

SPECIAL REPORT #2

How to Decide Where to Advertise

**Media Selection Smarts
for Direct Marketers and Business Owners**



Presented by
Clayton Makepeace
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How to Decide *Where* to Advertise: **Media Selection Smarts for Direct Marketers and Business Owners**

By Clayton Makepeace,

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Dear Business Builder,

OK ... so you've got a product on your hands. Maybe it's your product. Or, maybe you're a copywriter and it's your client's product.

The question is, ***where do you find the prospects who are most ready, willing and able to become your customers?***

Should you begin with TV? Radio? A Web campaign? Print ads in newspapers or magazines? Direct mail?



I mean – it's kind of an important question when you think about it. After all – the medium you'll be using not only determines the cost of your promotion; it also is a major influence on the approach you're going to take in your sales copy!

So today, we're going to remedy that – with a basic, plain-English guide to selecting the media that will give your promotions the greatest likelihood of success.

Or, alternatively titled ...

Media Selection 101

Right off the bat, it helps to understand three all-important facts of life about selecting the optimal medium for your promotion ...

Fact #1: There Ain't No Such Thing as a Free Lunch. If you plan to rent a direct mail list, place an ad in a newspaper or magazine, buy time on TV or radio, plaster your business all over a billboard – or even buy space on the back of a matchbook – you might as well get used to it: You're going to have to unlimber your checkbook.

Think you can dodge the media cost bullet by building your business on the Internet? ... Maybe with affiliate programs, joint venture or per-inquiry (PI) deals?

Good luck! These programs are important, but your affiliates and joint venture partners – not you – get to decide if and when your ads run and by extension, if and when you'll become a success.

To produce the big numbers of new customers you're looking for, you'll need to seize control of your own fortunes. And that means renting e-mail lists, buying banners on websites, signing on for pay-per-click campaigns -- and unless you *personally* have the time and knowledge required, paying someone else to make sure the search engines can find your site.

Fact #2: Some Media Cost More Than Others. The rates a particular medium charges you are generally based on four things ...

A. The *number of people who will see your message*: The number of people who subscribe, read, view or listen to a particular medium is often referred to as "impressions" or "eyeballs" – and the more eyeballs you get, the more you pay.

The cost of a medium divided by eyeballs tells you how much you're paying to deliver your sales message to one prospect. Multiply that number times one thousand and you get that medium's "cost per thousand" or "CPM." CPM is the number that's usually used to compare the cost of various media.

A 30-second television spot in a local market might cost you as little as \$10/M. A red-hot direct mail list could cost you \$150/M or more.

B. The *size of your ad*: In addition to the number of eyeballs you get, you also pay for how much time or space your ad will consume. Full-page ads cost more than little ones; 30-second commercials cost less than 30-minute infomercials. Even in bulk mailings, basic postage rates allow you up to three ounces of material. If you want to send more, you'll have to pay more.

C. The *type of people who will see your message*: As a general rule ...

- ✓ **Media that deliver your ad to the gray masses are the cheapest on a CPM basis:** Billboards, general-interest newspapers and tabloids, local TV and radio channels, for example ...
- ✓ **Media that deliver your ad to better-defined audiences cost a little more:** Special interest magazines, cable channels and websites, for example ...
- ✓ **And the media that put your sales message only in front of people who are most highly qualified to buy your product charge out the wazzoo:** Highly selected direct mail and e-mail lists of folks who have bought your type of product through this kind of medium in the recent past are at the top of the media cost pecking order (and usually, well-worth it!).

Fact #3: Some Media Produce Higher Response Rates Than Others. If you ever had the opportunity to run the exact same ad copy on every medium available, you'd probably find that the percentage of folks who respond to your ad will be up to 100 times greater in some media than in others.

Same ad, same copy, same offer – massive response differential.

Why?

Well, for one thing, there's the competition. If your sales message is just one in a big newspaper or magazine or clustered with others on TV or radio, not all readers will see or hear you – and therefore, the media will probably cost you less.

On the other hand, if your sales message is delivered all by itself (as in direct mail or e-mail blasts), your response rate could be up to 100 times higher – and the media cost will also be higher.

But there's another, more crucial reason why the response rates produced by some media are so much higher than others ...

The Selectivity Factor

Media that produce the greatest response rates are invariably those that deliver your ad to your most qualified prospects. Put simply, they allow you to *select* your audience using one of three general criteria ...

1. Geographic Selection: Some media – billboards, general-interest newspapers and tabloids and local TV and radio stations, for example – can't tell you much about who'll see or hear your ad.

Sure -- they've done polls, so they can also give you a good idea of the average and/or median age and income level of their readers – and what percent are men vs. women. But that's pretty much it.

Beyond that, all they can really tell you for sure is the *geographic area* in which your ad will be seen -- a particular neighborhood ... Zip code ... SCF (the first three digits of your Zip code) ... city ... metro area ... county ... state ... region ... or nation, for example.

By their very nature, they can't offer you the choice to advertise only to men or women or folks above a particular income level.

On the other hand, these media are extremely cheap. So, if just about everyone in a particular area is a prospect for your product, these geographically defined media can actually be highly cost-effective.

But ...

■ If only women buy your product, you could be wasting up to half of your advertising dollar – effectively *doubling* your media costs ...

■ If only women *over 50* are prospects, you could be *quadrupling* your media costs ...

■ If only women *over 50 with osteoporosis* are prospects, you could be multiplying your media costs *by a factor of ten* ...

■ And if your best prospect is a woman *over 50 with osteoporosis who would try an alternative treatment*, and can afford your product, you could be wasting 99% or more of every ad dollar.

2. Demographic Selection: Because they exclude obvious non-prospects, media that deliver consumers based on their sex, sexual orientation, race or ethnic group, age, education, profession, income level, home ownership, etc. – tend to produce substantially higher response rates.

Media that allow you to focus exclusively on the appropriate demographic for your product include ...

✓ **Special-interest magazines:** Playboy, Maxim and Popular Mechanics deliver mostly men. Cosmo, Glamour and Woman's Day give you the ladies. Seventeen gives you young girls, Modern Maturity gives you us old fogies and Black Enterprise gives you Afro-American professionals. Prevention gives you health nuts ... Guns & Ammo gives you gun nuts ... Sports Illustrated gives you sports nuts ... ad infinitum.

✓ **Special-interest cable channels:** Lifetime gives you women ... Discovery Health gives you health nuts ... The History Channel and History International give you history nuts ... Speed Channel gives you car nuts ... etc.

✓ **Special-interest web sites:** With millions of sites out there, it's a deadlock cinch that you'll find a site that delivers your prime demographic – and then place your banners on that site.

Plus, just about every special-interest magazine you can name has a website and most will allow you to place banners on their sites for a fee.

✓ **Direct mail and e-mail lists:** Take a look in the *Standard Rate and Data Service* (SRDS) for mail lists, and you'll see three kinds of lists:

1) Compiled lists – lists of names and addresses that were compiled from public records. Typical compiled lists include lists of addresses without names attached ("occupant lists"), lists of folks with drivers' licenses, homeowners, plus lists of professionals and so forth.

2) Inquiry lists – folks who have asked for more information in response to a lead-producing ad, but who have not made a purchase.

3) Buyer lists – folks who have actually purchased a product (or donated money) as the direct result of a promotion sent to them by mail. Naturally, these include the lists of people who subscribe to all the specialty magazines named above.

Depending on your product, all of these lists might give you the ability to ensure that your message is going to folks who satisfy your demographic criteria – but because buyer lists contain the names of folks who have actually spent money through the mail, they're by far the most responsive of the three.

3. Psychographic Selection: The greatest response rates you'll find – by a long shot – are produced by media that allow you to select your prospects psychographically.

Psychographic selection allows you to choose prospects on the basis of their PROVEN interests, beliefs, fears and desires.

“Proven” is the operative word, here. Psychographic media – mostly mailing lists and e-mail lists (and the co-ops, ride-alongs and insert programs that go to those lists) -- deliver folks who have actually purchased a product like yours through a medium like the one you'll be using!

Putting It All Together

Looking back at the question at the beginning of this article, my friend was thinking about 1) Advertising his patriotic jewelry in National Enquirer because Franklin Mint does, and ... 2) Mailing to lists of folks who previously bought jewelry items for around his \$100 price point.

To me at least, either would be a mistake. Why? Because it totally leaves the prospects' dominant emotions out of the equation.

Since 99% of all purchases we make every day are made to satisfy an emotional need, that's like showing up at a gunfight and leaving 99% of your bullets in the glove compartment.

Instead, I'd want my promo going to folks who are, first and foremost, passionate about their love of country – so passionate, they'd love nothing better than to express that patriotism in the jewelry they wear.

My *first question* would be, “Where are the lists of folks who are *already* buying other kinds of patriotic jewelry at or around this price point?” In short, I'd look at direct competitors and try to rent their mailing lists.

My *second question* would be, “Where can I find people who have purchased non-jewelry patriotic items and who have paid about \$100 per purchase?” I'd scan for direct mail and e-lists of people who've spent \$100 to buy American flags, patriotic license plates, red-white-and-blue clothing, for example.

My *third question* would be, "Where can I find people who have such a compelling love of country that they'd *probably* jump at the chance to wear patriotic jewelry?" I'd look at magazines, websites, and mailing lists that deliver the most politically active folks out there: Members of political action committees and lobbying groups like the National Rifle Association ... Republican and Democrat fat cat donors ... members of veterans' organizations ... and so on.

Finally, after I've fully explored all of these media, my fourth question would be, "Where can I find general-interest media that's so cheap, I'll still make money even if my response rate is miniscule?" And that's where I'd look at print ads in huge circulation tabloids and TV.

Then, I'd sit down and do a little math:

"Hmmm ... my patriotic lapel pin costs me \$19. I sell it for \$99. That gives me an \$80 margin.

If my mail cost is \$500 per thousand pieces mailed, I'll need to sell 6.25 pins for every thousand pieces mailed to break even.

That's a response rate of about .63%: About six-tenths of one percent.

Doable? Maybe. But that might restrict me to using only the most qualified lists out there. I'd better hedge my bets some.

For one thing, I could add a nice bump to my offer. Maybe a beautiful broach for my prospect's spouse for, say, an additional \$79 (gross profit: \$50).

That should get my average margin per sale up to around \$130. At that rate, my break-even response rate drops to .38%. Now, we're talking!

Well, this media question is a pretty big one – and we've only scratched the surface. True -- it's a scratch that would have gotten my butt whupped if I'd left it on my Mom's piano bench.

But it's still only a scratch. There's a lot more to consider – and I'll more in depth in future issues of The Total Package .

Hope this helps!

Yours for Bigger Winners, More Often,

A handwritten signature in blue ink that reads "C. Makepeace". The signature is written in a cursive, flowing style.

Clayton Makepeace

Publisher & Editor

THE TOTAL PACKAGE™

P.S. If you haven't already, go to www.makepeacetotalpackage.com to sign up for more response-boosting strategies for growth obsessed marketers and business owners.