# Before using Dun & Bradstreet business data, please read the enclosed information.

## Notice:

The Dun & Bradstreet business information you are about to use is a significant expense and can be a powerful marketing tool. For responsible use of this data, please follow the enclosed guidelines carefully. Following these recommendations will maximize the return on your marketing expenditure.

**DB**

**Dun & Bradstreet**

## In this booklet…

# Introduction

*What to know before you use this data*

**T**he business data from Dun & Bradstreet you're about to use is a powerful tool that can help make your marketing efforts successful. However, to achieve that success, you must follow the basic rules of direct marketing. If you do not, your chances for success may be diminished.

You now have in your possession the best business data available. It is now your responsibility to use it correctly. Misuse of this data will not only reduce its value to your company, it can waste an opportunity to learn what your market will respond to.

Direct marketing is a science. It runs on the numbers. A mistake in the strategy can lead to a less successful campaign. A seemingly minor miscalculation can defeat your marketing goals.

The success of a direct marketing project is governed by a time-tested principle:

- ♦ 30% of success depends on lists,
- ♦ 30% of success depends on offer,
- ♦ 20% of success depends on package cost,
- ♦ 20% of success depends on creative execution.

Before implementing any program using Dun & Bradstreet business data, please review and answer the following questions thoroughly, using the information in this booklet to determine your answers.

- ☐ What do you want to accomplish — and why?
- ☐ How much can you afford to spend to get the results you want?
- ☐ How will you know whether or not your program is successful?
- ☐ Can you measure the results?

# First, run the numbers

### *Simple formulas that govern success*

**D**irect marketing is the only marketing system that uses hard numbers to plan, engineer and measure marketing programs.  Yet most people still don't use the numbers to plan, engineer and measure their programs.

The following basic formulas will give you critical information and protect you from expensive (and often unfixable) mistakes.  Neglecting the initial mathematics of your program can result in its collapse, because **if you spend too much at the front of your program it may be impossible to make the program profitable, no matter how large a response you are able to generate when you mail.**

## 1 | Determine cost per response

You must know how much you are willing to pay for each response you receive.  Be sure to include all costs of mailing your package (including list, postage and data processing), not just creative, personalization, printing and mailing costs.

**Cost per package ÷ Response rate = Cost per response**

## 2 | Fully loaded cost per response

Fulfillment and telemarketing costs can be a significant factor.  It is essential to know how much your program can bear in order to choose the right offer and follow-through system.

**(Cost per package ÷ Response rate) + Fulfillment + Telemarketing = Loaded cost per response**

## 3 | Identify your cost per sale

If you are asking for an initial sale, the cost of sale will be the same as the loaded cost per response.  However, if you are generating sales leads, your cost per sale will depend on your actual closing rate.

**Loaded cost per response ÷ Closing rate = Cost per sale**

## 4 | Response rate required to break even

This is a calculation that is too often ignored.  When this number is neglected, programs can fail spectacularly.  Recognizing the relationship between package cost and response rate is essential for success.

**Cost per package ÷ Cost per response = Required response rate**

## 5 | Allowable cost per package (in the mail)

If you're fairly certain that a given offer will produce a predictable response, and you also know what your cost per response should be, you can determine how much you can afford to spend on the package for an acceptable return.

**Cost per response X Response rate = Acceptable package cost**

## 6 | Figuring package cost at any quantity

Use this formula to anticipate production costs at increased quantities. This method may vary slightly depending on vendor margins; however, it will typically give you an estimate that is slightly on the high side for safe planning. This process is best illustrated by using a typical cost example:

Initial bids at two quantities:
25,000 pieces will cost $356 per thousand
50,000 pieces will cost $256 per thousand

**A**. Calculate the cost of the second 25,000:
25 X $356 = $8,900
50 X $256 = $12,800
Subtract the cost of the smaller quantity from the cost of
the larger quantity to determine the cost of the second 25,000 pieces.
The cost increase for 50,000 over 25,000 is $3,900

**B**. Divide the amount of the cost increase by 25 to determine the cost
per thousand for the second 25,000: $3,900 ÷ 25 = $156 per thousand

**C**. Find the fixed setup cost of the job using this model:
($8,900 − (25 X $156)) = $5,000

**D**. Determine the cost per thousand of any new quantity with this model:
Setup cost + (Cost per thousand X (quantity ÷ 1,000))

In this example, the cost of 100,000 pieces would be:
$5,000 + ($156 X 100) = $20,600 or $206 per thousand

> " The most elementary piece of direct marketing arithmetic: Know your allowable cost per order or cost per lead. "

— Denny Hatch
*Editor, Target Marketing Magazine*

# Define your sales process

*Begin at the point-of-sale and work backwards*

For an efficient, effective direct marketing program, start with the sale itself and work backward to your customer or prospect. Identifying each step of the sale will help you match your list, offer and creative execution to the profile of your best customers.

Before you put your direct marketing program in action, find out how your best sales people do their jobs. How do they close the sale? Does your product or service require more persuasion or does it tend to be an impulse buy? Incorporate their techniques into your offer and copy platform.

The most carefully planned and executed lead generation program in the world will not succeed without the support of the sales force. Whether your program is designed to deliver qualified leads for your sales team to pursue in a multi-step process or to make the phone ring for your telephone team, be aware that your sales force can make or break your program.

> **"** The object of advertising is to sell goods. It has no other justification worth mentioning. **"**
>
> — Raymond Rubicam
> *Founder, Young & Rubicam*

## Keep in mind

♦ In lead generation, sell your offer, not your product — take the sale one step at a time.

♦ Start with fulfillment — make sure you can deliver what your package promises.

♦ Qualify with care — be careful not to screen out prospects before they understand what your product or service is about.

♦ Work with your sales force — the war between marketing and sales is a primary reason for program failure . . . don't let it happen to you.

# Make an offer they can't refuse

*Answer the most critical question, "What's in it for me?"*

You have already made a wise list selection by licensing Dun & Bradstreet business data. **However, if you do not make an effective offer, your program will very likely fail.**

Direct marketing operates on a *quid pro quo* basis — you do this, I'll do that.  Your part of the *quid pro quo* is the offer and, if you're mailing to the right list, nothing influences the success of your direct marketing program more.

Here are a few offers which consistently prove successful:

♦ FREE Information — product brochures, a white paper report, etc.

♦ FREE Trial — no risk, no obligation, nothing to lose, everything to gain

♦ FREE Gifts — you can offer them just for responding or make them conditional on a purchase or sales call (in which case you will ask them to call and "Find out how you can get . . ." the gift)

♦ FREE Demonstration — an effective way to schedule a sales call

♦ Discounts, refunds and rebates — use these with care.  The moment you tell someone how much they'll save, they'll also know how much you are asking them to spend

Be sure to calculate the cost of your offer in your loaded cost per response (see page 2). Match the offer to your perfect prospect — and remember that everybody likes to get something FREE, even the CEO.
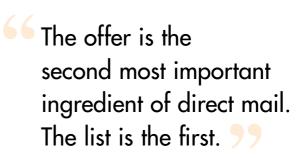
**Tip:  Don't give your audience offer choices** — just tell them what you want them to do and what you'll give them for doing it. Making them choose forces them to work, and they won't.  In addition, to protect themselves from making a bad decision, they make none.

## Offer Spotting — Billboard Your Offer in These Places

1 On the envelope

2 In the Johnson box or letter headline

3 In the second or third letter paragraph (top one-fourth of letter)

4 Near the end of page one

5 Middle of page two

6 Reminder in the P.S.

7 Headline of the response device

8 "Yes" box of response device

9 Second panel of brochure (revealed when the cover is opened)

10 Inside spread of the brochure (photo captions are the most widely read part of any brochure)

*And one more for good measure . . .*

11 In the insert, if you have one

> " The offer is the second most important ingredient of direct mail. The list is the first. "
>
> — Dick Bensen
> List Consultant
> Author, *Bensen on Lists*

# Put the package together

*The creative keys to a winning direct mail package*

**D**on't make the mistake of viewing your direct marketing package as a "mass mailing." True, you may be sending out a mass of mail, but to be successful you must remember that each envelope will be opened, each letter will be read, by a single individual.

Direct mail is a personal, one-to-one communication medium.

Be sure to send your message in an envelope — in literally millions of tests, envelope packages consistently (and significantly) outperform self-mailers and flyers. The single exception is in subscription sales, where double postcards perform strongly.

Always include a letter. Never, ever leave it out. Focus the content of the letter on the offer, *not* on product features.

Make the response device clear and easy to understand. Remember that even in the age of Internet marketing and cell phones, more than 50% of direct marketing responses continue to come by mail — so don't neglect your mail-back response device.

> " Customers want quarter-inch holes, not quarter-inch drills. "
>
> — MBA Magazine

## 10 tips for writing powerful copy

### 1 | Make the offer clear and compelling

Offers drive direct, so focus on the offer. Make it so compelling that it's impossible to say no. And repeat your offer often. (Direct marketing isn't long copy; it's lots of copy — everybody skip reads.)

### 2 | Get the strategy right

Before the first word is written, make sure the strategy is correct. A good check question is, "Are you asking copy to do the difficult or impossible?" Make sure your selling proposition is clear — and easy to respond to.

### 3 | Write with emotion

Before you sit down at the keyboard, make sure you know who your readers are. What do they want, what are they afraid of? What wakes them up at 2 a.m.? What is driving them forward? What is holding them back?

### 4 | Work backwards to maximize response and sell-through

Start with the buyer. Understand the information they need to say yes or no. When do they need it? How do they want it delivered? What processes do they use to make their decisions?

### 5 | Focus on the mindset of the recipient

Great direct mail copy focuses on the mindset of the recipient and engages them one-to-one, based on what *they* care about, not what *you* care about. You want to sell your product — *they* want to save time or money or look smarter.

### 6 | They don't care about you

They don't care about your company, your quarterly goals, your products and services or anything else you want to sell them. Years of testing proves that people are motivated by self-interest — theirs, not yours.

### 7 | Write like you talk

Direct marketing is intimate communication. The voice is one-to-one. Talk to friends, in a conversational tone.

### 8 | Don't write your marketing plan in your mail package

Too many packages read like re-written marketing communication plans. Focus on a single action objective. The more communications objectives you pile on, the lower your response rates will be.

### 9 | If you try to make them work, they won't

If the package is difficult to understand, they won't work to "get it," they just toss it. If the jargon is too arcane, they don't look it up in the jargon dictionary; they'll dismiss it entirely. They won't work hard to take you up on your offer, either.

### 10 | Don't over-edit

Direct marketing, particularly letter copy, does not survive editing well. People try to smooth it — yet ragged copy usually works better. People try to make it make more sense — but rationality often reduces response, too.

## The Pieces of Your Package

♦ **The Envelope —** A plain, personally addressed envelope works best for business mailings.

♦ **The Letter —** Every direct marketing package needs a letter, even if it's a note on a postcard. Personalize it and make it human.

♦ **The Response Device —** It's the engine of your package. It's where the action happens, so be sure it's clear, compelling and easy to use. Make sure they can immediately see what to do.

♦ **The Enclosures —** The brochure builds the rational case, which lets the reader justify an emotional response to your letter. Smaller inserts can be used to spotlight your offer.

♦ **The Return Envelope**
Don't forget it — it's the last thing they'll see when they respond.

# Plan the fulfillment

*How you handle the backend controls your ultimate success*

**U**nlike advertising, direct marketing is not a "big idea" medium.  Big ideas can create breakthrough programs, but often the genius is in the details.  And, too often, the details of a program's "backend," or fulfillment mechanism, are overlooked until far too late in the planning.

Planning a program without careful attention to the details of your telemarketing and fulfillment response capabilities is an expensive, if not fatal, oversight.

Consider an example:

Let's assume that the target response rate is 2% on a drop of 100,000 pieces.  At that response level the program would generate 2,000 responses.  How will you handle them?

> " Have your fulfillment pieces ready before you mail the offer.  You cannot close what you cannot fulfill — especially true for lead generation programs. "
>
> — John Yeck
> Founder, Yeck Brother Company
> Direct Marketing Education Pioneer

♦ If you are asking responders to call and your inbound telemarketing staff count is more than 50, you could successfully drop all 100,000 pieces on the same day.  Keep in mind the "average talk time" needed for the sale.  On a $100 sale that might be 3 – 6 minutes.  In the first step of a business-to-business campaign it might be 5 – 15 minutes.

♦ On the other hand, if you have a telemarketing staff of only 10 people, you should drop the mail over four to five weeks to avoid spilling or abandoning calls — you might even consider a slower drop if talk time is longer than you anticipated.

♦ And what about the mail-in responses?  Your fulfillment program must put the information they asked for or the product they purchased in the hands of your prospects as soon as possible.  The sooner you respond to them, the more likely they are to take the next step in the sales process or make an additional purchase.

♦ What happens if you guess wrong and the response rate is actually 3% or 4%? With multiple drop dates, you can adjust weekly drops down to manage inbound call volume. If all 100,000 are in the mail stream, you have no control over inbound volume. It's best to test your sales line and see what they can handle.

In this example, dropping all at one time could kill front-end program performance, your fulfillment staff and sell-through, all at the same time. And, as you can see, the "bigger" the idea, the bigger the problem. That's why the genius is in the details. And that's why often the road to excellent performance success begins at the end.

## Fulfillment Management Guide

Here are some questions to ask yourself when you are planning a program that will involve your telemarketing staff. All of the questions and the answers are important to the offer and copy tone you decide upon.

☐ Is your sales/qualifying line experienced at your sale?

☐ Can you use a hotter offer (more calls, lightly qualified leads for a more experienced sales force) or do you need a cooler copy tone and offer (fewer calls, more highly qualified leads for a less experienced sales force)?

☐ What do you project your average "talk time" to be?

☐ What is your tolerance for call spillage — the calls that physically can't be answered before the caller decides to hang up?

☐ Do you have enough sales reps to cover your hours of service?

> " Taking orders (or qualifying leads) is a quality process that guides the customer (or prospect) through the order; it is *not* a conversation. "
>
> — George Mosher
> President, National Business Furniture

# Never mail without testing

*What to test and what not to test*

f listening is the key to good communication, then testing is the key to excellent results. A strong testing program is, in fact, its own form of listening — letting the market tell you what it likes. And what it doesn't.

Just as you should not do a direct mail program if you're unwilling to make an offer, **you should not waste valuable data resources unless you're willing to test aggressively.**

If your test results show only an *nth* of difference between tests, you may be testing whispers. Use these guidelines to make sure you're getting information you can use.

## Don't bother to test:

♦ **Paper stock —** The difference between laid, wove and vellum won't show up in your response rate. When you're going CEO to CEO, use high quality paper. When you're doing a low-cost, one-step sale, use the lowest priced stock that will meet your printing specs and hold up in the mail.

♦ **Paper color —** Ditto on the response difference between ivory, gray and white paper. There isn't any.

♦ **Type faces —** Letters should look like letters. Every test and study proves that Courier works. Use it. And use a serif face for brochures — they're more readable.

♦ **Personalization vs. Non-personalization —** The market is consistent. Personalized packages pull higher responses than non-personalized. If you can afford it, do it.

## To put power in your program, keep testing these things:

♦ **Offer structure —** Find the offer presentation that gives you the right combination of response and sales for the highest ROI.

♦ **List —** You can't know too much about who responds to what. Keep testing new lists and list segments to find winners.

♦ **Package design —** Change the outer envelope first — it's easy and it can make a powerful difference.

♦ **Copy platform —** Let your audience tell you what matters to them. Are they more concerned with problems and their potential hazards (a fear-based copy platform will tell you), or are they more interested in being set apart from the crowd (exclusivity is the key)? It's important to know and worth testing.

# 7 good ways to test your offer

**1 | Price points**
Which works best, $39.95 or $49.95?  The answer could punch up your bottom line.

**2 | Value-added offers**
Will a $3 premium give you a significant response boost?

**3 | Free product offers**
Can you sell more by giving more away?  It's worth testing.

**4 | Information packages**
Will a white paper report, video or program disk increase response?
Will the increase be worth the cost of fulfillment?

**5 | Free services**
(consultation, evaluation, etc.)

**6 | Free trial period**
You may be able to hike your closing rate by putting your product in
the buyer's hands.  It's worth finding out.

**7 | Offer statement**
How you say it can make an important difference.  Will $24.50 per night pull a higher
response than $49 for two nights?  Test to find out.

> "There are two rules in direct marketing
> and two rules only:
> Rule 1: Test everything.
> Rule 2: See Rule #1."
>
> — Malcolm Decker
> Direct Marketing Consultant
> President, Malcolm Decker Associates

# Stealing Smart

*Tap into industry expertise*

**A**n essential factor in building your own successful direct mail program is to find out what others are doing to achieve success with their own mailings.

One excellent source of information is the *Who's Mailing What! Archive,* an online source for direct mail competitive intelligence.  Registration and access are free at **www.whosmailingwhat.com.** To see what successful marketers are using as control mailings, search for current mail packages with identification codes ending in X.  By comparing control packages from different companies and organizations, you'll discover proven techniques you can adapt for your own program.

Another source for reviewing current direct mail programs is **www.hackergroup.com,** which features The Hacker Group's quarterly newsletter with accounts of successful direct mail programs.  For example, check the Summer 2000 online edition to review a campaign which brought a 112% response.

> " Creating direct mail without studying other people's successful direct mail is like trying to do brain surgery without studying the brain. "
>
> — Axel Andersson
> *Direct Marketing Pioneer*
> *Founder, Axel Andersson Academies*

"Whatever you say, however you say it, however you present it, first ask, 'Does this make sense to the customer?' "

— Joan Throckmorton

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