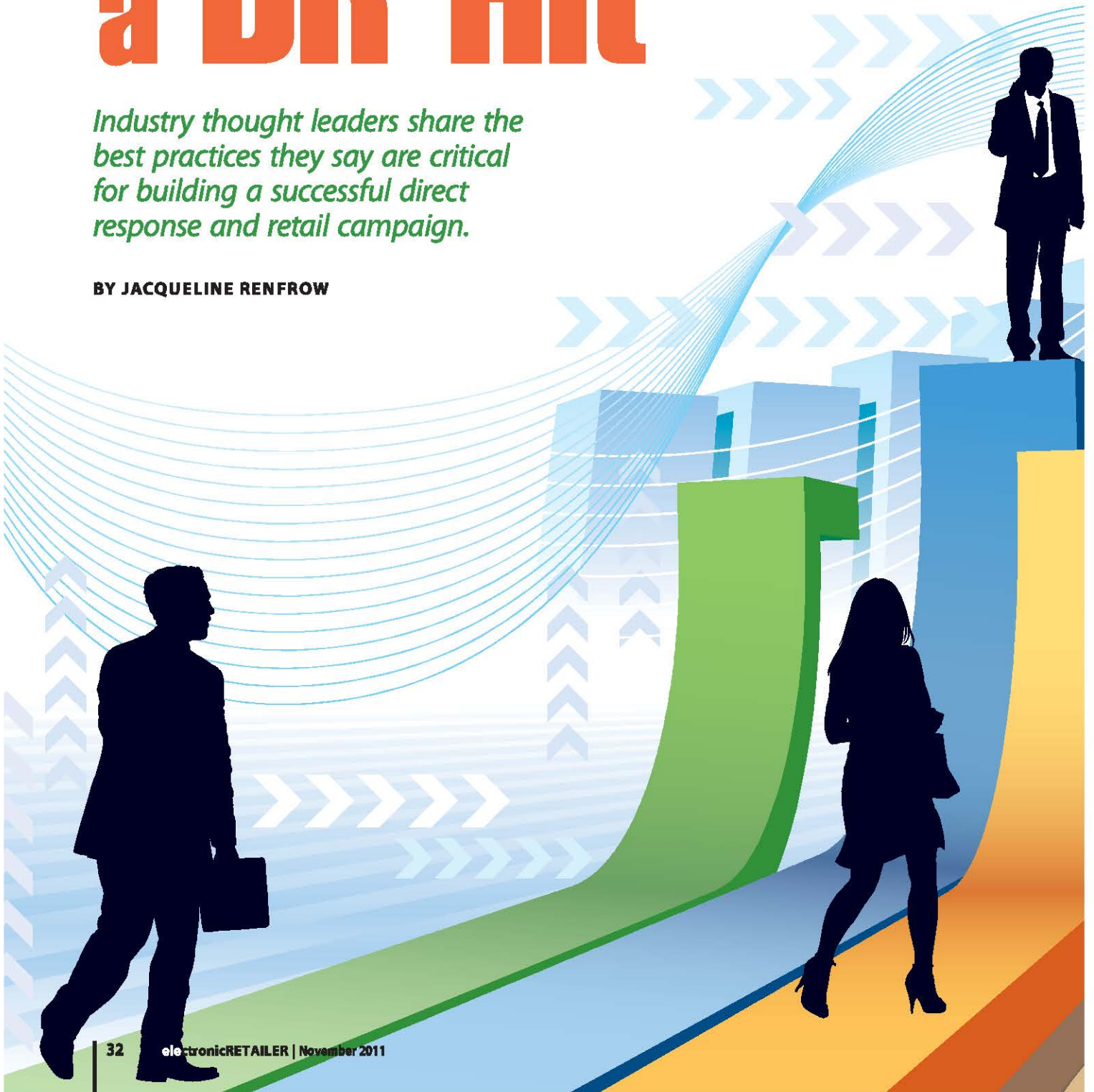


5 Keys to Creating a DR Hit

Industry thought leaders share the best practices they say are critical for building a successful direct response and retail campaign.

BY JACQUELINE RENFROW



There are many critical factors that go into the success of a direct response campaign. Ideally, a campaign begins with a detailed plan, followed by a test phase, a product launch and ultimately sales. But a lot of cooperation between product developers, agencies, media buyers and vendors are necessary to reach this end goal. So what does it take to turn an average direct response product into the next P90X or Jack LaLanne Power Juicer? *Electronic Retailer* spoke with experts in the DR industry to get their advice on building a campaign and a brand. Take a look at what they considered to be the Top 5 best practices.

1. Pick the Right Product

Let's face it. All success stories start with a great idea. So from day one, a great marketing campaign needs a great product. When an entrepreneur or partner agency considers marketing a product, the first step is to ask, "Is this the right product?"

The biggest mistake is to fall in love with a product and then find out that it doesn't have a market. "Just because your friends like it, doesn't mean all of America will," says Stephen Harkey, president and founder of Dynamic TV Marketing. The product needs to, of course, be innovative, but it also should be demonstrable, appropriate

for a large demographic and able to be turned into upsells or extended once the product is branded.

Cindy Minionis, vice president of marketing at Time Life Inc., looks for five important qualities when considering taking on a product to market. The product must be unique and demonstrable, have a high perceived value, meet specific margin requirements, have specific knowledge of the competitive set and, finally, have identifiable upsells.

Minionis says it's not enough to think about these product factors as an afterthought; instead, she recommends having them planned at the start of a campaign. "Upsells are critical and need to be established at the start of the campaign," she says. "The number of upsells can vary, but campaigns typically include three additional products and then third party upsells."

Steve Heroux, CEO of Hampton Direct, believes a product must have mass appeal and be able to be produced at an affordable price. To decide if a product meets these standards, an agency should do preliminary market research to see its potential in DRTV and to review the product's unique benefits.

"When looking at our newest hit, Furniture Fix, we realized that almost 100 percent of people have a couch and by starting with a much larger demographic, this product has a larger mass appeal, and it addressed today's economic environment," Heroux says.

Once the right product is chosen, the right platform for marketing that product is a critical next step. Robert Yallen, president and CEO of Inter/Media Group of Companies, believes that if a product is appropriate for DRTV, short-form is usually the best way to market that product. With the economy the way it is, everyone is looking to get more bang for their buck. Therefore, limited funds create the need for prioritizing marketing channels. Yallen says that long-form can corner an advertisement because there are only certain times of the day that are slotted in a television line-up for these types of commercials. However, short-form DRTV can run more frequently

in more time slots. In addition, the production costs are significantly less. And since branding is so important in 2011, Yallen also advises that almost all products – minus the few exceptions – run in the DRTV channel. "Television is still the branding media," he says. "TV is driving web and other mediums such as print and radio. That's another reason in support of short-form: It supports other media better."

2. Partner with the Right Agencies and Vendors

Anyone who has worked for a time in the industry will agree that there are nuances to DRTV marketing that only an experienced DR agency will understand. Therefore, partnering with the right vendors and marketing agency can make or break a successful campaign.

Yallen is adamant that picking the right partners from the start will make all the difference in a direct response marketing campaign. There are several ways to go about this, but one of the best ways is a recommendation from others in the industry. Then, once a company has narrowed down the agency, production company, and telemarketing and fulfillment prospects – or if they have chosen a one-stop-shop – the next best step is to go through an RFP (request for proposal) process among the top contenders.

And which partners are most important? Well, all of them, but experts stress the production and the telemarketing companies. If the show doesn't work, the phones won't work. Then if calls are coming in but are not being answered or handled correctly, the campaign is all for not.

Minionis says that an inbound telemarketing script should be clear and concise and recommends using a live agent in the testing phase in order to understand how the offer is perceived and learn where any problem areas may arise.

3. Test Your Offer

Testing is a necessary part of all direct response campaigns. Even with the best offers and the best production, very few products hit a home run on the first try.



5 KEYS TO CREATING A DR HIT

Most DRTV productions, even radio, print and web ads, need some tweaks to get the product offer just right.

Harkey warns that the testing phase takes patience and time (and don't forget money). Only make one or two small adjustments at a time so that you can quantify the results of the individual change. "Plus, quantifying allows for establishing a baseline to see how that change impacts results and how you model the ad moving forward," Harkey says.

Once teamed up, the agency and entrepreneur need to spend the right amount of time on the creative. As he says, don't rush the creative.

"Develop the best possible offer and take the necessary time to create the perfect spot," he says. The best creative, he adds, is a collaborative effort between the marketer and the creative team. "As the owner of the product, remember that you are the most knowledgeable about your product, so don't be afraid to offer suggestions to the creative team."

Even if a few rounds of tests don't go smoothly, Heroux advises companies to stick with it. "Don't give up on a product too early. The smallest of change on a creative can improve MER/CPO results drastically," he says. "It's realistic to improve order volume by two to three times with a better creative. So if two to three times more orders would not yield successful results, perhaps it's time to call it quits – the product is not meant for DRTV."

4. Have a Retail Strategy in Place


In 2011, a product cannot survive on DRTV alone. It must have a plan from the outset to go to retail. Why? "Media rates have increased over the years and consumer response has decreased because most successful short-form products eventually make it to retail," Heroux says. "More and more consumers just wait for products to show up on store shelves."

But getting into retail can be tough. First, it means proving to retail that a

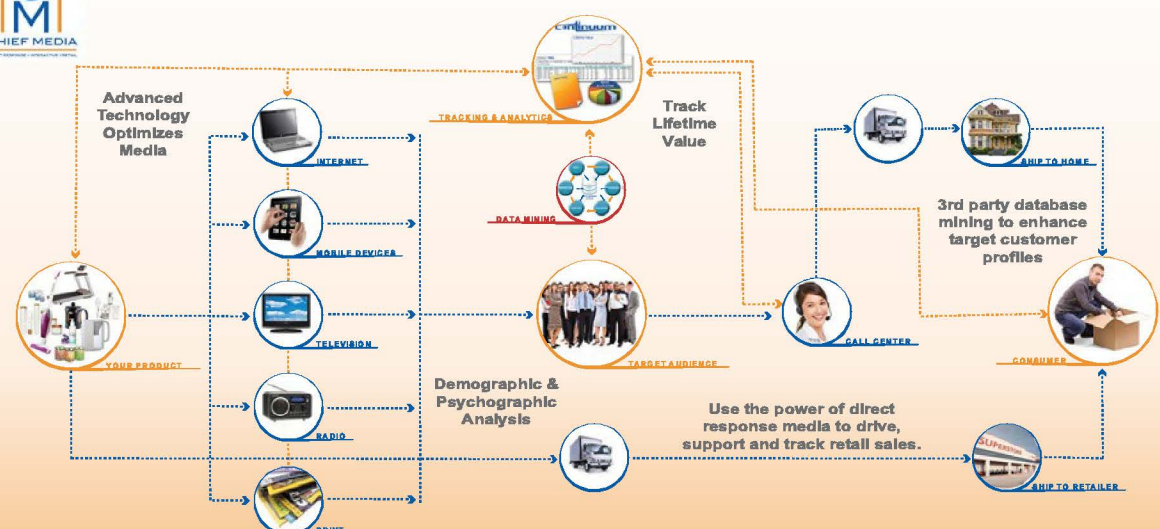
product is worthy of shelf space. Often that means working with an agency that already has a relationship with the retailer to increase the likelihood of trust. Also, the retailer needs to be sure a company can produce enough quantity to stock its shelves.

But even once enough of a product is made available to send out to retailers, an agency needs to make sure there is brand awareness so that consumers will actually buy the product. Heroux gave the example of branding Pajama Jeans. "We spent millions on media dollars, but our PR initiative was equally as important to creating awareness around the brand," he says.

And our experts warned to have a retailer upfront. "For the average new company coming in, the retail portion is critical and so is picking the right retail partner to get on board with you," Harkey says. "The bottom line is, unless you have superior intellectual property protection, if you're not set up to sell it in retail yet, the big guys are going



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5 KEYS TO CREATING A DR HIT

to take the idea and sell the product.”

According to Harkey, only about 10 percent of sales result from DRTV and the other 90 percent are from retail. In essence, the DRTV campaign serves as self-sustaining advertising for products in retail. “DR is good advertising for driving products off the shelf,” he says.

“It’s not easy to get into retail, and then there is the challenge of getting the product off the shelves once you’re in,” Yallen says. Getting appointments with retailers can be extremely difficult. This is where partnering with the right agency and vendors – who already have retailer relationships – can be very important. “With the invention of online commerce, the retailers have changed their model,” says Yallen. “Now they’re selling real estate. And it’s expensive.”

5. Be Financially Ready


Finally, do not overlook the importance of being financially ready for a DR campaign. Without a doubt, a large portion of designated marketing campaign funds will go to DRTV. But funding for other channels, especially the web, should not be overlooked. In 2011, an engaging and easy-to-navigate website, preferably unique to the product, is essential to closing a sale. “The website is likely to be responsible for more sales than your TV spot as many consumers like to learn more about products and read customer reviews prior to purchasing a product,” Minionis says.

Harkey warns that an agency should do a financial model long before an infomercial is produced and shot. The financial model should include figuring out what the best possible offer is on a product so that it sells profitably. “Don’t wait, figure out on the front side how to make money,” Harkney says. And be aware that some production companies will offer quality work, but they might not have the best business sense when it comes to product offers.

Yallen agrees in laying out the financials early on. In the beginning, a product or company may need financing to even start producing the goods for testing a campaign. Some companies

may choose to get financing from the bank, others from the media company themselves. “After you test something, and it’s working, it’s a lot easier to find money,” Yallen says. Think of all costs up front, including administration and media and actual product costs. “The more you sell, the more product you need to get,” he adds. “In the direct channel, you are paid fast, but in retail its 60 or 90 days out that you

get paid, but they still need to carry the inventory.”

Harkey says, in the end, only embark on a product and campaign with true potential. “We turn down more campaigns than we take,” he says. “If we’re not right for it, we tell people you’re throwing your money away. It’s not going to work. If the financials don’t work, if it costs too much to make it, there is no sense to go forward.” 



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