

## I Don't Think We're in the '80's Anymore, Toto!

**W**hy, 15 years ago, could a marketer sell a paper clip on TV and it would pay out handsomely, but today you could have the most ingenious, problem-solving product and you practically have to beg the viewer to call by giving away insane amounts of product, floating payments and sacrificing most of your margin?

It's easy to say that media rates have gone up so it's just harder to make the necessary ratios. But is anything ever that simple? Of course not! Here are a few reasons why, as everyone likes to say, "DRTV is getting harder and harder."

### MEDIA

DR rates have increased from two to 10 times what they were at the advent of infomercials. Why?

- 1) **Simple supply and demand.** More people are in the DRTV game so more airtime is needed.
- 2) **Channel growth.** When channels are young, they need content and their time is cheap. As viewership grows, they gain more content and time becomes a premium. Some examples: The Golf Channel, Animal Planet, Oxygen.
- 3) **Big-budget advertisers.** Pharmaceutical companies have been a surprising factor in recent years; these are companies with general-rate advertising budgets who are snatching up DR time at will because, for them, it's a steal. They're willing to pay more than traditional DRTV companies could ever pay to make their campaigns profitable on TV.

### RESPONSE

Consumer behavior has evolved as well, and it generally hasn't been for the benefit of the DRTV marketer.

- 1) **Media vs. payout.** While you're paying more for media, TV consumers are not willing to pay more for your product. On the contrary, where you could have charged \$19.95 for a gadget five years ago, now you can only get \$14.95. So the media is more expensive, and you're billing less. That's a double whammy!
- 2) **"Paid Programming."** TV consumers just aren't surfing as much as they used to. Since the emergence of the programming menu — where DR time is labeled "paid programming" — viewers are less apt to inadvertently stumble across an infomercial and get "hooked." It is the equivalent of the mall shopper skipping the mall and going directly to a specialized store.
- 3) **Consumer perception.** It's the bane of the DRTV marketer — the distrust of products and services purchased from television that has been created in the public's mind. Too often, DRTV marketers have sold products that appear to do something miraculous. But, when it gets into customers' hands, they feel cheated. This has only hurt the long-term viability of the market as a whole, and those who market quality products face an uphill battle when it comes to response.

### SURVIVAL TECHNIQUES

What to do? Those that remain in the game have found ways to overcome these issues. It's a combination of being unflinchingly meticulous with every penny that goes out the door and a general adjustment of profit-center expectations.

- 1) **"Micro" media.** DRTV marketers who are in for long-term success are aware of the profitability of each station — of each buy — and have come to know what their media "sweet spot" is. They know where their media dollars are most profitable on TV, and they know when media becomes advertising to drive retail.
- 2) **Creative back-end management.** Savvy DRTV marketers are tapping into technologies and tools to save money in telemarketing, fulfillment and merchant processing.
- 3) **Exploiting efficient profit centers.** Many seasoned DRTV marketers have stopped expecting to make money on TV. Some have the resources to use DRTV as a means to drive the product through retail. Others run their shows at a break-even or less on TV because they know that their continuity program will more than pay for what they lose on TV.

For years, Adam MacDonald has given direct response marketers an edge by combining in-depth knowledge and "big picture" DR experience to provide uniquely creative and practical input in developing successful DR campaigns. We are now excited to announce our transition from TEST Marketing Group to Take 2 Direct, specializing in bringing your vision to screen with unparalleled creative production, taking your product to market and managing all the details in between. As 2004 unfolds, Take 2 Direct will continue to bring "From the Lab" to *Response* readers with as much expertise and curiosity as ever. For the latest trends in creative direct response marketing, contact Take 2 Direct at (714) 979-5555 and ask for Adam MacDonald at ext. 202, or Betsy Sanz at ext. 212.

