Long-Form DRTV

PURCHASER ATTITUDES & BEHAVIOR STUDY

DECEMBER 2013

CANNELLA RESPONSE TELEVISION

SCRIPT to SCREEN.

THE STUDY

RESEARCH OBJECTIVES & SCOPE

Cannella Response Television, Script to Screen and M2 Marketing and Management commissioned a study in December of 2013 to learn more about purchasers of infomercial products (half-hour length TV advertisements).

The infomercial industry has evolved over the past 30 years, and this study sought to identify gaps that may exist between perceptions derived from the past and the reality of today. In addition, there is little research available about infomercial marketing, and the study provides more insight into this niche sales and advertising channel.

This study evaluates whether people who watch TV and buy infomercial products differ from TV viewers who do not purchase infomercial products across several key dimensions.

Key questions addressed in the study include:

- ***Among TV viewers, what is the demographic profile of the modern day infomercial purchaser and how do they compare to the non-purchasers?***
- ***How does TV viewing behavior differ between purchasers and non-purchasers?***
- ***How has mobile technology impacted the TV consumption between the two groups?***
- ***How satisfied are infomercial customers with their purchase?***
- ***How effective is infomercial advertising at engaging and persuading potential buyers?***

THE STUDY

METHODOLOGY

A national survey of 1,020 Infomercial purchasers & non-purchasers

An online survey was conducted by a third party to include a national representation of TV viewing purchasers and non-purchasers of infomercial products. Given the scope of the study, the survey included only adults who watched some TV, have seen some part of an infomercial and do some shopping from home. Of the 1,529 adults contacted, 87% have purchased something from home (either through a website or by phone), 93% of them met the TV viewing criteria (minimum 4 hrs/wk), and 84% of them have seen an infomercial in the last 5 years. This netted 1,020 qualified respondents to proceed with completion of the survey.

All respondents were informed that some questions would deal with infomercials, described as “half-hour programs that you see on TV that describe a product.” Respondents were then categorized as purchasers and non-purchasers based on their response to the question - “Have you purchased a product as a result of a TV infomercial in the past 5 years?” The following results were from 559 respondents who were purchasers and 461 participants who were non-purchasers.

To ensure the respondents were purchasers of products from a long-form advertisement or infomercial campaign, as opposed to those of short-form (advertising of 2 minutes or less that contains a direct call to action) campaigns, all respondents were also presented with a list of brands that are primarily or only available through long-form advertising and asked to confirm the product they purchased.

This study does not attempt to quantify what percentage of the US TV viewing population is a purchaser of infomercial products. The survey was administered by David Bohnsack, Ph.D.

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THE STUDY

EXECUTIVE SUMMARY

62% Buyers of infomercial products with a household income greater than $50,000

40% Buyers of infomercial products that shop from home at least once per week

80% Buyers of infomercial products that own a smartphone

1. **There are distinct demographic differences between the infomercial purchaser and the non-purchaser.**
   - *Skews younger* than their TV viewing, non-buying counterparts
   - Have *higher household income* than non-purchasers
   - Have *more people in his or her household* and has more children under the age of 19 in the home
   - Tends to be *more ethnically diverse*
   - Is *no more or less likely to be a female than* a non-buyer who watches TV
2. **Infomercial purchaser lifestyle interests skew higher across several dimensions.**
   - Purchasers of infomercial products spend more time exercising, watching movies, and following sports
   - Nearly two-thirds of purchasers (and non-purchasers) watch more than 12 hours of television per week.
   - Purchasers are *much more active in-home (online) shoppers*. Both purchasers and non-purchasers are increasing their time spent shopping from home
3. **Infomercial purchases embrace digital technology to a greater extent than non-purchasers and use a mobile device while watching television much more frequently than non-purchasers.**
   - Two-thirds of all infomercial purchasers own a tablet device and a quarter of them use their tablet while watching more than 50% of the time

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THE STUDY

EXECUTIVE SUMMARY

88% Buyers of infomercial products who were satisfied with their last purchase

74% Buyers of infomercial products who would recommend their last purchase

79% Buyers of infomercial products who buy directly from the manufacturer

90% Buyers of infomercial products who took action within the first 3 viewings of the program

4. **Infomercial purchasers have a favorable opinion of the products they buy through the TV.**
   - 81% of buyers of infomercial products have bought two or more products in the last 5 years.
5. **Infomercial purchasers use word-of-mouth & social media to recommend products they buy more often than non-purchasers**
6. **Infomercials offer marketers an opportunity to develop 1:1 relationships with their customers.**
7. **Long-form infomercials have engaging and persuasive properties that drive sales transactions**
   - Three-quarters of infomercial customers made their purchase while the advertising was running or within a few hours after it aired
   - Nearly one-third of all infomercial customers watch infomercials because they find them interesting or entertaining
   - Almost half of infomercial purchasers say they are engaged for the entire length of the program

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THE

Infomercial Purchaser

A close up look at half-hour direct response television advertising from the customer's point of view.

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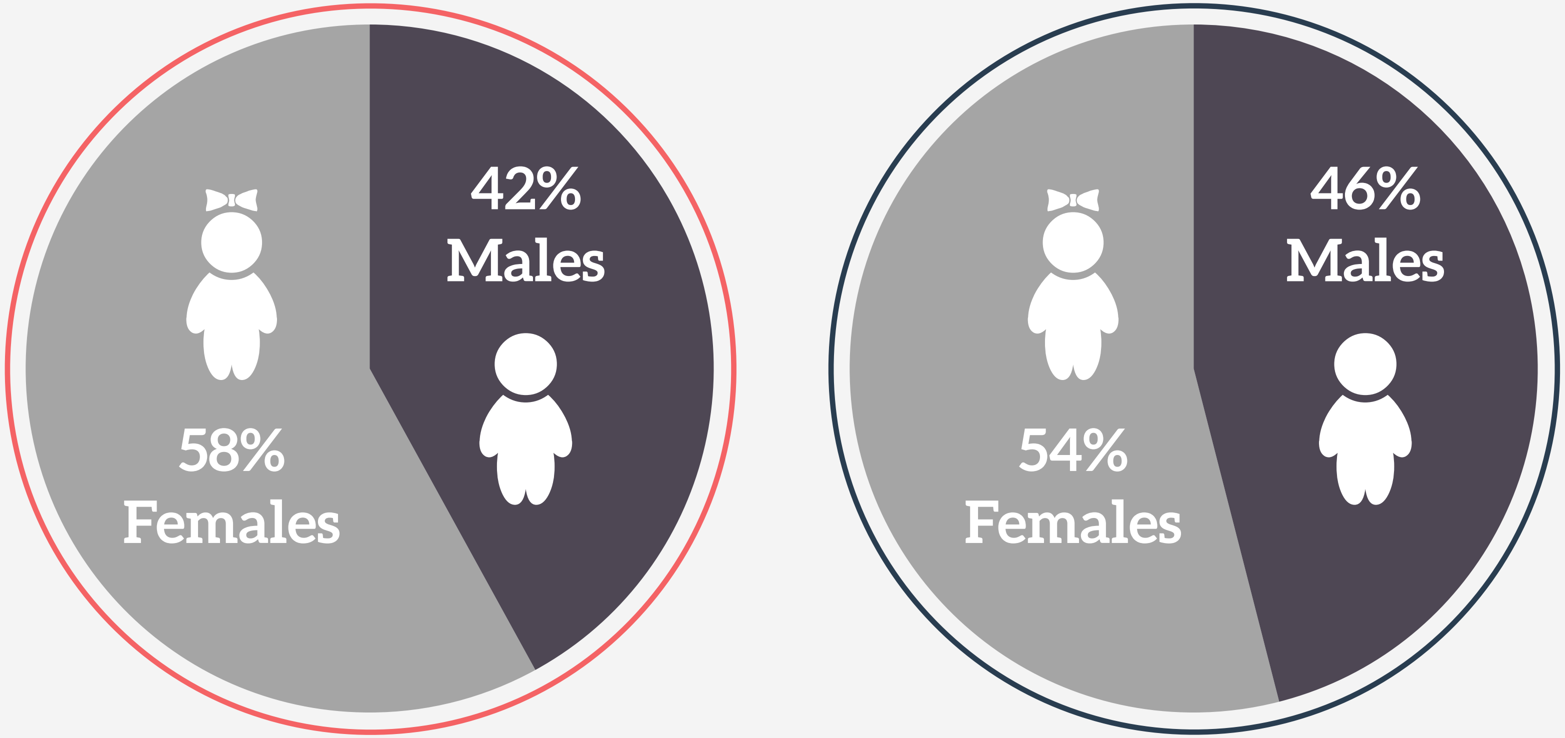
OUR ANALYSIS

PURCHASER/NON-PURCHASER DEMOGRAPHICS



Purchasers

Non-Purchaser

Base
Purchasers – 559
Non-Purchasers - 461

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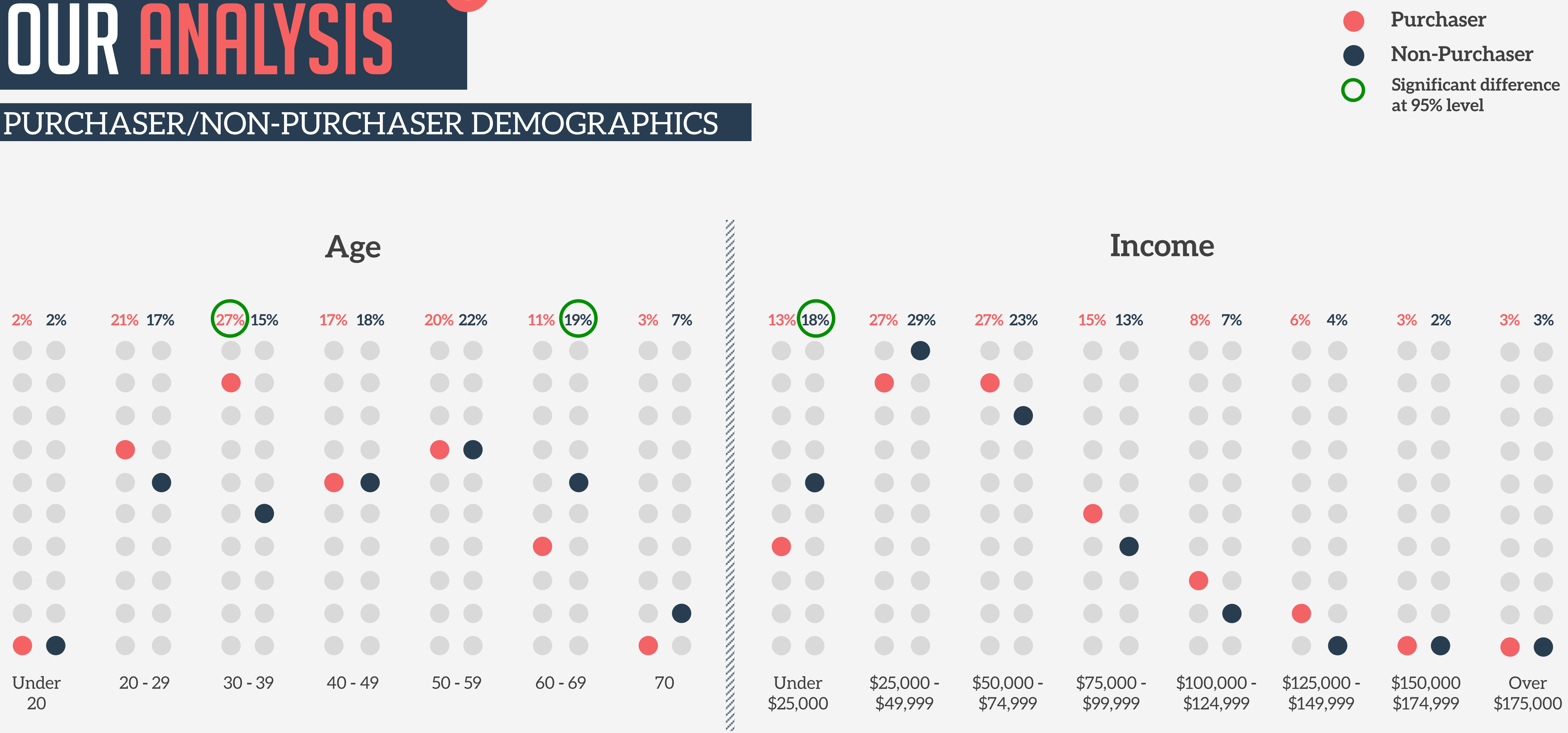
OUR ANALYSIS

PURCHASER/NON-PURCHASER DEMOGRAPHICS



Base
Purchasers – 559
Non-Purchasers - 461

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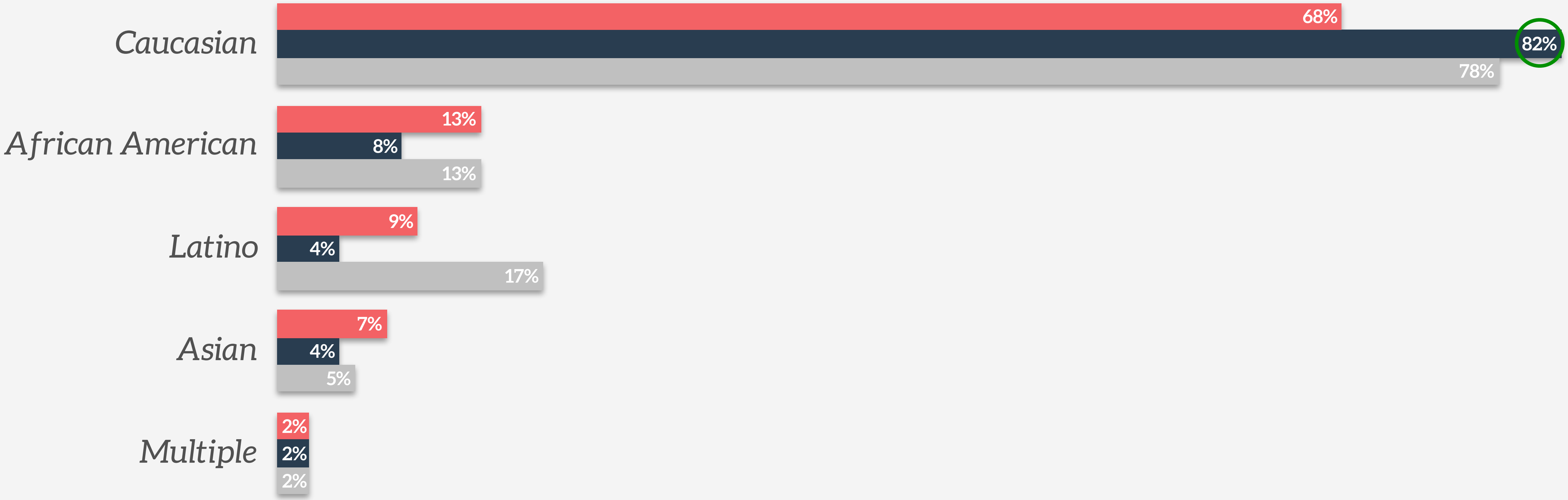
OUR ANALYSIS

PURCHASER/NON-PURCHASER DEMOGRAPHICS

Purchaser
Non-Purchaser
U.S. Census Bureau - 2012
Significant difference at 95% level



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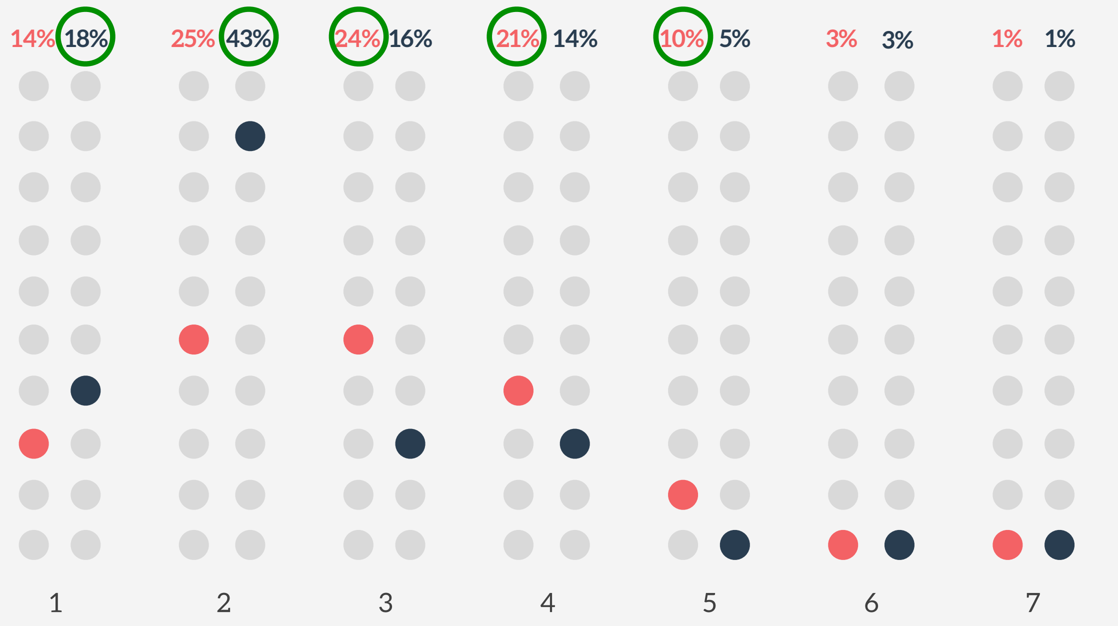
OUR ANALYSIS

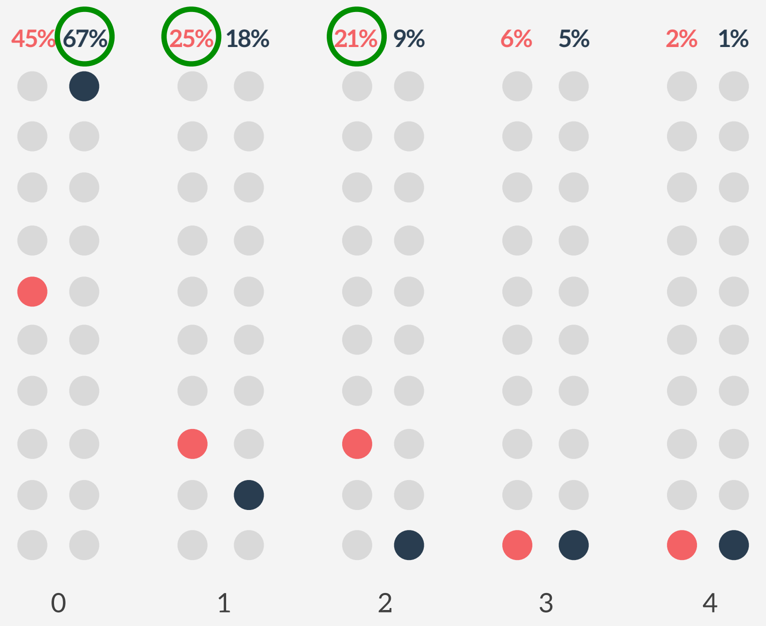
PURCHASER/NON-PURCHASER HOUSEHOLD SIZE

Purchaser
Non-Purchaser
Significant difference at 95% level

Q: How many people live in your household?



Q: How many children under the age of 19 are in your household?



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Non-Purchasers - 461

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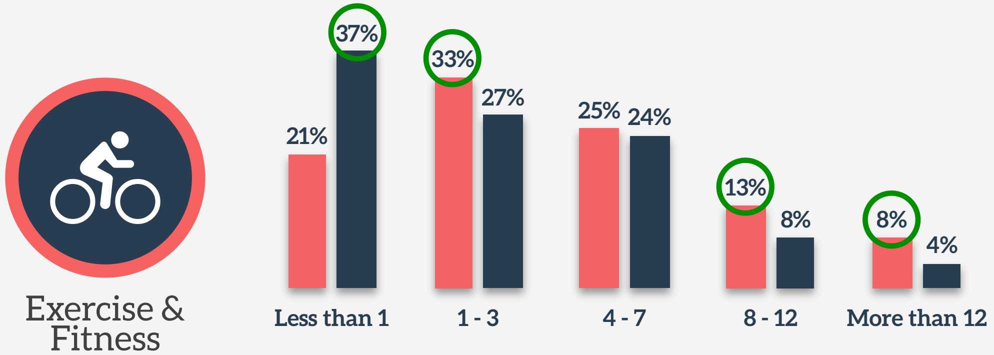
OUR ANALYSIS

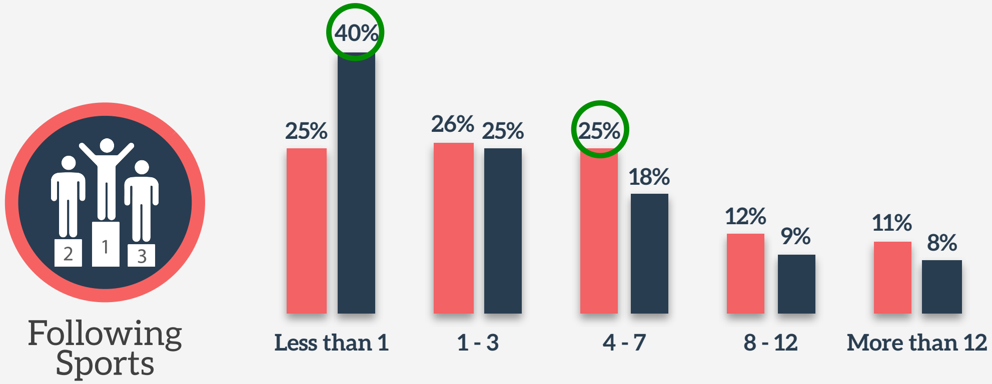
OTHER ACTIVITIES

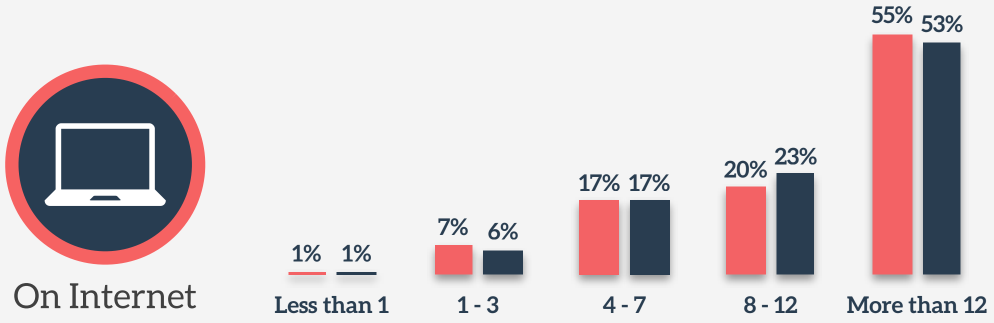
Purchaser
Non-Purchaser
Significant difference at 95% level

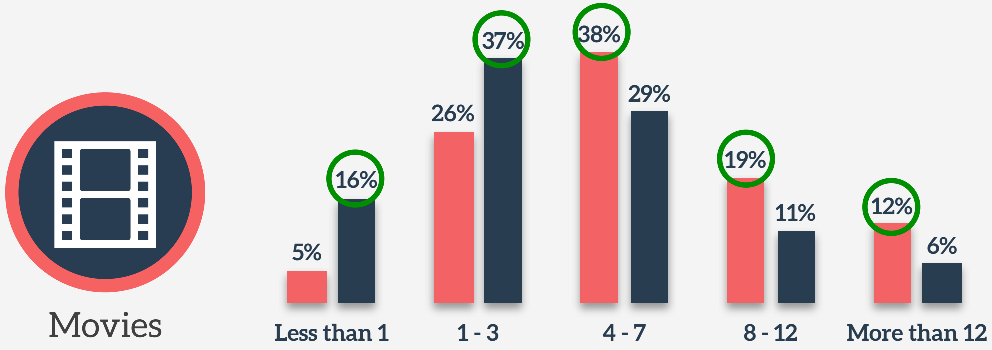
Q: During an average week, about how many hours do you spend on each of the following activities?

Purchasers are more likely to spend more than 8 hours per week exercising, and tend to watch movies more often. There is no difference between the groups in terms of Internet activity.









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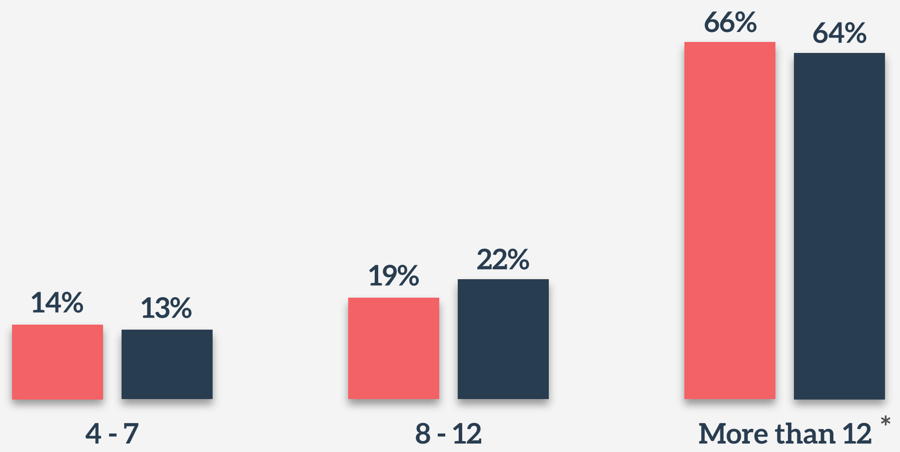
OUR ANALYSIS

TV VIEWING TRENDS

Purchaser
Non-Purchaser
Significant difference at 95% level

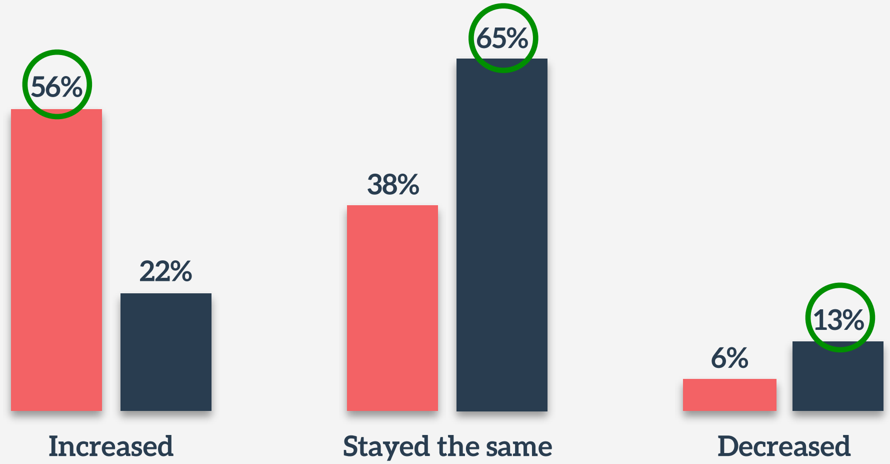
Q: During an average week, about how many hours do you spend watching TV?

Nearly two-thirds of purchasers and non-purchasers watch more than 12 hours of television per week.



Q: During the past 12 months, would you say that the total amount of time you spend watching TV has...

More than half of purchasers have seen their TV watching increase in the past 12 months, while two-thirds of non-purchasers have maintained their viewing behavior.



* This study did not quantify how many hours of television each group watched above 12 hours per week

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Non-Purchasers - 461

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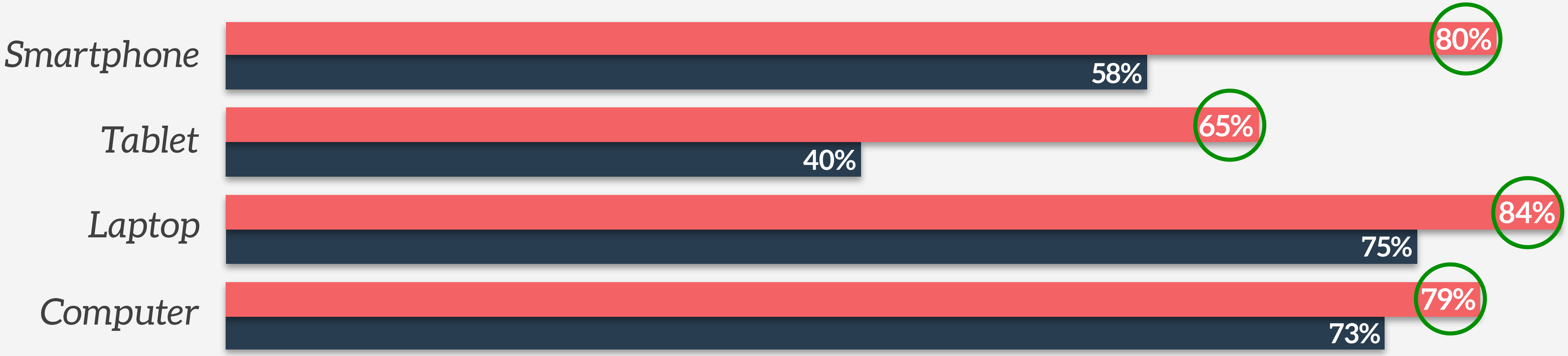
MOBILE DEVICE OWNERSHIP

Purchaser
Non-Purchaser
Significant difference at 95% level

Q: Do you own a mobile device?

Purchasers are more likely to own every type of digital device



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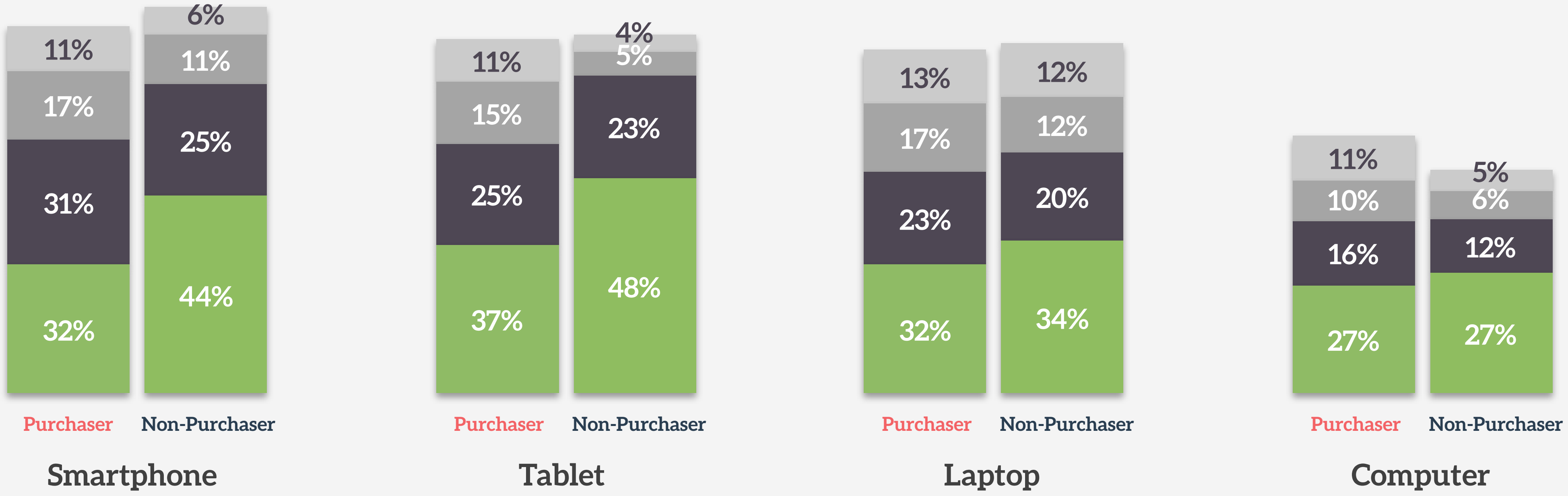
MOBILE DEVICE USAGE WHILE WATCHING TV: FREQUENCY

More than 75%
51% to 75%
25% to 50%
Less than 25%

Q: How often do you use your mobile device while watching TV?

Overall, smartphones are more likely to be used while watching TV than other devices. Computers see the least amount of simultaneous use. Purchasers are more likely to use mobile devices while watching television than non-purchasers. More than a quarter of all purchasers with devices use them at least 50% of the time while watching television.



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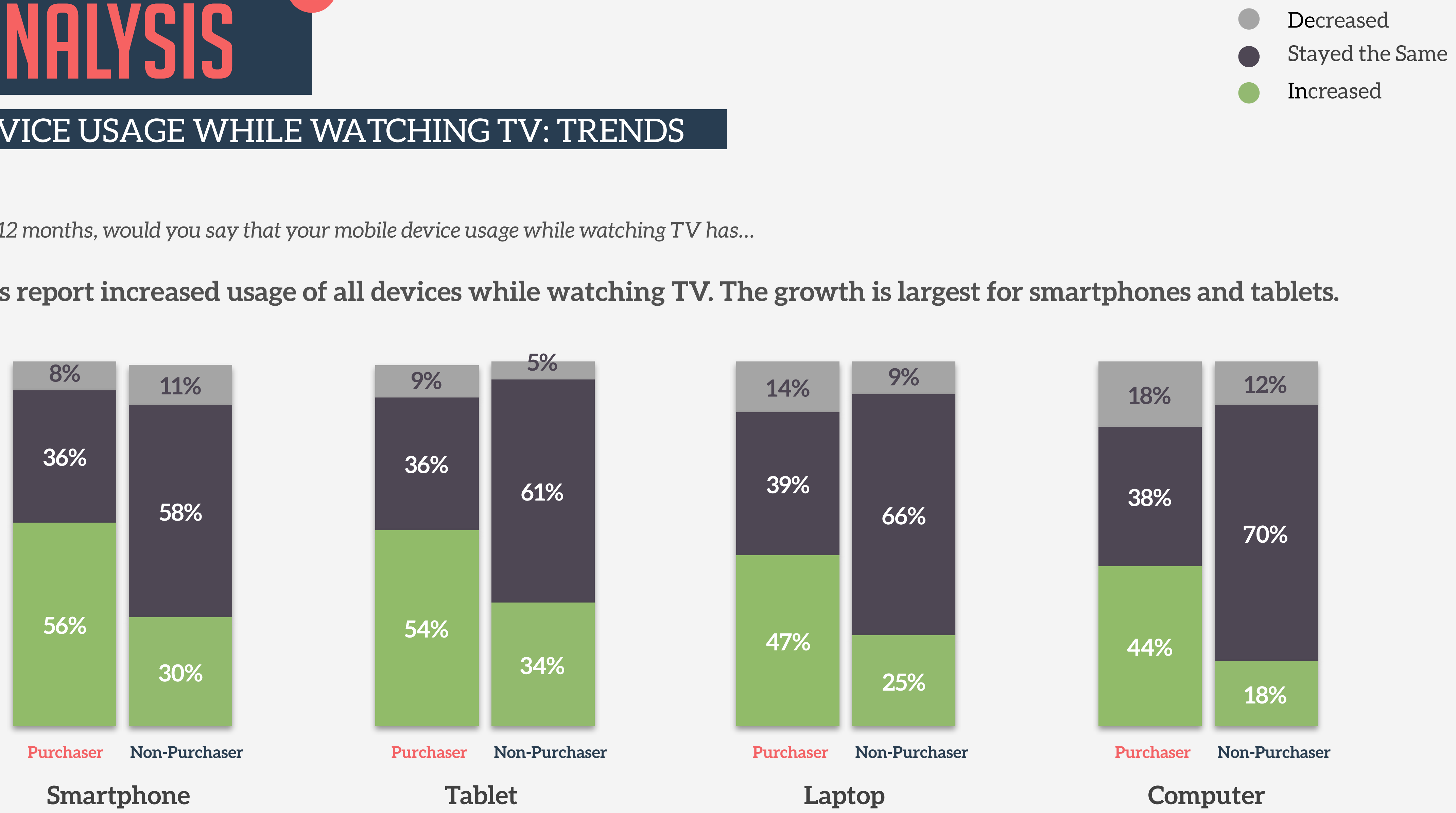
MOBILE DEVICE USAGE WHILE WATCHING TV: TRENDS

Q: In the last 12 months, would you say that your mobile device usage while watching TV has…

Purchasers report increased usage of all devices while watching TV. The growth is largest for smartphones and tablets.



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Non-Purchasers - 461

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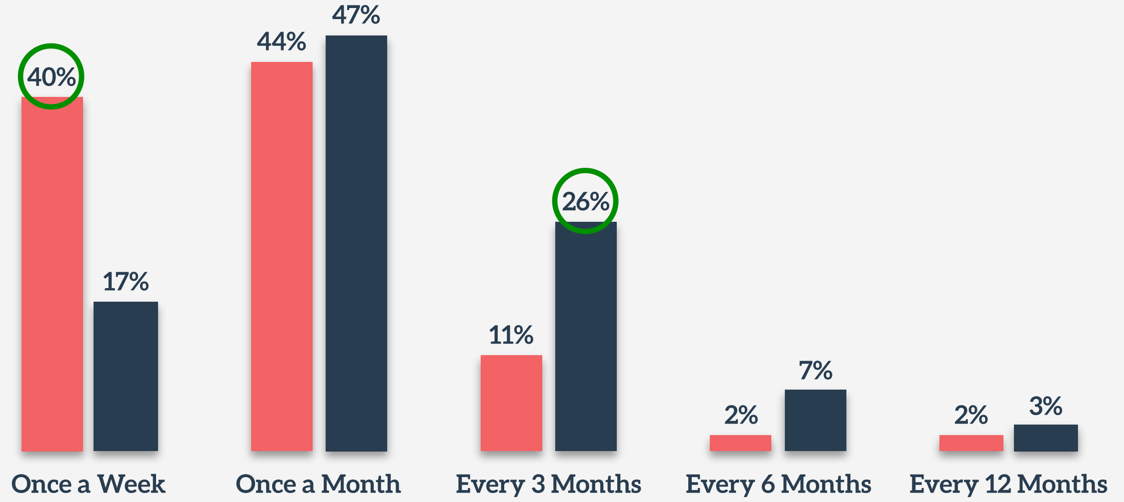
OUR ANALYSIS

HOME SHOPPING FREQUENCY

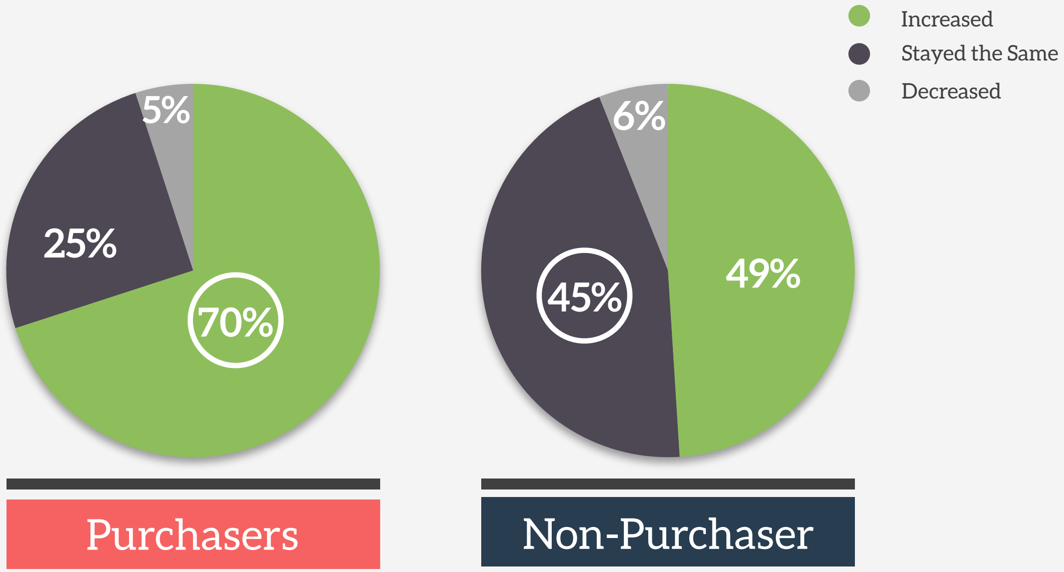
- Purchaser
- Non-Purchaser
- Significant difference at 95% level

Infomercial purchasers shop from home more often than non-purchasers, with 40% shopping from home at least once a week. Purchasers have also claimed their home shopping increased within the past year.

Q: How frequently do you shop online from retail store websites or e-commerce e-tailer websites?



Q: Within in the past year would you say your home shopping has ….



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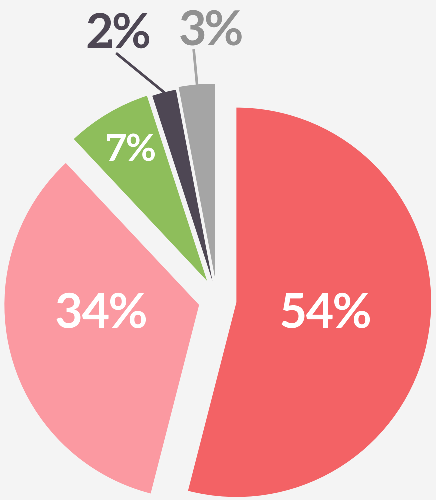
OUR ANALYSIS

PURCHASER SATISFACTION

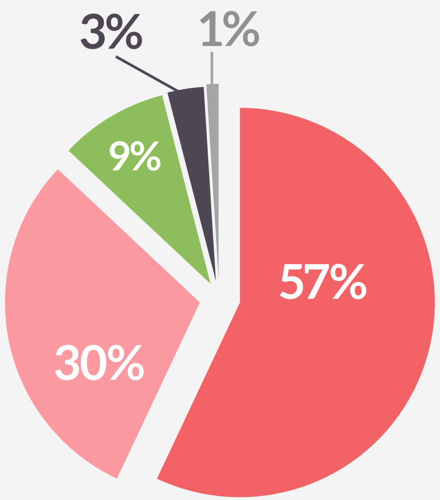
- Very Satisfied
- Somewhat Satisfied
- Neutral (Neither Satisfied nor Unsatisfied)
- Somewhat Unsatisfied
- Very Unsatisfied

Nearly 90% of purchasers are Very or Somewhat Satisfied with both the product and the purchase process.

Q: Thinking about your most recent infomercial purchase, how satisfied have you been with the product you purchased?



Q: Again, thinking about your most recent infomercial purchase, how satisfied are you with the purchase process experience [the method by which you placed your order]?



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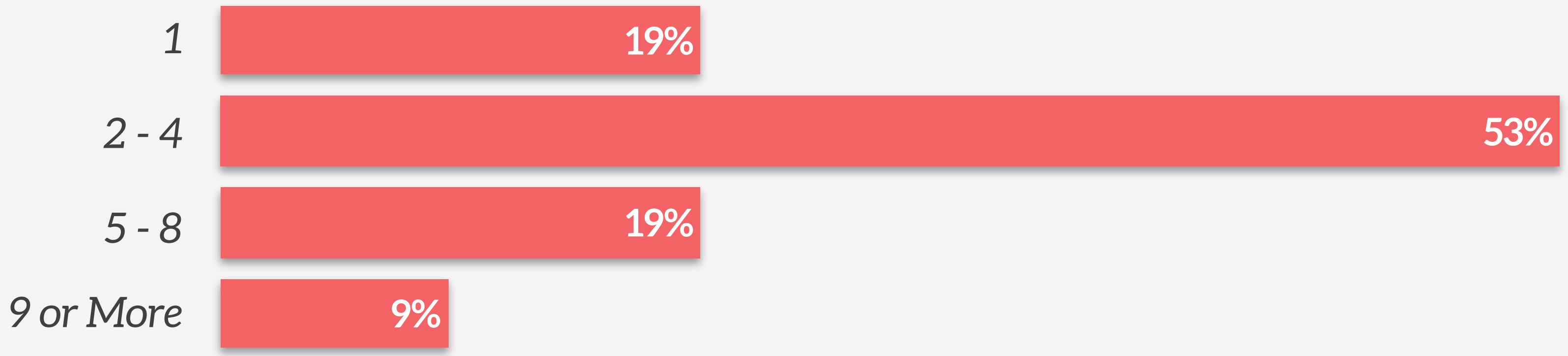
NUMBER OF PURCHASES OF INFOMERCIAL PRODUCTS

Q: *Approximately how many infomercial products have you purchased in the past 5 years?*

Most purchasers bought between two and four Infomercial products in the past 5 years.



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Purchasers – 559

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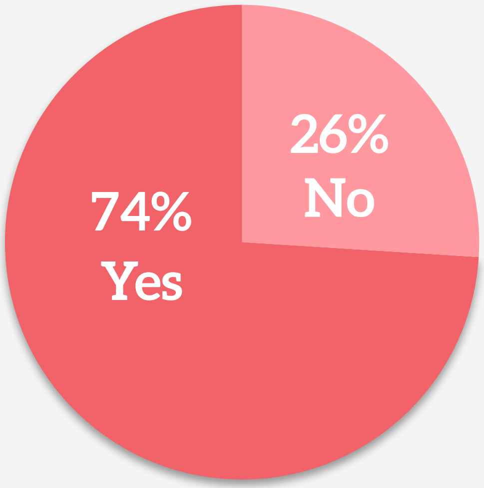
OUR ANALYSIS

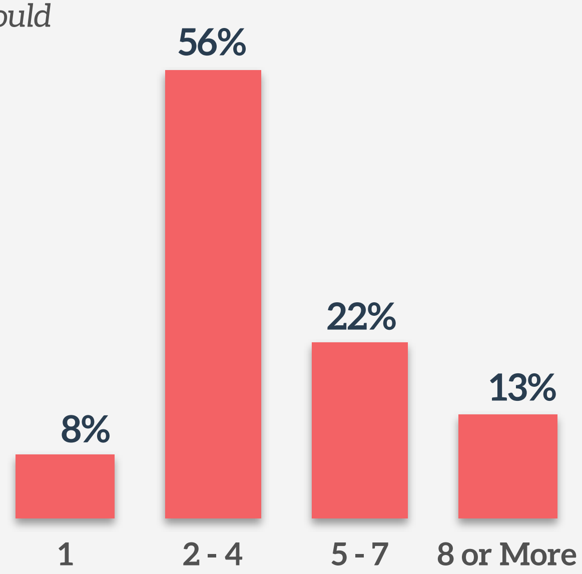
RECOMMENDED PRODUCT

Nearly three-quarters of purchasers recommended their most recent infomercial product to others and most told 2-4 people.

Q: *Have you recommended this product to anyone based on your experience?*



Q: *How many people would you estimate you recommended this product to?*



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Non-Purchasers - 461

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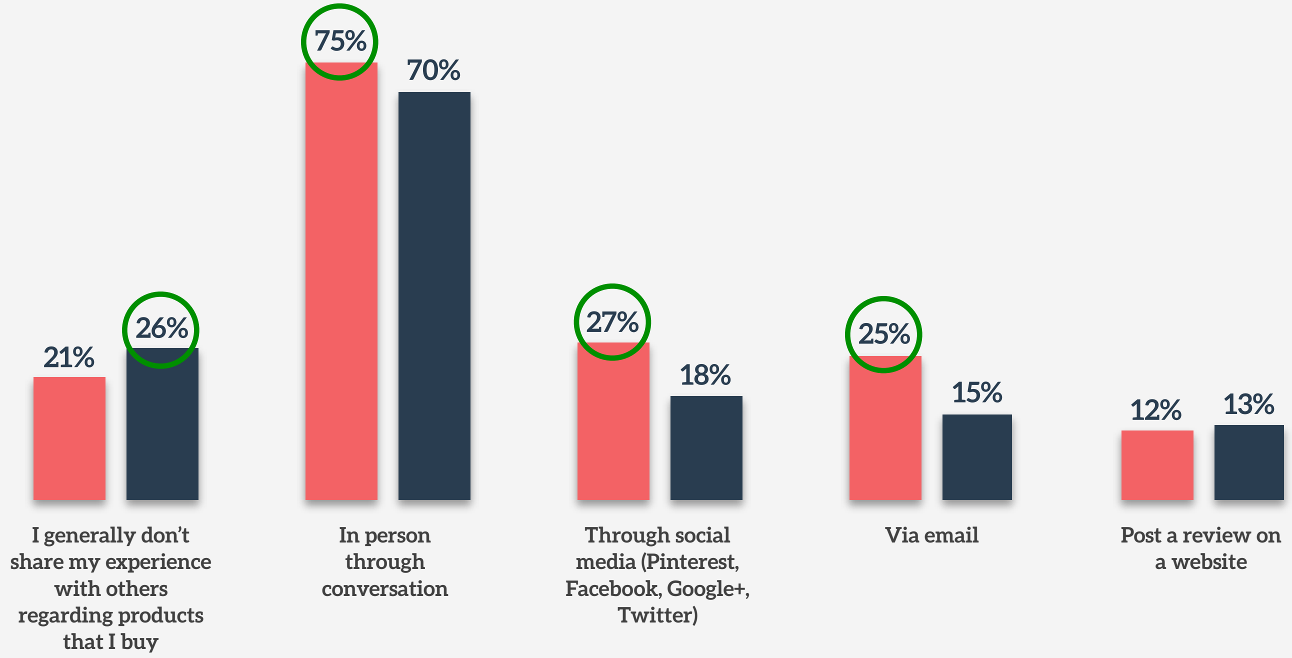
OUR ANALYSIS

SOCIAL SHARING OF PURCHASERS

Purchaser
Non-Purchaser
Significant difference at 95% level

Q: How do you normally share your experience about products you purchase?

Purchasers of Infomercial products are more social about the purchases they make. They are apt to share their product purchases with others using social media, email and by word of mouth.



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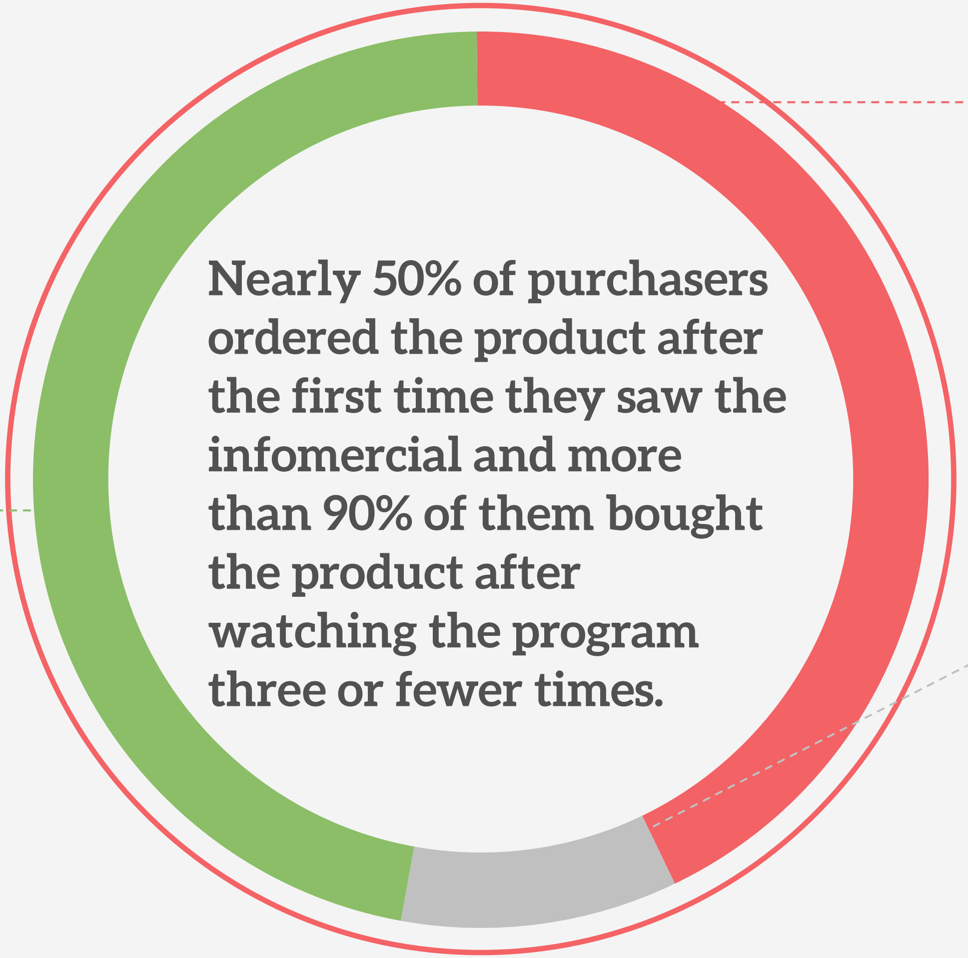
OUR ANALYSIS

PURCHASE TIMING

Q: *Thinking about your most recent infomercial purchase, when you decided to make your purchase, how soon did you place your order for the product or service?*



47%

I made the purchase after the first time I saw the program

43%

I made the purchase after seeing the program 2 or 3 times

10%

I made the purchase after seeing the program several times (4 or more)

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Purchasers – 559

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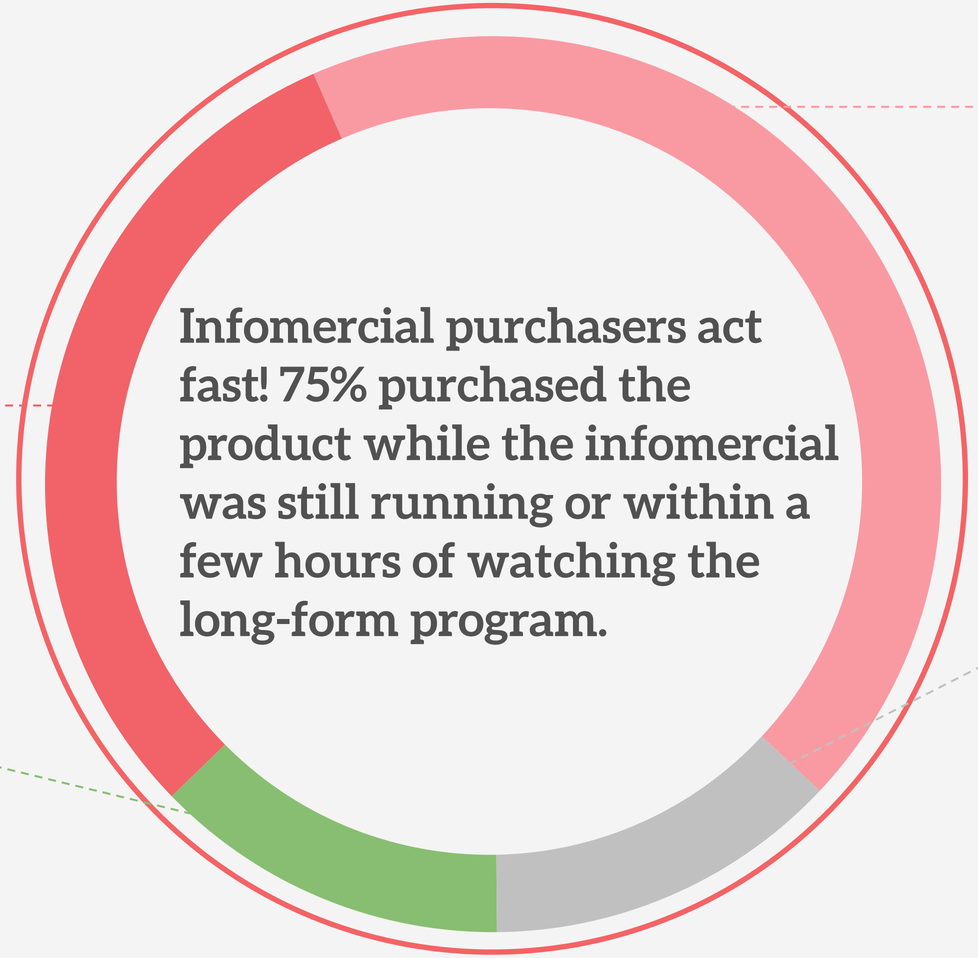
PURCHASE TIMING

Q: Thinking about your most recent infomercial purchase, when you decided to make your purchase, how soon did you place your order for the product or service?



44%
While the program was still on the air

31%
Within a few hours after watching the program

13%
A few days after watching the program

13%
Several days later, after watching the program

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Purchasers – 559

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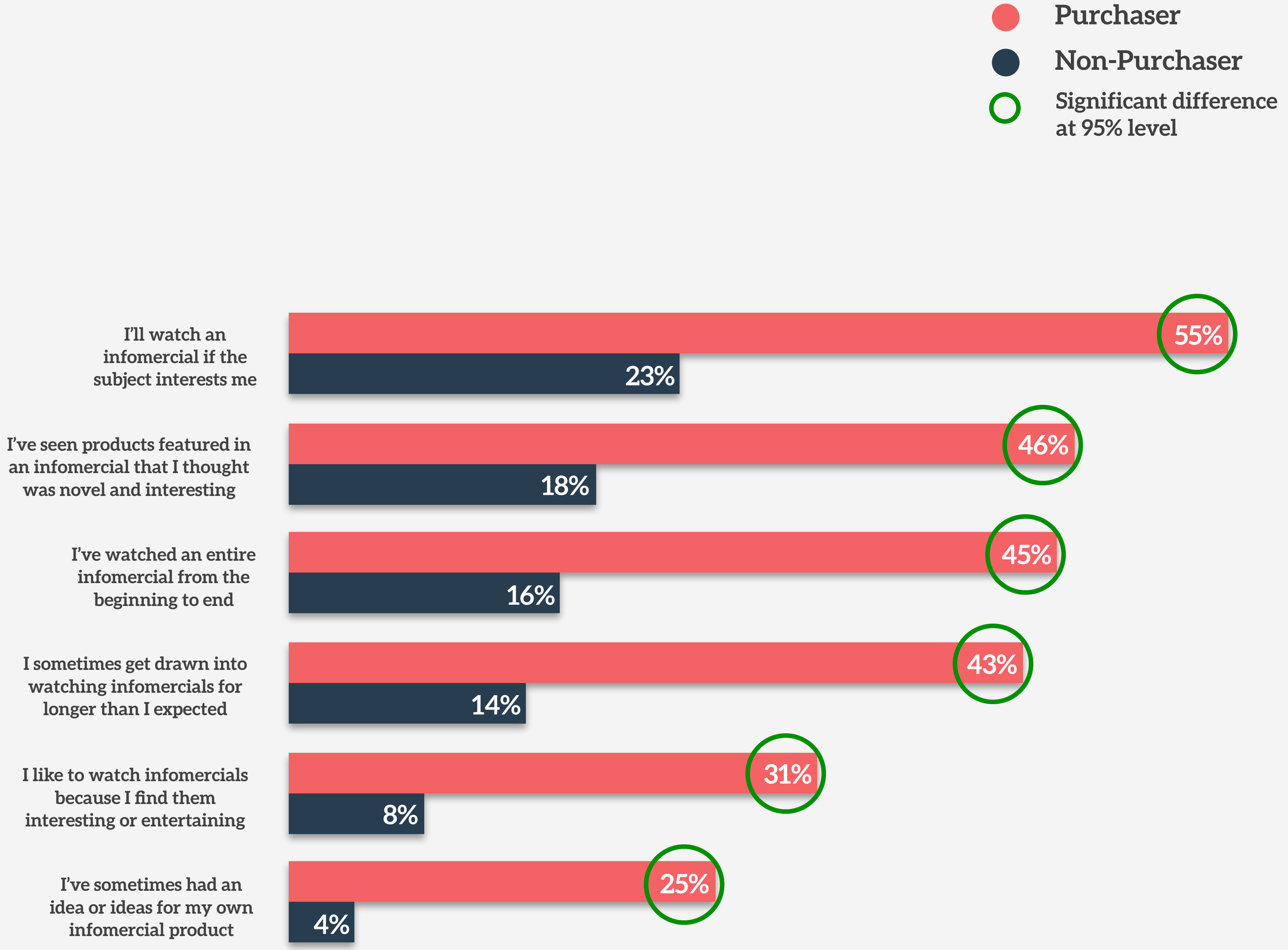
OUR ANALYSIS

WHY PEOPLE WATCH

Q: For each of the statements, please tell us how much you agree or disagree with them. (5 pt scale)

More than half of purchasers watch Infomercials if the subject interests them. 46% have watched shows that they found interesting.



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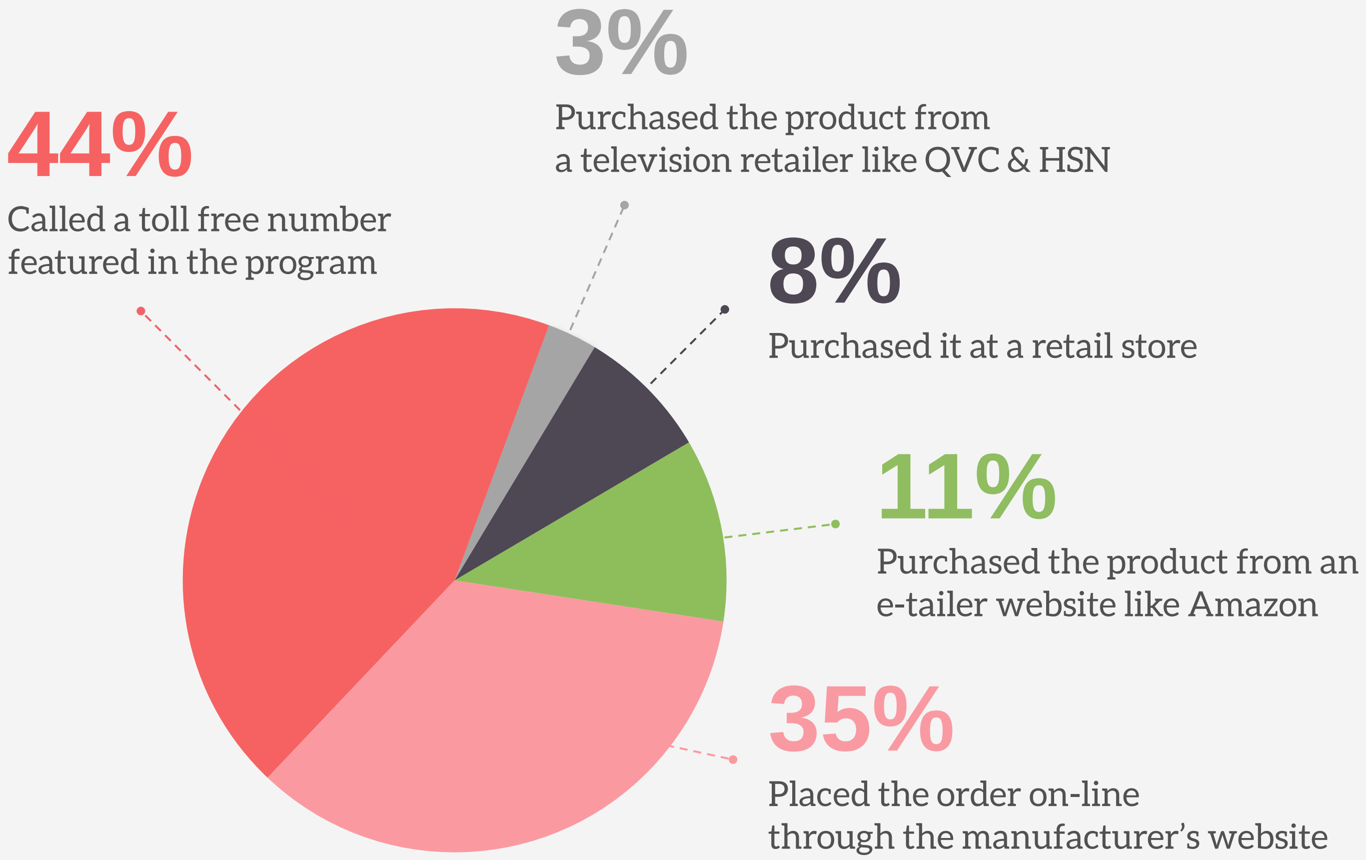
ORDER METHOD

Q: *How did you place your order for the infomercial product or service?*

79% of Infomercial purchasers interact and do business with the marketer directly



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Infomercial Attitudes

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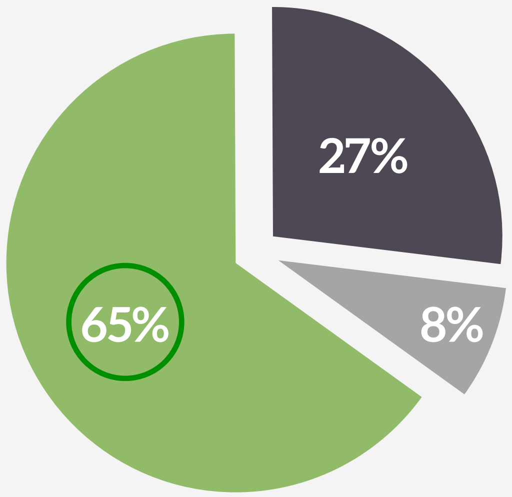
INFOMERCIAL ATTITUDES

INFOMERCIAL QUALITY

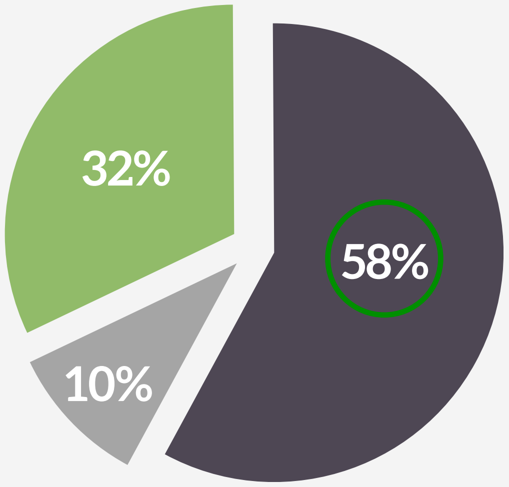
- Infomercials have gotten better over the years
- Infomercials haven't changed much over the years
- Infomercials have gotten worse over the years
- **Significant difference at 95% level**

Q: *Thinking about infomercials in general, which of these statements best describes how you feel about the overall quality of infomercials?*

Purchasers have significantly better opinions of how infomercials have changed over the years.
Fewer are neutral.



Purchasers



Non-Purchaser

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Non-Purchasers - 461

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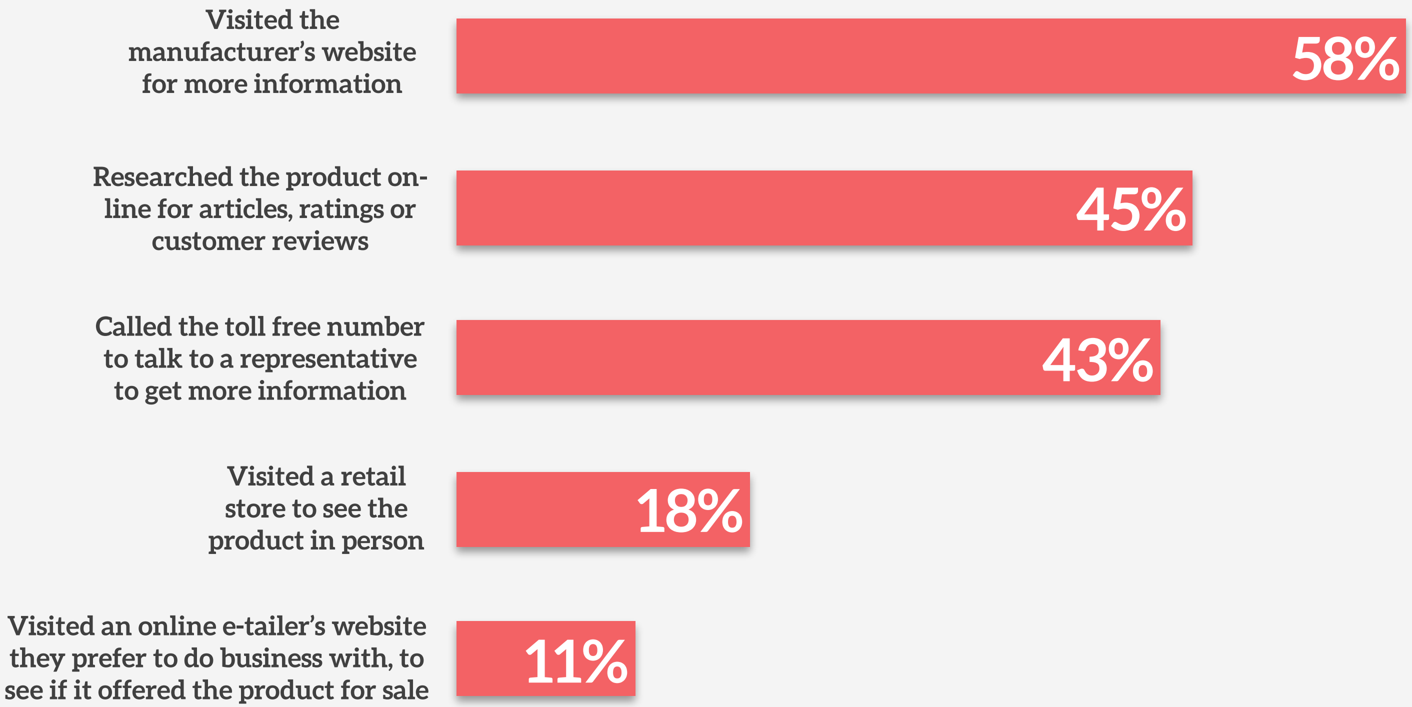
INFOMERCIAL ATTITUDES

PRE-PURCHASE RESEARCH BEHAVIORS

Q: *Before you made your purchase did you do any of the following? (Check all that apply)*

More than half of purchasers researched the product at the marketer's website before buying. Nearly half also looked online for reviews or called the toll-free number for more information.



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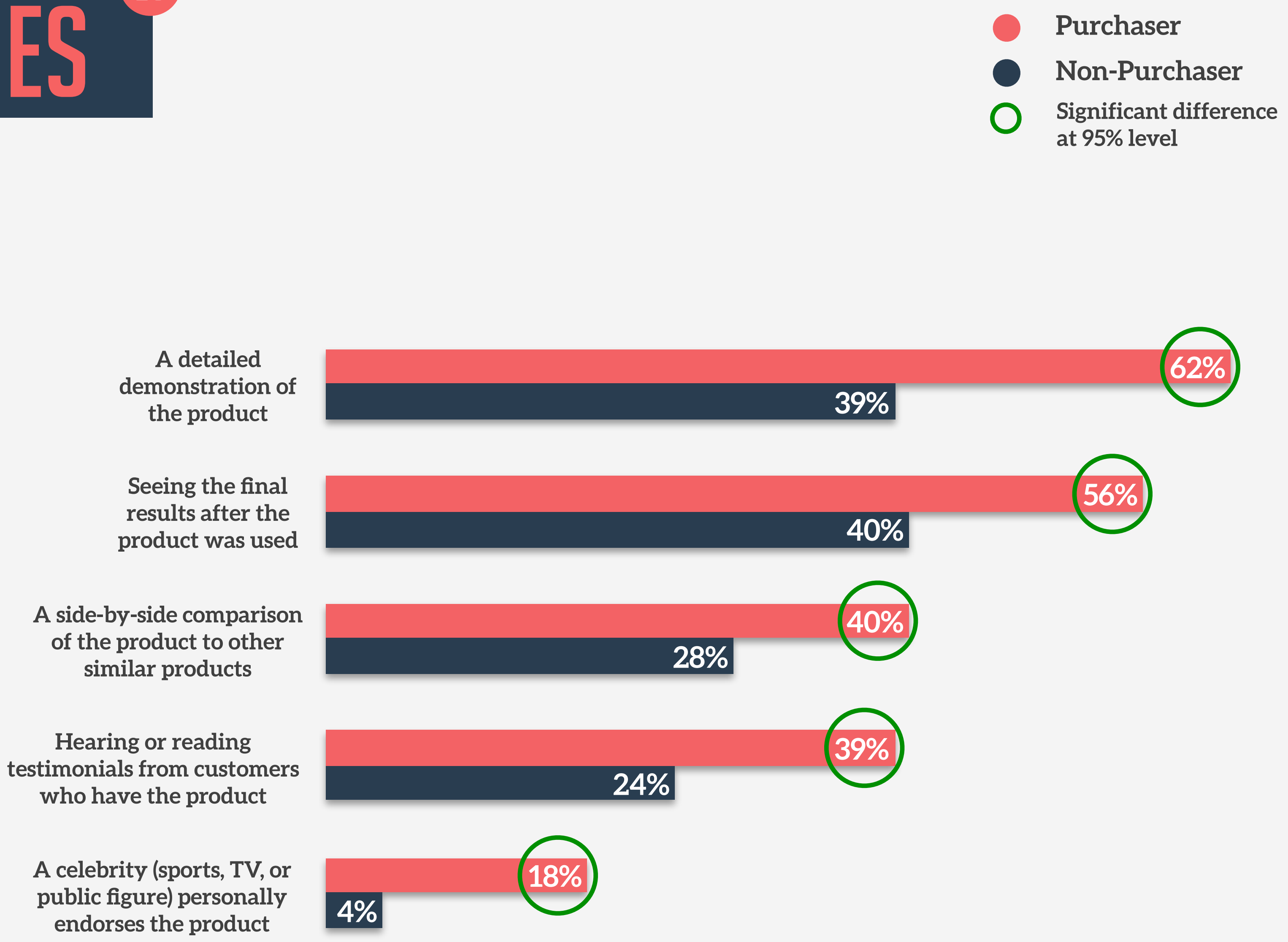
INFOMERCIAL ATTITUDES

PURCHASE INFLUENCERS



Q: *When deciding whether to purchase a product, please tell us how important it is to see any type of advertising that includes the following: (5 point scale)*

Purchasers are more influenced by all marketing tactics than non-purchasers, with demonstrations and before-after comparisons being particularly influential.

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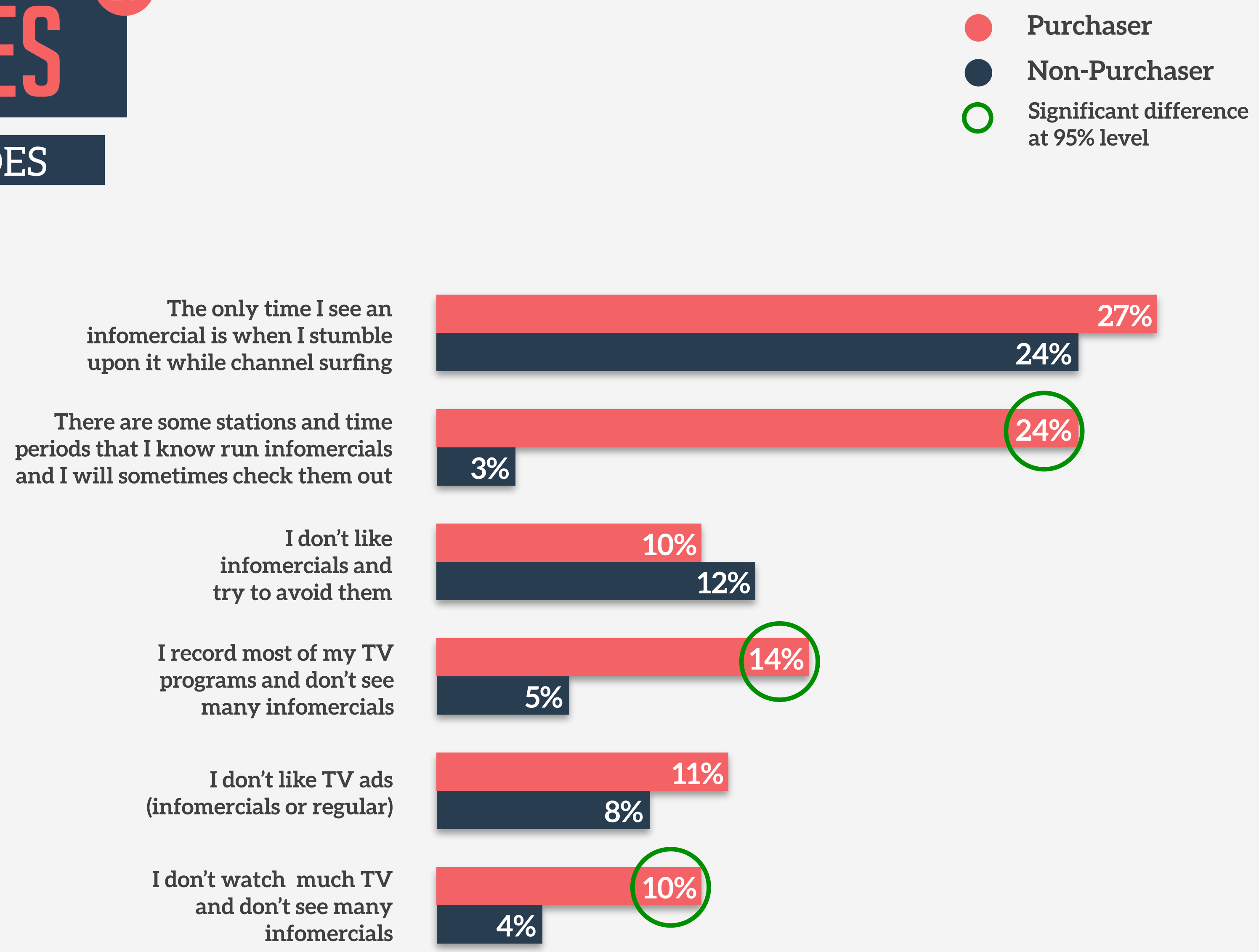
INFOMERCIAL ATTITUDES

PURCHASER/NON-PURCHASER ATTITUDES

Q: *For each of the following statements, please tell us how much you agree or disagree: (5 point scale)*



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POINT OF VIEW

THE BUSINESS CASE FOR LONG-FORM INFOMERCIALS

Infomercial customers are decisive buyers. They are receptive to long-form advertising content, have money, make fast decisions, buy direct, share their experiences, and are satisfied with the products they buy from infomercials.

- Consumers make their mind up after just a few viewings.
- Consumers take action quickly after they've made a decision to buy.
- More than 88% of buyers are satisfied with their purchase and the process.
- 74% will refer the product to a friend.

Long-form advertising is an effective marketing and sales channel to develop a direct, customer relationship that generates a positive return on marketing investment.

- Long-form advertising leverages the scale and mass reach of television.
- Long-form advertising is branded video content that prompts interest, informs, engages, persuades and transacts.
- Long-form advertising enables marketers to develop a 1:1 relationship with the consumer.

Could long-form advertising be the next killer app that delivers ROI opportunities for non-DRTV marketers? In a fragmenting media landscape consisting of snippets of branded intercepts at fleeting moments of opportunity, long-form advertising provides marketers a medium to engage consumers at a richer, longer and more engaging level. A level that ends in a transaction.

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Meet THE Sponsors

THE SPONSOR

SCRIPT TO SCREEN, INC.

Barbara Kerry
CO-FOUNDER & CEO

blkerry@scripttoscreen.com
714-558-3971

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Santa Ana, CA 92705
www.scripttoscreen.com

Script to Screen is a fully integrated *direct response agency* creating award winning, high-performance strategic creative and production, resulting in some of the most successful DRTV campaigns in history for top tier brands and emerging brands.

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M2 Marketing and Management Services is a well-respected provider of Direct Response strategy and management services with a 15-year track record of some of the most successful long-form and short-form DRTV campaigns in history, including many of the campaigns for Script to Screen.

M2's extensive client list includes: *Oreck, Rubbermaid, Conair, Cuisinart, Bare Escentuals, Tria Beauty, Soda Stream, P&G, Abbott Labs, Dremel, MET-Rx, Tracy Anderson, Lip Fusion, EyeQ, Contour, and many more.*

M2 delivers highly effective Direct Response solutions by utilizing best-in-class systems that are tailored to the specific needs of each client, resulting in optimal campaign performance.

Its services reflect a comprehensive approach to Direct Response including: *competitive analysis, financial forecasting, strategic planning & campaign management, 360º performance analytics software, call-routing capabilities, inbound call center management, multi-channel media, online development, social media & online PR, fulfillment management, radio, print, home shopping, international and retail distribution.*

THE SPONSOR

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Cannella Response Television is the largest long-form DRTV media company in North America, serving the industry's most respected and renowned DRTV advertisers. **Cannella** manages the largest inventory of paid programming time, providing the media needed to drive immediate direct to consumer sales and leads as well as higher levels of retail traffic, resulting in nearly a billion dollars' worth of sales annually.

Cannella is a proven market leader known for its progressive and innovative approach to media management, where a forward looking strategy is needed in order to meet the needs of marketers in an increasingly complex advertising environment.

Maintaining the most diverse list of direct response clients in the television industry, **Cannella's** breadth of experience across all categories allows the company to bring forth best practices for strategic response media management.