

Altman Dedicated Direct

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

Column: "After the Phone Rings ..."

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Topic: **Listen to Customers to Increase Your Bottom Line**

Selling products and services that are unique, well priced and desirable to customers is the goal in all areas of direct response retailing. Presumably your purchasing staff excels in sourcing compelling items for your customers, but what company wouldn't love additional manpower devoted to this task – and for free? Imagine an untapped source of fresh ideas, which lead to products you, might not otherwise investigate, resulting in increased sales. Companies who capture and act on those “fresh ideas” from their customers truly have tapped a source of additional manpower.

Analyzing returns is a great place to start gathering insights into potential problems and for increasing sales. Asking customers to state reasons for their return isn't unusual. Analyzing responses, however, is often neglected. Review your own Return Form to ensure you are capturing truly useful data. Reason codes should be designed to lead to corrective actions. For example, if you find repeated returns due to “product is extremely noisy” perhaps you need to work on your product design. Be specific in questions and/or reason codes. For example, *don't* provide a reason code saying “product didn't work”; *do* provide choices such as “assembly instructions are unclear”. Use this more specific feedback to discuss the issues with suppliers and take corrective action for the future. Eliminating reasons for returns ultimately leads to increased sales.

Often when a product is frequently returned instead of exchanged, customers are telling you they have been unable to find anything they desire to exchange the product for. A return reason such as “Exercise program was too long” may lead to a new product compilation of shorter workouts more appealing to customers with insufficient time to devote to your regular length program.

Issue a survey if more in-depth information about products and services is needed. Surveys have the advantage of reaching broad segments of your customer base, not just customers needing to resolve a problem. While customers are motivated to complete return forms because they do not want to jeopardize getting their money back and/or have the item exchanged, incentives may be needed to entice participation on more time consuming surveys. Discounts off future orders work well to motivate participation, as do carefully selected premiums.

Surveys can be designed to capture information about entire organizations: quality; customer service; prices; shipping and return policies; product information, etc. Of course, updating demographic information about customers is always valuable and can lead to increased sales if you are willing to incorporate the findings into your offers. Have price points slowly crept up, making products too expensive for your average customer? Are your shipping charges competitive? Analysis of the survey responses can reveal problem areas that may have eluded in-house staff. Remember, it is always cheaper to retain a customer than to acquire a new one.



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Return forms and Surveys both offer opportunities to query customers for ideas on line extensions or new products they would like to see offered. Everyone is flattered to be asked their opinion; customers are no exception. For example, customers may be looking for travel sizes of your products. Ideas that seem like a good fit for your brand may be worth a test as an inbound upsell, as an insert, or on your website. Be sure to state the duration of the offer if your test will be for a limited time.

Conducting a returns analysis on a regular basis and periodically issuing a survey are proven strategies to improve your bottom line. Just by listening to your own customers, you will identify new products; reduce return rates; and improve customer retention.

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