

SMART IDEAS



SMART'S
PUBLISHING

Smart Ideas, Customer Service and Prospect Development Tips for Clients and Prospects of

Summer • 2006
Vol. 3 • Issue 2

Smart's Publishing Group
www.smartspublishing.com

Service: 1-877-SMARTS7 (762-7877)
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Trends & Tips

High Net Worth Consumers Rank AMEX and Nordstrom Tops In Customer Service

Looking to increase your number of high net worth clients? Take a look at what American Express and Nordstrom are doing. According to a recent survey by the Luxury Institute, wealthy consumers give American Express top marks for customer information and customer loyalty best practices.

The company ranked second in customer relationship management best practices, after Nordstrom. Survey participants nominated their three top picks for luxury goods or services firms in the areas of customer information, customer relationship management and customer loyalty practices. The 597 participants had a minimum annual income of \$150,000 and minimum net worth of \$750,000; median income was \$324,000 and median net worth was \$2 million.



As for what these companies do to build customer loyalty, check them out. Nordstrom not only cultivates a luxurious atmosphere, with piano players and upscale décor, their salespeople are famous for going the extra mile in serving their clientele.

Fewer Retiree Health Benefits Mean More Potential for Individual Products



A survey by Watson Wyatt Worldwide earlier this year found that many employers plan to eliminate or reduce health benefits for retirees over the next five years. Cutbacks will apply to both future and current retirees. Employers are responding to rapidly escalating costs of providing retiree health benefits.

The cutbacks in retiree health benefits come at a time when the oldest baby boomers are nearing retirement. These individuals can build funds for post-retirement medical expenses through Health Savings Accounts (HSAs), provided they are covered by a qualified high-deductible health plan. Long-term care policies and Medicare supplements will also become more popular as the boomer generation faces its aging.

Where's The Growth?

The U.S. Census Bureau recently released an updated County Business Patterns report. This useful tool includes data by state and county on agricultural services, forestry, and fisheries; mining; contract construction; manufacturing; transportation and other public utilities; wholesale trade; retail trade; finance, insurance, and real estate; and services. The report covers the 12-year period from 1993 to 2004, and provides details by industry, number of employees, payroll and county so that you can see the growth (or lack thereof) in your target markets. Look up your state at www.census.gov/prod/www/abs/cbptotal.html.



The A List: Choosing the Right List for Direct Marketing Success

So you want to build your prospect list? Unless you can (legally!) get your hands on a competitor's customer list, some form of direct marketing—such as telemarketing, direct mail or e-mail—will help you build your list of qualified prospects more quickly than relying on advertising, public relations or referrals.

Whichever direct marketing method you choose, the success of your campaign will depend on the list you choose. You can have the most creative, professional marketing message—but if it doesn't reach the right people, you're wasting money. When evaluating marketing lists, the most important things to consider are: 1) The type of list. 2) The quality of the list. 3) How well the list matches your audience. 3) The effectiveness of the list. We'll discuss each of these further.

The type of list

Most lists available fall into one of three categories: compiled lists, response lists and affiliation lists.

Compiled lists are those that someone has put together using information from public sources. Examples of compiled lists include many

phone directories, lists of individuals or businesses in a certain geographic area, lists of businesses incorporated in a state, lists of individuals who hold specific professional licenses (such as architects, contractors, health care professionals, etc.), and those lists of e-mail addresses that spammers like to use.

Subscription lists—It might seem obvious, but these are subscriber lists for a specific publication. What might not be so obvious to non-marketers is that publications can

have two types of subscribers—those who opt-in, or choose to buy the publication, and those who have “forced subscriptions,” as when a subscription to a trade publication is included with membership to a trade association, for example.

Response lists consist of names of people who have responded to some type of offer or bought a specific type of product in the past. Examples include those who have responded to a direct marketing offer, those who have answered a survey, attended a conference, purchased a specific item... Because these are people who are proven to respond to marketing offers and take action, these lists are likely to provide a greater proportion of responses than a compiled list, if your product/service appeals to the same demographic. Price per thousand will be higher than for a compiled list.

Membership lists include members of a specific trade, cultural or other membership organization. Some organizations will not sell their membership lists.

Donor/supporter lists include names of those who have donated to or given specific support, such as volunteering, for a nonprofit organization. Again, these lists might be difficult to obtain.

What's the quality of the list?

Although it might seem obvious, a useful list needs to include a valid means of contacting each addressee. If you want to do a direct mailing, you'll need a valid postal address. For e-mail campaigns, you'll need a valid e-mail address; for telemarketing, a valid phone number. It's important to note that, for a business-related offer, the contact information should pertain to the individual's business—and vice versa for a personal offer. If you're selling business insurance, for example, I'm going to be very annoyed if you call me at my home phone and interrupt dinner, whereas I might be receptive if you call me at work. Likewise, if you're selling timeshares at a new beachfront resort, I'm more likely to have time to listen if you call me at home...unless of course it's been a very bad day at the office.

Another important factor to consider is when the list was last updated. An average of 6.79 million houses change hands in the U.S. every year, so even the most up-to-date list is likely to include some “nixies,” or bad addresses. If you're doing a mailing, you can have an address verification service check it before you send your mailing. This will help prevent you from wasting money printing and mailing pieces for invalid addresses. You can obtain a list of vendors from the US Postal Service, www.usps.gov. Likewise, some software vendors offer products that will remove “garbage” addresses from email lists. Because of the time/cost involved compared to the low cost of sending an email, it might only make sense to use these if you are using very large lists, with tens or hundreds of thousands of names.

Quality can also vary greatly depending on the type of list you're using. Some **compiled lists** contain few, if any, details other than name and contact information. Because they are compiled from public sources, and not marketing campaigns, you have no idea whether a person on a compiled list will actually respond to a marketing offer. Currency can also be a problem—the list's “freshness” depends not only on the date it was compiled, but on how well-maintained and current the source list(s) are. For example, a list of professional license holders might include retirees who might no longer be interested in buying products or



services related to their (former) profession. Price per thousand names should be lowest for this type of list.

Subscription lists can be a good source of names, if there is some relationship between your product/service and the publication. Opt-in lists will likely provide a better response than forced subscription lists—and paid subscriber lists are even better, because these people have demonstrated their willingness to pay for information on that topic.

Because **response lists** consist of people who are proven to respond to marketing offers, these can yield good responses, if your product/service appeals to the same demographic. Price per thousand will be higher than for a compiled list.

Membership lists and donor/supporter lists can be the most effective marketing lists of all, IF you can get them. If an organization will not sell or rent you their list, you can consider other approaches, such as buying ads in their publications, “piggybacking” your mailing with the organization’s mailings to its members, creating some kind of special package deal for members, etc.

How well does the list match your target audience?

Some target audiences are fairly easy to reach. If you specialize in insuring building contractors, for example, you can obtain lists of licensees from your state, subscription lists for building trade publications or customer lists from building supply vendors, for example. Some niches, however, are harder to reach. In those cases, a good list broker might be able to help you identify lists to help you reach these people.

How effective is the list?

Ah, this is the tricky part. You’ve done your research and selected list(s) of people you think will be interested in your products or services. You’ve prepared your marketing piece, got it out and waited for a response. Yet nothing happened. What went wrong?

Factors that can affect response:

- 1 Quality of the marketing piece. As the saying goes, you only have one chance to make a first impression. Some recipients might never have heard of your company before. To create the right first impression, make sure your marketing piece is professionally written and attractively designed. A direct mail package that’s sloppily printed or amateurishly designed, an e-mail message loaded with typos and hyperbole or a telemarketer who’s barely articulate can put your firm’s professionalism in doubt and depress response.
- 2 Quality of the offer. Perhaps your offer isn’t attractive enough. Give your readers something to get excited about—whether it’s saving money, saving time, eliminating a problem. Testimonials from satisfied customers can add credibility to your sales pitch.
- 3 Urgency of the offer. Any special offer needs to have a reasonable expiration date, otherwise your prospects will put off taking action. One technique is to offer a “premium,” a gift or additional service, for people who respond by a certain date. For insurance agents, an appropriate premium might be a special report on loss control or a gift related to the product — such as a road atlas for those who submit an application for auto insurance.
- 4 If all of the above items check out, could the problem be that your

competitors just have better name recognition? If you suspect this is the problem, take a look at the rest of your client/prospect communications and see if you’re doing all you can (direct mail, telemarketing, public relations, referrals, online marketing, etc.) to get the word out about your firm. Marketing researchers say it takes at least three exposures before a client/prospect will recognize or remember your firm’s name. If you haven’t been marketing heavily, be patient and keep working at building name recognition.

If you’ve eliminated all of these as factors in a poor response, then take another look at your list. Even if it’s a good list, some of the factors that can depress response include:

- 1 Overuse: Sometimes even good lists get “tired.” If you—or someone making a similar offer—have used the list too many times recently, that can depress response. Sometimes, however, a repeat mailing can yield even better response than your first. When it comes to direct marketing, there are no hard and fast rules—you just need to test, test, test!
- 2 Timing of the offer: If your offer arrives at an exceptionally busy time of year for your prospects, it might get lost in the shuffle. For example, if your target market includes CPAs, they’re probably too busy preparing returns to think of anything else in the months of March and April. Likewise, if it arrives when many people are on vacation (July and August or the year-end holidays), your message might be overlooked in the overflowing inbox when your prospects return, or your “respond by” deadlines might have expired by the time they return.

A good list broker can be a valuable resource in helping you identify and obtain lists that can help you reach qualified prospects. Different brokers have different specialties and offer access to different lists, so if you’re not satisfied with what one broker has available, contact another. You can find referrals to list brokers at the Direct Marketing Association’s online directory, www.the-dma.org/yellowpages/#business.

Getting the most out of your client newsletter

Do Your Self-Mailers Get the Stamp of Approval?

Many of our clients send their Smart’s client newsletters out as self-mailers—mailing pieces that have an address and postage printed directly on the newsletter, rather than a “carrier” envelope. Formatting your newsletter this way can save money (you don’t need envelopes); however, using self-mailers will bring up two possible concerns:



1 The perception of your piece. When a self-mailer arrives in the mail, your reader knows at once that it's (almost always) a marketing piece. This isn't necessarily a bad thing—particularly if you have done your homework and are sending your newsletter to existing clients and qualified prospects. If you regularly provide these people with information they want or need, then they will come to recognize your piece immediately when it arrives.

That being said, some people feel that putting a newsletter in an envelope to mail it increases its perceived value and looks more professional. The choice is yours.

The formatting of your piece. To qualify for letter (first-class) rates, mailpieces must meet certain requirements. They must be:

- * Rectangular in format.
- * Have minimum/maximum dimensions of:

Dimension	Minimum	Maximum
Height	3-1/2 inches	6-1/8 inches
Length	5 inches	11-1/2 inches
Thickness	0.007 inch	1/4 inch

The Postal Service also recommends (but does not require) that you seal the open edge of your self-mailer with a tab or glue spots. It says that, for optimal processing, folded self-mailers should be constructed with the fold at the bottom and the tab(s) or glue spot(s) at the top. Tabs and other seals placed at the top of folded self-mailers should be positioned so that they do not cover the return address, postage, or rate markings. Tabs and other seals placed in the barcode clear zone on nonbarcoded pieces should be made of uncoated white or light-colored paper.

For self-mailers formed from a single sheet folded at the bottom with the open, top edge sealed with one tab or glue spot, the minimum basis weight (or weight of the paper) is 28 pounds (weight of 500 17-by-22-inch sheets) or 70 pounds (weight of 500 25-by-38-inch sheets). For any self-mailer sealed with two tabs or two glue spots, the open edge can be at the top or bottom. The minimum basis weight is 20 pounds (weight of 500 17-by-22-inch sheets).

Other design requirements

Sometimes the post office will return our clients' undeliverable newsletters to our address by mistake, rather than being returned directly to the sender. We will always return any "undeliverables" directly to you; however, ensuring that your self-mailers are addressed correctly can eliminate this problem and make it easier for you to keep your mailing list updated.

To ensure proper delivery to valid addresses and proper return of undeliverables, make sure your piece meets the following general requirements:

1 Delivery addresses should be printed on the long (horizontal) side of a mailing.

- 2 The return address should appear on the same side; but outside of the area that the automatic scanners read.
- 3 Keep nonaddress printing (such as logos, photos, advertising and die cuts) outside the address panel.

You can find specific requirements for mailing design outlined at the US Postal Service Web site, pe.usps.gov/cpim/ftp/pubs/Pub25/Pub25.pdf. However, we have always found it easier to bring a sample of a mailing piece directly to our local post office's postmaster or the person who handles direct or business mail for approval.

We are now offering all Smart's client newsletters in self-mailer formats. If you use our mailing service, you can be sure your newsletters will meet Postal Service requirements, from printing to addressing. For more information on converting your newsletter to a self-mailer, please contact Gina Cochran at 877-762-7877 or at gcochran@smartspublishing.com.

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