

Altman Dedicated Direct

STRATEGY... TACTICS... RESULTS

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How to Determine a DRTV Product Strategy

DRTV can be enticing to direct response marketers because of its presence in all of our lives and to be blunt -- when it works well, it can be incredibly profitable because of its broad reach both directly to large numbers of prospects and because the presence of DRTV tends to improve all other medium's results – direct mail, print, inserts, etc.. Unfortunately when it doesn't work it can be very costly and painful. While there are no guarantees, if you make decisions about advertising on DRTV critically, you can dramatically increase the odds of your success. Of all the decisions you'll make regarding how to utilize DRTV, there is no more important choice than selecting the right product to promote.

Product Selection

Though you need to be focused on converting the TV viewer to a buyer in selecting a product, it's important to choose a product that represents your brand. When the 1st item sold is representative of your brand, it will make the potential of selling a 2nd, 3rd and subsequent item to that DRTV buyer a viable reality. Items selected for your DRTV effort also serve as an example of the rest of your brand, helping to generate leads and visitors to your web site who may not be interested in your featured item, but are sufficiently convinced you will have something else that meets their needs. So select an item that really represent you and attracts the type of buyer who will come back to you to purchase again and again.

That having been said, the biggest point to bear in mind is that DRTV is a video medium. In selecting a product, the key is being able to take advantage of video to maximize the effectiveness of the medium. If your product shines with a demonstration (examples - kitchen gadgets and appliances), before and after visuals (examples - lawn care, fitness products) or emotionally powerful user and expert testimonials (examples – weight loss, health care products) this will go a long way towards your benefitting from the unique visual nature of TV.

Do popular product categories matter? Yes and no. It is true that each format has product categories that dominate:

- Short form spots (1, 2, 3 and 5 minutes) -- housewares and appliances, gadgets, personal development and education. Best suited for price points under \$30.
- Long form (30 minute) infomercials -- health and fitness, cosmetics and personal care. Best suited for price points over \$50.

It's also true that a wide range of products have been promoted successfully over the years. Use historical category successes as guidelines, not rigid rules. Beyond the numbers and statistics, products promoted via DRTV have the greatest opportunity for success if they are unique and not a "me too" product. In repeated surveys, consumers repeatedly cite lack of availability elsewhere as to why they bought from DRTV.



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Product Margins

A DRTV marketer's guidepost has historically been a 5 to 1 ratio of price to cost of goods, in order to afford media and other costs. How rigidly you apply this rule depends For example, if you have retail store distribution and DRTV will drive store traffic in addition to direct sales, you may be willing to take a loss or merely breakeven on the DRTV direct sales. Retail distribution is often part of a DRTV marketer's strategy from day one.

The same willingness to accept a loss or merely breakeven may be true if you are promoting a product on an auto-replenishment basis such as skin care. Other factors to consider in determining a viable margin are return rates, upsell items, shipping and handling rates, and overall customer lifetime value. The key here is to pay attention to the numbers and know what average price, margin and contribution you are estimating for each order so you have a benchmark against which to compare test results.

Because of its reach, DRTV can deliver a large volume of sales and customers ... if you have the right product offered that can maximize use of this unique video medium. The key is to choose wisely, lest the impact on your cash flow be larger than that on your sales and profits.



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