

From the Lab

Making the Right Offer

It's arguably the single most important element of a DRTV campaign — the offer. This month, TEST begins its "Offer Investigation," an in-depth look at the several offer categories, what makes them effective for different products and campaign

goals, what the current trends are, and how well they're working for some of the biggest campaigns in DRTV. Naturally, we must begin by defining the beast — that is the three different types of offers:

Price Ad/Hard Offer

Price ads disclose a straight advertised price, and the offer can be presented in two different ways:

One-time payment



Multiple payments



Trial Offer

Trial offers are becoming increasingly more common and represent a sort of hybrid of the hard and soft offers. There are two popular trial offer methods used currently:

- "Risk-free trial" — Total price is not disclosed; the cost of the trial is usually a small fee of under \$10, plus shipping and handling.
- "Free trial" — There is no cost for the trial itself, just shipping and handling.



Lead-Generation/Soft Offers

Lead-generation or soft offers are characterized by no price point. They are usually expressed one of two ways:

- "Call to find out how you can get ..." — The back end of this offer is a sales attempt; the operator does his or her best to convert the curious caller to a paying customer.
- "Call for more information on ..." — This is often referred to as a "two-step" deal, where the operator captures the caller's info and sends them information on the advertised product or program, and the caller is then outbounded by a trained salesperson who attempts to sell them.



A Closer Look: The Hard Offer

Ideally, all DRTV offers would be one-payment hard offers, where customers know exactly what to expect when they pick up the phone, resulting in high conversion rates and low cost-per-call. But, that's not the case. Following is a look at the two types of hard offers:

The One-Payment Price Ad

What it's great for: Products with a low price point (no more than \$60 and usually less than \$30); tangible products that leave no question as to what is included.

Common examples: Kitchen gadgets, household inventions, automotive products, some personal care and small fitness items.

Benefits: Conversion rates are high (should be 60 percent or more), telemarketing costs are low, and fulfillment and merchant issues tend to be simpler.

Downsides: Since the price points tends to be smaller, often a one-pay ad might not be able to support a full 30-minute infomercial; most come in the shape of short-form spots, which tend to be more difficult to make work and lower media spending.

The Multiple-Payment Price Ad

What it's great for: Products with higher price points that have a high perceived value and a higher cost of goods.

Common examples: Household items, health and beauty products, fitness items, some personality-driven programs and products, automotive products and more.

Benefits: The multiple-pay offer is the marketer's answer for reaping the response benefits of a "low" price point, while being able to bill enough to create profitability.

Downsides: Conversion isn't as solid as with the one-pay because invariably, many callers will still choke at the total; calls tend to take longer due to the need for a little more "sell" and more Q&A; merchant processing gets more expensive and complicated; revenue is collected over the course of several months, which means less profit up front and which breeds its own set of costs and concerns.

Trends: It is becoming increasingly common in the call-to-action (CTA) on many multiple-pay shows to offer a dropped payment to add a sense of benefit and urgency ("Call now and we'll make the last payment for you!"). One-payment conversion attempts on the inbound call are also essential in creating more profit up front and eliminating billing issues.

Next month, "From the Lab" will feature a closer look at trial and lead-generation offers.

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