



From the Lab

Aw, C'mon! Give It a Try!

These days, it seems everyone's favorite thing to say about DRTV is that it's "getting harder to make things work." An increasingly popular option that marketers everywhere are trying is the "trial offer." Part II of TEST's "Offer Investigation" examines this trend to give us a sense of what the true potential is.

What Is a 'Trial Offer'?

There are currently two popular trial offer methods:

"Risk-free trial" — Total price is not disclosed; the cost of the trial is usually a small fee of less than \$20, plus shipping and handling.

"Free trial" — No cost for the trial itself, usually just shipping and handling costs.

What it's good for: High-ticket items; efforts to test efficiency of the creative; continuity products, etc. In a trial offer, however, the quality of the product is king. Mick Koontz, COO of Santa Ana, Calif.-based Script to Screen, contends, "It is the price point, not the product that dictates the initial strategy. It is ultimately the performance of the product, not necessarily the price, however, that dictates the rollout success. Remember, there is no substitute for a product that delivers on its promised benefits."

What it's not good for: Low price-point items; items that are very large or bulky (thereby difficult to return, which creates a problem of bad debt), etc.

Potential Benefits

The main objective in testing a trial offer is to increase profitability by increasing response. The opportunity to try a product risk free, before committing to what is usually a high-price purchase, eliminates the most decisive reason why the consumer might not call. That being said, here are a few obvious benefits of implementing a trial offer:

- **Increase in response** — Experts agree that response increases by anywhere from 50-300 percent when going from a price ad to a trial offer. So if your commercial was getting 20 calls per airing, with a successful trial offer, you should receive 35-80 calls. Some have even seen an increase of up to 500 percent — that means your call volume could go from 20 to 120.
- **Back-end flexibility** — Since the creative doesn't disclose the full product price, you can test price point sensitivity with your telemarketing team and find the most profitable offer without incurring the cost and time of editing and re-testing.

Potential Trial Offer "Fallout"

Obviously, the trial offer is a higher maintenance strategy than a price ad or perhaps even lead generation ads. Roadblocks are still roadblocks, and even though you've removed them from the "calling decision," they will still come up. Following are some of the repercussions to consider:

- **Decrease in conversion** — A lesser percentage of those who call will buy, but the dramatic increase in call volume should make up for this.
- **Increased telemarketing cost** — Agents will need to be able to answer questions, overcome objections and know how to lead the caller into a decision to buy. And the conversations will be longer. All this is going to cost you. John Stones, executive vice president of InPulse Response Group in Phoenix, says, "The costs of running a trial-offer DR campaign certainly shift the cost of driving a response down, while increasing telemarketing costs (based on the increase in the number of calls and length of each call). However, the telemarketing cost increase is minimal compared to the increased effectiveness of media and reduction in cost per response."
- **Increase in returns** — It's a trial offer — people will send the product back. As Jim DeWolfe, president of AdvanceTel, says, "So long as the agents understand the negative consequences imposed upon the marketer if the agent leans to heavy on the guarantee, the impact of higher returns should be held to a minimum."
- **Cash-flow crunch** — Revenue is delayed and if there are monthly installments, the revenue will stream in over a course of months. Incentives for one-pay conversion become critical.

The fact is, though the trial offer may stick you with a load of new and complicated concerns, the reason it's a hot strategy is because it pays out. And isn't that what DRTV is all about?

TEST extends special thanks to its panel of experts: Mick Koontz, COO, Script to Screen; John Stones, executive vice president, InPulse Response Group; Peter Koepfel, president, Koepfel Direct; Jim DeWolfe, president, AdvanceTel Direct.

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