

Distribution Standards:

At Varga we are committed to providing the best front door marketing campaigns possible. As brand ambassadors for your company we take great precaution as we proceed into distribution. Since many of our customers are new to the world of Front Door Marketing, we find it valuable to review our Distribution Standards to maximize your satisfaction with the campaign.

Basic Elements of Control:

- **Varga over-delivers 1% on every job to compensate for any lost impressions due to possible errors in the field.**
- Varga uses real time GPS monitoring systems to spot potential problems before they occur. Every walker and every driver are tracked individually for the entire distribution.
- Varga deploys an on-site field auditor with every distribution to ensure proper controls and standards are being adhered to. The on-site field auditor provides a critical point of contact for resolution of any consumer or client concerns.
- Varga maintains a toll-free complaint hotline to collect information and resolve issues quickly and appropriately.

Varga's Walkers Are Instructed:

- Not to engage homeowners, tenants, or property managers.
- Not to open gates and enter fenced properties. They will hang your promotional piece on the gate if appropriate.
- Not to smoke, eat, or use their cell phones while in the act of distribution.
- To hang items on mail boxes where driveways are longer than 50 feet.
- To avoid streets or areas where aggressive animals are present. Most often the cause is a dog; however, recently our walkers had to avoid a "Moose on the Loose" in Alaska!

Closed Communities

Unless you request otherwise, Varga avoids distributing in apartment complexes, condominium/townhome complexes or other closed communities. **9 out of 10 complaints we receive are the result of deliveries being made to these types of communities.** In some cases there may not be a clearly visible sign stating a community's trespassing/solicitation policy and our crews will distribute to the complex. In the majority of these cases the property manager will come out and simply explain their policy and request that our crews leave the premises. In these instances we will withdraw the crew and remove the product. In other instances we may have already left the site and will receive a phone call from the manager. The call will be handled by our headquarters if possible; an apology will be made and we will offer to have the entire community placed on our "Do-Not-Deliver" list which is kept on file at corporate. If the manager is clearly upset we will dispatch the on-site field auditor to the property to pick up the product and speak with them face to face. This simple effort made by our company generally resolves the issue leaving the manager satisfied and in some cases expressing gratitude for the quick and professional response.

No Solicitation/No Trespassing

The distribution of door hangers is not considered solicitation by law because we are not directly selling a product/service or engaging anyone in conversation. We do not knock on the door or ring the door bell. The Supreme Court of the United States (Martin vs. Struthers) categorizes what we do as "canvassing" not as "solicitation." That being said, we still take every precaution to avoid confrontations. These precautions include: checking with every city that we enter to determine if there are any laws against what we are doing locally and securing a permit where applicable, checking our internal "Do-Not-Deliver" list for possible matches in the target area, adding our toll free complaint hotline to all door hangers, and avoiding areas that have clearly posted "No Solicitation" or "No Trespassing" signage.

Distribution Area Fulfillment

When reviewing the map of GPS tracking data after a distribution, you will find streets or areas that were not covered. Missed streets are most common where there are small cul-de-sacs, neighborhoods with unusual terrain, or natural boundaries such as waterways and freeways that will adversely affect the speed and efficiency of the distribution. Our drivers are trained to avoid these types of areas in favor of terrain that promotes maximum productivity from the walkers. To facilitate this flexibility we map out an area that contains more households than what is required to meet the full distribution. As such, missed streets or areas are expected and not indicative of an incomplete distribution.

Walkers

Varga walkers are minimum wage workers, often of multi-cultural backgrounds, and after several hours of walking may look a bit disheveled. In an effort to inspire trust with distribution area residents we require our walkers wear special vests with the toll-free complaint hotline number clearly visible to alert people that they are doing a job and not loitering in the distribution area. In addition, they are encouraged to keep to themselves and move swiftly through the distribution area in order to avoid any gratuitous suspicion from residents.

Timelines

We will make every effort to meet the campaign timeline that is provided upon execution of this agreement. In some cases factors out of our control including but not limited to equipment malfunction, shipping delays, accidents, and weather can impede the timely completion of a campaign. In such cases we will not be liable for damages or costs as a consequence of such events.

Weather

Distribution of door hangers requires drivers and walkers to be capable of working their way through a neighborhood. Distributions are typically halted in the case of rain, snow, ice, or heavy winds. Seldom do these delays add more than one or two days to a distribution process, but you may want to allow for these natural events when planning a timeline. For example: we suggest grand opening distributions be completed at least two days prior to the opening versus the actual day of the opening. Distribution days are sometimes canceled based on weather reports from the prior afternoon. We will discuss these situations with you as they occur as weather reports are not 100% accurate.

Complaint Policy:

Expectation of Complaints

Front door marketing campaigns are difficult to ignore and are considered by some people to be invasive because a stranger enters a homeowner or tenants property to hand deliver a marketing piece at the front door. This hand delivery is what makes door hangers so unique and drives such a great response. Because of the high visibility of a hand delivered campaign, we generally receive a small number of consumer calls during and following the distribution process. **It is realistic to expect up to .05% complaints during the distribution process (50,000 units = 25 complaints).**

To encourage consumers to contact us directly with any questions or comments about the delivery **we require that you add the following to your marketing piece: "For questions or comments regarding this delivery please call 800-550-0253."** With so many Neighborhood Watch programs in place these days, we always anticipate a few calls to simply verify our activity. The complaints we generally field are regarding distribution in condominium or apartment complexes, carriers walking across lawns, deliverables blowing across yards, deliverables left curbside or on mailboxes, or in the most alarming cases deliverables dumped in trash cans. For callers inquiring about your products or services we also ask that you list a phone number on the piece and also provide us with contact information to which we can forward any calls with questions.

Handling of Complaints

We request that you please direct all complaints to us so that we may carefully and methodically investigate the issue. This is part of what makes our service superior to our competitors. We take immense pride in our distribution practices and are determined to address any shortcomings that may occur head on.

In the event that a consumer contacts you directly, we ask that your personnel be instructed to forward the call to our toll-free complaint hotline at 800-550-0253. Or, if you prefer to handle the calls, we ask at minimum to be provided with the name of the caller, date of occurrence, address or cross streets, phone number, the nature of the complaint and the number of deliverables involved. This level of detail is needed for Varga to resolve the issue at the walker level, provide personal follow-up with the homeowner or tenant, objectively assess the severity of the complaint and where applicable issue credit.

Complaint Logs

All complaints answered on the toll-free complaint hotline or provided by the client are logged and followed-up on within 24 hours. We initiate a corrective action on every complaint and try to rectify the situation to the satisfaction of the caller as quickly as possible. In most cases a simple solution is available; however, when necessary an auditor will be dispatched to the site of the incident to take more extensive action. A copy of the complaint log is available to you at the conclusion of the campaign.

Experience Has Taught Us

Many of the most severe complaints come from someone having a bad day, or in some rare cases, unreasonable people looking for a way to unload their life's frustrations on a voice at the other end of a phone line. These emotionally charged individuals have a tendency to exaggerate the severity of the issue at hand. When we attempt to dispatch an auditor to the scene of the incident many times a more realistic version of the story will eventually reveal itself or the caller will adamantly deny further access to themselves in order to avoid embarrassment with a representative of the company in person.

Credit Policy:

Varga over-delivers 1% on every job to compensate for any lost impressions due to possible errors in the field. If a complaint occurs while we are still in market we will make every effort to correct the situation. If our crews have left the distribution area and cannot return, or the deliverables in question are not in a condition to be distributed a credit will be issued. **Credits will only be issued in instances where the deliverables in question have been recovered and will only cover those in excess of the over-delivery.** We will not issue credits based on speculative amounts. For example: If we deliver 25,000 units and 500 units are found in a dumpster a week later we may request that the finder ship the deliverables back to us at our expense. When we receive the deliverables if there are only 487 pieces we will only issue credit for 237 pieces. If the CPM of the affected campaign is \$495 a subsequent credit in the amount of \$117.32 will be issued. **Arbitrary credits will not be issued for campaigns that did not perform well.** Our industry leading post campaign reports were designed to prove campaign completion. Marketing is not an exact science and many things play a role in the effectiveness of a campaign. While we will do everything in our power to ensure that yours is a success we will not be held fiscally responsible for potential ineffectiveness of the creative and/or the offer.