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The Sale's in the Mail

Chemical manufacturers test auto-ship programs

BY JIM RAPOSA

CONTINUITY SALES PROGRAMS, popularly known as auto-ship, are nothing new. My vintage advertising files are crammed with examples of such offers in print ads dating back to the Civil War, in copies of America's first nationwide newspaper, Harper's Weekly. Even the venerable catalog company Sears Roebuck offered wholesale groceries via bimonthly subscription as far back as 1908; a bank draft on file is how payments were made. Now, with credit or debit card number on file, the customer agrees to automatic charges in exchange for recurring receipt of deliverables from the merchant.

Modern auto-ship came into its own as a direct-to-consumer distribution mechanism, and was henceforth wildly copied, with the formation of such heralded companies as Book-of-the-Month Club, founded in 1926. Way before compact discs, the Columbia Record Club was launched in 1955 to sell album titles released by the label; RCA and Capitol records soon copied. Continuity sales models have since been successfully deployed by vitamin companies, fruit peddlers, information publishers and even gourmet pizza makers. If you can ship it in a box, envelope or deliver via web, you can sell it with a subscription model. And, yes, that also applies to spa water-treatment products.

At SilkBalance, senior vice president of sales and marketing Steve O' Shea says it introduced a home auto-ship program after realizing dealers were losing approximately 80 percent of chemical sales after having a sold a spa once customers discovered big-box home-improvement stores also sold spa chemicals. Thinking they could save a couple of bucks, they bought chemicals there instead. "With auto-ship, we've made it possible for our dealers to not only mitigate this loss, but to also grow their sales," O'Shea says.

In the SilkBalance program, dealers are responsible for shipping product to customers; the company sends dealers product and shipping boxes. O'Shea says its most successful dealers stuff sales flyers for events, and other product sales in shipments for items like patio furniture or barbecue grills. If the customer is running low on other spa supplies, they can let the dealer know and the additional materials are charged, packed and shipped with the new bottle of SilkBalance. The bottom line, O'Shea says, is auto-ship helps dealers plug holes in their sales funnel. "Instead of this being about saving a couple of bucks, now it's all about customer convenience and peace of mind, knowing our product will always be there when they need it," O'Shea says. "It also ties the customer to the dealer by building loyalty."

Not everyone likes auto-ship, however. Jerry Parker, president of BioFilm Technologies (makers of Hot Tub Serum), says his company does not have a structured auto-ship program for a couple of reasons. "Our Hot Tub Serum is sold through three nationwide sales partners, so it would be up to them whether this would enhance their sales," Parker says. "When a consumer likes your product, this is the equivalent of shoving it down their throats. I also think this method actually cheapens the image the brand is trying to convey. If the product works as advertised, the customer will come back and offer word of mouth testimony about the product and the dealer."

That said, Parker has no qualms when and if his dealer network offered Hot Tub Serum as part of an auto-ship program of their own, especially if it's based on local climate conditions. A one-size-fits-all approach to product usage is flawed, he says, and should be based on unique regional variables.

Parker chuckles as he sums up his position on auto-ship programs: "I don't like giving out my credit card number with open-ended access like this," he says, adding that "In this age of credit card data breaches, some people will be apprehensive. It's the age we live in. For many, the convenience outweighs such concerns."

All in all, for retailers seeking a sales vehicle that bolsters sales, creates a reliable cash stream, and conveys your unique intrinsic value to customers, an auto-ship program might prove an integral part of your business. ■