

Maintaining Your List to Maximize Success is not a Fairytale

From Deliver Magazine, February 2008

The story behind Fairytale Brownies has all the charm of your classic rags-to-riches yarn: Two friends who first met in kindergarten decide in 1992 to launch a company with little more than a secret family recipe. Eileen Spitalny and David Kravetz baked their first batch of brownies in a kitchen borrowed from a friend, the culinary equivalent of an '80s-era Silicon Valley garage. Sixteen years later, their Phoenix operation is the largest mail-order gourmet brownie company in the United States.

One can hardly blame Spitalny and Kravetz if, along the way, they allowed themselves to get a little overambitious. Four years ago, the company hired an agency to help expand its customer list. On the firm's recommendation, Fairytale Brownies acquired "all these lists," Spitalny says with a sigh. That might have worked with a larger company, but for Fairytale, the strategy was risky.

Problems soon arose in the wake of this daring, unfamiliar new effort. To keep up with its expanding customer list, Fairytale increased its catalog production. By 2004, the catalog's circulation had increased from 600,000 to 1 million. However, response rates and new customer acquisitions were barely enough to recoup the cost of the campaign. Shortly afterward, the brand dissolved its relationship with that particular agency.

The problem the company encountered was a common one among businesses of all sizes: Poor list management. Companies often learn too late that buying lists doesn't automatically guarantee an increase in sales, or even that marketers' messages are reaching the right people, especially if those lists are outdated or filled with the wrong types of consumers. And in many instances, relying on poorly maintained lists can create more problems than a company may anticipate.

"The strategy [the agency] recommended got more and more aggressive, and we'd always been growing so we were up for it," Spitalny says. "But we went a little too far. We sent out catalogs without a specific name. That doesn't break through the clutter."

Spitalny's company returned to managing its postal list in-house and scaled its list back. Then in 2006, Fairytale hired a catalog marketing firm with the hope of growing its

list properly. This time, the mail order company was determined to be less reckless.

The plan for Fairytale Brownies was multi-pronged. First, the agency insisted on list hygiene and cleaned up any inaccuracies in contact information or faulty assumptions. For example, Fairytale Brownie's internal marketing had previously assumed that a customer file with a name in the company field indicated a commercial customer, whereas customers without a company name were assumed to be private residences. That didn't account for customers who might have ordered a personal gift and had it delivered to their work address.

The second step was to help the brownie company segment its list more effectively by using an enhanced version of RFM, the letters of which refer to how "recently" a customer has made a purchase, the "frequency" of that customer's purchase history and the "monetary" value of those purchases.

Since refining its list management, Fairy tale Brownies' catalog circulation has ticked back up to 2 million, but this time the brand is doing far more than breaking even. Its sales have increased 12 percent

So what do you know about your list? Do you keep it current? Clean it? If you don't you're sending unnecessary mail and incurring unnecessary postage and production costs. And, if you send a large percentage of mail pieces to bad addresses or uninterested recipients your ROI will suffer.

According to the US Post Office, U.S. businesses send billions of pieces of mail that are undeliverable as addressed (UAA). By taking simple, ongoing steps to maintain a clean, up-to-date list your business can reduce the amount of UAA mail. At the same time, you'll reduce your environmental impact by decreasing the paper, ink, and energy used when producing these pieces. There are many resources available to help hone your lists.

- ZIP CODE correction ensures that mail is delivered to its proper recipient
- Address standardization eliminates address errors
- National Change of Address (NCOA) corrects addresses
- Address Element Correction (AEC and AEC III) corrects problem addresses through enhanced ZIP+4 processing
- US Postal Service Address Change Service corrects an address after mailing
- DMA Mail Preferences Service (MPA) lists consumers who want to receive less unrequested advertising mail

Eliminating bad addresses isn't the only thing you can do to hone your list. Even your customers can help. Much of the emphasis on recent postal optimization initiatives has been on address list cleansing, particularly technologies that identify and mitigate

undeliverable mail before it enters the postal stream. Emerging also are tools to add address intelligence for improved visibility of each mailpiece, end-to-end delivery performance measurement and data consolidation. Improving mailing list quality reaps benefits beyond postage savings. Costs associated with manual processing or forwarding of address changes, while often hidden, can be considerable. Manual handling also significantly increases the probability of data entry errors that can result in undeliverables, thereby, prolonging the cash cycle and potentially eroding customer satisfaction.

Postage optimization isn't just co-mingling mail, it's taking a holistic view of the whole process. It's co-mingling, it's co-palletizing and it's drop shipping directly to postal facilities. But to really generate top results, it should also include paying attention to the data in new and powerful ways.

- Merge and purge mailing lists often to remove invalid names and addresses
- Provide frequent, clear opportunities for customers to opt-in and opt-out
- Maintain a Do Not Mail list to prevent unwanted communications
- Allow customers to specify their preferred method of contact
- Keep a detailed suppression file that classifies customers by the products they're interested in and the products they're not interested in
- Use incentives to encourage customers to proactively notify you of incorrect mailing information or duplicate mailings
- Target and mail efficiently, using segmentation and modeling to select recipients
- Personalize your message to increase relevance and maximize response
- Test a sample of a list before mass mailing to ascertain its accuracy

Quality, efficient database management should be a high priority for businesses. Driving this is the need to reduce mailing costs while improving the relevancy of the mailings. Every step you take to maintain a clean, relevant list helps your business' efficiency, effectiveness, and bottom line.