

Winder: Now we're recording again. It always helps when you get the record button. The computer is not psychic like you. So we had done a discussion some time back about our new gift card program and things have changed with that program, and it's now a little bit of water under the bridge and some statistics and numbers now. So I thought it was really appropriate that we redo the call and lay it out as it is because it's so important.

I think this is one of the more brilliant things I've ever seen. So why don't we just take it from the top like we've never talked about it before and just see what we've got.

Eddie: Fantastic. Well, for those that are new to this, a couple of months ago we introduced a gift card program essentially a tool that we provide to our VBOs, our advocates, to go out and introduce these products, and/or the products and the business to people in their community. And it is quite literally a \$50 gift card. So as long as a person's purchase – when we say this, this is really the sub-total of products that are in their shopping cart – as long as that exceeds \$75, any combination that they want, they can use the gift card and it'll knock \$50 quite literally off the price.

And for those that are VBOs, one thing sometimes with programs like this, it will cause a reduction in the commissionable volume, this does not. So there's no impact on the commissions or the earnings potential of our VBO partners.

It's just simply for a new customer – and this is who this is for – this is an introductory tool for new customer or a new member that's buying products. It's got to exceed the \$75, and you get your \$50 off. And the reason we do this is internally we call it, "customer acquisition costs," right? Kind of a little fancy term that you hear in the digital world. It's just basically saying that we're willing to invest \$50 in a new customer, for a new VBO because their long-term value to us – which means that relationship has so much endurance they continue to buy our products, use our products, advocate our products that we can afford to spend that money to have them join the team.

And we do that simply because a lot of times people are like, "Well, I'm not sure." Even if you say, "It's all 100 percent money-back guarantee," they still say, "I'm not sure." And so what we have confidence is, is that if they try the products, they're going to fall in love. So that's why we offer this to the team.

Winder: It's so brilliant. To me it's a mystery how somebody can say, "Well, if you want to order \$75, I'd give you \$50 off," how do they say no? This is incredible! And you're right when people say start using the products they want to continue to do that. So it's just the most brilliant introduction I've ever seen. Now, explain a little bit how it works when someone uses a card, what's the process?

Eddie: The mechanics are, let's just take you for an example, Winder has earned cards and there's different levels of how you earn the card. For example, every time each month you have an active order with the company – we define as that 100 points – we put a new gift card in your back office. So you've got this sort of rotating gift card.

Winder: Just once a month?

Eddie: Just once a month at the point that I think it's 24 hours after your 100 PV order processes it. So that goes back in there. And if you were active the month before then that other gift card is also there as well. So it doesn't take the place of any prior gift card, this is just simply now an additional gift card.

If a person enrolls we sort of look at the size of a person's enrolment, give them additional gift cards accordingly. So at the point of enrolment, if you enroll with a 100-point order, there's two things that happen. One is, the system recognizes that you're a brand-new person with a 100-point order, and we will give you a gift card to start your business, a little token of our esteem to get you started.

But also, the system says to itself, "Oh my gosh, a new active person and 100 points," so they'll actually wind up with two gift cards from that single action. If the new person enrolled with an advantage, so basically that's five times point size order, right? So we recognize that that was an additional expenditure on their part so we'll increase our gift offering so that person winds up with five brand-new, spanking new gift cards to use to develop their business. And the systems says, "You know what? That person's got a 100-point active status now," and gives them additional gift card. So that gets a total of six cards for that brand new person.

And you, as the person that enrolled and brought in that new VBO, we're going to give you a gift card as well to give you restock. So two things would've happened there; the gift card you used with someone that became

a VBO with a product order, that gets replaced with a new one. And the activity itself gets rewarded with a gift card. So actually, when you bring on somebody new in a case like that, and they're active, you're going to get another gift card. So these things can multiply in your back office from just your simple activities because we want you to have them.

Now they do have to have, we believe, some limitations to create their value, right? So for example, gift cards have what we call, "a 12-week life cycle." So to give you an example, if you became active today, Winder, and you got a gift card because of that, then that gift card is on what we call, "Week Zero." And that gift card – this particular Week Zero gift card has a life until this coming Sunday night.

And the reason we do this – it always ends on Sunday evenings – is because if you give that to someone because they have an interest in buying products and they say, "Hey Winder, I'm going to try your Calm 1500. I'm struggling to sleep at night. I just want to try that product." So you give them a gift card to do that and you are able to say to them, "Hey, listen, the gift card will run out on Sunday night. I'm sure that's not a problem because you said you are going to go on the website today."

The reason we want it to run out on Sunday night is people procrastinate. And so we don't want to put you in an awkward position of having to call them in two weeks time and say, "Hey, if you're not going to use my gift card, can I have it back?" Right? That isn't going to feel good for you or to you. And that's not going to feel good to that consumer. So we put a timer on them just simply to keep everybody from having to have an awkward conversation.

It may not keep them from being a procrastinator, right? You can't really fix that. But it means when you wake up on Monday, you've got a replacement number for that gift card which now has been deactivated that you can go talk to somebody new that maybe has a more sincere intent on buying a product. But that gift card that was zero this week, next week becomes week one. And so now for the next 12 weeks this gift card will continue to rotate for you. If it goes unused it will time out on the 12th week and it will disappear from your back office, the system.

But if you use it with the enrolment of a VBO, that gift card renews. It's sort of born again and it's got another new 12-week cycle. What we have found

is that the little turns and adaptations we've made along the way here are really to help people be more effective in how they discuss them with someone as well as putting some timelines on them so people aren't calling people up and saying, "Hey, I need my gift card back." Because we just think that'll be a difficult conversation.

Winder: There's another one that I heard the other day, someone would take a single gift card, give it to five different people and say look, "I'm giving this card to five people, whoever gets to it first, it's theirs. But if you get to it and it doesn't work, call me back, I'll get you another one."

Eddie: Yeah, well, I love competitiveness so I'm great with that. I might not have put that last sentence on there just to create a little bit of a Roman Empire gladiator environment for the gift card.

Winder: Got it, also, a couple of things. First of all, I just want to mention that for anybody who's thinking about wanting to get a stock of gift cards, come to any of the company-sponsored meetings and the company will give you 20 cards just for showing up.

Eddie: Yeah, that's right. So an important point, we work hard to look at the calendar for various ways for us to give additional gift cards. People love promotions and so number one, anybody coming to Mastermind Nashville, – there's a lot of reasons to come and a lot of benefits to enjoy, but one of them is we're going to stock your back office that day when you attend with 20 gift cards. Now, you've got to be present to win so if you register but don't show up, no additional gift cards. But if you do, 20 additional gift cards and you can work those cards by enrolling new people and they will just sort of last forever.

Winder: A long time.

Eddie: Long time. And recently, on Mother's Day, we used it as an opportunity to give people an additional gift card to talk to moms. And so we believe that they're such a valuable tool. We want to keep them top-of-mind. So that's one reason why we use them during these various promotional periods.

And from a success standpoint, we're at our highest levels per capita of new customers because they work with new customers as well as new VBOs. That's just exciting to see. We are a consumer-driven enterprise. And then with our new VBOs with the highest levels we've ever seen. So it's clearly, people like gift cards. So it's a big deal.

Winder: So it's just absolutely brilliant. Something else that I've found out that I've been doing now – people need to know this if they don't already, this is a big one for me – I take one of my gift cards, I use it to help one of my downline enroll a new VBO. I get a replacement card. The VBO and the downline who is the enroller gets one. And the new person who is enrolled gets one. So you're giving three cards out on one sign-up.

Eddie: Well, and if that new person's order was over 100 points they get it for being active so they can actually get two. That really could create four new gift cards into our gift card ecosystem.

Winder: Or if they've got an Advantage pack, they get six –

Eddie: Now we're going to have to have happy hour. Now we're partying.

Winder: What I'm seeing is with these gift cards, people who have been shy about oh maybe wanting to impose on somebody and get them to buy something are getting excited because they're going to give something almost free.

Eddie: Free is a good thing.

Winder: Free is a good thing. So \$75 order, \$50 off is kind of taking shyness and doing away with it.

Eddie: I agree. I think it's one of the better programs I've been associated with. Back in the day when I was a VBO almost 30 years ago, I would've appreciated having a tool like this.

Winder: Oh man, it's absolutely incredibly brilliant so thanks for this.

Eddie: You're welcome.

Winder: Anything else we need to add in about this gift card before we – ? Let me sure we've got this straight, if I sign somebody up as a brand-new VBO, and I use a gift card, the card I used will be replaced so I've got my card back. The new person, if they have an order that's over \$50 – it has to be at least \$75 but less than \$100, they get a gift card for joining. If their order is over \$100, they get two.

Eddie: Over 100 points, they get two.

Winder: Wow. That's just – and then if they do an Advantage pack, they get six.

Eddie: That's right.

Winder: Dog! It's pretty good.

Eddie: So if we can just keep this to ourselves, there may or may not be an additional gift card associated promotion announced for the people that attend the Nashville Mastermind Event. I'm not saying that's true, I'm just saying that may or may not be true, if we can just keep it between us.

Winder: Oh right, we're going to keep it absolutely quiet.

Eddie: Just for us, just in addition to what people already know.

Winder: Other than a little ad in the New York Times, not a word. Perfect, yeah, that's great news. Well, okay sir, well, thanks for this.

Eddie: You got it, Winder, always a pleasure.

Winder: Any parting words before we sign-off for the day?

Eddie: Make sure you're in Nashville.

Winder: Absolutely. I'm looking forward to that. Okay, thank you, sir.

Eddie: Thank you, Winder. Bye-bye.

Winder: Bye everyone.

[End of Recording]