



## The Little-Known Key to Profitability: Save The Sales!

You have your product, you have great marketing, you've bought your media, you have customers and you are well on your way to being a direct marketing success. But will you be profitable?

### WHAT IS THE KEY TO MAKING A DM PROFIT?

You need to keep the product in the hands of the customer. Save as many sales *and* keep the rate of product returns to the lowest rate possible.

It sounds easy, doesn't it? But as anyone who has been in the direct marketing business will tell you, it's a major challenge facing each and every one of us. And, it can make the difference between a profitable year and operating at a loss.

Customer service and sales become, in many ways, the keys to your profitability. Here's the scenario: You reach your customers by TV, radio, web and/or social networking and they buy your product. Not only do they buy your product, they buy add-on features or services. You are thrilled and your numbers start to climb.

But then, within your return time, the customer wants to return the product for a full refund. She didn't have time to try it

before the guarantee ran out, she didn't like it, it didn't work, she can't afford it anymore, or any of a hundred other reasons. She wants her money back—now.

But wait...there's more. She also wants you to reimburse her for shipping and processing, and if you want the product back, she wants you to pay for the return shipping, as well.

Not only are you now looking at returning the merchandise price, but you are having to fork over the hard costs associated with shipping and processing, maybe even both ways. You would have to sell more products, just to pay for that additional cash outlay!

### IT GETS WORSE

If the customer has opened the item, you not only are looking at the loss of the sale, you are also looking at an additional loss of the hard wholesale price of the product.

It could be the triple whammy! But if you act now, you can save this sale!

### HELP IN FIVE STEPS

So, how do you save this sale? Following are a few key tips that will assist you:

**Step 1: Require customer service contact.** It is important that your customer service facility becomes a key part of your marketing team. By requiring the customer to contact customer service for a return, you have one more chance to try to identify the problem and satisfy the customer so that the product stays in the customer's hands.

Work with your customer service facility to identify the best ways to address the most common customer concerns. For instance, if the customer has not had time to try the item and is returning it out of caution, consider giving the agent the power to extend the return period so that the customer has time to try the product (and hopefully like it). It costs you next to nothing and may



keep products in the hands of the customer and out of your return pile.

**Step 2: Offer a money-back guarantee.** Clearly and consistently state your return policy in your ads and on your website, packing documents and other materials. If you give a 30-day money-back guarantee on the merchandise price only (not on shipping and processing) have this clearly printed in a place where your agent can refer the customer. In this way, your agent can take away the argument about shipping and processing as well as return shipping costs quickly and efficiently. This allows the agent to move on to the more important effort of trying to keep the product in the customer's hands. If the customer understands that they can get their merchandise price as promised, but that they will have to absorb the shipping and processing charges as well as any charge to return the product, many will think twice about sending the product back. The agent can work with them to try to get them to further try the product or give it as a gift to another person who might become a new customer.

**Step 3: Establish a clear RMA Policy.** Require the use of a Return Merchandise Authorization to return the product. It is very important for the customer to receive and use the RMA number in order to make sure that correct and timely reimbursement is made to the right customer. If the customer writes *return to sender* on the package, the cost of the return will be yours and it will be more difficult and time consuming for your returns processing facility to process returns on a timely basis. Delays can cause additional costs through more customer service calls.

By having a clear RMA policy set in your publications (including packing materials and website), you can keep greater control of this process and lower your costs if returns do occur.

**Step 4: Analyze reasons for returns.** Determine why the customers are returning the product. This allows you to understand and adjust your program, if possible, to lower the number of customer returns.

It may indicate that you need additional demonstration or information in your ad. Maybe you need to speed up your shipping or additional instructions in the packaging. This information may allow you to adjust your marketing program to make it even more effective.

### **Customers who are treated well when they call customer service, even if they do not get everything they want, are far more likely to consider keeping a product.**

Alternative continuity schedules also allow your customer service group to be at their best—getting more products to the customer on a timely basis and encouraging the customer to keep the product and stay active.

**Step 5: Develop alternative offers for your customer service team.** Once you identify the problems, you will be able to find a wide variety of ways to encourage your customers to keep your products.

If they are returning due to problems with use, you can train your customer service agents on how best to explain the product's use. If they are returning due to dissatisfaction with perceived value, determine what discounts you can give to keep the product in the customer's hands or what continuity alternatives might work to keep ongoing sales.

Do you have inventory of other or related products or services that you could use as an incentive for a cus-

tommer to keep a product or, more importantly in many cases, to stay in a continuity program? Make the most of your assets and keep as many products as possible with your customers and off of your return shelves.


### **FINAL STEPS**

Your priority should be to find an experienced and high-quality customer service center that can provide you with the best customer service possible. Customers who are treated well when they call customer service, even if they don't get everything they want, are far more likely to keep a product.

Second, find a facility that focuses on being a profit center, not just a cost center. Customer service is no longer just a place for complaints. Why waste your time with a cheap, bare bones call center that cannot help you become as profitable as possible? Find a place that can add value in not just customer service, but as a valued member of your marketing and customer retention programs, as well.

Third, work closely with your customer service center. Don't make customer service an afterthought. You have worked hard to bring in customers and you don't want to lose them; if at all possible, keep them happy and coming back for additional products and services.

There's been a revolution in customer service. No longer is customer service just a place for unhappy customers to vent. It is a place to find ways to keep those customers happy and to bring in additional value to direct marketing businesses. In this day and age, none of us want to lose customers if we can help it.

Effective customer service and sales is your key to profitability. 

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