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MAIL ORDER SELLING

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**How to Market
Almost Anything by Mail**

IRVING BURSTINER

MAIL ORDER SELLING

How to Market Almost Anything by Mail

THIRD EDITION

Irving Burstiner, Ph.D.



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Dedicated to my wife, Razel,
for her patience and encouragement

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Preface

Welcome to this thoroughly revised, updated, and expanded *third* edition of *Mail Order Selling*! I've added six new chapters; each is packed with dozens of useful facts:

- *Chapter 1—“Exploring the Exciting World of Direct Marketing ”* Reviews direct marketing's expanding role in our economy, introduces the field of mail order selling, accents the contributions of direct response advertising, and describes the phenomenal growth of at-home shopping via TV.
- *Chapter 7—“Automation Alert: Go on Computer as Soon as You Can ”* Focuses on the benefits of computerizing your new mail order business, offers advice about the kinds of hardware and accessories you'll need, and recommends appropriate software for the direct marketing firm.
- *Chapter 8—“Promotion: Your Master Key to Sales Growth ”* Offers many insights into the promotion mix, the tools and techniques of sales promotion, effective public relations programs, and publicity.
- *Chapter 19—“Telemarketing.”* Provides specifics on the value of adding a telemarketing operation to help you increase your sales volume and on the training of skilled telemarketers.
- *Chapter 20—“How to Manage Company Finances More Effectively ”* Shows you how to improve your mail-order operation by monitoring closely certain financial ratios, how to avoid cash flow problems,

the value of budgets as planning and control devices, and the tax obligations you face as a business owner.

- *Chapter 21—“Planning Your Organization.”* Discusses approaches to organizational planning including recruiting and selecting personnel, pay plans, the training and development of employees, motivation, and supervision.

The third edition is designed to help those among you who fit any of the following brief descriptions:

- You have the courage and initiative to dream about starting a business of your own, even though you're not sure of the type of business to go into.
- You prefer to keep your present job for the time being, so you can *continue to buy food and clothing, pay the rent, and take care of other necessities*, but you need to earn more.
- You're struggling to keep abreast of inflation, cope with a sluggish economy, and live with high tax rates.
- You've been looking for ways to convert your idle time into extra dollars.
- You would like to know more about the potential of a mail order enterprise.
- You're becoming increasingly dissatisfied at your place of business, perhaps because you're paid much less than you believe you're worth or because you realize that your chances of being promoted are rather slim.
- You haven't enough capital to warrant investing in machinery and a plant or a new store and its opening inventory.
- You find you must stay at home, yet you would like to bring additional income into your household.
- Although retired, you know you need to earn more so that you can pay for an occasional vacation, a new car, or some other luxury.

My intent was to write a comprehensive, practical, and easy-to-follow guidebook for starting and running a successful mail order operation. I planned to remove much of the mystery that seems to surround this field and to expose those “secrets of the trade” that are presumed to be known to only a few. At the same time, I studiously sought to tone down those exaggerated visions of potential, untold wealth that reputedly hypnotize the aspiring mail order entrepreneur.

I won't promise to set you squarely on a fast, sure track to riches. The truth of the matter is that mail order selling isn't a quick, certain, no-sweat path to wealth. To succeed in this field, just as in any other kind of business, you need courage, know-how, innovativeness, and dogged perseverance. You must also have some money to invest. Even

with these requirements fulfilled, you still face a great deal of hard work—and uncertainty.

Yet, mail order does have its attractive features. Some of them are unique. For example, there's no need to commit yourself at the outset to renting business premises. Nor do you have to leave your present job. Moreover, you can launch your own business with a much smaller investment than is typically required for other types of enterprise.

Yes, you can earn an excellent, full-time livelihood selling by mail. You may even succeed in making a lot of money; many people do. But perhaps the most rewarding payoff in this business is the fun and excitement you'll enjoy all along the way.

Many of the mail order books and manuals currently on the market are weak in specifics, or bog down in trivial details, or are unrealistic in their appraisal of eventual rewards. Few offer more than a cursory treatment of "prestart" activities, so important in securing a foothold in this field. Two or three are much too technical, too advanced—and designed to serve primarily as texts for advanced courses in direct marketing. They're not for the beginner, but rather for the larger, well-established operation.

This third edition of *Mail Order Selling* is organized into five parts:

- **Part I** introduces you to the exciting field of direct response advertising in general, and mail order selling in particular, and then discusses the phenomenal growth of at-home shopping via TV. After reviewing the more significant advantages and disadvantages of starting one's own business, you're offered a thorough grounding in the fundamentals of launching a mail order operation and provided with a detailed outline to help you prepare your business plan.
- **Part II** begins by furnishing insights into buyer behavior and demonstrating how to target both consumer and organizational markets. You're shown where to look for, and how to select, goods and/or service(s) to sell by mail. You discover how to locate the financing you need to start a successful business. You learn all about balance sheets and income statements—and how to set the selling prices for your offerings. Following a discussion of the advantages and disadvantages of the three legal forms of ownership, you're shown how to set up your operations center, told about patents and copyrights, advised on the kinds of insurance coverage to seek and on which records to keep (and how long to keep them). You're also advised to computerize your operation just as soon as you can. A thorough treatment of promotion then follows. You learn about the tools and techniques you need to convey the story of your new mail order enterprise to potential customers and how to get free publicity. An entire chapter about the selling process concludes this part.
- **Part III** focuses on print advertising and the print media. It delves into the intricacies of print production, discussing such aspects

as composition, art and photo reproduction, the use of color, and hints for reducing production costs. Subsequently, you're shown how to create effective print advertisements, devise compelling headlines, and write order-pulling ad copy.

A detailed overview of direct mail selling follows. This describes the "basic direct mail package" and shows you how to schedule your direct mail campaigns, key your mailings, convert inquiries into orders, save on postage, and much more. A chapter on mailing lists addresses important topics such as list maintenance, the testing and evaluation of purchased lists, and how to make more money by renting your house list. It also offers a sampling of list brokers and compilers, along with their names, addresses, and telephone numbers.

The final two chapters in Part III are devoted to the print media. You learn of the different types of newspapers and magazines, review the attractions and drawbacks of these media for direct-response advertisers, and are shown how best to buy space. Also provided are comparisons of advertising rates among a variety of magazines.

- **Part IV** explores the broadcast media. It examines the advantages and disadvantages of advertising on radio and TV and, among other topics, describes how to purchase air time and how to prepare results-getting radio announcements and TV commercials. A chapter on telemarketing completes Part IV. You learn why this method of selling has been growing so fast as well as how to develop your telemarketing program, hire and train telemarketers, and other useful information.
- **Part V** contains three chapters, each of which offers more advanced information for the growing mail order firm. You learn how to run your business better by monitoring certain financial ratios—and are given a simple procedure that will stave off cash-flow problems. You're shown how proper budgeting can help you plan and control your operation. You're also made aware of your responsibilities regarding taxes and your company.

The topics of organizational planning, personnel administration, motivation, and employee supervision are then addressed. The final chapter in this book centers on the future of your new mail order business. After discussing both growth and expansion, it explores other opportunities—in wholesaling, manufacturing, and retailing.

- **The Appendix** contains examples of filled-out federal tax forms to help you in preparing your income tax returns for your new business.

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PART

I

INTRODUCTION

Exploring the Exciting World of Direct Marketing

Over the second half of this century, a vast explosion of scientific knowledge has transformed much of the American scene—hopefully for the better! Among the more memorable technological innovations are the jetliners that crisscross our skies; lunar modules, satellites, space probes and shuttle voyages; robot-controlled assembly lines; and the rapidly developing science of genetic engineering.

In the business sector, changing technology has also impacted marketing activity in general and mail order selling in particular.

A few of the technological contributions that affect direct marketing companies include:

- Advances and refinements in television including, among others, stereophonic sound, remote controls, cable television, satellites, and the proliferation of transmission channels.
- The invention and rapid mass acceptance of such home/office equipment as tape decks and cassettes, personal computers, camcorders, VCR recorders and tapes, compact disks, CD-ROM players, and so on.
- The distribution of 800 and 900 telephone numbers; inventions such as beepers, portable and cellular phones; and other accomplishments in telephone technology.
- The accelerated evolution of room-sized data-processing equipment, culminating in the proliferation of diminutive yet power-packed

desk-top and laptop computers with all their wizardry and multimedia capabilities.

- Ongoing experimentation with advanced interactive electronic systems and the development and continuing expansion of the information superhighway.

Over the past few decades, we've also witnessed substantial change within the American population. Among the features of singular interest to direct marketers are:

- An increasing life expectancy.
- Vigorous growth in nonfamily, one-, and two-member households.
- A large number of married women now in the workforce.
- Increasing per-capita income.
- A higher level of education.
- More leisure time.
- Widespread interest in proper diet, physical exercise, and maintaining good health.
- Sharp growth in the "Over 65" age segment of the population.
- The near-universality of credit-card usage.

THE EXPANDING ROLE OF DIRECT MARKETING

During the past half-century, major changes have also taken place in the mail order/direct marketing arena.

The leading publication in its field defines direct marketing as:

An interactive system of marketing that uses one or more advertising media to effect a measurable response and/or transaction at any location, with this activity stored on database.¹

Mail Order and Direct Marketing

Along with tremendous growth in this field over the past few decades, the phrase *mail order selling* has been supplanted by the term *direct marketing*. We should, however, distinguish clearly between these two terms. Strictly speaking, mail order refers more to a specific *method* of selling than anything else. It entails *selling by mail* either through:

1. Mailing out circulars, brochures, sales letters, flyers, catalogs, and/or other advertising literature (we give the name *direct mail* to this advertising medium) or
2. Using newspapers, magazines, radio, television, and/or other media to bring in orders or inquiries.

¹ *Direct Marketing*, September 1994, p. 4.

Selling by mail then fills those orders or requests for information via the U.S. Postal Service or, perhaps, an alternate carrier such as United Parcel Service (UPS).

On the other hand, *direct marketing* is a much broader concept, although that began with mail order selling. It is a complex marketing system characterized by an interactive, multimedia approach. Not only does it make use of the more traditional advertising media (direct mail, magazines, newspapers, radio, and television) but also it often employs inbound and outbound telemarketing, home shopping programs and infomercials, computer services, relationship-building databases, and other electronic approaches.

A number of major corporations, among them Motorola, AT&T, and Hewlett-Packard, are presently developing "complete interactive communication centers—a combination of television, computer, telephone, and database for every home around the globe."²

The Internet

Often referred to as the electronic or information superhighway, the Internet or Net is a vast global web of computer networks into which as many as 22 million people can now tap through home and office computers. The number of Internet "travelers" grows at the rate of a million more each year.

The roots of this information freeway go back nearly three decades to a loosely organized network of computers used by government agencies, university researchers, and a few large corporations to share information.

On the Internet, all kinds of information can be retrieved from thousands of databases around the world. You can also send and receive electronic mail (E-mail), shop for goods and services, play games or converse with other people along the highway, post notices on electronic bulletin boards, and both receive and forward news items from and to just about anywhere. With the exception of the telephone charges that can accumulate rapidly, you'll find that Internet usage is free—and open to one and all.

Incidentally, posting a notice on one of the bulletin boards expressing your readiness to mail information free of charge to interested parties may bring in many hundreds of replies. One caution, though: Before tapping into this electronic superhighway be sure to learn all you can about the Internet itself, user etiquette, and the politically correct way to proceed.³

² Robert McKim, "The New Interactive Marketing Opportunities," *Direct Marketing*, September 1993, p. 31.

³ For helpful insights into the electronic superhighway, see: Jill H. Ellsworth and Matthew V. Ellsworth, *The Internet Business Book* (New York: Wiley, 1994); Paul Gilster, *The Internet Navigator*, 2d ed. (New York: Wiley, 1994); John R. Levine and Margaret Levin Young, *More Internet for Dummies* (San Mateo, CA: IDG Books, 1994); Mary Ann Pike, *Using the Internet*, 2d ed. (n.p.: Que Corporation, 1995).

You can gain access to the Internet through CompuServe, Prodigy, Delphi, GENie, America Online, and other service networks.

MAIL ORDER SELLING: THE CORNERSTONE OF DIRECT MARKETING METHODS

To many of us, an enchantment surrounds the two words mail order. Mail order selling seems to be the kind of money-making business that offers great potential and yet doesn't call for very much in the way of capital investment. Moreover, you can start it up without endangering, or leaving, your present job.

Mail Order: Myth and Reality

We're fascinated with the dream of making a big score, of being inundated with orders, of mail bulging with checks and money orders, of firmly stepping out on the road to riches, of financial independence and self-sufficiency. It all seems so easy, too. Find a unique product, prepare and place an advertisement, and the orders soon begin to arrive. All you then need do is address labels, cart off packages each day to the post office, and, of course, make your daily deposits at the local bank.

Most of us believe we can do all this on little more than a shoestring. We can do it in our spare time. We need no office, no place of business; a table in the basement or the kitchen should suffice.

This widespread, positive, and exciting attitude is encouraged by the many books, pamphlets, and manuals that are available. Many of them preach how easy it is for you to make a fortune in next to no time at all.

Although people can and do strike it rich in the mail order field, overnight successes are extremely rare. Despite what you may have been led to believe, you probably won't get rich by the end of your first six months of operation. Nor in a year's time. It may take you five, ten, or more years—or you may never become rich at all. What you most likely can do is earn a living, a good living. Eventually, too, you may become most comfortable.

The purpose of this book is to help show you how to attain that objective.

The Mail Order Dilettante

Many of you may have already experimented once or twice with marketing merchandise by mail. A typical scenario runs something like this:

You come across an interesting product. You believe you can sell it for perhaps three times its cost or even more; this gives you the kind of markup that makes the item "workable" for selling by mail. From the manufacturer or other source, you obtain a glossy 8 × 10 photograph of the product. You prepare copy and suggested layout for a small advertisement, then schedule space in a forthcoming issue of a magazine. The advertisement is published—and you await the results.