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INTERVIEW SERIES

**How to Strike Marketing Gold;
Money-Making Secrets Straight from
the Lips of the Legendary
Direct Market Guru, Denny Hatch**

*Michael Senoff Interviews
Denny Hatch, Direct Market Expert*

Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

Now, my challenge is to build the world's largest free resource for online, downloadable audio business interviews.

I knew that I needed a site that contained strategies, solutions, and inside information to help you operate more efficiently

I've learned a lot in the last five years, and today I'm going to show you the skills that you need to survive.

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And to really make my site different from every other audio content site on the web, I have decided to give you access to this information in a downloadable format.

Now, let's get going.

Michael Senoff

Michael Senoff

Founder & CEO: www.hardtfindseminars.com

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How to Strike Marketing Gold; Money-Making Secrets Straight from the Lips of the Legendary Direct Market Guru, Denny Hatch

Denny Hatch is a freelance writer, designer, and consultant of direct mail/direct marketing and the author of four books on marketing and business, as well as four novels. He has analyzed thousands of direct mailings in more than 200 categories in the past 25 years.

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- Sensational snake oil salesmen
- How the Supreme Court kept a promotion alive
- The wit and wisdom of a host of redoubtable marketers: Melvin Becker, Ed Mayers, Ted Goldsmith, Bob Hacker, Melvin Powers, Curt Strohacker, Bill Jayme, Gary Halbert, Drew Kaplan, Lea Pierce, Jay Abraham and many others.

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- Develop breakthrough test ideas
- Identify new opportunities
- Write more compelling copy
- Get your sales letter opened and read
- Phrase powerful offers
- Pick the surefire option
- Bump your response rate

- Convert prospects (or suspects) to advocates use the five steps of success direct marketing
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And don't miss the opportunity to continue to learn at the feet of the master. Go to e-newsletter, www.businesscommonsense.com to reap the benefits born of years of experience.

Denny: Because of the cost constraints of direct mail. Then the ten business mailings are probably \$500 or \$600 as postage per thousand. If you are sending out a whole bunch of mailings to the wrong people, that is like a whole lot of 50-cent pieces going down the sewer and that is when you start losing money. So the cost of direct mail makes it a very difficult science

Hi it is Michael Senoff with Michael Senoff's [HardToFindSeminars.com](http://www.HardToFindSeminars.com). The title of this interview is called How to Strike Marketing Gold Moneymaking Secrets Straight from the Lips of Legendary Internet Marketing Guru Denny Hatch.

Denny Hatch is a freelance writer, designer and consultant of direct mail, direct marketing, and the author of four books on marketing and business. He has analyzed thousands of direct mailing in more than 200 categories in the past 25 years. In this Denny Hatch interview, he shows you how your business can take advantage of marketing, sales, public relations, and communications while avoiding the pitfalls. What is the cornerstone of Denny's success? No matter what you are selling, you are in the business of acquiring repeat customers.

Listen as Denny Hatch reveals historic and fascinating stories about the billion dollar offer that still brings in droves of subscribers, The Four Martini Lunch that launched, Who is Mailing What, Sensational Snake Oil Salesman, How the Supreme Court kept the Promotion Alive. The with and wisdom of a host of

marketers like Melvin Becker, Ed Mires, Ted Goldsmith, Bob Hacker, Melvin Powers, Curt Stomacher, Bills Jamie, Gary Halbert, Drew Caplan, Lee Pierce, Jay Abraham and many others.

Listen and learn how to leverage competitive intelligence, how to develop breakthrough test ideas, how to identify new opportunities, how to write more compelling copy, how to get your sales letters open and read. How to phrase powerful offers, how to pick the surefire options, how to bump up your response rate, how to convert prospects to advocates using the five steps of success direct marketing, how to tell a story and connect emotionally 1 to 1 with your reader, how to successfully negotiate rights, and much, much more.

Denny will help to convince you that direct marketing techniques are not only relevant that they are critical and indispensable if your business hopes to stand out in this maddening crowd. Don't miss the opportunity to continue to learn at the feet of the master. Go to his email newsletter called businesscommonsense.com to reap the benefits born of years of experience. Also, don't forget to check out the world's best direct mail swipe file at www.whosmailingwhat.com. Now let's get ready and I hope you enjoy the interview.

Michael: What was your first experience with direct mail and direct marketing. How did you get involved in this?

Denny: I used to be a book salesman and I was hired by Grolier enterprises to run book clubs. I didn't know anything about direct mail or direct marketing or anything else. I went to work for Grolier Enterprises, which is the Dr. Seuss books by mail; the continuity series. They proceeded to hand me off a continuity series of children's books in paperback to be sold through teachers at schools to kids.

Michael: How old were you?

Denny: Twenty-five.

Michael: Where were you living at that time?

Denny: New York.

Michael: Okay, so was it a direct sales job?

Denny: It was creating a continuity series of children's paperback books with a provider that wouldn't pay royalties so it had to all be public domains. Then marketing them through teachers to children in classrooms in direct competition with the Scholastic paperback series. I got the equivalent of an MBA in direct marketing doing that. I was frequently

way over my head. There were four guys running it. A guy named Howell who founded Grolier Enterprises. A guy named Bob Crock, one of the beloved figures of direct marketing. My boss, a guy named Lou Smith was marketing manager who ran the continuity stuff. These four guys knew direct mail at the time cold. So whenever I got into trouble or got in over my head, I would raise my hand and say, "I need help." One of the four would clear the desk, sit me down, talk me through the problem, and then send me on my way.

Michael: Which one was that? Which guy?

Denny: It depended on who was free. My advice to anybody in business, especially starting out is if you don't know what the hell you are doing, raise your hand and say, "I am in over my head. I need help." rather than trying to fake it. There are more people in business trying to fake it. They run around doing that when there are people there who are perfectly willing and happy to show them what to do.

Michael: Do you remember one of the real important lessons when you look back today? What one of these guys taught you doing the job?

Denny: You are now going back 45 years. I remember going to them and saying, "Tell me what to do." Whether it was copy, this selection, or is this arithmetic the same? I was responsible for all of that and I didn't know any of it. I stumbled along and with their help I did it. The book club we started was a success.

Michael: How long did you stay with those guys?

Denny: A couple of years.

Michael: What did you do after that?

Denny: After that, I went to work for McMillan book clubs and after that I went to work for Meredith book clubs in Manhattan, Long Island. I worked for three separate book clubs.

Michael: These book clubs were all primarily direct mail?

Denny: Yeah, direct mail, negative options, clubs. The two in paperback were positive options. You just had to order them.

Michael: What is a positive option? What is a negative option?

Denny: A negative option is the style the book of the month club launched by Maxwell Stockheim and Harry Sherman in the early 1930's whereby

you sign up for this thing. They say, “Unless we hear from you we are going to ship you this book.” They send an announcement and they say, “This is the main selection. You are going to get this book unless we hear from you. If you do nothing, you are going to get the book. If we hear from you, you send back a preference card, which says send me the main selection plus the following additional selections. Do not send the main selection, but send me the following additional selections or send nothing this month.” You had to get it in by a certain date or you were going to get the book whether you wanted it or not.

Michael: So the positive option you had to send something back?

Denny: The positive option, you had to send something back and order the book.

Michael: The negative option you didn’t have to do anything?

Denny: You didn’t have to do anything. The book would come.

Michael: Between those two, in the book club business back then, which one won hands down as far as sales, not including returns and stuff?

Denny: The negative option, no question.

Michael: How about today? Does the negative option still work today?

Denny: I think it has real problems. In those days what happened was in book clubs. I would go to a publisher and say, “I would like to offer this book to my club members as a main selection or an alternate selection. Here is the deal. I will pay you a royalty for every book sold.” Then if they said yes, we have two choices. Buy books from them out of their stock or more likely take rolls of paper and writing material and send it into their printer, and if their print run was going then as soon as their print run was over the printer would then take our paper and put it into the press. Continue to print run and then take our binding materials and bind this edition with our binding material. Book clubs editions were cheaper than the regular trade editions that were sold in stores.

So the publisher had the advantage of selling books to markets that he would never reach. He would also have the advantage of having a very large press run because we would have 20,000, 30,000 copies to tack onto his press run. So he would get the economy scale, as would we. That is how the book club business worked at the time. Today, with Amazon, with Barnes and Noble, with every discount books in those days there was not a Barnes and Noble in every town all over the country. There wasn’t the Internet to make books available. So it

was a cultural advantage to tap into say Book of the Month or Literary Guild have news of books coming to you and have the opportunity to get books at discounts. Now of course, you can get them anywhere and all at a discount. So the book club model is essentially, I mean it may still be going. I think the Book of the Month Club is still going. It isn't like the old days.

Michael: How about the legal ramifications of the negative option, whether it is books or tape of the month, stuff sold on TV. Is that kosher legally, the negative option, today?

Denny: There was a period back then when a very hot shot United States attorney in New York wanted to take all of the book clubs to court for the negative option thing and it was dishonest, fraudulent selling. In fact, people liked knowing that they had to make a choice. This goes way back. We are going to the 60, 70, 80's. People liked the idea of knowing that they were being in part of the cultural scene by getting books, acquiring books. Books looked good on shelves. In the business of continuity where you had a 20-volume set and you ship one a month, people bought those, not so much to read as furniture, to be on shelves, to show off to your friends and neighbors and family. These were cultural people and they have shelves full of books. At that time people liked the negative option. The United States attorney actually dropped the whole thing after much angst throughout the book club business.

Now the negative option, I don't think they use it particularly. American Express will send you an offer for a free planner for the next year. All you have to do is pay postage. In small type it says every year thereafter, we are going to send you a planner and you will be billed such and such. American Express still does that, but it is cumbersome stuff. I see most American Express members keep their calendar stuff on a computer or on a blackberry.

Michael: Yeah. So how many books have you published yourself personally?

Denny: I published three novels in the 1960's and 1970's, the late 60's and 70's. One is about a guy that couldn't stand the noise at Kennedy Airport so he set up a World War II garage balloon, one about the mafia running a candidate for a mayor in New York, and one about a guy that went into the frozen sperm business. They all did respectfully. They sold a hard cover. They sold a paperback. All of them sold in movies, but never a movie was made, but you know.

Michael: So you sold the movie rights?

Denny: Yeah. No movie was ever made. I got my stereo and stuff like that from the movie money, but no movie was ever made.

Michael: Give me an idea. What do movie rights sell for?

Denny: Back then, anywhere from \$1,000 to \$30,000. Generally speaking, say it was \$20,000. They will give you \$10,000 on signing. They will give you \$10,000 on the first day of printable photography. They will give you \$10,000 on completion and then hopefully some kind of payment or percentage deal when the thing is released. Anybody who signs a movie deal, my advice is never ever, ever sign anything that gives you a percentage of the producer's profit because there is never a producer's profit. Get a piece of the box office's receipts or a percentage of the production cost or something. If it says producer's profits, that all disappears into thin air.

Michael: So if someone says of if they ask what did you do in relation to your books. Were you self published or did you have a publisher?

Denny: I had a real publisher.

Michael: You had a real publisher with all of these books?

Denny: Yeah.

Michael: You had a publisher. The publisher sold the movie rights?

Denny: Yeah, I had an agent. I don't have an agent now because my agent died. I am kind of in limbo creatively. Then in 1984, we started this newsletter *Who is Mailing What?*

Michael: Who are we?

Denny: My wife Peggy and me.

Michael: What sparked that?

Denny: I went to a lunch with the Direct Mail Writers Guild in New York. A woman named Dorothy Kur who was circulation director of U.S. News and World Report said that the way to be successful in direct mail is to collect mail and see who is mailing what. Find those mailings and see which mailings keep coming in over and over again. They are controlled and they are making money for somebody. Note those and then steal smart. So I started collecting junk mail.

Michael: What year was this?

Denny: Probably 1982. My friends would collect junk mail. I started cataloging it and categorizing it.

Michael: How did you start collecting? Did you sign up and get on every major list?

Denny: I got on lists and I had friends send me the stuff. It was pretty small at first, but there is a lot of different direct mail out there. I kept it in one file drawer and it became two, it became four, it became several file cabinets. A fellow copywriter, Harry Walsh, a lovely guy, he would call me up and he would say, "I have a client that is doing a World War II series. Do you have any?" I could go to World War II series and look it up to make sure that I am touching all of the bases. I got one from Time Life and I have one from Columbia House. So he would come over and we would make copies of this stuff. He would go away and he would use these as models. He didn't steal from them, but all the elements were there and it gave him ideas for his own version. One day he took me for a very, very wet lunch.

Michael: What do you mean by that?

Denny: It was a four-martini lunch. We use to drink a lot in those days. I miss the four-martini lunch. Harry could pack it. Harry would start writing at 5 or 6 in the morning. He would quit at noon. He would start drinking. The poor guy died.

Michael: He was an alcoholic?

Denny: No, no, no. He was a hard liver. He lived hard. He died of Alzheimers, which is a god-awful thing. He said, I would join your archive and I would pay you money to be a member of your archives, so that I could come over and get these things. I said, "Harry, if I were to have a membership thing that would mean I would have to send out a newsletter to people to tell them what is in the archives and maybe I will do that." I came home three-sheets to the wind and I said to Peggy, we are going to start a newsletter." She said, "What?" I said, "We are going to start a newsletter on junk mail based on our archives." She said, "Well the cash flow for a freelancer couldn't be any worse than it is, so let's try a newsletter." So we did that and it became very consuming. We ran it for 9 years and then sold it to a creative marketing magazine.

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Michael: So you decided to do the newsletter. What was the first step? You had to write the first issue right?

Denny: When you do something on your own, you don't have to answer to a whole board of people and a big business plan. So I wrote a couple of issues, dummy issues and we looked at them. I got my artist to design me a logo. I got an email from a guy today saying, he wanted to hire an artist to do a logo and the guy said let me give you some ideas. He sent a couple of sketches in. The guy said, "I like them. By the way, if I buy these from you, then I own them." The guy said, "No you don't. It is my design. I own them." He said, "What do I do about this?" I said, "First thing you do is get yourself a lawyer. It is actually your property."

Another thing for your clients, your readers, which is very important is when a writer has produced something off of his computer, the minute it is in his brain he owns it. The minute it comes off his computer he owns it. The minute he sends it in to the client, say it is a circulation thing for a magazine or an ad for a product. The minute he sends it into a client, he still owns it. If the client uses it without getting what is called a work-for-hire agreement from the guy, the guy still owns it. If the client starts making zillions and zillions of dollars, the copywriter can say I own this thing. I want it back. So my advice to anybody is to get a work-for-hire arrangement before you take on a copywriter so that you own whatever that copywriter produces because with the exception of salaried workers, if you are on salary and they are paying you salary and benefits, the company owns everything that you do for them. If you hire an outsider, the only way you have that kind of ownership is with a work-for-hire contract. My advices for any copywriter is don't sign a work-for-hire contract.

Michael: Okay. So these couple dummy issues of who is mailing what, you owned it, you guys put it together yourself.

Denny: Yeah, I did the whole thing. Sure.

Michael: How did you start getting subscribers? Did you rent a list?

Denny: I wrote a dummy issue to see what the hell this thing would look like. Then I did what is known as a dry test. Do you know about dry tests?

Michael: I do, but why don't you tell me what a dry test is.

Denny: Take the newsletter example. If you are going to start a newsletter, you can start publishing a newsletter and then try and sell it. You spend a whole lot of money producing the newsletter, printing the

newsletter, and now you are trying to sell it. This goes for any kind of a product. As opposed to creating a mailing, which shows and describes the product and asks for an order, even though the product does not exist. You have made the thing so real, it was such a sense of reality that the guy perceives the thing, believes it exists and will send you in an order.

If you get enough of those, even though you don't know how much the payoff is going to be and even though you don't know whether the guy is going to renew because the guy hasn't seen the issues yet and decided whether he likes it or not. You at least get some idea whether this thing has legs or like somebody says it fogs the mirror. Then if the numbers look right, you can do a confirming test or you can produce the thing and do a wet test. You print the newsletter and you send it out and see who the hell pays for it.

Michael: What is a confirming test?

Denny: A confirming test is that you send out 20,000 pieces to 4 lists, 5,000 each. If the thing seems to have legs, you then step the thing up to 100,000 names.

Michael: Four lists?

Denny: You step it up to 100,000 names and you go to 10,000 to 10 lists, for example. If those tests reflect the original tests then it looks like you have a thing and you could go and roll out. Tests actually mathematically when you roll out, will never do as well as the tests for whatever reason.

Michael: Why do you think that is?

Denny: It could be timing. It could be all kinds of reasons, but almost never does the roll out do as well as the initial test.

Michael: So you do a confirming test, an initial test, and if numbers look good, you are going to roll out. Mathematically you are going to kind of estimate what this thing will do. Would you take 10% or 20% off? How would you do the mathematics on that? Is there a formula?

Denny: Direct marketing as Joan said, "It is not the business of selling stuff. It is the business of acquiring customers and selling them more and more stuff." With a test and a confirming test, it depends on, you have to take a crutch with merchandise and add on 15% for returns, add 15% for bad debt, add 15% for profit, because profit is a cost. See what your cost of this thing is and then you take the cost of the mailing.

The paper printing, inserting, and postage and do the arithmetic on this and you will wind up with an allowable cost per order. So that is how you price the thing and that is how you do it.

Michael: We will get into that, I am sure in a little bit. So you started this *Who is Mailing What*. In short, what happened? How big did you build it up?

Denny: I tested 10,000 pieces to DM News and to I think the Folio list.

Michael: Is DM news a paid subscription?

Denny: No. We mailed 5,000 each.

Michael: Five thousand to DM news.

Denny: Five thousand to Folio.

Michael: What was Folio?

Denny: It was a magazine management. DM News was free. I think we got 2% @ \$99.

Michael: \$99 per year?

Denny: Yeah, \$99 per year, paid. We have a thousand subscribers I think. That started us off.

Michael: One thousand subscribers at \$99 a year?

Denny: I think something like that, yeah. Then we started doing it. Then part of the deal was that we had a list of all the new mailings that came in from the archives, so people could order copies of the mailings. Usually I talked to people about the mailings and people could order copies of the mailings, which we would photocopy and turn into folding dummies and sell them for \$20, \$30, \$40. We started a business. Today, we moved that thing down to target marketing in Philadelphia, today the archives is thriving. It is on the Internet, so you can go online and actually order and download mailings to see what other people are doing for a fee. The most valuable asset any copywriter has is, I believe, a swipe file, things other people have done and it is stealing smart. Ideally seeing those mailings, which had been controlled stealing, smart.

Michael: On your swipe file, do you offer any information on rather the mailing was a winner or are they all winners?

Denny: You can't know whether it was a winner or not, but you can know it is a winner if you keep getting it over and over again. This is a *Who is Mailing What archive*. It is on the Internet. Some of these mailings are took over and controlled every year for three years. The Wall Street Journal mailing of *Two Young Men* was mailed for 15 years, 20 years as a control. Bill Barner is mailing for International Living. He wrote that as a dry test. It was cash positive from day one. It is still being reused 30 years later.

Michael: I want to talk about some of these stories. I know you have them in your book *Method Marketing*. What do you know that is the most successful direct mail piece of all time?

Denny: *The Two Young Men* mailing of a guy named Martin Conroy for the Wall Street Journal.

Michael: So Martin Conroy? Is he the one who wrote it?

Denny: Yeah.

Michael: He was a copywriter?

Denny: He was an advanced copywriter. He wrote, "One fine day, twenty-five years ago, two men returned to their 25th reunion at college. They were very much alike. They both had jobs. They both had wives. They both had a couple of kids. Both coincidentally, went to work for the same company. The only difference was that one of these young men was the president and the other was a manager of a department. What made the difference?" He never said, but the implication was that the guy who became president read The Wall Street Journal. It was a 2-page letter, 800 and some words.

I called Paul Bell, the circulation manager of the Wall Street Journal and I said, "Let me run some numbers by you." I said, "You have 1,000,000 subscribers?" Yes. "Would you say that 50% of them came in buying Two Young Men mailing?" Yes. I ran off the numbers on him and I said, "That tells me that this mailing over the years has brought in, in excess of \$1,000,000 subscription revenue to The Wall Street Journal and as such is the most successful mailing ever created." There was silence on the other end. Finally he said in a very small voice, "Please don't tell Marty Conroy, he will raise his prices."

Michael: So at that time, before they did that mailing, how small or large was The Wall Street Journal? Were they just getting started?

Denny: No, no. They were in business. Then they had several others. They had a series of controls. One would slide a little bit and they would

drop another one in. The idea of that scenario for any marketer is to have two or three controls. Once you have a control, you do two things. You tweak the control. You do all kinds of little tweaks on the control to make it better. You tweak the offer. You tweak the price or whatever. Then you go out and hire people to write mailings against it to try to beat that.

Michael: That Wall Street Journal offer, what kind of offer was it? Do you remember? Was it a soft offer, send no money?

Denny: It was certainly a soft offer. Send no money. I think \$99 for a year or something like that. I don't remember.

Michael: Have you seen knock-offs for that promotion that would of done really well in a big scale?

Denny: Knock off service, whether it had done well or not, I don't know. A lot of people try to knock this off. Diversion does it. If you see it over and over then it probably didn't do that well.

Michael: Mark Conroy was he able to do some other blockbuster copy other than that one or was that his claim to fame?

Denny: That was his blockbuster. He worked for The Wall Street Journal for years. He has written a number of controls for that. He has since died, but he did really well as a copywriter.

Michael: Tell me the story about boardroom, Marty Edelson.

Denny: Edelson was a salesman for magazines, a magazine called The Reporter many years ago. He had, I guess a newsletter, which was a digest of business stories. He called it *Boardroom Reports*. He had it copywrited by a fellow named Mel Martin who came up with the idea he called fascination.

Michael: Did you know Mel Martin?

Denny: Never did, no. In fact, I was going to do a story about Boardroom. Marty Edelson had two subscriptions to *Who is Mailing What*. I said, "I want to do a story about your mailings because you do so many of them. Who is your copywriter?" He said, "I am not going to tell you. Furthermore if you do a story on me or this copywriter, I will cancel my subscriptions."

Michael: Now was it the fascination guy?

Denny: Yeah.

Michael: At that time. Okay.

Denny: He died. He was a heavy smoker and not a well man. Slowest copywriter. He would spend a week on an envelope, but he put Marty Edelson in business and started him on his way to \$120,000,000 empire. His fascinations were *What the Credit Card Companies Don't Want You to Know*, *What to Not Eat on an Airline*, and those kinds of stoppers.

Michael: I heard of him, but I was under the impression Eugene Schwartz put him on the map.

Denny: No, Schwartz did a lot of his work for him. Schwartz did a number of his books. Schwartz did a bunch of books for Rodale.

Michael: I heard the speech with Schwartz, you know speaking to Gore or one of his publishers. They talked about how Marty Edelson called him and they sat down. Marty Edelson had this crazy idea about this newsletter. Schwartz was just taking notes and then his wife was making up and he put the ad together like in 30 minutes.

Denny: Schwartz was in on it. Schwartz may have written the first mailing for him. Mel Martin use to write the cover of the newsletter, which had the article. He named the article with a very sexy title, which was the basis of the Fascinations. They tried to mail it based on these fascinations and it took off like a rocket. If you ever eat on an airplane, see page 93 or whatever. Thinking about it, Schwartz may have done the newsletters and Martin may have done the Boardroom books. I am not sure. Martin was involved in the start up of the newsletter as well because he wrote the covers for them. It was a case of where great copy, brilliant copy, really evolving copy, so intriguing that people who read it signed up. In fact, the copy for the mailings was better than the copy in the magazine or the newsletter, which I found then and I find now quite boring.

Michael: You mean they were boring?

Denny: Yeah, the newsletter itself.

Michael: Oh, the newsletter itself.

Denny: Generally speaking the monologues themselves were more interesting than the things they were selling.

Michael: Did you know Eugene Schwartz?

Denny: I met him several times, yeah. He was a big, tall skinny car. He is a major collector of art; big collector of modern art.

Michael: Who do you believe are some of the greatest copywriters, dead or alive?

Denny: Jayme, J-A-Y-M-E.

Michael: Who is he?

Denny: Jayme was a guy, very urban, british guy who lived in New York. His building was going co-op and he couldn't afford to buy it. So he persuaded consumer reports to put him on retainer and he would do all their work for them. He moved out to San Francisco, where upon he hit the jackpot. If you were going to start a magazine, at that time, the guy you talk to for the dry test and the wet test is still Jayme. He would charge \$20,000 a packet, which was huge money in the 60's and 70's. Jayme made a fortune. He had tremendous mystique. He was funny as hell. He was probably the best magazine copywriter around ever.

Michael: So he put consumer reports on the map?

Denny: He did a lot of early mailings for Consumer Reports. Yes, he kept them going. Then he found himself with Psychology Today, Civilization. Guys would come to him and say, "I want to start a magazine. I want you to write the mailing package for us." Jayme would say fine, tell me about the magazine. They would tell him and then he would say, "Fine, I will do a package." The kid would say, "Don't you want to know the articles that we are going to have in the magazine?" Jayme said, "No. I will make them up." Jayme said, "I knew the audience that I was writing to. These were my people. They have responded to my mailings before, therefore; I knew what kind of articles they would respond to." So he would actually plan the magazine, as well as write the direct mail package.

Michael: Did he ever teach copywriting?

Denny: No.

Michael: He never revealed his methods anywhere?

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Denny: Do you know Brian Terps?

Michael: Yeah, I have heard of him.

Denny: Boardroom had a CD with all of Jayme's mailings on them. That is for sale. He could probably offer that for sale on a joint venture basis with them.

Michael: I heard you on that, remember they did that Bob Bly and Joe Vitale did that Eugene Schwartz thing and that you were on the phone with Abraham?

Denny: Yeah.

Michael: I listened to that. He kind of indicated that some of these guys were like snake oil salesmen.

Denny: They were.

Michael: What did you mean by that and what category of copywriters do you consider that?

Denny: Gene published his own books and sold them by mail. He had a company, his own company, called Instant Improvement. These are the headlines from the giant 9 x 12 envelope that he wrote.

How modern Chinese medicine helps both men and women burn disease out of your body using nothing more than the palm of your hand.

How to treat blood pressure, bursitis, arthritis, and prevent them from degenerating further and even reverse them simply by massaging the outside of the way in a downward way.

Eventually throw away your glasses and never need to see an eye doctor again simply by rubbing around the eyes for a few minutes every day.

Free, how to rub your stomach away. The simplest and most natural way to lose weight is by this effortless 2-minute exercise. By applying this exercise faithfully, he regulated his bowel movements and lost 40 pounds and was filled with new energy. In just a few weeks, she lost five inches in her waist, hips and thigh area.

That is crap, but it sold a ton of books. This is a true story about Schwartz too. The FCC was all over him for this stuff; for this kind of copy. I think he took it up to the Supreme Court.

Michael: Yeah. I heard he took it to the Supreme Court.

Denny: You cannot say something that is not true in copy. However, when publishing a book, a book cannot be censored, so you can say all of this stuff in a book and publish it because that is free speech. Then your question is okay if the book says that, can your promotion make the same claims as the book? Schwartz answered yes. The book makes these claims and therefore the commercial copy for the book should be able to make the claim. The Supreme Court upheld it, so he was allowed to write all of those.

Michael: He was entangled in legal stuff for years, I'm sure.

Denny: Yeah, but he won that one. If the book says it, the mailing can say it. That was a huge wind for him.

Michael: Was that a win for the direct mailing industry do you think?

Denny: Probably. I bet you it was a win for the consumer. It was an important decision.

Michael: So he talks about, in Headlines, or at least from the stuff that I have learned that the purpose of a headline is to get attention and to get them to read the next line. His headlines, even though it was in the material, it may have not had anything to do with the product or service. Really the main goal of that was to get them to read on.

Denny: He said that the headline is the ticket on the meat. The worst thing is that if you run an ad with no headline. Axel Anderson, my guru, said, "Headlines selects the audio." If the headline is about natural healing and you are going to someone that is a heavy smoker, the chances are that you are not talking to that person.

Michael: What other copywriters do you think were the all time greatest? Like you gave me one example. Who else do you admire?

Denny: Mel Martin, Gene Schwartz, and Abraham. He was an outstanding writer.

Michael: Did he write all of those main promotions back in the 80's?

Denny: Yeah. There were a bunch of guys Jay Abraham, Jerry Halbert, a guy named Drew Allen Caplan who I call the master of what I call California Hype. It was really intense, very, very, hypie, excited, filled with promises, filled with benefits. You have to order this thing because there is so much in it. It was never my style. I was never Jay's style, but these were guys who really made people believe that they were going to live to be 150 and all of that stuff.

Michael: Do you know of any great promotions Halbert did, direct mail wise?

Denny: I am grappling with Halbert. You are going back a while. Halbert did have a theory and this is directly related to direct mail. When mail arrives, you sort of had two piles. The A pile and the B pile. The A pile was the important stuff. The bills, the letter from your kid in Iraq, notes from family, social security check and all that kind of stuff. The B pile was everything else. Albert said that he had been creating direct mail packages that people thought should be in the A pile. If you put them in the A pile, then you were way ahead of the game. He tried to do that. My reaction to that is if you put a piece of junk mail in the A pile, thinking it is an A pile letter, then you find out it is a B pile, direct mail package you will feel ripped off and be ripped off and chuck it out. There are two theories on that one.

A gal name Lea Pierce said, "All direct mail is opened over the waste basket."

Michael: Who is Lea Pierce?

Denny: L-E-A, Lea, P-I-E-R-C-E, Pierce. She is a copywriter.

Michael: Did that come from her that statement?

Denny: Yeah.

Michael: Halbert use to quote that.

Denny: Did he? Maybe she got it from Halbert, I don't know. I first heard it from her.

Michael: So from what you know about direct mail, there has been people who have tested A pile, blank envelope, put the live stamp, prepare to teaser copy on the envelope.

Denny: Yeah.

Michael: Which one is better to go?

Denny: You have to test. Every offer, every mailing, every product and every list is different.

Michael: I did an interview with Melvin Powers. He was talking about that he would test only 1,000 pieces to get a good idea. He said, "One thousand. If you are hesitant, do 3,000. What do you think is a good statistical test for direct mail promotion?"

Denny: When I got into the business the benchmark for test was 5,000. The reason for the 5,000 was the benchmark response for direct mailing was 2%. Two percent of 5,000 is 100 orders. One hundred orders is enough of a back-end to be statistically verifiable to see how the fires would perform. So if 5,000 would bring you 100 orders, you could tell what the attrition would be and what the profit would be and so on. Today the response to direct mail is not anywhere near 2%. So you would probably have to mail out 15,000.

Ed Mayer, he was a guy who worked for, I think, one of the big agencies. He said, "Success in direct mail is dependent on the following formula. Forty percent list, forty percent offer, and twenty percent everything else. That, of course, pisses off copywriters, who for copywriters it is a 20% everything else. When you think about it if you send it to the wrong list you are dead. If you send a bad offer, you are dead. If you send a great offer to the right list, the other 20% is about right. Dick Benson, the great guru, Dick Benson says, "I know of no direct marketer that spends enough time on lists."

Michael: Tell me the story of Kurt Strohacker.

Denny: Kurt Strohacker is a guy who loves cars, fixing up cars, restoring cars. He started a company called Eastwood, which offered to car restorers, people who liked to tinker with cars, not Jay Leno who has one of the great car collections in the world, but the guys who work for Leno; those kinds of guys who do all of the tinkering and restoring. He put together a catalog for car restorers, not the novel specific parts, but the stuff to do body, paint and that kind of stuff.

Strohacker was interesting because when somebody went to work for his company, no matter what they did for the company, whether they were in the mailroom or executive vice president. The first thing that they learned to do was answer the phone and become a telephone sales rep. Say at Christmas time when sales were really hot and people were ordering like crazy, they could just put out an all points bulletin all over the company and say, "You are now a telemarketer."

All the people have on their desk the computer stuff needed to take orders and fill them.

That is a real interesting idea for a catalog company or any company. Rather than put anyone on hold, just make sure that everyone in the company is a capable rep and that they can take an order and also up-sell. If you are buying this kind of paint, the best brushes for you to use is the 1/8" brush for the detailed work, this 1/4" brush for bigger patches and 5" brush for, I don't know. They are selling more stuff and more stuff. I don't know whether catalog companies do that now, but certainly smaller companies should do that if they don't. Others have telemarketer divisions and when they run out of people on the telephone, it can often spill over to people at home and whatever who can take over stuff. It is a good idea that everyone in the company knows what it is like to sell your product.

Michael: Can one still make it in the direct mail business with the rising costs of postage and space advertising?

Denny: Absolutely. First of all with the Canned Spam act and the do not call lists; I believe that direct mail is the workhorse of direct marketing.

Michael: Is the direct mail industry in jeopardy for any of these types of laws or do not mail lists, things like that?

Denny: A lot of people have been muttering about that for years, but with free speech, what the hell. You are not intruding on the guy by telephone; you are not spamming him on the computer. Because of the cost constraints on direct mail, a number 10-business mailing is probably \$500 or \$600 when you add in postage for 1,000 at 50 cents apiece. If you are sending out a whole bunch of mailings to the wrong people, it doesn't take a whole lot of 50-cent pieces going down the sewer to having you start-losing money. So the cost of the direct mail makes it a very disciplined art, science, and business.

Michael: The increasing costs reduced the junk mail.

Denny: Yeah, that has now become spam.

Michael: Before you sold off your *Who is Mailing* What, how many subscribers did you have for that?

Denny: At the peak we had 1700.

Michael: Did they make you an offer or did you?

Denny: Yeah. I ran into somebody that I said that I would like to get into a magazine rather than do this damn newsletter the rest of my life. Targeting Market Magazine was in deep trouble. So we cut a deal and I sold out the company and moved to Philadelphia.

Michael: You sold your *Who is Mailing What*?

Denny: Yeah.

Michael: Did you acquire target marketing?

Denny: No, they acquired me.

Michael: Oh, they acquired you?

Denny: I moved to Philadelphia. We ran *Who is Mailing What* out of Philadelphia and took over Target Marketing and saved it. I could not take the corporate nonsense so I left after that, after about five or six years. My wife, Peggy is now publisher of Target Marketing, *Who is Mailing What*. She started three or four other magazines and a whole bunch of Internet based products. She is much savvier than I am. She is a much better manager than I am.

Michael: The target magazine, tell me about that. How many subscribers do you have? What is it?

Denny: I think it is 30,000 or something. I don't know. It is free if you qualify. The interesting question now is with all print magazines, how can you cut down the horrendous cost of paper printing, binding, and postage? One way is to deliver these things over the Internet.

Michael: How is that working for you?

Denny: I am starting to do that, but *Playgirl* magazine just announced it was no longer printing magazines. It will just deliver over the Internet. I get the *Wall Street Journal* everyday, but they sent me a renewal. It was \$350 or \$450 or something, but I find myself skimming it in the morning and going to the web site. I pay another \$50, \$75, or \$100 to get everything on the web. Well, I am not going to renew the *Wall Street Journal* printed version. I am just going to pay them to get everything on the web site. I will continue to take the *Philadelphia Enquirer* and the *New York Times*. I like something to read over coffee because I don't want to get to the computer before I have my eyes open. The *Wall Street Journal* is infinitely easier to read on the Internet than it is in hard copy.

Michael: What do you see is one of the greatest opportunities in the direct mail business today, whether it is markets or any other opportunity that you see coming up.

Denny: My sense is that anybody who has a product or service that is unique and valuable and priced well and understands the value of a single customer will do well. You have a ton of people who are out there scrambling around to get leads, doing all sorts of stuff to get leads. They don't know what the hell to do with a lead once they got it. They don't know how to write that person, thank them for a lead in a personal way, make them a great offer, bring them on board bit-by-bit, and win them over.

The five-step sequence for a great customer is that you assume that person is a prospect and you assume that person is a suspect. Everyone out there on a list is a suspect. If you can turn that suspect into a prospect and then sell that prospect and turn them into a customer you are well along. Then the deal is to get that customer to buy again from you and become a repeat customer. Ultimate fifth step is to get that person to be an advocate for you. In fact, tell people that you have a great product and great service and a great company and that they should be customers of yours too. That is a five-step thing.

Now you see all the crap you get on your computer in terms of spam everyday. Here people are just throwing eggs against the wall hoping some of it will stick. There are no serious money constraints on using the Internet for marketing and soliciting unlike direct mail, which costs 50 cents a piece. What is the cost for 50,000? I don't know. People can do anything they want and there is only 15 or 20 people that are stupid enough to sign up for one of these things, but I think that successful selling on the Internet requires background in all facets of old fashioned direct marketing. You go to the right lists. Instead of a teaser on an envelope, you have a subject line, which is irresistible. The subject line when you click on it dissolves into something that gives you benefits, benefits, benefits, and so on. That is true of direct mail and true of the Internet.

Many people are just looking for as many names as they can get a hold of and get as many responses as they can get and hope some of it sticks. That is not great at building a business.

Michael: Are you still doing copywriting packages today?

Denny: I will. My time is limited. I am not actively soliciting clients.

Michael: Tell me about one of your best copywriting successes, a package that you wrote and the results for the client.

Denny: I have two or three long-term controls. One was for Archeology magazine.

Michael: They came to you?

Denny: Yeah, they came to me. The day that I sat down to write that, a Greek archeologist went into a mound in Northern Greece and came upon the tomb of Phillip of Mathedon, it was the father of Alexander the Great.

Michael: This was on the news?

Denny: It was on the news. It was in the newspaper that day. It was an electrifying discovery. That find went on to become a major museum show called The Search for Alexander, which was in Washington, New York and then around the world. The stuff that this guy found, going in and finding it was electric. I told that story in the letter. I said, "You can be part of this kind of thrilling, high adventure in archeology, reliving the past and finding great treasure." I think I did that control for five years, probably the best package that I ever wrote.

Michael: How many subscriptions did it sell?

Denny: I don't k now. This was way back.

Michael: You were paid as a copywriter a fee to write the package? Did you earn royalties every time they mailed it?

Denny: No.

Michael: It was just a one-time fee?

Denny: Sure. I talked to Bill Jayme about this. A lot of copywriters bill on the royalty, before a copywriter made a lot of money. Before the mailer, let's say that you have three or four different packages out there. You decide to combine some pieces. You decide to use Denny Hatch envelope with a Bill Jayme letter with a John Francis tie circular with someone else's order form. What the hell do you do when all of these people want royalties? So Jayme just wanted to take the money and run. It was too complicated otherwise.

Michael: So Jayme never did royalties?

Denny: No.

Michael: Just a one-time fee and you are done?

Denny: Yes, and the guy owned it. I am not real comfortable with royalties. First of all, direct marketers are not set up for royalties. Book publishers are set up for royalties. You have a contract. You have an inventory control system, which is tied into your accounting; books out and royalties in, books returned royalties deducted. Direct marketing, you sign a royalty deal with a marketing manager. The marketing manager is fired and some new marketing manager comes in that doesn't know about the royalty deal and is mailing your piece all over the lot. You have no idea how many were mailed. It is very untidy in the direct mail business because it is not set up to pay royalties. I think you are better off with an upfront fee.

Michael: What prompted you to write the *2,239 Tested Secrets for Direct Marketing Success*? Did that come before *Million Dollar Mailings*?

Denny: *Million Dollar Mailings* was before that.

Michael: Let's talk about *Million Dollar Mailings*. What prompted you to put that together and was that an effort to promote your *Who is Mailing What*?

Denny: Yes. Basically all of the business books that I have written have been to legitimize what I do. I wasn't expecting to make a whole lot of money on any of this stuff.

Michael: But the back-end was the *Who is Mailing What* service?

Denny: I didn't really start writing business books until I went to work for Target Marketing, but that gave legitimacy to me as the editor of Target Marketing and legitimacy to me later as a direct mail consultant. The *2239 Tested Secrets* which I did with Don Jackson, we knew that there were people all over the industry that had experiences and rules of their own that they had worked on.

I talked to 150 people and I said, "We are putting together this book, share with readers a rule that you have come up with in direct mail and advertising, copywriting, and everything else." I got 150 responses from these people with all of these rules. I took all of these rules and categorized them in various subject areas and I began the book with Jackson and me writing commentary before, during, and after. Axle Anderson was going to call it 2239 rules. He said, "Rules doesn't sell, we will call it secrets." So we called it *Secrets of Direct Marketing Success*. The thing has been chugging along for 10 years or so.

Michael: Did you only do it in hardcover?

Denny: No, it is out in paperback.

Michael: Did you ever do mailings of paperback?

Denny: No.

Michael: Just hardcover?

Denny: Yeah. The publisher of *Million Dollar Mailings and Method Marketing*, he kind of let them go out of print. I have to see what I can do about that, because I keep getting requests for that stuff.

Michael: So it is out of print?

Denny: No, but they are hard to get. I will put it that way. Amazon doesn't have them in stock.

Michael: Okay. So you didn't make a whole lot of money on the book sales? You probably made a royalty on everything right?

Denny: Yeah, but not a whole lot.

Michael: What I am trying to get at is for people out there who are experts or who have access to experts, having a book the money comes down the road in positioning yourself as an expert in your industry.

Denny: Absolutely.

Michael: So having these books, what did those do for you? It got you clients?

Denny: Yeah, it got me clients. You saw all the books I wrote.

Michael: Were you surprised at what these books did for you within the direct mail?

Denny: No. When you put books out there, it credentializes you. It legitimizes you. It happened to be a pretty good read. It is not dry as dust, dry as dirt, PhD kind of academic writing. It is all pretty easy. The 2239 Tested Secrets, it is not Don Jackson and I talking. It is the 150 other people. In that sense, also we put in there conflicting rules. I would tell you the A pile and the B pile. Jayme would tell you never to describe the fact that this is commercial mail. It was absolutely opposite advice. Then you say I have to test it, so you test it. In that book, generally speaking if a marketing person wants to try something

and the boss says this has been done before, more than likely the person will be able to go into that book and find somebody that has that rule in there. Either way it is fun and it legitimizes decisions for people. It helps them out. Malcom Decker, a great copywriter.

Michael: All right, who was he.

Denny: A copywriter with children's literature. He used to sell collectable stamps. He said, "There are two rules and two rules only in direct marketing. Rule one is test everything. Rule two is see rule one." Ed Mayer is the guy from one of the agencies. He is the guy that said the 40/40/20 rule. He said don't test whispers. Don't test pink paper with blue paper. Don't test \$9.95 with \$9.99.

Michael: Don't test whispers, test things that scream important stuff.

Denny: Yes, important stuff.

Michael: Let me ask you this. Everybody that goes into business develops a list of their favorite free and paid resources. Can you give us an inside look at some of the resources that you would use to get a new venture off of the ground? What are some of the resources that you use? What do you subscribe to and read that keeps you abreast of direct marketing and direct mail?

Denny: I would say that if someone wants to get into it, hire an expert. For example, probably 7 or 8 years ago a guy contacted from Europe who once started a children's book club and marketed it successfully all over Europe and he wanted to start it here. I ran children's book clubs for Grolier. They wanted to launch it using the European model, which was buying space ads in children's magazines. It was a terrific offer. They hired a consultant. Later on, I found out that there were very few children's magazines, those that are a number of them didn't take advertising. So I said what about direct mail. They said okay.

So I went to a guy called Dick Goldsmith who knows all about direct mail and who knows how to product it and mail it. They don't want to get it in the mail in a couple of months. They want to ram this thing through. The average consultant, either you go to an agency that does it all or you go to a consultant. The consultant in effect runs a virtual agency with a copywriter here, a printer there, an inserter somewhere else, an envelope salesman and then push the whole thing together. Goldsmith knew that I could do that. Goldsmith is expensive, but it is all going to be done under one roof and he is going to get the job done for you. We went with their copy, my copy, and the design that

Goldsmith put together. It was not the best, but we had to do it for the test. The test went fine and we went on and it was fine.

If you want something hire a good professional, don't screw around yourself. Don't try copywriting yourself. Don't try to start out printing yourself. Hire a printing broker, someone who knows what in the hell they are doing. Get professionals to do it or you are going to lose your ass.

Michael: Where can my listeners find a pretty good reliable resource for these professionals?

Denny: Goldsmith or ROH for instance was very successful. I think he may still be working for this book club ten years later. They like to get this stuff out. In terms of list brokerage, you have to find a list broker that specializes in your specific area. Guy England emailed me and said, "Who does up-market mailings to rich people for expensive items? Who is the best list broker for that?" I called my contact and I said I need a name of the best person. Just have to look around and find people that I am comfortable with.

The guy from Europe with the book club for kids, he worked for a not so good fulfillment company that sends out a membership mailing every month. So we had to change that. This was from a fulfillment company that came highly recommended, but their computer was not able to do the personalized stuff that we wanted her to do to make the members feel special. To get deep into it, mainly it is to hire professionals.

Michael: What about Direct Marketing News? What are some good magazines?

Denny: I would say Target Marketing, Catalog Success and Fund Raising Success. Peggy's three magazines are really good. The others are DM News, which has been bought by a British company and they are not really direct marketers they do the news in the business, like brokers changing jobs and all of that stuff. Then there is a thing called Multi-Channel Merchant and Direct Multi-Channel Merchant use to be Catalog Age, but they now have Catalog Internet Catalog Etc so they are Multi-Channel Merchant. Then there is a magazine called Direct, which is a competition for Target Marketing. Then there is for magazine people Folio and Circulation Management and then there is even more new stuff than that.

Michael: What are some of your most visited web sites? Do you have some sites that you continually reference that have proved have been really good resources for what you are doing.

Denny: No, for what I am doing, which is the newsletter, we have all over the lot with the newsletter, not direct marketing primarily. With google direct marketing we get a ton of stuff.

Michael: We will wrap it up here. I want you to tell me the story about Bill Kennedy first and then direct my listeners to where they can get more information on your books and your site.

Denny: Say a guy is in the business of selling silver. He would get investors and pay their way out to the Coronado Hotel in San Diego?

Michael: Yeah, that is right here in San Diego.

Denny: He would have them stay weekends in Coronado and persuade people to buy silver.

Michael: He was doing it through direct mail?

Denny: Yeah. Incredible imitations, but he didn't do the arithmetic and the markup on silver wasn't all that good. He was losing his ass. He wound up in jail. It is a sad story. Something was wrong with his son and the wife was left penniless. That was awful. He did not know his arithmetic and arithmetic in direct marketing is everything. It isn't the business of branding. It isn't the business of selling. It is acquiring customers and selling them more and more stuff and keeping them happy. It is the business of starting at the beginning after testing and rolling out building a history of lifetime value. What is the customer worth to you over the customer's lifetime? How long will he be a customer? What will he pay you? Then taking that information to go back to the original source of that name. So the list that maybe will give you the best upfront response may not give you the customers that bring you the most money. You cannot do enough data analysis and regression analysis of who your customers are, where they came from and what they are spending with you and what their profitability is.

For example, one of the great direct marketers of all time is a guy named Bob Hackert in Seattle. Hackert said, "For catalogers, in the catalog business the formula is RFN; recency, frequency, monitoring and value. The people that spent the most money with you, the most time recently and frequently are your best customers. So you rank them into quintiles. The best, the second best, third best, fourth best and fifth best. The fifth best are awful. These are bad customers. The

deal that catalogers have to do is to figure out ways to move people from the second quintile into the first quintile, the third quintile to the second quintile and so on and bring them along and get them to spend more and more money with you. In marketing, when you get new customers, you have to share a market. The next step is to get those customers to spend more with you and then share the wallet. Hackert would say to catalogers, "You want to make money this Christmas season? Do not mail to the bottom two-fifths of your list." The guys couldn't stand the idea to lose customers. Well the chances are that Hackert was right. The top quintile you mail once a month. The second quintile you mail something every two months. The third quintile maybe mail something every three months. The fourth and fifth quintile, you mail them once a year to see if they are alive. Don't spend money-mailing people that have a history of not buying with you. Many of you can't stand that.

Michael: That's good. Where can my visitors go to learn more about you? Where are some of your web sites that they can check out?

Denny: DennyHatch.com and BusinessCommonSense.com, which is a free newsletter and it's all over. It is basically marketing.

Michael: Thanks so much. I appreciate it.

Denny: Bye.

For more interviews like this, go to HardToFindSeminars.com.

Michael: I hope you enjoyed this interview with Denny Hatch. For more information, go to his web sites businesscommonsense.com and whoismailingwhat.com. Thanks for listening.