

Retention Strategies for Continuity Marketers

DMA 05

October 19, 2005

Shari Altman, President
Altman Dedicated Direct



Simplistic Strategy for Improving Retention

- Add or increase the number of tactics that are retention drivers
- Reduce or eliminate actions that are retention killers

***Simplistic strategy, yes.
Simple implementation, no.***

Retention Drivers

Policies, promotion tactics and procedures that increase the length of time customers gain meaningful value from retaining their relationship with the marketer.

Retention Driver #1

- Be Flexible: Allow customers to customize shipments and payments to what works for them
 - Customize shipment components
 - Installment payments
 - Changes to shipping frequency
 - Vacation and moving suspend and restart
 - Load-up with payment plan

Retention Driver #2

- Web based shipment notification
 - Put customers in the driver's seat
 - Shipment notifications become additional selling opportunities:

Dear Jane,

Your regular shipment of make-up will be sent out on October 30. You can add our new Magic Concealer to your order without any additional shipping handling. Just click here to find out more.

Member Services

Retention Driver #3

- Unannounced Gifts

Wow your customer by sending bonus items they didn't expect.

Retention Driver #4

- Remind your customer of the value they are receiving
 - Spell out the savings they get off regular pricing on their invoices, statements and any catalogs
 - If your program offers points, show them what they've earned every time they receive a shipment or make a purchase

MEMBERS SAVE
27% or more
ON EVERY KIT
SHOWN

Try our Fall Colors
RISK-FREE
for
60 days.

NEW Just Lips Kit

A \$54 VALUE if purchased individually — members save over 50% with the kit! Everything you need for gorgeously pouty lips! Lip Liner, Lip Stain, and Lip Gloss are all coordinated for one perfect look ... and all nestled in our exclusive mesh evening out bag.

Regular Price: \$49.00 per kit
Members Pay: \$37.50 per kit

Evening Out Bag
comes with each kit



Sassy Lip Kit 1154AVE
Evening Out Bag: Silver
Gloss: **Sassy** Liner: **Spirited**



Stain: **Pouty**

Feisty Lip Kit 1155AVE
Evening Out Bag: Silver
Gloss: **Feisty** Liner: **Jubilee**



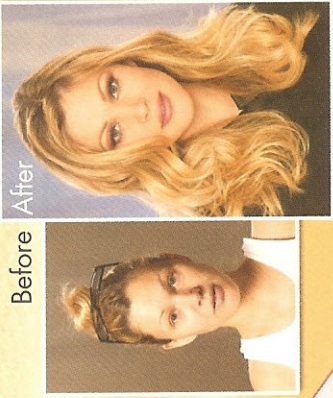
Stain: **Cherub**

Retention Driver #5

Add a loyalty program

- **Soft Benefits**
 - Advice from experts
 - Member only sites and phone lines
 - Exclusive access to new items or sales
- **Hard Benefits**
 - Discounts on non-continuity items
 - Faster shipping without incremental cost
 - Premiums for every nth shipment
 - Points for every purchase

Sneak Preview



Before After

Shanna
-mother

NEW Our new Alexis Vogel Membership Program

As this catalog was going to press, we were still putting the finishing touches on our membership program. Though we can't officially announce our club until later this Fall, we just can't wait to let you in on the fabulous benefits, starting today ... for FREE! Go ahead and take advantage of our Member prices right away. Then check with our website for the latest developments in this exciting new program: www.AlexisVogel.com.

Enjoy a FREE 12-month membership!

If you've purchased the Alexis Vogel System your automatically a member for a full year, absolutely FREE. You can order anything at the special AV Member Price. If you don't already own the System, you can purchase it now (see page 16-17) and enjoy instant membership - and savings.

Membership entitles you to the best selection, best prices ... and more!

- * Save at least 15% off our regular low prices for individual items
- * Save an extra 10% off the already-discounted prices for kits and collections
- * Receive Alexis' newsletter filled with tips, seasonal treats and members-only offers
- * Enjoy many MORE members-only benefits all year long

Plus, it's easy to get an EXTRA YEAR FREE!

After your first free year, annual membership is \$49. But you can also continue, FREE. Just purchase \$50 of Alexis Vogel products in the next three months and we'll give you 12 extra months of free membership. Or, sign up for our Continuing Beauty Program (page 4) and retain free member status for as long as you remain with the program.

Enjoy FREE
Membership!

Retention Driver #6

- Survey Members
 - Likes and dislikes
 - New product suggestions
- Take action on survey results!

Reactivation Strategies

- Reason for cancellation?
- Add flexibility/respond to concerns so they gain value and want to stay
- What can you afford to retain customers **BEFORE** you need to reactivate?

Retention Killer #1

- Slow or delayed delivery on the first shipment

Retention Killer #2

- Sticker shock on first follow-up shipment. A large price difference between shipment #1 and #2 can cause large number of newly acquired customers to cancel

Retention Killer #3

- Not thanking new customers – show your appreciation for their membership early and often!

Retention Killer #4

- Not explaining continuity benefits
 - Before AND after the purchase

Make the most of your membership in the
ALEXIS VOGEL™
Continuing Beauty Program

Dear Charter Customer,

We're delighted to have you in our Continuing Beauty program – and to save you more than 50% off the regular price of Alexis Vogel basics you use the most! This is truly your program. You can customize when your regular orders arrive and even what's in them right from the Alexis Vogel website. Or, just give us a call.

Here's how to enjoy complete control – and great savings:

You save on everything.

Each Continuing Beauty shipment saves you over 50% off the regular pricing of the items included. Plus, you enjoy FREE membership in the Alexis Vogel Lifetime Makeover Club, entitling you to save at least 15% on any Alexis Vogel item and receive the monthly newsletter, special offers, and much more.

Make changes any time up to 4 days before a shipment.

Check the website at any time to see when your next regular shipment is scheduled. Or, give us your e-mail address and we'll notify you automatically, 11 days in advance of each shipment with a hotlink that makes it one-click easy to add extra items and make any changes. Unless you indicate it's a one-time change (like a vacation or adding an item), we'll apply the change to all future shipments.

Anytime you like, you can ...

- * Change your Continuing Beauty kit
- * Add extra items – at member-only savings and without additional S&H
- * Change how frequently your Continuing Beauty kits arrive
- * Change to RUSH shipping on any order
- * Activate your 60-day Money-Back Guarantee

To make any changes in your
Continuing Beauty Program™

www.AlexisVogel.com

Available 24/7

Or call Customer Service at (800) 390-3994
Monday-Friday, 7:00 AM – 4:00 PM, PST

1. You can change what's in your Continuing Beauty kit.

We offer eight options based on which foundation you prefer. Change your selection whenever you wish. You may, for instance, want a darker shade for summer. Or, you may find you prefer a three-shade trio to a one-shade single foundation. When you change your foundation, we'll send that particular kit until you make another change. No matter which kit you choose, you receive the same contents: foundation, fresh sponge wedges, Shadow Shammmy, Remove and Replenish, 2 sets of eyebrow stencils, and Duo Wand mascara with lash conditioner.

2. You control how often shipments are sent.

We've designed the kits to last an average of two months so shipments arrive every 60 days. If you need shipments more often or less often, just let us know. We can also accommodate one-time changes as often as you like at no charge for vacations or moves. You can have shipments arrive as frequently as every 35 days or space them out to every 90 days or more. Just be sure let us know whether you're requesting a one-time or permanent change.

3. You can add extra items at member prices & FREE shipping & handling!

Want a fresh lip or eye color? Need more concealer or blush? Add anything to your Continuing Beauty shipment. It's so convenient! Plus, as a member of our Lifetime Makeover Club, you save at least 15% on these items. And best of all, you pay shipping & handling only on the regular Continuing Beauty kit – shipping & handling on all extra items is FREE.

4. You can request RUSH shipping

If you're in a hurry for a Continuing Beauty shipment, we can send it "RUSH" Rush delivery charges are in addition to regular shipping & handling.

5. You enjoy FREE Lifetime Makeover Club membership

Regular membership costs \$49. But as long as you're part of our Continuing Beauty program, it's yours FREE. You can buy any Alexis Vogel product at Member-Only prices that save you 15% and often much more. Plus, you receive Alexis' monthly e-mail newsletter packed with fresh tips, fascinating makeovers, special offers, and more.

It's easy to make any of these changes by accessing your account on our website (by clicking the "My Account" link), or by phoning our helpful customer service team.

Retention Killer #5

- Not treating continuity customers with respect and reverence – These customers chose to become customers in your continuity. They are not average buyers. Don't forget it!



Questions?

Contact: Shari Altman

Email: Saltman@AltmanDedicatedDirect.com

Web: <http://www.AltmanDedicatedDirect.com>