100, and you spend \$100 in marketing to acquire that new customer, then you will only break even on the sale.

But if you calculate the ROI of a \$100 marketing acquisition cost based on a CLV of \$5,000, it's a handsome 50 to 1. If you approach your marketing from that perspective, you will be willing to spend more than your competitors, who base their budgets on initial sales only, and you can ultimately outperform them.

Here are some objectives taken from actual direct-mail marketing plans. The names, numbers, and products have been changed to ensure privacy, but the excerpts are real.

Example 1: Direct-Mail Marketing Plan Objectives Overview

There will be a major direct-mail campaign to promote the capabilities of the GENEX graphics software package. Staggered mailings for this direct-mail campaign will begin in late April or early May, and the campaign will total approximately 12,000 pieces when finished. Approximately 2,000 letters will be mailed each month for a total of six months. Depending upon the level of response, we can expect approximately 60 inquiries from each mailing of 2,000. Prospects will be invited to see a free demonstration of the GENEX system. The secondary response option is to receive a free white paper on desktop graphic design.

THE DIRECT MAIL REVOLUTION

Example 2: Direct-Mail Marketing Plan Objectives List

- ☒ *Program offering:* 15 percent discount on purchase of SM-15 system. Customer to trade in old model SM-10 in exchange.
- ☒ *Audience:* Approximately 350,000 office managers. Ninety percent own ten or more SM-10s.
- ☒ *Goal:* Convert 2 to 3 percent of target audience.
- ☒ *Benefits to customer:* Increased capabilities of new system. Opportunity to acquire state-of-the-art equipment at significant cost savings.
- ☒ *Problems to overcome:* Alienation due to customer dissatisfaction with SM-10 technical support. Reluctance to spend money. Many customers satisfied with current product, and do not realize the benefits of new smart technology and new phone app.

Example 3: Direct-Mail Marketing Plan Goals List

GOALS FOR SMOOTHFLOW DIRECT-MAIL CAMPAIGN

1. Inform current customers and sales reps that Racom Membranes and SmoothFlow Filters have joined to offer a complete line of micron filters under the banner name SmoothFlow-RM Filtration Systems.
2. Explain to customers the benefits of having a single source for all filter requirements.
3. Ease fears among customers and assure them that the SmoothFlow is not as effective as other membrane filtration because adding the Racom Membrane improves performance.
4. Generate sales leads. Offer customers new SmoothFlow-RM filtration catalog available in print or as a PDF download.
5. Distribute new sales sheet (to be enclosed with sales letter).

Having seen these companies' plans for direct-mail marketing, how would you craft your own goals? Sum up your objectives in a short paragraph or two. Think about the response you want as well as the results

THE DIRECT MAIL REVOLUTION

you can realistically hope to achieve. The act of writing down objectives will help focus the rest of your efforts.

“Every company must write their own marketing plan,” Ray W. Jutkins of Rockingham Jutkins Marketing wrote in one of his agency’s pamphlets. “No one from the outside can tell you what your objectives will be. Consulting on how to do it and using professionals experienced in marketing to aid you with your thinking, planning, and ideas may be good investments. However, when push comes to shove, you and your company must decide your objectives and direction.”

The break-even formula and calculator provided earlier can help you determine the percentage response rate you need to cover the costs of the mailing. Your goal might be to double that—in other words, get a response rate that generates \$2 in net sales for every \$1 you spend on the mailing.

Though it may surprise you, many direct marketers are content to break even on their acquisition mailings, and some are even willing to lose some money. Why? Because they are gaining valuable new customers, and they know they will make their money on the back-end selling additional products to those customers.

STEP 4: TARGETING THE RIGHT MARKET

The fourth critical step is to determine whom you are selling to. In other words: Who is the audience? Who is the prospective buyer? Who will receive, read, and hopefully respond to your letter?

The beauty of direct mail is that you can use it to reach *only* those people who are potential buyers for your product or service. This is called *target marketing*. It means that with direct mail, you can target your market using multiple selection criteria, including age, income, gender, geography, home value, marital status, vehicle driven, occupation, hobbies, and interests, to name just a few. Selection criteria for B2B mailing lists include the company’s industry, type of product, annual sales, number of employees, and number of locations.

For example, one management consulting firm has found they can successfully sell their consulting programs only when they can reach the CEO of the client company. If they were to advertise in general business

THE DIRECT MAIL REVOLUTION

magazines, they would waste a lot of money because most of the readers are *not* CEOs. But they can easily rent a mailing list of CEOs and send their message to those executives only.

Who are your ideal customers? Are they male or female? Young or old? Rich or poor? New wave or grass-roots? Corporate or entrepreneurial? City slickers or country folk? Married or single? What do they do for a living? Where do they live? What are their hobbies and interests? If you can accurately describe them, chances are there's a mailing list of people just like them available for rent.

Sometimes you may be selling one product to many different types of customers, each with different interests and concerns. In that case, you can use a standard brochure to describe the product and then tailor your cover letter to your different markets. For example, a financial advisor selling investments might stress income in a letter to retired couples but highlight lower taxes in a letter to doctors, lawyers, and other high-income professionals.

In B2B marketing, you often have to reach multiple purchasing influencers within each client company. Let's say you're selling enterprise software to midsize firms. Mail aimed at CEOs would talk about service, commitment, and your company's reputation and track record. A sales letter to the CFO would stress the cost savings and quick ROI. Another letter, aimed at IT professionals, would cover the technical details and explain how the software integrates easily with existing legacy systems. And a fourth letter, sent to the users, would stress the software's capabilities, features, and improved productivity.

STEP 5: FINDING MAILING LISTS

It is not enough to know your customers. You must also be able to find a mailing list of such people. Without a mailing list, you can't do a mailing.

Mailing list selection is not as simple as novices think. Old pros know it is one of the most difficult and time-consuming aspects of direct mail.

There are two basic categories of mailing lists: compiled lists and response lists. *Compiled lists*, as the name implies, are lists compiled from various sources, such as directories, membership lists, and trade-show

THE DIRECT MAIL REVOLUTION

attendees. Compiled lists are more complete than response lists when it comes to reaching the greatest number of prospects in a given market (e.g., chiropractors in New York City). They can work well for direct mail designed to drive people to a URL with a landing page (a page on your website designated specifically for the DM campaign).

Response lists consist of prospects who have responded to other marketers' offers; for example, by purchasing a product through a catalog or replying to a direct-mail package. They are less comprehensive than compiled lists because not everyone in a given market is a responder. But they tend to generate more orders, because you are mailing only to people you know respond to direct mail. When you want to sell a product directly from your DM package, response lists work best 90 percent of the time. Mailing list selection is covered in greater detail in Chapter 4.

STEP 6: CHOOSING A FORMAT, TONE, AND STYLE

Next, think about what type of mailing piece you want to send out. Will it be big or small? Expensive or low-budget? Flat or bulky? Will it be a full-blown direct-mail package with a letter, color brochure, inserts, order forms, and reply cards, or just a simple postcard? Will you use a hard sell in the copy or a low-key, professional approach? Will it be splashy and bright or quiet and dignified? Will it be a one-shot mailing or a series? Will you follow up with an email? Will you include the URL of an online form as a response option?

There are many possible formats to choose from. Selecting the right one for you is based largely on your subjective judgment, knowledge of your audience, the type of offer, and your budget. Part III describes in detail the many different mailing formats available. You'll learn how to put together sales letters, direct-mail packages, self-mailers, postcards, and other types of direct mail.

One piece of advice: When in doubt, try a good old-fashioned sales letter in an envelope with a reply card. It's relatively inexpensive and works more often than not. However, if your primary goal is to get a phone call to your 800 number or drive traffic to a landing page, a postcard might be

THE DIRECT MAIL REVOLUTION

your best bet. The way to settle the issue is to test. It is axiomatic in direct marketing that you can never know in advance which promotion will be a winner. The only way to find out is to test.

STEP 7: DETERMINING YOUR UNIQUE SELLING PROPOSITION

Next, decide which sales appeal to stress in your letter. Your product may have many features that appeal to buyers, and depending on whether you're after leads or sales, you may decide to mention all or just some of them. But successful copy focuses on *one* central sales appeal.

First, pick the *key sales appeal*. This is the benefit that is most important to your customers. If they are primarily concerned with cost, the sales appeal would be *saves money*. If they are more concerned with performance, it might be *performance guaranteed*, *fastest data delivery*, or *highest reliability*. Then write a mailing piece based on this theme. You'll talk about other features and benefits, too. But these will be presented so that they support and reinforce the main message.

Why does successful advertising copy highlight one key benefit rather than many? Herschell Gordon Lewis had a saying: "When you emphasize everything, you emphasize nothing." Pioneering ad executive Rosser Reeves coined the term *unique selling proposition* (USP) for the number-one factor that makes your product, service, or offer different and better than all others. When you highlight one key point—your USP—and drive it home again and again, you get your message across, and it sticks in the reader's mind. One famous USP is M&M's "Melts in your mouth, not in your hand." Another is, "Red Bull gives you wings," a reference to the energy boost the drink delivers.

How do you know which product benefit is most important to your customers? Again, through testing. For example, you could run two Google or Facebook ads or test two sales letters or postcards. One says, "Easy to install," while the theme of the other is, "Maintenance-free." By seeing which draws the best response, you will know whether your customers are more concerned with ease of installation or minimal maintenance.

Your own experience, or that of your sales force, is also a helpful guide, but you should still test it to see if you are right. If one theme doesn't work

THE DIRECT MAIL REVOLUTION

well, you can easily switch to another. That's a major advantage of direct mail: It's easy to test and reasonably inexpensive to change.

Another way to find out what customers want is through market research. This can be as informal as talking to a few customers at a trade show or as elaborate as a marketing survey or focus group. Usually, simply getting out there and talking to customers is the best and least expensive way. Formal market research, though helpful, is sometimes overrated and often not necessary.

Remember, you can always learn which sales appeal works best through a simple direct-mail test. Companies that use direct mail in volume may do a series of mailings, with each piece highlighting a different sales appeal, e.g., "saves energy" vs. "costs less than other brands."

STEP 8: IDENTIFYING SUPPORTING FEATURES AND BENEFITS

Now make a list of all the secondary sales arguments you might include in your copy. Remember to talk about benefits, not just features. A *feature* is a descriptive fact about a product or service, such as size, weight, material, form, or function. A *benefit* is what the user of the product or service gains as a result of the feature.

For example, a feature of a wristwatch is that it is luminescent: The hands and numbers glow in the dark. The benefit is that the wearer can easily read the time, even at night or in a dark room.

To uncover your product's benefits, divide a sheet of paper into two columns—Features on the left and Benefits on the right. Look at your product or study its sales literature. In the Features column, list every fact you can find about your product. Now, in the Benefits column, try to think of how each feature can help your customer. In other words, how does the feature save the buyer time or money, make their life easier, or satisfy their needs in some other way?

For instance, a feature of a car might be that it has all-weather tires. The benefit is that you can use these tires all year round. You don't have to switch to snow tires in the winter, so you save money (the cost of buying snow tires) and time (driving to the shop to have the tires switched twice a year).

Figure 2.2 on page 41 shows a features and benefits list for a common object: a No. 2 pencil.

THE DIRECT MAIL REVOLUTION

Figure 2.2. Features and Benefits of a No. 2 Pencil

Features	Benefits
Pencil is a wooden cylinder surrounding a graphite core.	Can be sharpened as often as you like to ensure clean, crisp writing; writes smoothly and easily
One end is capped by a rubber eraser.	Convenient eraser lets you correct writing errors cleanly and quickly.
Eraser is attached with a metal band.	Tight-fitting band holds eraser snugly in place—won't fall off.
Pencil is 7½ inches long.	Lasts a long time
¼ inch in diameter	Slender shape makes it easy to hold, comfortable grip.
No. 2 hardness	Writes smoothly yet crisply
Yellow exterior	Bright, attractive; stands out in a pen holder or desk drawer
Sold by the dozen	Convenient 12-pack saves trips to the store.
Also available by the gross at a discount	Accommodates the needs of schools and businesses; saves money
Made in the USA	A quality product that supports our economy
Hexagonal shape	Won't roll off your desk

This example may seem trivial because of the product's simplicity. But creating a features and benefits list is immensely helpful when preparing to write copy about unfamiliar or more complex products and services.

STEP 9: CREATING YOUR OFFER

Now that you've decided on your main and supporting sales arguments, the next step is to determine what offer you want to make. The offer is

THE DIRECT MAIL REVOLUTION

simply what you send to people who respond to the mailing, combined with what they have to do to get it.

Successful direct mail usually has a free or discount offer, or it gives people a bonus gift, called a *premium*, when they respond. One of the main reasons people respond to mailings is to save money. Another is to get something for free. In direct-response TV and online ads, the buy-one-get-one-free approach (aka BOGO) works well.

People are often afraid of being tripped up by unethical direct-marketing schemes or high-pressure salespeople, so your offer should have no strings attached. Stress that your offer is free, there is no obligation to buy, and you have a money-back guarantee. Shoppers don't want to commit themselves to a purchase, and buyers want to be reassured that they won't be ripped off. Your offer should address these needs.

The action you want your prospect to take is part of the offer. Use phrases that will move the reader to action, like "Send no money now," "Try it FREE for 15 days," "Mail the no-obligation Trial Request Form today," "Call us toll-free," "Complete and mail the enclosed reply card." Here are some examples of successful offers:

"If this book does not give you all the help you think it will, just return it anytime within 60 days and you will get your money back in full."	Boardroom Reports (\$29.95 book sold by mail)
"If you return the enclosed card to us, I will send you the next issue of <i>Inc.</i> free. Without cost or obligation to you."	<i>Inc.</i> (magazine subscription)
"To get your free Preview Booklet, just complete and return the postage-free reply card. Or visit [URL] now."	Time-shares

In your copy, you should sell the offer, not the product. If you're selling a handbook for \$59 and the customer can return it within 15 days, then you're not really selling a \$59 book; you're selling the opportunity to examine the book risk-free for two weeks without cost or obligation.

A FEW WORDS ABOUT RETURNS AND REFUNDS

Traditionally, direct-mail marketers using hard offers have aimed for a refund rate below 10 percent. Anything higher usually means one of two things. One, your direct-mail copy makes the product sound so much better than it is that buyers are disappointed when they receive it. Or two, the product delivered for less value than they expected for the price you charged, and your customers feel ripped off and return it.

But there is a third reason for returns that applies mainly to high-priced offers and luxury items: *buyer's remorse*. The product is worth the money, but the purchase is so extravagant, so much of an unnecessary indulgence, that the buyer feels guilty, changes their mind, and returns the item even if they really like it.

For soft offers, the problem is the *pay-up rate*. For instance, magazine publishers who use soft offers for subscription marketing send an invoice along with the first issue. The pay-up rate is the percentage of buyers who actually pay the invoice.

Many consumers will keep the first issue they got for free but never pay. The invoice amount is too small for the publisher to chase the subscriber for payment, and the copy of the magazine is worthless to them. Instead, if the invoice is not paid after several billing reminders, the publisher just cuts off the subscription. ☒

With a *soft offer*, the customer can read the book for 15 days for free. Then, if they like the book and want to keep it, you send an invoice for payment; this is also called a *bill-me offer*.

With a *hard offer*, the buyer pays for the book upfront, but if they are not satisfied, they can return it for a full refund.

See the difference? Asking someone to plunk down \$59 for an unknown product sold by an unfamiliar company through the mail is scary. You probably wouldn't get many orders. But offering to let people

THE DIRECT MAIL REVOLUTION

look at your book for 15 days and *then* decide whether they want to buy, is a more attractive deal. Even bookstores don't let you do that!

The same approach works in industrial direct mail. No direct-mail letter, no matter how clever, will persuade an engineer to order your \$50,000 reverse-osmosis water purification system sight unseen. But a good letter *can* get an engineer to ask for a free demonstration of the system, which gets the salesperson in the door and paves the way for the sale.

Many different offers are possible. Should you offer a 30-day trial, a free pamphlet, a free pocket calculator, a one-year guarantee, or a 20-percent discount? Choose the offer you feel your prospects would respond best to and test it. See which offer works best. Figure 3.1 in Chapter 3 gives you a checklist of offers proven to work in both direct mail and multichannel marketing campaigns.

STEP 10: SCHEDULING YOUR MAILING

Budget and objectives determine the scope of a mailing. For example, if you want to generate 100 orders, and you anticipate a 1-percent response rate, you must mail 10,000 pieces. At \$600 per thousand pieces mailed, your cost is \$6,000.

Timing is critical to some mailings and less important in others. Some offers can be mailed year-round with continued strong response, while others are seasonal. For example, for catalogs selling gift items, the Christmas season is the most important, and they mail heavily in September, October, and November. Offers for self-help and self-improvement programs do best in January, after the indulgences of the holiday season and the resolutions to do better in the new year.

The other big decision is whether to do a single mailing or a series of mailings. If your market is large and your budget limited, you can probably mail one piece for many months or even many years before exhausting the available names.

On the other hand, if you have a small market, you need a variety of promotions. If you mail just one piece again and again, you will soon experience a decline in response rate.

THE DIRECT MAIL REVOLUTION

How many pieces should you have in your series, and at what intervals should they be mailed? Marketing consultant Jeffrey Lant says you should make contact with your market seven times in an 18-month period. Others advise you should mail more frequently, as often as once a month.

Once, to mail that frequently was costly, and as a result, almost no one did. But now, if you can get direct-mail respondents to give you their email address, it's easy and inexpensive to contact them that often (or even more) via follow-up emails as well as letters and postcards.

Direct mail is as much art as science and more trial and error than anything else. You come up with an idea, test it, and refine your work based on the results. The advantage is that you *can* measure results, which isn't possible with many other types of marketing.



CONTENTS

ACKNOWLEDGMENTS.....XIII

Introduction

THE NEW DIRECT-MAIL REVOLUTION XV

Powerful Evidence of Direct Mail’s Comeback..... xv

Why I Wrote This Book xvii

Who Should Read This Book..... xviii

About the DM Samples in This Book.....xix

Print Is Far From Dead, Even Among Millennials..... xx

Why Our Brains Prefer Ink-on-Paper Marketing.....xxi

Yes, You Can Do Direct Mail.....xxi

PART I

DIRECT-MAIL PLANNING AND STRATEGY

Chapter 1

GETTING STARTED IN DIRECT MAIL 3

The Direct-Mail Renaissance 4

THE DIRECT MAIL REVOLUTION

So What Exactly Is “Direct Mail”?	5
Who Uses Direct-Mail Marketing?	7
Advantages of Direct Mail	8
Drawbacks of Direct-Mail Marketing.	15
The Direct-Mail Mindset	19
60 Ways to Use Direct Mail	20

Chapter 2

PLANNING: THE PROFESSIONAL APPROACH	25
Step 1: Selecting the Medium	26
Step 2: Selecting the Product or Service to Promote.	32
Step 3: Establishing Objectives	33
Step 4: Targeting the Right Market	36
Step 5: Finding Mailing Lists	37
Step 6: Choosing a Format, Tone, and Style	38
Step 7: Determining Your Unique Selling Proposition	39
Step 8: Identifying Supporting Features and Benefits	40
Step 9: Creating Your Offer	41
Step 10: Scheduling Your Mailing	44

PART II

CREATING AND PRODUCING DIRECT-MAIL CAMPAIGNS

Chapter 3

CREATING IRRESISTIBLE DIRECT-MAIL OFFERS	49
Three Offer Elements.	49
Direct-Mail Success Depends on the Offer	53
The Six Characteristics of an Irresistible Offer	55
Offers for Lead-Generation Direct Mail.	59
Using Multiple Offers in One Mailer	61
Offers for One-Step Direct Mail	61
Lead Magnets	63
Audio and Video Lead Magnets	65
Enhancing the Hard Offer in Lead Generation.	66
Guarantees.	68
Deadlines and Other Act-Now Incentives	69

THE DIRECT MAIL REVOLUTION

Mail-Order Offers	70
Setting Your Goals	72

Chapter 4

MAILING LISTS	75
The Importance of the List	76
Identifying List Requirements	77
How Many Names on the List Should You Mail?	78
Minimum List Rental Requirements	78
Renting Mailing Lists	79
Recency, Frequency, Monetary (RFM)	85
Where to Rent Mailing Lists	86
16 Tips for Profitable List Selection and Usage	88

Chapter 5

WRITING DIRECT-MAIL COPY THAT SELLS	91
Copy Is King	91
Know Your Product	92
The “4S” Formula for Clear Writing	95
The BDF Formula for Reaching Your Prospects on a Deeper Level	96
Ten Tips for Writing Winning, Persuasive Direct-Mail Copy	99
Six Common Copywriting Mistakes	106
The Motivating Sequence	107
Be Credible About What You Offer	109
The Nine Fundamentals of Persuasion in Print	110

Chapter 6

DIRECT-MAIL GRAPHIC DESIGN	125
Color in Direct-Mail Design	126
Designing the Sales Letter	126
The Outer Envelope	128
Reply Element	130
Brochure	133
Buck Slip	134
Lift Note	135

THE DIRECT MAIL REVOLUTION

Chapter 7

DIRECT-MAIL PRODUCTION	137
Setting Your Production Schedule	137
Calculating Cost Per Thousand	138
Calculating Break-Even	138
Affixing Postage to the Mail Piece	139
Third-Class vs. First-Class Mail	139
Business Reply Mail	140
Printing and Letter Shop	141

Chapter 8

DIRECT-MAIL TESTING	143
A/B Split Tests	144
Number of DM Pieces Per Test Cell	145
Package and Element Testing	145
Tracking Responses	145
Rollout	146
The Three Most Important Factors to Test	146
Other Test Variables	148
Ten Rules for Direct-Mail Testing	149

PART III

DIRECT-MAIL COMPONENTS AND FORMATS

Chapter 9

SALES LETTERS	153
How to Write a Winning Sales Letter	155
A Checklist for Writing Sales Letters	161
Long Copy vs. Short Copy	161
Outer Envelope Teasers	163
Blind Envelopes	166
Using Sales Letters to Generate Leads	167
50 Points to Ponder When Creating a Lead-Generating DM Campaign	169
23 Tips for Writing Business-to-Business Sales Letters That Work ..	174
Direct Mail to Invite Prospects to Your Trade-Show Booth	178

THE DIRECT MAIL REVOLUTION

Chapter 10	
DIRECT-MAIL BROCHURES	185
What to Put Into Your Direct-Mail Brochure	186
Direct-Mail Brochure Design	189
Writing Direct-Mail Brochures	190
Chapter 11	
REPLY ELEMENTS	195
Has the Web Made Reply Forms Obsolete?	195
QR Code	201
Chapter 12	
SELF-MAILERS	203
Self-Mailer Formats	204
Eight Ways to Produce Self-Mailers That Sell	210
Chapter 13	
POSTCARDS	215
Advantages of Postcards	216
Postcard Copy	217
Design	219

PART IV

INTEGRATING DIRECT MAIL AND DIGITAL MARKETING

Chapter 14	
LANDING PAGES	227
How Landing Pages Work	227
The Principle of Copy Connectivity	229
Attribution	230
Lead Magnets	230
Downloads vs. Qualified Leads	232
Creating a Lead-Qualifying Landing Page	233
List-Building Squeeze Pages	235
Ten Tips for Writing High-Conversion Landing Pages	237
A Word on Copy Length	240

THE DIRECT MAIL REVOLUTION

Chapter 15

CONTENT MARKETING	241
Why Content Marketing Works So Well	242
Create a Great Title for Your Lead Magnet	243
Creating Your Content Marketing Plan	244
Coping with “Content Pollution”	248

Chapter 16

EMAIL	249
Similarities and Differences of Postal Mail and Email	249
Creating an Integrated Campaign with Both Snail Mail and Email	250
26 Tips for Writing More Effective Emails	252
Hyperlinks in Your Emails	258

Chapter 17

INTEGRATED CAMPAIGNS AND SALES FUNNELS	259
The Top of the Funnel: Direct Mail	259
The Landing Page	261
Fulfillment: Deliver What You Promised	262
Autoresponder Email Follow-Up	263
Order Page	263
Shopping Cart	263
Selling Outside the Funnel	264
Final Thoughts	264

Appendix I

DIRECT-MAIL VENDORS	267
----------------------------------	------------

Appendix II

BIBLIOGRAPHY	271
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ABOUT THE AUTHOR	273
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INDEX	275
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