

113 Pointers For The Mail Order Beginner

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Introduction

The following is designed to provide a checklist for new entrants into the mail order field. Each mail order business is different, but there are common elements that apply to most mail order businesses, as well as some specific characteristics that may vary from business to business. The following suggestions were developed to assist you in avoiding mistakes which can be costly. Apply the various points as they may relate to your specific business.

Company Name

- Select a short, easily remembered name.
- Unless you are using your own name, it is required in most jurisdictions that a trade name is either registered with the county or the State.
- Before you spend money for printing material, make sure that the name you choose is not already registered to another company. You can usually conduct a name search with an office of the appropriate jurisdiction by telephone.
- You may consider using a name that describes your product.

Company Address

- Most newly established mail order businesses will operate out of their home until the volume of business requires larger space.
- Most mail order businesses prefer not to use their home address as their company address. If you do, you will advertise your home address in regional and national publications. You have two other choices, a Post Office Box (POB) or a postal box located in a commercial enterprise which rents out mail boxes.
- A POB is generally the least expensive, both to rent and for advertising purposes (see below). Some mail order operators claim that it reduces business because people do not trust a POB address. yet there are just as many mail order operators who prove them wrong. The decision is yours.
- If you rent a mail box in a commercial enterprise, (many have sprung up in recent years), your box number usually becomes a suite number in the address.

- Almost all publications will charge you a full word charge for each component of your address. Example:

Information Books, 300 Main Street, Suite 611, Centerville,
MD 20910 or

Information Books, Box 1000, Centerville, MD 20910

- The first address is counted as 10 words, the second one as 7 words. Since advertising costs anywhere from 50 cents to \$10.00 per word (classified advertising) you could save a substantial amount of money at the end of the year.

Telephone

- Some mail order companies do not show their telephone numbers on their stationery, others do. I believe it gives the customer some comfort to see a telephone number, although he may never use it.
- You can show your residence phone number in the appropriate printed material, or you can obtain a business listing for your home.
- The residence phone is fine, for starters, if it is answered in a professional manner at all times.
- If you plan to sell higher priced ticket items (over \$30.00), however, a business listing would be advantageous since a prospective customer may pick up the phone and check with the information operator whether "Company X" is listed.

Basic Supplies

- Be conservative and frugal in your acquisition of items that you feel are needed. It's always wise to start small, and as inexpensively as possible, and as you build profits, you can buy more and better items.
- The basics are a good quality typewriter, (you can rent one for starters for a few months). If you have a computer, that would be ideal. Business stationery, business envelopes (#10's), and return envelopes, either #6 or #9 is fine. All items should have your business name and address imprinted on them.
- You will also need some mailing labels and some miscellaneous office supplies.

Product

- If possible, choose a product or products that people need on an ongoing basis.
- Be sure the product is of acceptable quality. Know the product before you sell it.
- If feasible, choose an item that is not widely available from retailers.
- If you have a difficult time deciding what items or products to select, I suggest you read the following book: "How Mail Order Fortunes are Made" by Alfred Stern. This book lists hundreds of different items. It will give you many good ideas.
- Develop a line of merchandise. It is rarely possible to make money with just one or two items. The availability of a line of related products is paramount to mail order success.
- The more specialized your products are, the easier you marketing becomes.
- If you are selling books, for example, it would be impossible, except for a very large company, to sell all types of books. You may decide to specialize in books pertaining to sports, and may want to go even further by zeroing in on football or baseball.

Suppliers

- Your suppliers should provide you with reliability, quality, and reasonable pricing.
- Since you probably should provide some type of money back guarantee (30 days is standard), you should expect the same guarantee from your suppliers.
- When buying from out of town suppliers, be sure to include the shipping charge in comparing prices to local suppliers.

Drop-Shipments

- Under a drop-ship agreement, which is available from many suppliers for a variety of products, the supplier ships your customers' orders directly under your shipping label. (Suggested reading: "American Drop-Shippers Directory".)

- It is customary that the supplier guarantees not to include any of his promotional materials with the shipment; or to use your customer's name for any future mailings.
- Drop-shipping arrangements are suitable for people getting started. It allows you not to have to carry a costly inventory.
- As your business increases and you develop a sense of what sells well, you can stock limited supplies of certain fast selling items, and continue utilizing drop-shipments for slower selling products. Eventually, as your business flourishes, you can carry an inventory of everything you sell.
- Handling your own shipments is advantageous for the following reasons: It cuts down your shipping expenses, it decreases the shipping time, and it allows you to include promotional material directly with the shipment.
- When you do utilize drop-shipments, be sure to send your customer a note that his order is being processed and he can expect it by, or around a certain date.
- It is unnecessary to make your customer aware of the fact that the item is being drop-shipped. Include some promotional material with our letter or note.

Pricing

- Buy at a price that allows you an adequate mark-up. In setting your prices, allow for all costs:
 - Cost of product, shipping cost and postage, bank charges including credit card charges, wrapping, bad debts, rejects, refunds, etc. In addition, the other normal overhead costs need to be considered. Lastly, there is the substantial marketing cost for advertising, and for printing of promotional items. (See the following paragraphs.)
 - Your prices of course, have to be fair and in line with your competition.
 - It is not necessary that you make a big profit on each and every item. The real profit in mail order comes from follow-up orders.
 - **THE 3 BIGGEST EXPENSE CATEGORIES IN MAIL ORDER ARE: ADVERTISING, PRINTING COST, AND POSTAGE.** Over 80% of your total expenses are in this area. Watch these expenses very carefully.

Advertising Expense

- Start with classified ads. As you test them and know what is successful, you can switch to display ads.
- To test an offering and a specific ad, run it once in a specific publication and you should get a reading that could be very positive or very negative. It might also be inconclusive. If that is the case, simply run it again.
- It is best to test an ad by running it in different publications.
- Advertise in publications that advertise similar products.
- If you have a sure seller, buy larger space.
- Special interest products should be advertised in special interest publications.
- Keep on changing the ad and offering until you are satisfied it is right.
- Examples of changes you can make are: size of ad, copy, appeal, special gimmicks such as discounts, free gifts or reports, etc.
- Remember that a given ad can be 20 or 30 times more successful than another ad advertising the same product. It pays, therefore, to continue testing until it is just right.
- Repeat a successful ad until you no longer get a satisfactory return.
- The conventional advertising cost is 15% of sales or more in mail order.
- To evaluate your advertising cost, think in terms of cost per inquiry. This is calculated by dividing the number of inquiries into the cost of the ad. That cost may vary from about \$0.50 to \$1.30 or more.
- Be careful when you allocate advertising funds to small mail order publications. The ad may appear to be very inexpensive. However, a \$15.00 ad that gets no response is a lot more expensive than a \$110.00 ad that gets over 100 inquiries.
- Stay away from those publications that have no news or editorial content, and also those that have poor printing quality.
- There are a number of quality mail order publications, but it

takes time to find the right publication for your product.

- Advertising Copy
- Write tight copy.
- Write as you speak. You are generally appealing to a mass market.
- Prepare your copy carefully. It must fit your specific medium.
- The emphasis should be on YOU THE CUSTOMER rather than I, the company.
- Be sincere and don't make unreasonable claims, but remember that you are selling.
- Try to convince the reader that you are reliable and trustworthy.
- Give simple specific instructions.
- Key all ads to test their effectiveness.
- Check and double check, and have someone else check your ad to make sure everything is correct and easy to understand.
- Watch where your competitors are advertising.
- Experiment with new publications.
- It is generally considered impossible to sell something that costs more than \$2.00 to \$4.00 direct from either a classified ad or a small display ad. This is because there just is not enough space to convince someone to part with \$10.00 or \$20.00. It takes a full page ad to do that.
- Set up your own in-house advertising agency and save 15% on every ad you place.

Responding to Inquiries

- Each inquiry you receive in response to an ad should be answered via First Class, if at all possible, within 24 hours.
- The contents of the envelope going to the prospective customer should contain: a circular, promotional flier, or mini-brochure, a sales letter, an order form (the order form can be part of the circular), a return envelope, and other appropriate information, such as a fact sheet, a free report,

etc.

- In general, circulars should be limited to one 8-1/2x11 page.
- A sales letter, on the other hand, can be as long as it takes to say everything you need to say to a prospective customer in order to sell him the product.
- Sales letters should have an attention getting opening. The idea of the opening is to get him to read the rest of the letter.

Postage and Shipping Cost

- Answer inquiries to your advertising immediately and via First Class Mail. Use Bulk Mail for future mailings.
- You can save a great deal of money by getting a Bulk Mail permit. The minimum number of pieces per mailing is 200. Mail must be zip sorted. Postage is 23.3 cents for up to 3.3 oz. Get more specific information from your Post Office.
- Keep your mailing lists clean - updated.
- Utilize all of the various mail classes, such as Printed Mail and Book rate.
- Compare costs of shippers other than the Post Office.
- Guarantee return postage.
- Watch your shipping weight. A fraction of an ounce can make a big difference in a large mailing.

Printing Cost

- Finding the right printing company takes time, so keep shopping until you find the right one.
- Very large printers will not be interested in your business. Very small ones, Quick Printers and Instant Printers although convenient, are generally too expensive. Their equipment is not large enough to be competitive.
- There are many medium sized printers that will give you good pricing, and quality printing. Often they have the capability to help you with layout and design.
- Don't hesitate to use out of town printers. If you live in a high cost-of-living area, you can probably save a substantial amount of money. Many of these printers advertise in mailorder

publications.

- Utilize the promotional material available from your supplier.
- Until you know what sells, print small quantities, even if it is more expensive.
- Use colored paper for your promotional flyers to spice up your offer. Use white paper, blue or black ink for everything else.

Customer Payments, Refunds and Complaints

- Accept cash, money orders and checks.
- Some mail order companies state in their material that they will not ship for 10 days to 2 weeks when payment is made with an out of town check. This may be an unwise practice because it can create ill feelings with your customers. NSF checks are rare. If in doubt, call your customer's bank and inquire if funds are available in the amount of ____.
- An increasing number of mail order companies accept credit cards - Visa and MasterCard - for payment. It is generally felt that it does increase sales, especially if you take telephone orders.
- If you cannot obtain a credit card merchant agreement with your bank, work through a credit card clearing house. A number of these companies advertise in mail order publications. Since these companies generally charge between 7-10%, it may be wise to set a minimum amount such as \$15.00 for credit card orders.
- Remember, "the customer" is always right. An argument won, is usually a customer lost.
- If you receive an order with an underpayment, ship the order and bill the customer for the difference.
- Make refunds on overpayments quickly.
- Most mail order companies offer a 30 day money back guarantee. Some offer 90 days and even more.
- It is unwise to offer money back guarantees on items priced very inexpensively, for example, a \$3.00 report.

Record Keeping

- As in any business, it is important to keep records.
- You need records to tell you what is going on in your business; to evaluate both your revenues and your expenses.
- It is also required by law that you keep certain records.
- Keep especially good records of your advertising expenses so you can evaluate your advertising on an ongoing basis.

Mailing Lists

- It is recommended that you do no direct mailings, except to your own lists of customers and inquirers, until you have thoroughly tested a specific product through advertising.
- Stay away from inexpensive mailing lists, under \$40-\$50 per 1000.
- Avoid mailing lists whose owners make unrealistic claims.
- The general consensus is that you need to mail a minimum of 1000 names to get a fair reading. 5,000 names would give you a more accurate test.
- The best mailing list is your own list of buyers. Second best is your own list of inquirers.

Follow Up

- The most important factor in mail order is FOLLOW-UP. Substantial profits can be generated from this segment, if it is properly handled.
- You can generate a lot of sales by including promotional material when filling orders for customers. Other orders are generated from mailings that are made to former customers, as well as individuals who inquired about an offer in the past.
- Send out regular mailings to your customers. At a minimum, four times per year. However, you can send out mailings as often as every 6 weeks or so, if you have a new product to offer.
- Send follow-up mailings of the same or similar offers to inquirers of advertising who did not buy the first time - 2-4 additional mailings.
- As you build your mailing lists and you send out regular mailings, your orders will start flowing in.

Research and Education

- Whether you are new to this field or not, to stay on top, you must continue your education by reading books and reports on mail order and subscribing to mail order publications.
- Always be on the lookout for new products you can offer your customers.
- Study the advertising of your competitors. Request their material and study it.
- Study all mailings you receive.
- Disregard the MLM schemes that you receive, chain letters, recipe clubs, etc. They are all the same, a big waste of money. Many of them are illegal.
- If you are new to mail order, read various publications that will improve your knowledge of the field.

Continue to learn about mail order by reading, experimenting, and talking with other mail order operators. Have patience. Success will not come overnight. It takes time to build a successful business. Start slowly and expand your business from your profits.

Good Luck!