

# Document

#5

Co-locate site in...  
Have...  
MasterCard Trail →

who... cc...  
Add  
Subs

Chain Rules...  
Industry

From: [Redacted]  
Sent: Tuesday, October 01, 2002 3:59 PM  
To: Rick Fernandes; [Redacted]  
Cc: [Redacted]  
Subject: Chargeback Action Steps

Bill in errors?  
Likely more chargebacks  
A step 5 on process - are you sure?

**We agreed to implement the following:**

- Increase Branding. Review current solicitations, email communication streams and websites to ensure branding is clear. Do all from lines use the product name? Are all site headers very clearly using the correct branding (eg., old classmates sites may not be correct).
- Test more prominent mention of billing descriptors across communication stream. In particular, ensure pre-bill is clear. Test a shortened version of the pre-bill email that strictly functions as a prebill notice -- and not a benefit reminder notice. Sell page, acknowledgement page, join email, billing reminder, FAQ's. WLI SERVICE NAME.
- Test Offline fulfillment. Create and deliver a #10 letter w/card. [Redacted] to review sample size requirements to ensure a "chargeback" read. The Cancellation read will require a minimum of 2500 joins for each test cell. Likely will target creates TVP new join populations. Test offline billing reminder notice
- Cancel Module -- Easy Access. Upon completion, cancel module links will be referenced in phone room closed messages, website customer service/FAQ sections and in a large set of prebill emails (not all -- we will test aggressively -- and watch closely for cancel rate impact).
- Negative File -- in house data. [Redacted] has prioritized on his systems list. Need to specifically review previous "negative file" criteria when [Redacted] is ready to apply resources. In the past we defined this list as any user who has charged us back -- plus any user that has recently cancelled one of our services (potential gamer).
- Negative File -- external list. Goal is to screen our new join list against known chargeback consumers. Information available at [www.paymentresource.com/fraudprotection.asp](http://www.paymentresource.com/fraudprotection.asp)
- Test if chargeback consumers have a valid email address. Take recent users that charged-back and send them an email to see if it bounces back. We should request basic information that a recipient can simply respond to via email -- why did you call your bank to charge back this charge instead of calling us directly?
- Expedite ongoing communication streams to drive activation. Review: did upgrade strategy w/cmats have any impact?  
↳ monthly      ↳ how often can we name
- Test: Assign password on sell page
- Test: 2 Step COF confirmation. Are you sure?
- Test: Price point in audio
- Test: Price points, quarterly billing
- Test: Gather billing address.

Notify email  
- "Billing" address  
- Add billing ext subject to cc collection

**Why are users charging back?**

- Survey data
- Are chargeback users being sent an offline fulfillment piece (eg., is there email any good?)

Unfortunately, there is no silver bullet. We need to improve on several fronts. Our original hypotheses why customers were charging back:

- Most chargebacks are happening on debit cards, not credit cards. False. 75% of chargebacks were from a credit card
- Online access causing problems. Probably; but not the big issue. 34% of all chargebacks were initiated by users finding the charge either online or by checking their account w/their bank over the phone. 80% of the debit card chargebacks identified the charge in this method. 20% of the credit card chargebacks identified the charge. At the end of the day, 60% of all of our chargebacks came from users with credit cards that identified the charge from the standard monthly billing statement
- Many chargebacks are caused by inadequate billing descriptors. False. It's possible this is an issue for Debit card holders -- our phone number may not be easily accessible. However, 80% of the credit card chargebacks were caused by users identifying the charge on their credit card statement -- the way we intended it to happen. Bigger issue is that many users won't bother to call if they don't recognize the descriptor (and we ran confusing descriptors for a around 6 weeks or so after our move to Vital).
- Unknown branding. Significant issue. 78% of all chargebacks (same for credit and debit) claim they did not recognize the merchant name -- and their recall of our billing descriptors were pretty good (not surprisingly, since most only charged back 1 item on the statement -- thus you remember it). 20% of the chargeback users claim they recognized

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the merchant name, but that we should not have charged them.

- Poor Customer Service. False. Only 23% (47) of the chargeback users attempted to contact us before contacting their visa/mc provider. However, of those that attempted to contact us, only 38% (18 of the 47) successfully made contact -- and of these 18, only 8 thought they received a timely response and only 3 thought that their issue was dealt with effectively.
- Fraud. Apparently a small impact. However, 13% claimed they had more than 1 fraudulent charge
- Lack of (perceived) agreement regarding continuity billing. False. Bigger issue was lack of agreement that they joined; 87% claim they do not recall signing up for the free trial. Of the 11% that did remember signing up (23 users), 30% (7 users) expected to be charged after the trial and 70% did not expect to be charged (10 users actually attempted to cancel).

Things customers said we could have done so they would not have contacted their provider:

- 28% -- not have billed me; this is a scam/not clear how they got my billing information
- 15% -- sent me info on the service/in the mail/verifying that I had signed up
- 13% -- No clue/didn't recognize the charge
- 12% -- Let me know that they were going to charge my card
- 9% -- cancelled it when they requested to do so
- 6% -- if there was a phone number on the credit card statement
- Note: Only 29% remember if our phone number was listed on their statement (same for credit card and debit card users; however, online and telephone access had a much lower rate than users that identified the charge on their monthly statements)

Of those that contacted provider w/o attempting to contact us:

- 50% -- Didn't recognize charge on the bill (worse for online access; worse yet for phone access)
- 19% -- couldn't find phone or email contact (same for credit card and debit card users)
- 15% -- Easier to contact bank

Banks are not our friends

- Only 13% required users to contact us to attempt to get the charge removed (debit card actually higher than credit card)
- However, 70% required some type of affidavit and 15% were required to cancel their credit card (and 12% of those not required to do so -- did)



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*We create subscription services that generate incremental revenue streams to complement your current ecommerce and advertising business strategies.*