

Guest Opinion

DRTV Is a Key to Advertising Success in a Shaken Economy

By Tony Kerry

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Reading *The Wall Street Journal* or watching CNBC can be painful these days. Between reports of the falling Dow and NASDAQ, constant reports of layoffs, and the revision of second quarter GDP down to a meager 0.2% growth, there is sufficient evidence to support the notion that the economy is on shaky ground. Has the economy bottomed out yet? Are we going into a recession? Has the economy troughed? The answers to these questions are unclear, and we probably will not have a concrete answer until the first quarter of 2002.

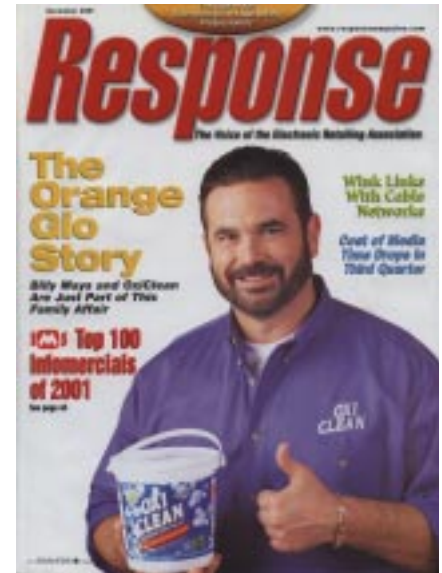
Historically, when economic times get tough, some of the first expenses that get cut by traditional marketers are marketing and advertising budgets. This creates a self-fulfilling prophecy in that sales diminish even further because of the lack of promotion. Why do traditional marketers cut advertising budgets during these times? Because, with traditional advertising strategies of reach and frequency, they are unable to measure the effectiveness of their campaigns, and their return on investment of the millions of unaccountable advertising dollars spent.

That is absolutely the wrong attitude to take. Restarting a marketing campaign can cost far more than realigning the campaign and utilizing a different marketing and advertising strategy. Now, more than ever, is a great time to utilize direct response advertising as part of your marketing mix.

For the past decade, traditional brand companies have been discovering and utilizing direct response television (DRTV) advertising, be it short form (one- and two-minute spots) or long form (half-hour infomercials). Companies, such as Time-Life, Philips, Braun, Bose, General Motors and Dremel have found value in using DRTV as part of their standard marketing mix. Why? What do they know that you don't? There are three primary reasons why DRTV is an essential part of any advertising and marketing mix.

Reduced Risks

With DRTV advertising, the only risks are the costs associated with the production and media test of your infomercial and/or spot campaign, and because DRTV advertising is measurable, you will immediately learn whether or not your marketing effort is succeeding.



What drives traditional marketers crazy is knowing that half of their advertising dollars are being wasted; except they never know which half. With DRTV you will always know which media is effective and which is not.

Reduced Media Cost

One of the benefits of a slowing economy is a lower media rate. The law of supply-and-demand tells us that when an economy is expanding, as it has during the past several years, television networks seem to continuously raise media rates. When traditional advertisers like Coca-Cola and Ford want to increase their advertising they assume that the direct response media is of more value to direct marketers. Conversely, when these same traditional marketers reduce advertising expenditures, they cut media rates for DRTV advertising as well. Thanks to tireless negotiations by industry media buyers, DRTV media rates are now lower than they have been in years.

Accountability

Now that advertising expenditures are being evaluated more critically than ever, having the ability to accurately measure the return on investment (ROI) is crucially important. With direct response television advertising, every media buy is evaluated independently to determine its cost per order (CPO) or cost per lead (CPL). The marketer can immediately determine if the advertising is satisfactorily meeting goals and objectives.

Television is the most effective advertising medium today. DRTV marketing is an outstanding way to use this powerful medium to compete and succeed in today's ever-changing economic times. If you overlook direct response television as an essential tool, you will be missing a great opportunity—an opportunity to combine the reach and power of television with the proven accountability of direct response advertising. ■