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INSIDE THE HOT TUB INDUSTRY

SUMMER 2008

Strengthen Your Spa Business

STOP OPERATING YOUR HOT TUB STORE LIKE A TRADITIONAL POOL BUILDER.

SEE PAGE 40

SPECIAL WARRANTY ISSUE

SPA WARRANTIES ARE OUT OF WHACK!
DISCOVER WHY LENGTHY WARRANTIES ARE HARMING CONSUMERS, ERODING MARGINS AND BITING INTO YOUR BOTTOM LINE.

SEE PAGE 45

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* Source: Yahoo! Search Marketing, January 2007

Summer2008

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SpaRetailer

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Spa Warranties Are Out of Whack!

Whether it's price, quality, competition or market share, we love to compare ourselves to other industries. But what about when it comes to warranties (see page 45)?

For years, I've heard manufacturers and dealers try to convince consumers that a hot tub is like any other high-end appliance and should be installed in virtually every home. While I don't disagree with this premise, I think we're shooting ourselves in the foot with this 'out of whack' approach.

Here's my question: If we really believe that spas should be included in the appliance conversation, then why do we continue to offer warranties that defy logic and confuse consumers?

DID YOU KNOW?

The average warranty on a Sub-Zero refrigerator is two years (full parts/labor). For a Viking range, it's a standard one-year blanket warranty, with some parts having extended coverage. A Mercedes-Benz's average warranty is four years/50,000 miles, while the good folks at Apple cover a Mac for a year with a limited hardware warranty.

While few would disagree with the reputation of these quality brands, they obviously offer much shorter service windows than we do. In fact, most spa manufacturers offer five-year warranties and many offer ten-year or even 'lifetime' on some components. And the operative question there is whose 'lifetime' are they talking about, anyway?

I believe that longer warranties have basically become a sales tool to recruit and retain dealers and/or a way to keep up with the other spa-guy, not an instrument of policy that serves the best interest of the consumer. The length of our warranties sets a false expectation that spas are so reliable, the consumer should not expect to have any problems for years and years – or even for that proverbial 'lifetime.' Consequently, if they have a routine service issue come up, they often assume the spa is poorly made or that they were sold a 'lemon' – or a bill of goods.

The bottom line is, it's no wonder the general public thinks of hot tubs differently than other consumer goods – we do everything possible to reinforce that perception!

I'm no expert, but if a shorter warranty is good enough for Sub-Zero, Viking and Mercedes-Benz for goodness' sake, it should be good enough for the spa industry.

Cheers,

David T. Wood
EDITOR & PUBLISHER
editor@bigfishpublications.com

SPECIAL WARRANTY FEATURE

Are spa warranties off the charts? Are they being used as a marketing tool rather than for consumer protection? Check out what industry insiders have to say about how lengthy warranties impact consumers' perceptions as well as bottom lines on pages 26, 45 and 89.

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About Us

Who We Are

SpaRetailer is the definitive trade publication in the hot tub industry, and is committed to reporting vital market research and providing practical tips to aid retailers in the day-to-day operation of their businesses. Ranging from detailed surveys to manufacturer comparisons, store maintenance tips to top-level marketing and financial advice, *SpaRetailer* is the one-stop destination for staying informed and competitive in the hot tub market.

What We Promise

- Support hot tub retailers whose livelihoods are dependent on the long-term market viability of the hot tub industry.
- Offer fair and accurate editorial coverage of the hot tub industry.
- Present our editorial content in a professional and visually appealing manner.
- Refrain from covering the swimming pool industry or related pool products.

ON OUR COVER
Tired of piggy-backing onto the pool industry? Help us keep hot tubs out of the deep end. Illustration by Jonathan Arvizu

MAGAZINE *SpaRetailer* magazine is published quarterly. Each issue is dedicated exclusively to the hot tub industry.

E-NEWSLETTER Our online newsletter is delivered electronically to industry professionals. It features current news, events and industry topics.

INNER CIRCLE™ The *SpaRetailer* Inner Circle™ is an exclusive peer-to-peer business network sponsored by *SpaRetailer* magazine. It is comprised of fellow retailers and industry colleagues with a common desire to promote the hot tub industry to consumers and share tips, ideas and techniques to maximize profitability, customer satisfaction and referrals.

SUBSCRIBE Visit SPARETAILER.COM or call 480-367-9444 for details.

SpaRetailer, Spring 2008

No More Chicken Little

Apparently you agreed that it's time for the industry to step up and face the economic facts. Sales may be down, but they're certainly not out. So quit complaining and get creative! Our home show and podcasting tips worked for some, make them work for you.

"As the owner of Leisure Concepts, I would like to commend you and your magazine for a job well done. I have been watching this industry fumble around with the same old approach and commentary. I also could not agree with you more on your editorial commentary *Is the Sky Really Falling?* People in this industry (at all levels) need to quit dreaming about the 'good old days' (2001-2005) and get off their cans and start making things happen. Those who do will win and those who don't were losers then and will be losers again."

-Mike Genova, Owner, Leisure Concepts, Spokane, Washington

DESIGN/WRITING

"Oh my goodness, what a great job you guys are doing with this magazine. It is excellent. The art/design is great. I love it. The content is very, very well written and informative."

-Dan Harrison, President,
POOLANDSPA.COM

"I keep expecting the quality and stories to go down with time. It's been the exact opposite. Every issue is getting better and better."

-Ronda
Dallas, Texas

SHOW ME THE MONEY

"You guys (*SpaRetailer*) missed the mark with this story. I think the APSP hot tub initiative is great in theory, but until our dealers learn how to follow up on their CURRENT leads, everything else is irrelevant. You should have addressed the disconnect between the APSP and their membership."

-Michael
Chicago, Illinois

TOOLS OF THE TRADE

"As a service tech, I enjoy Robert's column but think you need more content for the service department."

-Joe
Orlando, Florida

WEB SITE MARKETING

"I just got my first podcast working today. I already have gotten 28 downloads!"

-David
Modesto, California

HOME SHOW SECRETS

"Excellent story. On the mark."

-Brian
Portland, Oregon

"I'm a new dealer and really appreciate your magazine. I particularly liked the home show secrets story. I did my first show last weekend and sold 19 spas."

-William
Kansas City, Missouri

CONTACT US

Would you like to see more on a particular topic? Have we overlooked a critical industry issue? Write to us at EDITOR@BIGFISHPUBLICATIONS.COM or *SpaRetailer* Magazine: 14300 N. Northsight Blvd. Suite 107, Scottsdale, AZ 85260

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NEW LA PALMA BY HOT SPRING

Forty-eight jets. Seating for seven. Plus a soothing waterfall.

These are just a few of the features of the La Palma spa, the newest model to be introduced by Hot Spring Spas.

"The La Palma spa is designed to fit within any budget and is a great value for consumers seeking a roomy spa with all the features they want," says Samantha Weiser, brand manager for the company.

At 7-feet, 7-inches square and a generous 38-inches high, the La Palma hot tub is designed to comfortably accommodate up to seven adults. Thirty-three directional Precision jets and 15 directional Hydromassage jets promise to both soothe and invigorate.

Optional additions to the La Palma spa include a Multicolor Splendors LED lighting system and the FreshWater III Corona Discharge ozone system. People who wish to listen to their favorite music can order the stereo version, which includes a factory-installed JBL AM/FM/CD stereo system and four dual-cone speakers.

The non-stereo version of the La Palma spa is compatible with the optional Moonlight music system, which features a wireless iCastT transmitter that sends any source of audio to the spa amplifier and speakers. It also features an iPod docking station that will keep your iPod indoors and safe, away from splashing water and wet hands.

For more information: HOTSPOTSPA.COM.

Hot Tub Industry Growth Initiative On the Go

NATIONALLY-KNOWN AD AGENCY SELECTED TO CREATE AND IMPLEMENT MARKETING CAMPAIGN.

The Association of Pool and Spa Professional's Hot Tub Industry Growth Initiative (HTIGI) has taken another step towards reaching its goal of promoting and growing the hot tub industry. APSP recently chose an advertising agency to head the planned national advertising campaign to help increase spa sales.

After whittling down a list of candidates, companies that contributed to HTIGI's start-up fund voted between three finalists selecting The Richards Group. The largest independent agency in the United States, The Richards Group is an award-winning agency based in Dallas; the company boasts an array of industry-leading clients including Chick-Fil-A, Home Depot and Bridgestone Tires. In fact, their recent Bridgestone Tires ad was a Super Bowl Best. They also spearheaded the *GO RVing* campaign, whose successful online marketing HTIGI hopes to imitate.

"Online marketing will be a critical component of the Hot Tub Industry Growth Initiative because the typical hot tub consumer is Internet savvy and tends to do extensive product research online," said Bill Weber, president and CEO of APSP. "Also, due to the cost-effectiveness of Internet campaigns, it was important to select an agency with a strong capability in that area, which given their experience with *GO RVing*, Richards obviously has."

Although an agency has been procured, APSP is requesting that all remaining start-up pledges be paid. Contributing members will be privy to exclusive industry consumer research.

For more information on the Hot Tub Industry Growth Initiative: APSP.ORG.

STEELCORE SPA STRAPS

Finally your customer can keep that cover in place. According to Lockdown Co., concerns over spa safety and weather can be put to rest with a new line of spa security straps.

These nylon covered straps are made with 'Steel-Encased Webbing' and lock-down the cover with heavy-duty, weather-proof, stainless steel locks. The standard plastic locks on most spa covers are easily manipulated, protecting only against the curiosity of young children and most weather conditions. Steelcore Spa Safety Straps, which can only be unlocked using the provided key, protect spas from human tampering as well as weather.

Available in four colors with a price tag around $100, the company says that these security straps can give consumers peace of mind that their cover will stay in place, protecting children, the spa and the cover and meeting any safety regulations they need to follow.

For more information: STEELCORE.NET/SPA

Courtesy Steelcore

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FUN IN THE SALES SUN

Watkins Manufacturing, maker of Hot Spring and Caldera spas, recently gave their top-performing dealers more than an office luau as an incentive – the company treated them to a five-day trip to Panama. Travelers enjoyed an all-expense-paid stay at the Intercontinental Playa Bonita Resort, along with a tour of the Panama Canal, gliding through the jungle canopy on a zip-line, sport-fishing on Gatun Lake and dinner at many of Panama City's finest restaurants.

"This was the perfect opportunity for our leading dealers to get together for some fun in the sun," says Mike Dunn, vice president of sales and marketing. "Many of them had never been to Panama before, so we treated them to a truly first-class experience to thank them for their outstanding sales during the *Tropical Adventures* qualifying period."

Based on their achievement of sales goals, 350 lucky dealers, as well as guests and management, participated in the Panama trip.

Photos Courtesy Watkins Manufacturing

EPA RECOGNIZES GLB PRODUCT

GLB Pool & Spa designed their Rendézvous Brominating Tablets to be a high-quality, easy-to-use concentrated source of active bromine, dissolving slowly to provide continuous disinfection.

Recently, the Environmental Protection Agency (EPA) took notice of the product by confirming that the tablets have 140 percent total available halogen content as bromine. According to the company, the EPA also recognizes that when used as directed, the main ingredient in the Rendézvous Brominating Tablets will disinfect hot tub and pool water, keeping it clean, clear and odor-free.

In addition, the EPA also verified that Rendézvous Brominating Tablets offer a high level of active halogen, improved comfort for bathers and low odor. They also noted that the tablets fit in all floating feeders, that they will not bleach bathing suits or hair, they do not reduce pH or affect water hardness and are a great way to sanitize the spa when a floating or inline feeder is used.

For more information: 800-445-2059 or GLBPOOLSPA.COM.

TATUM ANNOUNCES NEW NAME

Tatum Manufacturing Inc. recently announced that it will bring together the business divisions of Tatum Manufacturing Inc., Gulf Coast Spa Manufacturers Inc. and Spa Services Inc., under the new corporate name of Living Water Spas.

This decision was made in order to help align the company's corporate identity with its strategic goal of manufacturing innovative and custom hot tubs.

Living Water Spas will still conduct business as usual out of its five-acre manufacturing facility and 24/7 call center in Tampa, Florida, as well as keep its sales and marketing office in Clearwater. The company plans on releasing a new logo and Web site in the near future.

DIABETES RESEARCH AND HOT TUBS

Millions of Americans are currently living with Type 2 diabetes. This health condition, which often has a strong genetic component, it is more likely to strike people as they age, as well as men and women who are overweight and/or inactive.

With this in mind, Dr. Guy Hornsby, Ph.D., CDE, from West Virginia University School of Medicine, would like to find out if water-based exercises, such as deep-water running and stretching, may be more beneficial to Type 2 diabetics than land-based activities like treadmill walking. To help with his research, Hornsby was recently awarded a grant worth almost $50,000 by the National Swimming Pool Foundation.

Since most people with Type 2 diabetes are overweight, Hornsby believes water-based exercise might be a superior form of exercise due to its gentle effect on the joints. Hornsby plans on comparing 16 patients ages 18-65 who embark on a year-long land-based exercise program with 16 others who take a year-long water-based program. He says he expects the results to show the water exercise as the activity of choice for people living with Type 2 diabetes.

NEW PENTAIR CATALOG AVAILABLE

Pentair Water Pool and Spa has just released its 2008 catalog – a whopping 768 pages filled with product descriptions and ordering information for Pentair Pool, Sta-Rite and Pentair Water Pool and Spa products. Both whole goods and replacement parts are available. To make the catalog even more accessible, it is also available in CD form.

In either format, the 2008 catalog offers pool professionals a thorough listing of high-quality pumps, filters, cleaners, controls, heaters, lighting and other equipment. For those who are interested, the dates for the 2008 Pentair Education Equipment Training Workshop Series are also included in the catalog.

To order a printed catalog, call 888-755-7946, fax to 800-582-2112, or email pentairorders@d2fi.com and request #P1-457. To order the CD version, ask for #P1-459.

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■ DENVER SPA DEALERSHIP CONTINUES MARQUIS REIGN

The Spa Brokers have continued their 15-year winning streak, once again being awarded the Marquis Cup. Presented by Marquis Spas, the honor recognizes The Spa Brokers, headquartered in Aurora, Colorado, as the top seller of Marquis Spas. Many on the sales staff at The Spa Brokers were also given individual awards by Marquis for their outstanding yearly sales.

"They are doing everything right and truly exemplify what we believe a Marquis dealer should be," says John Schrenk, president of Marquis Spas. "We are honored to be associated with such a high-caliber business as The Spa Brokers."

In addition to spas, the family-owned Colorado business sells fireplaces, fire pits, billiards equipment and saunas. Opened in 1984, the company has five locations in the Denver area.

■ NEW THERMOSPAS LAUNCHES SERVICING NETWORK

"We've taken it upon ourselves to handle warranty work, especially since we provide the warranty to the consumer, the dealer doesn't," he says. "This way, we're assured the work is done effectively and efficiently and without a burden to the dealer."

Tournas says that if the manufacturer feels compelled to provide an attractive warranty, then the dealer should either require the manufacturer to provide more reasonable compensation for warranty work, or the manufacturer should provide the service himself. And that's the infrastructure that ThermoSpas is in the process of implementing: the company will now provide the service for warranty work, not the dealer.

How it works: ThermoSpas has a national service network consisting of professionally trained ThermoSpas employees, not sub-contractors. "They literally have $22,000 in parts in their vans so service can often be performed on the first visit," says Tournas. "This creates a better environment for the consumer and a positive relationship with the dealer since there's no need for them to perform the service if our product fails. It also works to compel a manufacturer to constantly improve the quality control testing of their product." ■

"With the Emerald Spa Retail Environment, our sales skyrocketed."

— Cynthia Blechschmidt
Emerald Spa Dealer

"At Aqua Spas & Pools, we've witnessed first hand the power of the Emerald Spa custom retail environment. Since its installation, our sales have skyrocketed, and we've been able to recoup our investment ten times over in the first year! Emerald's marketing materials clearly convey the quality of their spas, and this has been instrumental to our success in growing spa sales this past year."

— Cynthia Blechschmidt
Gig Harbor, WA

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Storefront

Jeff Laydon

Jeff Laydon

Marketing with a POP

IT'S TIME TO GIVE POINT-OF-PURCHASE A TRY, AND THESE EXPERTS WILL TELL YOU WHY. BY ANDREA MARKOWITZ

Point-of-purchase (POP) marketing materials grab customers' attention and help sell merchandise right in your showroom. Tools include posters, signs, brochures, banners, fliers, table tents, backlit displays and DVD presentations, to name just a few.

"POP materials educate customers and romance them with the lifestyle of owning a spa," says Stephanie Mitty, marketing coordinator for Blue Falls Manufacturing Ltd., maker of Arctic Spas. "By not having them around, you lose part of your sales staff."

POP marketing contributes to your bottom line by building excitement during special promotions, prompting purchases of accessories and upgrades, giving customers ideas for

> "Make sure when customers walk into your showroom they see a clean, attractive setting and a clear message: 'You want this spa, and here's why.'"
>
> –Stephanie Mitty, Marketing Coordinator for Arctic Spas

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Attractive and easy-to-read displays visually entice customers to look and linger, giving them more information and you more time to engage them in conversation.

future purchases and encouraging impulse buying. Marquis Spas vice president of marketing Jim Johnston suggests adding interactive aspects like contests to engage customers and salespeople. "If salespeople have fun, customers will too."

You can create your own POP materials, but why not use the tools offered by your suppliers? They're designed by marketing specialists who have a vested interest in helping you sell their products.

Most Brands offer items like anniversary, holiday and product branding signs, spa model specification signs and more. Notes Johnston, "They help create a professional, branded, exciting sales event."

What are the most effective POP materials? Mitty highlights backlit signs. "They're hard to walk by without a read because being illuminated makes them incredibly eye-catching. They work with any showroom setup and you can take them to shows."

Johnston remarks on the effectiveness of using POP materials to create a sense of trust. "We encourage dealers to create a credibility wall with awards, programs and warranty information. It's often the best location for closing sales."

Johnston and Mitty both advise that POP materials be bold, attractive and uncluttered, with easy-to-read print. Keep messages clear and concise and provide benefits as well as features. In addition, experts state that you can use the same materials over again as long as they still look fresh, but be certain to change them to reflect different seasons and holidays and to coincide with any special promotions.

Mitty concludes, "Make sure when customers walk into your showroom they see a clean, attractive setting and a clear message: 'You want this spa, and here's why.'" ■

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How to Harness the Power of Testimonials

SINCERE TESTIMONIALS OFTEN PROMPT PROMISING REFERRALS. HERE ARE SOME EASY-TO-IMPLEMENT IDEAS FOR GETTING GREAT TESTIMONIALS. BY DAVID CARLETON

Testimonials are one of the most powerful yet under-utilized and overlooked tools you can apply to your marketing efforts. They build trust, get attention and overcome the skepticism of even the toughest buyers. They are neutral third-party endorsements that are more credible than any award or advertisement.

Customers who give you great testimonials are also candidates to give you great referrals and end up becoming more loyal to your dealership. By the way, testimonials should always be about how great your store is, how great the buying experience was or how wonderful your customer service is. I do not recommend using testimonials that are 'spa-brand specific' since you may at some point change brands.

Here are four tips for getting more testimonials and increasing their quality and useability:

1. After you deliver a new spa to your customer, tell them that you want to bring over their 'New Customer Gift Basket' on Saturday and that you'll be asking them for their testimonial at that time. In addition, I suggest you get a photo of them either in the spa or standing by it. Putting a face to a name makes the testimonial more believable and friendly to potential buyers.

2. Whenever someone mentions something positive about their buying experience, ask them if they'd mind putting it in writing.

3. Make it as easy as possible for a customer to give you a testimonial. Instead of making a customer write out his/her testimonial, why not use a digital recorder or even a Testimonial Hotline? Here's a real example: 800-391-6309 x6300.

4. Want to get the best testimonials possible? Try this: Write out what you would consider to be a great testimonial, turn it into survey questions and then give the survey to your customers. Be sure to include areas that specifically address your USP (Unique Selling Proposition) and help substantiate your claims.

After you gather your photos and testimonials, create a 'Wall of Fame' where you can post them all for prospective spa buyers to see.

It's a fact: Getting and using testimonials like this will help you close more sales. ■

ABOUT DAVID CARLETON
Industry expert David Carleton is the President of Street Smart Sales and Marketing, producers of *Boot Camp for Spa Retailers*. With a 30-year track record of success, Carleton has worked in the sales and marketing trenches for companies ranging from start-ups to Fortune 500s. He spent six years as a vice president with a major U.S.-based spa manufacturer, and in that capacity was responsible for developing programs that helped hundreds of dealers in 30 countries generate leads, enhance their marketing effectiveness and grow their sales numbers.

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SPA INDUSTRY WEBCASTS

SpaRetailer
Inside the Hot Tub Industry

MAY 2008

SELLING SWIM SPAS

Want to sell 50+ swim spas a year? Learn firsthand how several spa retailers built very successful swim spa businesses using unique and innovative strategies. Question and answer session will immediately follow webcast.

DATE: Wednesday, May 21, 2008

TIME: 4:00 Eastern Time
3:00 Central Time
2:00 Mountain Time
1:00 Pacific Time

DURATION: 60 Minutes

WEBCAST EVENT CODE: 05081

JUNE 2008

ROTOMOLD SPAS

Curious about this exciting entry-level spa category? Panelists will include both mfgs. and retailers who are growing their business with this lucrative price point. Emphasis on special event marketing, merchandising and cost-benefit analysis.

DATE: Wednesday, June 19, 2008

TIME: 4:00 Eastern Time
3:00 Central Time
2:00 Mountain Time
1:00 Pacific Time

DURATION: 60 Minutes

WEBCAST EVENT CODE: 06081

JULY 2008

CHEMICALS FOR PROFIT

Spa chemical sales are often overlooked by retailers as a great source of after-market revenue. Learn several tips how to get your customers to visit your store frequently and spend up to 70% more on chemicals.

DATE: Wednesday, July 30, 2008

TIME: 4:00 Eastern Time
3:00 Central Time
2:00 Mountain Time
1:00 Pacific Time

DURATION: 60 Minutes

WEBCAST EVENT CODE: 07081

Webcast Registration: Call 1-877-808-4665 or visit sparetailer.com

Although our Internet webcasts are free, space is limited so register today. Access to Internet and telephone is required.

What Dealers Think About Warranties

WE ASKED THREE SUCCESSFUL DEALERS ABOUT PROBLEMS AND SOLUTIONS. SPECIFIC IDEAS VARY BUT ONE THOUGHT THAT SEEMS TO BE IN COMMON IS THE NEED FOR CHANGE.

AMY BARTO
GENERAL MANAGER
BARTO POOL & SPA

Location
437 Bridge St.
Phoenixville, Pennsylvania

Brand(s) Carried
Marquis

About
Barto Pool & Spa offers a full line of backyard products, as well as a full range of services for in-ground pools, above-ground pools and spas.

BARTOPOOL.COM
800-962-POOL

WHAT IS THE PROBLEM WITH WARRANTIES?

Most manufacturer warranties are pretty long, so if a consumer wants beyond that, they're looking for a guarantee, not a warranty. They want their spa covered, regardless of why something went bad, even if poor water chemistry killed it. It's not reasonable, but some do want that. We try to explain to our customers that most warranties cover defects, not the product failing because of age or poor water chemistry.

Some manufacturer warranties are too extensive and years too long, but also often have too many exclusions or prorations. The consumer gets a false sense of how long the product will last. Also, customers don't read the fine print. We tell them to, but manufacturers don't make the fine print easy to find.

IF YOU WERE IN CHARGE OF MANUFACTURER WARRANTIES, WHAT WOULD YOU CHANGE?

I'd make them more transparent, more straightforward, with less fine print. Our manufacturer, Marquis, has been pretty good about it. We've asked them to put in more exclusions because they were being too generous, in order to get us comparable with other manufacturers. Also, I'd take off anything that says 'lifetime' and I'd get rid of a lot of the fine print. The customer thinks everything is covered up front, then when they have to use the warranty, they are unhappy because 'everything' is not covered.

SPECIAL WARRANTY FEATURE

Are spa warranties off the charts? Are they being used as a marketing tool rather than for consumer protection? Check out what industry insiders have to say about how lengthy warranties impact consumers' perceptions as well as bottom lines on pages 26, 45 and 89.

WHAT IS THE PROBLEM WITH WARRANTIES?

One thing we see here in Québec is selling points without service. Service is done by any company who wants to do it. What happens is no one wants to do service on those spas because it only helps the store who sold the spa. One time, the manufacturer of a spa called us to do service on one of their spas, so we made an appointment with the customer. When we arrived, the problem was already fixed by another company. We heard that this manufacturer gives the call to all the service teams in the area, and the first company who takes care of it will be paid; the others will not be paid, even if they go to the customer site. We're not foolish enough to continue to deal with this manufacturer.

IF YOU WERE IN CHARGE OF MANUFACTURER WARRANTIES, WHAT WOULD YOU CHANGE?

We would probably increase the price of a spa by a certain amount, like $500. We would take this amount to prevent a customer from being without service on a warranty issue in case the dealer stops selling our brand of spas. This way, we can cover the warranty, the extra mileage and the charge to find a service team in the customer's area. After the period of warranty, if the dealer is still with us and doing a good job, we would give him back the amount as a reward for 'warranty achievement'.

SYLVIO LAMOUREUX
SERVICE AND WARRANTY MANAGER
CLUB SPA

Location
2153 boul Louis X1V
Beauport, Québec, Canada

Brand(s) Carried
Arctic

About
Club Spa sells a full line of spas, as well as saunas, accessories, chemicals and billiards equipment.

CLUBSPAS.COM
888-667-5468

CHRIS KOVACS
GENERAL MANAGER
AQUA REC'S SWIMMIN' HOLE & FIREPLACE SHOP

Location
1407 Puyallup Ave.
Tacoma, Washington

Brand(s) Carried
Marquis and Cal Spas

About
With five locations, Aqua Rec sells pools, spas and stoves along with associated equipment and supplies.

AQUAREC.COM
800-358-3537

WHAT IS THE PROBLEM WITH WARRANTIES?

We do not currently offer any type of extended warranty programs in that the customer can upgrade to a larger warranty (more years on equipment/labor for example). However, we are right in the middle of implementing a pretty extensive 'preventative maintenance program' that we will offer our customers at the time of sale that will give them incentives on future parts discounts, guaranteed service timeframes, future discounts on chemicals and things of that nature.

IF YOU WERE IN CHARGE OF MANUFACTURER WARRANTIES, WHAT WOULD YOU CHANGE?

I would, obviously, like to see all manufacturers go to less years on the warranties, as none of us are making money on warranty calls. But there will always be another manufacturer that will go a bit higher and it forces everyone to keep up. Also, if there were a way to do it, I'd make it so dealers don't have to send all the parts back. One of our manufacturers just has us send back the sticker off the pump and that saves a lot on shipping, packaging, time, etc.

Products by SpaDolly, like this trailer and kart combo, help take the back-breaking work out of spa deliveries. With systems that can carry up to five spas at a time, you can save both time and energy.

Courtesy SpaDolly

Courtesy Hot Tub Hauler

Able to hold up to 2,200 pounds, the aluminum Hot Tub Hauler is perfect for all tubs. The Hauler protects and secures the spa at all times and comes with a padded trolley for easy maneuverability.

Courtesy SpaDolly

Courtesy Hot Tub Hauler

Spa Delivery a Piece of Cake for Pros

DELIVERY SHOULD BE THE ICING ON YOUR SPA SERVICE. PROFESSIONAL SPA HAULERS SHARE TRICKS TO HELP MAKE THE PROCESS SMOOTH AS SILK. BY PATRICIA BATHURST

Delivering a hot tub is as much an art as a service, according to several industry experts who specialize in delivery systems. "I couldn't move a piano if you asked me to," says Jeff Zissulis, owner of Hot Tub Hauler in Merrimack, New Hampshire. He and other professionals say that delivering a spa takes patience, planning and the right equipment.

RIGHT TOOLS EASE DELIVERY

We all know that spas can weigh more than 1,500 pounds. Because much of the weight rests along one side, it makes loading, unloading and placing the spa a major balancing act, to say the least. To manage this, spa haulers have devised ingenious methods of 'spa wrangling' to move the spa quickly and easily.

"We use a SpaWedge," says Mike Pomeroy, sales manager for BCI Manufacturing, parent of SpaDolly, based in Hugoton, Kansas. The large inflatable wedge can be placed under the edge of a spa to lay down a spa that's been moved on its side.

Rob Wallace, owner of T.H.E. Solutions and Penguin Hot Tubs in Oconomowoc, Wisconsin, has developed a system that uses a tool that locks into place to lift both the cart and the spa, allowing us to maneuver both with real finesse. "It acts like a tongue on a wagon," he says.

KNOW WHERE YOU'RE GOING

Spa delivery specialists are firm in their belief that it's important to know exactly where the spa will ultimately be installed in order to plot out the best way to make delivery easy on the equipment – and easy on the people. If they haven't viewed the final resting place in person, some spa haulers ask customers to send in photos of the site so they can thoroughly think through a delivery.

"You need to know where it will go, so you can take it off the trailer in the right position," says Zissulis.

NAVIGATING IS KEY TO DELIVERY

Of course, it's critical not to damage a customer's property, including sidewalks or landscaping. "Being able to navigate is the key," Wallace says, but that is often a challenge. Pomeroy adds that in order to move a spa down a mountain, he's had people hook a trailer to a four-wheeler.

"The first delivery I did," Zissulis recalls, "the customer braced planks against the side of his house and used his tow truck to winch the spa up to a third-story room. I just watched." ■

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Leisure Concepts
The leader in spa accessories

Chairman of APSP's Hot Tub Council, Todd Whitney, wants to help bring a more professional approach to spa selling.

Aleksey Kolychev

Helping to Change the Face of the Hot Tub Industry

BY LEARNING WHAT CONSUMERS REALLY WANT AND NEED, TODD WHITNEY MAY JUST BE THE HOT TUB BUYER'S BEST FRIEND.

BY ALISON STANTON

As marketing manager for Aristech Acrylics, LLC, Todd Whitney spends his days observing the hot tub industry from a supplier's perspective. Aristech is based in Florence, Kentucky.

But as chairman of the Association of Pool & Spa Professionals' Hot Tub Council, a volunteer industry trade group, Whitney is becoming increasingly familiar with the ins and outs of the market from a buyer's perspective.

It's a combination of roles that gives Whitney a valuable and comprehensive look at an industry that he says has room for improvement in some very tangible ways.

"As I see it, if we don't do anything, if we don't take a proactive approach and let consumers know what the benefits can be of owning a hot tub, the market will plateau and maybe even decline," he says.

Whitney first joined the Hot Tub Council in August of 2004; along with his current post, he has also served as secretary and vice chairman. He says one of his chief goals as chairman is to make sure that the Hot Tub Industry Initiative is launched before his term ends.

Whitney, who is married with three young children, is passionate about understanding consumers' needs and wants. He says he is also committed to making sure dealers understand what hot tub customers want, as well as how best to serve them.

"I got involved with the Hot Tub Council because I wanted to help grow the hot tub market in a way that would truly make the whole hot tub experience better for the consumer," he says. "Research shows that the shopping, buying and post-buying experiences are not at the levels needed to convert the majority of those consumers interested [in purchasing a hot tub] into actual hot tub owners."

Whitney adds that he believes that the number one issue for management is to educate and create more professionalism so buyers know what to expect. "When the majority of people are saying buying a hot tub is like buying a used car, then there's a problem."

In addition, Whitney says he would like to see salespeople spending more time getting to know their customers and trying to understand why they want a spa in the first place.

"The question we should be asking them is 'what do you want out of it?' We need to take more of that approach to sell the product as a means to an end," he explains. "We also need to sell it as a solution to a problem, like reducing stress or bringing couples together." ■

APSP
The Association of Pool & Spa Professionals

HOT TUB COUNCIL TASK FORCES & CHAIRS

Funding
Chris Robinson
Lucite

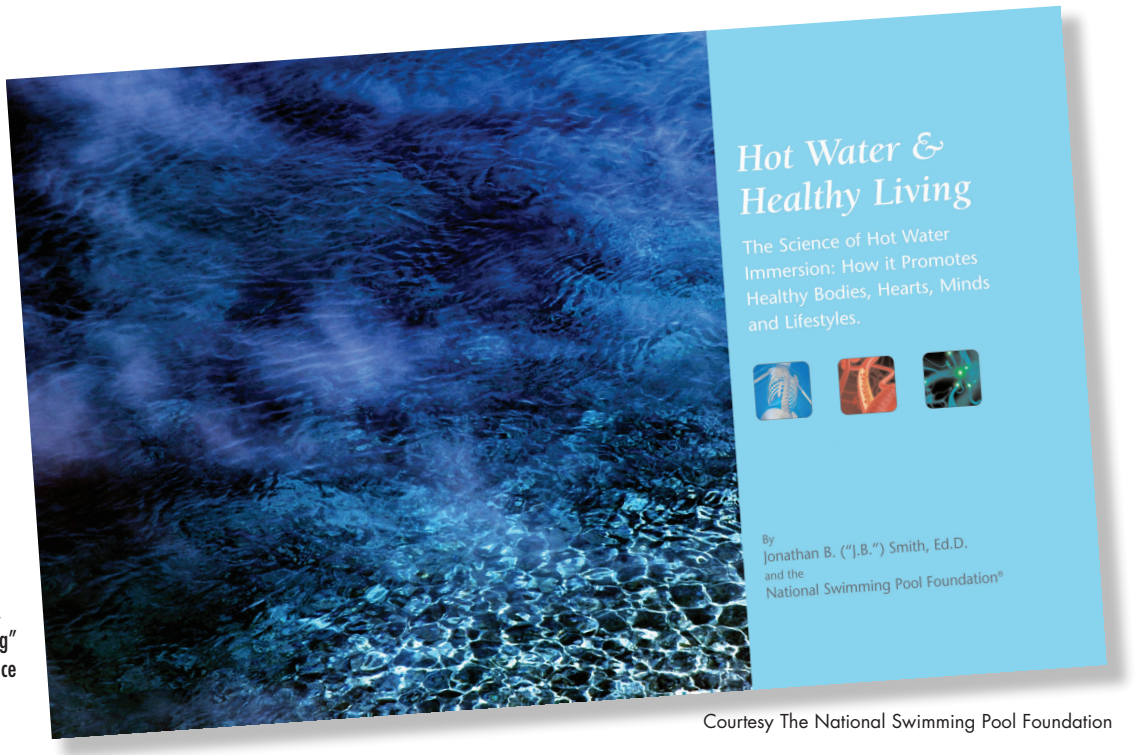
Organization
Dirk Caudill
Aqua-Flow

Research and Statistics
James Hedgecock
Dimension One Spas

Certification
Steve Gorlin
Gorlin Pools and Spas

Marketing
Larry Files
Vita Spas

Organization
Todd Whitney
Aristech Acrylics



Courtesy The National Swimming Pool Foundation

Published by the National Swimming Pool Foundation, "Hot Water & Healthy Living" not only deciphers the science of spas, the proceeds help fund additional research.

Here's To Your Health!

RESEARCH INTO THE SCIENCE OF TUBBING REVEALS HOW THE HEART AND WAISTLINE MAY BENEFIT FROM HOT THERAPEUTIC WATER. BY DEBRA GELBART

A study supported and significantly funded by the National Swimming Pool Foundation (NSPF) has produced some surprising research results about the health benefits of hot water immersion – results that may considerably impact hot tub sales.

First-year results of the two-year-long Hot Tub Immersion Study show that a person's heart rate rises during warm-water immersion, but not during cool or neutral immersion. Circulation to extremities is enhanced during both the neutral- and warm-water immersions.

The importance of these results shouldn't be underestimated, suggests Tom Lachocki, Ph.D., and CEO of the NSPF. "Society is aging and becoming more sedentary," he says. "As an organization, we are trying to influence society to exercise. But will sedentary people start getting exercise by joining a football team, playing tennis or skiing? Probably not, but they can start by getting in a hot tub."

Lachocki notes that the study shows that when you're submerged up to your shoulders in warm water, more blood is forced to your central organs. "To accommodate that increased amount of blood, your heart also has to stretch to pump more of that blood," he explains. "Stretching your heart muscle is just as important as increasing your heart rate when it comes to cardiac health."

SPA INDUSTRY KEY PLAYER IN RESEARCH EFFORT

The Foundation has committed $174,994 for the Hot Tub Immersion Study, while hot tub industry representatives collectively have given $156,000 to the effort. The research is under the direction of Bruce Becker, M.D., a physician and research professor at Washington State University.

"There was already some scientific data showing that immersion in hot water has positive health benefits for the heart, lungs and overall body," says Lachocki. "The problem is that the amount of data in the scientific literature is pathetically small." He adds that the Foundation's interest expanded beyond swimming pools a few years ago when he and the board of directors decided that the mission went beyond the historical name. "We want to demonstrate how pools and hot tubs can benefit people's health."

Watkins Manufacturing Corporation of Vista, California, manufacturer of Hot Spring Portable Spas and Caldera Spas, is one of the industry leaders that has donated money to help fund the study. In addition to three Hot Spring spas, the company donated a total of $20,000 in 2007 and 2008. "We feel this research is a great opportunity to move the industry forward," says Lissa Poincenot, the director of marketing for

Watkins. "We're eager to be supportive of efforts like this."

Master Spas is another supporter of the NSPF's research, donating a total of $10,000 in 2007 and 2008. "The hot tub industry often tries to sell its products based on a spa's features, but customers want to know how a spa will benefit them and make their life better," says Bob Lauter, CEO of Master Spas, which is headquartered in Fort Wayne, Indiana. "I wanted to support an effort to see what the science says about why we feel better after being in a hot tub, because that's something important we can share with customers."

Master Spas is represented on the Hot Tub Council by Sam Badiac, the company's senior vice president; along with Badiac, Lauter has been very involved with the Council's national marketing initiative, undertaken to boost consumer interest in spas. "Part of the message in the national marketing campaign will certainly be the health benefits and quality of life benefits of hot tubs," Lauter says.

Lauren Stack, director of marketing and promotion for the Association of Pool & Spa Professionals (APSP) agrees. "A lot of people involved in the Hot Tub Initiative are interested in promoting the medical benefits from this new research and conveying health messages important to boomers."

UNDERSCORING HEALTH MESSAGES

The Foundation has also published a book and, through a $1 million grant, funded the establishment of the Washington State University-based National Aquatics and Sports Medicine Institute. Under the direction of Dr. Becker, the institute will conduct additional research studies.

The book, entitled "Hot Water & Healthy Living," by J. B. Smith, Ed.D. of Indiana University of Pennsylvania. The book's intent is to translate science into lay-person language and explain how the simple act of immersion in hot water helps create healthier bodies, hearts, minds and lifestyles. "We wanted to communicate these messages of health directly to consumers," Lachocki says. "A portion of the proceeds from book sales will fund additional research."

Both Watkins Manufacturing and Master Spas purchased a significant quantity of "Hot Water & Healthy Living" to offer to their dealers for either giveaway or resale. Two Seattle-area spa retailers, competitors AquaQuip and Olympic Hot Tub Company, have also committed to purchasing the book to use in promoting hot tubs.

Lachocki says that many different organizations, including those in government, insurance and education, are trying to change the country's continuing trend toward obesity. "The great news for spa retailers is that their products can actually help begin to turn the problem around," concludes Lachocki. ■

For more information: NSPF.ORG.

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Painting a Path to Diversified Success

PRODUCT DIVERSITY IS THE KEY TO KEEPING A SMALL TOWN BUSINESS FROM BEING ANYTHING BUT SMALL. BY SHEILA ROE

PHOTOGRAPHY BY JEFF LAYDON

The ancient Ute Indians of southwestern Colorado called the area 'Pagosah,' or 'healing waters'. So it's no surprise that tiny Pagosa Springs is a hot location for a retailer offering the soothing waters of spas. The unique thing about this store though, is that it started out as something completely different.

In 1994, Mark Mesker left a lucrative career as a California insurance agent to become a small-town small-business owner in Pagosa Springs. Mark and his wife Michele sought a more family-friendly environment in which to raise their children. As luck would have it, and although they had no experience with the product, they purchased a store called Paint Connection.

PAINT CONNECTION PLUS

Location
Pagosa Springs, Colorado

Size
15,000 square feet

Brands Carried
Dimension One Spas

In Business
Purchased paint business in 1994; added spas in 1997.

Pictured Below
Paint Connection Plus owners Mark and Michele Mesker took the 500-square-foot paint business they purchased and expanded it to a 15,000-square-foot showroom.

Although several different products are sold at Paint Connection Plus, the well-lit showroom with its wide aisles and welcoming displays always feels organized.

STARTING SMALL

Little more than an oversized storage room at 500 square feet, Paint Connection sold (what else?) paint and supplies to local painting contractors. "The first year, there were some days when no one came through the door," says Mark Mesker. The Meskers attributed it to offering only one product to a small customer base and began to explore other product options.

Their first expansion was into window coverings and was originally based on personal need. "We had to buy window coverings for our own house and found they were ridiculously expensive," Mesker recalls. That product extension spurred sales and inspired them to diversify further.

Fast forward to 1997 when they added a line of spas – a risky decision that required borrowing against their home. "We bought ten Dimension One spas and held a grand opening to promote them," says Mesker. Aggressive advertising delivered great results and much to everyone's surprise, they completely sold out in just one day.

The Meskers still sell Dimension One exclusively, but their product line now includes a variety of models; sales currently average between 75 and 95 spas per year. Needless to say, 'not bad' is an understatement when you consider that the town's population only recently topped 1,600.

Former Pagosa Springs resident Cheryl Kamolz remembers the restrictions of shopping in a small town and how Paint Connection helped expand her options. "I think because the town is so limited, most businesses do try to cross over. It [Paint Connection Plus] is a very nice store and they have a lot to offer the town," she says.

Thoughtful staging makes the large showroom feel familiar to customers, helping them picture the products in their own home.

When the Meskers, pictured here with their son and employee Eric, held the grand opening of their spa expansion, they sold out all ten Dimension One spas in a single day.

SPARETAILER INDUSTRY TIP

Whoever said variety is the spice of life might have been talking about a successful hot tub retail store. A growing trend in the industry is businesses combining products, many of which are "traditional" – barbecues, gazebos and the like – and others that are a bit more outside the box. Paint, furniture, household appliances, even storm shelters, have successfully taken the retail stage with hot tubs. We'll be exploring this burgeoning phenomenon in an upcoming issue of *SpaRetailer*.

CREATIVE MARKETING, GREAT CUSTOMER SERVICE

Mesker credits creative marketing with making a name for the store, by now renamed Paint Connection Plus. "I bought air time for 15 minutes every Friday morning on the radio. The spot was called 'Decorate Yourself' and I talked about various new products each week," he explains.

Beyond inventory and advertising, Mesker attributes their success to customer service. "That is crucial to any place like this. If you don't do as you say and give good customer service, you won't be there long," he cautions. As proof, he cites two other spa retailers who opened in the area within ten months of his initial success. Neither store lasted a year.

In 2007, Paint Connection Plus moved into a 15,000-square-foot showroom where Mark and Michelle showcase a host of home products "We can't compete with national retailers on pricing so we offer something different," says Mesker. "People come to see us and we have popcorn and a soda fountain. We want them to visit and let us show them the top-of-the-line products they won't find anywhere else."

Which really comes down to not just a paint connection, but a customer connection. ■

Out of the DEEP END

BY DEBRA GELBART
ILLUSTRATION BY JONATHAN ARVIZU

SPA MARKETING USED TO BE PIGGY-BACKED WITH POOLS, BUT IT SHOULD BE THE OTHER WAY AROUND.

Despite this age of financial uncertainty – or perhaps because of it – many people are looking for ways to de-stress, unwind and have fun, right in their own backyard. If you sell only portable spas, you may think it's a good idea to market them according to the examples set by successful in-ground pool builders and above-ground pool retailers. After all, it's an intuitive statement that both pool and spa customers are looking for recreation and relaxation, so why reinvent the marketing wheel, right?

Uh, not so fast.

"It's really all about the [specific needs of the] customers. When they come into your showroom, they regard you as an expert," says Joe Musnicki, president of Ocean Spray Pools & Spas in West Hampton Beach, New York. "You need to be ready to answer all of their questions."

With that in mind, here are a few questions of our own.

Q: Should the marketing messages and methods be identical for pool and spa customers?

What can we say, except *nyet*, *no* and *non*. And in plain English, N-O.

Why? Because while in real estate, it's location, location, location, in pools versus spas, it's lifestyle, lifestyle, lifestyle.

According to industry veterans, it's a big no-no to assume the same method of marketing will influence both sets of buyers. It's important to understand the lifestyle differences between a pool and spa customer in order to market to each group effectively. Our gurus indicate that pool people are generally looking for family-friendly entertainment or exercise, while spa buyers are often in the market for romance, relaxation and rejuvenation. Both sets of folks are also interested in the health benefits of their respective choice. As a result, the promotional messages related to pools frequently feature plenty of laughter and kid-splashing, while spa advertising tends to be much more subtle and nuanced, often with hints of romance hidden just beneath the surface of a froth of bubbling waters.

To highlight the spa side of the business and offer an added level of excitement, Ocean Spray Pools & Spas in West Hampton Beach, New York holds tent sales three or four times a year at their stores, along with a similar amount of off-site events at mall locations. For these, staff transports and sets up several hot tubs, offers lunch and with the help of a local radio remote broadcast, lets the community know about special pricing and extra features. Joe Musnicki, president of Ocean Spray, points out that this type of promotion wouldn't work for a pool because of portability.

"When we market pools, we'll tout our credibility and expertise and we focus primarily on newspaper advertising," he explains. "With our spa marketing, we concentrate a lot on sale events, but we also emphasize our expertise through our mall-based promotions and through regular appearances on local home and garden shows talking about the latest hot tub features."

Q: To spa or not to spa, that is the question – in other words, which group of customers needs a close encounter of the personal kind in order to sign on the dotted line?

To most people, pools can be fancy, pools can be plain, but a pool is a pool is a pool. But when it comes to spas, it's not just seeing, but also feeling, touching and experiencing that is often the key to believing.

Experts suggest that most, if not all, potential spa buyers need to experience a spa first-hand to feel comfortable about investing in one, whereas pretty much everybody understands what they perceive to be the benefits of a pool. One comment frequently heard is that many people are satisfied just seeing photos of pools or simply talking about them, but a spa – well, that's a different story and needs to be sold on a much more up-close-and-personal basis.

"A lot of people who shop for hot tubs and spas for the first time aren't sure how much use they'll get out of them, whereas with a swimming pool, it's a given that it's great entertainment and that pool buyers will get a lot of use out of their purchase," says Joe Musnicki, president of Ocean Spray Pools & Spas in West Hampton Beach, New York. Ocean Spray sells about 500 hot tubs each year from its three New York-area showrooms. To sell spas, "We have to really paint a picture for spa buyers, [we have] to sell the sizzle," says Musnicki. "By contrast, a lot of our pool customers come to us with their thoughts and ideas already formulated about how they think a pool should look."

Amy Barto of Barto Pool & Spa in Phoenixville, Pennsylvania adds that for many of her customers, spas are better suited to today's backyards, which tend to have gotten smaller than in years past. She notes that they sell a lot of large portable spas as a compromise for families who can't decide between a pool and a spa, especially if they have a small backyard.

Q: What's the customer's pleasure – creating a fun-in-the-sun 'backyard vacation' or a serene, soothing, even sexy 'in the mood' ambience?

While pools tend to evoke thoughts of exercise and fun, spas usually cause people to think about rest, relaxation and romance.

The words 'pool' and 'spa' conjure up very different meanings, thoughts and feelings for most people. Nathan Buchan, retail manager for Brown's Pools & Spas in Douglasville, Georgia says that because of this, unique marketing themes are needed for pool buyers versus spa buyers. Brown's has plenty of experience at selling both, having been in the pool business for 35 years and the spa 'biz' for over a decade.

"We market our pools as a 'backyard vacation' but we convey a different message to spa buyers," Buchan explains. "For them, we have a special 'mood room' with beautiful colors, dimmable lights and plant arrangements to show off our products and let customers know about the benefits of spas that they may not have thought about."

Ocean Spray Pools & Spas in West Hampton Beach, New York also features a mood room as part of each of its trio of spa showrooms on Long Island. "In each showroom, most of the spas are set up with backyard accessories, such as modular decking, umbrellas, gazebos and pergolas," says Joe Musnicki, president of Ocean Spray. "In our mood rooms, there are murals with Caribbean-themed and sunset scenes, starlit ceilings, special lighting and French doors."

Q: Are pool-purchasers and spa-seekers one and the same?

When it comes right down to it, there are some pretty big differences between the two groups.

"Pool customers seem to be looking for fun for the kids and entertainment," says David Ghiz, president of the retail division of Paddock Pools, Patios & Spas in Phoenix, Arizona. "The spa customer is looking for relaxation, massage, comfort and quiet time with the family or spouse."

Paddock sells portable spas, portable spas and also gunite spas, with its spa business constituting only 10 percent of its sales. Yet the company's management understands the differences between what spa buyers and pool buyers are looking for and markets to each group accordingly, based on their desire for either family fun (the pool folks) or relaxation (the spaaaa-aahhhh folks).

Q: Is the Mr., Ms. or Mrs. looking for a year-round leisurely lifestyle amenity or a seasonal oasis?

If it's year-round usage that's floating the customer's boat, you've got to chalk one up for spas: they can often be used throughout the winter, even in the most snowy of climes. And the good news for retailers is that year-round usage is a boon for business.

In fact, Amy Barto of Barto Pool & Spa in Phoenixville, Pennsylvania says she puts most of her marketing efforts into portable spas. "We consider selling above-ground pools a necessary evil because we can sell pool chemicals and accessories for years to come, and that builds volume with our suppliers," she explains. "Spas have so much to offer our customers and us, since they can be used all year long. Because spa chemicals and accessories are sold through the winter, they help us meet payroll during the lean winter months."

Joe Musnicki, president of Ocean Spray Pools & Spas in West Hampton Beach, New York agrees, relating that he began emphasizing spa sales about 20 years ago. "I realized then that the spa business would be a nice stand-alone business," he says, "in part because spas can be used year-round, not just in a single season." Since that time, his spa sales have risen almost exponentially, with about 80 percent of sales being portable spas and about 15 percent in-ground pools. The rest of his sales volume is comprised of in-ground spas and saunas.

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THE HIGH COST OF WARRANTIES

We spoke with several industry experts to find out their thoughts and opinions on the topic of spa warranties. *Boy, did we get an earful.*

By Paula Hubbs Cohen

Here's a question for you: As an industry, how can we make more money without spending more money to do so?

"By reducing our warranties!" says Bob Hallam, CEO of Dimension One. "We'd keep our customers happier and our dealers happier and generate more repeat business. Here's the thing, and this has been bothering me for a long time – our warranties are causing us to lose business."

Most industry insiders agree that hot tub warranties are way out of whack, off the meter and, how can we put this plainly: completely bonkers.

In fact, James Keirstead, director of IT and marketing, and also an owner of Arctic Spas, says he believes that if someone in the industry says they don't have any issues with the length and coverage of most spa warranties, "They are lying. Our spas perform extremely well, but no other product in the world gives the consumer the kind of warranty we do."

Audrey Markiton, director of sales for Sunbelt Spas, agrees, depicting the warranty conundrum as a 'war.'

"It is amazing that most hot tub manufacturers warranty a hot tub for longer than most car manufacturers," says Markiton. "In our zeal to have an edge in the spa market, manufacturers have created a monster. The 'warranty wars' are out of hand."

Wow. That's some straight shooting, so to speak. On that note, let's take a look at how we got here and why, when it comes to warranties.

WHY OH WHY ARE WARRANTIES THIS WAY?

Industry experts recount a situation that has evolved over time to the point where no one dares make the first move to back off the length of their warranty, for fear of losing a perceived sales advantage.

It is definitely a competitive issue says Bob Lauter, CEO of Master Spas. "Five or six of the high-end manufacturers have a certain warranty, and everybody else is afraid to be the first guy to blink."

Andy Tournas, president of ThermoSpas, agrees, describing the industry's warranty system as actually harmful to the consumer, the dealer and the industry. "When a consumer is provided a multi-year warranty that is not effectively acted on when a problem occurs, by either the manufacturer or the dealer, they often become quite vocal in steering future customers away from our entire industry."

Hallam concurs, observing that the situation started because there weren't enough unique differences between one hot tub and another, so manufacturers went looking for something to differentiate themselves from their competitors. "They needed to find anything they could that says 'Mine is different,'" he says. "What we need to do now is give everybody a good solid warranty so they're comfortable with the product and come back and buy again. Instead, we're short-sighted and afraid of losing that one sale, so we don't change anything – but that's just plain bull puppy – and you can quote me on that."

"I think the industry average for higher end spas is five years parts and labor. What other product in the world gives you that? Not even a car and you drive a car several hours a day at most. Hot tubs are running 24/7."

–James Keirstead, Director of IT and Marketing, Arctic Spas

HOW NECESSARY ARE WARRANTIES?

Warranties are obviously a necessary component of any quality consumer appliance or product, including spas, cars, plasma TVs and the like. While it's true that warranty failure rates are generally low for spas, the fact of the matter is that hot tubs are mechanical devices that require regular attention from owners, who don't always provide proper care. (Or as Keirstead says, "Not everybody's a chemist.")

Plus, mechanical parts do eventually wear out. "Warranties give customers peace of mind," says Lance Rencken, director of customer service for Marquis Spas. "Most quality spas are expensive and consumers want to know they are protected if for some reason there is a problem."

Kevin Richards, national sales manager for Master Spas, compares warranties to a consumer safety net. "They provide the customer a level of comfort, because they want to be taken care of whether they're making a $4,000 purchase or a $30,000 purchase," he says. "But I agree that we're too high compared to most things. For example, I just bought a very well-rated LCD TV and it only comes with a one-year warranty." Richards makes an additional good point when he remarks that even the most expensive purchase in most people's life – a house – does not come with the warranty that a hot tub does.

"Warranties are important because things may happen over time. Actual failure rates are low and getting lower. The important thing to remember is that many issues are caused by our customers. Taking the time to educate them, while it takes longer up front, will save both time and money in the long run."

–Kevin Richards, National Sales Manager, Master Spas

It's important to note that many manufacturers' warranties differ based on product line. In fact, that's happening right now at Jacuzzi, Sundance and Master Spas, among others.

"Our entry level spas are covered by our basic warranty and our luxury spas carry our most comprehensive warranty," says Anthony Pasquarelli, communications manager for Jacuzzi Hot Tubs and Sundance Spas. "As new technologies are incorporated into spas and as time-tested materials exhibit higher performance, we've made adjustments to our warranty coverage over the years, and in many instances, we've increased the amount of coverage we are able to provide."

Richards notes that Master Spas has five unique product lines and the warranty is different depending on the product line. "It wouldn't make sense to make our entry level product with the same warranty as the high end product," he says. "Warranty is just one way to differentiate the product lines."

SPECIAL WARRANTY FEATURE

Are spa warranties off the charts? Are they being used as a marketing tool rather than for consumer protection? Check out what industry insiders have to say about how lengthy warranties impact consumers' perceptions as well as bottom lines on pages 26, 45 and 89.

"*Manufacturers give wild structural warranties*, for example some are seven years and some are ten years. We're basically saying that unless there's an earthquake, this thing's not going to split in two. The reality is that after ten years, *the usable service life of a spa is gone*, so the consumer can what? Use the shell as a flower pot and it won't split open?"

– Bob Lauter, CEO, Master Spas

LIFETIME AND LIABILITY

Many warranties promise 'lifetime' coverage, but what does that really mean? Lauter of Master Spas thinks it's a disingenuous concept and argues that the reality of a 'lifetime' is up to a court's interpretation. "In most states, 'lifetime' is seven years, which is considered the useful life of most products. So 'lifetime' doesn't mean your lifetime, and that's what most consumers think," says this industry veteran.

Along with the easily misconstrued 'lifetime' concept, another major problem associated with long-term warranties is the financial liability they carry. For consumers, that means that beyond what is on the actual warranty document, it is critical that they understand how a company backs up their warranty obligations.

"Unlike many, we maintain significant financial reserves specifically to protect our customers," says Pasquarelli. "Similar in concept to a 'trust fund,' these reserves are earmarked to cover warranty obligations for our previously sold spas that are still in their warranty periods."

As Pasquarelli suggests, while the major brands take warranty reserves seriously, it can be a different story for smaller companies or for anyone of any size mired in financial quicksand. In fact, that's one of Lauter's hot-button issues when it comes to warranty liability.

"Consumers think that the people who wrote the warranty have the wherewithal and are reserving for that warranty," says Lauter. "The reality is that a lot of little guys writing warranties really have no way to fund the warranty if things go sideways. If you have a bad year, or parts from China have a 100 percent failure rate and you have to replace the part on 2,000 spas, that's a big risk that goes with some of these warranties."

YOU FIRST; NO, YOU FIRST

Okay, what it boils down to is like the old game of 'chicken' – everyone seems to be on the same page that warranties should be shortened, but the operative question is, as Lauter says, who's going to blink first?

Keirstead commenting that nobody wants to be first. "And we can't talk about it as an industry because that would be collusion," he says. "It's the same thing as getting together and fixing prices – it's illegal." And Lauter rightfully notes, "That's exactly why we've never had a conversation with a competitor about this, because you could end up in jail."

Lauter also believes most brands are reluctant to cut their warranties. "It's just asking to lose sales," he says. "But [as noted before] we do see more and more high-end manufacturers that are differentiating their various product lines within their own companies by the type of warranty offered."

DEALING WITH DEALER ISSUES

The consensus seems to be that if you're not keeping up with your competitor's warranty, he or she is going to use that fact to turn you into toast on the sales floor.

"Warranties have become a large part of competitive sales presentations," says Rencken. "If you don't have a strong warranty the competition will definitely use it against you."

Tournas of ThermoSpas is right on the money when he states that the industry has basically created a warranty scenario that is really difficult to maintain, describing it as a situation where the manufacturer provides the warranty to the consumer, but the warranty requires performance by the dealer – with very little money being paid to the dealer for that service. "If something fails in a hot tub, a pump or whatever, the dealer is paid approximately $45 or $55 to go out there and research what the problem is, order the parts and do a follow-up visit to have it corrected. It's an awful lot of work for not much compensation," he says.

In fact, the manufacturers and dealers interviewed all indicated that most dealers lose money on warranty work. "The costs associated with service are very high," says Richards. "And warranty work just doesn't pay as well as non-warranty work."

One frequently heard comment is that it is ridiculous for the consumer to expect that someone should come out to fix their spa and it should be all on the dealer's dime. However, the reality is that the industry set that expectation with its warranties, and that's a tough perception nut to crack.

"It isn't that way with any other appliance. If you need a plumber, before they even come to the house, there's a trip charge plus labor. If your fridge goes on the fritz, they repair the part and cover the labor to do that, but there's still a trip charge," says Keirstead. "Spa manufacturers and retailers have been taking it on the chin in an attempt to provide the best possible customer service."

ARE DEALER WARRANTIES THE ANSWER?

Not really, say our sources. In fact, most of Sunbelt's dealers have avoided offering their own warranty as a supplement to the manufacturer's warranty. However, Markiton, Sunbelt's director of sales, believes that a positive aspect of dealer warranties is that the retailer would be more likely to be on alert for potential problems with customers. "If you know that customer is looking directly to you for support on the spa, more time is given to teaching the customer to properly care for the tub and direct service/maintenance would be offered," she says. "I think the industry would come out better for it."

On the downside, Markiton adds that it is difficult to say if a retailer will be there in the future to take care of an extended warranty. "Major spa manufacturers have gone out of business this year, bought and sold each other, consolidated and changed hands, so it can be hard to keep up with that," she says. "The bottom line is that the economy dictates our sales, good or bad, and with economic uncertainty, there is no guarantee any one will be here next year or five years down the road."

"So often the pool and spa industry as a whole is seen as shady. *It is the strength and longevity of the spa manufacturer that often sells customers.* In our offices, we regularly get phone calls from retail customers making sure that the retailer they visited is an Authorized Dealer, that we are available should the customer need us directly and they *often ask for a little information on our history or for customer referrals."*

–Audrey Markiton, Director of Sales, Sunbelt Spas

"Hot tub warranties overall are extremely long as compared to many other products like plasma TVs and other consumer products. Hot tub manufacturers have increased their warranties to become competitive in the hot tub market. However, pool and spa industry vendors don't give manufacturers the same warranty coverage that they extend to consumers. That means *manufacturers are often forced to foot the bill for extended coverage* on components where the vendor only gives a one- or two-year warranty to the manufacturer."

–Lance Rencken, Director of Customer Service, Marquis Spas

IS THERE A SOLUTION?

Hallam says it's simple: Manufacturers need to offer a shorter warranty.

"Then I could double the amount of money I give to the dealer to go out and do the job," he says. "Now he's making $130, he's happy and after two years, he can charge whatever he wants. But during the first two years, the customer gets what he wants, which is just to get his tub fixed. And everybody's happy."

Rencken is totally in tune with that idea. "If warranties were shorter, manufacturers would have lower warranty costs and spa retailers would be able to charge for service calls sooner creating an additional stream of income."

Obvious as this solution seems, it is problematic for legal and competitive reasons, says Lauter.

Others are on Lauter's mental bandwagon.

"I think any of the manufacturers that actually stand by their warranty would love to have shorter warranties," says Richards. "However, those of us that actually have that comprehensive back-end support for our dealers can't shorten them because there are companies that don't provide those services but will gladly offer a 'lifetime' warranty or '20-year' warranty. Unfortunately, a customer's perception is their reality until they run into an issue and can't get help."

Tournas offers a more philosophical solution, believing that there needs to be a realigning of the industry's entire attitude towards service.

"When you buy a television or washing machine or any consumer product, they don't say 'Buy mine because my warranty's better'– but we do," he says. "Warranty work has been turned into a marketing tool, and that never should have happened. We also shouldn't compel the dealer to provide the service and then not provide them the remuneration required to actually perform the service."

Let's give the last word to Hallam: "The bottom line is that if we want to increase sales in the hot tub industry, warranties should be reduced to two or three years."

Why's that Bob?

"Because happy customers make repeat customers and that makes happy dealers and happy manufacturers because they're making more money." ■

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Quality without compromise

Interview with *Lance Rencken*, Director of Customer Service, Marquis Spas

"Warranty failure rates are low but the fact of the matter is that hot tubs are mechanical devices that require care from owners. Owners don't always provide proper care and mechanical parts eventually wear out. That's why warranties are important. They give customers peace of mind. Most quality spas are expensive and consumers want to know that they are protected if, for some reason, there is a problem."

Q: Do any of your retailers offer their own retailer-specific warranty?

A: Not to our knowledge.

Q: Do you think they should?

A: I don't think they should because warranties on spas today already extend for such a long time. It also could potentially be a financial risk to a dealer to offer an extended warranty, beyond the current, already lengthy warranty.

Q: Do you think the majority of dealers are financially stable enough to be around in five years to take care of their customers?

A: I believe the majority of dealers are financially stable enough to handle extended warranties. However, looking beyond what is already offered by manufacturers may not be a financially good idea. There will always be consumers who don't take good care of their hot tubs and don't follow instructions, so stretching a pump or heater warranty out to eight or ten years could be risky. Dealers would have to research long-term failure rates on components and price extended warranties high enough to cover the risk.

Q: If not, how will this affect the public's perception of the industry?

A: The manufacturer's warranty on most spas is already so lengthy that consumers shouldn't feel the need for an extended warranty. Buying a spa is not the same as buying a big screen TV with virtually no warranty. When you get terms such as ten years from a spa manufacturer, I don't believe you feel the need for an extended warranty.

Q: What are the most common warranty calls in terms of the problem to be addressed?

A: The most common issue is hot tub care-related, or should I say the lack of hot tub care. Although problems created by customers have dropped dramatically in recent years because of improvements in components, there are still people who think it is okay to use Trichlor (pool sanitizer) or think they don't need to adjust the PH in their hot tub. These are still the most common problems we see.

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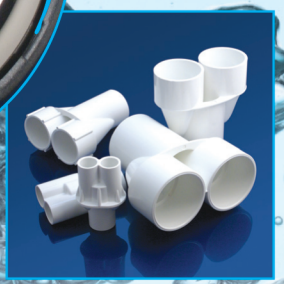

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To Blog or Not to Blog, That is the Question

INTERNET

SOME THOUGHTS TO PONDER BEFORE SENDING YOUR SITE INTO THE BLOGOSPHERE. BY SHEILA ROE AND MEGAN MCCORMACK

You've taken the leap and finally started a Web site for your spa business. But after all that hard work and excitement getting it off the ground, you've noticed that it already looks a little stale. Keeping a Web site updated can be a time-consuming, frustrating process, but adding a blog to your site can allow you to post new information on a daily basis, better serving your customers and utilizing your site.

But what is a blog and why should you consider one? You've heard about bloggers taking down media stalwarts and exposing politicians, but what does that have to do with spas? The word 'blog' is an abbreviation of the term 'web log.' Most of the blogs in the news are personal blogs that are like an online diary of sorts.

Marketing blogs, however, allow businesses to post information about products, services and company news online. They may or may not be interactive, allowing visitors to post comments. For example, an owner or manager will write posts to the blog and customers can put in their two cents about a particular issue, turning it into a question and answer forum.

RISKS/REWARDS

Having a blog can be a great way to interact with consumers. The tips, products and other information that you put in a blog gives you the chance to become an online expert. The extra exposure may not immediately increase your sales, but it can do wonders for your reputation – and help jump-start sales down the road.

But be prepared – this type of open forum has been known to backfire. You might have to deal with unhappy customers, have your expertise questioned or need to delete the occasional inappropriate remark. You will need to stay on top of things and remain poised in your answers.

Another benefit of having a blog is that it keeps your Web site updated. When Google and other search engines list search results they use certain criteria, including how often a site is updated, to determine which Web site gets put towards the top of the list. You don't want your site to end up on page 20 of a general Web search; regular posting to your blog can help push you closer to the top of the list.

Finally, a blog that hasn't had a new post for four months looks out-of-date. Before deciding to blog, make sure you have the time and resources to frequently add to it. However, don't feel the pressure to write all of the posts yourself; enlist the help of your marketing team and other employees to help keep your blog fresh.

COSTS/GETTING STARTED

The cost of creating and maintaining blogs varies. Some blogging software is available for free, while other programs require a fee. You can either build a blog into your existing Web site, or use a host site for your blog and link directly to it from your site.

Using a host site can be the quickest and cheapest way to get a blog going, but having one made for your site can allow you to customize it to fit your specific needs, giving you more control over content and features. ■

For more information on starting a blog: SQUARESPACE.COM, BLOGGER.COM, SITEPOINT.COM.

Hot Marketing Ideas for Summer Holidays

FOR MICHAEL SWARTZ, NOTHING MIXES BETTER WITH HOT TUB SALES THAN A STEADY STREAM OF APPRECIATIVE BARBECUE AFICIONADOS.

BY ALISON STANTON

Every summer for the past eight years, Michael Swartz, owner of Heavenly Times Hot Tubs & Billiards, has driven from his store in Dillon, Colorado to nearby Frisco for the town's annual *Barbecue Challenge*.

Swartz brings along several hot tubs and other samples of his merchandise, sets up a colorful and inviting display and then for two days straight, shows off his wares to the hundreds of people who walk by.

For Swartz, it is an enjoyable and profitable way to bring his hot tubs out of the traditional storefront setting and to the public in a fun and festive environment.

"It's right between the two holidays (Memorial Day and Independence Day) on June 13th and 14th," Swartz says. "We have found this event to be very successful."

Judging from the looks of newspaper, television and radio advertisements, Swartz is not alone in using special events to market hot tubs and spas.

From a Memorial Day tent sale in the parking lot of your local spa store, featuring free hot dogs and face painting for the kids, to a 4th of July hot tub extravaganza with Uncle Sam jumping in a spa, many retailers are successfully tying-in promotions to holiday celebrations and other festivities.

In the case of Swartz, he likes to set up shop at barbecue-themed events. He has also had a display at the *BBQ at the Summit* event in Dillon for several years.

Swartz says he offers special discounts for anyone who purchases a hot tub at the *Barbecue Challenge*.

"We change our radio ads so they mention special discounts for the barbecue festival," he says. "Our television ads are also tagged to mentioning the barbecue discounts."

Swartz believes that becoming a regular at special events is one of the primary keys to success.

"One thing that has definitely helped is doing the event year after year. Each year our sales at this event have increased," he says, adding that other retailers who are considering doing similar displays should "keep doing the same event again and again."

"Customers don't always purchase that day, but a week, month or year later, they mention 'we saw you at the barbecue.'" ■

BASEBALL, BBQ AND BUYING A HOT TUB

Fill up a dunk tank and round up the local high school or college baseball team's stars to take aim at dunking some local dignitaries who wouldn't mind being a good sport for the day. Set up a batting cage, crank up the barbecue grills and have a 'ball' bobbing for apples in a hot tub. Since summer holidays have patriotic overtones, offer special discounts for veterans or enlisted service personnel.

Marketing at special events and on holidays can be a fun way to reach new customers, like this Presidents' Day sale.

Courtesy Marquis Spas

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Soaking On Site

WET TEST ROOMS LET CUSTOMERS "TEST DRIVE" SPAS AND HELP DEALERS CLOSE THE SALE. BY GERI KOEPPEL

Not many people would buy a car before test-driving it. But the majority of people buy a hot tub before soaking in it.

To help customers make the right decision – ensuring satisfaction, referrals and repeat business – some spa dealers are encouraging shoppers to try before they buy.

Alice Cunningham, co-owner of Olympic Hot Tub Company, has specially designed 'wet test' rooms in all five of her stores in Washington state.

Sure, they take up space, but they also help seal the deal. After clients relax in the hot water, they're more willing to open their wallets. In fact, about 85 percent of Cunningham's soakers become buyers: "They want to have this experience all the time," she says.

Brett Bergstrom, owner of Hot Tubs and BBQs in Avondale, Arizona, part of the Phoenix metropolitan area, allows potential spa-purchasers to try his spas on the showroom floor – even before or after hours, if needed.

Why does he think that's important?

"[Because] a lot of people think the more jets you have in a spa, the better it's going to

FOR MORE INFORMATION

Olympic Hot Tub Company

OLYMPICHOTTUB.COM

Baja Spas

HOTTUBS.COM

Hot Tubs and BBQ's

HOTTUBSANDBBQS.COM

feel, and the more pressure in the jets, the better," Bergstrom says. "And that's not true."

Baja Spas in Tucson, Arizona will fill any spa on the floor if someone is interested in a certain model. Similar to Cunningham's experience, manager Scott Culzer says 90 percent of those who soak make a purchase.

But there are downsides.

Cunningham warns other dealers not to have a soak room if they use chlorine. "It's a total turn-off," she says. Also, Culzer says offering a soak can give customers a 'be-back pass,' meaning they'll say they're going to 'be back' to try it, but won't return.

In addition, safety and comfort are issues that must be dealt with. Olympic has non-slip floors, a private dressing room and an HVAC system with a quiet, rust-proof dehumidifier.

Another caution: Culzer and Cunningham say some customers want to soak 'au naturel.' One even stripped down suddenly in Baja Spas, much to Culzer's surprise.

That's not happening at Olympic Hot Tubs. In fact, Olympic's Web site has an electronic form to reserve a private time for a test soak. Just above the fill-in form where a potential customer can choose a day and time, it states: 'Simply bring your suit and towel, and be our guest!'

"Suits are not optional," Cunningham observes wryly. ■

Swim spas, maybe even more than hot tubs, need to be tested before purchased. At Cascade Spas in Issaquah, Washington, swim spas are filled up and ready for customers to try.

Andrew Fredrickson

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Don't drive yourself crazy searching for head-turning, cost-effective advertising.

Just look in your parking lot.

The fleet vehicles your drivers use every day are ideal candidates for those stunning and vibrant vehicle 'wraps' – actually full-color graphics printed on removable vinyl – that you've seen around town. Not only are wraps a smart marketing move, they even spiff up car finishes that are less than pristine, protect the paint and yes, they can be removed.

"It's the most economical type of advertising a company can do," says David Vandervort, general manager of a Fastsigns franchise in Tempe, Arizona, noting that water-themed scenes make particularly attractive wraps. "It's basically a rolling billboard that's working for you 24 hours a day."

Jonathan Irvin, owner of Roadrunner Vehicle Graphics in Baltimore, Maryland, says an average wrap, which for all intents and purposes is a highly engineered sticker, runs about $3,000 and can last as long as eight years. Vandervort notes that while a wrap may not last that long in sunny climates, it's still an unbelievable value. He cites figures from

Courtesy East Coast Pools

Courtesy Cut Price Pools

Courtesy Fast Signs

Courtesy Fast Signs

the Transportation Advertising Council that indicate that a wrapped vehicle can garner upwards of 30,000 to 70,000 impressions per day. According to Fastsigns, a report by Madison Mobile Media states that vehicle graphics can cost-out at less than 70 cents per 1,000 impressions created.

HOW DO THEY DO THAT?

First, you need to create a design that includes information typically found on a business card. While Irwin says his firm, like many others, can assist with design needs, a client with camera-ready artwork will be charged less. His designers have vehicle templates that they use to adapt designs, and clients can see what the finished product will look like thanks to a computer-generated rendering.

The selected design is then printed onto a roll of vinyl using an oversized digital ink-jet printer that's not too different from what's found on many a desktop. Using a blow torch or heat gun, a two-person installation crew applies the 'sticker' to the vehicle.

The end result? A smooth appearance that looks like a brand spankin' new paint job.

WRAPS INFLUENCE SALES

Dan Carvalho, vice president and general manager of three spa and pool stores on the East Coast, is a huge advocate of wraps. He purchased his first one four years ago and he's since added two more to his fleet. Carvalho, who runs the company with wife Kim, plans to wrap their entire eleven-vehicle fleet, estimating that three to five percent of sales come from customers influenced by one of his wrapped vehicles.

"People say, 'I saw that (ad) from three miles away,'" he enthuses from his family's Cut Price Pools store in Swansea, Massachusetts. "Business is extremely good." ■

MOBILE ADVERTISING TIPS FROM THE EXPERTS

- PICTURES ARE WORTH A THOUSAND WORDS
- MINIMIZE USE OF TEXT
- USE BOLD COLORS
- DON'T GET TOO FANCY WITH FONTS
- CRISP, CLEAR AND BIG VERBIAGE
- NAME, PHONE NUMBER AND WEB SITE SHOULD STAND OUT

Rotomold on a Roll

IS ROTOMOLD RIGHT FOR YOUR STORE? WE'VE DONE SOME OF THE HEAVY LIFTING TO HELP YOU COMPARE MANUFACTURERS.

SpaZone is a one-stop-shop where you can find out all you need to know about some of the top brands and brand-names in the industry. Especially in today's economy, there's an entire market niche just itching to find a great deal on a hot tub. Rotomold prices make it possible for pretty much anyone to own a tub. We've compared some of the top makers to help you decide if one of them is right for your store.

DREAMMAKER SPAS

888-ROTOSPA

DREAMMAKERSPAS.COM

2452 Lake Emma Rd., Lake Mary, FL 32746

NUMBER OF YEARS IN BUSINESS: 9.5
NUMBER OF ROTOMOLD MODELS AVAILABLE: 9
NUMBER OF COLORS AVAILABLE: 2
LOWEST MSPR PRICE FOR SPA: $999
HIGHEST MSPR FOR SPA: $2995

DreamMaker Spas is committed to bringing spas to the masses with their durable and affordable rotomold spas. President Mike Johnson has used his 28 years of spa experience to turn spa ownership into a feasible reality for anyone who wants to live the spa dream. With consumer focused features, like lumbar support and energy efficient models, DreamMaker has made affordability feel luxurious.

DreamMaker SPAS Live the dream

FREEFLOW SPAS

909-947-9471

FREEFLOWSPAS.COM

1735 South Baker Ave., Ontario, CA 91761

NUMBER OF YEARS IN BUSINESS: 41
NUMBER OF ROTOMOLD MODELS AVAILABLE: 10
NUMBER OF COLORS AVAILABLE: 4
LOWEST MSPR PRICE FOR SPA: $2995
HIGHEST MSPR FOR SPA: $3995

Freeflow Spas has a history of quality that goes beyond the spa industry. With 41 years of experience creating plastic products for several industries it has now turned its attention to making rotomolded portable spas. Several styles, colors and features make these spas not only affordable, but desirable.

FREEFLOW SPAS®

LIVE, RELAX AND ENJOY.

Courtesy Freeflow Spas

STRONG INDUSTRIES

800-STRONG9

STRONGPOOLS.COM

3204 Point Township Dr. Rt. 11, Northumberland, PA 17857

NUMBER OF YEARS IN BUSINESS: 16
NUMBER OF ROTOMOLD MODELS AVAILABLE: 3
NUMBER OF COLORS AVAILABLE: 6
LOWEST MSPR PRICE FOR SPA: $2595
HIGHEST MSPR FOR SPA: $4195

Strong Industries wasn't thinking spas when they first used rotomolding to create a line of pet caskets. But the company liked the process and used the technique to develop pools and spas to complement their existing acrylic models. The rotomold styles may not be as razzle-dazzle as their acrylic counterparts, but for consumers who are budget-conscious they can't be beat.

STRONG INDUSTRIES

SOUTH PACIFIC SPAS

877-364-0555

SOUTH-PACIFIC-SPAS.COM

948 East Belmont St., Ontario, CA 91761

NUMBER OF YEARS IN BUSINESS: 50
NUMBER OF ROTOMOLD MODELS AVAILABLE: 3
NUMBER OF COLORS AVAILABLE: 2
LOWEST MSPR PRICE FOR SPA: $2995
HIGHEST MSPR FOR SPA: $4995

While only operating for five years, South Pacific Spas isn't the new kid on the block when it comes to rotomold. Made by Fusion Pacific, a sister company to Inca Plastics, President Howard Haigh has been in the rotomold business for almost 50 years. South Pacific Spas are available in two color schemes, with optional matching rock-like panels that help them blend in with any environment.

South Pacific Spas
by fusion pacific

INCREASE
FLOOR TRAFFIC/PROFITS
HIGH QUALITY ENTRY LEVEL SPAS
TEN UNIQUE MODELS RETAILING UNDER
$3,995

Model Shown:
SOLSTICE

866.961.7727
FOR A FREE INFORMATION KIT
www.freeflowspas.com

40% PROFIT MARGINS
110/220V STAINLESS STEEL HEATERS
PLUG-N-PLAY

FREEFLOW SPAS®
LIVE, RELAX AND ENJOY.

SURPASS®
Performance resins by NOVA Chemicals

ROTO MOLD

IT'S ALL ABOUT PRICE POINT

ROTATIONAL MOLDING HAS BEEN AROUND FOR DECADES, BUT IT'S ONLY IN THE LAST TEN YEARS OR SO THAT SEVERAL MANUFACTURERS HAVE CAUGHT THE ROTO-BUG.

BY PAULA HUBBS COHEN

Courtesy Freeflow Spas

Courtesy DreamMaker Spas

Courtesy Freeflow Spas

"Our research shows the typical dealer selling a nationally-known acrylic spa in the $6,000 to $8,000 price range closes approximately 28 percent of their customers. That means 72 percent are walking out the door to shop elsewhere," says Mike Johnson, president of DreamMaker Spas. "They give a hundred excuses, but the hard facts are that they can't afford a spa that costs that much."

Johnson's theory is that if people go into a piano store, they're most likely looking to buy a piano. Likewise, when they go into a spa store, they're already at least considering purchasing a spa. "They've either seen one on TV, used one on vacation or at a friend's house and they loved it," he says. "But nobody talked about how much it costs and when they find out, it's sticker shock. No one likes to be embarrassed, so they make up excuses and leave. And they never, ever come back and buy a spa."

ROTATIONAL MOLDING TO THE RESCUE

Enter lightweight, inexpensive and indestructible rotomold spas.

Rotomolding has been around for decades and is still used extensively to make items such as playground slides, trash cans, bins and car bumpers – and, for the last several years, hot tubs. According to roto-gurus, it's cheap, it's durable and a rotomold spa is easier to manufacture than acrylic spas.

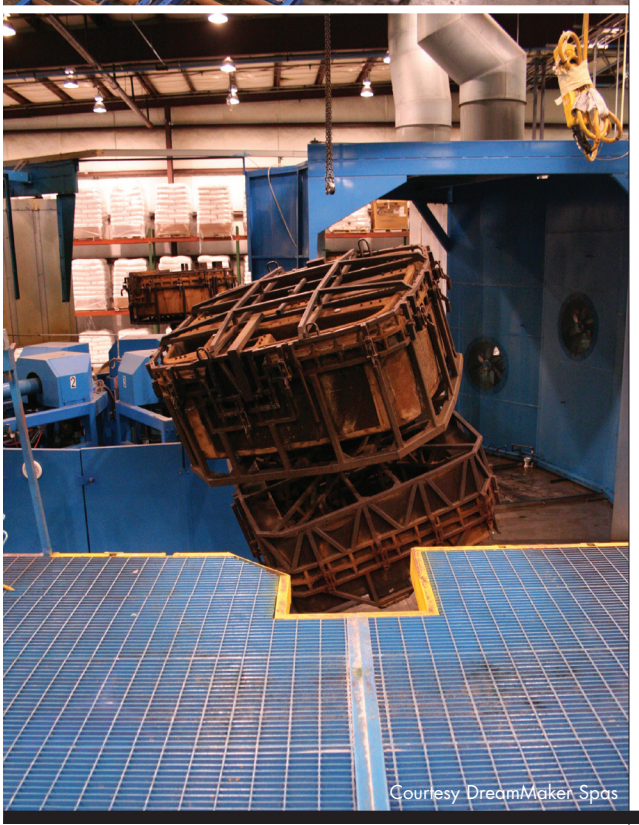
The process of using rotational molding for hot tubs involves using a powdered plastic that is heated, gelled and ultimately spun on two axes to assume its shape.

"The rotomolding process affords incredible functionality and flexibility. Virtually any shape can be created in conformity with required tolerances and specifications," says Michael Kite, president of Freeflow Spas. "The 360-degree turning motion of rotational molding spreads the powdered plastic across the interior surface of the mold, forming in desired thicknesses, in pre-determined locations, without the inherent stresses found in vacuum forming."

Rotomolding is considered to be economical for short production runs as well as high volume output. "In comparison to injection and blow molding, rotational molding can easily produce large and small parts in a cost-effective manner," says David Jurewicz, marketing director of Strong Industries, which first began using rotomolding in the development of pet caskets and subsequently created a spa and pool line using the same technology. "Rotomolding allows the designer to use a

Courtesy DreamMaker Spas

Courtesy DreamMaker Spas


Courtesy DreamMaker Spas

Courtesy Freeflow Spas

Courtesy DreamMaker Spas

Courtesy Freeflow Spas

trial and error theme in design at a very low cost."

Since the manufacturing of a rotationally molded hot tub is automated, industry experts say that this process allows them to create hot tubs that cost less and are more durable due to the fact that the shell, skirt and structure are all molded at one time and in one singular piece. "What takes us an hour to manufacture can take conventional hot tub manufacturers more than a day," says Kite.

GETTING THE AVERAGE JOE INTO HOT WATER

Johnson is almost evangelical in his belief that no matter what their income level, everyone should have access to the benefits of hot therapeutic water. After seeing way too many people be embarrassed and belatedly backtrack out of a hot tub store because they had no clue how expensive a spa can be, he figured there had to be a way to build a good tub at a more affordable price. And that's where rotomolding entered his mental manufacturing radar.

"We came into existence because there were tons of manufacturers all doing the same things," says Johnson. "If you took the name tag off, you couldn't tell one from another. In order to separate themselves from each other, they spent millions on advertising and started putting in TVs, stereos and a thousand jets – and all that stuff costs money. The Average Joe just couldn't afford it, but an awful lot more people can afford a rotomold spa than an acrylic one. That's exactly why I got into this business – everyone should be able to 'live the dream'."

BENEFITS FOR JOE AND JANE AVERAGE

Kite, of Freeflow, says that one of the major advantages of rotomold spas is the end price for the consumer. "There is a significant reduction in the labor cost required to manufacture a rotomold hot tub as compared to acrylic spas," he explains.

Gibb Teel, sales manager for DreamMaker, agrees with Kite, explaining that sixty percent of the price of spas is based on material costs. "Plain and simple, rotomolding with high density polyethylene, which is a fancy name for plastic, is less expensive than acrylic," says Teel.

But while an economical price is certainly the most obvious positive feature of a rotomold spa, it's not the only benefit to Joe and Jane Average.

Howard Haigh is the founder and president of Inca Plastics, which has been in the rotomold business since 1959. Haigh says that rotomold spas offer numerous consumer benefits, including product strength, durability and longevity. "In addition, lightness of weight contributes

ROTOMOLD MANUFACTURERS

DreamMaker Spas
DREAMMAKERSPAS.COM
888-ROTOSPA

Freeflow Spas
FREEFLOWSPAS.COM
888-961-7727

South Pacific Spas
SOUTH-PACIFIC-SPAS.COM
877-364-0555

Strong Industries
STRONGPOOLS.COM
800-787-6649

We work well with most of the acrylic guys and we attract people into their store by advertising low prices. They try to sell the high-end and they usually end up selling about 25 percent of the customers that come in the door. All we ask them to do is pitch our product on the way out.

-Mike Johnson, President, DreamMaker Spas

to the portability of the spa." Fusion Pacific, Inc., Inca's sibling company, has been molding spas since 2000 and manufacturing rotomold spas under the name South Pacific Spas for the past five years.

Teel says that in the past, most economically-friendly spas were made of vinyl and were easily damaged by a cat, diamond ring or bottle cap. "We wanted to create a spa that was lightweight like the soft-sided tubs, but also durable and affordable," he says. "Rotomolding fits the bill perfectly."

IT'S ALL ABOUT PRICE POINTS

"While most, if not all, acrylic spas retail for higher prices than rotomold spas, it's not 'us versus them' – if an acrylic dealer brings in rotomold spas, now they have a complete line of spas at a complete line of price points," says Bob Gawlik, vice president and general manager of Freeflow Spas. "Rotomold spas aren't a threat per se to an acrylic line, but they add a price point that probably wasn't there before and allow the dealer to offer a wider spectrum of product offerings. When a potential customer walks in the door, they're more apt to sell them a spa than if they didn't have it [a rotomold spa] on the floor."

Johnson of DreamMaker believes that by having rotomold spas inside an acrylic spa dealership, it actually helps boost the sales of higher-end spas.

"We work well with most of the acrylic guys and we attract people into their store by advertising low prices," says Johnson. "They try to sell the high-end and they usually end up selling about 25 percent of the customers that come in the door. All we ask them to do is pitch our product on the way out." ■

SPA WORLD

Ralph Black, President and Owner

Phoenix and Tucson, Arizona

Years in business: 25 years
Acrylic brands carried: Artesian, Diamonte, Charisma
Rotomold brands carried: Freeflow
Years selling rotomold: 9 years

ROTOMOLD =
30%
OF TOTAL UNIT SALES

REASON SELLING ROTOMOLD: "I needed something for those people who are not able to afford an acrylic, or don't want to spend the money for an acrylic. Rotomolds are easy to service, virtually maintenance-free, easy to install and our customers are happy with them. I have very few complaints and I sell over 100 a year. Rotomolds aren't the most profitable units we sell, but they are our favorite spas to sell."

BOTTOM LINE: "I caution dealers that you need to be sure you have a sales crew that is able to handle the reasons why a customer might want to spend more on an acrylic tub. The fact is, because the value of a rotomold spa is so good, there is a possibility you could jeopardize some of your upper-end sales as a result of having one on the floor. You need to be smart in how to market them so that doesn't happen."

HYDRO SPA

Peter Sabat, Owner

Canoga Park, Santa Clarita and Palmdale, California

Years in business: 25 years
Acrylic brands carried: Sundance
Rotomold brands carried: Freeflow
Years selling rotomold: 10 years

ROTOMOLD =
25%
OF TOTAL UNIT SALES

REASON SELLING ROTOMOLD: "Rotomold spas fit a great price point for us. We have Sundance at the high-end and Freeflow in the low- to mid-range category. I like the fact that rotomold spas are bulletproof – they're heavily constructed and have a lot of endurance. In fact, it's what they make bus benches and fast-food play areas out of. They're very strong."

BOTTOM LINE: "We sell a lot of rotomolds at home shows because they're easy to show, easy to set up and so much more inexpensive than acrylics. I think a lot of dealers have tunnel vision and may not want to put them on the sales floor, but it's okay to have two or three brands at different price points because it gives customers a choice. If people are looking for a spa, but not really sure about what to buy or how much to spend, they'll stay in your store and don't have a reason to go somewhere else to shop."

BOISE HOT TUBS

Bill Osborn, Owner

Boise, Idaho

Years in business: 2 years
Acrylic brands carried: Columbia
Rotomold brands carried: Freeflow
Years selling rotomold: 2 years

ROTOMOLD =
90%
OF TOTAL UNIT SALES

REASON SELLING ROTOMOLD: "I've been selling spas over 20 years, and I thought it was time for a change, to sell a more 'everyman' type of spa. I looked into rotomold six or seven years ago, well before we opened here. There are a lot of empty-nesters out there, their kids are gone, they're not into big parties any more and they want a smaller, easy to handle spa. Rotomolds are perfect for them."

BOTTOM LINE: "Rotomold spas make a lot of sense; nobody wants wood cabinets anymore and variations of synthetic eco-wood can be kind of brittle and can still warp. Many companies use rotomold for industrial purposes, so it has to be very durable and resistant to elements, chemicals and so forth. These spas are simple and efficient – I've only had two or three service calls in the last few months and I personally have sold close to 120 tubs in twenty months. I particularly like Freeflow's Sport series; it's my biggest seller."

YOUR BACKYARD SUPERSTORE

Bruce and Joy Rothschild, Owners

Melbourne, Florida

Years in business: 15 years
Acrylic brands carried: Hot Spring and Jacuzzi
Rotomold brands carried: DreamMaker
Years selling rotomold: 6 years

ROTOMOLD =
20%
OF TOTAL UNIT SALES

REASON SELLING ROTOMOLD: "We had a lot of people coming in who loved our spas, but they really couldn't afford them. Having rotomolds lets our staff keep potential customers in the store longer, giving us more opportunity to sell a DreamMaker because of the price, or more time to explain the benefits of Hot Spring and/or Jacuzzi and why they're more expensive. Also, here in Florida, we have a lot of mosquitoes that are bigger than the average Ford F150, so about 95 percent of our spas are installed inside screened-in rooms. Rotomold spas are plug-and-play and very easy to install inside a home."

BOTTOM LINE: "Rotomolds have been an excellent bridge for us to sell to folks wanting something less expensive than an acrylic spa. As much as we'd love to only sell Cadillacs and Lexuses, the fact is, more people buy Chevys."

LEISURE WORLD, INC.

Tod Bessery, President

South Burlington, Vermont

Years in business: 38 years
Acrylic brands carried: Coleman
Rotomold brands carried: DreamMaker
Years selling rotomold: Third season

ROTOMOLD =
30%
OF TOTAL UNIT SALES

REASON SELLING ROTOMOLD: "We needed something to meet a lower price point. Because of the low wholesale price, we're making just as much percentage profit on some large DreamMakers as on some of the acrylics. We were seeing acrylic sales decline, so we discussed the obstacles that keep the average person from buying an acrylic spa. A lot of it is the price, including the electric requirements, which sometimes can be $700 to $1,000 to hook-up 220 outlet. With rotomold, we meet the biggest obstacles that the general consumer has against buying a spa."

BOTTOM LINE: "With these spas, we save over $25,000 a year on delivery costs alone. Because they're easy to move around, we don't need to call the moving company or crane company. Sometimes the customer just picks it up in their truck, or else we have two service techs deliver it – it's very easy. We also save money on service and that's important at today's gas prices."

THE POOL PLACE

Rick Dubois, General Manager

Abington, Carver and North Easton, Massachusetts

Years in business: 41 years
Acrylic brands carried: Saratoga
Rotomold brands carried: DreamMaker
Years selling rotomold: Third season

ROTOMOLD =
50%
OF TOTAL UNIT SALES

REASON SELLING ROTOMOLD: "Mike Johnson said something that really hit home for me. He said it was his feeling that a lot of people come into a spa store and once you start talking to them, their eyes kind of glass over because they realize they just can't afford it. He's so right, but this spa makes it affordable for everyone. Also, we have a lot of customers with above-ground pools and they're not going to spend more for a spa than they paid for their pool."

BOTTOM LINE: "It's easy to take rotomolds to home shows and fairs – I can put six of them in the back of one of our trucks and it just takes a couple of guys to set them up. They're great for off-site events because they're a spur-of-the-moment sale; acrylics are not. I could have any spa I want, but I have a DreamMaker in my backyard and I love it."

Dream Maker Spas says "They're not only breaking records, they are making history"

DREAM MAKER ROTO SPAS

BUCKING THE TREND!

Mike Johnson, President of Dream Maker Spas was asked to explain the explosive growth of Dream Maker Spas in a down market. Johnson's reply was "its simple, for the **first time we are filling a niche from the $1799 to $2995 price range that makes the dealer 40% margin** and that was unheard of just several years ago. We still have dealers today that think our product is a Loss Leader."

Over 800 spas in inventory!

I believe our marketing strategy of not competing against the high end spas but rather offering the dealer a stepping stone to their high end spa is helping tremendously. For example, our research shows the typical dealer selling a nationally known acrylic spa in the $6-8000 price range closes approximately 28% of their customers. That means **72% are walking out the door** to shop elsewhere.

"Cash n' Carry, Plug n' Play Spas"

"No matter what income level or size restrictions, everyone should enjoy hot therapeutic water."

Our research also shows that when the first time buyer realizes the acrylic spa of their choice is out of their price range they do not raise their hand in the middle of the salesmans' presentation and say " I can't afford this". They give a hundred excuses but the hard facts are t**hey can't afford a $6-8000 spa.** So Dream Maker Spa dealers now have a full line of portable spas that almost anyone seeking hot therapeutic water can afford.

Remember, Dream Maker Spas' mission statement is **"No matter what income level or size restrictions, everyone should enjoy hot therapeutic water."** In other words, **"Live the Dream".**

"Dream Maker Spas offers marketing programs to dealers such as **$1 a day no interest until 2010 and 100% Money Back Guarantee Program.** While these programs have been a huge success, Dream Maker Spas has remained the fastest growing spa company for this simple reason: All Dream Maker spas are 110 volt, truly portable 15 amp, Cash n Carry, Plug n Play spas that are designed for everyone."

We have 650 dealers worldwide for a reason; people like it, people need it and people can afford it.

Johnson was asked why he chose this niche of Spas?.. His answer was **"So Everyone Can Live the Dream.."**

New Lifetime Warranty

For more information concerning Dream Maker Spas you can contact the company at 888-ROTO-SPA or visit their website at dreammakerspas.com

Dollars and Scents

By Debra Gelbart

chemicals are a reliable way to maintain sales volume in lean or slow sales cycles, while fragrances are a profitable add-on that encourages repeat business

Jeff Laydon

When the going gets tough, the tough make money on spa chemicals and aromatherapy.

Yes, it's definitely true that in slow economic times, selling chemicals and fragrances can be a spa retailer's financial lifesaver. During the fall and winter months in particular, chemical sales have proven to be especially profitable for Brown's Pools & Spas in Douglasville, Georgia. "We display our spa chemicals more prominently during the pool off-season," says Nathan Buchan, retail manager for the company. "We put out more volume and move the products to a higher traffic point in the store."

Buchan suggests retailers consider boosting spa chemical sales with a 'niche program' not available through mass marketers or big box retailers. "You need a program approach to spa care that consumers won't find in Wal-Mart or Costco," he says. According to Buchan, a preferred specialty program that offers chemicals with either a unique delivery system or an exclusive formulation could be key to bigger sales, adding, "Product lines like BaquaSpa, Nature2 or Spa Frog take customers from buying chemicals they can buy anywhere to buying a program they can only get from you."

Steven Metz is president of Central Jersey Pools, Patio & More in Freehold, New Jersey, as well as president of the Northeast Spa & Pool Association. He recommends developing an easy maintenance program for spa owners that keeps them tied into your store or Web site.

"We call ours the Simplex 2000 Method, because it's simple. We offer products that are private-labeled just for us," explains Metz. "We tell customers they only need to buy five products to maintain their spas: a catalyst, a pH stabilizer, a mineral stick like Spa Frog or Zodiac, a filter cleaner and degreaser, all used once every four months, along with a weekly shock sanitizer. We bundle all of them together in either four-month or 12-month kits."

Buchan advises that a retailer carefully choose the spa chemicals they sell. "Try to make sure the product lines have received an endorsement from major spa manufacturers," he suggests.

> "Spa customers who also own pools should be discouraged from trying to use pool chemicals in different dosages in their spas. Retailers know that it's very difficult to adjust the dosages properly. It's a good idea to recommend that spa customers use specially formulated spa chemicals."
>
> *–Steven Metz, President of Central Jersey Pools, Patio & More, Freehold, New Jersey, and President of the Northeast Spa & Pool Association*

FOCUS ON FRAGRANCE

Metz believes that aromatherapy and fragrance products are a popular add-on with customers and offer the retailer an additional way to build customer loyalty. Lorette Kalender, president of PharmaSpa International, a spa aromatherapy manufacturer in Laval, Québec, agrees. "Aromatherapy and fragrance products are great for retailers because when spa sales are down, those who have already bought hot tubs continue to need supplies," says Kalender. "Spa owners really like fragrances and aromatherapy, and products like these can help 'pay the rent' when spa sales drop."

With fragrance products, retailers can choose from two types of manufacturers: companies that focus only on fragrances and aromatherapy and those that offer a complete line of spa chemicals, including fragrances.

Spa fragrances typically are available in three formulations: liquid (the most popular), crystals and gels. The fragrances themselves are almost limitless in their creativity and attempts to evoke a mood. Manufacturers who focus on aromatherapy products for hot tubs may offer more than one formulation, but companies that carry an entire line of spa chemicals usually only manufacture liquid fragrances.

CREATING A SCENTS-UAL EXPERIENCE

Fragrance manufacturers say the ideal way to encourage sales of aromatherapy products is to let customers see and most importantly, smell, the products firsthand. "We recommend that retailers consider sampling a fragrance in a functional tub in the showroom. Just half an ounce of liquid emits a wonderful aroma that can last for hours," says Michael

Moore, vice president of marketing for Advantis Technologies in Alpharetta, Georgia. The company's Leisure Time brand includes EsScents, spa fragrances that are offered in three varieties: Aroma Therapy, Floral and Tropical. "We also suggest putting the fragrance products near the cash register or the help desk so they are easily seen," says Moore.

Many manufacturers, including inSPAration Spa & Bath Fragrance, offer promotional assistance to retailers so their products can be marketed for maximum sales effectiveness. Brian Guy, vice president of Moorpark, California-based inSPAration, says their aromatherapy and fragrance products are found in thousands of retail outlets. "We suggest point-of-purchase displays, display towers, countertop displays, moving waterfall displays or rock waterfall stanchions on which the products can be placed," says Guy.

VARIETY IS THE SPICE OF LIFE

Fragrance manufacturers are skilled at generating consumer interest through variety in packaging, affordability, number of scents and ease of use. To help illustrate that point, Guy says that inSPAration's products typically retail for $8.95 to $10.95 each and are sold in eight- and nine-ounce bottles and half-ounce single-use pillow packets.

Another fragrance company that uses an array of package sizes to spark consumer interest is SPAZAZZ. Angie Pettro, founder of the Alpine, Utah company, says their packages range from sample size all the way to 24 ounces, with the larger packages typically retailing for between $15 and $25.

In Metz's retailing experience, pretty much all spa owners try aromatherapy at some point. "Having a large selection of fragrances [in stock] helps ensure each customer will find one they like," he says.

Manufacturers certainly understand that an array of scents is important to encourage repeat business. Case in point: when inSPAration first started over 30 years ago, they had only six fragrances. "Today we have more than 50," says Guy. Likewise, Pettro of SPAZAZZ says she maintains interest in her products by frequently adding to the company's aromatherapy collections. "For example, this spring I'm introducing the Honey Mango Ambience Collection,

> "Quality spa fragrances and aromatherapy products won't change the chemistry of the water."
>
> *–Angie Pettro, Founder of SPAZAZZ, Alpine, Utah*

with products for the body, not just the hot tub," she says.

Another message that comes through loud and clear from consumer feedback is that for repeat sales, a fragrance formulation needs to be easy to use. And liquids definitely get the 'thumbs-up' in that regard.

Why?

"Because liquids are easier to dispense," comments Scott Newton, brand manager for both BioGuard and SpaGuard in Lawrenceville, Georgia. Chemtura, the parent company of BioGuard and SpaGuard, offers a full line of spa chemicals under several different brands.

Other experts concur with Newton's assessment. "With liquids, you don't have to worry about the product dissolving or about it affecting the chemical balance in the water," says Moore of Advantis Technologies.

EXPERIENCING THE SPA

BioGuard and SpaGuard have been producing treatment chemicals since the 1960s. Several years ago, [parent company] Chemtura recognized that aromatherapy is an important spa additive because of the trend toward the "experience" of the spa. Newton describes the "spa experience" as being built around solitude, romance, relief of discomfort or relaxation. "It's completely different from swimming laps in a pool, so aromatherapy can really enhance the soaker's experience while using a spa," says Newton. To complement the spa experience, in 1999 SpaGuard launched Moments, a line of liquid fragrances that combine different mixtures of hyacinth, rose, lily, apple, vanilla, jasmine and green tea to encourage various moods.

WHAT'S THE BOTTOM LINE?

In a nutshell, chemicals are a reliable way to maintain sales volume in lean or slow sales cycles, while fragrances are a profitable add-on that encourages repeat business. "Because fragrances are not something every retailer offers, it brings customers back into the store for additional products," Newton says. "It's a great opportunity for a retailer to make more sales." ■

PharmaSpa

Aromatherapy Spa & Bath: Gel, crystals or fragrance

ENERGY	EUCALYPTUS	TIGER BALM	ARTICUL-R
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EXPENSES

Find a Hidden Bonus for Your Business

HOW TO DETECT AND REDUCE THOSE BOTTOM-LINE-BITING HIDDEN COSTS AND EXPENSES THAT CUT INTO YOUR PROFITS. BY ANDREA MARKOWITZ

You wouldn't think of reducing your profits so you could hand out bonuses to a utility or insurance company. But that's exactly what you're doing if you're not monitoring your business's expenses.

"Each year we target expenses that appear high. If we can save money by changing suppliers or finding less expensive solutions, we do it," says Trevor Wasney, president of Arctic Spas Oakville Group in Ontario, Canada. In 2006, Wasney's company was the highest-volume Arctic Spas dealership in North America.

Wasney says the best way to detect stealth expenses is to keep timely, accurate financial statements and review them regularly to detect creeping costs. For example, when his company's phone expenses kept climbing, Wasney ordered a VoIP (Voice over Internet Protocol) system. "The upfront costs will pay for themselves within a year. The system eliminates call waiting, voicemail and store-to-store long distance charges. It also makes us more efficient and improves our ability to serve customers."

Inefficiencies and lackluster customer service lower profits, too. Some questions to ask yourself include: Do your delivery routes minimize mileage? Are your vehicles maintained to run efficiently? How often do your installers need to redo a job? Do your salespeople know your products thoroughly and put customers first? Your employees' knowledge and attitudes affect their success in winning and keeping customers.

But first things first: Do you hire the right employees to begin with? If they're not qualified, they can't do quality work and you'll pay salaries, payroll taxes, unemployment compensation and benefits for people who'll bring in less money than qualified employees would. Injuries and employee turnover lower profits, too. Reduce employee-related costs by investing in professional employee selection and training.

> "If we can save money by changing suppliers or finding less expensive solutions, we do it."
>
> —Trevor Wasney, President of Arctic Spas Oakville Group in Ontario, Canada

Here's something else to think about: Do you take the extra bit of time to shop for 'deals'? For example, BIZRATE.COM displays products, their features, price comparisons and customer reviews of businesses that sell them. Compare credit card suppliers' expenses and rewards, too.

Finally, poor inventory management can eat up profits in no time. Take a day to see if you can reduce storage costs and inventory-dependent items such as insurance, rent and the interest on debt financing.

After you uncover your stealth expenses, Wasney advises, "It's now up to you to fix them and run a profitable business." ■

Valuable team member's at Intermountain Aquatech in Sandy, Utah.

Justin Brown

Discovering Those Great Employees

WHEN INTERVIEWING PROSPECTIVE EMPLOYEES, LEARN TO LISTEN TO YOUR INSTINCTS ON FIRST IMPRESSIONS. BY ALISON STANTON

Beth Smith admits he might have made a great employee.

But after watching the young man emerge from his car with his pants "down around his thighs," Smith knew there was no way she would ever hire him.

"While some may consider this fashionable, I always want to yank their pants up and hand them a rope," says Smith, president of Spa Kingdom Inc., in Fruitland Park, Florida.

To Smith's surprise, he was applying for a job. Guess what? She didn't interview him. "I took his application and said to him 'let me give you some advice – the next time you apply for a job, wear a belt!' My employees' mouths dropped," she recalls. "He could have been the best employee ever, but my employees know to dress to impress."

Smith's story vividly illustrates the importance of first impressions. But beyond dressing professionally,

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what else makes for a good spa retail employee, and on the flip side, what are some of the personality traits or other issues that might serve as red flags? Lastly, what if the new employee you thought would be a delight turns out to be a dud?

PERSONALITY OVER PRODUCT

During an interview with a potential new employee, Smith says she pays close attention to the applicant's personality and their eagerness to learn, considering those traits just as important, if not more so, as knowing the ins and outs of water chemistry. A little sales experience never hurts either.

"A good spa retail employee must know how to sell. It does not always matter what you're selling, you can sell [anything] if you know how to sell and close a deal," she says. "Being a team player is also important. You must know how to work well with others and look out for the best interest of the company, keeping in mind that you must satisfy the customer also."

CAN-DO ATTITUDE

Trevor Wasney, chief executive officer of Arctic Spas Oakville Inc., based in Oakville, Ontario, Canada, says that for him, confidence and communication skills are critical for any employee. He says he looks for evidence of these traits during every interview.

"Someone who is a very good communicator and is also very assertive and competitive usually makes a good closer," he says. "We pay mostly on a commission basis so confidence in their own ability is very important."

> "Being a team player is also important. You must know how to work well with others and look out for the best interest of the company, keeping in mind that you must satisfy the customer."
>
> **–Beth Smith, President, Spa Kingdom**

Wasney says that gut feelings should also be factored in when interviewing a candidate for your store or business. He remembers the time he hired a new sales employee who presented himself well during the interview ("almost too confident") and on paper appeared to be the perfect employee. He hired the man in spite of the little voice in his head telling him there was something about him that wasn't quite right.

Sure enough, in spite of good references and a promise to "sell the sizzle," it soon became evident that the new guy was all talk and very little action. "After one or two weeks it was obvious it was all an act. He had no confidence in himself and could not sell," recalls Wasney.

In general, Wasney believes that certain personality traits make people more effective at different positions within the company. But no matter your skill level, he advises that "honesty, integrity and a strong work ethic are the three most important things to look for in a spa retail employee," adding that "good people generally make good employees."

ENTHUSIASM VITAL

In his 28 years in the industry, Andy Hebert has found that for his business, women tend to make really good salespeople.

Hebert, owner of Homecrafters Spas in Fresno, California has hired many women for sales positions in his store, a number of whom are former customers. Many are moms, and "all are great," he brags.

"They have taken care of kids, houses and husbands for years and they take care of customers the same way," he says. "They are not a 'slick Eddie salesperson'. They sell trust – and themselves."

WATCH OUT

Like Smith, Wasney agrees that poor grooming is a major indicator that a potential employee won't get the job. He also says that rambling on during the interview and never really answering the proffered questions are also red flags. For Hebert, lack of current employment is the biggest

"If we had to pour concrete, we wouldn't have purchased the spa!"

- Donna C., Brea, CA

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give-away that the person is not for him, and leaves him wondering why they aren't currently working. "If they can't find a job now, I don't want them," he says.

For Smith, relevant insight and information comes by asking about the person's previous jobs.

"I listen to how people refer to their past employment. Often they will tell much more than they intend to," she says. "Why did they leave? Do they bad-mouth their past employer by saying 'They're a bunch of idiots?' Did they advance, and why or why not? How many jobs have they had? I don't want to invest in someone who jumps from job to job."

NOW WHAT?

It never fails, though, that no matter how much due diligence a prospective employer does, sometimes things just don't work out. So how do you handle the 'not ready for prime time' employee, if he or she is already on the job?

Smith says she will usually try to give the person the benefit of the doubt, at least at first.

"Sometimes an employee just doesn't fit in, they may not follow procedure or they may not interact well with the customers," she explains. "It depends on what the problem is, but usually we will discuss our concerns with them and give them a chance to correct the issue. If that fails, we will dismiss the person or move them to another position."

Wasney uses an online sales test to help determine whether or not a potential employee has an aptitude for sales. He says the test, combined with an extensive hiring process, quickly reveals people not cut out for a sales position. Once people are on the job, the company's commission structure "automatically weeds out the people who are not good at the job."

But sales is just one area of a spa retailer's business, and Wasney's employees in other departments take part in a three-month probationary period.

"If someone is a great person with great character and is just not suited to the particular job in which they were hired, we have on occasion found a more suitable position for them within our organization," he says. "The key is that you can almost always find a position for a great person, [you just have to] play on their strengths."

Hebert also uses a three-month probation period for his new employees, which he says has been very helpful. His final analysis?

"I have learned over the years that I can't save the world, but I do think that every person has a spot and a place," he says. "It just might not be here." ■

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The Art of Plumbing

HOLDING IT ALL TOGETHER – YOUR GLUE MAY BE THE ROOT OF ALL YOUR PLUMBING PROBLEMS. BY ROBERT STUART

Anyone can glue a PVC joint but not everyone can do it in adverse conditions, tight spaces and with aged materials – yet make it hold forever.

Those of us who have worked on spas for a while have seen plumbing repairs that made us cringe. Whether it's a homeowner trying to do a self-fix, a novice trying to stop a leak by adding more glue or even an old pro cutting corners, ugly mangled joints are very common.

One of the most frequent plumbing repair failures is using old glue or not properly applying the glue. PVC glue is not meant to be used as a sealer, it is designed to 'weld' two mating pieces of PVC. It does not bridge gaps like an adhesive, but instead partially softens and dissolves the pipe, making for a permanent connection between the two parts.

The solvents in the glue penetrate the plastic surface and cause the plastic to swell. The swelling continues until the gaps between the pipe and the fitting walls are closed and pressing against each other. The solvent in most PVC glues that causes the 'welding' process is tetrahydrofuran. In old glue, this solvent has gassed off and is no longer effective.

All solvent cements have the ability to absorb some water and still perform well enough to create an adequate joint. However, research shows that the presence of 10 percent water in solvent cement can slow penetration and swelling by 65 percent. A joint with water inside will always be inferior and subject to problems. In the field, you can often use a heat gun to help dry the joint but simply wiping both pieces with a dry cloth will help a lot.

With the introduction of 'green manufacturing' we see less solvent in the glue than we did in times past, making the joint preparation that much more important.

Larry Workman, sales manager with Lasco fittings, one of the largest suppliers of PVC and CPVC fittings, discussed with me the importance of using primer on PVC glue joints. "I can tell you almost without reservation on joint failures we inspect at the factory there was no primer used," says Workman. He went on to say, "Using primer on PVC is kind of like using primer when painting a car…you can paint without it but chances are the paint won't stay on."

The second coat of cement on the pipe is the key to success because it is most beneficial. All PVC, Schedule 40 and Schedule 80 fittings have tapered sockets. As you insert the pipe into the fitting, any excess cement on the pipe will be pushed back out along the pipe, filling the gap between the pipe and fitting at the socket opening. Abnormal amounts of cement will not be trapped within the joint; you can wipe them off at this point.

> "Whether it's a homeowner trying to do a self-fix, a novice trying to stop a leak by adding more glue or even an old pro cutting corners, ugly mangled jonts are very common."

It is vital to put cement on the pipe, then on the socket and a second coat on the pipe before assembling. ■

For more information about proper PVC plumbing practices: LASCOFITTINGS.COM *and* SPEARSMFG.COM.

PROPER PROCEDURES FOR SOLVENT CEMENTING PVC

- Prime both the pipe and fitting socket to be joined.
- Immediately apply a coat of cement to the pipe end.
- Apply a light coat of cement to the fitting socket.
- Add a second coat of cement to the pipe.
- Push the parts together, rotating one-eighth to one-quarter turn and hold for 15 to 30 seconds. (In cold weather installations, increase the hold time to prevent push-off.)

Source: LASCOFITTINGS.COM

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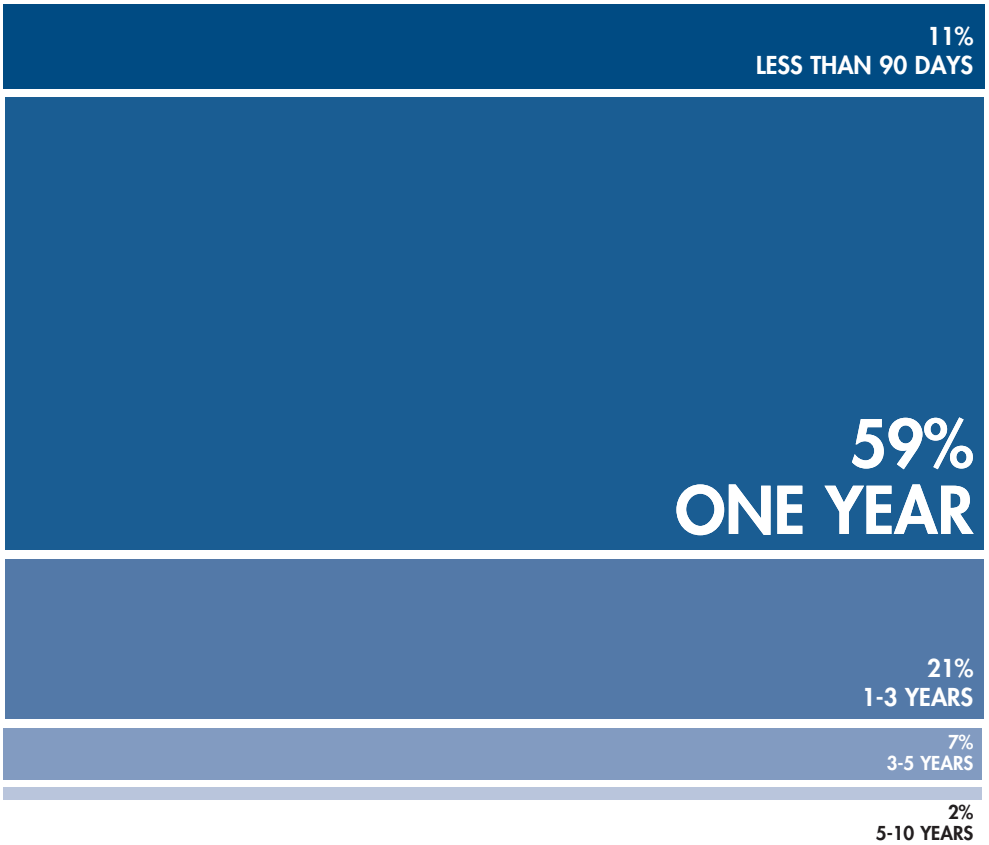
AS A SPA TECHNICIAN, WHAT WARRANTY LENGTH DO YOU THINK SHOULD BE OFFERED TO CONSUMERS PURCHASING A NEW SPA?



From the Ones Who Know Best

WHO BETTER TO GIVE SOME INSIGHT ON THE STATE OF WARRANTIES THAN FOLKS IN THE TRENCHES.

Each quarter, *SpaRetailer* interviews a cross sampling of hot tub retailers throughout the United States and Canada. This time we called up the service technicians to hear their thoughts about servicing spas under warranty. From the length of calls to scheduling to compensation, we covered it all. We even compared the warranties of other industries to see how hot tubs stack up.

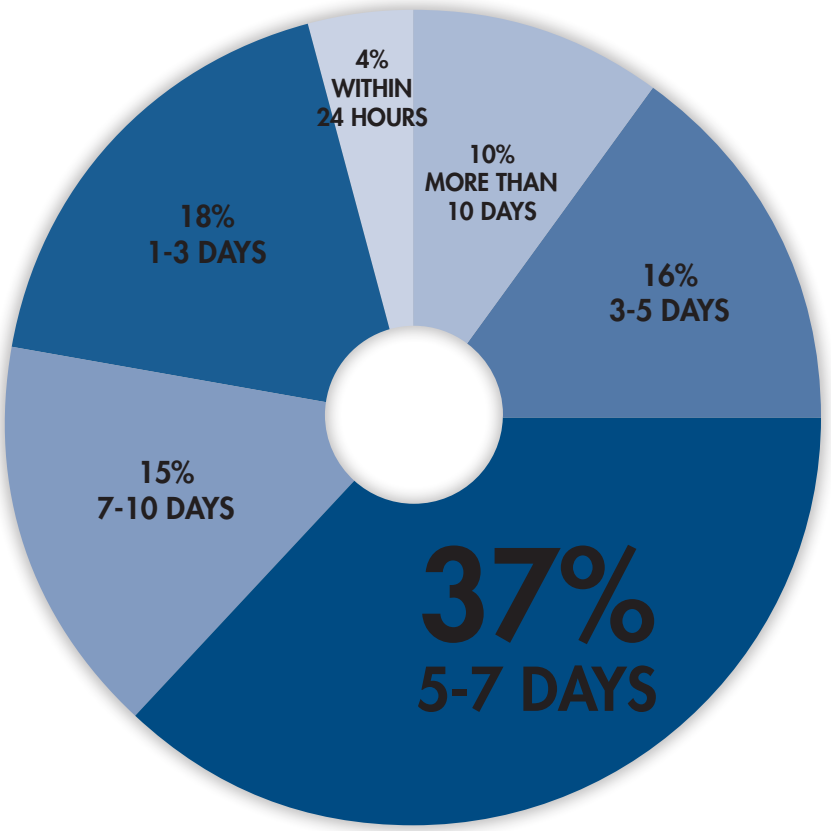
WARRANTIES SURVEY
Warranty research based on a telephone survey of 185 service technicians conducted in February 2008.

HOMEOWNER ERROR IS THE NUMBER ONE WARRANTY SERVICE CALL ISSUE.

HOW LONG DOES THE AVERAGE WARRANTY SERVICE CALL TAKE TO COMPLETE?

45 MINUTES

HOW MANY DAYS DOES IT TAKE TO SCHEDULE THE AVERAGE WARRANTY SERVICE CALL?



SPECIAL WARRANTY FEATURE

Are spa warranties off the charts? Are they being used as a marketing tool rather than for consumer protection? Check out what industry insiders have to say about how lengthy warranties impact consumers' perceptions as well as bottom lines on pages 26, 45 and 89.

CURIOUS HOW SPA WARRANTIES COMPARE TO OTHER INDUSTRIES? TAKE A LOOK AT SOME TYPICAL WARRANTIES OF OTHER PREMIUM CONSUMER PRODUCTS.

HARLEY-DAVIDSON MOTORCYCLE	2 YEARS
BANG & OLUFSEN FLAT SCREEN TELEVISION	3 YEARS
SEA-DOO WATERCRAFT	1 YEAR
MERCEDES-BENZ	3 YEARS
VIKING RANGE	1 YEAR
SUB-ZERO REFRIGERATOR	1 YEAR
APPLE COMPUTER	90 DAYS
KAWASAKI ATV	1 YEAR

WHAT AMOUNT DO YOU THINK IS FAIR COMPENSATION TO BE REIMBURSED BY A SPA MANUFACTURER TO PERFORM WARRANTY SERVICE?

$123

PER OCCURRENCE

PAST ISSUES

Looking for an article? We have provided a detailed index of all stories that have previously appeared in *SpaRetailer*. Stories are color-coded based on the following criteria:

■ STOREFRONT ■ MARKETING ■ OPERATIONS ■ RESEARCH

COACHING
Managing Rude Customers/Fall 07/32/■
Double Your Spa Business/Winter 07/30/■
Closing First-Time Buyers/Spring 08/26/■
Ways To Get Testimonials/Summer08/24 ■

COVER STORIES
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Small Efforts, Big Results/Spring 08/47/■
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Tools of the Trade/Spring 08/63/■
Plumbing/Summer 08/80/■

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SpaRetailer

MAY 2008

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WEBCAST EVENT CODE: 05081

JUNE 2008

ROTOMOLD SPAS
Wednesday, June 19, 2008
4:00 EASTERN/1:00 PACIFIC

Curious about this exciting entry-level spa category? Panelists include retailers who are growing their business with this lucrative price point.

WEBCAST EVENT CODE: 06081

JULY 2008

CHEMICALS FOR PROFIT
Wednesday, July 30, 2008
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Have You Cleaned Your Balloon Today?

So there I was, driving with hubby on our way to parents weekend with our college freshman daughter. In a pensive, almost-empty-nest kind of mood, I was suddenly jolted back to reality by the sight of a two-story balloon-type inflatable sitting on a flatbed trailer in a shopping mall's parking lot.

It had great big colorful letters advertising a certain brand of spa and a certain spa retail store, but let's just say that the formerly white balloon had seen better days.

Oh, they had the requisite tent set-up and several spas ready to show. It looked like their closers were at the ready, waiting for potential customers to waltz up and take a test soak. They even had free hot dogs and soda, and I'd venture a guess that the spas they had for sale were of better than average quality.

But the first thing I noticed, and the only thing I remember, was the sad-looking, slightly listing balloon covered with a plethora of dirty smudges.

The moral of the story is: There's no second chance for a first impression, so keep your pants pressed, your set-up neat and tidy, and for goodness' sake, clean your balloon.

'Nuff said.

–Paula Hubbs Cohen

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* Spend Less And Get Better Results
* Super Charge Your Marketing Efforts

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Read What Past Attendees Have to Say...

"This is NOT just another sales seminar!"

- Gabriel Ganser, Family Recreation

"You opened my eyes to potential customers I wasn't reaching!"

- Mark Mesker, Paint Connection Plus

"David's follow up marketing & Internet strategies are terrific!"

- Phil Sander, Easy Spas

"Any Dealer serious about growing their business would benefit from attending this Boot Camp"

- Troy Weber, Sensational Spas

"The training is very detailed and comprehensive and provides all of the 'How-To's' for success!"

- Jaden Kemp, Bullfrog Spas

"Dave's education marketing concepts are great!"

- James Keirstead, Arctic Spas

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San Francisco - June 12
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