

Sunday Business

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DIRECT MARKETING: Nancy Marcum of Marcum Media is a pioneer in the infomercial industry. TORU KAWANA, TRIBUNE

INFOMERCIAL MAVEN

Scottsdale woman tuned in early

By JOHN YANTIS
TRIBUNE

Somewhere between the dripping chicken juices of the Spanek Vertical Roaster and the lounge-act guitar playing of Esteban, Nancy Marcum became an infomercial pioneer.

When the federal government deregulated the television airways in the mid-1980s, the Scottsdale resident and her partner saw the future — 30 minutes or an hour at a time.

The two knew some cable TV networks were strapped for cash. They also knew many didn't offer programming between 3 and 9 a.m. The dark hours must be worth something, they reasoned. Marcum went to New York and offered to purchase time in the dead of night from TNN and BET.

"They didn't know what to charge me and I wasn't really sure what to pay," she said. "I just offered them a price of \$3,000 a hour, really not knowing if that was the right or wrong price because they'd never really sold it before and it had no value. They took it. After six months, we bought up the entire block of time (from 3 to 9 a.m.)."

The new forum was a perfect place to educate viewers about products. It was easy to sell something simple, like cereal, in a 30-second spot, but peddling the virtues of the Big Green Clean Machine and the Little Giant ladder takes time

Marcum is a leading player in a \$296 billion industry known as direct response, using TV, radio and the Internet to make direct appeals to buyers.

The industry, which celebrated its 20th anniversary last year, grew 8 percent in 2004 from the previous year, according to the latest numbers available from

Electronic Retailing Association. Infomercials are a \$167 billion business, the association says.

The hour of TV Marcum spent \$3,000 for in 1984 now goes for \$12,000. The shows have expanded from the predawn hours into afternoon slots, particularly on weekends.

"A lot of people just don't like to admit buying anything from an infomercial, but you'll walk into their home and they might be vacuuming with an Oreck vacuum or using the Ronco rotisserie or climbing up the Little Giant ladder or listening to their Time Life compact disks," Marcum said. "They don't even know it. It's everywhere."

Arizona State University marketing professor Vincent Blasko says infomercials have become more mainstream in the last few years, moving from Ginsu knives, Ab Rollers and Vegemetics to big advertisers such as KitchenAid, Mercedes-Benz and the Indy Racing League.

"A lot of major advertisers now realize this is a very good way for them to differentiate their brand, perhaps be in a medium where there

is not much competition," Blasko said. "There is an upscale sort of demographic there that you can certainly reach with this medium."

There are advantages to infomercial advertising including product demonstrations, he said. Also, because so many consumers now have the ability to avoid commercials with TiVo, infomercials are a good way to get them interested and involved, Blasko said.

"They can be very attention getting," he said, adding many shows are professional. "Infomercials use the testimonial technique very well and I think testimonials can be very, very powerful if they're credible and believable."

Marcum, founder and CEO of Marcum Media, jumped into the infomercial craze in 1984 with a program called Get Rich with Real Estate. Not surprisingly given the area's housing market, the show was shot in the Valley. The host, Paul Simon, sold viewers information on how to buy real estate with no money down.

"My partner and I hadn't coined the phrase infomercials yet, no one had," Marcum said, adding the show was an hour long and it was tested on TNN, the USA Network and another cable station

called Tempo.

“When we realized we needed 300 orders to break even and we sold 3,000 orders, we knew then that we had a marketing plan and a new medium that just had never been seen before,” the 58 year-old Gainey Ranch resident said.

Since then, Marcum has had a hand in nearly 70 infomercials, everything from Perfect Abs and Body by Jake to Huggable Hangers. She’s been part of spots done by the likes of Evel Knievel, Denise Austin, Tony Robbins, Susan Powter and Esteban, possibly the king of infomercials thanks to a show that has run for three years.

But the industry has had its critics, particularly following deregulation under President Ronald Reagan.

“Obviously some people took advantage of unregulated airwaves,” said Molly Alton, Electronic Retailing Association spokeswoman. The group was formed in 1990 when Congress told the industry to regulate itself or face more scrutiny. She said the politicians were concerned the ads were unsubstantiated and not regulated by the same standards that traditional advertisers have to adhere to.

Jackie Dizdul, a Federal Trade Commission spokeswoman, said the

agency looks for false claims made in the shows.

In the past, the agency has gone after producers for using deceptively formatted infomercials that make the ad look like a talk show.

In another case, a company was offering a health plan that was actually only an entrance into a group that would give buyers discounts to see certain doctors.

“It wasn’t an HMO or anything along those lines,” Dizdul said. “It flashed in like size 4 font on the bottom of the screen during the infomercial that this is not a health care plan.”

Marcum has had her own problems with the government.

In 1993, National Media Corp., and its wholly-owned subsidiary, Media Arts International, paid \$275,000 to settle FTC charges over deceptive advertising related to four products. Marcum was Media Arts CEO and director at National Media.

The biggest part of the fine, or \$200,000, was related to a product called Crystal Power, which was being marketed as a cure to breast cancer. The infomercial contained a testimonial from a woman who said

the crystals caused a lump her breast to disappear, saving her life.

“The woman believed that crystals had power,” Marcum said. “Some people really do. They have crystals hanging in their window sill or something.”

One of the products targeted by the FTC was called HP-9000, a household stain remover featured on one of the infomercial industry’s greatest success stories, a series called Amazing Discoveries.

The government also took issue with commercials for the Magic Wand, a hand-held kitchen mixer, and Cosmetique Francais, a product that was billed as reducing or eliminating cellulite within 28 days.

Marcum said her company claimed the Magic Wand made whipped cream out of skim milk in a matter of seconds, but it actually took minutes. The product also was supposed to crush a whole pineapple in seconds.

“Some of the lawyers from the FTC flew out to Mike Levey’s (host of Amazing Discoveries) in California and he re-performed it in his kitchen,” Marcum said. The FTC said the wand couldn’t do what it said and that product substitutions were made to create false impressions. With HP-9000, the

commercial advertised the product was safe, but the FTC found it can harm skin.

ASU's Blasko said there were a number of deceptive infomercials when the industry started. "That still is a cloud that sometimes hangs over infomercials, that some of the demonstrations were very deceptive," he said.

The industry began policing itself in July 2004. The Electronic Retailing Association uses attorneys to check claims and studies, Alton said. Where there are problems, ads are changed and in some cases are referred directly to the FTC, she said.

The FTC is pleased with the self-regulation efforts so far, Dizdul said.

"The program has contributed significantly to consumer protection and it shows what trade associations can accomplish when they get serious about self-regulation," she said.

While as much as 70 percent or 80 percent of programming on the "i" network is infomercials, most of them still run on nights or weekends, Marcum said.

She doubts the shows will ever hit prime time because she says people are not in a buying mode at that time.

For infomercials, the best time is the early morning hours and on Saturdays

and Sundays. Marcum compares these times to January days, when people are ready to lose weight or change bad habits. They are ripe for the many infomercials that concern health, fitness and beauty products.

Studies of watchers show most are females between 25 and 55, Marcum said. Seventy percent of buyers are female. The income levels of infomercial junkies are hard to determine. "They find us," Marcum said. "We have sold things from \$29.95 up through \$3,000. Bowflex, for instance, they're expensive. Those Tempur-Pedic mattresses are \$2,000. The offer drives the demographic."

She said infomercials work because people want to be one of the first to discover something new.

The king of infomercials may be Levey, who died in 2003. An upbeat man known for his over-the-top colorful sweaters, he co-produced the Amazing Discovery programs with his wife, Lisa. They ran more than 2,000 times per month on 15 cable networks and 300 broadcast stations domestically.

In one spot, Levey offered Auri Car Polish. "We lit the hood of a Rolls-Royce on fire," Marcum said.

"It was huge. We waxed the car many, many times with the car polish and then threw down a little bit of lighter fluid and cooked a hamburger on the hood and then flipped it with a spatula. One would think that would scratch it. In the demo, and this business is all about demos, it survived."

FAST FACTS

- Direct response television, which includes infomercials, was a \$167 billion industry in 2004, the latest number available. The industry grew 8 percent between 2003 and 2004. In 2004, 2,036 infomercials ran on cable and network television. Of those, 714 were new shows.
- In 2004, 51 infomercial programs ran more than 50 times, which indicates a "successful" show. Seven percent of infomercials run 50 times or more.
- Over 200,000 half-hour blocks of airtime are reserved on U.S. cable and network television each month. That means there are 6 million airtime minutes of infomercials each month.
- On average, more than 400 infomercials are produced each year.
- Approximately \$750 million was spent on buying media in 2004.

Source: Electronic Retailing Association