

Q: Steven – I would like to try direct mail as I heard it is an effective way to generate new customers. Where do I find a good list to mail to? I want to avoid and expensive mistake. Can you help?

Aaron

B: While I have no personal experience with direct mail, I know a few small business owners who swear by it, and one colleague of mine has created a multi-million dollar business by doing nothing but direct mail. And they are not unique, so yes -- mailing the right offer to the right person can have a dramatic effect on your business.

Let's be clear what we are talking about: Direct mail is not the same as mailing (or e-mailing) an offer to your present customers; that falls more under the category of a special sale or solicitation. Direct mail is when you purchase a list of potential customers and send them a cold offer through the mail.

To help answer this question then, I sought out the assistance of an expert. Steven Koons is a top direct mail list broker with a company out of New York called [Macromark](#). Koons has over 20 years of experience in the field, and I recently asked him how to make direct mail work.

To begin with, Koons recommends that you make try to create an offer that will result in repeated sales: "If you have an offer that is, say, \$19.99 and you get a good response (say 2-3%) but your product is something that does not lend itself to repeat purchases (like binoculars), you may not make it work. But if you have a product that is consumable and needs to be reordered, or if you have other products that relate to that initial purchase in some way, you can approach the customer on a regular basis and maximize their lifetime value."

That "lifetime value" factor is important because buying a good list can get pricy. Most lists have a 5,000 name minimum, and costs can range from \$40 per thousand to over \$250. Given that, you can see why creating a new, repeat customer is important; doing so will help pay for that list many times over.

This begs the question: How do you find that elusive repeat customer? Koons says that the most important factor when undertaking a direct mail campaign is the quality of the mailing list you purchase. "If you have an OK mailing piece sent to an excellent, precisely targeted list, the campaign will be more profitable than if you had a killer mailing piece sent to a mediocre list."

You locate this list by finding a reputable, knowledgeable, experienced list broker. Direct mail lists are divvied-up by age, race, gender, household income, geography, and a whole host of other factors. And given the fact that there are more than 50,000 possible lists to choose from, it is vital that you work with someone who can help you tailor your needs as specifically as possible. A good list broker will do your research for you.

Koons adds, “I tell strangers that I am like a head librarian, you come up to my desk tell me what you are looking for and I point you to the specific shelf your book should be on.” Of course you want a list of people with the characteristics of your present customers, that is a given. But beyond that, the factors to consider when choosing a list include:

- How recent it was compiled, and
- How often it has been purchased

A good direct mail list will allow you to make a compelling offer to a potential customer who has a recent, specific history of buying or needing the product or service you have to offer. Do that, and a whole new world of potential customers is yours.

Today’s tip: Koons adds that it is important to understand that you will not actually be buying the list, but rather, renting it for a one-time use. If a person responds, they become a customer and of course you can contact them again, but if they do not, you can’t. If you want to use the list several times for a campaign with repeated offers, that has to be made clear when purchasing the list. (List owners have dummy names imbedded and will know if you send more than one solicitation.)