



**Electronic Retailing Association**  
*Leaders in Direct-to-Consumer Commerce*

January 8, 2010

Dear Consumer Reports:

As President and CEO of the Electronic Retailing Association, the leading trade association for companies using direct response to sell goods and services to the public on television, online and on radio, I am strongly disappointed in your February 2010 report titled "Should you 'Buy This Now!'?". Consumer Reports has a long and respected history of reviewing products, but this article, I believe, unfairly characterizes the direct response industry as a whole. It goes beyond product reviews to indict a well-established and respected marketing methodology. Moreover, the overall tone is biased against infomercials and lacks the objectivity and impartiality one would expect from Consumer Reports.

Direct response marketing is a highly effective and measurable way to sell products. In fact, many major household names like Kodak, Taco Bell, Allstate, and the U.S. military have embraced the direct response approach. Even the long-awaited Google phone, Nexus One, announced this week, is being sold direct to the consumer through a Web-based store because Google sees the value in selling direct.

As these well-known businesses have embraced direct response marketing, this industry has become an important economic driver. Consider these facts:

- \$353.2 billion: size of the direct response industry in the U.S. in 2008\*
- \$25.4 billion: total expenditures of on all direct response advertising in 2008.\*
- 54 percent: percentage of all television advertising that was direct response buys in 2008.\*
- 10%: percentage that direct response industry grew in 2008 – the worst U.S. economy in 60 years.\*

\*Source: DMA 2009 Statistical Fact Book

Moreover, your characterization of those using direct response as "hucksters" shows a complete lack of understanding of the modern marketplace. Specifically, in 2004, with the strong support of its member companies, ERA partnered with the Council of Better Business Bureau to form the Electronic Retailing Self-Regulation Program (ERSP). This program is specifically designed to remove bad actors that



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make outlandish claims and fail to substantiate them. With policy oversight provided by the National Advertising Review Council (NARC) this program is often cited by the FTC as a model for industry self-regulation and has resulted in nearly 250 advertisements campaigns either modified or discontinued to date.

It is most concerning that, while you cited the recent \$70 million FTC judgment against Donald Barrett as an industry indictment, in fact the industry through its self-regulatory mechanism was responsible for turning this matter over to the FTC for enforcement.

I understand the valuable service that Consumer Reports provides its readers through its product reviews yet I fail to see how this expertise translates into an indictment of the direct-to-consumer marketing industry as a whole. Each product category reviewed by Consumer Reports clearly has items that do not live up to expectations. For that reason we believe it is unfair to indict virtually all companies that market their products through direct response channels as having inferior products.

Please publish this letter in response to your report to ensure that consumers hear both sides of the issue. I am happy to discuss this matter with you further at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Julie J. Coons". The signature is written in a cursive, flowing style.

Julie Coons, CAE  
President and CEO  
Electronic Retailing Association