

Altman Dedicated Direct

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

Column: "**After the Phone Rings ...**"

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Topic: **Reducing returns starts before the sale is made**

It may sound odd, but most things that impact returns actually occur before the sale. And without question, the most critical thing you can do to keep returns low is to reduce the amount of time between customer order and delivery.

Backorders increase delivery time – and increase your returns rate. Customers placing a second or third order may be patient, but new customers ordering from DRTV or radio are driven in part by emotion and impulse and won't be so patient. The longer you take to get product into their hands, the more their desire for your product will fade, and it will come back. Rule of thumb: don't offer products on TV or radio that you don't have on hand!

In addition to backorders, your speed of order processing and method of delivery matter. Minimizing processing speed requires:

- Deliver "clean" files from inbound telemarketing and web to fulfillment. Manual review of errors slows the entire process down and costs you money.
- Pick, pack and ship orders within 24 hours, or at most 48 hours. If your orders include several items, it may make sense to pre-pack front-end orders.

If you do have a problem with an order or (gasp) a backorder, your best approach is to contact the customer immediately. This will give you the greatest opportunity to retain the order, whether it is clarifying an address or communicating about a backorder.

Use the fastest delivery method you can afford. If you're not sure if, for example, switching from ground delivery to 2-day or priority makes sense, try a split test and read the results comparing the impact on returns to the increased delivery cost.

Two other factors impact returns before the sale is made:

1. Product Presentation vs Product Delivered – If what the customer receives is not perceived as equal to or better than what they saw on air/radio, disappointment will set in and products will be returned. Make sure that what arrives is at least as impressive as what caused them to order. Pay attention to packaging and presentation – it matters.
2. Overall Product Quality and Value -- Your product must actually do what you promised.

Even when you do everything you can to offer great value, keep product in stock, deliver quickly, and provide great packaging, you may experience higher returns than anticipated. It's time to analyze the details. Have you tested new offers or creative? Remember that everything you do to impact front-end response and sales has the potential to effect returns rates as well.

The impact of offer changes isn't always predictable. For example, price increases sometimes make returns more likely, but other times they attract a more qualified



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customer with a higher income level and returns are less likely. Don't make assumptions -- look at the data.

If your new offer or creative has caused an increase in returns, but is overall delivering more profits for you (net of returns), see if there aren't other places to make improvements:

1. Read customer correspondence for clues to why products come back
2. Log returns based on standard reasons and review trends
3. Determine what could have been done to prevent the return
 - o Clearer communication in the creative
 - o Improved instructions in the package
 - o Faster delivery or some other product change

The bottom line – increases in returns generally happen as a result of decisions and plans you make before the sale is made. Recognizing that puts you in the driver's seat for increasing customer satisfaction, reducing returns, and increasing profits.

Next month we'll examine how to take advantage of email marketing.

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