

How to Create a Direct Marketing Campaign

Get your biz through the mail when you create a professional direct mail campaign. We'll tell you how with 7 steps to get started and all you need to know about marketing materials.

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Let's say you identify a new market, one that you think is going to be very receptive to your product. The cost of advertising to this market may be prohibitive: The best publications are frightfully expensive, and your ads couldn't appear for six months, anyway.

Direct [marketing](#) provides you with a way to conduct a test of this market relatively quickly, at a reasonable cost, and with convincing certitude. You'll know whether this is indeed the gold mine you hope it is.

Perhaps the most common use of a marketing database is to generate a target list for a direct-mail campaign. Of course, direct mail also works with purchased lists. Direct mail provides giant companies with the ability to target defined markets with specialized offers.

For smaller companies, using direct mail has a number of attractive advantages:

- You can target recipients very precisely.
- You can protect against overwhelming response. If you run an advertisement,

you can't know whether you're going to get 10 responses or 10,000. For a small company, a powerful response to an ad can be even more disastrous than no response at all, since a poor reaction to a prospect's response will likely damage your relationship even before it's begun. With direct mail, you can start out with a modest-size mailing to study the response and make sure you can handle it expeditiously.

- Costs can be modest. Or, more accurately, you can create a campaign to fit large or small budgets.
- Direct mail can happen fast. With a modest campaign to a known target audience, you can acquire a mailing list, develop mailing materials (including direct-mail letter, flier, reply card), launch a mailing and start to receive results in just a few months. This is faster than the typical advertising campaign--and a lot faster than waiting for the phone to ring.
- You can test different appeals, called "offers" in the trade, to reveal the most potent message. By making a different offer to randomly different portions of your mailing list, you can see which offer pulls best. Go with your best puller until you find a better draw. As you try different offers and different letters, you'll find one does better than another. Use the better one, and then try to beat that in your next mailing. Eventually, you should get better and better response rates.
- You can mail to the same list again with a slightly different mailing and still garner worthwhile results. Most direct-mail experts say that companies don't get enough mileage out of their materials. Use them until they no longer pay their way.
- You can never run out of prospects. Use your imagination to find new niche direct-mail markets for your products, whether retail or business-to-business. Your list broker or mailing consultant can suggest possible target markets worth trying.

With consumer products, you can often sell them right through the mail...or at least get customers to stop in. With business-to-business products, you usually face a two-step process. First, you get a response to your solicitation with an indication of interest (request for catalog, literature, report or sample). This is the lead-generation phase. Once you mail off the requested material, you then follow up with additional material or a phone call/fax/e-mail to use your skills at transforming the lead into a prospect.

Let's put you in charge of another business: a travel agency. It's been in business for nine years and has an established clientele of about 1,400 people. You've taken a close look at who books with you and why, and you've segmented several different submarkets that make up the bulk of your business: the elderly, school groups and vacation and cruise bookings. You don't handle business travelers (they're always wanting you to make last-minute changes and cut back on your discount).

The senior market is the one that interests you. You'll define that as 60 and over. You know the demographics are working in your favor here: More and more people will be entering this age group as the baby boomers get older. Your community has an ample supply of potential clients, and you're not up to your eyeballs in cut-price competitors.

You notice that senior travelers are taking more and more "adventurous" vacations--to China, Australia, the Middle East, India, South Africa--not just to the traditional destinations of 10 years ago. There are lots of eco-tourists, too, in this age group. They have money to spend, they're not overly cheap on accommodations, and they're a trustworthy lot. You want more of them. How do you get them?

You talk to your buddy Glenn, who (after a career in advertising) does some consulting "just to keep his pulse steady." Glenn makes some suggestions on making more of the senior market:

- Create a modest one-page newsletter and mail it out six times a year to your

current senior customers. Material should address their travel needs in particular, and it should include lots of "idea starters" to get them thinking about exciting new destinations.

- Send your best senior customers a "Reward Offered" special mailing. If they send you the names of some of their senior friends, you'll contact those friends about becoming their travel agency. If they book a trip with you, you'll reward your original customer with 10 percent off his or her next airline ticket.
- Look to develop new senior customers by some thoughtful mailing-list shopping:
 1. What magazines do the elderly read and can you get mailing labels for subscribers in your market area? A list broker can help you here, or you can contact the publication directly.
 2. What local resources are there for mailing lists? Many cities have sophisticated "letter shops" with remarkably adept mailing-list departments.
- Set up focus groups of senior citizens and establish a protocol for finding out how to put together tour packages that will appeal to them. Depending on the importance of this senior citizen demographic, you might want to set up an advisory board of senior citizens to advise you on proposed marketing ventures to the market.

Waging a Direct-Mail Campaign

Once you've outlined your target market, staging a direct-mail campaign has seven key steps:

1. Develop a mailing list. Put your description of the targets on this list in writing, so you know to whom you're mailing. If you're mailing to a larger-sized list (more than

20,000), you'll probably want to provide your letter shop with Cheshire labels: unglued labels that are affixed to your mailing piece with special glue. For smaller quantities, you might just provide pressure-sensitive (self-sticking) labels. When you have a small quantity of labels, you can put them on by hand with pressure-sensitive labels. Cheshire labels require machine application at the mailing house. Your list supplier will provide you the labels in whatever format you want.

2. Create a mailing piece. You don't just mail out a brochure to your list. That gets too expensive, and your brochures weren't designed for it. You need to create a direct-mail piece with a strong offer that will spur the recipient to action. All direct mail leads to the "call to action": What do you want the recipient to do next? Mail back the business reply card? Call the 800-number? Fill out the order form and fax it to your number?

You can never be too pushy in direct-mail materials. You can also be clever, cute, whimsical, even overpowering, but only in connection with being pushy. Your goal is to get action. You don't create a direct-mail piece to inform. That's what your brochures are for. You want action!

Designers of direct-mail pieces like to get creative with graphics. Your goal is to get the reader to respond to the offer. Any graphics that don't contribute to that are not worth the design and printing costs.

According to most direct-mail gurus:

- 40 percent of a piece's impact comes from sending it to the right list in the first place.
- 40 percent comes from the value of the offer.
- 20 percent comes from the design or writing of the piece.

3. Code your response vehicle. Whatever way you ask recipients to respond, make

sure you code your mailing. All you have to do is assign each mailing a batch number, such as 04052103: 0405 is the month/year of the mailing; 21 is the identifier for the particular list you mailed from; and 03 is the identifier for the particular offer. Coding provides a simple device for revealing just who has responded to which mailing and which offer. It makes individual responses much more valuable, since you can easily tabulate the different codes to see what's working the best for you.

4. Test the campaign. Even a modest campaign of a few thousand pieces can run up the budget with mailing and duplication costs. So you should always test mail a portion of your mailing list and check the results. No one can predict the response rate you'll get; there are just too many variables.

What percentage of your mailing makes for a reliable test? Again, it varies, but most authorities would tell you to test 10 percent of your list and no less than 250 pieces. This will give you enough of a spread across the variables to make the results worth something. Before you do your test, you should decide what response rate will support your going ahead with the planned major mailing. This will depend on your budget.

Writers on direct mail duck the issue of response rates because there are so many variables--and because no one really knows how to predict response. Experience suggests that if your rate is less than 2 percent, something is wrong. Either your list is wrong, or your offer is too weak. If you get a response rate above 7 percent for a mass mailing (without giving away the farm), you've done very, very well.

5. Run the campaign. Keep your mailing pace in line with your ability to handle the potential responses. Your test mailing will give you some sense of the rate of customer response. Use that as a gauge for how many pieces you should mail in a given week. Mail only those pieces you can support with your sales effort.

6. Handle customer responses. You can't handle the fulfillment end of a direct-mail

campaign without considerable planning. If you're asking respondents to request additional information, what are you going to send them? How soon do you want to mail the information out? What else will you do with the responses? In other words, how will you make maximum use of the names you have spent so much money to acquire?

If you're a company with distributors or sales offices, it's common to pass along the names of prospects, so that follow-up can be handled on the local level. This can be handled with e-mail or faxes. The quicker the response the better, since your speed in dispatching information can quite justifiably be viewed as reflective of your commitment to customer service. Why should respondents have to wait for materials?

If you are mailing out product or samples, do you want that handled from your main offices? Many mail order campaigns depend on fulfillment houses, professional operations that handle the logistics of sending out materials to large quantities of customers. You provide the products and the prospects, they'll take care of the rest.

7. Analyze the results of the campaign. This is perhaps the most important, and underrated, aspect of the campaign. Did the final results match what you expected from the test? What parts of the demographic responded better than expected? Are there subsets of your target audience that you can focus on in future mailings? Every direct-mail campaign you run should contribute not just to your sales figures but to enhancing your customer database. In very real terms, it represents the future of your business.

Creating Your Direct Mail Materials

Direct mail is the weapon of choice for many small businesses because of its targetability and reasonable cost. It's also very versatile since you can include whatever you want in a mailing package to convince your prospect of the desirability of your product or service. All your company literature can become part of your direct-mail efforts, including company newsletters.

The standard direct-mail package consists of four elements: an envelope, a sales letter, a flier and a reply card.

Envelope

This carries your package to the recipient and bears the mailing label. There's no reason not to use the envelope to get the sales process started early. Use the outside of the envelope to carry an enticement to the prospect to open it:

1. "A new development in equipment rental reduces costs for your company."
2. "Important information for your financial future."
3. "Time-sensitive material enclosed."
4. "Spending too much on bank charges? Look inside."

Sales Letter

This is the workhorse of any direct-mail sales effort. It's been around for a hundred years, and the experts have been working at fine-tuning its appeal for 50 years.

Many direct-mail campaigns consist of nothing more than a sales letter. It's inexpensive to duplicate, easily reproducible and simple to test. No matter what your product or service, a well-written sales letter gives you the opportunity to "make your case" to the prospect.

All the thinking that's been done about the basic sales letter can be boiled down to just a few key principles:

1. Write person-to-person. That means it's an "I" writing to a "you." A sales letter is a one-on-one selling opportunity. The prospect has opened your envelope, which has appeared in the mailbox. For a few moments (and not much longer), you have his or her attention. Write as if you were explaining the benefits of your product to a friend. Use short sentences. Avoid formal language. Don't be afraid of contractions like "don't," "isn't" and "it's": This is the way we talk, and this is the way your letter should sound. You're not writing as a company; you're writing as a person.

2. *Make your first paragraph your best.* People are busy, and no matter how wonderfully crafted your letter is, you can't count on your prospect finishing it. So put your killer benefits to that prospect right in the first paragraph or two. Many sales letter experts suggest you also convey the problem to which your product is the solution. This highlights the benefit and emphasizes the importance of your product or service.

3. *Use boxes, subheads, bullets and bold type.* Don't make your sales letter look like an encyclopedia article. Break up any large chunks of copy with headings and indents. Your reader will scan the letter quickly in the first few seconds to decide whether it's worth reading. You want the message to get across even with a cursory review.

4. *Keep your letter short.* One page is best if you're including other material. You should never go over two pages.

5. *Make an offer.* You're not providing information--you're actively selling. So you need to present the reason for sending your letter. There is something new about your product. You're writing to people who attended a particular show and are offering a discount. You're giving a second product free to people who order a first product. "Order five and get a sixth free." "Join for a year and get two months free." "For a limited time, respondents can take advantage of a one-time trial offer." "Book the service now and get a discount for summer delivery." These are all extra enticements designed to push the prospect over the edge and get him or her to respond.

6. *Repeat the offer.* State the offer at least twice in your letter, at the opening and at the close.

7. *Add a sense of urgency.* Give the prospect a reason to reply right away. If you can't persuade the person to act while he or she is holding your mailing package, chances are the person will never respond. So add a time deadline for a response.

Or an offer on top of the offer for a quick response. Or maybe a limited amount of the offered product is available at this special price.

Flier

You frequently support your direct-mail letter with a flier, a small brochure that provides additional information on the product or service you're offering. While the letter has to condense the benefits of the product, the flier gives you the opportunity to expand on them a bit. Here is where you can use photography, charts and graphs to make your case. Testimonials always work well in fliers to help convince the prospect of the truth of your claims. Stay focused on benefits.

Don't make the flier depend on the direct-mail letter. It should be able to stand on its own in telling your complete product or service story. You'll undoubtedly have other uses for this flier than a particular direct-mail effort: as an invoice stuffer, as an item in a display rack and so on.

Reply Card

Reply cards can simply be inserted in the mailing package, or they can be attached to the brochure and torn off for return. You want the prospect to write his or her name, address and phone, and then generally to either place an order or ask for more information. Make sure your reply card has room and spaces for the respondent to include all the information you need. And have your business reply card checked by the post office so that it fits all their legal requirements for size, weight and color. You don't want the respondent to have to worry about postage, so your reply card has to carry your business reply permit information where the stamp normally appears (you can get such information from your post office).

The Self-Mailer

A scaled-down direct-mailing option is the self-mailer, which can incorporate virtually all the elements of a full direct-mail package on a single folded sheet of paper. And, of course, along with a decrease in elements is a reduction in cost.

With a self-mailer, you eliminate the costs of producing additional elements, inserting them into an envelope and paying greater postage. The simplicity of a self-mailer also makes it easy to produce quickly, enabling you to introduce a new product, announce a sale or make contact with customers in short order.

The only challenge of self-mailers is overcoming the image of a flimsy fold-over that epitomizes so-called "junk mail." However, what the self-mailer lacks in format appeal, it can make up for in copy clout and design.

The "guts" of the self-mailer can be set up any number of ways. In a three-panel piece, one panel can have bullet points, another a personal sales letter and another the response device or order form. You can even make your self-mailer a four-panel affair, with the final panel for testimonials.

The Postcard

The postcard is perhaps the most elementary of mailing formats, offering many of the advantages of a folded self-mailer, as well as some exclusive to itself.

Since a huge percentage of direct-mail packages never get opened, it pays to consider a format that never has to overcome that obstacle. With a postcard, all the recipient needs is a flip of the wrist to read everything you have to say. This can be a big advantage in attracting the typically impatient reader.

Inexpensive postcards give you the opportunity to consider a mailing "campaign," enabling you to send out a number of such cards at regular intervals to remind the recipient of your product or service.

You can also produce oversized postcards that give you more "canvas" on which to display your wares and make your sales argument. And while the larger size costs incrementally more in printing, paper and postage, its simplicity still makes it affordable.

Like the folded self-mailer, one possible downside of a postcard is that it won't get

the respect of a sealed envelope. But if it's developed in a way that has originality and selling power, you could have yourself an inexpensive business builder.

Your Company Newsletter

One popular technique for staying in touch with customers and establishing yourself as a source of valuable information is a company newsletter. For small businesses, they offer a lot of advantages:

- *They're easy to produce in-house.* While they're labor-intensive, they don't demand special skills. Any personal computer with a word processing program or page layout program can turn out an attractive newsletter. Many programs include newsletter templates to make your job even easier. Be sure to use a two- or three-column format for easy scanning. Employ photos or illustrations to clarify your articles. Keep your typeface large enough for all your customers to read the articles without straining.
- *They let you inform and sell.* You can provide your customers and prospects news on your company, information on your products, case histories of how your products perform, background on key employees, market overviews and so on. You dictate the content. Your only requirement is to keep it interesting for the customer...and to keep the sales content from overwhelming the information content.
- *Their size can deliver more complex information.* Ads and brochures always restrict what we can say. Newsletters provide you with an endless brochure. You can put together multipart articles, conduct lengthy interviews, show new ways to use your products--all within a comfortable space allotment.
- *They let you offer lots of different types of information.* Don't be misled by the previous point. Although newsletters give you room for lengthier articles, keep the bulk of your newsletter as short pieces, so they are very scannable. You want lots of different items in the hope of providing something interesting to every reader.

- *You create credibility.* Your newsletter lets you show off your knowledge and product savvy. Your customers get to see you, your products and your company directly, outside the typical selling framework.
- *You can think long-term.* Good newsletters don't just happen. Editors have editorial calendars that link newsletter themes with conferences, new product introductions and other company events. You should plan your newsletter at least six months in advance.
- *You can get your customers involved.* Establish a newsletter advisory board to give you ideas on content. Profile some of your largest customers in your newsletter to show other customers the quality of your product. Have customers write articles for your newsletter on industry trends, new applications, reports on trade shows and so on.
- *You can use your newsletter to prospect for new customers.* Send out extra copies of your newsletter with a cover letter to prospects. It's a softer sales approach that can be very effective with some potential customers who may resist more direct sales efforts. You can win them over with your knowledge, not your sales persistence.
- *You control frequency.* Newsletters can be a lot of work to maintain. Plan on four a year to start, and add more if you're getting interest and your company can handle the workload. You can always put out special issues for extraordinary reasons--new product introduction, large contract, special trade show exhibition, story in national press and so on.

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