

# **Altman Dedicated Direct**

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

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MARKETING STRATEGY

### ***NEW CUSTOMER WELCOME PROGRAMS***

BY SHARI ALTMAN

Consider yourself as a consumer or business customer making your first purchase from a new vendor, supplier, catalog, store or web site. You overcame the innate risk of dealing with a firm you've never dealt with before ... risk that the product will be in stock and as expected, risk that what you are purchasing will deliver the value anticipated when you decided to plunk down your own (or your firm's) cold hard cash or credit card. Don't you want to be welcomed and recognized, and know that your business with this new firm appreciated?

Your customers desire no less. But I know from surveying direct marketers of all sorts that most of the readers of this publication don't even include a "thank you" letter appreciating that first customer purchase, let alone a more elaborate offer. Having spent so much money to acquire your new customer, it is distressing to me that so few are willing to take the next logical step by taking the time to formally say "thank you" and welcome that new customer into the fold.

Excuses range from "I just never thought about it" to "our retention rate is good so I didn't think we needed a special welcome". But that's the point – it is a part of the process that is not required, but because it's not necessary it is almost always noticed and paid attention to by customers.

Think about new customer welcome/thank you letters as really inexpensive public relations. Everyone likes being thanked and appreciated and your welcome/thank you letter puts a positive face on your company to each new customer. Who wouldn't think more favorably about another purchase with a company that thanks and appreciates them, than one that takes them for granted?

Of all the different direct marketers I've worked with, continuity marketers most consistently include new customer welcome/thank you letters and other new customer material, bonus gifts and offers. And that makes sense for two reasons:

- Continuity buyers have the opportunity to deliver very strong lifetime values to the marketer IF they stick with the program through multiple shipments.
- Continuity programs are more complex and often require some explanation of how the club works, how to change your shipment contents, etc.

As someone who's been involved with marketing for numerous continuity programs over the years, I cannot recall a single continuity program that did not include a welcome/thank you letter with information on how the club worked, club policies, etc. Most continuity marketers also include free gifts in the new member package as an extra special "thank you".



853 Academy Street, Rural Hall, NC 27045-9329  
Tel: (336) 969-9538 E-Mail: [Altman@AltmanDedicatedDirect.com](mailto:Altman@AltmanDedicatedDirect.com)  
Fax: (336) 969-0187 Web: [www.AltmanDedicatedDirect.com](http://www.AltmanDedicatedDirect.com)



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An example of this is Cigars, International Cigar-of-the-Month Club. John De Marco, Vice President Cigars International notes that his new cigar club customers get a free cigar cutter and matches, as well as a welcome letter and “how it works” information about the club. Cosmetique, another continuity marketer goes all out with their new customer welcome material including testimonials to reinforce the wise decision the customer made in signing up as well as an offer to get a gift when your friend signs up, a free shoulder bag (purse), and of course “how the club works” material.

One other tactic employed by continuity marketers in that 1<sup>st</sup> new customer shipment is to omit any 3<sup>rd</sup> party inserts. Continuity marketers have no problem selling space to other direct marketers, but often will restrict 3<sup>rd</sup> party insert space to 2<sup>nd</sup> and subsequent shipments to a customer. The marketer wants that new customer to be focused on the relationship with the marketer – reading and reviewing all the new customer information and offers, enjoying their new product, etc. The continuity marketer rightly assumes that if the new customer is reviewing 3<sup>rd</sup> party inserts their attention is diverted.

In addition to continuity marketers, infomercial marketers usually take the time to include thank-you/welcome material to ensure they solidify the sale. In their outgoing new customer shipments ProStrong nail care does this and not only includes a traditional thank you letter that carefully reviews what’s in the package, instructions on how to use the product but also a color chart with all the nail care colors available to purchase. Alexis Vogel Cosmetics similarly includes a welcome booklet that thanks the customer and welcomes them, and also explains how to organize the products in their initial “kit”, draws attention to its separate “get-a-friend” offer in the box, and encourages customers to send in their testimonial.

Charles Gay, President of Alcone Beauty LLC, a marketer of professional beauty products available to non-professionals reports that Alcone Beauty thanks all their new customers, continuity or otherwise. In one-shot (non-continuity) new customer orders, Alcone delivers a special thank-you letter as well as 2 or 3 promotional coupons for other one-shot items.

In Alcone’s continuity and auto-replenishment club programs Alcone ensures that the promotions coupons included are the best deals possible. Alcone also includes a free unannounced gift to add the element of “surprising and delighting” their customer. When asked about the results for the promotional coupons that are included, Charles stated, “they are a definite little revenue booster”. In a similar vein, Sara Lee Direct offers \$5 off a second order to every new customer to its One Hanes Place catalog.

So what if you (like most other direct marketers) don’t already have a new customer welcome program – what should you include as part of your program? Here’s a run-down of the possibilities you may want to consider and the benefits to each:

1. Thank you/Welcome Letter

- This is a must and a prelude to anything else you do to focus attention on, and court first time buyers. The letter should be written by someone



853 Academy Street, Rural Hall, NC 27045-9329  
Tel: (336) 969-9538 E-Mail: [Altman@AltmanDedicatedDirect.com](mailto:Altman@AltmanDedicatedDirect.com)  
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whose identity matters to your new customer. This may be your president or possibly your head of customer service. Make sure the tone of your letter is appreciative and delighted that the new customer chose your firm to purchase from. You may want to incorporate some basics of how to interact with your firm (methods of purchase, how to make a return, customer service hours, etc.) These steps can go a long way to setting proper expectations and eliminating customer frustration later.

- Consider if you want to use preprinted generic letters or personalized letters. As you might imagine new customers will pay more attention to personalized letters. You may be able to save money by creating a letter/invoice combo form that will enable you to have a personalized thank-you/welcome letter for limited incremental expense.
2. Information on other products available for sale -- This can take the form of catalogs or other inserts. Even if you don't have enough products to develop a full-fledged catalog, be sure you educate your new customer regarding the breadth and depth of your product line. By doing so you give them the largest opportunity to find another item to purchase sooner rather than later.
  3. Discount offer for a second order -- What's the most important thing to get a new buyer to do? Buy again! A two-time buyer is more profitable and much more likely to respond to future promotions than a one-time buyer. So develop a special new buyer offer to ride along in the shipping box of the first purchase – a discount off a 2<sup>nd</sup> order, a “free with 2<sup>nd</sup> order purchase” offer where the “free” gift or item is highly desirable. Make sure to highlight the fact that this offer is exclusively for new customers.
  4. Unannounced Free Gift – Who doesn't love a surprise gift? The gift needs to be something of interest to most new customers. It doesn't have to have a high price tag, but please don't give away the lime green wallets no one wanted to buy at any price. An unannounced bonus gift tells new customers that they are dealing with a company that gives more than expected and delivers greater value than anticipated. Your new customer will feel treated well indeed.
  5. Member-Get-Member/Get-a-Friend Offer – Once your new customer has received their purchase can be an ideal time to get the converted (the new customer who loves the new purchase they just received) to extol your virtues by sharing their “find” with a friend. So consider including material for a “get-a-friend” promotion. The best approach is to offer a discount or free gift to both the new customer (as a thank you for sharing with his/her friend) and the friend, but of course most likely the offers to each will be different.
  6. Consider the other inserts in your outgoing shipments – Do you want your new customer reviewing 3<sup>rd</sup> party inserts? Or would you rather have them



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focused on your thank you, 2<sup>nd</sup> purchase offer, and other new customer offers and information? While this will reduce your insert revenue, perhaps the additional focus your customer can place on her relationship with you will reap lifetime value rewards larger than the insert revenue could ever achieve.

So how will you welcome those new customers? Consider your audience, other active promotions, and what is operationally feasible. And like just about every other aspect of direct marketing, this is an area where testing different options can be important to finding the best solution for your business. No matter which actions and approaches you choose to take, saying “thank you” and “we appreciate your business” is always valued and often rewarded in the form of additional purchases.

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Shari Altman is President of Altman Dedicated Direct, a direct marketing consultancy specializing in retention, continuity, auto-replenishment and loyalty marketing. Prior to launching Altman Dedicated Direct in 1999, Shari spent 20 years as director of marketing for major direct response marketers and catalogers. Ms. Altman can be reached at 336-969-9538, [SAltman@AltmanDedicatedDirect.com](mailto:SAltman@AltmanDedicatedDirect.com) or visit [www.AltmanDedicatedDirect.com](http://www.AltmanDedicatedDirect.com).



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