

Mailing List Research

**FIND, ACQUIRE & TEST
MAILING LISTS**

Bob McCarthy
McCarthy & King Marketing

Table of Contents

- 1. Introduction**
- 2. Direct Mail vs. Email**
- 3. The Critical Role of the List**
- 4. The House List**
- 5. Should You Buy, Rent or Build?**
- 6. Types of Lists**
- 7. The List Business**
- 8. A 5-Step Process**

Step 1 - Developing your Audience Profile

- The Business List Profile
- The Consumer List Profile

Step 2 - Researching Lists

- List Brokers
- List Sources
- List Categories

Step 3 - Reviewing Individual Lists

- Data Cards
- List Segments
- List Comparisons

Step 4 - Ordering Lists

- List Costs
- Single Use
- Multiple Use
- Minimum Quantities
- List Requirements
- List Formats

Step 5 - Evaluating Lists

- List Testing
- List Metrics
- Sample Sizes

9. A Simpler Path for Some

10. Author's Bio

11. McCarthy & King Marketing

1-Introduction

“Can you find me a good mailing list?”

I can't tell you how many times I get this question. It's an understandable question. People know, or learn very quickly, that the list is the most important part of a direct mail or email campaign.

So naturally, you need to start by finding a good list.

Perhaps this was your motivation for downloading this eBook. You have a business, a product or a service and you figured the best way introduce yourself to your target audience is with direct mail or email.

And so you figured, “All I need is a good list.”

That was my situation about 25 years ago. As a freelance direct marketing copywriter, I had clients who also needed to find a good mailing list – and they asked me to help. This was before email and the Internet so it was a fairly slow process to research mailing lists. I used the Yellow Pages and trade journals to find brokers, the library to research list directories and the fax and the mail to receive printed list information.

Mostly though, I listened to the advice of list brokers. They clearly knew more than I did about the list business and they had every motivation to give me their best advice.

But I always had some lingering doubts and concerns.

Were they giving me the best advice or just the most convenient advice? Were their list recommendations based entirely on merit or on profit potential? How will I ever know if the advice I am getting is good or bad?

I decided that even if I trusted my list brokers – and I did – it was important for me to understand the list business and to become a knowledgeable list buyer.

That's how I see my role here with this eBook. I don't claim to be a list specialist. I do not toil in the trenches of the list industry.

I simply use lists in my work with clients as a direct marketing consultant. Over time, I have become a fairly knowledgeable list buyer (and renter). Now, I would like to bring that knowledge to you.

So, can I find you a good mailing list?

First, understand I don't have a crystal ball. I can't predict list performance. I can make some good assumptions, and I can introduce you to a process to find and evaluate likely candidates.

I can help you find mailing lists that look good on paper, but you need to stay cautious. List companies are in the business of selling you their lists and they work hard to look good on paper. In the end, you will need to use your own judgment, not their sales hype.

I can help you find mailing lists that match your customer profile and that may have worked for others in the past, but I cannot say with absolute certainty that those same lists are going to be most productive for you.

The truth is that in time you'll find some winning lists that produce good results for you – and you'll have your share of losers which you will want to discard.

The lesson here is that there are no quick and easy answers. To be successful in direct marketing – both mail and email – you need to commit to an ongoing learning process.

Let's begin ...

2-Direct Mail vs. Email

I have to admit a certain bias here. As a long-time direct mail practitioner, I have been a little reluctant to embrace email as a “first touch” prospecting tool.

I have long adhered to the unwritten rule that says that email should only be sent to people who have opted in to your list.

My preferred strategy has been to use direct mail as a prospecting tool and email as a nurturing tool.

By that, I mean I like to make my first contact with a prospect by direct mail. Then when people respond, they are put on my email list and will receive multiple email “touches” over time. This is both cost effective and, well, courteous.

My email is only sent to people who have “opted in” and given me permission to send them emails.

I’m not alone in this attitude. Most email service providers, including Constant Contact, prohibit using their system to send emails to people who have not opted in.

But not everyone is following this rule. In fact, there is a growing number of B2B companies that are now routinely using email as a first point of contact.

To be honest, I am softening on this myself. Email has become the preferred channel of contact for many busy executives – and that includes introductory contacts.

More to the point, there is a large number of publicly available email lists you can buy or rent. Some are very problematic, while others are handled in a responsible and transparent way. It’s important to recognize the difference when you search for an email list.

It’s easy to understand why people want email lists.

Email has many advantages over direct mail:

Email is faster – email is delivered within seconds or minutes after hitting the SEND button. Direct mail takes at least a few days to arrive – in some cases, up to two weeks.

Email is easier – you create your email and hit SEND. It's a little more complicated if you are sending an html, or graphically enhanced, email, but it's still pretty simple. In some cases, you need to upload your email to a third party distributor. But all of this is easier than printing, addressing, mailing and going to the post office.

Email is cheaper – obviously, if there is no printing, mailing service or postage involved, you are going to save plenty. All you are paying for is the list and the distributor. However, many list companies that sell both direct mail and email lists charge double for email lists in order to keep their mailing lists more competitive.

So why are we still using direct mail?

Yes, it's slower, more complex and more expensive, but direct mail has a different impact on your target audience than an email. Here are a few reasons:

Direct mail gets noticed. It's tangible – you can actually hold it in your hands.

Direct mail has staying power. Direct mail can hang around for a while and often gets passed around the office or the household.

Direct mail has less competition. Compare how many emails you get vs. how many direct mail pieces you get every day.

How does email and direct mail compare in results?

That's hard to say. If you test direct mail vs. email within your own marketing program, you are likely to see varying results. (Most companies that use both direct mail and email tend to use them to support each other – not to test one against the other.)

Intuitively, you could see how email might produce more response because it's easier for people to click through for your offer instead of having to return a reply card or type a landing page URL.

But there is always a lingering concern that a large percentage of your audience never saw your offer. When you look at the “open rates” and “non-delivered” rates, you can see why some marketers question email as a prospecting tool.

To be fair, we don't know what the “open rates” are for direct mail. We do get reports of non-delivered mail, but unless you're able to embed some chip on the envelope, you can never know how many people actually opened the envelope.

The only way you can really compare the two is with results. But don't just look at the raw response numbers. That's one level of assessment, but for more accurate comparison, look at the number of **qualified leads** or **orders** each generates.

And to factor in the cost differential of direct mail vs. email, look at **cost-per-response, cost-per-qualified-lead or cost-per-order**.

3-The Critical Role of the List

How important is the list anyway? Simple answer: it's the most important element is any direct mail or email campaign.

No matter how well you do everything else, if you don't get your lists right, you will fail.

This is not news to anyone in direct marketing.

For decades, the 40-40-20 rule was central to every direct marketing strategy. The 40-40-20 said that your results will always depend on three factors: 40% List, 40% Offer and 20% Everything Else.

Some have argued that the numbers should be 50-30-20 or 50-40-10 with List at the top of each combination. I think it varies from company to company. Some companies target very specific industries or markets and have very few list options. Others have very complex list challenges.

Regardless, the point is the list is pretty important for everyone.

Drilling down for the best list

There is a perception that buying a mailing list is a lot like buy any other product – that you simply choose from a menu of lists that are presented to you.

But in fact the lists you see advertised or promoted are just a starting point. What you may end up ordering is a subsection of that list. That could make all the difference in the world.

As you look at potential lists, consider that most lists offer some degree of subgroupings, called selects, which will allow you to drill down to your best audience.

Good lists vs. better lists

We all tend to look at the lists as being “good” or “bad.” But that absolutist approach doesn’t work in evaluating lists.

Instead, lists need to be viewed on a relative scale – as being “better” or “worse” than other lists.

And that comparison can be made on a variety of response metrics.

You might, for example, compare lists on the basis of their response rates, or the qualified response rates, or their order rates. Or you might compare them on the basis of their cost-per-response, or cost-per-qualified-response or cost-per order.

Unfortunately, there are times when none of the lists you try would be considered “good” because they were not profitable or they produced response at a much too high cost. But you should know that in some direct marketing applications, breaking even on a prospecting list is about the best you can do.

Just keep in mind that some lists will always be better than others – and it’s important for you to focus on those lists while discarding the others.

List hygiene

We all want our lists to be 100% deliverable, but that’s not reality. The truth is if you mail first, class you’ll start getting a pretty good number of mailers “returned to sender.”

Most list companies will only guarantee about a 92% deliverability. Email lists are lucky to reach 70% of their total audience.

But don’t let deliverability be your guide to list selection. Responses are more important. There may be times when a “dirty” list with lots of undeliverables will actually produce more responses than a cleaner list.

4-The House List

This eBook was developed to help you find, acquire and evaluate outside lists that you may rent or buy. These are very different lists from your House List.

Your House List is a list of your customers, your prospects and your other connections – people who have engaged you and your company in some way.

- For customers, the list could include both current and past customers.
- For prospects, the list could include serious prospects who may have received a proposal from you, or early-stage inquirers who simply downloaded a free white paper from you.
- For connections, the list could include vendors, affiliates, resellers, referrers, media and friends.

You should segment your House List in a variety of groups, including those listed above.

The real power of your House List

The most important characteristic of your House List is that it is made up of people who have some level of relationship with you.

That fact alone should tell you why your House List is such a valuable asset for your business. It should also tell you why marketing to your House List will always produce better results than marketing to an outside list.

Results aside, your House List has the added advantage of being free. It's your list. You can do with it what you like. But be careful not to abuse it by over-mailing to it.

Most businesses today have an email House List. You should also have a postal House List.

How catalogs and non-profits work

If you are familiar with catalog marketing or non-profit fundraising, you understand that in both cases, the real money is made when you mail to the House List.

They very carefully, but deliberately, go back again and again to their current base of customers and donors looking for another sale or donation.

Their House List is their most important asset, but they use outside lists too.

The problem is that for these organizations, outside lists seldom, if ever, produce a profit. They are a necessary expense to bring in new blood – new customers and new donors – who will, over the long haul, provide a significant lifetime value.

When prospecting, these marketers will test many different lists just hoping to find a few lists that will deliver new customers or donors at break even or at a slight profit or loss.

Mature companies will dedicate a relatively small portion of their budget to prospecting, while newer organizations must invest a significant amount to build their House Lists into a workable entity.

5-Should you Buy, Rent or Build?

This is a frequent debate among marketers – whether it is best to buy a list, rent a list or build your own list.

On the surface, building a list sounds like the best option because you can personally control who gets on that list. You're not relying on someone else's choices or process for determining who qualifies.

And list buying sounds better than list renting because you don't have to pay every time you use the list.

But this could be short-sighted thinking. Let me walk you through the three options.

Buying a List

First, understand that not every list company will sell you their list. Most rent their lists and may rent it to you for multiple usage or an extended period, but they don't want to sell.

The only lists available for purchase are so-called compiled lists which are largely demographic lists. The cost for a purchase is usually about double the cost of a rental.

When you buy a list, the list is yours to do as wish. You can mail as often as you like at no additional cost.

But remember, you are responsible for keeping it up to date – which is no small undertaking especially if you bought a large list.

Renting a List

This is the more common approach. You follow the same steps as buying a list except that you are only using it for a single mailing.

You can rent for a second or multiple use for an additional (but fractional) cost. Otherwise, you will pay the full rental cost every time you want to use it.

So why not buy instead of rent? I have two reasons.

First, the list might not work very well for you. You never know for sure until you use it yourself and check the results. If it doesn't work, do you really want to keep mailing to it?

Second, keeping your list updated is a burden that you may not want to take on. The only way to maintain a list is to contact everyone from time to time – by phone, by mail, by email. This takes time and/or money.

Building a List

What does it mean to build a list? In the old days, you would go to the library, find a directory that covers your target industry and start copying contact information for prospects that appear to fit your audience profile.

Today, you can find all kinds of directories online, including the B2B social media site, LinkedIn. This takes time and perseverance, but it does give you a starting point for your prospect list.

But directories – both online and off – are often out of date so be prepared for some unusable contact information

Also, a directory may not provide enough information or may not be targeted well enough to match your customer profile. If that's the case, you may need to call each company yourself to get this additional information. And that's going to take more time.

Another approach is to build your list from your other marketing activities. If you're running ads, going to trade shows or offering content on your website, you will start to build a list from the people who give you their contact information

This should be part of your marketing program regardless of how you approach list research.

6-Types of Lists

Lists are categorized according to the way they are created.

Compiled Lists

Just as the name suggests, these are lists that are “compiled” from a variety of sources. They usually start with a core piece of data – such as name, address, telephone (from the phone book). And then they are enhanced with other publicly available data.

For compiled business lists, there are countless business directories that can be used to add data to the core file. Telemarketing is often used to confirm and enhance their files.

For compiled consumer lists, there is census data, voting data and licensing data that can enhance the file. Surveys are often used to enhance consumer files with product preferences.

Some of the major compilers include InfoUSA, Acxiom, Epsilon, Experian, Dun & Bradstreet and Equifax.

Response Lists

Response lists is a generic term to cover a wide range of activity-based mailing lists. Examples are subscription and membership lists, mail-order and online buyer lists, conference and tradeshow attendee lists and charity donor lists.

These are called response lists because the people on these lists took some action to get on the lists. They didn't just meet a certain demographic profile (as is the case with compiled list). They actually did something.

With response lists, contact information is provided by the individual at the time of sign-up. In many cases – especially when the activity is free – people are also asked to fill out a questionnaire designed to provide more complete list information.

A good example of this is the trade journal. Most trade journals are free if you happen to be in the industry the journal covers. In order to get the publication, you are required to fill out a questionnaire, called a qualification card.

This is a win-win situation for everyone. As the reader, you get good quality articles and other information on your industry every month.

The publisher benefits from advertising income and from mailing list income. The qualification card gives the publisher extensive information about each subscriber which can then be cut and sorted many different ways for mailing lists.

Publisher Databases

If you check into it, you'll find that many of the magazines you read are published by large companies that own many different publications. Sometimes the publications are just narrow niches within a broader industry. Sometimes, they are very different industries.

What some publishers have done is combine their subscription files to provide greater reach to mailing list buyers.

So if you are trying to reach marketing directors in all industries, a publisher of multiple industry trade journals could provide a list of all marketing directors from all the company's publications.

Databases are not the exclusive domain of publishers, however. This same concept can be offered by catalog companies, online companies and conference/trade show organizations.

Crowd-Sourcing Databases

This is a new (and very exciting) development in the list business.

Thanks to the Internet, individuals are contributing their own contacts to a central database in exchange for other people's contacts.

So let's say you have 100 prospects you are cultivating for an eventual sale, or even 100 business associates. You can submit their contact information (from their business cards) to one of these databases. In return, you will be given credit to acquire 100 new contacts that other people have submitted.

At first glance, this may seem to be a tedious and unworkable way to build a list, but it has created some massive databases – and has actually resulted in a new segment within the list business.

With crowd-sourcing, you don't have to contribute your own names. You can simply pay for new names as you need them.

Crowdsourcing lists have one major advantage over the other list types. You can actually order your list one name at a time – and you can see exactly what you're ordering.

Other list types have minimums – sometimes as much as 5,000 names – and it requires a leap of faith in that you don't see your list until you receive it.

Crowdsourcing lists are perfect for the solo practitioner or small business owner.

Here are three providers you may want to explore:

- Netpropex
- Jigsaw
- ZoomInfo

7-The List Business

The list business is made up of three players – list owners, list managers and list brokers.

List owners

The list owners can be anyone with a list who wants to make it available to rent or purchase.

These could be owners of catalog or mail-order businesses, magazine and newspaper publishers, directory compilers, retail stores, credit card companies, membership organizations, conference and trade show organizations – any organization that keeps a list of customers or participants.

With the emergence of email, almost every company today has their own email list which, unless otherwise promised, could be marketed and rented to others.

List managers

When list owners are serious about marketing their lists, they may hire a list manager who will promote their lists to marketers.

List managers provide all of the marketing materials and support - and they facilitate all of the ordering needs for the clients' lists.

List brokers

List brokers assist the list buyer by providing list recommendations. They work on commission (paid by the list owner) so the list buyer (the customer) doesn't pay anything extra for the list.

While list brokers are in the business of selling lists, their greatest value is their experience and access to the list industry. They can provide extensive list research for clients without any cost.

Many list brokers are generalists meaning they can help you with any list request you may have. Others are specialized to a market or an industry which can be invaluable when greater insight is needed.

Not all lists are sold through this three-tiered system. Some list owners prefer to go direct to the list buyer by managing, marketing and selling their own lists with no middlemen.

Other list owners will sell their lists if you ask, but do not actively market them.

In fact, you should be aware that some publishers have never considered renting their lists – and therefore, have not created any type of sales structure or process for promoting them.

Contact them. You may be surprised by the response you get.

How everyone gets paid

You may be wondering how all these different tiers is going to affect the price you pay.

The good news is you won't pay a penny more than if you contacted the list owner yourself.

The list representatives are compensated by the list owner - either in the form of a commission or a management fee.

8-A Five-Step Process

While it is possible – and not uncommon – to order lists directly from a list catalog or a list company website, this is a risky approach.

It is much smarter to speak with a list representative to ask questions, look for options, get counts (quantities) for various selects (sorts) and discuss testing strategy.

If you just order a list, you may very well have a successful direct mail or email campaign. But what did you learn? Can you repeat that performance with new but similar names? Was your success because of the list – or some other element of your mailing?

I know, if it's successful, you may not care.

But what if the campaign falls short of your expectations?

Wouldn't you want to at least learn from your mistakes? Will you be able to determine whether your failed effort was because you used the wrong list?

Will it keep you from using direct mail or email in the future? Too often, you hear of people who tried direct mail or email once and will never use it again because that single effort fell short of expectations.

This five-step process is designed to show you a better way to approach list selection.

I believe – and I hope you will see – that this is much better than the hit-or-miss approach and gives you a much better chance for long-term success.

Step 1 Developing your Audience Profile

Before you can start looking for lists, you need to know who or what you are looking for.

This is a vital part of the process because everything hinges on the profiles you create. Too often though, this step is overlooked or minimized.

You may have some vague idea of who your target audience is, but you really need to pin it down and get specific. We all think we know who our best prospects are - until, that is, we are forced to write it down on paper.

You may need to develop multiple profiles if in fact you target multiple audiences.

Only when you get specific will you be able to get others involved in the process. So who do you want to reach? What do they look like? What do they do? Where do they live or work?

This will take some thought because you need to ask yourself a lot of questions. Here's what I mean ...

Let's say you want to reach automotive repair shops. Sounds simple but are you more interested in larger shops or smaller shops? How would you define larger and smaller - by sales volume, number of employees, number of locations? Are you interested in chains and, if so, do you want to reach headquarters or the individual shops?

Or you're a financial planner looking for affluent people who will let you manage their money. What minimum net worth are you looking for and how will you make that assessment? Can we assume that certain professions – like doctors and lawyers – will automatically qualify? Or maybe it's the neighborhood in which they live or the type of cars they drive. If they subscribe to certain investment publications, does that make them better prospects (because of their interest) or worse (because they may not need your advice)?

Or you're selling software. Do you want to reach IT managers or departmental managers who will benefit from the product? Will this purchase require senior management sign-off? Does the price of your product dictate the size of the companies you need to reach? Does your product have more relevance or usefulness for certain industries?

The point is that it can be very difficult to pin down exactly who you want to reach and to prioritize these descriptions. But if you can't develop a detailed profile, it makes it even more difficult to find lists that are based on that profile.

Computer modeling

If you're not sure about your profile, but you already have a significant customer base, you could use computer modeling to develop a profile for you.

In the simplest terms, computer modeling will look at your customers one by one and attach all known demographic data that is available about that customer – either individually or by company.

Then it will look at similarities in your customer base and recommend looking for more prospects that fit that profile. This is a common service provided by most list companies.

The Business List Profile

If you are targeting other businesses, there are common descriptions you can use to profile your best prospects. These are demographic descriptions and psychographic (or behavioral) descriptions.

The business demographics describe who the business contact person is:

- Industry – SIC code
- Company Size – Sales Volume or Employee Size
- Contact Person – Job Title or Department
- Location – Zip Code

The business psychographics describe what the business contact person does:

- Purchase History – do they buy what you sell?

- Memberships – do they belong to trade organizations related to what you sell?
- Subscriptions – do they read magazines related to what you sell?
- Participation history – do they attend events related to what you sell?

Consumer List Profile

Consumer lists have similar demographic and psychographic descriptions to help you profile your best customers.

The consumer demographics describe who the contact person is:

- Age
- Gender
- Income
- Professional
- Marital Status
- Family Size
- Home Type
- Home Value
- Location – Zip Code

The consumer psychographics describe what the contact person does:

- Voting history
- Political affiliations
- Charitable donations
- Religious affiliations
- Magazine subscriptions
- Hobbies
- Product purchases

As you look through the data listed above, don't assume they are all equally important. They are not.

Ask yourself if this piece of data is important to your list selection. Does it get you closer to your target audience?

Step 2

Researching Lists

With your Customer Profile in hand, it's time to start researching mailing lists. It's very big world out there.

Your easiest route is to contact a list broker, but if you want to feel comfortable with the advice your broker gives, take some time to explore the resources yourself.

List Brokers

The simplest thing you can do for list research is contact a list broker. Do a quick Google Search and you should find plenty. Some may be local to your area. Some may be specialized to your industry.

Don't be confused if some don't look like brokers. Some list companies sell their product direct without a broker – but will likely be listed when you do a search for list brokers.

A list broker is a combination research assistant and sales person.

List brokers generally provide the research assistance for free in the hopes that you will eventually purchase or rent the list through them.

Brokers have access to any list you may need, but they may also have their own lists (which are likely to be more profitable for them).

Brokers make their money on commission – usually 20% of the list cost – paid by the list owner. This means that you would normally pay no more for the list than if you contacted the list owner yourself.

Most list brokers have on-line access to virtually any list on the market so they can get you list information quickly.

When you contact a list broker, they are going to ask about your audience profile. They may not use that term. They may simply ask who you want to reach – then, through a series of questions, they may be able to develop a profile for you.

They may also ask you how many names you want, what list format you prefer and how often you will use it. (Usually you rent a list for one-time usage but you can also rent for multiple usage.)

Specialist brokers vs. generalist brokers

As with any industry, brokers can serve a particular industry or they can serve a more generalized market.

Those who specialize in a certain industry or a group of industries (e.g., financial or high tech) are very familiar with the most popular lists in their markets. They know what lists have performed well for other companies that may be similar to yours.

Generalists are less familiar with any one market, but can still provide good information and good advice for pretty much any list request. Some list brokers may have industry specialists on their staff who can provide more industry-focused advice.

List Sources

If you prefer to go it alone without a list broker – or if you simply want to be more informed when you work with a list broker – you can do some of your own list research using the web, your local library and a telephone.

Remember, at this stage, you want to cast a wide net to bring in all potential list candidates. Think about the different paths you could take for finding your best lists.

For example, let's say you want to reach CFOs at software companies. You could start by finding all the software company lists, and then see if any of those lists include CFOs. Or you could start with a CFO list or financial executive lists, and then see if any of those lists include software companies.

Search Engines. A simple Google (or Bing, Yahoo, Ask, etc.) search for “mailing lists in your industry” should bring up some good list candidates for you. At this point in the process, it’s important to grab every list possibility you can – don’t try to sort them out just yet – so look beyond the first page of your search results.

You may also want to look at some mailing list directories and/or databases. These are, in effect, lists of lists. You have several choices here.

SRDS Directories. The oldest, most established list directory is the SRDS, or the Standard Rate & Data Service Mailing List directory. SRDS (www.srds.com) has long been one of the most important sources for basic mailing list information. It contains tens of thousands of mailing lists in dozens of business and consumer categories. Information is available in a variety of formats.

The mailing list directory is one of many SRDS directories that also cover business publications, consumer publications, broadcast and other media.

SRDS is available in print or online. If you can’t afford it, you should be able to find a recent edition at your local library or a business library.

Gale Directories. Another resource is Thomson Gale (www.gale.com) which publishes Gale Directory of Databases, Gale Directory of Publications and Broadcast Media, Standard Periodical Directory, Directories in Print, Newsletters in Print and Encyclopedia of Associations (many associations rent their membership list).

Next Mark. This online service (www.nextmark.com) offers a free Mailing List Finder tool to help you locate more than 60,000 mailing lists and email lists.

When you’re finished with the mailing list resources, you may want to look at some un-advertised list possibilities.

The Definitive Database. A relatively new service for B2B and IT marketers (www.definitivedatabase.com), this company pulls data from multiple databases to provide a more complete list.

Targeted Publications

Many mailing lists are spin-offs of magazine subscriptions or organizational memberships. But how these publishers and membership organizations handle their lists vary greatly.

- Some promote their lists aggressively.
- Some refuse to make their lists available.
- Some rent, but don't promote.

This third group might have lists available for you, but you will need to contact the publisher directly. List brokers won't know who they are and they won't be listed in any of the directories.

Use this strategy for any hard-to-find list by first identifying where your target audience hangs out or what they read, then by contacting the group organizer for ways to reach that audience.

Your mailbox. If you happen to be in the direct marketing business, you probably receive list catalogs on a regular basis. These catalogs typically show a wide assortment of lists across many industries and interest categories.

If you happen to work in marketing for a specific industry, chances are you have received promotions from these same companies with list information on your industry. My point is that if you are a likely prospect for buying lists, these companies are already looking for you.

In summary, this step should be used to collect all the information you can right now. We will sort it out later.

List Categories

As you search for lists, try to put them into one of the two broad categories – compiled and response lists. This will help you differentiate them.

As discussed earlier, compiled lists are pulled together from many different public sources – including telephone directories, voting registration, real estate transactions, DBA/corporate listings, etc.

Generally (but not exclusively), these lists provide only demographic information (age, income, home, car for consumers; SIC, company size, location for businesses). The people on these lists have done nothing pro-actively other than being part of a demographic profile.

Response lists, on the other hand, only include people who have pro-actively taken some action. They may be subscribers, donors, attendees, product buyers, product inquirers, etc.

Because the people on the list needed to take some action, response lists generally produce higher response rates than compiled lists – but response lists are also typically more expensive.

Step 3

Reviewing Individual Lists

Whether you use a list broker or do the work yourself – or do a little bit of both – your next step is to start gathering information about the individual lists that seem to be good candidates for your direct mail or email campaign.

When you want detailed information about a list, most list companies will send you what is known as a Data Card.

Data Cards

Data cards are the mailing list equivalent of a media kit for advertising.

The data card is simply a promotional sheet (often just one page, front and back) which summarizes the most important information on the list. A data card typically includes:

- a general description of the list
- the list source (how the list was created)
- the subgroups (or selects) that are available
- the cost structure
- the quantities for the entire list and for subgroups
- the format options (labels, CD, email)
- the rental requirements

While the data card is a good starting point, it doesn't always give you the complete picture. You may need to contact your list representative if you need ...

- more precise quantities
- more details on how the list was created – the sources of the data
- the latest update of the list – and how the data was confirmed

Also note that there is no standardization for these data cards. Each company does it differently so you may struggle in developing an apples-to-apples comparison.

List Segments (Selects)

Unless the list is small and very targeted, most people don't buy or rent the whole list. They usually just want that portion of the list that matches their customer profile.

These list segments are known in the list business as "selects." Some list companies provide many selects, some provide a few major category selects and others don't offer any.

Selects may include:

- Industry – 2-digit SIC
- Sub-industry 4-digit SIC
- Company size - by employees or sales volume
- Department
- Job title

Lists are segmented by the list company in ways that make sense for the list company – for their own marketing. It may not be segmented in a way that is good for you.

Sometimes, list selects are limited because the list company doesn't have detailed information about the people on their lists.

You see this clearly with magazine publishers. Paid-circulation magazines typically have far fewer selects than free-circulation magazines.

The reason is that publishers aren't in the position to ask for a lot of information if someone is paying for the publication. On the other hand, if the publication is free, the publisher can ask the subscriber to fill out a "qualifying" questionnaire.

This questionnaire provides extensive data for the list company and many selects for list buyers.

When you look at a data card, you will sometimes see some or all of the selects that are available for that list. If you don't see the selects you need, contact your list broker to find out if those selects are available. It may be available, just not listed.

For some lists (like free-circulation trade journal subscribers), you should ask to see the so-called “qual card” – or qualification card – that was used to create the list. The qualification card is often readily available because it’s the same card that appears in the magazine to get new subscribers.

Almost every data card will give you some general quantities of the total list and maybe some major subgroups, but if you want to drill down to another level, or if you need quantities for multiple selects (industry, company size, job title) you will need to contact the list broker or list company.

They will usually be happy to run the numbers and provide a custom “count.”

List Comparisons

So now you have data cards (and other information you were able to collect) for each one of your candidate mailing lists. You should have a combination of compiled lists and response lists.

In comparing lists, pay no attention to the quantities or the costs at this point. You are looking for lists that match your customer profile. That’s all you should focus on right now.

Some lists will get closer to your profile than others. None of them will be perfect, but you should be able to prioritize them by how well they reach your audience with minimum waste.

You may also find that one list source actually provides you with two or more list options. For example, you may have identified two job titles as potential buyers of your product or service. Rather than mixing them together, it may make more sense to treat each job title as separate lists – and let the market tell you which job title is more responsive.

As you compare lists, remember that a general list (one that does not provide many selects) is going to have much more waste than a specific list (that drills down closer to your customer profile).

Let me explain. If I am trying to reach direct marketing managers, I might find one list that gives me a “direct marketing manager” select and another list that only provides the more general “marketing manager” select.

While the marketing manager list will likely help me to reach direct marketing managers too (because they will be included among all marketing managers), I would be wasting a lot of mail (and money) in reaching my target audience.

I would have a much better return on my marketing investment if I could drill down to the direct marketing manager only.

Why you should ignore list quantities and costs right now.

Most marketers start this process with a budget or mailing quantity in mind. This is understandable and very common.

But all too often, they will ignore a particular list because the quantities they offer exceed their budget or planned mailing quantity.

In fact, what many people will do – a big mistake in my view – is they will change their customer profile to reduce the quantity to something closer to their budget.

What they should do instead is keep the customer profile in place (assuming it meant something when it was being developed).

Then, if the quantities come in high, they should just take as many names as they need or can afford. They may have to meet some minimum quantities or charges, but they don’t need to buy the whole list. The good news if this particular mailing works, they have more names to go back for your next mailing.

Later I will talk about testing and sample sizes because I never recommend ordering a large quantity of names from any list without testing smaller samples first.

Step 4

Ordering lists

Once you have narrowed down your list candidates, it's time to decide which list or lists to order.

Because there is no way to know in advance which lists are right for you, I always recommend mailing to two or more lists at the same time. Then if you track response from each of the lists, you will see over time how the lists compare in performance. Even if all of your lists come up short of your expectations, you will at least have a relative comparison.

List Costs

Mailing list rental costs for direct mail can range from a few pennies per name (for Occupant/Resident lists) to 25¢ to 30¢ per name (even higher for some highly targeted high tech lists). Generally, price reflects both the demand for the list and the difficulty (time/cost) in creating the list.

Email list rental is usually about double the cost of a direct mail list.

But don't let price play too much of a factor in your decision. The mailing list is too important to be decided by price. Focus on finding the right lists for you and remember even an expensive list still only represents a portion of the entire cost of a direct mail campaign. (However, in email, the list is almost the entire cost.)

One-Time Rental Costs

Here are some price ranges for one-time list rental:

Compiled mailing lists for both businesses and consumers will usually start at \$50 - \$100 per 1000 names (5-10¢ per name). But as you drill down or fine-tune your selection, you will pay about \$5/m to \$10/m (1/2¢ to 1¢) for each select (or subgroup) you request.

Response mailing lists cost \$100 - \$150 per 1000 names (10-15¢ per name) although many response lists – especially those reaching high tech audiences -- start at \$150/m and can get up to \$250/m. Selects for response lists can range from \$10/m to \$50/m per select.

Email lists are often about double the cost of a mailing list. This is an artificial price that is largely determined by the list owners who want to protect their direct mail list product. They know that direct mail is more expensive than email so in order to keep the products comparable, they charge considerably more for email.

Seeded names

To ensure that a list is not used a second time without authorization, most lists are “seeded” with disguised names that go back to the list owner. This will allow the list owner to know if the list is being used without authorization.

Some list owners, for further protection, will only send their direct mail lists to an authorized mail house.

For email lists, most list companies will not release the email addresses to anyone. They will send out the email campaign for you. This is not an option.

Multiple-Use Costs

If instead of renting a list, you want to buy a list or use a list multiple times, you should indicate that when you are ordering your lists.

Most compiled lists are available for purchase. Most response lists are not. However, many response lists may be rented for multiple use meaning you can use the same list a second or third time as part of your contract.

Typically, purchase pricing is about double the cost of a rental. A multiple-use rental is about 50% of the original cost for each additional usage. So if the rental cost is \$100 per thousand, your cost would be \$150 per thousand for two uses, and \$200 per thousand for three uses.

Crowd-Sourcing List Costs

As discussed earlier, crowd-sourcing mailing lists are demographic business lists that are created through the online sharing of other users.

This is a relatively new form of mailing list (available from NetProspex, Jigsaw and ZoomInfo) that can only be purchased (not rented). Pricing may be based on a monthly subscription or by purchasing points which are redeemable for contact names.

The cost is generally 50 cents to \$1 per contact which may seem high, but it usually contains complete postal, email and telephone contact information – and it's yours to keep.

Minimum Quantities

Minimum quantities for compiled lists have all but disappeared in recent years as companies try to make their lists more accessible to new and smaller clients. Many have a \$50 minimum. Others have no minimum.

However, most response lists still have a 5,000-name minimum. Some have reduced it to 2,500 names while others have established a dollar minimum (often equal to 2,500 or 5,000 names).

The 5,000-name minimum was originally established because that was the recommended test sample size for frequent mailers. Frequent mailers will mail between 5,000 and 10,000 names to get a confident sample size when testing.

List Requirements

Understandably, list owners want to be sure their lists are being used for good purposes.

Although most compiled list owners don't require it, most response list owners want to see a sample of your mailer before they release the list to you.

They want to be sure you are sending something appropriate and legal, and that you are not in direct competition with their own business.

List Formats

Direct mail lists are available in a variety of formats.

The most common format is electronic in which the list is sent by email to the renter or the renter's mail house. Electronic format offers added flexibility for personalized addressing.

Other options for formatting include CDs, Cheshire labels and Peel-and-Stick labels.

Step 5 Evaluating Lists

One of the biggest mistakes newcomers make when renting a list is they rent a single list and wait to see the results. If the program produces the expected (or hoped for) results, the list worked. If the results fall short, the list didn't work.

The problem is we don't know if the list worked or didn't. We only know that the program came up short of expectations.

It might have been because of the lists. But it might also have been because of the offer, or the message, or the creative, or any number of things. Of course, the expectations might also have been unrealistic.

The only way to evaluate mailing lists or email lists is to compare them with each other. In that way, even if the program falls short of expectations, you will have comparative results on the two lists.

List Testing

Mention testing to most people and they think you are talking about a process that takes place before a mailing. In fact, some companies will use telemarketing on a small percentage of the list to test its accuracy and deliverability.

To direct marketers though, testing is not just a preliminary step but an ongoing process that is conducted within the framework of every mailing. Yes, more testing occurs at the beginning because there are so many unknowns, but if you are serious about getting the best results, you'll still be testing many years later.

Of all the things you can test, the mailing list (followed closely by the offer) is clearly the most important because the mailing list has the greatest impact on response.

The list is also the easiest and least expensive element to test. As an example, if you have a mailing of 10,000 pieces, it will cost you no more to mail to two lists of 5,000 than one list of 10,000. But if you want to test offers or creative formats, you'll need to print two different packages which will increase costs dramatically.

Rollout Quantities

When we test lists, we are looking not only for good results today but for good results with future mailings as well. We would typically test a sample quantity first, then if the results look promising, we would “roll out” to additional names within the same list – assuming there are more names available from that same list. Unfortunately, some lists are tiny so there are no roll out quantities.

Here are some simple rules on testing:

When testing lists, be sure to keep everything else the same. To ensure accuracy, use the exact same package and mail at the same time. This isn't always possible or practical but if you vary the other elements, know that it may affect the test results.

(Similarly, if you are testing offers or formats, be sure you are mailing to the same lists – not the same people, but the same profile.)

When you have many lists and no evidence as to which will be better, sort them into common groups first. Group your lists by industry, job title, list type or anything else that makes sense. Then mail to two lists per group. If you find a stronger group, test more lists within that group.

Use codes to track all response channels. Responses can come through a variety of channels – mail, telephone, fax, email, web landing page, and walk in. Be sure you have codes in place to track response regardless of which channel is used.

Today, the landing page is by far the most popular response channel. For tracking, assign unique URLs for each testing cell (www.sample.com/a vs. www.sample.com/b).

Use merge/purge processing to minimize duplication – but only if it's worth it. Removing duplicates can save you money and embarrassment, but use your common sense and ask yourself if you are likely to get a significant number of duplicates. In many small-quantity national mailings, the answer will be no.

Don't let price be a factor in your decision. Mailing lists are too important to be decided on by price. Pricing for mailing lists does vary a great deal but it is usually no more than 20-25% of the overall cost of the mailing.

Judge a list by response – not deliverability. If you do a preliminary telemarketing sample, you may, in fact, find lists that are less accurate and less deliverable. But these same lists – in spite of their lack of hygiene – may also be better targeted and more responsive. Let the responses do the talking.

Order an “nth” selection of your universe. Once you decide which list or list segments you want, don't just order the first 5,000. Ask for an “nth” selection which will give you an even distribution from the entire list. This will give you a more accurate result and more confident prediction for future mailings.

Be careful if you order the so-called “hot line” names. Hot line names are the most recent respondents to the list owner's products. While these names may be good prospects for you (and well worth mailing to), the results may be misleading when you eventually mail to the non-hot line names.

Save the names from your test so they are not included in near-future list orders. Most list companies do this automatically but you may want to remind them. Here's why:

Let's say have mailed a 5,000-name sample from a total universe of 80,000. The test results were good and now you want to mail to more of the same list. You do not want to mail to the same names (at least not for a while).

Subdivide your list. To get more information out of one list order, break the list into two segments. For example, instead of ordering 5,000 names of “households with income of \$35,000 or more,” split the names in half so that 2,500 will represent incomes of \$35,000 to \$50,000, and 2,500 will be for income of \$50,000 plus.

Mail to just half the list you actually order. If your budget is tight and you have many lists to test, don't think you have to use the whole list.

Yes, you had to pay the minimum for 5,000 names, but don't feel compelled to use all the names.

Instead, test 2,500. If it looks good, mail the rest. If it looks bad, you've saved on printing and postage.

Don't be surprised if there are no clear-cut winners. It is not unusual to end up with several lists that produce similar results for you. Hopefully, the results will be positive, but even if all the lists produce disappointing results, at the very least, you will know which lists performed better.

List Metrics

You measure your lists the same way you measure any direct mail or email campaign.

Response rates

This is the most basic measurement in direct marketing. It is how most people measure their direct mail and email campaigns because it's easy to understand.

$$\begin{array}{l} \text{Response Quantity (200)} \\ \text{divided by} \\ \text{Quantity Mailed (10,000)} \\ = \\ \text{Response Rate (2\%)} \end{array}$$

While the response rate does provide an initial level of comparison, it falls short in comparing lists for response quality and it fails to account for the different costs of mailing lists.

Qualified response rates

Not all responses you get have an equal potential for becoming a customer. Some lists may actually produce fewer leads but have a much higher conversion rate.

The qualified response rate takes into account the quality of your response as well as the quantity.

To determine your qualified response rate, you'll need to establish some criteria or benchmark for determining a qualified response – and some way for obtaining that information.

The qualified lead analysis is particularly important for companies with longer sales cycles.

Order rates

If your sales cycle is short enough, you can skip the qualified lead analysis and begin to analyze your lists by how many actual orders each list produced.

This is by far the most meaningful analysis.

“Cost-per “analysis

Some lists may cost as little as 5-10 cents per contact, while others may cost as much as 25-30 cents each. By measuring the cost per response, you can factor the list costs into the equation.

You can measure:

- cost per response
- cost per qualified response
- cost per order

This measurement is particularly useful when you are comparing direct mail vs. email, or direct mail vs. advertising.

Sample sizes

When it comes to any statistical measurement, you are looking for sample sizes that will give you the maximum level of confidence and reliability – without breaking the bank.

Simply put, the larger the sample, the more accurate the results.

You could consult a probability table to assist you in this but here's a rule of thumb you can use to make it simple:

An adequate sample size is whatever quantity is needed to produce 100 responses.

If you are getting a 2% response rate, this will call for a sample size of 5,000. (Notice most lists have a minimum quantity of 5,000 which is not entirely coincidental.)

Of course, if you are typically generating a 1% response rate, you will need to mail 10,000 to achieve a reasonable confidence level. Many mail-order companies routinely use test samples in quantities of 10,000.

So what happens if you're only mailing 1,000-2,000 pieces at a time?

This is very common. Can you still test?

Yes, but with a much lower confidence level – which is okay.

You may get some preliminary test results even with the first mailing, but chances are you will need to mail several times to get a good read on the performance of your lists.

A Simpler Path for Some

As you read through this process, you may be saying to yourself, “I don’t need all this. I know who I want to reach. It’s not that complicated.”

You may be right. Some industries and some businesses have a very well defined and reachable market.

Many retail stores, for example, only target residents living within their communities. They may not need to segment by income or family size or home owners or any of the many selects available. They want to reach everyone. They do need to decide on location – on distance from the store – but that’s about it.

For those businesses that want to reach every household in their area, the post office recently introduced Every Door Direct Mail to make it easier and cheaper for businesses to use direct mail.

Every Door Direct Mail is a terrific service that actually eliminates the need for a list altogether. You simply deliver your mailers to the post office in the quantities the post office specifies, and you’re done. As a bonus, your postage is a fraction of the normal mailing.

This works for many businesses – mostly retail and restaurants – but not for all.

Remember though, Every Door Direct Mail only works if you are willing to everyone in your target area. As soon as you decide to mail to certain subsections of your neighborhood (e.g., single family dwellings, homeowners, households with pets, certain income levels or ages), you’re back to the traditional methods of direct mail and perhaps a more complex list process.

Even then, your list selection process is pretty simple.

B2B Lists

Some business-to-business companies also have fairly simple list needs.

Imagine if you are trying to reach restaurants in a particular market.

You will probably want to select by size or type of restaurant, but after that, it's pretty straightforward.

I work with a consulting firm that targets banks - just banks.

We do select by bank size because we know smaller banks won't pay their consulting fees and larger banks do some of their work in-house. We also select by job title.

Some services are sold to CEOs and Presidents, while others are sold to CFOs and Treasurers.

But overall, their list decisions are pretty simple.

Author's Bio



Bob McCarthy is a direct marketing consultant and copywriter.

Working with both businesses and non-profits, he has been responsible for planning, creating and executing dozens of direct response campaigns – both online and offline.

Bob is a past president of the New England Direct Marketing Association (NEDMA). He began his career as a reporter for the Quincy Patriot Ledger.

In 1980, he became a copywriter for The DR Group, one of the nation's first direct marketing agencies.

Four years later, he left the agency to work as a freelancer. He is currently president of McCarthy & King Marketing, Inc., in Milford, Massachusetts.

In addition to his client work, Bob spent 10 years teaching direct response copywriting at Bentley College (Waltham, MA), and two years teaching mailing list research at Merrimack College (Andover, MA).

McCarthy & King Marketing

McCarthy & King Marketing specializes in direct response marketing providing both traditional direct marketing (direct mail and email) with digital marketing (websites, search, social, content marketing).

Services include:

- Audience Development
- Communications Strategy
- Content Creation
- Direct Marketing Programs
- Digital Marketing Programs
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