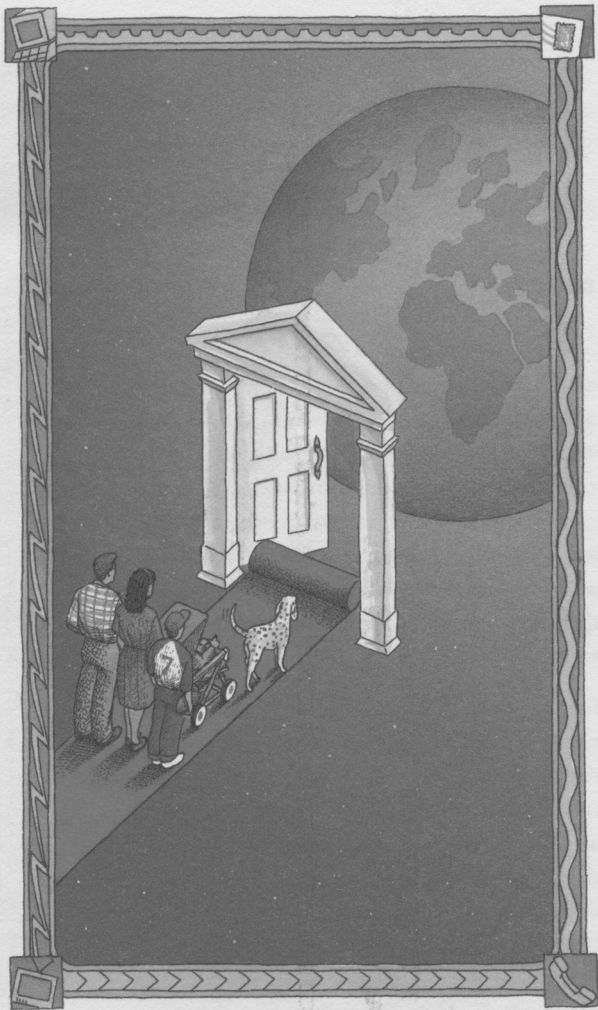


# DIRECT MARKETING: OPENING THE DOOR TO OPPORTUNITY

*A Simple Guide to Understanding  
How Direct Marketers Use Information*



**T**oday, more than ever before, most of us count time as one of our most valuable assets. Direct marketing is unique in that it is a marketing method that allows consumers to gather information about goods and services, to make educated buying decisions, and to acquire the necessities and pleasures of life when and where **WE** decide to do so — even from our kitchen tables at 3 a.m.

In order for us to acquire the information necessary to make those buying decisions, most frequently, direct marketers reach us by mail. We receive letters, catalogs, and advertisements that, in great detail, describe their products, services and causes. Sometimes we receive this advertising as a result of answering an ad in a magazine, on television, or by computer. More often, the mail arrives because our names have appeared on lists that the direct marketer has chosen in the belief that the list category represents a large number of people who are likely to be interested in his offering.

The goal of marketers is to reach those of us who are most likely to be interested in the offers that they make.

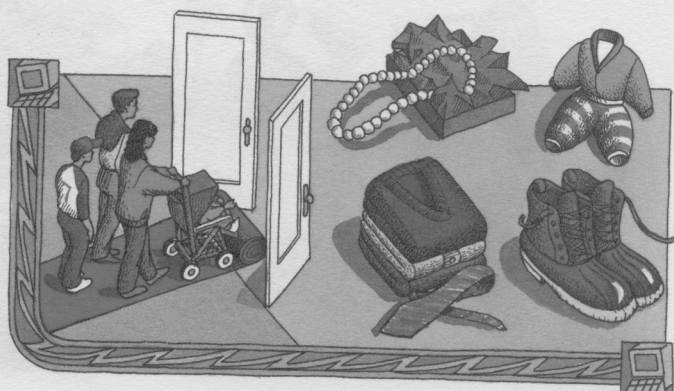
## HOW DID THEY GET MY NAME?


Lists of names and addresses are routinely compiled by marketers from countless sources. If you have a telephone (unless you have an unlisted number) your name and address are available to anyone with a pencil and a piece of paper. Indeed, one of the largest mailing lists in existence is simply a compilation of all the telephone-owning households listed in the nation's more than 4,000 phone books.

In most states, if you own a house, car, boat, or land, your name and address are available from public records. So are such publicly-recorded events as marriages, births and divorces. All are available to anyone who wants to compile a mailing list from the source material.



Your high school and college directories may list your name, address, and class. If you are a doctor, lawyer, dentist, engineer, teacher, you probably belong to one or more professional societies or associations whose membership lists show your name and address. Do you practice a profession for which the state has granted a license? Have you joined any business organizations such as a local Chamber of Commerce or Rotary Club? Many of these membership lists, while not, strictly-speaking, public records, are widely available to the public.

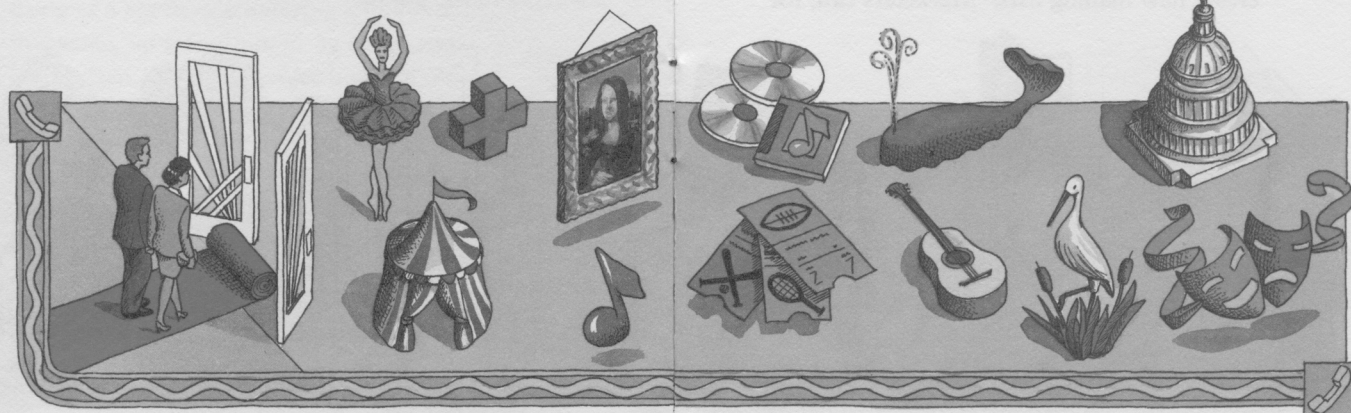




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Lists are nothing more than a way to identify a market for products and services. Direct marketing businesses succeed or fail by their ability to determine who is most likely to buy what they offer. So they rent or exchange lists of consumers whose interests have been narrowed by their earlier purchase behavior and other characteristics that might reasonably be assumed to make them likely prospects.

The names on a list become individuals only when they reply to an offer and become customers. Then, good marketers want to serve you just as personally as small town merchants did long ago. They keep accurate records of your purchases and preferences in order to serve you as well as they can. For example, one direct marketing company uses its computerized records to remind busy customers of birthdays for which they have sent presents in previous years. But your purchase information is useful to them only when you are being served personally — when





you phone, for example. Otherwise, information is only of use to the marketer in the aggregate. The records of hundreds, even thousands, of customers help them, for instance, to avoid being out-of-stock on popular items or to spot buying trends, to meet the needs of the large numbers of customers necessary to create a profitable business.

### MAILING LISTS IN THE COMPUTER AGE

Not long ago, consumers were frequently annoyed by duplicate mailings. When a company rented two or more mailing lists, there was no cost-effective way to compare the names and addresses on the lists to ensure that only one mailing was made to each address. Not only were consumers annoyed at the waste, but it was very expensive for mailers. Computers changed all that.

Today, sophisticated programs can sort and eliminate duplicates with extraordinary speed.



A "merge-purge" program first combines (merges) the names from all lists being rented, then deletes (purges) the duplicate names, leaving just one name and address to receive the mailing.

Merge-purge is not only used to ensure that duplicates aren't mailed, it is also used to create new mailing lists. Marketers can, for

example, create new markets by matching what they have decided are the most likely characteristics of buyers for their products from a wide variety of lists. It is estimated that there are more than 15,000 consumer lists containing 2 billion names available today. Many of those names are duplicates that are removed by computer matching.

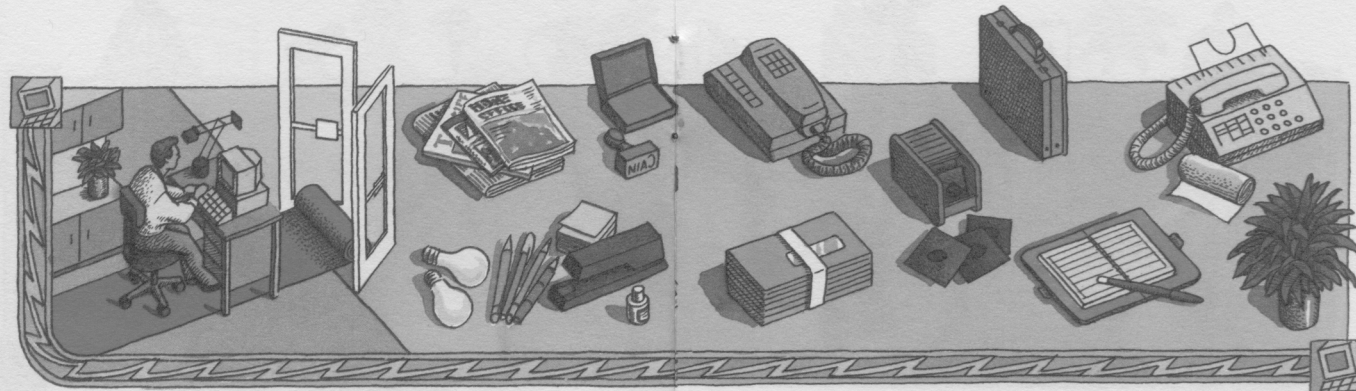


Specialized computer programs allow two things to happen. First, although the process is far from perfect, consumers today are more likely than ever before to receive advertising mail that is of interest to them. Second, even the smallest businesses can use the technology to create a market and compete successfully, thereby creating jobs and contributing to America's economic growth.

### TECHNOLOGY INCREASES CONSUMER OPPORTUNITIES

There are many instances where computers have vastly expanded the opportunities that are available to consumers. Credit cards, for example, are granted much more quickly than ever before because of computerized credit records.

Credit pre-screening enables such businesses as credit card companies, department stores





and banks to offer consumers guaranteed credit lines. Here's how you might receive such an opportunity: A bank decides to expand its number of credit card holders by offering credit lines to new prospects. The company decides the financial requirements that are acceptable for certain credit limits and rents a number of lists of consumers that research suggests might be interested in their offer. Your name and address is on one of those lists.

In order to "pre-qualify" you and the other names on the lists, the bank first merges and purges the lists. Then it submits the lists of thousands of names to one of the three major credit bureaus, where the lists are compared by computer to each individual's credit data. The computer assigns the amount of credit available to each name, using established bank guidelines. You then receive in the mail a credit card offer with a specific amount of credit — guaranteed — which you can accept or not, as you choose. The bank doesn't know your name unless you choose to respond.

### THE CONSUMER IS IN CHARGE

The technology that offers consumers vastly expanded opportunities also puts consumers in charge and gives them choices.

For example, if you would prefer that your credit record not be used for the marketing purposes just described, all you need do is write to one of the three major credit bureaus, and your name will no longer be used for pre-screening or any other marketing purpose by any of the three major bureaus. (See last pages.) You will, of course, retain the right to obtain credit approval for a purpose that you initiate, such as securing a mortgage or a car loan.

Similarly, consumers can control the marketing phone calls they receive in their homes. Direct marketers supported rules made by the Federal Communications Commission that were mandated by the Telephone Consumer Protection Act of 1991. Marketers who solicit you in your home are required to give you the name of their company and their telephone number; all telephone marketers are required to maintain lists of people who request that they not be called again. Under the law, the caller must keep a record of your request on a "do not call" list and may not make further telephone solicitations to your home. The law also allows consumers to file suit and collect damages for violations of the ruling. (See last pages.)

Another technology that is widely used today is Caller ID which is available to residential



telephone customers in many states. It enables you to see the number of the caller before you answer the phone. Direct marketers supported a federal law that would require consumers be given the means to block the transmission of their numbers when they make calls. Some businesses use the same technology to identify customers quickly and access their transaction records to speed their calls.

## YOU CAN CONTROL THE DIRECT MAIL THAT YOU RECEIVE

The American system of government places a high value on the right of its citizens to receive information and the right of businesses to provide information. Indeed, the First Amendment to the Constitution guarantees those rights. And many people enjoy and value advertising mail: over half of the American population — more than 100 million adults — buys direct each year.

Yet, direct marketing companies recognize that some customers just don't like the idea of having their names and addresses shared with other companies. There are still other consumers who simply do not shop direct. Today, both preferences can be satisfied.

Many businesses (and the number keeps growing) that rent or exchange their customer lists

will gladly remove a customer's name from those lists. Most companies clearly announce this service on their customer information pages or on the order form. The wording is different from one company to another, but the meaning is clear: They will abide by your wishes as a valued customer.

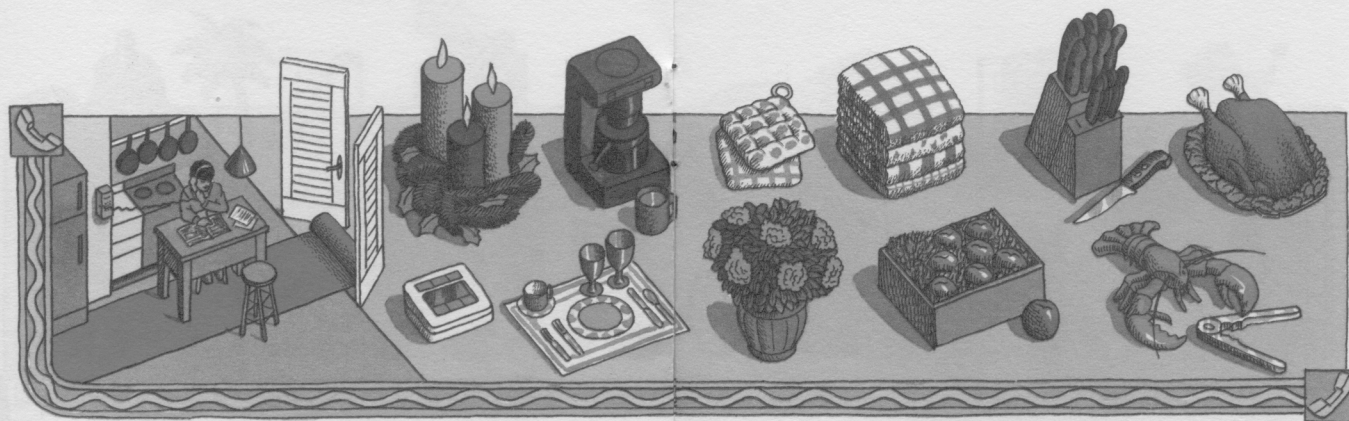
The wording that follows is fairly typical:

"Occasionally we make a portion of our mailing list available to carefully-screened companies whose products or services we think might be of interest to you. If you prefer not to receive such mailings please copy your mailing label exactly as it appears on the back of this catalog and send it to us at the address below."



Reputable direct marketing companies carefully screen the companies that they allow to use their lists. Nearly every direct marketer wants to protect his customers — his most valuable asset — from receiving something that might be annoying, offensive or ethically questionable. That's why reputable companies that rent their customer lists always require that the renter first submit a sample of his mailing for prior approval.

But suppose that you want to receive less advertising mail. The Direct Marketing



Association sponsors Mail Preference Service, which has been helping consumers to limit the national advertising mail they receive since 1971.

Simply write to DMA stating that you would like to receive less advertising mail. (See last pages.) Your name and address will be added to the MPS file that goes to the businesses that subscribe to the Mail Preference Service — including most of the nation's largest direct marketing companies. These companies will then match their lists against the MPS list and purge your name and address if it appears. You will receive no more direct mail from them, or from other companies that may rent their lists.

Mail Preference Service will greatly reduce the amount of advertising mail a person receives from national marketers. Local stores should be contacted directly.

### DIRECT MAIL IS ENVIRONMENTALLY SOUND

Observers have called direct marketing "The Greatest Carpool on Earth." You don't pollute the air when you open your mail or pick up the phone to shop.

Today, communities in increasing numbers recycle advertising mail. According to the Environmental Protection Agency's 1992

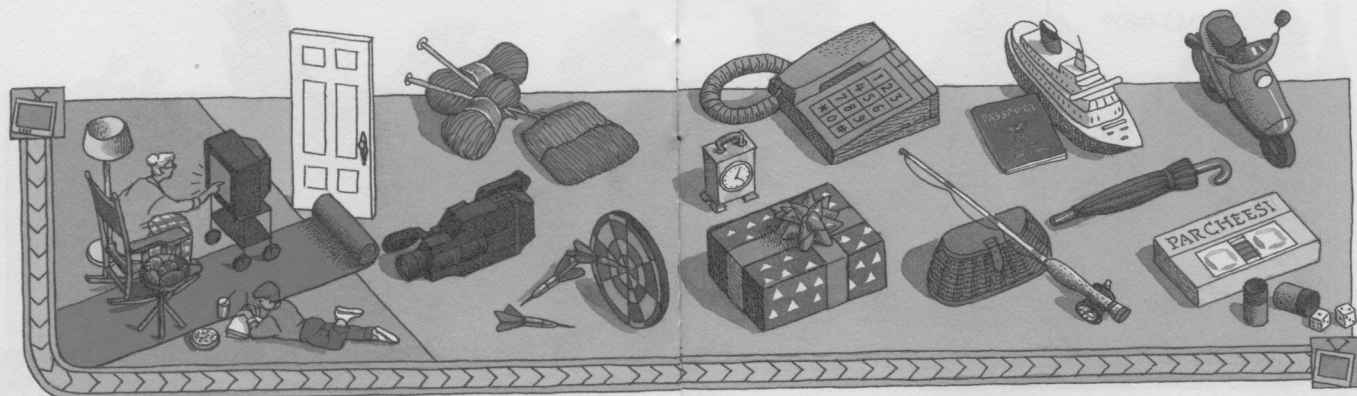
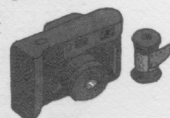
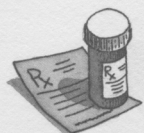
report, advertising mail constitutes, just 2.0 percent of all municipal solid waste. As recycled papers have become available, direct marketers are using them and recycling the mail *they* receive. And trees are a renewable resource. Nonetheless, many direct marketers sponsor tree-planting programs that replace far more trees than they use to fill their paper needs.

### DO YOU REALLY WANT TO GET OFF MAILING LISTS?

If your name goes on the DMA's Mail Preference Service you will no longer receive mailings about magazines that may interest you. Most discount coupons that save you money at the stores will stop coming. So will the catalogs that make holiday shopping easier. No more free product samples. And no more offers of new books, new records and tapes, new products at good prices that you may want.

For many people advertising mail is fun, informative and a convenience. It gives you time to consider a purchase carefully without any sales pressure. You can make your selections and order from your home at any hour of the day or night, any day of the week. If a piece of mail doesn't interest you, simply toss it into the recycling bin.

The choice is *yours*.





Send your name and address to:  
DMA Mail Preference Service  
P.O. Box 9008  
Farmingdale NY 11735-9008

Send your name, address and phone number to:  
DMA Telephone Preference Service  
P.O. Box 9014  
Farmingdale NY 11735-9014

Contact the companies with whom you wish to continue doing business. Ask them not to rent or exchange your name with other companies.

P.O. Box 740241  
Atlanta, GA 30374-0241  
(800) 685-1111



National Consumer Disclosure Center  
25249 Country Club Blvd.  
North Olmsted, OH 44070-5314  
(216) 779-7276

P.O. Box 2350  
Chatsworth, CA 91313-2350  
(800) 353-0809

State Consumer Protection Office  
(Consult your phone directory)



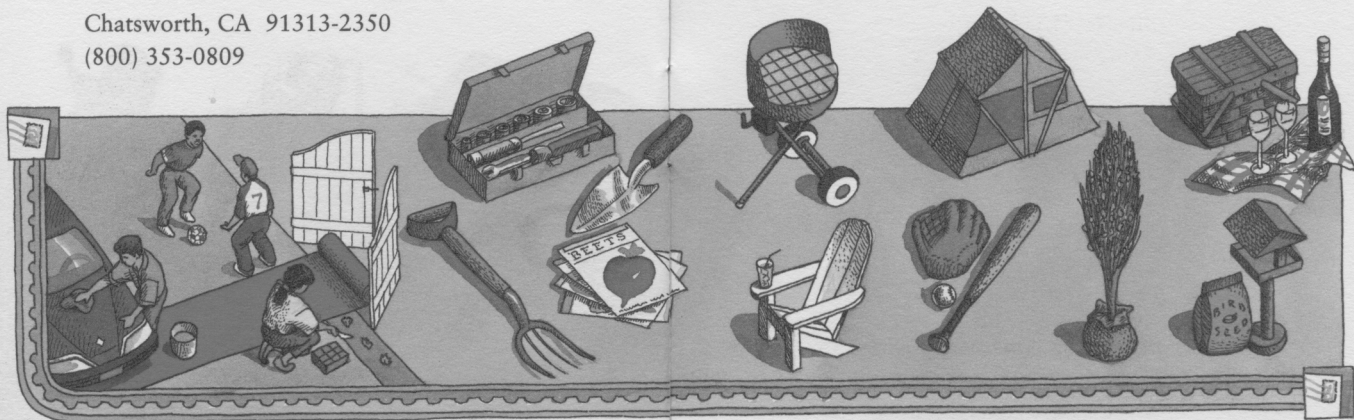
Federal Communications Commission Informal  
Complaints and Public Inquiries Branch,  
Enforcement Division, Common Carrier Bureau  
FCC, Mail Stop 1600A2  
Washington, DC 20554-0001

Mail Order Action Line is a free consumer service sponsored by the Direct Marketing Association. Even in the best of companies, complaints may arise. MOAL acts as an intermediary between consumers and direct marketing companies to resolve complaints on a timely basis. MOAL will intercede on the consumer's behalf if a purchase was made through any direct response method, not just mail order.

Consumers requesting assistance through MOAL should include the complete name and address of the company involved in the complaint, photocopies (not originals) of any cancelled checks, order forms, and other relevant documents, and a letter summarizing the facts of the complaint.

MOAL will refer the letter to the company on the consumer's behalf and ask that the company resolve the matter. The majority of MOAL complaints are resolved successfully within a 30-day period.

Mail Order Action Line  
Direct Marketing Association  
1101 17th Street NW Suite 705  
Washington, D.C. 20036-4704





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