

Promotion in Motion

How can cultured marble companies improve their sales promotions?

By Jeanette S. Martin & Stevens J. Martin

Every businessperson realizes the positive impact promotional activity has on his or her business. However, some do not know how to promote their products or services. This article discusses these issues using data provided by ICPA member companies in a member survey. But before doing this, it is helpful to understand a few basics about “sales promotion.”

By definition, sales promotion is the activity of communicating a company’s attributes in order to persuade prospective customers to prefer its products or services over those from its competitors. These activities may include just a few or many from a very substantial list of options. While there are no guaranties of success, many documented studies support the value of promotion as a tool to increase sales and profits. The challenge is to select the right combination for your particular business and avoid those promotions that do not fit with your objectives and business style.

WHY YOU NEED TO PROMOTE

Even the most successful business people sometimes forget that customers need and want to know about their companies on a consistent basis. New as well as existing customers need to be familiar with your existing as well as newest product improvements and services. For instance, new customers may not know why cast polymer products are more attractive and durable than other competitive products. They may have a difficult installation and need the comfort level that you have the expertise to do the job to their satisfaction. They may be considering a competitor, but have yet to make a decision, and your message may be critical in the decision process.

Every businessperson knows intuitively that he or she must do some promotion, but are not comfortable or knowledgeable in setting the direction. There is the familiar saying, “I know advertising is 50 percent effective, I just don’t know which 50 percent it is.” If this is your situation, perhaps a marketing firm or advertising agency can provide guidance.

Promotion = Increased sales and profits

There are many inherent benefits from effective sales promotion programs. Most important is the increase in the overall value of your business. By promoting your business, sales will ultimately grow, increasing your profit dollars. However, if you can increase sales without increasing overhead, profit margins will improve as well, resulting in incremental profitability. So you enjoy the double impact of top-line margin improvement plus bottom-line profit increase. There are several other factors in play:

- Morale improves when employees see their company's name outside the workplace.
- Promotionally active companies typically are the first choice for candidates seeking employment. For instance, Starbucks, Southwest Airlines and Dell Computers are usually first on the list for job seekers within each respective field
- Sales promotion establishes a highly favorable reputation within your community, ultimately generating opportunities for other programs that will result in greater awareness and sales.

Competition = Know your competitor

Not all sales promotion activities are applicable to your particular company's needs. Before expending any monies, a number of critical factors need to be carefully assessed. If the overall trading area of your business (particularly if it is retail) is essentially local, you have one set of circumstances. If you sell products or services on a national basis, the challenges are even greater. Either way, you must:

- Take an honest appraisal of your strengths and weaknesses—know what you can and cannot do;
- Compare these against the strengths and weakness of your competitors;
- Understand what is important to both existing and potential customers;
- Have the budget and commitment to see the activity through completion; and
- Quantify the promotion's effectiveness by establishing measurement methods, such as:
 - Increased orders from existing customers;
 - Increased sales leads or inquiries; and
 - Increased showroom traffic.

Promotion = Budgeting and Planning

Budgeting for promotions starts with your operating budget. Once you have identified your fixed and variable operating expenses, you can determine how much of your profits you are willing to invest in promotion. Typically, sales promotion and advertising are the last investment priorities. Investing in new equipment, brick and mortar expansion, human resources, etc. may be critical for the continued growth and success of a company. However, these are considered "internal" factors. To increase the overall awareness of your company externally, you must seriously consider a specific budget to get your name out in the marketplace. In the event you ever wish to sell your company, investors give serious consideration to your brand awareness, treating it as valuable an asset as equipment, and depending upon the nature of the business, the most important asset.

Once you have determined the amount of money you are willing to invest in promotion, you must then decide "What, Whom, and How" to promote:

What:

- Company name
- Services
- A specific new product
- Announcement of new location
- A general sale
- Product quality
- Customer satisfaction
- Unique application

Whom:

- Consumers
- Home builder/remodeler
- Home center
- Retail
- Contractor
- Dealer/design center
- Business to business—within the trade

How:

- Shows
- Showroom
- Yellow pages
- Internet
- Brochures
- Direct mail
- Radio
- Television
- Billboard
- Truck signage
- Newspapers
- Magazines

Other factors to consider:

- Seasonality
- Amount of business you can handle
- Price
- Measurement of results

ICPA SURVEY RESULTS

In November and December of 2003, ICPA members received a survey about their current promotional activities. The survey's objective was to identify successful ICPA member sales promotion activities and learn what has not worked. With this as a background, the selection of sales promotion programs for your business can benefit from proven activities used by similar companies. The result should be an increase in your sales and profits.

The number of respondents was 62 out of 210, or a 29.5 percent return rate. This is an excellent response rate for the study. This means statistically we can be 75 percent confident that what we found in the results is generalizable to the ICPA population. Companies were located in 27 states and all regions participated. The participation by region: GWCMA had eight respondents, CMAS had two, NECPA had five, SCMA had three, PCMA had 12, GSCMA had six, MACMA had 12, and MCMA had 14. Of the 62 responding companies, 57 make cultured marble products, 31 make solid surface products, and 30 make stone/engineered stone products.

Advertising Methods: What's successful?

Referral is the most popular advertising method with 86 percent followed closely by showrooms (77 percent). Yellow Pages (71 percent) are third. Personal contacts (57 percent), cold calls (50 percent) Internet (42 percent), association activities – builders (40 percent), builder shows (34 percent), direct mail (27 percent) and television (27 percent) complete the 10 most common methods. Nine others were mentioned: Home improvement shows (24 percent), newspapers (24 percent), kitchen & bath shows (19 percent), Best of Home Shows (11 percent), public TV (10 percent), radio (10 percent), distributors (10 percent), advertising firms (3 percent), plant tours (3 percent), and custom work (2 percent). Significant regional differences are discussed in the comment section of Table 1. A few companies do no advertising at all. They either have all the business they want, or tend to supply all their products wholesale.

Table 1. Advertising Method Results

<u>Method</u>	<u>Yes Number/ percent</u>	<u>No Number / percent</u>	<u>Significant Difference (s.d.)</u>
Referrals	53/85.5%	9/14.5%	No, but MACMA and MCMA had fewer referrals as being important.
Showroom	48/77.4%	14/22.6%	No, but MACMA and MCMA used fewer showrooms.
Yellow Pages	44/71.0%	18/29.0%	Yes, s.d. .045, MCMA had 6/42.9% yes and 8/57.1% no; CMAS and GSCMA 100% yes.

Contacts	35/56.5%	27/43.5%	No
Cold Calls	31/50%	31/50%	Yes, s.d. .036 regional differences. NECPA, SCMA, and MACMA were near even in cold calls. GWCMA and CMAS were more no's than yes'. PCMA and GSCMA had more yes' than no's.
Internet	26/41.9%	36/58.1%	No
Associations (builders, etc.)	25/40.3%	37/59.7%	Yes, s.d. .039 GWCMA had 87.5 percent no, NECPA had 80.0 percent no, MACMA had 66.7 percent no, MCMA had 78.6 percent no, SCMA had 66.7 percent yes, PCMA had 66.7 percent yes, and GSCMA had 83.3 percent yes.
Builders Shows	21/33.9%	41/66.1%	Yes, GWCMA 100% no, CMAS 100% yes
Direct Mail	17/27.4%	45/72.6%	No
TV	17/27.4%	45/72.6%	No
Home Improvement	15/24.2%	47/75.8%	No
Newspaper	15/24.2%	47/75.8%	No
Kitchen and Bath	12/19.4%	50/80.6%	No
Best of Home	7/11.3%	55/88.7%	No
Radio	6/9.7%	56/90.3%	No
Distributors	6/9.7%		No, six wrote in
Public TV	6/9.7%	56/90.3%	No
Advertising Firm	2/3%		No, only two wrote in
Plant tour	2/3%		No, only two wrote in—one was happy with the concept and one was not
Custom Work	0.5%		No, only one PCMA company wrote in

Referrals. “Referrals equal pre-sold work. Ninety percent of our work is referral and repeat,” says Pete Moyer, B & P Marble, Inc., California. Referrals are happy customers saying thank you, and they are the most results-oriented advertising method for all companies. As one respondent says, “Happy customers continue to refer future customers—over and over.” The nice thing about referrals is the prospective customer is

sold when he or she walks into the showroom. Referrals were mentioned more often by companies less than \$4 mm than by those over \$4 mm in sales volume. Although there were no significant differences, MACMA and MCMA had fewer citing referrals as yes. A couple of respondents mentioned that all their business is large wholesale accounts, and that could explain no referrals.

Showrooms. Although there were no significant differences for showroom, MACMA and MCMA regions had fewer showrooms. Showrooms seemed to be more important for the smaller-dollar manufacturers. Many of the ICPA respondents indicated a well-organized showroom highlights product benefits. Tim Hill, Syn-Mar Products, Inc., Connecticut, says, “Our showroom, Web site, and brochures have all been very successful. Showroom and brochures show products in use allowing customers to touch and feel. The Web site gives credibility and reaches a huge number of people. We created very professional brochures that allow us to be on the same playing field as the larger companies and competing products (i.e., Corian, Avonite, real stone).” Todd Loebel, Custom Marble Products, Inc., Wisconsin, says his most successful promotions are just calling and inviting contractors/builders to its showroom to show what they can do for the contractors/builders. Many reported showrooms as opportunities for one-on-one with the customer. Take time with customers in the showroom to show them ideas and solutions to their needs. This helps to sell customers on the benefits of your company’s products and service as well as educate them on products. Showrooms should present your cutting edge and upscale ideas.

Yellow Pages. Yellow pages have a love/hate relationship with many strong proponents and equal stronger dissenters. Table 1 shows you that there are significant regional differences. MCMA had 57 percent saying no to the yellow pages with the overall frequency of 71 percent saying yes, led by CMAS and GSCMA with 100 percent. Paul Downs, Waldorf Marble, Inc., Maryland, says that yellow pages are most helpful in attracting customers when they are looking to remodel their kitchens and baths. Paul Gutierrez Jr., Accent Marble Co., Inc., Texas, likes “yellow page advertising because it is the constant ad.” Peter Minch, Designers Marble, Washington, says, “Our biggest single source of business is yellow pages advertising in the ‘Bath Remodeling’ section with a highly visible, full-color ad. We use the ‘Bath Remodeling’ section to inform the public that we offer an alternative to tile. We use the ‘Cultured Marble’ section to a much-lesser degree since our peer competition is very limited.”

Associations. Associations had a very interesting split with southern regions (SCMA, PCMA, CMAS, GSCMA) strongly participating (66 percent to 83 percent) in association activities, while the GWCMA, NCPA, MCMA, and MACMA had 30 percent or less participation. One respondent said, “Unlike a typical marketing or advertising promotion, we feel that by committing to the builder’s purpose, by participating in his trade partner groups, by offering plant tours to field personnel and sales agents, we gain their respect

and business for a long time to come.” The comments on association shows are all under “Shows” below.

Shows. Shows were mentioned as an important promotional item across all sales volume levels. Comments ranged from mostly positive to some negative. Six responders did not consider shows helpful to their businesses. No particular type of show seemed better than others. For example, builders’ shows had 100 percent non-participation from GWCMA, and CMAS had 100 percent participation, while the overall participation rate was 36 percent.

J.D. Sauer, Manstone Inc., Colorado, says, “Home shows have consistently been our best avenue of reaching new customers, especially retail. We plan to start doing seminars at these shows as a way to showcase our products and services.” Martha G. Balloch, Panhandle Marble, Inc., Florida, says that, for her business, home shows have poor attendance and cause too much strain by trying to serve all of the general public at once. Debbie Cannon, CoMar Products, South Carolina, says that home shows have been very successful for her company over the past 25 years because they have been in the same spot, “our corner.” Travis Aldridge, Sta-Care, Inc., Wisconsin, finds it beneficial to educate consumers about the flexibility of cultured marble products when they come through home shows with an idea or a sketch of a project because wholesalers tend to lack the knowledge of custom marble shops. Tim Jorgenson, Sioux Marble, South Dakota, says, “Advertising (table tents, business cards, pamphlets) on our products, installed in houses during the Parade of Homes and Showcase of Remodeled Homes, I believe is successful because people get to not only see a finished product, but they also start to recognize the differences.”

Another said, “Most people don’t know what cultured marble or granite are unless something is set on top of it to show them and remind them of the differences.” Peter Minch, Designers Marble, Washington, says home shows and remodeling shows in his region are relatively underdeveloped in the level of product awareness they present. The industry standard in his area is tile for bathroom surfaces. Shows provide Minch and his associates an opportunity to educate the public about manufactured marble and granite as an affordable and more practical alternative for bathrooms. They can reach large numbers of potential customers at a low cost. The home show and remodeling show exposure of their products makes traditional yellow page advertising and Internet advertising more effective. Some respondents do seminars at the shows as a way to showcase products and services. One respondent has found that “\$100 off” certificates have dramatically increased business from home shows. So the effectiveness of home shows varies around the country.

Cold Calls. Cold calls were significantly different regionally although the number of companies using cold calls was exactly 50 percent yes and 50 percent no. NECPA, SCMA, and MACMA were near even; GWCMA and CMAS were more no’s than yes; and PCMA and GSCMA had more yes’ than no’s. The PCMA and GSCMA find cold calls more beneficial than the other regions overall. Cold calls were either considered a

wonderful way to gain business or considered ineffective because of the amount of time involved to convince buyers to switch companies. Only two companies felt cold calls did not result in new business.

Newspaper, Television, and Radio. Newspaper, Television, and radio advertising performed short term yielded poor returns for one respondent. These types of promotions seem to work for larger companies that can sustain the high-dollar campaigns, while smaller companies do not have the budgets to make them effective. If available in your viewing area, another broadcast option is to appear on a local home show, where you can demonstrate your services and showcase some of your customers' completed projects. However, this requires more time and planning than advertising dollars, one respondent noted. The local home show was one respondent's most successful promotion. Another respondent found a radio promotion for a weekend warehouse clearance sale very successful. Another found the same with newspaper advertising with discounted merchandise. If price is a motivator, then newspaper, television, and radio seem to have better results. Most felt newspapers were too expensive for the results. They were beneficial when used for event advertising, such as free product, sales discounts, and clearances. For attracting retail customers, a \$100 coupon in the newspaper was successful for one respondent.

Distributors. Selling through distributors rather than directly to builders has proven successful because the distributor is knowledgeable about the many builder requirements, according to Steve Embler, Glenmar Mfg., Pennsylvania. Six respondents wrote in that they have had great success with a trip promotion, given to whoever sold the most in a time period. Other examples of sales incentives include: "buy four whirlpools and get one free" or a free sink with kitchen or bath. One promotion resulted in 30 kitchens sold in 60 days. To increase competition among sales people, one company ran a promotion with a five-store chain that it supplied. Each time a salesperson sold a kitchen, he or she was handed a \$100 bill in front of the other salespeople.

Advertising Firms. Some respondents mentioned using photographs of their employees' children, customers, or local schools in their ads. Having a professionally designed logo that is memorable could help with future business and referrals. Brochures have been mentioned in connection with showrooms, shows, and direct mail. Having help to professionally design these can be effective.

Internet. Although there were not many comments on the Internet beyond if it is successful or not, this is an important source of information for many people, particularly when they are beginning a project and want background information. As one respondent says, a Web site gives credibility and reaches a huge number of people. While three larger companies said it had helped business, a smaller company said it was not worth the time expended.

Other Methods. A unique advertising idea, given by Paul Gutierrez, Jr., Accent Marble, Inc., Texas, was included in an advertising campaign by his bank. The campaign that ran on radio, television, and newspapers on and off for one year at no cost to Accent Marble and gave the company a great deal of name recognition. Another unique idea uses digital signage on company trucks. One respondent uses billboards very effectively, using six boards around the city and rotating the illustrations from board to board. Utilizing regional industry/trade publications brought in business for some respondents who sell wholesale.

Being members of the Better Business Bureau and including the BBB emblem on brochures helped some respondents. Only a couple of respondents had success with direct mail. It is known that many people never open direct mail unless they are searching for what is being advertised currently. It is also a very blind type of advertising. Partnering with a cabinet shop or builder to market together has worked for some companies.

As one respondent says, with selling distributors, we use our customers' sales people to sell our product and we support them with training and service. "By not dealing with the end user, we have more time to work with each sales person, which increases our sales over a larger area," the respondent adds.

A couple of respondents mentioned that customer appreciation dinners or luncheons and/or plant tours—while nice—are not effective in generating business. However, they also noted it was hard to measure how many referrals might have come from such events. Plant tours with perspective customers were seen as a way to seal the deal in other instances.

Customers: Who are they?

Three customer choices were significantly different when analyzed from region to region. (See Table 2).

Selling direct to the consumer was done less in NECPA (all five respondents did not sell direct) and MCMA (78.6 percent did not sell direct) than the other regions. Home center sales were largest in the NECPA (60 percent) and MCMA (57.1 percent) regions. Retail outlets were most popular in the MCMA (64 percent), and 38 percent of all retail outlets nationally are found with the MCMA region.

Table 2. Customers

<u>Customer</u>	<u>Yes number/ percent</u>	<u>No number/ percent</u>	<u>Significance/Comments</u>
Direct to Consumer	39/62.9%	23/37.1%	Yes, s.d. .000 significance. NECPA and MCMA had significantly fewer direct to customer sales.
Home builder/remodeler	53/85.5%	9/14.5%	No
Home Center	22/35.5%	40/64.5%	Yes, s.d. .063



			significance. NECPA and MCMA had significantly more home center sales than the other regions.
Retail Outlet	24/38.7%	38/61.3%	Yes, s.d. .038 significance. MCMA had significantly more retail sales than the other regions.
Contractor	54/87.1%	8/12.9%	No
Dealer/Design Center	44/71.0%	18/29.0%	No

Advertising Content: Creative focus of message

Of the six advertising contents listed on the survey, there were no significant differences between regions or sales volume/size of the company as to the content of their advertising (See Table 3).

Table 3. Advertising Content Answers

Content	Yes Number/ percent	No Number/ percent
Service	51/82.3%	11/17.7%
Quality	49/79.0%	13/21.0%
Expertise/custom built	41/ 66.1%	21/33.9%
Product Benefits	32/51.6%	30/48.4%
Sale or discount	7/11.3%	55/88.7%
Humor	6/ 9.7%	56/90.3%

The advertising contents used most often were good service, quality, and expertise in the design/building of the products. One company promotes service to the extent that it even guarantees that if the product is not delivered and installed on time it is free. That company says it has never had to honor the promise. Humor and sales or discounts were mentioned least often.

Sales Force Effectiveness

Of the 62 firms, 46 (74 percent) had the owners directly involved in sales, 49 firms (79 percent) hired employees in sales functions, seven firms (11 percent) used salespeople other than the owners and employees of the firm, such as distributors. Most firms were happier with the inside salespeople with a mean of 3.29 and median of 4.00 on a 5.00 point scale, with 5 being the highest rating. Outside salespeople had a mean of 2.40 and median of 3.00

The more installation and production experience the sales people had, the more successful they were in selling the products, according to a number of respondents who commented on both internal and external sales forces.

SPIFFs (sales promotion incentive funds) were mentioned as an effective way to motivate sales people to push new products. It was also reported as an effective way to emphasize specific profitable products that you wish to sell.

Conclusions

It is evident that different areas of the country and different size companies with different customer types are not all doing the same promotional activity. What has worked for one company does not necessarily work for another. It is most important to have the expertise in a particular type of promotion before investing a lot of time and money. The best promotions will be self-sufficient, so it is better to start small and grow over time.

Of those mentioned, it is clear that referrals work the best because the customer has been pre-sold. Shows and showrooms provide excellent opportunities for touch and feel, to showcase your capabilities, and to educate the general public. While yellow pages have a mixed response, they do provide a constant resource to attract new customers, particularly when they are ready to buy and for those who are not online. Cold calls either were a wonderful way to gain business or considered an ineffective way to gain new customers. It is particularly effective when working in the business-to-business arena, such as builders, contractors, remodelers, and distributors. Newspaper, television, and radio are better suited for larger companies that have sufficient advertising budgets to support sustained campaigns.

Web sites are an effective way to reach many new consumers and to help them learn about your business. However, they need to be properly designed and updated regularly. For many people, Web sites are an electronic showroom, and need to be treated as such. Many universities have classes that teach basic Web design; you may wish to take one of these classes yourself or give a class your information and let them design a Web site for you. Many universities like real life problems for their students to work on for Web design, marketing, management, and production classes.

Sales promotions should be treated as a budget item just like utilities, salaries, and taxes. Each year, a certain percentage of revenue should be dedicated to promotional activity to attract new customers. This activity could be something small or it could be a long-term TV or radio campaign. The promotion's scope and budget are not the most important considerations. The promotion can be lettering on your truck, building signage, a new logo, a redesigned or refreshed showroom, or joining your local builder/remodeler association. Constant communication with customers about your capabilities is important. After the promotion is completed, you should measure its effectiveness to see how successful it was and determine any changes for future activity.

While an essential ingredient to success, sales promotion should be a companion to and not a substitute for product quality. A statement by Joseph A. Campau, Zimmer Marble Co., Inc., Michigan, is particularly pertinent. He says, "The bitterness of poor quality remains long after the sweetness of cheap price is forgotten. We believe that a

well-made product in combination with excellent service (on-time delivery, proper manufacturing to customers' specifications, and a willingness to 'go the extra mile') is more important than low price." This concept was reiterated by many of the respondents and is true in any industry. Happy customers give you referrals and build your business.

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