

The DRTV Times

TV ADVERTISING THAT PAYS!



Concept Media
Infomercials from script to SCREEN

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HOW TO MAKE THE BIG BUCKS IN A SLOWING ECONOMY—PAY PER INQUIRY!

By Edward Easton

There now seems to be little doubt that the economy is slowing. The economic steamroller's boilers are definitely losing some pressure and this is presenting some unique economic opportunities for the heretofore under-funded little guy with a unique product to sell via the infomercial route.

Like the much publicized grain silos full of tainted Starlink corn, unsold inventories of media time are beginning to pile up during this first quarter of 2001. These will be increasing in the near future, putting downward price pressure on the airtime markets.

The boom of the last three years generated tight markets and higher prices for station airtime. The sellers in this market, the cable and broadcast networks, and to a lesser extent the satellite and regional markets have had complete control. They've had a field day selling large blocks of time for cash—first to the big advertising national marketers, then to the long form infomercial crowd, who have been paying premium prices for available time slots. Short form buyers have had to content themselves with table scraps, and even those at inflated prices.

Now the balance is shifting. The long form people, having overpaid to buy multiple half hour blocks of time, are encountering sales resistance due to the slowing economy that's forcing up their costs-per-order.

This is fostering wholesale early cancellations of long-term contracts for these time slots, which the stations and network affiliates must now scramble to re-sell.

Where once the pay-per inquiry formula was eschewed by the larger airtime marketers, they *are now open* to this mode of doing business.

The plus side for the sellers of air time is that now they have an opportunity to make even more money with a unique product than they did by selling their slots outright for cash. The plus side for the buyers—the entrepreneurs wanting to get their programs on the air—is that they can now have exacting control of their upside layout of cash—or cost per order.

On a cash basis, during the boom times of the last three years, the buyer could never be sure just what his cost per order was going to be. If he spent \$100 and his program generated just five calls from a particular station airing, his cost was \$20 per order. If it generated twice or three times that, his cost was \$10 or \$5 per order respectively. As can be seen, this makes a big difference in whether a sales campaign is a tremendous hit or an unmitigated disaster.

With *pay per inquiry* the buyer knows exactly what each order is going to cost. A modest test rollout of 10-20 thousand is the best bet to find out just what your product potential is going to be. If the test goes well, it is then much easier to sell nationally across the country in the top 30 markets.

A station won't mind sharing the risk with the buyer under this scenario. In giving up its airtime, stations know they can net more with this formula than it did on a simple cash basis per time slot.

MURPHY'S LAW OF ECONOMICS AND THE HUMAN EQUATION

By Edward Easton

As the first quarter of 2001 rolls on, and with the new administration in place, the American populace is growing increasingly nervous about its priorities on a lot of fronts. What concerns us here is the economic one. Markets hate change, especially sudden ones, unless it lifts all boats, which change seldom does. Still less do they like uncertainty, although to some extent it's an issue they deal with all the time. But a slowing economy can be a boon to some, as pointed out in the story on the left.

But the herd mentality seems to have taken hold in the country, ignoring market fundamentals. Non-the-less this produces "facts on the ground", such as the recent news concerning all the corporate layoffs and plant closings. This tends to scare the consuming public, who may or may not be worried about their own jobs, but in any event such news fosters their own resolve to be more careful about their own spending.

With everybody talking and writing about hard landings for the economy as opposed to soft ones, the guy at home watching an infomercial on TV is now thinking twice about letting his credit card see the light of day.

This is not good news for the DRTV industry. Or is it? The recent wholesale implosion of all those dot com startups has especially helped to free up a lot more airtime for worthier products that actually do something for the customer. The average American consumer has always been quick to recognize a bargain or a truly innovative product and *now* is the time to *get them on the air*.

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