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Why Retailers Love “As Seen On TV” Products



Manufacturers who have consumer products we talk with often ask us “aren’t retailers annoyed when a manufacturer runs an infomercial and sells direct-to-consumer (DTC)?” Our answer is always a resounding “no” followed by an extensive explanation. Here are the highlights:

By Irv Brechner, EVP Corporate Communications

Direct Response TV (DRTV) is purchased at deep discounts off rate card, with certain requirements, including:

- It’s unsold time, meaning you can be pre-empted by advertisers willing to pay rate card.
- You have to have a direct response ordering method, such as phone or web site.
- You can’t display retail store logos or say what stores carry your product.

One of the reasons the original question posed earlier is raised is that advertisers wonder how consumers will know a product is available in the stores if the commercial does not indicate that.

Because “As Seen On TV” (ASOTV) products have been in stores for decades, consumers know which stores carry ASOTV products. They know that Bed, Bath and Beyond, Target and Walgreens, among many others, have special areas where there are often many ASOTV products on display.

So, when a consumer watches a DRTV commercial and says “I gotta have this today” and doesn’t want to wait for it to be shipped, he/she has a pretty good idea which stores are likely to carry it. They can go to the web or call the store to confirm that the product they want is available.

Therefore, retailers know that consumers will buy in stores vs. DTC, and therefore, the issue of channel conflict is not a major one. A generally accepted rule of thumb is that for every one DTC sale, as many as five to ten sales take place in retail stores. Retailers know they’re going to get the lions’ share of the sales.

More importantly, they know that successful DRTV products are very heavily advertised and that they will directly benefit from this advertising without paying a dime for it.

They also know that ASOTV products are great impulse buys, and that many consumers who haven't even seen the product advertised on TV will buy the product simply because it's on display in an As Seen On TV section in the store (and because they need or want it). And, they know that consumers who come running in for an ASOTV product will also buy other unrelated products as well.

Finally, some ASOTV products sold at retail have a different configuration for the DTC sale that is higher in price. When this happens, this gives the retailer a lower price point, which is another advantage.

So, for numerous reasons, retailers love ASOTV products, especially those that are successful where the level of TV media spending is very high.

More Content That Might Interest You:

- “What Do Successful Direct Marketers Have in Common with Championship NBA Basketball Teams?” at <http://D4Y.acquirgy.net>
- “86% of Americans Say that TV Advertising Still Has the Most Impact on Their Buying Decisions” at: <http://D4Z.acquirgy.net>

Questions or Comments on This Executive Brief?

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