

# The Upstarts

Direct meets the young generation of list brokers

By Beth Negus Viveiros

Photos by Curt Goodwin

Each year, Direct gathers a roomful of list industry professionals to discuss the ins and outs of the brokerage and management world. Our panels typically have consisted of the "old guard," a.k.a. veterans with many years of experience in the trenches. But for this year's event, we decided it was time to hear what the next wave had to say. Participants were required to have no more than 10 years' experience in brokerage—call them Generation L, if you will. We were impressed by the thoughtfulness and passion each had for the industry and the issues it faces. "It's no longer just direct mail," according to Jeremy Johnson of Specialists Marketing Services. "We're working with all different sorts of things and trying to find the optimum method of acquisition for our clients."

**GREEN:** How did you get your start? What attracted you to the list business as a career? And what has kept you here?

**MCMULLEN:** I started at a small nonprofit right out of college. Slowly, I got involved in development and direct mail, and was lucky enough to hear about a position within May Development. I started there not knowing exactly what to expect as far as the list business was concerned, but soon grew to like it very much. What's kept me around is the fact that it allows me to work with nonprofits, so I have that feeling of doing something for charitable organizations, helping them grow and raise money.

**JOHNSON:** What has kept me here is the unknown. The industry is

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## PARTICIPANTS:

### ADAM MORAN

Executive vice president, Macromark

### JENNIFER O'BRIEN

Senior account executive,  
list brokerage, Statlistics

### SAM YOUNG

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### MICHELLE ARONE

Account director, ALC

### JEREMY JOHNSON

Vice president, list brokerage,  
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### FRAN GREEN

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evolving all the time. The Internet is now playing a huge role in what we do. It's no longer just direct mail. We're media brokers, we're working with all different sorts of things and trying to find the optimum method of acquisition for our clients, whether it be inserts, e-mail, postal mail, whatever. [I like] the fact that everything we do is measurable, everything we provide to our clients always has a result, so you know what happened with your recommendations. It's quantifiable, and it gives you a sense of pride when you can see that something actually worked.

**GREEN:** Most people in our industry probably didn't grow up thinking they wanted to be a list broker. *(Laughter.)* What makes the business fun for you?

**ARONE:** The new challenges.

When I started, it seemed we were just placing orders every day and making recommendations. But now we're putting together complete marketing strategies for our clients. We provide so much additional knowledge and information that goes beyond the order. We provide a lot of value-added services, combining our knowledge of the list business with their response history.

**GREEN:** Do you think 'list industry' is the right thing to call our business? Or is there another name that would better describe what we do?

**YOUNG:** It's customer acquisition. A large portion of what we do today is still in the postal area, providing direct response lists. But a lot of [it] goes beyond postal aspects into the online world, utilizing search and e-mail as an adjunct portion of [clients'] marketing efforts. Most of our clients—large and small—wear a lot of hats, so for us to only speak to them in the direct mail space isn't consistent with what they need.

**MORAN:** When somebody outside the industry asks me what I do for a living, I always just say 'direct marketing.' There's a lot of facets to our industry.

**GREEN:** Today, data is being used for so much more than merely direct mail list purposes. What are some of the other ways your company is using data?

**MORAN:** We're seeing various data elements overlaid or enhanced to client's lists to learn more about who their customers are and what other types of products or services they may be interested in.

**ARONE:** Clients have silos of information that they haven't been able to access, and with data we can provide our knowledge of how to get to those people. Enhancements that've been around for years have really evolved to the point where we can bring transaction information, firmographics and demographics to the client as appends and apply [all that] to the data they have in-house. They've acquired these customers and don't know why they've stayed or why they've bought. They have customers form multiple channels—business and consumer customers—but they don't know how to integrate them. Data provides that resource and helps clients market and coordinate those efforts.

**JOHNSON:** Taking that one

step further, once they learn more about their house file, a lot of mailers are looking to use that data to optimize what they're putting in the mail. They're not just taking three-month direct-to-publisher off a file and mailing that. They're applying additional data that might allow them to drop off the bottom 20% that's unlikely to respond. Another thing that's starting to come around is the whole ZIP+4 idea. Instead of doing a traditional ZIP select model, a lot of mailers are starting to look at ZIP+4, where they can look within a ZIP code and see which neighborhoods they want to target to optimize their campaigns.

**ARONE:** With the constant and ever-inflating postal increases, I think they *have* to optimize their mail campaigns,

**GREEN:** What are some ways



Fran Green



Michelle Arone

## IF YOU WERE IN CHARGE...

**GREEN:** Take off your broker hat. Your CEO has decided to give you a budget of \$2 million to invest in the company's future. How are you going to spend it?

**MORAN:** The main asset of any company is its people, so investing in good quality people and the best talent you can get is my best bet.

**ARONE:** I agree, but I'd have to say I'd do an analysis of what in the company was taking the longest and what was the biggest waste of time and make it easier. Maybe I'd reinvent MIN. (Laughter.) Of course, MIN can only be as good as whoever is putting the information into it. It's not an easy thing to use. I'd make an easier order-entry system.

**MCMULLEN:** There are great systems in place where I am now, so I don't see an improvement there. But I do think I'd invest in personnel and expanding certain areas so there would be people both to bring in new business and handle current business. Those are important goals.

**JOHNSON:** For what I'd like to do, I'd need more than \$2

million. I'd look for ways to vertically integrate and come up with strategic partnerships to shape the future. If I was just focused on lists, I'd bring in fulfillment, e-mail services, things like that. Let's face it, list margins are shrinking to the point where it's impossible to keep up. We have to keep the same amount of people on board, and they need to have the same workload. That's just the trend today. To have some of those services offset those margins to keep the company afloat and moving forward is the best way to invest.

**O'BRIEN:** I do agree also that you'd have to spend a lot of money on getting the best people. At the end of the day, if I left, I'd hope that there would be a support system to pick up where I left off and keep the ball rolling. We're all dispensable, but hopefully there's other people in the organization that have the same amount of knowledge to keep clients happy.

**YOUNG:** I'd spend the money on making the [customer acquisition] tools we currently have available more accessible and further refine those capabilities, to streamline them for everyone in the organization. ☉

you've been able to help clients make breakthroughs in their marketing efforts?

**MCMULLEN:** You need to partner with your clients and find out what their challenges are, and see where they need the most assistance. For many clients in recent years, that has involved reactivating lapsed donors or buyers. They have these names on file and it isn't cost-efficient to mail them as much as they mail their actives. So we offer various products that assist them in identifying those lapsed donors more likely to give again. And because they're already donors that they're reactivating, there's a greater long-term value. This is a service people don't generally

think to ask of a list broker, but it's one that can help make you more valuable to clients.

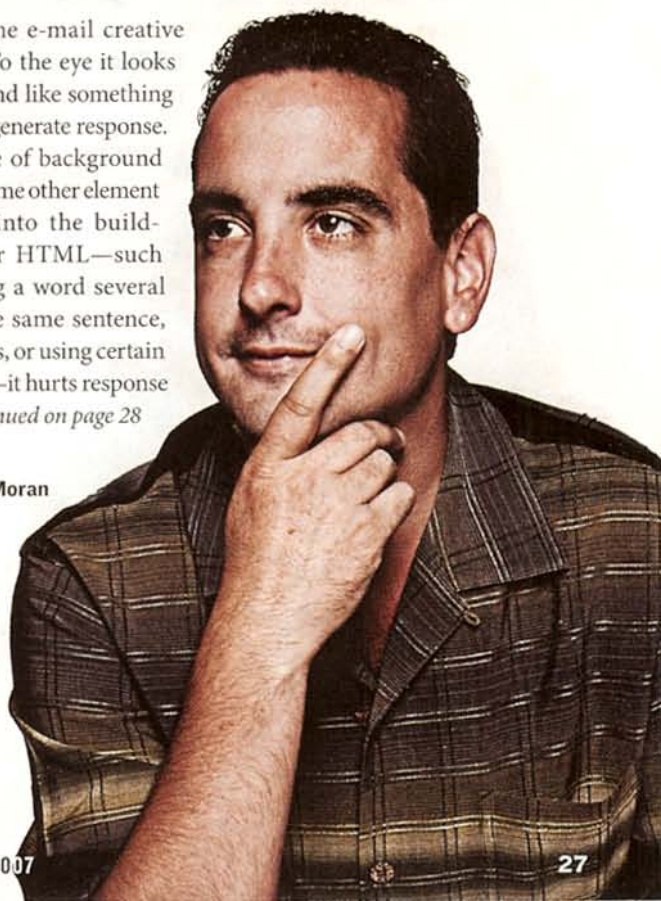
**YOUNG:** Recently we worked with a client on appending data to their e-mail program, in a way they might have appended their postal file in the past. They're really starting to segment based on customer data, purchase data and geographic information. The response increase is pretty significant. Even though it doesn't cost a lot to send an e-mail, if you get that 1% or 2% increase in the overall response and then start doing some targeted campaigns, that's a maturing of the e-mail space.

**O'BRIEN:** For me, in the e-mail space it's interesting when a cli-

ent sends me e-mail creative to review. To the eye it looks appealing and like something that would generate response. But because of background coding or some other element that went into the building of their HTML—such as repeating a word several times in the same sentence, specific fonts, or using certain buzzwords—it hurts response

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Adam Moran



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and deliverability. We learn a lot by doing different processes like spam scoring and copy enhancement to get messages delivered to customers.

**GREEN:** Is everyone working on both e-mail and postal data now? That's a major change. When e-mail first came on the scene, they were separate. You had e-mail brokers and you had regular brokers. Now everybody does everything.

**ARONE:** I remember working with a client that was just getting into the online space. Response was falling off on their print catalog, but they had all these Internet buyers. It was a breakthrough when we figured out that the catalog was driving the Internet business. It was a clear sign that not only would the catalog business not go away, but that there

was a need for the integration of all the departments. I almost think that that's the broker position right now, to become the integrated person who has the knowledge of all the media spaces and all the ways to generate customers beyond the traditional. All our clients are having difficulty getting customers, so acquisition is always a question. How are we going to do it most cost-effectively? What's our next step strategically? I think the service that we can give to our client is really knowing all the spaces.

**O'BRIEN:** You have to learn all the spaces, because of all the ways consumers can buy today. Look at a household with three people. One might like to buy online, and another might like to buy by catalog. You need to cover your market and the different vehicles you use to communicate with them.

**GREEN:** Are your clients as integrated as they should be?

**ARONE:** In a word, no. But I think we're helping to take them in that direction.

**JOHNSON:** I work with a number of publishers, but none of them wants to make that extra effort

Susan G. McMullen

and track that mail campaign back to whoever is going on the Internet and subscribing online, and responding to what probably is a different offer from [the one] they just sent in the mail. It's very interesting that everyone hasn't caught up with this yet.

**GREEN:** I find that a lot of our clients still have a separate Internet group and a separate direct marketing group.

**MCMULLEN:** Which makes it very difficult when it comes to branding a certain image. One department may have a different take on the mission or the brand that's being put out there, and those need to be integrated.

**ARONE:** Our clients now tend to have the position of "This is all marketing," rather than maintaining separate budget lines for online and offline. And they're using brokers to fill in knowledge gaps when positions are eliminated [because of cuts]. Clients need to figure out how to integrate e-mail and retail and the business and consumer divisions, and get at all the customer data they have internally.

**YOUNG:** I come from a mailer background myself, and I went through the dot-com bubble, where the Internet group was here and the Internet group was over there with separate reporting lines. Today I really see a lot of integration among clients, like catalogs, publishers or alternative marketers. There might be a separate person who does the online vs. direct. But they talk to each other. And in most cases, their budgets are intertwined.

**ARONE:** Now there's communication between groups, because there has to be. They know they can help each other.

**GREEN:** Take the gloves off a little and try to be candid. What can your clients do to help you do a better job?

**JOHNSON:** Share more information. The more we know, the better we can prepare for whatever acquisition channel they're going to use. With mail pieces, are they going to chance certain price points? What were the [previous] results? That's a huge thing, if we can get results for the last couple of years. Surprisingly, a lot of mailers don't share and they don't want to share, even on an index basis. Maybe it's an old-school mentality, or maybe they don't have them.

**MORAN:** Usually, when you work with multiple clients in a market there's a fear of sharing those deep, dark secrets.

**ARONE:** It would help if they communicated with us a little better. The clients that we work better with and provide better service to actually share all their information and consider us part of their team. They include us in department meetings. The clients that don't value our knowledge and don't keep us in the loop, we can't help. If they could just communicate their needs a little more clearly, whether internally or back to us, we'd have a lot of helpful information. If they just started looking at us as more than list brokers or order placers, we actually could provide

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## LESSONS LEARNED

**GREEN:** When I started in the business I worked for a woman named Helen Letica, a legend. Not that many people remember her, but she was a tough, tough cookie. When I was new in the industry, I had to follow up on an order and I wasn't getting a response. She told me to call the CEOs of the companies for shipping information. I was so nervous, I couldn't believe I had to do this. But I did it and got the information I needed. She taught me to go to the top to get what you need—they'll take your call. What's something that you learned that made a big difference in who you are and what you do?

**JOHNSON:** Something very clichéd that I learned was don't burn any bridges. I can't count the number of times that a client may have had to make a change in their brokerage relationship because somebody new may have come on board and forced their hand to go with another firm. Instead of flipping out and saying 'That's it, I'm never working with you again,' just maintain that friendly relationship because the people you have a relationship with may end up somewhere else in the future and you'll get their business again.

**MORAN:** When I was an up-and-coming broker, I was working with a client that had a very long-standing existing brokerage relationship with someone else. They'd mailed a ton over the 20 years or so the broker was with them, seemingly everything. To make any headway with them, I had to get creative and really find the diamond in the rough. It was a lot of work for really very little return. It was becoming increasingly frustrating. One day I told [Macromark president David Klein] that I wanted to give the business to another broker, because it just wasn't worth the work. He said, 'You can't

fire him, because what he's making you do is going to make you a better broker.' In hindsight it did. The really glorious end to the story is that six months later that person left the company, went to another company and because I gave him all that time, he turned around and not only gave me all his business at his new firm, but also brought me into an entirely new industry and took my career to the next level.

**YOUNG:** If you know what you're doing is right for the client, stick with it. Initially, one client didn't want to do anything outside the postal space. But we continued to bring that message to them and eventually they saw what they could do there.

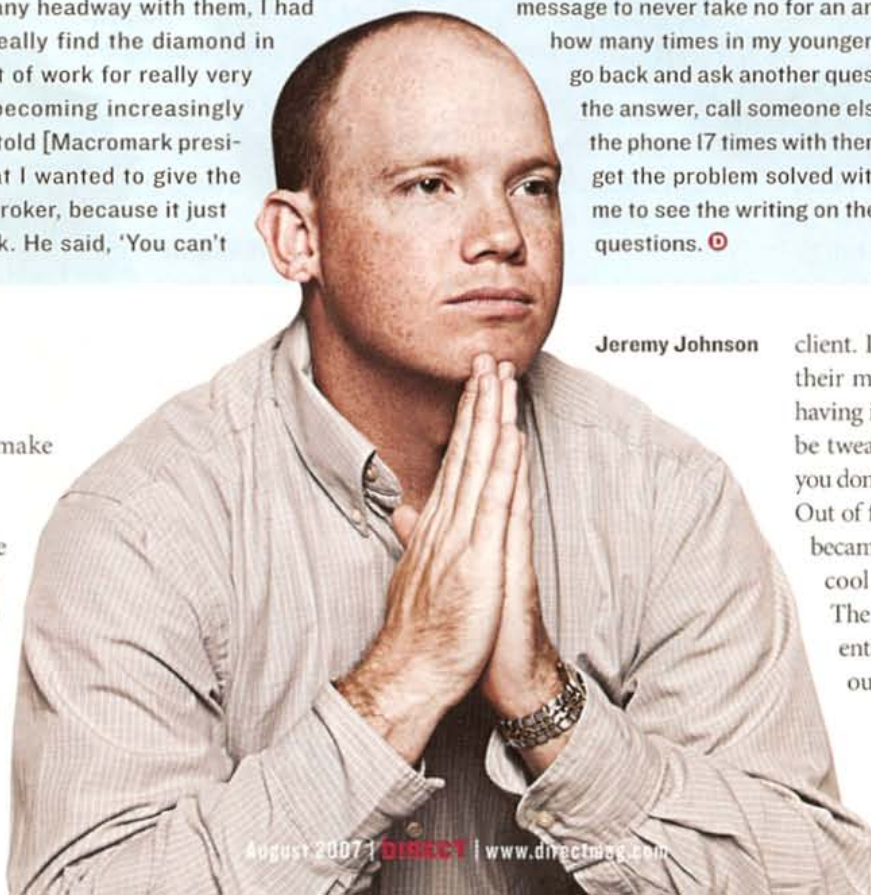
**O'BRIEN:** An eye-opening experience for me was working with a well-known client that you would have assumed was very marketing savvy. As we got into the conversation I learned how little they really knew about direct mail and e-mail and marketing in general. It was like talking to a plumber who wanted to do a small regional mailing. It taught me to start from the beginning no matter who I was talking to, and to feel them out for how much they know and build from there.

**ARONE:** I've worked with Mary Ann Buoncristiano forever. She always says, 'Call somebody higher up.' It seems to happen with every client. I hope I'm passing on to my assistants the message to never take no for an answer. I can't tell you how many times in my younger years she made me go back and ask another question. If you don't like the answer, call someone else. I feel like I was on the phone 17 times with them and then she'd just get the problem solved with one call. It helped me to see the writing on the wall and ask better questions. ☺

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them with some service.

**O'BRIEN:** They need to make us more of a partner.

**MORAN:** To take it one step further, I have some clients that will let me do more than just my job. For example, I actually wrote a mail piece for a



**Jeremy Johnson**

client. I told them I didn't like their mail piece and suggested having it sent to a copywriter to be tweaked. They said, well, if you don't like it, write a new one. Out of frustration I did—and it became their control. It's pretty cool to be able to do that. The other thing is that if clients share results, it makes our job easier. The more

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information they share the better. I've had meetings with list managers where a response rate seems to be good enough for a list, or so the manager thinks, but because of some obscure thing on the back end it doesn't quite make it and they don't help us to understand. Why isn't a 2% response good enough? You should be making money at 2%. Clients need to share information not only on the front end but about the whole big picture. What happens after you acquire a customer? Everything is intertwined. I talk to clients about why they should be mailing segments of their house file more often. I had one client that was only mailing their house file when they did a prospect mailing and they asked how to make their mailings more efficient. I said mail your house file three times as much as you do and it will make your bottom line look

Sam Young



a lot better. They did that and what a concept—it worked! The more they tell us about how we fit in with their whole world lets us be a bigger help.

**MCMULLEN:** And it makes us more irreplaceable.

**GREEN:** You all work with list managers. What could they do better to help you and help themselves?

**MORAN:** Make recommendations that they not only believe in, but that stand a chance of working. *(Laughter.)* There are certain list managers that, if they recommend a list to me, I'll test it, because more often or not they're right. It's not because of any promotion on a list, but because there's something about the list that tells them it works. And then I have people who send me half the SRDS. I have MIN—I know

what you manage. I didn't ask what you *manage*, I asked what you *recommend*.

**MCMULLEN:** I think it falls more to the point of understanding the costs of what's involved and where the bro-

ker needs to be as far as whether a list works and whether it's worth testing. It's one thing to get a very targeted recommendation, but then when you place the order there's \$30/M in selection charges. Nonprofits are a secondary market that's available to the list owner, so we expect to be able to negotiate. And for a list manager to understand what your net list cost needs to be is a great thing.

**YOUNG:** The list industry as a whole needs to think about the reality that the compiled databases are their competition. A database may be offering my client \$55/M or \$65/M on files that work well, while a list manager is coming in at \$110/M or \$150/M on a file that works as well or maybe a little better. That's not necessarily competitive. It can create a tough situation.

**O'BRIEN:** It's important for a list manager to know their product and to know the steps that go into actually shipping that product. If I request a count and you know that a service bureau takes 24 or 48 hours ahead of time to generate that count, tell me. That way, if the count isn't going to be available I can let the client know. Or if you know a file only ships on magnetic tape and won't do electronic delivery, let me know. I think it's important to have all those facts ahead of time to determine which files are best for our clients and their time frame.

**GREEN:** The way we get paid as brokers hasn't changed much over

the years. It's usually somehow based on the volume of names your client buys, with a commission or a flat charge. Are your clients paying for more than names delivered?

**MCMULLEN:** They're buying the total service and the experience and knowledge we bring to the marketing world. And they know it [doesn't include] the added value services they're getting, because it simply can't in that type of payment structure.

**JOHNSON:** Depending on the client, it can be almost like they're paying the salary of an additional circulation person for their department. There are some who ask you to do more than others; some just want you to place the orders and others want you to do the mail plan and [just about] everything.

**ARONE:** I think the mistake we've made in the industry is discounting our commissions, because clients always feel they can cut back on their list acquisition costs. I feel like my team at ALC does an excellent job negotiating. However, [we spend a lot less time] on actual orders these days because we've quickened the process with effective tools for order processing. This is going to sound terrible, but we've almost shot ourselves in the foot by not charging by the hour for our services, because we are a service industry. Lawyers charge by the hour for their knowledge. We don't. Again, it's up to the client how much they want to use us as a resource. But it's very difficult for us as brokers, as [clients] use us more, to put

Jennifer O'Brien

a number or value on the extra services we provide. We never charged them before, so why should we charge them after? But if there's no order, we don't get paid. It's a tough challenge.

**YOUNG:** I think it's absolutely correct. What clients pay us for in the brokerage space is the order. What they're getting is a lot of value-added knowledge and services about their marketing and customer acquisition plans. The payment doesn't necessarily accurately match the service level.

**MORAN:** I don't think you'll find anyone who disagrees. What we are is an extension of

a company's marketing department. It's illustrated by the fact that several major mailers have decided to bring list management in house and make it an official part of their marketing team. When mailers are looking for discounts, the question I always ask is whether they want an entry-level person or an expert. What do they want to pay for? If you discount me [too much] you're treating me like entry level, and we're



more than that. I've actually turned away business because people have asked for discounts that were too deep. The more brokers accept unreasonable deals, the more they're devaluing our industry.

**GREEN:** What would you say to the bright young people who are thinking of coming into our industry?

**O'BRIEN:** Every day is different. You find yourself constantly being creative and learning and growing. It's fun to go to shows and learn and network. ☺