



Why Some Lists Work And Others Do Not by David Bancroft Avrick

It's amazing. You read a datacard and the description of the list that you're planning to select appears to be a perfect match to your customer profile. You rent 5,000 names and mail them. Your mailing is a disaster! What went wrong?

You immediately double check the datacard - yes, it still looks right. You call your list broker and ask: "did they ship the right names?". The list broker checks and says: "yes they shipped the right names".

So now you're left with the question: Why do some lists work and others do not?

What criteria are important when selecting a list for testing? I've compiled factors that can and should be used when deciding whether or not to test a list.

For years we've talked about RFM: Recency, Frequency and Monetary. And these are unquestionably critical elements in list analysis. But there are many, many others. Depending on your offer, some will be more applicable than others. But each of these elements will impact on why some lists work to your offer, and others do not.

The more "alike" the prospect on the mailing list you are considering is to your customer, the better the success you will have. So the first thing you must do is to figure out what your current customer is like; including what kind of offer you originally sent to them that converted them from a prospect to your customer. Let's start looking at what will make a list work. Depending on your offer, the importance of these characteristics will vary.

1. [Is the list owner renting your list?](#) One of the best signals that a mailing list will work for you is that the list owner is renting your list. Conversely if the list owner tested your list, but did not continue, there's a good chance his list will not work for you either.

2. [Are the prospects within your defined target market?](#) You might have a datacard that, at first glance, describes a list that's very similar to your best prospects. But, you must look deeper. For example, a wealthy homeowner in an urban area, who spent \$500+ on a mail-order product, is still not going to buy your snow blower, which is only practical for someone with 2 or more acres of land.

3. [Gender.](#) Is there a gender prejudice to your offer? What percentage of your list is male? If your offer is predominantly male, is the list you're looking to rent overwhelmingly male? If the list is 50/50, that does not mean you can select just the male names. If you're selling a 'macho' product, and you select just the male names from a list that is only 50% male, there's a good chance your offer will bomb. Why? Because the nature of the offer that the outside list responded to may not have been macho enough. So looking for "male" lists is very different from selecting males from a male/female list.

Check the gender, does it make sense? If you're in the business opportunity area, for example, the typical list will contain 70%-80% male names. If the datacard shows the male/female breakdown is 50%/50% the list is probably a 'work-at-home' product, irrespective of what the datacard language says. You can use the gender as a reality check.

4. [There's a difference between demographics and the type of purchase.](#) A 900-number psychic reading company might generate an average order of \$90. But the average age is probably 34 and the average income is \$28,000. A datacard showing an average order of \$90 might sound terrific for a high-ticket offer. You must study the actual nature of the offer that was made to determine if it is a 'fit' for your-ticket proposition.

5. [How did the people pay?](#) Did the buyers on the list you're considering pay by check or credit card? Did they respond to a soft, 'send no money now' offer? Did they call an 800 number? If you're making a cash (check) offer, renting the names of people who bought using a credit card will significantly hurt your response.

6. [Seasonality is different from recency.](#) Everyone talks about 30-day hotlines. The hotter the better. Many people are renting names on a weekly basis. However, your offer might be impacted by seasonality. For example, if you're sending out a Christmas offer, you'll probably be better off renting the names of people who responded to a Christmas offer last year, than a 30 day hotline. If you're selling seeds in the pre-planting season, you're probably better off renting names of seed buyers from last year's pre-planting season rather than names of people who just bought 30 days ago.

7. [New to File or Repeat.](#) When you think in terms of recency, differentiate between new-to-file names and repeat buyers. If someone bought from Land's End 150 times, what are the odds that they are going to become your client? However, if they just sent in their first order to Land's End, that means they're willing to 'try something new', and they would probably be an excellent prospect for your offer.

8. [What is the nature of the proposition?](#) Are people buying as a result of a \$10 million sweepstakes? Are they buying because they also get a half-dozen mystery gifts? Is the list you are considering renting highly promotional? If any of these are true, your straight, no frills, no sweepstakes offer is probably not going to work.

9. [Dollar Value.](#) Carefully check the dollar value of the buyers on the list you're renting. It's almost impossible to get \$200 out of a \$2 buyer. If the average order is \$25 - and you've got a \$100 offer - find out if you can select the higher priced names. If not, you'll probably be better off not mailing that list.

10. [What were the terms and method of payment on the list you're renting?](#) Was it 'send no money now, we'll bill you later?' Was it a free trial? Was it pay 4 equal installments of \$12.64? Even though these people made a \$50 purchase, that doesn't make them prospects for your \$49.95 cash-with-order offer. Can you select by offer? Can you select only those who paid, and suppress the deadbeats?

11. [What is the income and socio-economic status of the list?](#) A \$50 purchase isn't as important as whether this \$50 purchase was a necessity item as compared to a discretionary or luxury item. There's a huge difference between someone who bought 3 pairs of slacks for \$50 versus someone who spent \$50 for a box of chocolates. If you're selling a product that appeals to people in a specific socio-economic group, be sure the lists you're renting contains names of people in this same group.

12. [What impact does the presence of children make?](#) If you're selling a children's toy, it's easy enough to find toy buyers. However if you're selling a juvenile life insurance product, presence of children is critical and it might be harder to ascertain from simply reading a datacard.

13. [What is the length of residence of the people on the list?](#) The longer the person lives at a location, the more conservative, and the less likely to try something new. That's one of the reasons why 'new move' names work so well for a wide array of products and services.

14. [Are they homeowners or apartment dwellers?](#) Surprisingly enough apartment dwellers often outperform homeowners on many tests for a wide variety of products and services. For example, renters often respond better than homeowners to offers of low cost insurance.

15. [What is the marital status?](#) You might be surprised by the difference in response, and it's often exactly the opposite of what you'd expect. But if a list is not performing up to your expectations, this is certainly something worth investigating. An example here is life insurance. Single people often respond as well, or better, than married people, even though married people often have a greater need.

16. [What is the churn on the list?](#) Churn is defined as a lot of activity, in this case, a list being mailed many offers. If you're mailing to credit based lists you want to see a lot of activity. The more activity on a file, the better the response will be to most offers to that file.

17. [Is there modeling capability?](#) Although you may be able to model a list you rent, the list owner really knows and understands each segment of their list. Most mailers find that it is better to have the list owner do the modeling on their list in order to identify profitable segments of the list to mail to. The list owner usually has the best information regarding selections that are available, and how to combine them

18. [Are they really buyers? Or are they inquiry names?](#) Many datacards list the two groups together - such as: "buyers and inquirers". Buyer names always outperform inquiry names. Even though the datacard might not indicate a selection, it's always a good idea to ask if you can select only the buyer names. You might also want to ask what percentage of the names are buyers. It's important to perform a reality check here - if the average order for the product is \$1000 and they have 500,000 names - and they say 50% of the list is buyers - then you have to ask yourself if it's reasonable that 250,000 people spent \$1000 with this company? That would translate to \$250,000,000 in sales. If a newsletter combines trials with subscribers - and the newsletter sells for \$100 - and they claim 250,000 names - is it reasonable that the company sold 'millions' of dollars worth of subscriptions in one year? Or is it more likely that the list is overwhelmingly composed of trial subscriptions that did not convert.

19. [Are the names deliverable?](#) This is certainly a bigger problem when renting international names than domestic names. But

if the list you are renting is stated as "1-36 month" there's a very good chance some 48 or 60-month-old names are still on that list. And with 20% of the country moving each year - you are probably facing having 50% of these names undeliverable. Unless you're mailing first class mail, you'll never know this.

20. [Is the list saturated?](#) The flip side of the comment regarding 'churn' is over-use of a list. This is especially true in telemarketing. A great many companies telemarket the names of people who purchased as a result of a television spot or infomercial. It doesn't take very many calls before the recipient gets turned off - and starts to hang up on telemarketers.

21. [Selectivity is important.](#) The more selections that are offered, the more segments there are to test, or suppress. If a list has a significant universe of names, it's wonderful if 'all' the names are profitable. Alternatively, if you can profitably mail a segment that makes up 25% or 50% of the universe offered, that is much better than not being able to use the list at all.

22. [Who is the list owner?](#) Some list owners have a reputation for offering lists that are not exactly as advertised. Some list owners will market a list as containing 50,000 current year buyers. In reality they have 10,000 buyers a year. When you test the list you get current year buyers, when you rollout you get 1, 2 and 3 year old names, and the continuation is a disaster. Most reputable list brokers know who the less-than-reputable list owners are. It's important to do another reality check here. Have you seen mailings from the list owner? How did this list owner gather hundreds of thousand of buyer names? This list owner claims to have 250,000 current year buyers, with an average order of \$75. If they're doing almost \$20 million a year in sales how come they never tested my list, how come I've never received their mailing or catalog?

23. [Who is the list manager?](#) Just as noted above with regard to list owners, one of the most upsetting problems in the list industry is that some list managers are not ethical. Most of the more experienced brokers and mailers have identified, through painful trial-and-error, the questionable list managers. One way to help

avoid this problem is to deal with an experienced list broker. And don't hesitate to ask: "who is the list manager" - if it's not a company you're familiar with, ask about the list broker's experience with that manager, and if you're not satisfied with the answer either do some more checking, or forget about the list. You cannot afford to 'test' a list and then, if the test works, rollout and get murdered on a continuation. Often, irresponsible list managers will give you current customers on a test, and ancient names on a rollout.

24. [Exactly what was the source of the names?](#) Was it direct mail? Was it telemarketing, or space or television, or possibly the Internet? If you're doing direct mail, then direct mail generated names will most consistently be productive for you. Sometimes you can get television generated names to work, but only if you mail them 'instantly'. Traditionally, people who responded to telemarketing or Internet offers do not work well for direct mail offers.

If you do not have an 800-number, try to suppress the names of people who ordered using an 800-number (or get an 800-number). If you're not taking orders on the Internet, try and suppress the names of people who ordered on the Internet.

25. [Recency is considered critical to most mailers.](#) Many people are now mailing weekly hotlines. I've already mentioned the difference between seasonality and recency; but I cannot stress enough the importance of recency. There are some people who believe that the nature of the name is more important than recency - which a person who donates to animal causes will always respond to animal cause fund-raising promotions. I do not think that's true. For some reason an individual is moved to make a donation 'right now' to causes he or she believes in. And now, at this very moment, is when you want to reach these prospects with a fund-raising offer. Certainly it's critical to mail "alike" names. But a current, hotline name will always outperform an older name.

26. [How consistent are the names?](#) Several companies have more than one offer; yet they combine responses to all their offers into one list. For years, one of the major catalog companies, with an average order of around

\$40 combined these names with names generated from their semi-annual 'every item 99-cent' newspaper insert program. The two types of buyers were entirely different. If you tested catalog buyer names, and rolled out when tens of thousands of 99-cent buyer names hit the file, you were going to get destroyed. And, of course the reverse was also true - most low ticket mailers would do sensationally well when they mailed the 99-cent names and get murdered when they mailed the catalog buyer names.

One infomercial company combines their infomercial names with their periodic catalog buyer names. It wouldn't be so bad if they mailed the catalog consistently, because the mix would then be consistent, but they generate television names every day, and only mail the catalog a few times a year.

27. [How beat up is the list?](#) Several years ago, when 900-number mailings were the rage, one marketer sent 20 promotions out to each buyer before releasing the names to the market. When you use hotline names, you are competing with anywhere from 5 to 20 other companies mailing these same 'hotline' names. But you may also be following the list owner, who is mailing massive quantities of their own house offers before the names are released. It's a good idea to decoy the offers on lists you're considering renting, in that way you'll know exactly how many offers are hitting the list before the names are available to you. You'll also know how long the lists are withheld from the marketplace before they are released.

28. [Are special positions being offered?](#) In many instance this is not important. But, we know that there were two huge multi-magazine marketers competing with one another. The company that mailed their multi-magazine monster-sweepstakes offer 'first' had a significant advantage over the competition. Find out which offers are competitive with yours. It's often important to find out who is mailing the list before you, and to try and negotiate a priority position, so you can mail before your competition.

29. [Is the list owner holding back multi-buyers, or any other group of names?](#) Unless you have a very sophisticated decoy system it's hard to identify when a list owner is holding

back multi-buyer, or any other group of names. You should certainly decoy every list that you're renting to find out how quickly your decoy names appear on the list you're renting. If you place 2nd or 3rd orders, does your decoy name reappear as quickly as it did the first time you ordered?

30. [Are the multi-buyers really multi-buyers?](#)

A true multi-buyer is a person who has ordered, and then come back and ordered again. The customer has made more than one buying decision. Some data cards list as multi-buyers customers who have purchased more than one item in one transaction. This is more appropriately a dollar selection.

31. [Does your list broker manage the list?](#) This is a double-edged sword. If your list broker is also the list manager of a particular list they are recommending, the benefit is that they're very familiar with the list, the accuracy of the list, the selections, etc. Conversely, many times list broker will 'push' a list that they are managing, and that can be a very powerful negative to the mailer. List owners are always pushing their managers for 'new tests', and one way the manager can push the list is by having their brokerage clients test the files, even though they would not recommend this same list were it managed by another management company.

32. [What psychological hot buttons did the consumer originally respond to?](#)

Good examples of these are the greeting card or name-and-address label donor files. There are many people who will make a donation to a particular charity because they received a mailing with a dozen free greeting cards, or a package of address labels. They feel guilty and make a donation. They have no commitment to the particular charity. If your charity has a similar cause, the greeting card donor will probably not be a good prospect for your mailing. The same thing, of course, happened in the sweepstakes area. People who responded to sweepstakes mailings would often be unresponsive to non-sweeps mailings. So the product was irrelevant, the psychological hot button, the gift or the sweepstakes, is what made the person respond. Unless you're appealing to the consumer with a similar psychological hot button, this list will probably fail for you.

33. [Are there a lot of tests, but few continuations?](#) Ask the list broker to provide you with a list of companies who tested the list, and who continued on the list. Be wary of those lists that have a plethora of tests, but few continuations.

34. [Mail the best segment first.](#) If your offer doesn't work to your most promising lists and list segments, it probably won't work to the less favorable ones.

35. [Use Competitive Lists.](#) The odds that any new list you test will work are against you. However, if you're using a category of list that is working, be sure to test every other list in the category. If you're profitably mailing a new parent list, test every other new parent list. If you're profitably mailing a new move (change-of-address) list, be sure to test other new move lists. Every compiled list is different. You stand a much higher chance of getting a 2nd or 3rd new-mover list to work if you have one that already works, than you do of getting a brand new category of names to work for you. If you experience significant duplication between lists, discuss this with your broker, because that problem can usually be solved with a better net name arrangement.

In any direct response business, the object is to get as many lists to 'work' as possible, and to get the largest universe to work as possible. Were you to follow all of these guidelines all of the time, you would probably end up testing very few lists, and then only testing minute selections. That's not going to help you build your direct response business.

If you're just starting out, you cannot afford dozens of tests that fail because of poor list selection. But, in my opinion, there are several benefits to studying this checklist and incorporating it into your list selection process. It will certainly help you evaluate lists that you're considering testing.

If a list was tested and it was marginally unprofitable, this data may be very helpful. Let's assume you're working with a reputable list broker, one who has extensive experience in your marketing category. A particular list makes sense and you test it. Unfortunately the test is marginally unprofitable. Instead of simply discarding the list, you can use this test

to help you consider segments of the list that might prove profitable.

These criteria should also help you avoid predictable disasters. Nowadays it costs \$3,000, or more, to test a list. And that assumes you're just testing 5,000 names. No one can afford to throw away \$3,000 several times every month. Or worse, test a list, have it prove profitable, and then get destroyed on a continuation.

Certainly no "list about lists" can be complete. I assume everyone who reads this article will come up with 1, 2 or more critical items that they use when predicting whether and why a particular list will, or will not, be profitable.

These criteria have guided me in renting tens of millions of names for the mailings I've sent out. And hopefully they have guided the many mailers who have profitably mailed the hundreds of millions of names I've been privileged to rent to them.