

2009 Marketing Trends in the Water Quality Industry

By Dale Filhaber

There is a great deal of uncertainty in today's economy. Unemployment, credit restrictions and less disposable income will surely impact water quality dealerships in 2009.

Each dealership must take a hard look at their client base with an eye toward retention and cross selling. These dealerships also need to look at their geography and fine-tune the actual market upon which they want to concentrate. Each dealership then needs to redo their marketing budget and perfect marketing strategies to make the most of their marketing dollars. These are the marketing trends we are seeing for 2009:

- Fine-tuning and segmentation
- Emphasis on the offer
- Using existing customer base for outreach and referrals
- Broaden the product base
- Using today's technology
- Electronic marketing

Market segmentation

Dealers must focus on their specific product line and segment the market as narrowly as possible to reach the right homeowners in their marketplace for those products. Different products need to be targeted to different households, based on end use and price point. The narrower the target and corresponding message, the higher the campaign's response rate will be.

Dealers that offer a variety of products should create several product-specific campaigns, targeting key market groups. These campaigns do not need to be large—they just need to be focused.

Affluent homeowners with children

Dealers offering a complete home system costing \$5,000 (USD) or greater typically offer financing and the finance company requires a credit score of 680+. This target market is homeowners with children, income of \$75K+ (USD) and a credit score of 680+. Marketing material should feature an entire home with a happy family to project the message, "Are you and your family concerned about the possibility of unwanted chemicals, minerals and bacteria in your family's drinking and cooking water?" The offer should be something the entire family can enjoy.

Homeowners with pets

Water industry marketers should not miss out on this important and lucrative market segment. Consumers spent over \$50 billion (USD) in 2008 on their pets. The message is, "Doesn't your pet deserve clean water?" Consider a refillable mini water tank for Fido as a premium to close the sale. There is nothing we would not do for our beloved pets.

Homeowners with health issues

Dealers in hard-water markets should reach out to homeowners with hypertension, high blood pressure, diabetes, heart and blood ailments since they are affected by sodium salts. This is not a group for whom quality water is a nice thought. This is a group who must have quality water to ensure their health and wellbeing. Messaging should be respectful and present a

compassionate and caring tone. Studies and statistics resonate well with this group. The offer should be health-related.

Golden homeowners

Dealers need to reach out to golden homeowners and baby boomers—they have disposable dollars and will spend those dollars for a better lifestyle. The message to this market group should be focused on maintaining a healthy lifestyle and having it their way. Premiums are products for this segment that are health- and travel-related.

Homeowners with new babies

This market segment has been tracking very well in 2009 and lead sources offer dealers a continuous lead flow with monthly updates, allowing them to spread out marketing costs. Homeowners with new babies are very particular about what they give their children to drink, what they wash their clothing in, what they're bathed in ("I want what's best for my baby"). This is a strong direct-mail response group. Emphasize good health, safety, security and peace of mind. Premiums are diapers, sterilizable water bottles and coupons.

Using existing customer base for outreach and referrals

Homeowners who purchased a system when they bought their home in 2002 are now prime prospects for a new, more efficient system. This is a great opportunity to reach out to prior buyers to make sure they are happy with their current system and check to see if they need a follow-up visit for service or supplies. Retention is important. It takes 10 times the dollars to produce a new customer than to keep an old one!

Remind salespeople to always ask for referrals. There's no better door opener than calling a prospect and letting them know that Aunt Mary referred them.

New homeowners—what to do

Many dealers focused their attention solely on new homeowner outreach for many years. Now that the numbers are down, the competition for that business is fierce. While we all know that new homeowners will eventually buy a system, the current credit crunch has taken a toll on the instant success this market segment has drawn in the past. While new homeowners will always be an important source of new customers, dealers need to wean themselves away from the idea that this is the end-all, be-all list in the water industry and look to some of the other market segments which are proving highly responsive.

Dealers who do their research, fine-tune their campaigns by matching messages and offers to appropriate market segments and continue reaching out will maintain their share of the market today.

Broaden the product base

Many dealers are incorporating air quality products into their offerings. Air and water quality products go hand-in-hand and dealers can offer air systems to their current water systems users and vice-versa.

Those dealers who do no commercial business should reach out to businesses. Marketing to new firms and to selected business categories that rely on water can

help dealers gain momentum to expand in new directions. New business lists are available on a monthly basis and dealers can reach out to those new firms in their market on a continuous basis.

Health service companies, restaurants, bars, spas, hotels/

motels and beauty salons are top prospects that dealers should consider. This market segment is a prime venue for both POU systems and bottled water routes.

Current technology

Every dealership must have a website. Consumers search online for services, referrals, owner names and business location. A website gives a business credibility and is a must-have for dealers who want to take the next step into electronic marketing.

Much of today's marketing is done online and dealers should take advantage of e-prospecting and web-based lead generation. It's important for your site to be linked to your community marketplace and well optimized for search engines.

Electronic marketing

Brand new in the marketplace are homeowner lists with email addresses. Marketing gurus talk about the value of integrated marketing and how it increases response rates. Smart marketers can direct mail, email and call prospects—espousing the same message and offer across the different mediums. This will generate interest as well as new leads. While there may be many companies providing e-data, be sure to ask for IP, time/date stamp and source of the email address data; otherwise, you might not be getting what you're paying for.

Water and the environment

The environment will continue to play a huge role in marketing and dealers need to be sensitive to the public's outcry for sustainability and brand themselves as environmentally conscious. Dealers know the importance of stressing both the cost and environmental value of using refillable containers rather than buying disposable plastic water bottles and marketing needs to continually reinforce that understanding of what consumers

want. Messaging emphasis should be on trust, care, legacy, inheritance, sustainability, fresh and clean, purity, goodness and our future together. The environment has become a real focus for the water quality industry throughout the world and dealers should capitalize on this trend.

Conclusion

Dealers in the water industry are going through the same soul searching that all business owners are facing. Businesses need to make their dollars count, maintain their staff and market share and most importantly, retain their customer base.

Businesses that cut marketing from their budgets during these times will lose their place in the market. Dealers who don't take the initiative and proactively change their marketing mix will lose out to the competition.

Smart marketing is the key. Spending less does not necessarily mean reaching fewer good prospects, it just means reaching the best ones! Dealers who do their research, fine-tune their campaigns by matching messages and offers to appropriate market segments and continue reaching out will maintain their share of the market today. And, when the economy turns around, business will be better than ever before!

About the author

◆ Dale Filhaber, President of Dataman Group Direct Mail & Telemarketing Lists based in Boca Raton, FL, is also President of the Florida Direct Marketing Association. 'DataDale,' as she is known in the industry, has been a guest lecturer at several WQA, national and regional water conferences. She has published numerous articles about marketing in the water and home industries and is the author of "Ask DataDale", a popular blog for the direct marketing community. Filhaber can be reached at dale@datamangroup.com.