

L&DS Alternatives to the List Rental Market

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Brokers have learned to live with co-op databases, and a few list firms have started their own. But some merchants are going straight to Abacus or NextAction.

One is Brookstone. Instead of renting the usual 200 lists for its 2006 holiday drop, the gift marketer did all of its prospecting through Abacus (now known as Epsilon's Abacus Cooperative). The result? It saw higher response rates and better ROI.

Then there's apparel merchant Horny Toad, which plans to mail its first catalog in February. Why did it choose to go this route? Because list rentals are not a good option for so small a niche, says Horny Toad president Gordon Seabury.

Seabury feels that it's better to get a prospect model from a co-op than to pursue unsuccessful tests. And Bill LaPierre, vice president of catalog brokerage for Millard Group, says he understands this point of view.

"If you go to the list company and rent a few gift catalog lists and select names that are three-month buyers who spent \$1,000, the costs of the lists and the services add up," LaPierre says. "Why spend \$232 per thousand through the list company when you can get the same number of names from Abacus for \$50 per thousand?"

Indeed, Abacus has from 40 to 50 members who use it for all of their prospecting, claims Epsilon spokesperson Heather Wilkerson.

Another alternative to lists and direct mail is the Internet. Buyers are coming in through search, Web site ads and affiliate marketing. Automotive merchant JCWhitney conducts affiliate marketing and search inhouse "at a lower cost and making a higher profit than if we were strictly renting lists," says senior circulation manager Todd Brage. "I'm sure that over time, the value of the pure catalog customer will go down, so pure catalog buyers may not be as valuable as they are today."

Still, many mailers prefer to work with brokers and managers. The latter group provides something that nobody else can:

Rental money.

JCWhitney may be using less names. But it still needs a list manager to market its own list. And so does Highlights for Children, which decided this year to have an outside company handle its file. It decided on ALC after narrowing the field to three choices. And ALC will also provide brokerage services.

"A good list company is up on all the issues in the industry, and can help a cataloger with best practices and list hygiene, and help reduce inefficient marketing," says CEO Kent Johnson. "We wanted a company that could effectively get us the names of people who would ultimately be interested in what we have to sell, and be able to work objectively with our outside vendors."

For more detailed report on the role of today's list brokers, see the December issue of Multichannel Merchant.

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