

Maximum Help From Limited Resources

By Mary Ann Kleinfelter

The list business is shrinking, but the experts and their knowledge are still there for the asking

It's no secret that there are far fewer list management and brokerage firms vying for our business. Many of the smaller, more entrepreneurial list firms have been absorbed by a few large corporations. As a result, some catalogers believe there are fewer opportunities to negotiate pricing and fewer choices in general. The same concerns exist about firms that rent out cooperative prospect lists.

But in reality, the contrary is true.

Never has the competition been fiercer among companies renting out prospect mailing and e-mailing lists, thanks not only to a weak and faltering economy, but also to changes in direct marketing brought about by the Web.

The economic downturn has caused a reduction in the number of direct marketers prospecting in the traditional manner. As a result, the number of names they're renting for prospecting is diminishing. What's more, the number of names available for rental is declining.

Therefore, the competition to supply those names and the services associated with them continues to *increase*. Most of the industry still receives a commission based on the number of names rented. No matter how compensation is structured, many list firms now are asked to do a great deal more for less.

"Most direct marketers have fewer resources than ever before," says Linda Huntoon, executive vice president of consumer brokerage for Direct Media, which is a part of the infoGROUP umbrella of list firms. "They have reduced staff and cut back on systems and training. We are doing more consulting and more of the work that our clients did in the past. Fortunately, our association with a much larger company allows us to meet that challenge and offer more resources than ever."

Detailed Circ Planning

More of Direct Media's catalog clients than ever are turning to the list firm for detailed circulation planning and results analysis. "Without the deep resources provided by our affiliation with our parent company," Huntoon says, "we'd be unable to carry the staff to provide these services in a cost-effective manner — for either ourselves or, in the long run, for our clients."

Plus, multichannel marketers historically depend on their list firms for research. There are many out there, for example, who are unaware of how dramatically their own lists are changing as a result of multiple channels, as well as the extent to which the lists they use can generate new business. A list that a marketer may have rented for years might have gone from 5 percent online-generated to 95 percent online-generated in the past few years, affecting results dramatically.

Catalogers also need to rely on the experience of the list firms they choose to work with for information beyond list counts. Different list firms and list professionals often have very specific areas of expertise. So, if you're marketing to a niche, determine who's an expert in that field.

The need to service clients more fully with less compensation applies to co-op database companies as well. "We and our clients must now work harder than ever," says Stacey Hawes, senior vice president of account management and business development for Abacus, which administers the industry's largest co-op database of more than 1,600 participants. "We spend more time partnering with our clients so we can fully understand their businesses. We now offer full-service solutions to meet all of their direct marketing needs."

Abacus often studies clients' mail plans beyond prospecting to learn how deeply clients' databases can be mined to reactivate older buyers, or how to get more inquiries to convert to buyers. In the world of consumer lists, this may even mean mining gift recipients to get them to purchase gifts for their friends and families.

Since some multichannel merchants, for instance, no longer have the time, staff or money to go the traditional route of ordering a variety of lists from different vendors, they have to schedule separate merge/purges to prepare names for a printer. Among the co-ops, Abacus now offers its FastPath service to fill this need.

FastPath allows marketers access to an integrated, complete circulation solution that combines Abacus' co-op data and state-of-the-art modeling. In addition, catalog members can get postal preparation services through FastPath, which simplifies the process of getting offers in the mail, reduces overall costs, and further enhances response potential and strategic flexibility.

It's not surprising that as multichannel marketers try to stretch their prospecting dollars further, they ask their list firms to negotiate more and better deals. Huntoon and Hawes both point out their companies spend a lot of time helping clients do much more, such as performing multichannel analysis of clients' campaigns and developing complete circ plans. Sometimes they act as the repository of history for catalogers when changes at catalog companies make history difficult to recreate.

Build Partnerships

The small- and medium-size catalog companies need the most help, and often turn to list firms for that help. Ronda Anderson, marketing manager for American Time & Signal Co., a Dassel, Minn.-based multichannel marketer of clocks and clock parts, says she doesn't find competition among list firms to be a major issue right now. "Our process is to find a good partner to stay with," she says. Her goal is to learn more about industry trends and standards, "so we can mail smarter. A trusted list partner can help provide that information."

No matter how you choose to prospect these days, include all your partners in the process — from the very beginning. This team should include list brokers and managers, co-op database providers, merge/purge vendors, among others. Literally everyone, all so they can know each other and their respective roles in your campaign. You'll gain nothing and risk plenty by keeping parties in the dark.

Once the team is assembled, share the results of previous mailings and e-mailings with all members, internally and externally. Make sure everyone clearly knows the goals of the mailing — to generate new customers, more profit, reactivate older customers and so forth. This inclusive approach must extend to multiple channel partners, so if there's a combined e-mailing and mailing campaign, all parties are aware.

Regardless of how sophisticated the technology has become, or how difficult the economy has become, solid direct marketing principles still apply. Don't stop prospecting, but prospect smarter, using not just acquisition, but reactivation and list rental optimization.

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