

# Special Report

## Direct Mail Response Rates

**D**irect mail is an excellent choice to increase repeat and referral business as well as develop new business. It balances the need for personal touch with reasonable cost. After choosing to market directly to past clients, personal sphere or farm, the question most professionals ask is, "What type of response rate can I expect? What is my return on investment?"



Return on investment will depend on who you are mailing to. Mailings generally are sent to two audience types:

1. **A Warm List** – those who know you, have done business with you and trust you, or
2. **A Cold List** – those who don't know you and haven't done business with you yet.

The response you receive from your mailings will depend on what you send, how often you send it, your message and the methods you use to follow-up.

### Expected Response from a Warm List

Your warm list consists of past clients and personal sphere. When you target this market, you can expect a far better response than from a cold list because they know you and/or have used your services in the past. Without the prompting of a monthly mailer and request for referrals, your warm list may not refer business to because they may think you're too busy or worse yet, they've forgotten you're in the business.

Even if your past clients or personal sphere aren't currently thinking about moving or refinancing, they're more likely to refer you to their friends and family members if you ask. Anecdotal evidence suggests that you can expect immediate response from a mailing to your warm list. Your mailings will typically pay for themselves within 1-2 mailings (see sidebar).

*... a direct mail piece with more than a 1% response rate is considered exceptional, and that statistically, postcards get more attention than envelopes in peoples' mail boxes. Essentially this means that if you mail 500 pieces and you get five phone calls, you are doing exceptionally well.*

(Source: Barrett Niehus, Real Estate Marketing, Do you Use Direct Mail?)

### Ways to Improve Your Warm List Response Rate

When sending direct mail to past clients, make sure it's friendly and personal. Postcards and newsletters work well because you can offer value-added information in an easy-to-read format, and readers will remember that you're the person who sends those yummy recipes or great home tips month after month. When you send "keepable" items, clients can quickly locate your information when asked for a mortgage or real estate professional recommendation.

Maintain frequent contact with your warm list. Ninety-five percent of professionals don't

maintain contact with their past clients. By not maintaining frequent contact, you are "giving away" business that you've already earned to someone else.

### Expected Response from a Cold List

When sending direct mail to a farm, you may get some immediate response (approximately 1% – see sidebar), and your response rate should increase during

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the next 12-36 months. Statistics show it takes up to 7 repeat mailings before someone trusts you enough to take action and pick up the phone. This means that if you commit to working a farm, you need to stick with it. It is better to work a smaller geographic farm and maintain frequent and consistent contact than to try and work a larger farm and contact prospective clients sporadically and inconsistently.

## Ways to Improve Your Cold List Response Rate

*"I just wanted you to know how successful my monthly postcard campaign has been. I started mailing 3 months ago on a monthly basis (340 pieces). Since that time I can track 5 applications for total loan volume of \$1,423,000 and I have another application scheduled for this coming Tuesday."*

(Source: Jonathan Lyons, ITT client)

1. Start by sending mailers that are consistent in their look and feel. You want prospective clients to associate you and what you offer with the mailer you are sending. As you consistently mail to this list, prospective clients will recognize your mailer, you and what you offer.
2. Target the market you desire to reach with relevant mailer. For example, if you're targeting Newlyweds, send postcards targeted specifically to them.
3. To obtain business, you must put something in their hands at least once a month. Ideally, you should contact this list 12-18 times a year to build name recognition and a relationship with these prospective clients. People are more inclined to do business with people they know or those they feel they want to get to know. Give them a reason to want to get to know you.
4. To increase the probability of potential clients calling, offer something free such as an informative report, free appraisal, credit report, brochure, educational seminar or other give away.
5. Consider sending value-added information that clients will use and keep, such as a calendar, landscape tips, recipe, etc.
6. Postcards work best for farm mailings because they don't need to be opened and can be quickly and easily read.
7. Be certain you obtain a quality list. The list should be fresh and relevant to the market you are targeting.

## 5 Five Tips to Improve Your Response Rate for Warm and Cold Lists

- 1 Know your intended audience and what they need.
- 2 Match your message to your intended audience.
- 3 Mail your pieces at a scheduled time each month so that your clients/prospects expect its arrival.
- 4 Ensure that your mailed pieces have a consistent look each month so that clients/prospects recognize "your" mailing pieces.
- 5 Don't wait for the phone to ring. Follow up with past clients and prospective clients using a variety of marketing methods to increase the probability that clients will call you and not someone else.

