

Altman Dedicated Direct

STRATEGY... TACTICS... RESULTS

Column: "After the Phone Rings ..."

Month: **October 2006**

Topic: **Continuity Customer Acquisition Tactics**

Last month I addressed identifying a continuity concept. Assuming you have a valid concept, it's time to get it in front of prospects and customers and acquire continuity customers.

You'll have a number of decisions to make in determining the best approach to acquiring continuity customers. First and foremost is whether to offer the continuity on a negative option (each buyer gets it unless they cancel; default is to receive the continuity) or positive option (each buyer must positively opt to get the continuity; default is no continuity) basis, or some combination thereof.

The biggest plus of negative option continuity is a larger database. With a negative option every one of the 1,000 new customers you acquired today is a continuity buyer. Even if 50% cancel with the 1st continuity shipment, you are left with 50% of the original orders on continuity. With positive option offer, you are unlikely to convince 50% of the initial buyers to opt in to receive the continuity.

However, positive option continuity buyers generally stay around for more shipments because they specifically chose to receive the continuity. If both negative and positive options could work for you, it is best to test and analyze your results. Track customers of each option through 2-3 continuity follow-up shipments, before determining the approach that is more profitable. The negative option continuity may look good initially, but if cancellations are excessively high, the costs for processing the cancels and dealing with the service calls may exceed the negative option initial sales benefit.

There's one additional challenge with negative option continuities – customer amnesia. Some customers invariably forget the purchase included a continuity and get angry at additional shipments. Even though you may refund their money they have a "bad taste" for your firm and are less likely to purchase future items you offer.

You may decide a mixed approach is best. In your infomercial where there is plenty of time to explain the benefits of the continuity, a negative option approach may make perfect sense. In radio spots you may find that a positive option upsell approach works better because there isn't sufficient time to sell the continuity concept.

As you launch your continuity, test different offers to find what is most effecting for you. Some of the most popular continuity offers: free premium(s) with order, free shipping for all continuity shipments, or 50% off a 1st continuity shipment.



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Above all, make sure your communication about what the continuity customer gets and how often they receive shipments and billings is crystal clear. Any confusion or miscommunication will result in cancellations and deterioration of your hard earned profits. It's critical from both a legal and customer satisfaction standpoint that customers know they may cancel out of the continuity at any point they wish. Without making this crystal clear many will not be willing to purchase; if you've opted for negative option continuity you will have just lost the entire sale.

Run projections that include the number of estimated continuity shipments when deciding how much you will pay to acquire a continuity customer. Recognize that the number of projected follow-up shipments will be different in different mediums – TV vs radio vs print for example. Continuity marketers lose money on the front end because they know they can count on a certain number of shipments within the first year and still provide ample profitability.

Finally - methodically offer your continuity wherever feasible. Include inserts in outgoing shipments, encourage and reward customer service to upsell continuity to non-continuity customers, etc. Give yourself every chance to increase your continuity database and grow your continuity business!

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