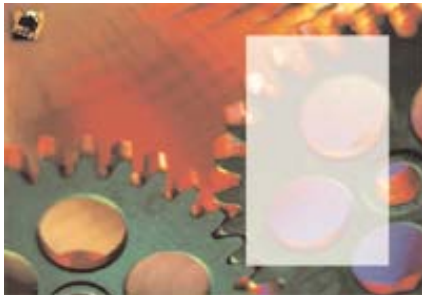


The DR-Retail Connection



Selling product has come a long way from the days of the pioneers who bought and sold out of the backs of their covered wagons and from the next town's general store. From shopping centers to major retail chains popping up on street corners, product selling has become even more cutthroat than in previous years. Direct response television (DRTV), online auction sites and Internet retailers have been added to the equation — all competing with one another to be the main choice for consumers to purchase that hot item everyone is talking about.

However, in recent years, consumers are seeing and experiencing a new retail revolution. Instead of competing with one another, advertisers are merging and utilizing many of these avenues to fully saturate the consumer market and maximize profits.

Making the Transition to Follow New Trends

In recent years, DRTV has boosted its image as a promoter of retail distribution for products. With lower costs than regular brand advertising and instantly measurable results, it was only a matter of time before many new products entered the retail marketplace through this form of advertising.

"It is well-known that 10 percent of viewers will purchase off of an infomercial," says Don Potter, a Sherman Oaks, Calif.-based consultant in the direct response industry (and member of the Response Editorial Advisory Board). "This leaves the remaining 90 percent of potential buyers to purchase in retail stores. They're aware of the product, but would rather buy it once it goes to their local stores."

This type of marketing behavior could be considered a reverse twist on the current inclination of consumer purchasing habits. Consumers would rather brave crowds than stay home to purchase DR products either on television or via the Internet. No longer are weekends spent waiting to sign for packages; these consumers prefer to see these products on a retail shelf before making a purchase.

The combination of DRTV and retail brings together the best of both worlds. DRTV provides the informative obligation, and with lower advertising costs, allows the manufacturer to approach large numbers of audiences. These audiences are then informed and trained as to the specifications, the workings and — best of all — the nuances that separate it from other "pretenders."



Forrester & Vos's stylish reading glasses are sold in packaging that doubles as a carrying case.

Once excited and motivated to buy, many consumers could likely face the dilemma of not having anything to write with or write on, the phone number escaping them. However, adding information at the end of the infomercial about where the product can be further viewed and obtained through a familiar retail chain, consumers are left with a positive thought about purchasing the product they saw on television.

Later, a motivated customer can go to his or her favorite store to explore further, with a comfort and an in-store trust of the retailer that he or she projects onto the product.

Consumers have a number reasons to feel good about the retail transaction:

- They did not have to deal with an unknown call center
- Products can be looked at and purchased the day the consumer wants it
- There's also the notion of an instant money-back guarantee with a retailer, due to stores processing any returns the same day, rather than waiting several weeks for a credit after shipping back an unwanted product to a fulfillment center

A study performed by the Electronic Retailing Association (ERA) in 2005 regarding direct response purchasing behaviors found 70 percent of shoppers surveyed are multi-channel shoppers who will do extensive background research on potential product purchases. Of that number, two-thirds researched a product online before buying it to learn more about the product, later making the purchase in a retail store when it became available.

The study concluded that three out of four shoppers saw a product advertised an average of three times on different stations before deciding to make the purchase of that item advertised on television.



Finishing Touch is just one of the many products that IdeaVillage has taken successfully from DR to retail.

Therefore, it is almost essential for any product to plan on making the switch as soon as possible from the infomercial to retail to maximize sales opportunities. Potter suggests that planning on making the move before implementing DRTV tests is a sure-fire way to be victorious on both fronts.

Package design, and even retail prices, should be considered during the planning phases to reduce repackaging costs later. This way time and money won't be sacrificed while doing something that could be done in the very beginning, suggests Potter.

Marketing Products to Retail — Myth vs. Reality

With this latest twist, the myth that direct response and retail sales cannot coexist in the marketplace has been put to rest. Many products are being marketed with the intention of going to retail, and DRTV is being used to make the transition easier to gain brand name recognition.

"Some retailers look at which DRTV products have successful sales numbers, and then start to carry them in their stores," Potter says about the new trend.

There is now a track record of success for these forward thinking marketers. IdeaVillage, a New Jersey direct response marketing company that markets small household items at affordable prices, is one such example. IdeaVillage has taken its innovative consumer products sold via DRTV (such as the Finishing Touch hair remover) and utilized retail as a successful distribution arm by selling the units to retailers such as Wal-Mart, Target and Bed Bath & Beyond.

"We use DRTV as a means of testing consumer demand for products and as advertising support for retail," says Jordan Pine, vice president of marketing at IdeaVillage. "Because of our strong retail relationships, we can be in national distribution within a few months."

IdeaVillage is just one of many companies that has realized success from this altered marketing approach. These companies now proactively plan their phases of advertising to include mass-market distribution, utilizing the combination of DRTV and retail sales.

When a product is suggested, marketing companies will usually focus on the market potential of the item. If it doesn't possess mass-market appeal, they'll pass and move on to the next item because their goal is to only market products that can have probable success in both platforms. Combining an intense campaign of Internet, DRTV and print advertisements, the product will then go to retail stores and also sell concurrently on the company's Web site.

"I believe that TV advertising is a lot less effective than it used to be, and that makes sense because of things like clutter and media fragmentation," Pine concludes. "One thing we do know: having a TV campaign on the air is often the price of your shelf space. Many retailers will not support an item without a heavy advertising campaign behind it."

Packaging Made Perfect

Once a product is given the green light for retail sales, it is usually in the best interest of the marketing company to change the product's packaging. While a large box filled with Styrofoam pieces may work for television sales, it has been found that consumers and retailers are looking for less bulky packaging that will fit onto shelves in both stores and in the home.

An understanding of the target market and the needs of its consumer could benefit a company in the long run, says Jo-Ann Hines, self-proclaimed "packaging diva" of Women in Packaging Inc., in Kennesaw, Ga. Packaging that works for one target market might not work for another.

Hines suggests that researching specific characteristics that appeal to a product's target market can help with retail sales. A person over age 55 wouldn't want to read fine print, for example, and would need larger print for items marketed specifically for that age group.

Staying abreast with new packaging technologies can benefit new products and often raise the bar for competitors if successful. Selecting the right type of packaging is key to meeting consumers' needs, or to remain current with legislation in several markets (for example, Maine has a ban on juice boxes).

One such option could be packaging that reduces plastic waste in our environmentally sensitive society. For example, Reusable Retail Packaging (RRP) is an innovative type of packaging that could be used on many products currently on the market or are soon making the transition.

Developed by Torrance, Calif.-based custom retail packaging company AVC Corp., RRP is designed to become part of the product by providing the consumer with a reusable storage device. It also comes with the added bonus of being environmentally friendly because it is reusable, and also eliminates unnecessary plastic wrappings and other bulk materials.

"The RRP opens like a book and is ideal for products with multiple components. It helps the consumer keep all components together by providing them with a storage device for the product. It also displays the company's name and logo clearly on the front cover," says Lindsay Sandham, spokesperson for AVC Corp.

Forrester & Vos, a Long Beach, Calif., company specializing in stylish reading glasses, is one of many companies that has adapted to using this type of packaging. Prior to adopting the RRP last Christmas for its Sam's Club retail distribution, the company was selling its four-pack of glasses in clamshells. After the packaging switch, Forrester & Vos saw an immediate 25-percent increase in sales, with a steady increase of 15 to 20 percent thereafter.

Paper-based materials are also becoming quite popular in the market as insulation for products either being shipped directly to consumers or to retailers. Usually made from recycled newspaper, these materials are 100-percent biodegradable and recyclable.

Designed by companies such as St. Louis-based EnviroPAK, insulators like molded pulp have been used to protect computer printers, cell phones and other consumer goods. It is also versatile enough to work as feet for larger pallets and is much lighter than most packaging, reducing shipping costs.

Similar to "egg carton material," this type of packaging can prevent vibrations and provide shock resistance, passing UPS and FedEx requirements. Consumers feel comfortable buying products featuring this type of packaging because they can recycle both the box and the packaging filler. Suppliers are also satisfied with the lower costs and customer satisfaction levels.

DRTV vs. Retail Fulfillment

DRTV marketers should also select a fulfillment company that specializes in both retail and consumer services when making the switch from television screens to retail shelves as their main sales avenue.

"About 60 percent of our business is DRTV and E-commerce," says Jeannie Bendel, of the sales and marketing department at Imagine Fulfillment Services (IFS) in Torrance, Calif. "Many DRTV companies drive sales towards retail and vice versa."

IFS works with retail stores, such as Best Buy and Kmart, and also with television channels QVC and HSN to package items for both consumer and smaller retail sales.

Bendel suggests this trend in traditional marketing turning to DRTV is due to the immediate exposure to the consumer, using brand expertise to create awareness for retail to expand sales campaigns.

Some retail establishments can order up to 10,000 units of product, and if those units are delivered incorrectly, it can hurt the fulfillment house not only financially, but also in regards to reputation. Therefore it is important to make sure that a selected fulfillment company is accurate and precise about their business practices.

"Errors in retail fulfillment are similar to those in the World Cup," said Bendel. "Make a mistake once and get a yellow card. Make another, and you get red carded and are out for the rest of the game!"

The Marriage of DRTV and Retail

If history teaches us anything, it is that the more things change, the more they remain the same. But there is a subtle twist in this instance.

The marriage of DRTV and retailers took years to implement and succeed, but it is fraught with nuances that need to be attended to, including point-of-sale, packaging and fulfillment issues.

What is obvious is the tremendous potential and rewards for all participants and more importantly the consumers. It is they who can take advantage of the latest products from the comfort of their homes and then the comfort of their favorite retail establishments.

For More Information Contact:

Guy Marom

P (310) 533-5811

F (310) 533-6077

20550 South Denker Avenue

Torrance, Ca. 90501

www.avccorp.com

