

# Your Expanding List Universe

HOW TO SELL MORE EVEN WHEN YOU'RE ALREADY MAILING TO EVERYONE



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It is the objective of all sane businesses to grow — to bring in more money by selling more to the market. The trouble is, many markets have limited universes of potential customers. Once you contact all those potential customers several times a year, you reach a wall where your message and package fatigue. And, unless you can somehow expand your universe, your sales rate will start to drop. This white paper offers creative ways to do three things:

- 1 Maximize the list universe you currently work with.**
- 2 Find new ways to expand that universe.**
- 3 Ensure the packages you have in the mail keep pulling high responses for as long as possible.**

## THE PERFECT MAIL STORM

You're trying to sell more. Naturally. However, leads are becoming harder to generate due to decreasing response rates, so they are also becoming more expensive.

If your lead flow is flagging, it's not an option to give the universe a rest. (You've made lead volume commitments.)

If your problems were only limited to number of leads and cost of leads, a possible solution would be to reduce mail package costs and drop more mail. Increase the amount of fuel going in, and you'll get more leads to push to your sales team. Right?

Wrong.

There's just one more thing. You are already fully utilizing your list universe. Whether you are mailing everyone in the nation or everyone in Anytown, USA — the future can look just as bleak.

In fact, we see the lack of universe, diminishing response rates and inability to curtail lead flow requirements as the "Perfect Storm" of direct mail.

You can't expect these trends to simply reverse themselves. The package you have in the mail is not going to miraculously just start performing better. It's unlikely that there will be a sudden boom in the market. And mail costs aren't suddenly going to go down. But, it's your job to succeed anyway.

So, what do you do?

## BIG IDEAS

First of all, there's no single action you can take that will solve all these problems at once. We've set up a situation that, while fairly common, is pretty complex.

In fact, to continue a growth trend in this situation, you need a full behavioral shift — a new paradigm that will allow you to overcome all the issues you face. Specifically, this means that achieving your objectives will be dependent on the following critical success factors:

- Finding a way to alleviate the pressure you are placing on your mailing universe
- Finding a way to improve response rates, despite the overall market pressure
- Solving the problem in a replicable, sustainable way

To do this, experience shows that you must focus on the three following big ideas that must be implemented **all at the same time** in order to create enough momentum to move away from where you are now and increase response rates:

- 1 Segmentation is part of the answer.** It is critical to increase your list universe and your leverage by employing database segmentation based on credit score, modeling and/or particular vertical files and selects. Doing so will expand your mailing universe by decreasing or eliminating current list fatigue and will allow you to move away from your current shot-gun approach toward a more targeted, rifle approach.
- 2 Give your mail package a rest.** Over a long period of time, a single package strategy will fail — every time. Therefore, you will have to adopt a best practices methodology that includes an aggressive package rotation strategy. A solid package rotation strategy based on rigorous testing results provides the basis for a sustainable program.
- 3 Success is a planned occurrence.** So, in order to craft your program success, you'll need to create a systematic process that will create leads on demand. Your plan should be built so it allows you to continually optimize and refine your programs based on learnings, industry trends and past program performance.

## NAILING THE BRASS TACKS

As stated above, you'll need to increase your list universe in order to decrease the perceived pressure being felt by your current target market. This can be done in two ways — actually and virtually. We recommend that you do both.

### Actual Universe Expansion

At a very basic level this means renting from more list sources. No single list source can provide you with every known, qualified candidate in the target market. Therefore, in order to actually expand your mailing universe and put more names into the marketing database, rent from multiple sources. These could include lists from any number of renters. If you're looking for financial lists, use the three primary credit bureaus and target particular vertical files that you believe would be more responsive. For high tech, focus on renting from various sources in order to find out where your new buyers will be coming from — then follow the response rates to the Promised Land. Because more list sources will mean more names, we believe that this practice of testing new list sources should be ongoing — as long as these lists are delivering the response rates and lead quality that you require.

### Virtual Universe Expansion

There are two ways for expanding your Virtual universe:

#### **1 Package rotation strategy**

It's commonly accepted that you can mail any package to the same households up to four times per year without seeing any fall-off in response. Said another way, as soon as you mail five or more times per year to the same person or household without changing the creative look and feel, you are dooming your program.

One way to avoid this decline is to insert different-looking packages into a rotation that will last throughout the year. Want to mail eight times? No problem . . . just be sure to have two solid packages that look very different and mail them each 13 weeks apart.

Do you need to mail 12 times to meet your lead target? In that case you need three different packages. The rotation for three packages would look like this:

	Package #1	Package #2	Package #3
January	Drop #1		
February		Drop #1	
March			Drop #1
April	Drop #2		
May		Drop #2	
June			Drop #2
July	Drop #3		
August		Drop #3	
September			Drop #3
October	Drop #4		
November		Drop #4	
December			Drop #4

By executing the package rotation strategy shown above, **you can increase the virtual size of your universe dramatically** — if you have three or more control packages in which you have a high degree of confidence.

## 2 List segmentation strategy

By finding segments of your file that will provide higher than average response rates (or higher than your norm), you are also finding lists that can be mailed more frequently.

This provides a slight increase to your virtual universe.

List segments can also be leveraged to give you insight into the emotional needs of the individuals being mailed. We know that emotional leverage is what drives response rates. Response rate improvement, in turn, means that you can net the same number of leads out of a smaller universe pool. Therefore, this level of segmentation should also increase the size of your virtual universe when coupled with a tightly integrated copy strategy.

Here's an example of how segmenting by these assumptions can help fine-tune your mail program for greater efficiency and artificial enhancement of your universe size. See below:

Ranked by Responsiveness	Response Range Example	# of Times Mailed Annually	Rotation Strategy Description
Quintile #1	3.2% to 2.9%	12	Mail always, these people will respond
Quintile #2	2.8% to 2.5%	8	Mail most of the time, very cost-effective
Quintile #3	2.4% to 1.9%	4	Mail frequently, but not to be overdone
Quintile #4	1.8% to 1.3%	2	Mail sparingly, for response qty. requirements
Quintile #5	1.2% to 0.8%	0	Never mail, too costly

Sophisticated mailers use these strategies to artificially increase the size of the universe while keeping cost per response low.

## BUILT-IN SUCCESS — LEAPFROG PLANNING

Planning for success just makes sense — in fact, it's the only thing that will give you a fighting chance.

How often have you heard the advice not to switch horses in the middle of a stream. It's good advice, because you don't have to be a horseperson to know that doing so is a pretty good way to wind up "all wet."

The same thing is true with planning as it relates to direct marketing. The accomplishment will be to get everyone on the team to buy into the plan. This will help you defend against those who would have you switch horses later.

So, our advice comes in four parts:

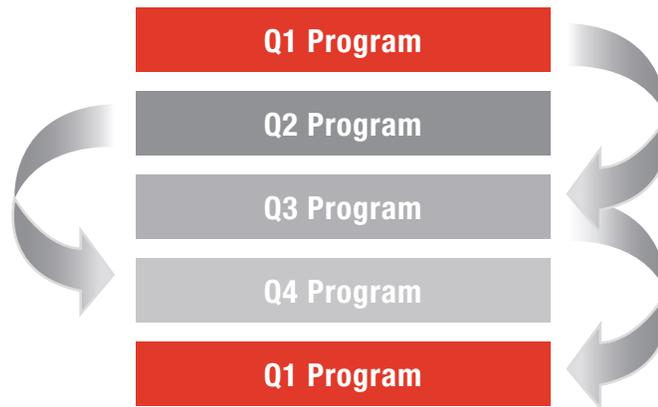
- 1 Plan** — Of course, you need to match your goals to your resources and limitations. Without a sound plan, you're dead before you start. Consider how you can actually and virtually expand your list universe, and freshen the programs you are currently spending money on.
- 2 Sell your plan for success** — Without the backing of those in charge of the purse strings, your plan will never see the light of day. So make sure you formally sell all the decision makers in your organization on all parts of your plan. To do that, you'll need a compelling sales pitch.
- 3 Ensure you get buy-in to 'work the plan'** — Once you've got buy-in from above, you need to build the enthusiasm of everyone who'll actually be working on the program. Make the pitch to them as well. The more enthusiastic everyone on your team is about the plan, the harder they'll work on it and the more success you're likely to enjoy.
- 4 Execute the plan** — You have the budget. Everyone's firmly on board. It's time to pull the launch switch. With all the planning, selling and buy-in you've been doing, at the point of execution everyone should know his or her jobs and be ready to perform flawlessly.

But the planning doesn't end there. You need to make sure that your planning can be sustained and can continue to adjust for changing circumstances and new opportunities. This is where Leapfrog Planning has proven to be highly effective.

## LEAPFROG PLANNING

Leapfrog Planning allows you to fit all the strategies we've already described into an annual process broken out into quarters. It also allows you to use new intelligence from testing without letting that very intelligence destabilize your current planning. By taking new intelligence from recent tests into consideration at the right time, Leapfrog Planning allows you to continually make changes at the planning stage.

Here's how it works:



From the beginning, the first quarter program's testing gives you intelligence that you immediately put into use in your planning for the *third* quarter's mail — not the second. You then use your second quarter program's testing to make immediate adjustments to your fourth quarter program and so on. **This makes sure that you are giving yourself time to analyze and act rationally on the intelligence your results are giving you, while staying in the mail and staying on track with plans you have already made, sold and executed.** If you've properly sold your plans in advance, you should have the leeway to do this.

In short, Leapfrog Planning lets you drive the strategy without allowing new information to sink your carefully laid plans. You're not constantly being pushed into a state of panic by whatever the most recent response analysis says.

Even if you don't find yourself in the "perfect mail storm" — with a limited universe, a single package to mail and declining rates — these methods of list expansion, package rotation and Leapfrog Planning can be valuable additions to your direct mail thinking as your company grows. In fact, if you apply them before you reach the limits of your list, you'll probably find that the limits of your list universe are much farther out there than you thought.