

## **Magnavox's WebTV Infomercial Story**

### *Magnavox WebTV and DRTV: The Story*

When Magnavox released their WebTV device, they spent \$11 million on a general rate spot campaign. The spots were beautiful. But, sales at retail were sluggish & after 12 months, the product was failing at retail.

Relying on previous experience, Magnavox developed a 1/2 hour infomercial for WebTV. This was their 5<sup>th</sup> infomercial campaign.

The campaign began airing in October 1997. By late November, after between \$3M and \$4M in DRTV media spending, Magnavox pulled the infomercial off the air because product had sold out at retail. In 6 months, Magnavox displaced Sony and became the #1 selling WebTV device.

They have used infomercials to support WebTV ever since and continue to air an infomercial even today.

### *What problem did the WebTV infomercial solve?*

Consumers are starved for information that will give them the confidence needed to purchase a complicated or expensive product. This is especially true as prices increase beyond impulse spending (over \$30) or when there is a long-term cost like a subscription fee. Both of these factors were present for WebTV.

But, the information consumers need for new products can't be supplied in a :30 second spot. And the information can't be found at retail where staff that knows little about specific products (especially new products). In our research we find consumers regularly complain about this lack of information at retail.

Further, a retail salesperson is often faced with choosing between selling 3 VCR's or 1 unit of a complicated product like WebTV. Usually, they choose to sell the 3 VCR's. This choice benefits them the most and benefits the store the most.

The Result: Consumers are often faced with what I see to be a "leap of faith". If they are exceptionally risk taking, they may take the leap. Otherwise, they'll walk away and not purchase the product. This was the case with WebTV. Retail consumers were refusing to take the "leap".

### *The Infomercial Fix*

This “leap of faith” is not always a problem. But, when it is large enough to prevent sales, infomercials are one of the few reliable options for building consumer confidence enough that they’ll take the “leap”.

Infomercials give retail purchasers the information & confidence they need to take the leap. In a sense, an infomercial bridges the gap between traditional advertising and the retail store.

In concrete terms, infomercials typically move between 3 and 7 incremental units at retail for every unit they sell by phone. This power in the retail channel is so strong that retailers like Target & Walmart are known to approach housewares manufacturers to ask them when they’ll start supporting products with infomercials.

WebTV is only one example. Others include:

- Salton/The George Foreman Grill
- Sears Robogrip Pliers
- Braun Handblender
- Sonicare Electric Toothbrush
- Braun Oral-B Electric Toothbrush
- DirecTV's Digital Satellite System
- Magnavox TV's
- KalKan's Waltham and Pedigree Dog Food introductions.
- Apple Computer
- Many fitness products including the ProForm Crosswalk.