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Retention Marketing 101

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PANELISTS



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Smartass & Sass



Andy Wollen
Faithbox

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Snail Mail for Kids



**Tell us about
yourself & your
subscription box.**

KEVIN My name is Kevin Wohlman and I'm the Founder and CEO of Southern Scholar. We are a DTC Menswear brand currently focused on providing superior men's dress socks delivered to your door monthly. We craft each pair utilizing our one-of-a-kind Signature Material Blend, classic color palettes, and timeless designs. Included with each pair is our complimentary style card providing head-to-toe outfit suggestions so you get the most out of your looks. Southern Scholar is a truly better dress sock option for men. In the coming months we will be taking that same focus on quality, style, and convenience to introduce 3 new products to our customers.

My name is Abby, and I co-founded the Smartass & Sass subscription company with my life-long bestie Kim. **ABBY** In the last two years, we've built a multi-six-figure brand that serves a community of sarcastic subscribers worldwide. Smartass & Sass is a monthly subscription with three different subscription offerings and an online shop. We focus on championing small businesses and artists, delivering all types of sarcasm (our favorite words definitely have four letters), and choosing a variety of products influenced by our subscribers' preferences.

WENDY I am a momtrepreneur from Virginia with 2 boys and lots of animals. I started Snail Mail for Kids to take myself out of my 30-year history of a 9-to-5 job working for someone else. Sunny was created while homeschooling my boys many years ago, as I was looking for a fun way to help them read. Sunny the Mail Snail became the mascot and face of the company when I launched just over a year ago.

Faithbox is a monthly subscription box for Christians. We choose a theme each month – joy, anxiety, connection, **ANDY** grief – and write an original 31-day devotional on that theme. We choose a matching book by a Christian author, then add 2-3 "do-good" products – interesting and unique items sourced from companies that do something good with their revenues. We also publish HelloBible, a box that uses family crafts to teach Bible stories to children ages 4-10, and we are working on projects with the real estate industry, with influencers and with corporate clients. I serve as COO and split my time between strategy/deals and operational matters like financials, IT and HR.

**Tell us about
how your
company has
focused on
marketing for
current and
cancelled
subscribers.**

KEVIN When prospecting, we believe heavily in letting our customers do the talking. Sharing UGC and customer reviews to give an inside look into our experience has proven successful. Building out funnels or marketing flows that answer all of their potential questions in steps, rather than bombarding them with a ton of information off the bat, often leads to larger purchase windows but higher conversion rates and LTV.

Cancelled subscribers are targeted with different messaging and at different times depending on cancellation reasons, monthly product feedback, cancellation date, and subscription type (gift, non-gift, and subscription tiers). Properly segmenting and tailoring messaging in win-back campaigns is particularly important as these customers have already experienced your brand. If they loved it but cancelled due to monetary reasons, it probably isn't a great strategy to follow up with them in 30 or even 60 days. We target these customers with exciting product releases or flash sales around the 90-day mark to remind them how much they loved the service and alleviate their pain point on price. If it was a gift subscription for Valentine's Day and their feedback was positive, we are likely to follow up at either Father's Day, Christmas, or both, depending on when their first gift expired. If a subscriber cancels due to something that we've since improved, we are likely to offer them their first month free to experience the improvement for themselves, etc. Timing, messaging, and value prop needs to be tailored specifically for who you are targeting. Use your data.

For current subscribers, there are a few main areas of focus for our marketing:

ABBY

- The Subscriber Facebook group: we invite all subscribers to join our private FB group where they can get advanced information about themes and spoilers, vote on future product types and styles, enter exclusive contests and promos, and communicate with us more directly.
- Social ads: We also advertise certain things to subscribers via social (for example, any shop sales, exclusive promotions, new products, etc).
- Email: We use email for all of the above. We want all relevant info to go through email, but we supplement with the other methods because inboxes get so crammed and things get missed. Plus the back and forth (and sense of community) isn't as strong there.

For cancelled subscribers, we focus on messaging new features, specifically things that have been common cancellation reasons. Customer feedback is crucial, and in our first year it definitely helped us

fine-tune our products. Examples would be: customers thought the value of items was too low – so we started making a few of our own items to add cost, worked on our product balance (taking size of items into consideration), and started communicating even more clearly that we commit to supporting small companies and paying fair prices for their work.

WENDY I have focused my marketing first on creating a love for Sunny and branding him so that love for the product is number one. So, number one: BRANDING. Everyone loves Sunny! Secondly, making the product affordable on a monthly plan was second my list. Number two: GOOD VALUE. I am marketing to two customers, the parent with the value and the child with the branding. When you have a memorable brand and a good value, then you get the referrals. So, I also rely very much on word of mouth and referrals. Parents love sharing a new product or neat idea for a gift. And, when it's affordable, they get it for their child and they gift it to another. If the experience is great, they not only will renew, they will refer. Remember, it's an experience, not a product.

Since I have a good value on my subscription, I have the option of marketing to my cancelled subscribers with a free month to come back or even a special gift for giving us another try, depending upon their reasoning for the cancel. That's quite a great plus of being affordable... that I too can afford to give free months away often. If I were in another pricing tier, I don't think I would be able to afford to do that.

Faithbox has been around since 2014, so we have about **ANDY** 5x the number of cancelled subscribers as current ones – a really fertile ground for marketing. We primarily reach out to these people via email. We periodically offer information or coupons to come back to subscribing, but we more frequently market one-off products which might be past boxes, items from within a box, or items from third-party vendors that we think might be attractive to our audience.

For current subscribers, we lower the promotional tempo and largely direct them to our shop with past boxes. Because our boxes are built around themes and not around dates, we often find the boxes are relevant to commonly-experienced life situations.

**How did you go
about creating a
strategy around
retention
marketing?**

**Do you have more
than one
strategy, and if
so, why?**

KEVIN Retention is far more simple than most people make it out to be. Its basis is really 3-4 things.

- Deliver what you promised when you promised it. This means that whatever you are pitching as your value prop better be as described. Product quality, value, etc. It is equally important that your messaging on when it will arrive is very clear and that you deliver on that promise, every time.
- Follow up. It is very important to make your customers feel heard, whether it is positive or negative. Always ask for feedback and respond to said feedback to let them know their voices are heard. If the feedback is negative, rectify it. If the feedback is positive, thank them for the kind words, let them know how thrilled you are that they are enjoying it, give them some inside info/spoilers to make them feel special, mention how grateful you are for them being a supporter for X months, and take this opportunity to respectfully ask them for a public review. They are likely to advocate heavily for your brand, and these reviews will help immensely in increasing conversion rates for prospects as well as provide you with advertising content.
- If it isn't right, make it right. If your customer isn't happy for any reason, make it right. Too often I see merchants looking to save a few dollars at the expense of earning thousands. If a customer's package tracking says it arrived and they say it didn't, replace it. Take the \$20-\$30-\$50 hit on that customer to avoid a pissed-off member, negative reviews, etc. It will pay off in the long run. You may lose a few bucks on that individual shipment, but a negative review or a spiteful customer can crush future conversions if they make that issue public or tell their friends (remember, word-of-mouth is still the strongest form of marketing). Live by the motto "if you aren't happy, we aren't happy."

So, overall, I'd say we've been through two phases of our business: becoming operational, and then perfecting **ABBY** our offerings. During the first 6-8 months we were focused on logistics and such, and it wasn't until after we nailed down some of those processes that we transitioned into perfecting the brand. Part of that including looking at the customer lifecycle, so retention efforts played a huge part in this. If I had to boil down our retention strategy into one phrase it would be "listening to our customers." That might seem like an obvious path to take, but we tried to approach it from a few angles:

We regularly surveyed our customers (and our newsletter pipeline) for the first 1-2 years to see what types of items they wanted, what brand recommendations they'd like to see, and get their reactions to other facets of the offering. We monitored reviews closely, looking for trends. Once we had enough customers to see some trends, the reviews helped us spot common pain points to pay attention to or adjust (like value of products, ship dates, etc.).

Around 1 year in, we decided to start a Facebook group exclusive to subscribers. This has probably been the biggest contributor to our growth, as it has given us a direct line of communication with a large portion of subscribers.

All of these communication tools helped us develop our retention marketing strategy, including:

- Maintaining a variety of product types and values that subscribers want/need
- Customization: having add-on items to subscriptions
- Adding additional subscription options for a variety of price points and services
- Adding additional value outside of the products (exclusive sales, early access, giveaways, a loyalty program)

WENDY As a new startup, my strategy was first to branding Sunny into a character that kids love, but making him affordable. But most importantly, the customer is always right. Always. Always. Even if it is clearly not the case and even if it involves a full refund, free month, something special added or overnighting a missing package. Going all-out – over and beyond – in customer service has helped with retention. Yes, I may have paid \$35 for an overnight FedEx for a missing letter, but that customer ended up staying with me for another year instead of cancelling. Yes, I sent a free stuffed animal to Singapore, which cost me quite a bit of money, but that customer immediately changed from a monthly customer to prepaying for an entire year.

Usually, my cancellations are simply due to a budget setback or lean month for the customer. So, offering the skip-a-month [option] definitely helps. Creating a high level of engagement definitely helps with retention too. Sunny is in the tooth fairy stratosphere, so kids are excited to hear from him every week. When you market the FOMO factor with teasers and [create] momentum of "what's coming next," it builds that repeat purchase likelihood.

We have both strategic and tactical approaches to retention. On the strategic side, our product is built as a community experience, which we believe strongly encourages retention. We have a private Facebook group for subscribers only, and we use daily emails to take everyone through the same devotional each day. People are less likely to leave a community with which they identify and with whom they communicate regularly.

ANDY

On the tactical side, we built an interstitial page into the cancellation flow that offers alternatives (skip, downgrade, talk to support). We also send an email a few days after a person cancels with a personal message and a request for feedback.

**How did you
determine which
retention
strategies would
work best for
your company?
Tell us how you
gathered and
analyzed this
research.**

KEVIN I know what I look for in a company, which is customer service. Willingness to make things right if they aren't, customer service personnel that actually care about the customer. Companies that over-deliver on what they market.

After determining some changes, it's all about testing. **ABBY** For example, when we wanted to branch out and offer 2 additional subscription options (a shirt-only option and a "big" box with items plus a shirt) we asked subscribers their shirt preferences and tested the idea by offering shirts as an add-on for a given month. Now "big" boxes make up 60% of our subscribers, and shirt-only subscriptions offer a low-cost alternative or entry point for new customers.

WENDY It was quite simple for me, really. It's all about creating an experience and not just selling a product or products. That's pretty cut and dry for me. My company is entirely built around a character I created, so it's bringing that character to life for the kids. I am pretty unique in the industry since I don't ship monthly and I don't curate items for my box every month.

Well, I would say we have yet to determine what works best – this is something we're always searching for **ANDY** ways to improve. Finding suggestions for what to try is pretty easy – there are lots of blog posts on the topic, and Cratejoy offers ideas as well.

**Did any
retention
strategies work
particularly
well for your
box? Did any
strategies you
tested not work
at all?**

KEVIN 100% Satisfaction Guarantee with free replacements/refunds has been huge. Typically, even when people are angry about something, they turn into an advocate for your business when you make it right and show that you truly care about their satisfaction.

The Facebook group that I've mentioned has been invaluable for retention. In addition to giving us a way to communicate with subscribers, it also is a way for them to engage with the brand and with each other and remain active through "lower" points in the shipping cycle. **ABBY**

A few specific strategies come to mind that didn't work well for us. One was a referral campaign - we offered a coupon for the new sub and a discount on renewal for the current customer. When it wasn't performing well after a few tweaks, we finally looked at the data and asked subscribers. It turns out less than 3% were even utilizing the program (and less than 1% were getting rewards) because the reality was that overall, our subscribers just weren't interested in a referral campaign. With this insight, we instead opted to beef up on our loyalty campaign, which has been a huge success.

Another strategy that didn't work was sending a mailer and a small item out to certain cancelled customers for a winback campaign. We only had about a 2% return on this and it was a time-consuming process.

WENDY The FOMO (fear of missing out) teasers and rewards work really well for me. Offering something special when you get to month X definitely keeps engagement going. Marketing to kids that "outgrew" my product were a dead end for me. I do plan to add another age level in the future. I don't want to just acquire a "customer," I want to acquire a "family." My letters from Sunny really engage the whole family. Once your brand becomes a part of the family fun, it's nice to grow with the family.

We believe that the community strategy works well for us, but admittedly we have not tested turning off community to see what happens. Our post-cancellation emails have resulted mostly in people complimenting us while telling us they can't afford the box anymore. This generates some testimonials, but hasn't been particularly helpful in retention/winback. **ANDY**

**What do you
wish you
understood
then, when
launching your
retention
research and
campaigns, that
you know now?**

KEVIN Not everyone is your customer. Figure out who is and build on that. Also, don't take negative or angry feedback personally but DO take it to heart. Be honest with yourself and if the same thing is being said by multiple people, it is time to deep-dive into whether it is something you need to improve upon – if you need to reassess who you're targeting and how/where you're marketing and selling.

Regarding listening to your customers: Not all feedback is equal. Sometimes customers are angry for reasons outside of your control, sometimes customers want you to change into something your brand doesn't stand for. Looking for feedback trends is the key to seeing areas you should consider making changes. Also, even though it is SO hard, try not to take negative feedback personally. Your brand is your baby, so it feels like people are criticizing you personally. What I do is keep some of the best positive responses we've gotten in a place that I can look at easily.

ABBY

WENDY Don't risk running into it! I wish I knew how much time it really took once you start with the idea, through development and concept and getting a solid foundation in place before you market hard. Don't hit the ground running until your foundation is good. Otherwise, you will do a lot of work only to lose new customers to churn as soon as you get them! You worked hard to acquire that customer. Make sure you have everything in place to keep that customer from Day 1. Yes, some things are out of your control and you will lose a customer for uncontrollable reasons. But, don't lose a customer due to a dull product or bad value. Take your time and do it right the first time. Don't risk rushing into it.

First, don't be constrained by the structure of your subscription platform. Don't take "it doesn't work that way" as an answer. Hire a developer to help with customizations – it's not that expensive and it'll pay off.

ANDY

Second, spend some real time digging into the Why of people leaving. Do "exit interviews" to learn what's really going on with those who cancel. Also really dig into subscriber, cancellation and LTV data using cohorts. Look at the different subscription terms, any variation you offer in your box offer structure, and at the differing results of various marketing channels. There's no single answer.

**How have you
seen your
retention
marketing
campaigns
impact your
profitability?**

KEVIN LTV is up 40-50%. Public customer testimonials can't be directly linked, but I'm a firm believer that they have increased conversion rates and AOV a ton over the past two years (since we started actively collecting reviews).

We've seen higher LTV and length of subscriptions, as well as higher shop sales. But I think the biggest measurement of our success is shown in our overall growth. In 2018 (year 2 of operation), we grew 380%.

ABBY

WENDY Oh, that's a no-brainer! It's a snowball effect! Once that ball gets rolling you will see your LTV and AOV grow, but on top of that, once that customer starts recommending your product to family and friends, then your snowball grows even bigger and picks up more "snow." When you are adding new customers AND keeping your old customers with a great churn rate, [that]'s the beauty of the subscription business.

We definitely hear anecdotally about people who stick with Faithbox for the community, but again haven't conducted A/B testing. We expect to see higher Lifetime Value as a result of our efforts.

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**Can you talk
about what role
personalization
has played in
retaining
customers?**

KEVIN Personalization is huge for retention and for bringing churned/expired subscribers back into active. I spoke on it a bit above but making customers feel appreciated, thanking them for their business/support over the past X months, following up with them after they post a review, commenting on social media posts, etc. We have customers who we have never met but know their kids' names, what they do for work, where they go to school, etc. Your customers own you, so let them.

We have found a few ways to customize shipments that our subscribers really appreciate. **ABBY**

- Printed gift messages: we chose to go the route of including gift messages in the first box for recipients (as opposed to email).
- Add-ons: each month we have a specific item that fits our theme that any subscriber can add to their shipment, plus they get 20% off their item.
- 3 subscription options: customers can switch easily between terms if their wants/needs change.

WENDY We keep our customers by creating an experience and we create an experience by making it personal. So they go hand in hand. Please remember that we are not selling a product, we are selling an experience. That was my number-one takeaway last year while here at SubSummit. I sat in the audience with zero customers. I left last year with the plan to create as much of an "experience" as possible. Your customer has to feel special. You can only do that with personalization! Hearing and seeing our name is special to everyone! Hearing our name creates a unique something to happen in our brain. Someone calls you by your name because they care about you. It's a must for retention.

We don't offer any personalization features.

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**What has been
your biggest
learning in this
area? What
advice would
you give to
merchants
creating a
retention
marketing
strategy?**

KEVIN Finding qualified audiences and sales channels. I think too many merchants seek the lowest-hanging fruit, which is great from an acquisition cost standpoint but often not from a retention standpoint. Figuring out who your customers are is immensely important in our business. Particularly for merchants who's main value prop is cost savings, you can experience very high churn rates if you are primarily targeting people that are only attracted because it is a good deal. Find people who love your product/industry/theme and use the cost savings as the additional value prop, not the main one.

Listen to your customers! It seems obvious. But if you constantly have your pulse on their thoughts and reactions of your audience, you can pivot easily (especially while you're small). Doing so has also helped us gain confidence in knowing what our subscribers want.

ABBY

WENDY Extraordinary Customer Service is number 1. Always. No exceptions. Sell your customer on product and continue selling them month after month with an outstanding personalized experience. You worked hard to get the customer and you should work just as hard to keep them. So plan to market to your customer to get them and continue marketing to your customer while you have them and then market to them again to get them back. You need four pillars to retain: love, value, word of mouth, repeat.

Really think hard about whether it's possible to extend the experience you provide outside the box, so that your product becomes a part of the customer's life instead of just a "box of cool stuff" that arrives periodically. Are there opportunities for gathering people electronically (or physically!) to discuss the boxes and related topics? Are there resources or content you can offer for subscribers who want to "go deeper"? Can you create continuity projects that require items from multiple boxes to complete? If you're able to get your subscribers to interact with something you've provided for them two weeks after the box arrived, you're probably onto something.

ANDY