

*Introducing . . .* **BTS Practice Management Series**  
*for Financial Advisors*



# Building Your Client Base with Direct Mail

*Finding opportunities that lead to new business and referrals*



## Why Direct Mail?

Even in today's fast-paced world of digital marketing, direct mail continues to thrive because it offers unique advantages to its users.

In fact, a new study by the Direct Marketing Association (DMA) reveals that direct mail is 10 to 30 times more productive than email for finding new customers<sup>1</sup>.

An Epsilon study found that 50% of consumers prefer direct mail over email. 67% feel it is more personal and 70% preferred mail for receiving unsolicited information from unfamiliar sources. 25% find direct mail more trustworthy than email<sup>2</sup>.

According to **Direct Marketing News**, direct mail is in a period of resurgence as more marketers are rediscovering the power of direct mail to get superior results<sup>3</sup>.

But making direct mail successful is not as easy as it looks. For one thing, it operates according to its own body of knowledge based on decades of relentless testing. It often departs from settled marketing practice and can defy intuition and common sense.

Perhaps you, like other advisors, have tried direct mail, but have been disappointed with the results.

Should that be the case, try using these expert direct mail practices to unlock a store of qualified new prospects.

## The Essentials

Successful mailings are built around a three-legged stool: 1) A qualified mailing list, 2) a compelling offer and 3) an expertly executed mailing piece.

All three components must be in place to make your mailing work. A great offer sent to the wrong list will fail. A perfectly-targeted list, superb copy and graphics without a relevant, motivating offer will fail.

It also helps tremendously if your firm has name recognition in your target market. If it does not, attempt to work in a nationally-known name on your mailing's envelope, letterhead, reply form, etc. For example, ABC Wealth Managers, an affiliate of (fill in name of nationally known financial company that has expressly authorized you to use their name).

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<sup>1</sup>Direct Marketing News, June 14, 2013, article, DMA: Direct Mail Response Rates Beat Digital

<sup>2</sup>Epsilon Website, Top Picks. Direct Mail Stats That Can't Be Ignored, September 6, 2014

<sup>3</sup>Direct Marketing News, June 14, 2013, article, DMA: Direct Mail Response Rates Beat Digital

## Choosing the Right Mailing List

In the trade, there are basically two types of mailing lists available - compiled and response lists.

Compiled lists are developed from census data, telephone directories, property tax lists and countless other sources of public information. The second type, response lists, is composed of people who have responded to various direct marketing offers. They are owned by publishers, associations, service providers, catalogers, event companies, etc.

Both compiled and response lists are available from direct mail list brokers.

*Generally, a response list will work better than a compiled list since the responders have acted on an interest in a product or service.*



The first step in list selection is to outline a demographic profile of your ideal client. Then ask a list broker or compiler to search out lists that are the closest possible match to your profile.

Compiled lists are typically custom built according to Zip Code location, age, gender, income, net worth, home ownership, home value, marital status, education, and credit status.

Response lists can offer similar demographic profiles as compiled lists with the added advantage of proved behavioral traits. The objective is to select lists of people who have indicated an interest in services that are related to your own, e.g., retirement planning, investing, financial security, etc.

You may elect to build your own list from club member lists, chamber of commerce lists, health care providers, etc. Although building your list takes time, it can be very productive since you have pre-qualified the names.

## Your Offer

No one will respond to your mailing unless you offer something perceived to be relevant to their needs. But when selling investment advisory services, what's relevant?

This is where psychology comes in.

Ideally, each potential client comes to you with particular goals for their money.

It's then up to you to help them realize their goals. Other times, your prospect hasn't thought much about the end game, often reflected in comments such as, "I haven't time to figure out how to invest." or "My money needs to work harder for me."

When you speak with a prospect, you ultimately are selling a means to their vision of the future. If your prospect has no firm vision, it's important that you help them build one.

Your direct mail offer must play into that vision. Your recipient must see your offer as being of value -- in some worthwhile way -- to realizing their vision.

The most productive offers are usually built around helpful, unbiased information that addresses a problem that's related directly to your services. One leading investment mailer offers a guide, "The Eight Biggest Mistakes Investors Make... and How You Can Avoid Them."

In today's era of low interest rates, you might consider offering reports on topics like "How to get higher interest and dividends from your investments" or "How today's new investment vehicles can increase returns and manage risk" or "Will you run out of money before you run out of time".

In any case, do not offer information solely about the services or products you provide, e.g., information about your firm's strategy, knowledge or competence, etc. Offering your firm's brochure, fact sheets, charts, generally does not work.

## Your Mailing Piece

The third essential for direct mail success is a winning "package". Specifically, your mailing's format, graphics and copy. Each play a vital role in getting your mailing opened, read and acted on.

### Format

For financial lead generation direct mail, your best approach is a one-page letter and reply form sent in a regular (No. 10) business envelope.

The letter based format enables the reader to get right into your message within the context of an familiar format.

Think of it this way. When you received your college acceptance, or mail from your aunt's attorney telling you've inherited \$50,000, or similarly important mail, what did those mailings look like? Most likely they were one page letters sent in a standard business envelope.

That's why a letter and envelope lead generation mailings usually outperform other formats.

Avoid self mailers. Intuition might dictate that sending an oversized, colorful self mailer filled with graphics and headlines would be most likely to get attention and action.

But direct mail often defies logic. Countless tests have shown that not only do envelope mailings work better, but that simply putting a self-mailer inside an envelope will improve results.

If possible, use a closed face envelope with a commemorative stamp. Give your mailings a personal, important looking

appearance. Avoid printing a "teaser" on your envelope. Teasers denote bulk mailings.

Also, don't add supplemental informational sheets in with your letter.

They draw attention away from your letter text which reduces response. Although it may seem logical to add in an additional selling sheet, it's another one of those direct mail no-no's that defies logic.

### Graphics

In financial direct mail, it is usually best to minimize graphics.

Resist placing tables or charts or other graphics within the text of your letter. Extensive graphics can draw attention away from the essence of your message.

Images can also be counterproductive.

This is because when selling an intangible, such as an investment service, you are selling a vision... unlike selling a product that can be photographed and described with features and benefits.

Since visions for using money are abstracts, it's better to use abstractions -- words or numbers -- that enable your reader to conceive his own vision of the value of your offer.

Putting graphics in your mailing can get in the way of this mental process.

For example, if a retirement mailing has a prominent photo of a couple playing golf and it reaches a reader who could care less about golf, what has your graphic accomplished?

It hasn't connected with the reader's vision of a happy retirement -- which isn't at all about golf!

On the other hand, your informational (fulfillment) piece can include charts and tables, etc., that support your message. This is because the recipient has responded to your offer and can now become involved in a more detailed selling message -- often including several informational pieces.

### Content

Your mailing must answer two crucial questions in a matter of seconds:

1. What's this about?
2. What's in it for me?

Because your letter copy is so crucial to the success of your mailing, it's best to get help from a professional direct mail copywriter experienced in lead generation DM.

Otherwise, if you decide to prepare your own mailing, here are some do's and don'ts:

Most important, build your message around one BIG IDEA -- and only one. Introducing many ideas in a mailing may become confusing to the reader and detract from response.



That idea can be in the form of a problem, e.g., rising interest rates, lessening risk, how to get higher interest and dividends, avoiding big losses, etc.

Or it can be in the form of an opportunity, e.g. low prices on energy stocks and bonds, new strategies, etc.

-- orient copy to the reader by using "you" and "your" instead of "we" and "us".

-- get in step with the reader's interests/needs in the first sentence of your letter.

-- articulate an investment problem or need the reader is likely to have.

-- position your offer as valuable help for solving the problem or need.

-- state how the reader can respond early on in the letter.

-- limit your paragraphs to one or two sentences if possible.

-- avoid long lines of copy that run across the page. They are harder to read.

-- succinctly restate your offer and its main benefit on the reply form.

Keep in mind the goal of your mailing's content is to capture the reader's interest and get a response. It is not to tell your whole story. That comes later.

In order to do that, your copy must create a mechanism the reader can use to further his own vision for his investments.

Money is usually not an end in itself. It is a means to a multiplex of ends which only the reader knows. Since your reader is not yet a client, you can only assume what those ends are.

Your copy has to be strong on articulating a problem, solution or opportunity that allows the reader to overlay -- paint in -- his own vision of ultimate benefits.

So when you write your copy, write as if you're writing a personal letter to single individual -- picture someone in your mind's eye - - whom you've never met.

#### Testing

Direct marketers seldom make a mailing without testing it first. Small lists of under 10,000 can be tested with as few as 1,000 names. Larger lists require 2000 to 5000 to produce a reliable result.

Testing enables you to find out if your mailing will work without making a big commitment of funds.

#### The Psychology of Repetition

When you have an effective mailing -- or borderline case -- try repeating the same mailing to the same list. Periodic repetition - - every 3-6 months -- increases overall response and can turn a borderline mailing into a winner!

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### About BTS Asset Management

Founded in 1979, BTS Asset Management is one of the oldest risk managers, managing traditional assets with a nontraditional approach. BTS has a multi-year track record in tactical fixed income and equity management. Our goal is to find opportunities with the potential to take advantage of rising markets while working to manage losses during downturns.

BTS:

- Seeks to preserve capital
- Aims to offer downside protection and upside potential
- Strives to reduce volatility while delivering consistent long-term returns



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