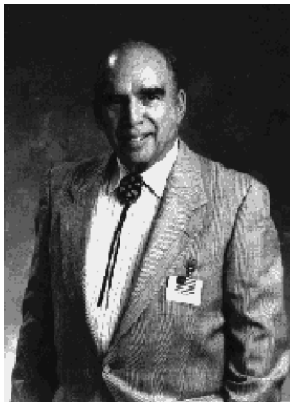

Ed Burnett

The Growth of Business Groups and their Impact on Mailing Lists

During the course of a career that spans more than 40 years in the direct mail marketing business, Ed Burnett has helped mailers select over 10 billion names for direct mail and telemarketing campaigns. He is President of Ed Burnett Consultants, Inc., one of the five major direct marketing firms that makes up THE DATABASE AMERICA COMPANIES. His firm specializes in direct mail consultation, list compilation and list brokerage. He is widely recognized as the pioneer of many of the list marketing concepts and techniques utilized today throughout the industry. These concepts and techniques are freely shared in the numerous articles he contributes to all of the major trade publications, and are gathered together in the book he recently authored for Prentice Hall, *The Complete Direct Mail List Handbook: Everything You Need to Know About Lists and How to Use Them for Greater Profit*. He is also the author of *Database Marketing -- The New Profit Frontier*.



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ABSTRACT

One of the phenomena of our time is marketing to “groups.” Inevitably people work their way into certain group categories based on their likes and dislikes, hobbies and interests, demographic attributes, etc. From a mailing point of view, this helps to narrow and refine mailings to those most inclined to buy. But these groups must be classified and integrated into marketing strategies in order to be of any use. What follows is ISSM Charter Senior Fellow Ed Burnett’s article on the impact of the growth of business groups and their impact on mailing lists.

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Introduction

An important new development in marketing is marketing not to individuals but to "groups." But these groups must be classified by SIC codes and integrated into marketing strategies in order to be of any use. Here are some thoughts on the impact of the growth of business groups and their SIC codes and the impact this growth is having on mailing lists.

One of the phenomena of our time has been the development of charter air traffic, particularly the great growth of "group" travel.

Human beings are highly society-minded animals that join in groups, clusters, affinities, and associations. Virtually every activity of modern day life involves some form of "belonging" to a communal lifestyle from group practice to the barber shop quartet, secret groups to political action activists, Helen Hokinson Garden Club chair people to specialists in such disparate disciplines as physics, hairdressing, coin collecting, actuarial science, real estate, educational, business administration, legal reporting, production and fulfillment of direct mail.

Having once been a member or a participant ensures being counted in some groups or lifestyles (if the records are good enough)--for example, alumni associations, former servicemen, retired school teachers or employees and former elected officialdom.

From a mailing list point of view, there is no single, simple means to cover groups - essentially because of the great disparity and dispersion among groups. But with the growing importance of the group as a purchaser of travel, insurance, and investment services, publications, premiums, gifts, education and art, the list-compiling fraternity (another group, if you will) has responded by making several hundred lists in this field available.

Three Ways to Classify Taxable Group Organizations

In the United States today, there are approximately

11 million entities (companies, individuals, and institutions) that report Social Security taxes to the United States government. These are roughly divided as follows:

1. Self-employed

Farmers 3,000,000
Professionals 1,500,000
Business 1,000,000

2. Institutions 1,000,000

3. Business 4,500,000

(other than self-employed individuals)

Thus, the outer limits of "group activity" (as registered by some form of tax roll) is about 4.5 million plus, perhaps, another one million groups (clubs, fraternal orders, associations, foundations, governmental and political bodies and the like) that have no reason to be found on tax rolls.

Some idea of the range of these groups can be demonstrated simply by going through the alphabetic finder of a major city classified directory. Here, for example, are some of the applicable classifications gleaned from the letter "A" in the pages of one such directory. (Each is connected to its own specific 2- or 4- or 8-digit SIC classification.)

Classification	SIC	Count
Accountants	8721	122,832
Actuaries	8999-9901	1,107
Adjusters	7322	9,474
Advertising		
Direct Mail	7331	15,352
Advertising		
Agencies	7311	28,845
Airports	4581-0301	6,536
Amusement Parks	7996	18,938
Animal Hospitals	0742-9901	17,416
Antiques	5932-02	39,803
Apartment Houses	6513	100,263
Architects	8712	38,820
Armored Cars	7381-0101	574
Art Galleries	8412-01	2,023

Artists 8999-01	6,745
Assayers 8734-9901	80
Associations 8641-8914	14
Astrologers 7999-9902	843
Athletic Organizations 7991-0101	2,341
Attorneys 8111	240,297
Automobile Dealers 5511-9901	33,123

Two Key Areas Available for Group Mail Order

For convenience and categorization, groups available for mail order solicitation can be grouped under two major headings, with a great deal of interchange between them: services and businesses.

Some idea of the size of groups within *services* - all of which are individually available as markets for mail - is given in the following five lists:

- General services
- Educational services
- Governmental services
- Cultural services
- Recreational services

Under the second major heading for groups and *businesses*, we find all nine major SIC classifications of business principally by:

2-Digit SIC

Agricultural	01-09
Professional	80-89
Financial	60-67
Retail	52-59

Business in General	
Manufacturers	20-39
Wholesalers	50-51
Transportation	40-47
Communication	48
Utilities	49
Services	70-79
Mining	10-14
Contracting	15-17

Social Services

Schools, Public 8211-8X	72,000
Schools, Catholic 8211-6X	8,000
Schools, Private 8211-7X	11,000
School Districts 8211-9908	15,000
Other Educational Services 82XX	75,000
Social Services, Indiv. & Family 8322	85,000
Youth Organizations 8322-02	11,000
Old Age Organizations 8322-01	13,000
Job Training & Rehab 8331	6,200
Child Care Services 8351	101,000
Homes, Residential Care 8361	16,400
Social Services, Miscellaneous 8399	55,000
Museums and Art Galleries 8412	12,200
Associations - Civic & Social 8641	44,000
Associations - Professional 8641-89	12,000
Libraries 8231	25,000
Churches & Religious Orgs 8661	328,000
Hospitals 8062-90	7,000
Psychology 8063	1,500
Specialty 8069	4,700
Nursing Homes 8059	31,000
Colleges & Universities 8221-22	4,400
University Computer Centers 8021	1,200
University Research Centers 8021	2,200
Alumni Associations 8021	10,000
College Stores 8021	2,500
Fraternities and Sororities 8021	
On Campus	3,000
Honorary	7,000

Business Groups

Trade Associations 8611-01	7,200
Chambers of Commerce 8611-9902	
Senior	6,400
Junior	3,500
Other Business Associations 8611-99	41,000
Professional Membership Organizations 8621	7,000
Labor Unions 8631	
With Phone	15,000
Without Phones	45,000
Agr., Forestry and Fishery Estab. 01-09	5,000
with over 10 employees	
Mining Establishments with over 10 employees	10-14
	6,000
Contractors Establishments with over 10 employees	

15-19	50,000
Manufacturers with over 10 employees	20-39 140,000
Utilities, Transport, & Communications	40-49 25,000
Establishments with over 10 employees	
Wholesale Establishments with over 10 employees	50-51 60,000
Retail Establishments with over 10 employees	52-59 130,000
Financial Establishments with over 10 employees	60-69 4,000
Business Service Establishments with over 10 employees	70-79 30,000

Business Professionals

Industry Specialist Consultants	8742-04	21,000
Human Resource Consulting	8742-02	14,000
Research Services Misc.		50,000
Management Services	8741	10,600
Testing Labs	8734	13,000
Business Consultants	8748	43,000
Engineering Services	8711-13	79,000
Accounting Services	8721	122,000
Legal Services	8111	240,000
Medical Doctors	8011	240,000
Other Medical Services	8034	200,000
Dental Services	8021	123,000

Governmental Offices

Executive Offices, National	9111-01	28,000
Offices, Town & City	9111-0201	36,000
County Offices	9111-0202	41,000
Governor Offices	9111-0203	30,000
Mayor Offices	9111-0204	37,000
Other Governmental Depts	9111-89	10,400
Legislative Bodies	9121	510
Volunteer Fire Departments	9111-0201	20,000
Airports	4381-0301	6,500
Justice & Safety	9221-22	57,000
Public Finance	9311	9,200
Human Relations Programs	9431-41	13,500
Environmental Programs	95XX	10,300
Government Economic Programs	96XX	10,200
National Security	97XX	12,800

Foreign Government Offices - 0 - 4,500

Recreational Services

Marinas	4493	17,300
Summer Camps	7032-02	400
Dancing Schools	7911-0202	13,300
Dancing Studios	5,600	
Golf Clubs	7999-02	7,000
Yacht Clubs	7997-0204	800
Bridge Clubs	7997-9903	300
Tennis Clubs	7997-0509	1,500
Fishing and Other Sporting Clubs	7997	4,500
TV Stations	4833	3,800
Educational	1,100	
Prof. Sports Clubs & Promoters	4794	7,200
Health and Reducing Clubs	7991-0102	15,500
Riding Acad. and Stables	7999-1201	7,700
Kennels, Dog & Cat	0752-0202	12,000
Ballrooms, Dance Studios & Halls	7911-0101	14,200
Bowling Centers	7933	7,000
Billiard and Pool Parlors	7999-0401	4,300

Agricultural

Farmers' Cooperatives Misc.	10,000
Class I And Class II Farmers Misc.	300,000
Grain Elevators	4221-0102 5,600

Financial

Credit Unions	6061-02	26,000
Mutual Fund Dealers	6211-9902	5,300
Stock and Bond Brokers	6211	36,900
Financial Analysts	6282	41,700
Banks	6021-22	125,000
Insurance Companies	6311-XX	14,000

Retail

2,500

Shopping Centers 6512-0201 5,700
Bookstores (Most With Lending Libraries) 5942
28,000
Department Stores With Charge Accounts 5311

For detailed selections, call Database America at 1-800-223-7777 or fax to Ed Burnett at 201-476-2407.