
How to Boost Your Direct Mail Profits by Spending More

By Hugh Chewning

When times get tough, everyone wants to cut direct mail costs. After all, if we can bring in the same amount of money and spend less, our profits increase.

And there are ways to cut costs without necessarily hurting the effectiveness of your mailing.

You can, for example, trim your package format by $\frac{1}{4}$ inch or so to make it run better on your printer's press, use a cheaper paper, test smaller formats, omit package inserts or eliminate the premium.

But don't act too quickly.

Before getting caught up in the rush to cut expenses, we need to remember the objective of our direct mail campaign.

Because few, if any, of us mail to *save* money.

For most of us, the mailing's objective is to *make* money.

This is a huge distinction. Saving money and making money isn't the same thing. And, more often than not, we can increase the mailing's profitability by adding to the package rather than by subtracting from it.

To increase your mailing's profit, even as you increase its cost, you can:

- Add an involvement technique—a survey, membership card, petition, name stickers, a certificate—anything that gets the reader involved with the package. But it's not enough just to toss the piece into the package. You must weave it into the copy and give it a reason for being there.
- Offer a premium and promote it with a separate insert—I'm a strong believer in premiums and need a reason *not* to offer them. The premium doesn't need to be



Are We Cutting Costs or Making Money?

expensive and can be as simple as a white paper, a decal or a bookmark. But it does need to have a perceptible value.

Many groups hate premiums believing that they cheapen the organization. But most donors and customers respond to them and, in my experience, when used properly, a premium will increase the mailing's net profit.

- Test a larger format. A larger format is going to increase your production cost and perhaps even your postage cost. Yet they grab attention and generate response. Today, fewer oversize formats are being mailed so they command even more attention in the mailbox and can be especially useful for acquisition campaigns. In tests, when nothing other than the format size was changed, I've seen response increase by 100% when using a large format.
- Add an insert that emphasizes your guarantee. (If you're not using a guarantee, you need one.) The mailing's recipient has plenty of reasons—real or perceived—not to respond to your offer and the guarantee helps remove any hesitation that might otherwise jeopardize the sale. And by featuring your guarantee with a separate insert, you're calling attention to your promise of a good customer experience.
- Include a lift note. The lift note, signed by someone other than the letter signer and printed on a different paper stock—the perception is that it's coming from source other than the main letter—has many uses. You can use it to add credibility, present a testimonial or endorsement, emphasize your risk-free offer, expand upon the offer, tell a story, customize the offer to particular list segments and provide an added “push” to get the reader to respond.
- Spend money on list segmentation. Every good list includes bad names and every bad list includes good names. And since the mailing list is the most important component of your mailing, there's no better place to spend money than to refine your list segmentation. List modeling/profiling isn't cheap but with better segmentation you can increase your response and even reduce your total costs by mailing fewer, but better targeted, mailing pieces.

All this isn't to suggest that you should drop your efforts to reduce costs. But cost cutting alone will not produce sustainable success. And I'm not suggesting that you change your control mailing without testing.

I am, however, suggesting that before investing in a new test mailing, you do the math to determine how much of an increase in response or average order is needed to justify the mailing's added expense—and decide whether, with the changes being tested, this is a *reasonable* expectation.

It's certain that we will continue to come under increased pressure to reduce costs but as direct marketers, we must change the conversation from how to cut costs to how we can make our mailings more profitable.

CHEWNING DIRECT MARKETING

www.cdmdirect.com

Phone: 949-854-5401 Email: hchewning@cdmdirect.com

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