

Advertising Scams to Avoid

There are many great advertising and direct response agencies throughout America, agencies created and managed by people with a strong sense of right and wrong and focused on holding our profession to the highest standards.

Unfortunately, like in most industries, there are also those “agencies” that are in it for the quick buck. These people will take money from unsuspecting businesspeople and entrepreneurs, fully aware that what they are offering is of no value.

These scam “agencies” offer a variety of different “amazing” advertising opportunities, but they have one thing in common: you lose your money, and they get wrongfully enriched. The following is a brief description of the most popular scams, how they operate and how you can uncover their real intent.

The TV Show Scam

There are several so-called show producers working this scam (many of them from Florida). It goes like this: you are contacted by a TV show “producer” who tells you that he produces a weekly or monthly TV show; he tells you the show focuses on lifestyle subjects such as travel, home improvement, decorating and so on.

Lucky for you, they want to do a segment on a product just like yours. Even more exciting, the show is hosted by some “C” level celebrity and will air all over the country on major TV networks like HGTV, Lifetime, TLC and others. All you have to do is cover the “cost” of producing your segment, usually between \$5,800 and \$30,000. Finally, you will need to make a decision right away since either some other company is chomping at the bit, or the segment is about to go into production and they must know if you are in or out.

Let’s take a look at what is really going on here. First of all, if a real TV producer were to contact you and ask to cover your product or service, they would not ask you to pay for the segment. Many legitimate shows feature companies and their products every day, but the producers make decisions on what they feel fits the show and is newsworthy, not who will pay to appear in the show.

How about all those big national TV networks the “show” will air on? Well, they do air it on networks like HGTV, but do not be fooled: it is not aired nationally. Instead, the “producers” buy out or pre-empt a half-hour block of time on a network in a small local market or two. So they do indeed air it on a network, but it is in a very small market where only a few people actually see the broadcast.

The DRTV Scam

As in the above scenario, in the DRTV Scam someone who wants information about your product contacts you. He tells you that your product would be great for direct response (DR). He also tells you that, not only does he think it is a hot product, his company is willing to “invest” some of its own money. What could possibly go wrong in this situation?

The representative will tell you that they will produce a commercial worth roughly \$25,000 and run a schedule of hundreds of commercials on major networks. All you must do is put up part of the money (usually a few thousand dollars) and, if the product does well, they get a small percentage of sales. The problem is this: there will never be any sales.

What you really get is a cheap, badly-produced commercial that is worth nearly nothing, which gets aired on some major networks, again in a couple small cable markets. And again, if you are lucky, a couple of hundred people might see it.

There is also a version of this scam that revolves around an infomercial, but it plays out much the same: invest a few thousand dollars and your trust with a company and let them run with it. The result is the same, too, in that you lose the money you invested and you’re left a little poorer with a bad view of “advertising agencies.”

The Shopping Channel/Show Scam

First you get a call from a product “buyer” that works with one of the shopping channels or shows. This buyer says that he wants to buy some of your product to place on his show and, if your product sells out, he will buy a lot more of it. The offer sounds good – until the other shoe drops.

As the pitch goes on, you find out that he will buy \$400-\$500 worth of your product, but you will need to put up between \$5,000 and \$20,000 for the original show production. Of course, if it sells out, he will be buying “massive” amounts of your product.

What will really happen is you get a segment in a badly-produced shopping show that, you guessed it, airs on some TV network in an obscure, small market. Not surprisingly, the product never sells out.

Sniffing Out a Scam

There are numerous variations on these scams, but the net result is always the same: you lose your valuable marketing money and get nothing in return. Since so much is at stake, always be wary and remember that anything that seems too good to be true probably is just that.

Beyond wariness, use this simple, surefire method to sniff out the fakes: ask the “producer / buyer / representative” (or whatever else they may call themselves) for the names and phone numbers of three current and successful clients that are on the air.

At this point you will hear one or more of the following:

- A) The producer/buyer/rep is new to the firm and doesn't know the client list yet;
- B) The information is confidential, and they can't give it out;
- C) He will give you the name of some well-known products, claim his company handles them, but he can't give you the names of the contact people;
- D) He promises to get the information and call you back, but you never hear from him again.

If you hear any one of these or a variation thereof, walk away from the deal. If the producer / buyer / representative is at all wishy-washy, walk away from the deal. Most important, if your gut tells you something seems fishy, walk away from the deal.

Our goal here at WCI isn't to dissuade you from doing business with someone else; it is to offer people the best advice and recommendations we can provide. Sometimes what we have to say is not what people want to hear, but we owe everyone who comes in contact with us the truth.

Ultimately, that comes down to one final point. There are many legitimate, well-operated DRTV and advertising agencies in this country. Speak to them, listen and choose an agency that you feel will work in your best interest. Although there are no guarantees in business or advertising, working with a real professional is your best chance at success.