

THE BIRTH OF DRTV

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TV-101.

THE BIRTH OF DRTV

A comparison of infomercials and DRTV Spots with all types of TV advertising from 30 years ago reveals what made direct response TV advertising feasible. Three services made available during the last decade made direct response television possible.

They are:

TOLL FREE 800 NUMBERS -

The consumer is now able to respond or interact directly with the advertiser. The numbers are widely available, convenient, and most importantly, free to the consumer.

PROLIFERATION OF CREDIT CARDS -

Over 100 million credit cards are in circulation in the U.S. alone. This tool enables a huge number of consumers to make purchases over the telephone.

OVERNIGHT DELIVERY -

To get consumers to respond to your sales offer right away, make sure you give them the satisfaction of having your product right away. Remember, consumers are willing to pay a premium to get your product overnight. They want it now!!

MERCHANT ACCOUNT - Service bureaus that handle order taking for you will almost certainly require you to have your own merchant account. Without a merchant account, you will not be able to accept credit card payments. Needless to say, this will seriously affect your overall sales figures.

If you do not have your own merchant account to process credit card orders, it is essential that you use a service bureau or enter into a joint marketing venture with a company that is able to extend you this privilege.

ACCEPTING CHECKS OVER THE PHONE - Don't limit your phone in sales to credit card holders. By expanding the way TV viewers can pay for their purchases, you increase your probability of making a sale (with the introduction of checks-by-phone, your potential market is likely to grow by another 30%). Check Verification makes your product available to millions of people who do not have a credit card but do have a checking account. Here are some practical reasons why you should consider accepting check orders over the phone:

IT COMMITS THE BUYER - The buyer doesn't have to write a check,

write his name and address on a piece of paper, look for an envelope, get postage, and then mail the order. These steps can take anywhere from a few minutes to a few days. The longer it takes, the higher the odds your potential buyer will change his mind.

INSTANT GRATIFICATION - Your customer's order can be cleared and processed faster if he doesn't have to mail a check which your bank has to clear before the order is processed. With Check Verification, you get the money within 48 hours and your customer receives your product sooner.

COMPETITIVE RATES - If your ticket price is over \$59.00, your unit cost to process a check order by phone will be almost the same as the commission the bank charges your merchant account. As this service becomes more readily available, and as merchant accounts become more difficult to acquire, accepting check orders over telephone is a feature DRTV marketers can no longer ignore.

CONTINUITY PROGRAMS - Develop a product or service that will fit into your back-end marketing program. Remember, the easiest person to sell is one who has already purchased from you.

A continuity program will produce sales or products or services to customers who have just made a purchase through an infomercial. The best way to promote a continuity item is through a brochure or other sales literature inserted with the original order.

Developing a successful continuity program will only enhance your bottom line, particularly since your advertising message is usually delivered at no additional expense to you. Furthermore, your continuity item is being offered to satisfied customers, because your company made their TV buying pleasant and satisfying.

SEEK RELATED ITEMS - Continuity items should normally be related to the initial product. The consumer purchases your initial product to satisfy a specific need, so it stands to reason that auxiliary products catering to this same need stand a higher chance of success than totally unrelated products.

For example: If an exercise machine is your main product in the infomercial, a monthly vitamin subscription plan can be an ideal continuity program of yours; It is related to the customer's original need (to be healthy and fit), and you can count on a hefty profit margin because your advertising costs for the vitamin subscription are minimal.

RELATIONSHIP MARKETING - Continuity may also be looked at as a means to establish a marketing relationship with your customers. Through profile response cards and other dynamic data, you can produce a

catalog that features several products that cater to the needs and wants defined by your customer base.

To continue with the example above, you can offer your customer (who originally purchased exercise equipment via your infomercial) a wide variety of products and services in a catalog - duffel bags, running shorts, portable CD players, you name it. As the cost of acquiring new customers increases, selling more to the same customers expands the potential for DRTV in almost any market.

BE YOUR OWN COMPETITION - When a product becomes an infomercial success story, vultures hover in a hurry, trying to duplicate your product and your marketing campaign. Such competitors are called knock-offs.

In more cases, knock-offs are cheaper versions - in both quality and price. However, one of the most brilliant knock-off DRTV campaigns we've seen broke all the files:

1. The company introduced a product of a higher quality and at a higher price than the original.
2. Both products came from the same company, so the company was actually competing against itself.
3. The same celebrity hosted the infomercials for both products.

The product was Stair Climber Plus, an upscale version of its predecessor, Super Step. Both infomercials featured Bruce Jenner, clearly showing the manufacturer's intent to present competition that did not exist - in the process preempting any legitimate competition. Neither infomercial mentioned the other product, and for a while they were running at the same time.

WHAT DOES THIS STRATEGY ACHIEVE?

Producing your own knock-offs, by competing against yourself, preempts competitors by giving them less room to maneuver. Instead of competing with just one other brand, they have to position their products somewhere between the two that are already in the market.

BROADER MARKET FOR YOU - There is nothing wrong with producing a cheaper or more expensive version of your own product. It expands the appeal to other market segments that may be outside the range of your original product.

GUARANTEED SUCCESS - If people bought your original product, your knock-off is likely to score the same success with its respective

market segment.

CREATES A BANDWAGON EFFECT - When viewers see two stair-climbing exercise gadgets competing against each other, it creates more awareness of stair-climbing as a method of exercise. Furthermore, the competition creates the sense that the product is both a popular and effective way to exercise.