



MARKETING

Wanda Kenton Smith

<< INSIGHT

Strategies for riding out slump: new products, customer focus

A lot of industry insiders were banking on Miami. This was to have been the show that turned the tide on the industry slump.

The players were there. The marketing was in place. Boats were spit-polished — ready for immediate delivery. Despite pre-show grey skies, even the weather perked up and rolled out its most enticing Southern warmth.

We were ready for the buyers. Unfortunately, however, many of them didn't come. Attendance was down by 7 percent, and at many booths, not one boat sale was transacted throughout the entire show. While a few deals were done, the show was hardly a panacea for our industry's burgeoning inventory dilemma.

After Miami, came more word of plant closures, manufacturing shutdowns and layoffs. Each day seemed to bring a new casualty.

This steady stream of negative news feeds the beast of self-fulfilling prophecy. If we believe things won't get better, they won't. If we fail to create a strategic response to conditions that threaten our livelihoods, our fate will be no different than those who are failing before us.

I'm not belittling the enormous impact that the national economy has wrought on the marine industry. It strikes the fear of God in all of us. And I — like many of you — have to face the daily onslaught of bad news while looking for ways to get through this extended slump that has caused even some of the most powerful among us to falter.

For a moment, however, let's talk about some positive marketing strategies that others have successfully employed.

Despite all the doom and gloom of mortgage foreclosures and escalating fuel prices, there are some savvy marketers who are posting solid rebounds, turning increased sales and grabbing market share right under our noses. These guys have been getting the job done, and their secrets and strategies were described in Miami during the Marine Marketers of America panel discussion entitled, "Red Hot Marketing Strategies in a Stone Cold Market." (Story, p. 34)

Representatives of five companies that have bucked the downward sales trend shared their success stories. They included a mix of power and sailboat manufacturers, a top-performing

dealer and an electronics firm. It was terrific to be in a room of nearly 100 marketers and feel real enthusiasm.

Manufacturing participants included Hunter Marine director of sales and marketing John Peterson, who reported an increase in all product segments, both in terms of units sold and dollars. The greatest increase (20 percent) came in the yacht sector.

Bentley Collins, vice president of sales and marketing for both Sabre Yachts and Back Cove Yachts, pointed to a 20.5 percent increase in sales this past year for Sabre, and a whopping 53 percent increase for Back Cove.

David Walsh, director of marketing for Tiara Yachts, a division of S2 Yachts, reported a 10 percent net increase in market share in the past year, coupled with a 15.9 percent increase in sales over the past two years.

Dealer Larry Russo Sr. of Russo Marine in Medford, Mass., Sea Ray's number

one dealer worldwide in sales growth for 2007, says total revenue was up from \$22 million in 2004 to \$49 million in 2007. This past year included an increase of 5 percent in units sold, with an 8 percent increase in revenue.

Rounding out the panel was ASA Electronics' Fred Sherrerd, who oversees the company's Jensen marine audio division, which posted an impressive sales gain of 10 percent this past year.

NMMA marketing chief Carl Blackwell, the panel moderator, posed the million-dollar question to each panelist: What exactly did you do to increase your sales and market share?

The universal response from the manufacturers was a commitment to — and continued investment in — new product development.

Tiara's Walsh said product development initiatives within its Sovran brand has been the company's primary success factor. Orders for more than 40 of the 5800 Sovran, which was launched last fall, had already been booked coming into Miami. With this comfortable backlog in place, Walsh said any new orders

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taken in Miami wouldn't be delivered until well into 2010.

Collins said Sabre and Back Cove had launched a very aggressive four-boat introduction in the two brand segments over an 18-month period.

Hunter's Peterson attributed that company's 20 percent increase to customer demand for its newest offerings.

In each case, the new-product push was propelled by strong publicity campaigns. From staged, large-scale special events — a two-day extravaganza by Sabre, a multi-week new-product sales flotilla hosted by Hunter — the one-two punch of new products and PR produced strong consumer awareness and ultimately delivered sales.

At the retail level, Russo said "paying attention to retail details" made the difference. He cited everything from creating favorable first impressions with customers to investing in human resources. Russo has developed its own in-house training center. The company has achieved superior dealer status in all of its brands, and has earned marine industry certification. The high level of commitment and internal focus, Russo believes, has given the dealership an edge.

Another strategy that has paid dividends has been partnering with other dealers to co-market shared brands at shows and special events. This, said Russo, creates a greater presence than could be achieved alone. In addition, Russo has launched a series of "customer care services" designed to maximize the customer experience and build long-term loyalty.

This focus on customer service is another trait shared by all five winning sales and marketing organizations.

ASA's Sherrerd, for example, discussed the formation of "golden customers." Sales and marketing staff and corporate engineers meet face to face with customers to better understand their desires. This exercise, he says, has created a strong bond between top customers and staff. This "customer-first" philosophy has been adopted division-wide and has resulted in new product initiatives and, most notably, proprietary new products for their respective customers.

Customer service is also a top priority at Hunter. Peterson shared his "point-of-touch" philosophy, which he believes is critical for continually building manufacturer-dealer relations.

"In a down market, manufacturers have to work extra hard to support their dealers," he said. "From designing sales and marketing tools and programs that will help move product at retail, to being involved and connected with dealers at the grassroots level ... to investing in sales training programs ... that's where we make a difference. We work really hard to partner with our dealers and we genuinely care about their success."

Hunter has also expanded its sales channels by developing affiliate programs. Hunter works with the Colgate Offshore Sailing School in producing product for instructional purposes and is the exclusive sailboat manufacturer for SailTime, the fractional sailing company.

Interestingly, each of the panelists had either maintained a strong marketing budget from the previous year or increased the investment. While many companies slash advertising or marketing outlays when budgets get tight, all agreed that now more than ever, you must market and be highly visible in order to gain sales and grow market share. From increased advertising to ongoing commitment to customer communications — everything from newsletters and e-blasts to hosting special events — staying closely connected to your customers is critical for sales success.

Despite all the challenges we're facing as an industry, some among us are winning. It can and is being done. Instead of wasting our time complaining about how tough things are, we should be aggressively marketing like the Fabulous Five and learning about what others — both inside and outside our industry — are doing.

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