

# Direct Response Methods to Drive Retail



By Anthony Raissen

**A**s we start 2008, it is always a prudent idea to reflect on what we have learned from our successes and failures in the past year. Far too often, great products never successfully make it to the consumer marketplace due to being launched at the wrong time or into the wrong distribution channel. Many products that are not necessarily suitable for the “traditional” direct response platform are instead initially launched via DR, as DR can provide a relatively inexpensive forum to test various media vehicles and creative executions. It’s a great way to gain knowledge before going down other marketing avenues.

Let’s explore the following scenarios:

- What if you were unsuccessful with your product in DR last year?
- What if you were successful with your product in DR last year?

In both of the above scenarios, you’re faced with a multitude of options:

- Keep doing what you have done in the past
- Improve on the positive elements, while minimizing or eliminating the non-performing elements
- Chart a new course of action
- Change the media mix used
- Move on to another venture
- Take your product to retail

I have covered many aspects of going retail in previous articles. However, I’d like to add insight into evaluating a product’s retail merits — whether successful or unsuccessful in DR. In addition, let’s examine the strategy of utilizing DR methods for creating awareness and sell-through at retail.

## Making It in Retail

Many products may not be suitable for DR, yet they may have huge potential at retail. Let’s recap key DR criteria:

- 5:1 or better cost-to-selling-price ratio
  - 2:1 media efficiency ratio (MER)
  - Single-digit returns
  - 25-40 percent upsell rate
  - Shipping and handling costs
  - \$19.95 minimum sale price (to cover related DR costs)
- You may have a revolutionary product that does not meet many of the above DR criteria,

but may have many key attributes necessary to be successful at retail.

- Cost of goods below 40 percent of wholesale price
- Impulse purchase
- Highly consumable
- Unique and desirable
- Fragile or sensitive to shipping
- Too bulky for DR shipping methods
- Demonstrates very well in-store
- Has a “magnetic” attraction when a consumer walks past or picks it up off the shelf

Having your product at retail does not mean you should not or cannot use the accountability of direct response, coupled with the reduced media rates available to DR advertisers, to drive retail sales.

DR allows the creative marketer to maximize every dollar spent on marketing and advertising. The age-old adage, “50 cents of every dollar spent on advertising is wasted,” need not be true if you use the tools available for monitoring and tracking your sales. I call it “Follow the Dollar.”

Never underestimate the value of a customer. Whether you are selling a product that costs \$1 or \$100, annualize the value of each and every customer to see just how valuable their loyalty can be. Then, and only then, can you truly determine how much you can afford to spend on customer acquisition and retention.

Use DR advertising to build a consumer database and use incentives to drive consumers to retail as follows:

- Send coupons/rebates to existing database, redeemable at participating retail locations
- Set up a “refer-a-friend” rewards program for existing consumers
- Incentivize new consumers to visit a Web site and register for coupons/rebates
- Offer special deals available only directly from you
- Invite customers to share their experience with your product with you and reward them for the effort

Well-established companies have long understood the benefits of DR marketing. In fact, many of the products we buy at retail on a regular basis are marketed to us via DR methods. What makes this truly fascinating is the fact that many consumers who would typically be turned off by traditional DR embrace it when the creative execution for the product or service being advertised has a retail look and feel. ■

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