

# **Altman Dedicated Direct**

## **STRATEGY... TACTICS... RESULTS**

Column: **"Channel Crossing..."**

Month: **September 2007**

Topic: **Making the Most of Free and Low-cost Trial Offers**

FREE – it's the magic word in direct response marketing. Whether you offer a **free** trial or low-cost trial with **free** shipping, these offers appeals to a wide range of prospects in every DR media - TV, radio, online etc. -- by reducing risk. The more perceived risk in trying your product – costly exercise equipment, pricey nutritional supplement clubs, etc. – the more likely you'll experience positive results with a free or low-cost trial offer.

But these offers can be challenging to manage. What happens when the trial period is over? Do customers keep the product or return it? And what about getting paid by those who do decide to keep the product?

The first hurdle to overcome is converting curious prospects into buyers. The sticker shock that occurs when prospects call your telesales reps or go to your web site can be significant. The solution comes in having solid product value, communicating those benefits clearly, and making the purchase more palatable with installment payments. Your trial offer may do a great job of grabbing attention, but your phone reps or web site have to make the sale.

Once you've convinced the prospect to take advantage of your trial offer, the next step is getting them to actually use the product. Don't assume that because the product arrived at your customer's home that they actually open the box and start using it! First, ensure that the product gets to your customer in a reasonably quick time period. Research shows that the sooner customers receive their order, the greater chance they will keep and pay for it. Outer cartons should clearly remind the customer of their order with product name, logo and enticing graphics.

Welcome letters, as well as printed or video instructional material can get your customer beyond merely opening the box. The goal here is to get past customer concerns about whether your product will deliver on its promises, and make using your product a positive experience.

If your welcome letter and instructional video aren't sufficiently convincing and she calls in to return the product, you'll have one last shot at retaining her. Your service reps are key here. They need to understand the value of your product and be able to communicate that to customers. "Save the sale" offers can help deliver meaningful value to your customers. Remember that whatever the customer pays beyond the product cost is better than losing the sale entirely.

The last big hurdle in the purchase cycle for free trial offers is getting fully paid. This challenge increases with the number of installment payments. The best way to solve that challenge is a combination of: 1) screening who you offer free/low cost trail offers to



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(screen out the poor credit risks) and 2) diligently following-up on declined credit card payments. Follow-up actions include re-attempting charges and calling, emailing and mailing notices to obtain other payment methods or correct errors.

Don't neglect offering "deals" for converting to single payment at any point in the purchase process. One-pay buyers have lower return rates and pose no risk for installment payments being uncollectible. Offer incentives to convert to one pay: discounts, longer warranties, etc. Identify how much more the one-pay customer is worth than the installment customer and give some of that value back as an incentive for a single payment. Be sure to remind one-pay customers that their guarantees remain in full force.

Free or low-cost trial offers can be a boon to your **sales**; make sure you take the actions necessary throughout the purchasing cycle to make them a boon to your **profits** as well.

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