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RV PRO

FOR THE RV PROFESSIONAL

Stepping on the Gas

The popularity of gas-powered Class A motorhomes over their diesel-powered brethren shows no signs of slowing down.



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- Dealer Trends: Dealers Report Solid 2017
- Steinbring Motorcoach:
A Century of Service

Adapting to Advertising's Changing Landscape

The field of conquest for a customer's attention in advertising has changed dramatically in recent years.

Advertising. Marketing. Promotion. Shows. These terms all have a different context than they did even 20 years ago. Now, it's more along the lines of: SEO. CRM. Social media.

The advertising game has permanently changed.

Years ago, a mentor of mine, Jim Quinn, spoke to a group of us regarding how we should think about advertising. Jim was working on his Wharton MBA and was a more of a gusher than a flow of information. He also told us about value being a three-legged stool whose legs were price, convenience and perceived quality. You get to pick two, but can't have all three.

The Four P's

Quinn spoke about the "marketing mix" of *product, price, placement and promotion*. In the promotion part of that mix, he included advertising. He taught us that advertisement itself was a mix of media used to reach the customer with a message of value. He used to say that if:

1. You had a high-quality product that was either convenient or inexpensive, and...
2. You communicated that message aggressively through advertising...
3. People would beat a path to your door.

The next part Quinn taught us was that we had to pick the best way to reach most customers with that message. That got a bit more technical.



Newspaper and telephone book ads are significantly less relevant to consumers today than they were even 10 years ago. Dealers need to constantly evaluate the best use of their limited advertising dollars.



By Chuck Marzahn

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One of the elements of that decision was the size of the target market. We were taught to evaluate the advertising spending based on cost per thousand impressions (CPM). More specifically, was the cost per thousand target market (CPM TM).

On that basis, we gauged the effectiveness of advertising on the cost per thousand target market by looking at the number of impressions we made at those cost levels. Pretty involved, huh?

TW3 – That was the way this was.

So much for the advertising planning of a newly-minted MBA. That was the way of advertising back in the day.

Fast forward to the RVDA meeting that was held in Orlando. I hesitate to recall how many years ago that was. At the Orlando meeting, I was running a 20 Group meeting.

One dealer shocked those attending the meeting by announcing he had stopped advertising. He went on to say he had seen no difference in the level of traffic having stopped.

Later, one of the group members announced he had cut way back on Yellow Page advertising. The dealer no longer bought the big (and expensive) display advertisement, instead opting for the simple one-line entry to maintain presence. Who really uses Yellow Pages today, anyway?!

Those two events were, in my mind, the beginning of the shift in advertising.

The USA Today no longer hangs from hotel door knobs.

USA Today once appeared on my hotel door knob each morning. Now it's super thin and you must go to the lobby to get one. Newspapers today struggle for profitability and relevance. Anyone advertising today in a paper should have a solid and compelling reason. And those reasons are fewer and fewer.

The same is true for most broadcast and print media. Direct mail may still have a purpose. But for years now, Constant Contact, MailChimp and similar mass email programs have largely replaced the old "snail mail" for direct mail. It's cheaper and gives direct feedback in terms of "opens" and clicks.

Several items of advertising remain constant.

You can't fight Santa. The most you can hope for is to do some early merchandising that suggests stocking stuffers. And you can use the holiday time for training and getting ready for show season.

There will always be a lull around the time school starts. Mom



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and Dad are too focused on reengaging in the routine during the school year.

If you're from Arizona or Florida, you'll feel the effect of the Snow Birds. There's a rhythm to that only a local dealer understands.

Just to confirm your long-time suspicions: Yes, the other dealers are at least a bit jealous that you're doing business while it's slow for them. And they do fret occasionally that you are getting business from customers that should have bought at "home" during the rest of the year.

Similarly, if you live in most of Canada or, perhaps Minnesota, you will wisely prepare for another bout with the winter season. Some things never change. The ruthless lapse of time and the passing of the seasons are among those.

Oh. Let me mention one more. You know what they say about death and taxes? Well, the political season also impacts advertising. The U.S. is facing the 2018 mid-terms. For some of those in so-called "battleground states", the price of advertising will go up during that time as candidates inundate the

airwaves. Perhaps now is a good time to lock in some ad buys for that period if you can.

Coupons are cookies now.

Another thing Quinn taught us was that the "holy grail" of advertising was to be able to match a specific purchase to a specific piece of advertising. That's why advertisers used coupons. It gave us a way to see concrete results of the ad campaign.

Today, it's measured by cookies, unique visitors and clicks. From the standpoint of being able to track results, today's advertiser has an exceedingly better way to prove the value of an ad piece.

In fact, I was talking with a dealer who has a Millennial employee watching his Google ad metrics as a full-time job. The amazing thing is to watch the hits come in as soon as a dealer's CRM-based campaign has its start. Now that's accuracy in measurement of advertising effectiveness.

CRM is the future for businesses our size. Advertisers must have a measurable and integrated approach. Cam-

paigns aren't "shotguns" any more. Because of tracking and "big data" demographics, it's more like a black ops laser sighted rifle with a noise suppressor.

CRM-based campaigns can use current customer list that can be focused on any number of target markets. Given that most CRMs are a fixed amount, the more campaigns you run, the lower that cost per thousand target market. Those campaigns can reach those who didn't buy an extended service policy. Or, it may target those who made a specific purchase three or four years ago. Car dealers use that one regularly.

As "big data" gets more affordable, marketers will be able to target specific individuals. I wonder now why someone in cable TV advertising isn't selling that level of demographic info. Or perhaps they are ... that might explain why I see so many drug ads that are aimed at an aging population.

The advertising landscape has clearly changed.

The effect of the Internet can't be overstated today as it relates to advertising. It's cheaper and easier to see if your ad money is bringing new business. However, there are a couple nuances that might be missed.

Consider the impact of social media. It reminds me of the little girl with the curl in the middle of her forehead. When she was good, she was very good. But when she was not, she was horrid.

If you have a good grip on social media, you know it's good. If you don't, you are fighting bad reviews and customers who use reviews to hold you hostage. Best of all, you have a well-established track record with lots and lots

of five star reviews, so the one or two bad ones don't hurt so much. Note: You must ask for reviews. If you don't you'll only get the bad ones!

That leads me to CSI/ surveys. Today, those are mostly for internal discussion – reviews rule the day. The manufacturers don't advertise their high JD Power score in our industry. Not sure they'd want to see them. ... Again, it's about the reviews. It's where everyone looks these days to determine the quality of a company or a product.

You can't manage what you don't measure.

You may be asking yourself if your budget for advertising is enough – or if it is too much. I would note that 20 Groups regularly discuss those metrics. For now, let me just mention a couple that relate to advertising.

1. 2 percent of desired sales. This is actually a metric that Quinn might have mentioned. It comes from business schools suggesting how much a startup business might want to spend on advertising.

2. 8 percent is now 5 to 6 percent of gross profit. It used to be the case that those of us running 20 Groups observed that profitable dealerships spent about 8 percent of gross profit. That is now too much. Face it: With the Internet and social media, advertising is cheaper. Look for the total advertising budget to be around 6 percent of gross profit.

So, if you are between those two metrics, you are likely in the ball park.

Advertising Axioms

If your value statement is about price, then price is all you have. That's good to

remember when doing battle over a deal with a competitor who only sells by low-ball pricing (usually over the Internet). It's always better to do battle over quality, convenience, features and benefits.

Quality and character are trump cards to play in the advertising card game. If you have a reputation that your "Yes" means "Yes" and your "No" means "No", it gets easier to compete. Character earns trust. Trust earns loyalty. Loyalty, as many studies have shown, translates to higher profits and lower advertising expenses.

Advertising has, at some level, always been about gaining an edge. Advertising is about presenting a value statement that surpasses the competition in your market. That point has never changed.

I can't help wondering what new concepts, advertising venues and technologies will look like in another 10 or 15 years.

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