Altman Dedicated Direct STRATEGY... TACTICS ... RESULTS

SIRATEGY... TACTICS ... RESULTS

CATALOG SUCCESS MAGAZINE – MAY 2005 MARKETING TACTICS

DON'T TOUCH THAT DIAL!

WHAT CATALOGERS CAN LEARN FROM DIRECT RESPONSE TV MARKETERS

In many ways, DRTV and cataloging are at opposite ends of the direct response marketing spectrum. DRTV promotions, be they infomercials, spot commercials or home shopping focus heavily on selling to an unknown prospect or customer. Catalogers with a few exceptions target promotions to specific prospect or customer lists or audiences.

Yet both have to deal with all the challenges of direct response marketing in 2005 – presenting products in compelling ways that make the sale in the face of ever increasing competition from other direct marketers as well as retailers and web merchants, address privacy and security concerns, and deal with a multi-channel world.

Examining the areas of difference provide opportunities to learn from one another... even if as a cataloger you never delve into DRTV.

Offers

The area where DRTV marketers excel, and which is often weak for catalogers, is developing unique and compelling offers. Because DRTV is so focused on that first sale, DRTV marketers work really hard to maximize response from the "Call to Action" (CTA) with appealing offers ... installment payment options, free with purchase, bonus for order by the deadline, etc.

DRTV marketers spend a lot of time ensuring that the offer is as compelling and irresistible as possible. Mark Olson of Direct 2 TV Inc., an infomercial scripting and production firm, says that the guarantee is a critical component of DRTV offers. DRTV marketers don't mince words when it comes to presenting the CTA; it is clear and obvious to the viewer that the call to action is being made.

The DRTV focus on offers doesn't stop once the initial order is placed. Planning for upsells is an integral part of the DRTV sales process, not an afterthought. Upsells include add-on items, loyalty programs and continuities, as well as converting installment buyers to single pay.

Catalogers often pay limited attention to offers; the offers tend to be restricted to free shipping or discount percentage off, or a few clearance item pages. Few catalogers spend energy and effort identifying offers that truly resonate with their audience. When was the last time you spent the time to search out and offer a premium with purchase that you knew would be truly compelling to your audience?





Altman Dedicated Direct STRATEGY... TACTICS ... RESULTS

CATALOG SUCCESS MAGAZINE – MAY 2005 MARKETING TACTICS

DON'T TOUCH THAT DIAL!

WHAT CATALOGERS CAN LEARN FROM DIRECT RESPONSE TV MARKETERS

Like the DRTV marketer who offers "the mini-trampoline AND videos AND wait, there's more.. you also get the carrying case", catalogers can sell the shoes and matching purse for a special price, or offer the silk tee free with the purchase of the 3-piece suit. The point is — make an offer that increases your average order size **and** is hard to refuse.

Don't ignore upsells! While the customer is on the phone or in the shopping cart, you have the opportunity to present upsells to increase your average order size while providing your customer the chance to get an unpublished great deal. When catalogers pay attention to upsells, they can often sell 15% -20% of customers, yet many catalogers offer no upsells at all.

Follow the DRTV lead and identify desirable items for that segment of customer, and offer a great price. Where feasible, use call center software to offer relevant upsells. In other words, upsell items that are most likely to be of interest, e.g. if your customer bought only boys clothing, upsell boys pajamas, not girls pajamas.

Testing

DRTV marketers regard testing as routine and are continually testing offers, prices, upsells, creative techniques, etc. Most understand that direct marketing is a business of making ongoing small, but measurable improvements and set out to vigilantly work towards finding ways to improve.

While cataloging doesn't allow for the same quick turnaround in reading results from testing that DRTV affords, every catalog mailing should test something in order to continually improve your efforts. Don't let the fact that it takes longer to get results to stop you from doing it! In addition, testing extends to upsells, email promotions, etc. Every test adds to your body of knowledge about prospects and customers and how they interact with your brand, allowing you to improve merchandising and marketing efforts.

Creative

The number one creative component of DRTV is one that that few catalogers pay sufficient attention to -- the effective use of testimonials. Most infomercials are a testimonial tour de force; an infomercial without sufficient testimonials is almost always doomed to failure.

Nowhere in DRTV is the power of testimonials more obvious than in home shopping. Sitting in the "green room" monitoring results for any of the shopping channels





Altman Dedicated Direct STRATEGY... TACTICS ... RESULTS

CATALOG SUCCESS MAGAZINE – MAY 2005 MARKETING TACTICS

DON'T TOUCH THAT DIAL!

WHAT CATALOGERS CAN LEARN FROM DIRECT RESPONSE TV MARKETERS

shows in real time the impact of customer testimonials on sales – it is immediate and significant.

Skeptical prospects especially need the added confidence of social proof ... knowing that people like them have purchased from you and have been happy with their purchase. Customers can benefit from testimonials as well, reinforcing that they made the right decision in buying from you. And both will take note of endorsements for higher priced or highly competitive items. Testimonials can help justify why your product is better than someone else's and worth paying a premium for.

Wherever feasible, DRTV makes use of before and after visuals. Rick Petry, President of Agency Services, Euro RSCG Tyee MCM notes this makes establishing the proof easier. Adding before and after visuals to appropriate products in your catalog can be highly effective in presenting the product's unique benefits to customers and prospects alike.

A retail and catalog merchandising consultant, Susan Bates is impressed with DRTV's ability to educate consumers on the unique features and benefits of products through description, demonstration and graphics. She adds that catalog copy can tend to be utilitarian, focusing on facts: SKUs, colors and sizes instead of benefits and features. Ron Pulga, director of Direct Response at Bare Escentuals concurs. As a marketer using both infomercials and catalogs, Ron points out that DRTV marketers traditionally focus on how the product offered will enhance the prospect's life; in essence answering the essential buyer's question "What's in it for me?".

Of course DRTV excels at product demonstration. The need to show a product "in action" is a justification for considering DRTV promotion. Complex products often get graphic treatments that show the viewer clearly how the product works. Good examples are infomercials for air filtration systems by Sharper Image and Oreck.

Though DRTV has the advantages of video that can't be replicated in paper catalogs, there are ways to adapt the techniques to cataloging. Catalogers can take advantage of their multiple channels for this. Streaming video on a web site or CD-Rom, clear graphics on the catalog page or in a referenced PDF on your web site all provide ways to offer more information detailing the benefits of your products. The old axiom "The more you tell, the more you sell" is no less true today than when it was coined many years ago.





Altman Dedicated Direct

STRATEGY... TACTICS ... RESULTS

CATALOG SUCCESS MAGAZINE – MAY 2005 **MARKETING TACTICS**

DON'T TOUCH THAT DIAL!

WHAT CATALOGERS CAN LEARN FROM DIRECT RESPONSE TV MARKETERS

Stealing Smart

Over the years many famous direct marketers have admitted to "Stealing smart", i.e. borrowing techniques from other direct marketers and applying these techniques to their own brand. Most catalogers watch other catalogs and web sites routinely and "steal smart". Why not approach other forms of direct response marketing with this same scrutiny?

Whether you plan to test DRTV or not, don't ignore the opportunity to benefit from techniques and strategies that your DRTV brethren have proven to work effectively to acquire customers, generate sales and increase average order sizes. Who wants to reinvent the wheel or miss out on good ideas? Steal smart!

Shari Altman is President of Altman Dedicated Direct, a direct marketing consultancy specializing in acquisition and loyalty marketing support for catalogers, infomercial, and continuity marketers since 1999. Prior to launching Altman Dedicated Direct, Shari spent 20 years as director of marketing for major catalogers and direct response marketers. Ms. Altman can be reached at 336-969-9538, SAltman@AltmanDedicatedDirect.com or by visiting www.AltmanDedicatedDirect.com.



