

■ STOREFRONT
CLOSING MORE FIRST-TIME
HOT TUB BUYERS

■ MARKETING
INCREASE YOUR REVENUES BY
CLONING YOURSELF

■ OPERATIONS
MISSION-CRITICAL INSURANCE
FOR YOUR HOT TUB BUSINESS

■ RESEARCH
HOW TO MAKE A HOME
SHOW WORTH THE GRIEF

Volume 2, Issue 1

SpaRetailer

INSIDE THE HOT TUB INDUSTRY

SPRING 2008

Home Show Secrets

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TOOLS OF THE TRADE:
SPECIALTY TOOLS FOR
SPA TECHS
PAGE 63

SPARETAILER.COM

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Contact Matt Teague, National Business Development Manager,
800-669-1881, ext. 4379 or matt.teague@watkinsmfg.com
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HOME RESORT



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The path to success.

Running a successful and profitable business is simple with the right product and support.

Arctic Spas® is owned and operated by former dealers, and as such, we understand that in retail you need advantages that will make you MORE MONEY. We give you those advantages.

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(We do not believe in the "me too" approach to spa manufacturing)
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Spring 2008

SpaRetailer

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STOREFRONT

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A woman with blonde hair and blue eyes, wearing a black swimsuit, is smiling and leaning forward in a hot tub. The background is a textured, light blue surface.

Simple Pleasures

They are easy to recognize: A glowing red sunset over the horizon; The scent of freshly picked flowers; The soothing softness of warm spa water.

Enjoy more of life's simple pleasures with the Simple Spa Care® System from Leisure Time. Our complete spa care system keeps your spa clean and clear without requiring a lengthy commitment of your valuable time. With only 10 minutes of weekly maintenance, Leisure Time allows you to spend more time in your spa than maintaining it. That's the beauty of Simple Spa Care from Leisure Time -- one of life's simple pleasures.

For more information, ask any Leisure Time Authorized Dealer or visit LeisureTimeSpa.com.



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ON OUR COVER
Potential hot tub buyers browse a local Home Show in Glendale, Arizona.
Photo by Craig Price

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.

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

E-NEWSLETTER Our online newsletter is published monthly and 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

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Is The Sky Really Falling?

As we welcome another new year into our lives, it goes without saying that most of us set personal and professional resolutions that we hope to realize and accomplish over the coming twelve months.

Here are three of my business-related resolutions for 2008:

- I will no longer use the economy as an excuse for my financial successes or failures.
- I will be realistic but positive on a daily basis when conversing about the hot tub business with colleagues, employees, vendors and most importantly, consumers.
- I will not succumb to the 'the sky is falling' mentality and instead, will think outside the box to uniquely market my products and services.

How can I be so upbeat? While attending the November show circuit, including Aqua, Pool & Spa Expo and the Barcelona Expo, I witnessed an interesting phenomenon occurring among suppliers and hot tub dealers.

For virtually every industry insider who predicted another double-digit decline for 2008, I found countless dealers who not only are weathering the storm very well, but many actually posted substantial sales increases in 2007. In fact, a recent

SpaRetailer survey found 54 percent of spa retailers expect sales to increase in 2008!

It's important to note that this milestone most likely won't be accomplished using the 'same old' marketing and sales strategies of the past. Instead, what I'm seeing is that most proactive dealers recently reevaluated their businesses and looked for ways to exploit their strengths and reduce their exposures. For most, this strategy is paying dividends by allowing them to capture market share from their competitors and ideally position themselves for the inevitable economic rebound.

So the next time someone says the 'sky is falling', politely offer to buy them an umbrella.

Cheers,

David Wood

EDITOR & PUBLISHER

editor@bigfishpublications.com

I welcome your feedback and encourage you to respond via email to EDITOR@SPARETAILER.COM.

HOME SHOWS SPECIAL

Are Home Shows worth the hassle? What are the do's and don'ts? Don't miss pages 42-45 and 75-76 where you'll find the latest scoop, including hot-off-the-press statistics and advice from industry veterans.

LIVE, RELAX AND ENJOY.



Freeflow Spas®, the world leader in rotationally molded hot tubs, has crafted a series of hot tubs to fit the lifestyle and budget of today's consumer. The uni-body construction of our rotationally molded spas delivers a combination of quality, durability and toughness and maintains the enduring beauty of finished spas — satisfying the most discriminating buyer.

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For a free information kit about Freeflow Spas, call **866.961.7727** or visit www.freeflowspas.com.





SpaRetailer Show Issue, Winter 2007

Mail Call! The Vote is In!

Many readers wanted to know how in the world we got Steven Gorlin, past Chair of the Hot Tub Council, to dress up like Uncle Sam. In all honesty, it was actually pretty easy because Steve's a good sport. More importantly, we all believe in the underlying message: while we have natural rivalries and competitions, we also wield much more marketing power if we work together as a team. It's that simple.

SPARETAILER COVER

"I loved your Uncle Sam cover. Very clever."

-Patti, Fort Meyers

"I want to hire the editor who convinced Steven Gorlin to dress up like Uncle Sam. What's next, Bill Weber as Elvis?"

-Kerry, Carlsbad

SHOWS

"Too much advertising on the fall shows. Next time, more content on the educational classes and offerings."

-Amanda, Ontario

MAGIC CARDS

"Thanks for the feature on 'Magic Cards'. I have never been much of a card sender, but after I generated \$13,000 in accessory business in one week using the hot tub referral cards, I'm sold!"

-Ryan, Chicago

"I'm averaging one new referral a week. Thanks."

-Brett, Portland

"I started the card program mentioned in the story on Monday and by Friday I had three referrals...and all three customers bought!"

-Jim, Philadelphia

WE WANT YOU

"I thought you really missed the boat reporting the details of the Hot Tub Council initiative. What difference does it make how many leads we forward to our dealer network, if most spas are still sold like used cars? What we really need is a code of conduct with some teeth."

-Stuart, Colorado Springs

DESIGN

"I really liked the photos in this issue."

-Michael, St. Louis

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 127, Scottsdale, AZ 85260



Protecting What's Important

When your customers invest in a pool or spa they invest in you and the peace of mind you can provide them. That's why we offer extended warranties so that you can better cover your pool and spa customers. Greentree Warranty offers your company the power to provide customers coverage for their pool or spa beyond conventional manufacturer's warranties. We provide warranties for residential pools and portable spas.



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Simply Stellar Spas



Introducing another stellar spa from **Clearwater Spas** – the all new **Resort Series 'Monte Carlo'**. This state-of-the-art, 5-person spa, has it all. It features a flash drive stereo with subwoofer, wireless waterproof LCD TV system, entertainment bar surround, stainless steel jets and cutting-edge lighting. Relax in a **Clearwater Spas** hot tub and enjoy pleasures that are out of this world.

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Announcing the 2008 Certified Winners

SPASEARCH NAMES ENDORSEMENT WINNERS FOR SPRING 2008

Bigfish Publications is pleased to announce the winners of the Spring 2008 Spasearch Certified™ endorsement program. The honorees are manufacturers who have earned this coveted distinction by adhering to the highest standards of customer satisfaction and responsiveness. Based entirely on an independent audit of consumer satisfaction surveys, manufacturers and spa buyers alike are secure in the knowledge that all winners are selected by a team of third-party professional auditors with criteria based solely on the quality and consistency of the manufacturer's products

and services.

“Having an annual independent endorsement program has been a long overdue achievement. For years our industry has been plagued with unaccredited sources that offer awards based on paid advertising or other financial consideration,” says David Wood, publisher of *Spasearch*, *SpaRetailer* and *Poolsearch*. “We are delighted to continue to offer this unique program to hot tub manufacturers and to announce this year’s winners.”



2008 SPASEARCH CERTIFIED™ MANUFACTURERS

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Sundance Spas

PDC ANNOUNCES ENTRY LEVEL SPAS

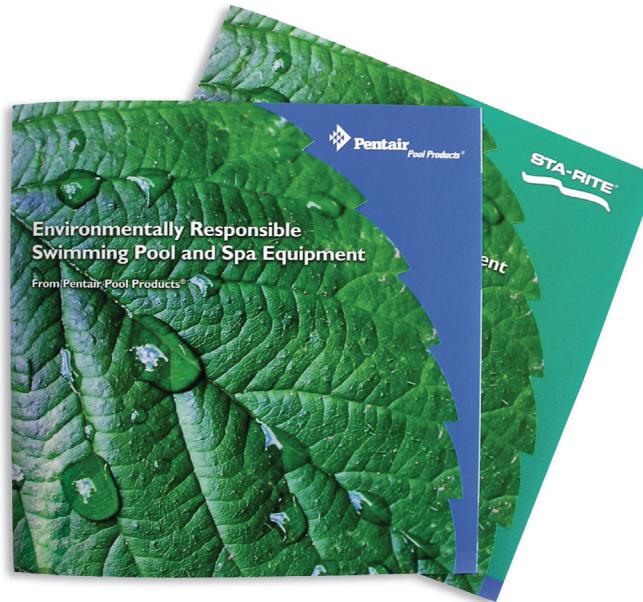
PDC Spas, a Pennsylvania-based spa manufacturer, recently announced their new AT Series of spas for the entry spa marketplace with suggested retail prices from \$4,500 to \$5,500. "First-time and economy-minded spa buyers are looking for features, quality and reliability that previously haven't been available at these prices," says Tim Martin, PDC Vice President of Sales & Business Development. "The AT Series gives our retailers a way to reach a whole new set of spa buyers." According to the company, the AT Series is available immediately, and each spa is made to order with a two-week turnaround time.

PDCSPAS.COM

ROTOMOLD: AN EMERGING TREND?

Ear-to-the-ground insiders have been hearing more and more rumblings about the pros and cons of rotomold spas. In fact, several manufacturers, including Freeflow Spas and Dream Maker Spas, are making some serious industry waves with these lower-cost spas. Some say they are a perfect fit for their price-point and may even help boost sales of higher-priced models. Stay tuned for the next issue of *SpaRetailer*, when we'll explore the world of rotomold spas.

If you have ideas or suggestions for future topics, please send an email to: EDITOR@BIGFISHPUBLICATIONS.COM.



Pentair Introduces Consumer Brochures Touting Environmentally Responsible Equipment

Pentair Water Pool and Spa® has introduced two consumer brochures promoting the company's new Eco Select brand of environmentally responsible swimming pool and spa equipment. The brochures were unveiled at the International Pool and Spa Expo in Orlando.

Both 16-page brochures explain why Pentair Water Pool and Spa is making a strong commitment to helping consumers meet the dual objectives of saving money and making eco-friendly choices. One piece contains Pentair Pool Products brand equipment (IntelliFlo, MasterTemp, Quad D.E., etc.) while the other features Sta-Rite brand equipment (IntelliPro, Max-E-Therm, System 3, etc.). Each contains a quick reference guide to Eco Select products and describes how each product supports the green system approach. According to the company, by using Eco Select products, builders will deliver a synergistic and environmentally responsible package.

Dealers can get a free supply of the new consumer brochures by calling 888-755-7946, faxing to 800-582-2112 or emailing PENTAIRORDERS@D2FI.COM and requesting P1-054 for the Pentair Pool Products version and P1-055 for Sta-Rite.

"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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Left: Josh Rickman, Regional Sales Manager, North-Central & Northeast Region of the U.S. **Right:** Kurt Markl, Regional Sales Manager, Midwest and Southern regions of the U.S.

■ ARCTIC SPAS APPOINTS NEW U.S. NATIONAL SALES MANAGERS

Blue Falls Manufacturing of Thorsby, Alberta, Canada, makers of Arctic and Coyote Spas, recently announced two new appointments: Josh Rickman as Regional Sales Manager for the north-central and northeast regions of the United States and Kurt Markl as Regional Sales Manager for the Midwest and southern regions.

ARCTICSPAS.COM

■ CONGRESS APPROVES VIRGINIA GRAEME BAKER POOL AND SPA SAFETY ACT

Passage of this legislation is the culmination of a lengthy, intensive effort by both Houses of Congress to promote child safety in and around pools, spas and hot tubs. In summary, the legislation establishes a grant program for states that will be administered by the U.S.

Consumer Product Safety Commission. To be eligible, states would be required to enact laws adhering to safety guidelines found in the new federal law. Safety education is also emphasized. Of particular note, in setting forth guidelines, the bill addresses entrapment

prevention and protective barriers around pools, spas and hot tubs.

SARAH SEBASTIAN NAMED DIRECTOR OF MEMBERSHIP FOR APSP

Sebastian is a graduate of Radford University in Virginia, holding a BS in psychology. Before coming to APSP,

she was Director of Membership at the American Academy of Audiology. She would like to hear from APSP members regarding what additional resources/information they would like to receive from the organization. Sebastian's contact info is 703-838-0083, Ext. 123 or email ssebastian@APSP.org. **APSP.ORG**

The advertisement features a blue background with a repeating pattern of various spa and pool parts like pipes, valves, and filters. In the top left, the 'Horizon Spa & Pool Parts, Inc.' logo is displayed with a stylized 'H'. The top right contains a large, bold headline: 'If the part you are looking for is available in the marketplace, you'll find it. We are staffed by professionally trained service technicians who know pool and spa parts.' Below this, a man in a light blue shirt and dark trousers is shown sitting at a desk, smiling and holding a small, dark, rectangular object. To his left, a blue catalog titled 'Horizon Spa & Pool Parts 2008-2009 Parts Catalog' is shown. To the right of the catalog is a screenshot of a computer screen displaying a 'Horizon Clickable Product Diagram' for a 'Filtration System II Sand Filter F480, 500, 520, 540 Models'. The diagram shows a complex assembly of valves, filters, and piping with numbered callouts. Below the diagram, text reads: 'A first for our industry, Horizon's new clickable product diagrams are designed to give you the ultimate web experience by eliminating the need to consult a list of parts below the diagram in order to find out more information about that part. Clickable product diagrams enable you to enter a part number to get the part number, description, and reference information for that part.' In the bottom left, the website 'www.horizonparts.net' is prominently displayed in large white text. Below it, the tagline 'Providing Parts & Knowledge To Serve the Industry' is shown. The bottom right features the 'Horizon Spa & Pool Parts, Inc.' logo in a large, stylized script, with 'TM' in the top right corner, and the phone number '800.874.7727' in white text.

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

- Donna C., Brea, CA

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- ◆ Minimal Ground Preparation
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Storefront

Boot Camps for Spa Retailers

ROOKIES

A SLOWING ECONOMY AND INCREASED COMPETITION ISN'T YOUR FAULT – BUT IT IS YOUR PROBLEM. HERE'S HOW YOU CAN FIX IT.

"My primary competition used to be the spa dealer down the street. Now it's fancy vacations, mid-life-crisis high-end automobiles, plasma TVs and recreational vehicles."

How often have professionals in the 'spa biz' said that, heard that or dreamed that?

"More times than I care to count," says industry sales and marketing guru, David Carleton. In fact, it's hearing that refrain, as well as experiencing it during his six years as a vice president of a major U.S.-based spa manufacturer, that led Carleton to create the Spa Dealer Marketing Boot Camp, a two-day seminar designed to teach dealers leading-edge sales and marketing techniques and to offer them much-needed expert advice and information regarding strategies and tactics that have been proven to generate leads and close sales.

Sponsored by *SpaRetailer*, Boot Camp is not your father's traditional old-school sales training, nor is it manufacturer-specific indoctrination. During Boot Camp, decision-makers such as owners, general managers and company presidents will learn how to identify niche marketing opportunities, how to shorten the sales cycle by as much as 50 percent and how to exponentially increase traffic flow and lead generation – in other words, how to get more potential customers in the

door. In addition, innovative Web site and Internet promotional strategies are demonstrated, discussed and analyzed.

Industry vet Carleton, President of Street Smart Sales and Marketing, jokes that he didn't just wake up one morning and "magically know everything there is to know about this topic." With a 30-year track record of success, he has worked in the trenches for companies ranging from start-ups to Fortune 500s, including being responsible for developing programs that helped hundreds of spa dealers in thirty countries generate leads, enhance their marketing effectiveness and grow their sales numbers.

"No matter what spa brand a dealer sells or how bad the economy is perceived to be, the fact of the matter is that there are still plenty of customers willing and able to purchase big-ticket items," says Carleton. "The problem for dealers often lies in knowing how to implement savvy strategies that target these specific types of consumers, that pique their interest in spas and get them to visit your showroom." ■

For more information, including how to register for Boot Camp, call 858-442-3131 or visit SPADEALERBOOTCAMP.COM.

"Over many years, I've seen, learned and absorbed the best marketing practices from the best companies and industries and I've crystallized them into a seminar that will knock the socks off of spa dealers."

—David Carleton, President, Street Smart Sales and Marketing

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Hot Tub Council 33) **Stores 34**) **Feature 42**)

To Endorse or Not to Endorse

WILL AN ENDORSEMENT ADD VALUE TO YOUR PRODUCTS AND SERVICES OR NOT?

ENDORSEMENTS ARE GOOD FOR BUSINESS

TOM GRAY // BLUE FALLS MANUFACTURING

A product or brand with a list of awards and endorsements looks more credible and conveys greater quality, uniqueness and value to the consumer.

this works whether the endorsement is paid or independent.

A product or brand with a list of awards and endorsements looks more credible and conveys greater quality, uniqueness and value to the consumer.

SPECIFICALLY, WHAT TECHNIQUES DO YOU USE TO PROMOTE YOUR BRAND OR STORE IF IT WINS A WELL-KNOWN AWARD?

We send out media releases announcing them, and we encourage our dealers to be aware of them and make their customers aware of them. We include

HOW LONG HAVE YOU WORKED IN THE BUSINESS?

I've been with BFM for five of their 16 years.

WHY DO YOU THINK ENDORSEMENTS ARE PERCEIVED AS VALUABLE IN THE EYES OF CONSUMERS?

The wise consumer seeks information about quality, uniqueness and performance as part of the buying decision. Endorsements allow the product or brand to borrow the credibility, reputation or expertise of the person or organization offering the endorsement. And

them on our Web site and stationery and occasionally in our advertising.

WHAT WOULD YOU SAY TO CRITICS WHO SAY VIRTUALLY ALL ENDORSEMENTS ARE PRIMARILY AWARDED BASED SOLELY ON BUYING ADVERTISING AND NOT ON AN INDEPENDENT EVALUATION?

I'd say they're right. Most endorsements are paid.

People know that sports figures and media celebrities are highly paid for their product endorsements. Research shows that such endorsements can boost sales nonetheless. This is no doubt the basis behind many hot tub industry ratings. Paid or not, such endorsements work.

Some cynics, believing that any advertising message is inherently biased and necessarily false – 'marketing hype' – argue that only objective non-profit organizations such as Consumer Reports, which rely solely on their own testing, are worth anything. Certainly CR is highly credible and respected.

Does that mean we should dismiss groups such as JD Powers and *Spasearch* because they accept advertising and charge a fee for doing their surveys? I say no. Their ratings are based on feedback from verified owners as well as on other objective criteria. Paid or not, such ratings are definitely worth the consumer's time and consideration. ■

TOM GRAY
BLUE FALLS
MANUFACTURING

Location
PO Box 560,
Thorsby, AB
T0C 2P0 Canada

About
Tom Gray, has worked as a psychometrician, teacher and computer consultant, besides selling life insurance, advertising and headstones. He spent a year on the BFM production floor before moving to his present position.

ARCTICSPAS.COM
780-789-2626

This issue's Opinions discusses the advantages and disadvantages of using endorsements as part of an overall marketing strategy. *SpaRetailer* sat down with two industry experts to discuss their thoughts on the issue, which has 'believers' on both sides of the proverbial fence. You can make a good case either way, as these two experienced marketers do in their columns below.

ENDORSEMENTS ARE JUST PAID ADVERTISEMENTS

ANDREW HARRIS // ROBERTS HOT TUBS INC.

HOW LONG HAVE YOU WORKED IN THE BUSINESS?

I've been in the hot tub and spa industry since 1982.

WHY DO YOU THINK ENDORSEMENTS ARE PERCEIVED AS VALUABLE IN THE EYES OF CONSUMERS?

Some people tend to naturally be a little lazy and many people have come to depend on, and believe in Consumer Reports. As such they want to believe there are organizations that independently and honestly rate all products, including spas and hot tubs. Endorsements can make shopping for any product easier in the eyes of a consumer because they want to believe the endorser has done much of the work in determining a product's quality.

SPECIFICALLY, WHAT TECHNIQUES DO YOU USE TO SELL AGAINST OR DISCOURSE CONSUMERS FROM LETTING AN ENDORSEMENT INFLUENCE THEIR PURCHASE DECISION?

We simply explain to people that endorsements are nothing more than a paid advertisement and rarely have any bearing whatsoever on the quality

of a product. Typically any product or manufacturer willing to pay the endorsement fee can obtain the endorsement. Additionally, the cost of obtaining the endorsement is passed on to them, the consumer.

WHAT WOULD YOU SAY TO CRITICS WHO SAY ENDORSEMENTS ARE A GREAT WAY TO COMPARE BRANDS SIDE-BY-SIDE FOR CONSUMERS WHO WOULDN'T BE FAMILIAR WITH THE BRANDS OTHERWISE?

Side-by-side endorsements only compare a very limited number of different brands, and even then they only compare brands that are willing to pay the associated fee. While the endorsements may introduce an unknown brand to a consumer, in no way does it mean that brand is any better than another brand, or better than a brand that wasn't endorsed. ■

ANDREW HARRIS
ROBERTS HOT
TUBS INC.

Location

2343 Welcome Ave.
Richmond, CA
94804

About

Also known as Dr. Spa, Harris has been in the hot tub industry since 1981. He currently manufactures traditional wooden hot tubs under the company name of Roberts Hot Tubs and insulating spa covers under the company name of Extreme Spa Covers.

RHTUBS.COM
510-234-7920

Endorsements can make shopping for any product easier in the eyes of a consumer because they want to believe the endorser has done much of the work in determining a product's quality.

How to Close More First-Time Spa Buyers

CRITICAL MARKETING TOOLS TO INCREASE YOUR CLOSURE RATE OF FIRST-TIME SPA BUYERS. BY DAVID CARLETON

According to recent industry surveys, dealers sell almost 50 percent of all new spas to first-time buyers. That's powerful information that you should take advantage of to help grow your business.

Here's what a typical spa purchase process might look like and what you should do to increase your closure rate of first-timers.

STEP 1: REFERRALS

Many prospective first-time buyers don't know a lot about spas, so they do what most people do: they ask friends and relatives what models and manufacturers they like and what retailers they would recommend.

Over 40 percent of the small business owners who participated in a recent Internet poll revealed that referrals brought them the biggest returns, even over traditional marketing methods. Why? Because a referred prospect comes to you pre-disposed to buy your products.

What this means is that you need to have a well-oiled referral-marketing system in place. A good referral marketing system should leverage all your other sales and marketing efforts and be capable of producing quality results over a long period of time. My method of choice is postcards because they can be personalized, are simple to use and are inexpensive.

STEP 2: RESEARCH

Prospective buyers often rely on the Internet to do research relating to features, prices, warranty, maintenance, etc. The Internet helps educate them so that they can start visiting dealers armed with at least a semblance of basic knowledge.

In the initial stages of the purchasing process, buyers are looking for unbiased information. In exchange for a prospect's name and email address, you can provide this to them on your Web site, or you can make in-store-only resources available as a way to entice them to visit your showroom. For example, a marketing piece along the lines of a

Prospective spa buyers will probably visit a minimum of three dealers before they decide which one gets their business. We've provided you with a trio of tools to help make sure they choose you over your competitor.

"Special Report" entitled "7 Spa Buying Mistakes and How to Avoid Them" can be very effective. These types of reports will immediately attract the attention of first-time buyers.

In addition to using your Web site as a resource for first-timers, you also need to specifically target this often-untapped market in your ads. How? Home Depot uses free seminars and workshops. Walk into any Home Depot on a Saturday morning and you're likely to see dozens of prospective customers attending seminars on topics as diverse as how to put up a ceiling fan, how to lay ceramic tile or how to install a closet organizer. And guess what? Store traffic increases and sales go up! So you might want to consider offering quick and easy workshops on subjects such as water chemistry, winterizing your spa or even the benefits of aromatherapy.

STEP 3: STORE VISIT

Prospective buyers will probably visit a minimum of three dealers before they decide which one gets their business.

What do prospects see when they first walk into your store? Many spa showrooms are laid out "warehouse style" with model after model lined up in straight-arrow rows. To a first-time buyer, that long line-up can be very intimidating, and they can easily become overwhelmed by the sheer number of choices.

Is there a better way? How about a sign or even a separate area of the store dedicated just to first-time buyers? It could even say: "First-Time Buyer Information Center." This would be the place where you keep your "Special Reports" and where your sales staff is trained to understand the nuances of closing first-timers.

With just a few simple changes to your Web site, ads and showroom, you should quickly see an increase in the number of brand-new spa buyers you close. ■

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Sales
Margins

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Behind the Scenes of the Spa Business

BARRY KNICKERBOCKER OF SPA PARTS PLUS EXPLAINS HOW HE EXPANDED HIS BUSINESS FROM OPERATING OUT OF HIS GARAGE TO THE OLDEST PARTS DISTRIBUTION COMPANY OF ITS KIND IN THE COUNTRY. BY ALISON STANTON

“Many companies are overlooking the fact that the root problem in the industry is that consumers are choosing other leisure products like big screen TVs or other things that provide them with more pleasure per dollar. The number one thing that the spa industry could do better is showing consumers the value of their dollar.”

— Barry Knickerbocker
Founder and CEO,
Spa Parts Plus

Determination, perseverance and morality.

These are three words that Barry Knickerbocker, founder and chief executive officer of Spa Parts Plus, uses to describe himself.

“I always try to do the right thing,” he says matter-of-factly.

Knickerbocker opened his business on June 1, 1986, in Prescott Valley, Arizona. At the time, it was a fledgling operation that he and his wife Paulette ran out of their garage. Now considered the oldest parts distribution company of its kind, Knickerbocker explains that Spa Parts Plus began through a series of phone calls.

“People would call me and I would say ‘tell me what you need-I’ll find it for you,’” he says. “They would need one [part], so I would order three and put two on the shelf. That’s how I built my inventory.”

MAKING IT WORK

Knickerbocker’s career in the spa industry began when he was 17 and living in southern California. At the time, he says he had no idea that the job would turn into a long-term career.

“It was just a job,” he says, laughing. “It was nothing that involved any sort of plan,

believe me. I had graduated from high school a year early and I didn’t know what I wanted to do.”

Knickerbocker says that along the path towards success, he has experienced what he calls a ‘laundry list’ of career highs, as well as a few career lows. The one high point that stands out the most to him is “taking a segment of the industry that was challenging and making it work,” he says.

Interestingly, this high point has also led to one of his major frustrations, which is dealing with those who want to mimic his success.

“Now other people are copying us,” he declares. “That’s one of the frustrations – when you’re the leader and you innovate and do the procedures and then people copy it.”

All in all, Knickerbocker is surprisingly modest about his company’s success. He says that in many ways, it all boils down to the idea of never asking anyone, employee or vendor, to do something that he wouldn’t do himself.

“There’s not any one big thing that we do. We’re that little business in the background,” he says. “We just do the nuts and bolts, but it works.” ■



Craig Price



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Corporate Headquarters:

West Jordan, Utah

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THEEZTOP.COM

Easy Does It With The EZtop™ Spa Cover

THE HIGH-END EZTOP™ SPA COVER COMPLETELY SEALS A SPA, EXTENDING AND RETRACTING IN LESS THAN SEVEN SECONDS. BY HAYLI MORRISON

Consumers make cost vs. benefit tradeoffs every single day. When it comes to spa covers, one product that falls into the “price vs. convenience and safety” category is the high-end EZtop™ cover.

Made by Utah-based Pool Cover Specialists (PCS) and rolled out in 2006 after four years of development, the EZtop™ line includes inground and above-ground automatically retractable spa covers. The above-ground model features an entertainment bar attached at the side; neat and tidy, the cover rolls out of sight inside the bar. According to PCS, each EZtop™ system is custom manufactured to the specific height, length and width of the spa for which it is ordered, enabling it to completely seal the spa. The cover is easy to operate and quickly

extends and/or retracts in less than seven seconds.

When EZtop™ debuted at an MSRP of between \$3,995 and \$4,200 for the above-ground model, Bryan Huber, vice president of Absolute Spas in Reno, thought it would be strictly for the upper-income market. “But I’ve been really surprised,” he says. While most of the sales Huber made over a three-month time span were to these types of consumers, he also says that he has seen considerable interest from mid-level shoppers as well.

“The biggest problem with traditional covers is they’re good for three or four years and then you have to replace them,” he explains, adding that the EZtop™ is more durable and long-lasting. In fact, PCS says the EZtop™ will outlast conventional spa covers several times over.

Huber, who personally owns an EZtop™, said such a product has been a long time coming, though he is waiting for a price reduction.

"I was hoping to get something a little more cost-effective than this, but I think it's going to be very popular," he says. "They tell me that when they get better buying from the vendors, they may come down on the price a little bit. It's definitely an attention-grabber in the showroom."

Utah-based Intermountain Aquatech Pools and Spas sold about eight EZtop™ covers over a recent five-month period, says Jaron Krause, Aquatech's Sales Manager. He notes that the EZtop™ display at the center of the store is "definitely a unique conversation piece," adding that he finds it amazing how many people stop and ask questions. "I think for safety and security, there's nothing like it out there."

PCS says that the EZtop™ will continue being marketed primarily toward consumers "who demand 'bells and whistles' and can afford them," says Wesley L. Mathis of the PCS Board of Directors. "Price is obviously a less relevant concern to consumers whose desire for features like convenience generally supersedes price concerns." ■



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Show Me the Money

HOT TUB COUNCIL READIES NATIONWIDE MARKETING CAMPAIGN AND IN JUST FOUR MONTHS, RAISES \$425,000, WITH AN AVERAGE CONTRIBUTION OF \$15,000. BY DEBRA GELBART

This is a story about numbers, as in the latest numbers related to the Hot Tub Council's initiative to boost consumer interest in spas.

Of the \$600,000 needed to fund the start-up of a national marketing campaign, 70 percent, or \$425,000, was raised between September 2007 and January 2008. The monies, which came from hot tub manufacturers and suppliers, will fund a start-up plan that includes qualitative and quantitative market research, brand development, a dealer certification program and a public relations program to encourage industry-wide participation in the campaign.

According to Lauren Stack, marketing director for the Association of Pool and Spa Professionals (APSP), the money that's been raised so far is a "one-time start-up contribution due now," she explains, adding that APSP will seek three-year commitments to the marketing initiative in the second quarter of this year. By April of 2008, Stack says that an advertising agency will have been named to create a slogan or catch-phrase and develop the marketing campaign. The first advertisements are scheduled to begin appearing in magazines and on television in 2009.

The initiative is needed because "the industry has sustained considerable decline over the past three years, beginning before the housing market collapse," Stack says. "It appears that hot tubs are no longer part of the 'outdoor living room' environment. Research was conducted in January and February to determine why that's the case."

APSP and Hot Tub Council officials indicate that the messages that will be prominent in the marketing campaign will flow from the results of the research. "There are approximately 56 million households that meet our demographic and do not as yet own a hot tub," says Steven Gorlin, immediate past Chair of the Hot Tub Council. "What they think and how they make decisions will help us craft our messages."

How will the campaign's success be measured? "Before any ads are placed, success is measured by the number of companies willing to join the national initiative," says Gorlin. "One goal of the initiative is to stop the decline in sales and then turn it around. Once a critical mass of manufacturers is willing to support an industry-wide national initiative and invest in the marketing of the industry as a whole, we will have accomplished the first goal."

SpaRetailer would like to hear from our readers regarding what they think of the Hot Tub Council's initiative, goals and timetable. Like it? Don't like it? Think it will work? Not so sure? Is it timely enough for you? Send your comments to David Wood, publisher of SpaRetailer, at EDITOR@BIGFISHPUBLICATIONS.COM. ■



APSP
*The Association of
Pool & Spa Professionals*

HOT TUB COUNCIL TASK FORCES AND CHAIRS

Funding
Chris Robinson
Lucite

Organization
Dirk Caudill
Aqua-Flow

Research and Statistics
James Hedgecock
Dimension One Spas

Certification
Steven Gorlin
Gorlin Pools and Spas

Marketing
Larry Files
Vita Spas

Organization
Todd Whitney
Aristech

Local Retailers Showcase Lifestyles

FUN, VIBRANT ENVIRONMENTS CAPTURE CONSUMERS' ATTENTION

Amy Barto, co-owner and general manager of Barto Pool & Spa, is a woman of "many hats". She's a graduate of Yale University and is an active volunteer firefighter, emergency medical technician and rescue diver. Brad Bjorndal, president and owner of Intermountain Aquatech, has been in the pool and spa business for over 30 years, stating that he got his start "shoveling sand" and worked his way up over the last three decades.



BARTO POOL & SPA

Location

Phoenixville, Pennsylvania

Size

5,000 square feet

Brands Carried

Marquis Spas

In Business

Fuel and coal business started by Barto's grandfather in 1929; added pools in 1970 (no longer in the fuel business)

Pictured

Amy Barto, Co-Owner and General Manager, Barto Pool & Spa



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Showing the Spas

For maximum effect, it's important to showcase at least one spa with water. Note the plush bathrobe hanging nearby, alluding to the relaxation awaiting the spa user.

INTERMOUNTAIN AQUATECH

Location

Sandy, Utah

Size

14,000 square feet

Brands Carried

Marquis Spas

In Business

Since 1952

Pictured

Brad Bjorndal, President and Owner



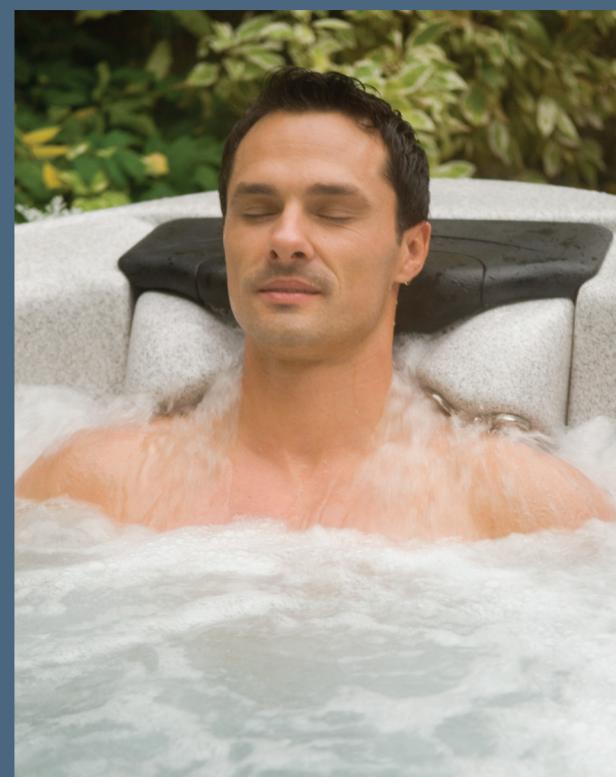
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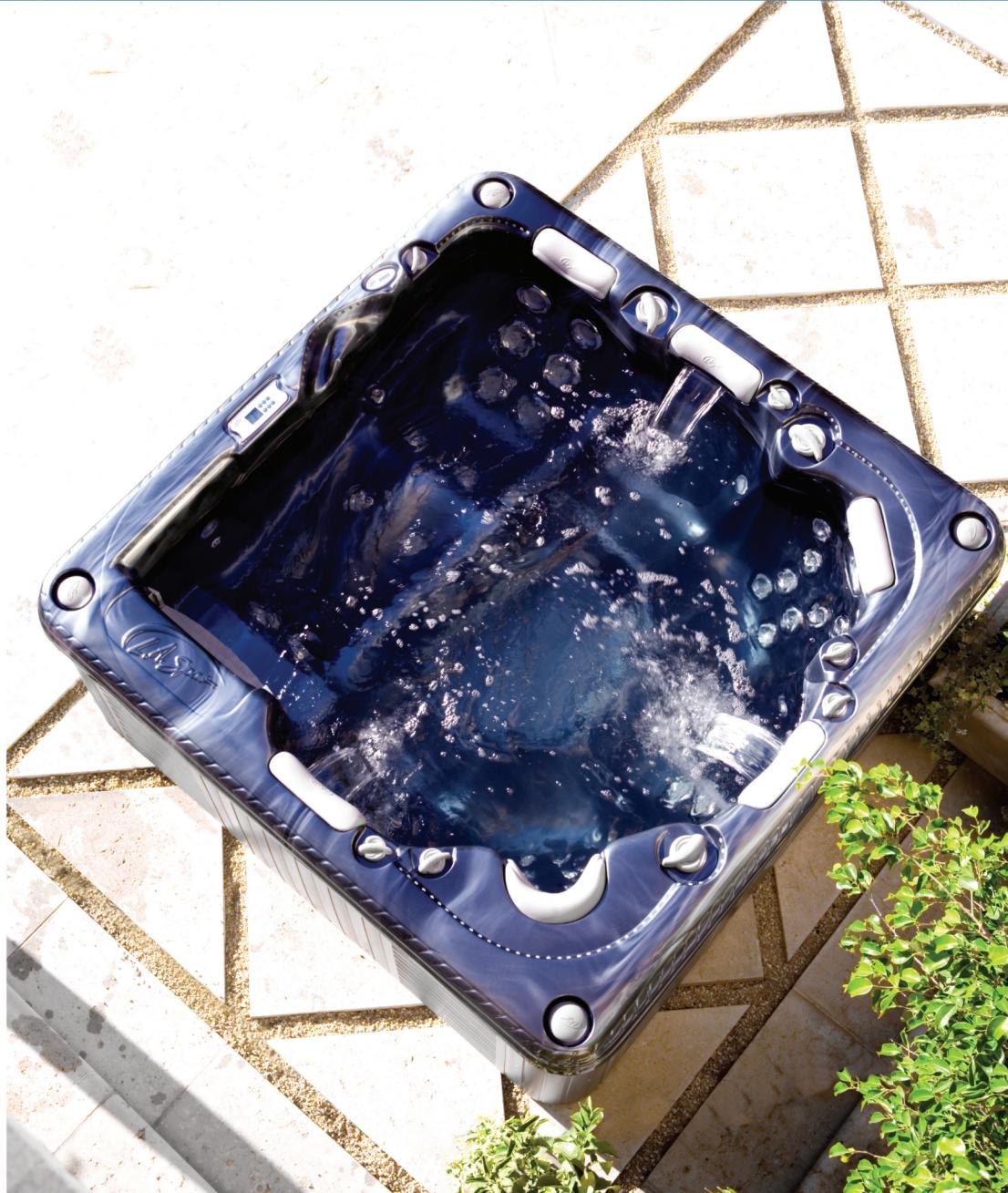
In-store Merchandising Program

Dealer Appreciation Trip & Conference

Dealer Co-op Program

Sales and Technical Training

National Show Team



FEATURE



Home Show Secrets

SELLING A SPA AT A HOME SHOW REQUIRES A LITTLE EXTRA WORK ON YOUR PART. SEE WHAT SOME SAVVY INDUSTRY VETERANS SUGGEST YOU DO TO MAKE LIFE A LOT EASIER.

WRITTEN BY PAULA HUBBS COHEN ■ PHOTOGRAPHY BY CRAIG PRICE

HOME SHOWS AND TENT SALES CAN BE RIGHT-ON-THE-MONEY WAYS

to reach hundreds or even thousands of consumers just itching to spice up their life with a spa. However, they're also time-intensive on your staff and require detailed planning and great follow-up to make them cost effective. Oh, and a splash of snazzy marketing doesn't hurt either.

Chris Kovacs is General Manager of Aqua Rec's Swimmin' Hole & Fireplace Shop and Aqua Rec's Fireside Hearth N' Home in Tacoma, Washington. He says that off-site events are a very important piece of their business, comprising approximately 40 percent of the 33-year-old company's spa sales and 15 percent

of their stove sales. "Selling at home shows is a way to bring our showroom to people that we might not have the opportunity to see otherwise," he explains. "Plus at home shows and fairs, you make plenty of emotional sales where those people were not even thinking about a spa."

But before you start salivating about easy money, Kovacs advises that exhibiting at such an event requires plenty of advance planning. "[You need to] make your layout like a showroom and make the environment relaxed, classy and inviting," he adds. "Many of our competitors' layouts are horrible – not that we mind – but your booth must separate yourself from the competition. All spas look pretty similar to the average customer."

Are Home Shows worth the hassle? What are the do's and don'ts? Don't miss pages 42-45 and 75-76 where you'll find the latest scoop, including hot-off-the-press statistics and advice from industry veterans.

HOME
SHOWS
SPECIAL

“Check to make sure there’s enough power and water to run your spas, because if you pull out a display of six or eight spas, you have to have at least one running all the time.”

—Bob Wasson, Laurel Mountain Spas, Friedens, Pennsylvania

This seasoned spa pro notes that there are a lot of hidden costs to doing an event, so be sure to accommodate them in your budget. These include carpeting, furniture, ‘dinging’ product during transportation, electrical expenses, water hook-ups, permits, etc.

One industry insider who echoes many of these same sentiments is Bob Wasson, who has worked at Laurel Mountain Spas in Friedens, Pennsylvania since 1968. He says that approximately 50 percent of his business can be directly traced to his appearance at a show, event or parade.

Wasson notes they probably do about six fairs and close to 16 other types of shows every year. “We try to be at every county fair and local parade – we get in all that we can,” he says. But before contracting to be at any kind of event, this spa-sales specialist suggests that you call the event organizers and find out the expected attendance and make sure you know how many days the show is open, “because it’s really a numbers game. If you talk to so many folks, you’re going to sell a hot tub,” Wasson says. “Also, when you’re hauling hot tubs around and going to all this grief to get these things to run for a lot of days, you want the longer running shows.”

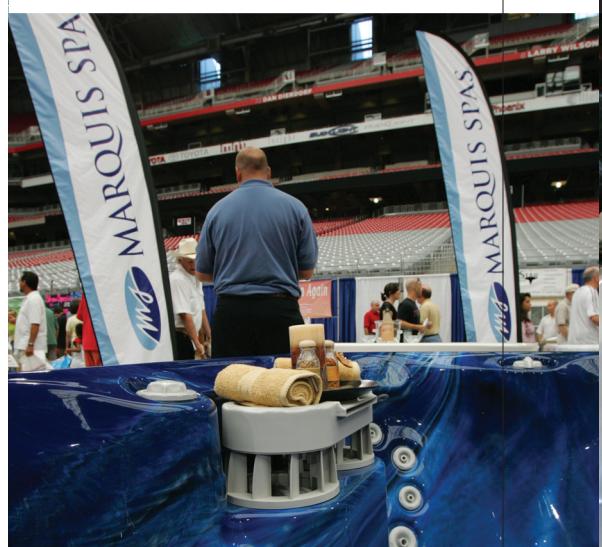
Other sound advice from Wasson is related to the ambience of your booth and your salesmanship. “The worst thing I’ve seen a sales rep do is get a lawn chair and sit in the back of the booth. You have to be out there – I use a barstool with a back and set it in the aisle,” he says. “I’ll talk to anybody who’ll give me the time of day. But if you sit in the back of the booth, they won’t come in to see you.”

Another retailer who does a lot of ‘outdoor selling’ is Stephen Harold, President of Fun City Pools and Spas of Charlotte, North Carolina. Rather than home shows, Fun City tends to focus on tent sales, doing a number of 11-day tent sales each year.

“We like to give people plenty of time to look around and make a decision that everyone will be happy with in the long run,” says Harold. “We find it works best for the customers as well as ourselves to have everything set up for a beginning weekend, then an entire week of open displays, then a closing weekend. But don’t overstaff during the week, because all your sales are from Saturdays and Sundays. Save your heavy-hitters for the weekends.”

One of his recommendations to retailers is to be sure to be aware of any necessary permits and sign ordinances. “For example, great signage is the key to the success of a tent sale,” he says. “It must be large, bright and in abundance. We use inflatable characters, balloons and many promotional banners, so [if you do that] you need to be aware of any sign ordinances that may be in effect.”

Harold believes that cross-promotions are another great way to bring in a new crowd. For example, Fun City recently partnered with their local Harley Davidson dealer and a nearby Hooters restaurant for an event they called ‘Harleys, Hooters and Hot Tubs.’ “Hooters gave out free wings and t-shirts, and people got to browse the Harleys and check out our hot tubs, all in one place,” he says. “It was a big hit.” ■



The Importance of Home Show Planning

BY GREMLYN BRADLEY-WADDELL

Walk a home show floor and you'll see a wide variety of booths, ranging from those staffed with folks more interested in lunch and chatting with co-workers to bright and welcoming spaces where the employees are friendly, knowledgeable and well-dressed. Guess which retailer makes a bigger splash?

While enthusiastic salespeople and attractive displays are huge assets, experienced exhibitors agree that if you haven't planned well, it could all be for naught. Indeed, you should start planning at least six weeks out, if not longer, with detailed attention paid to each planning stage: before, during and after the show.

BEFORE THE SHOW

First, determine your goals. Is your company debuting a new product or trying to increase name recognition for a current brand? What is the message you want to get across? Do all staff members understand the message and can they communicate it well?

Next, consider how to attract people to your booth. For example, an appearance by a well-known industry spokesperson or celebrity can be a draw, but remember these can be expensive and require significant lead time to arrange. A lower-cost alternative that often works well and has the bonus of being a lead-generator is having a prize drawing. Make it frequent and make it worth their

while, and show attendees will generally have no problem giving you their business card.

DURING THE SHOW

It may seem like common sense, but it's important to remind employees to keep the booth tidy and uncluttered – no half-eaten food or trash should be visible. In addition, offering a friendly smile and dressing in a professional manner, perhaps in a collared company shirt, projects a welcoming image. Chairs should be used sparingly; you don't want to exhaust your staff, but people tend to be more drawn to booths where the exhibitors are standing – it's a more 'action-oriented' pose.

AFTER THE SHOW

Now it's time to categorize leads according to priority and promptly follow-up with a phone call or email. Hold a short debriefing meeting with your team and capture their impressions and suggestions for improvement. Finally, evaluate your results. Did you meet or exceed your goals? Did you reach your audience?

By analyzing what worked and what didn't, you will have valuable information at your fingertips that will help make your next event easier to manage, less stressful for your staff and more successful for your business.



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EVEN THOSE WITH LIMITED COMPUTER SKILLS AND BUDGETS CAN HANDLE THESE EASY WEB SITE UPDATES.

BY GREMLYN BRADLEY-WADDELL

Want an updated Web site, but hesitant to do it yourself because your technical expertise – and maybe your budget for IT staff, if you even have one – is limited?

Not to worry, insists Cindy Rojas, a project manager for the custom Web sites division of the Web-hosting service Go Daddy. What's even better, you don't need to be Bill Gates or have his bank account to spiff up your site.

FIRST THINGS FIRST

Rojas advises that the first thing you need to do is make sure your site offers easy access to the information you want your customers and prospects to find. Use headlines, short paragraphs, bulleted information and highlighted text "to draw people's attention to important points," she suggests. An additional plus is that streamlining your information might lead to improved rankings on search engines. (See SEO in sidebar.)

It's important to add 'visual zing' by varying fonts and type sizes and using clip art or photos. Rojas recommends using a search engine to look for topics such as 'free clip art' and 'spa' to get started. You can also try a service like ISTOCKPHOTO.COM, which sells reasonably priced artwork. Speaking of art, it goes without saying that you need to

invest in a professionally designed logo if you have not already done so. A good design lends major credibility, Rojas adds.

PODCAST ANYONE?

Once your site's up to snuff, it might be time to add a Podcast. What's that, you ask? Think of a Podcast as a radio-style show that's done via the Internet; it's simply an alternative way to inform, educate and advertise. Customers subscribe to these free digital audio or video files and access them from their computers or portable media players at their convenience.

Not sure what to talk about during a Podcast? Tech-savvy sources says spa retailers might want to consider doing a series of shows on water chemistry or choosing, installing and maintaining a spa. All you need is a microphone, computer and Internet access – it's really that painless.

At first glance, producing a Podcast or updating a Web site can sound beyond the realm of possibility for the technically-challenged. But with the proliferation of user-friendly tools available on the Internet, even technophobes can master these tasks and provide enhanced ways for potential spa-buyers to learn about your products and services. ■

TECH-SAVVY TERMS

PODCAST

Digital audio or video files that can be sent to your customers, who can then access them free of charge from a computer or portable media player.

RSS

Really Simple Syndication (RSS) allows you to subscribe to the feed of a Web site, blog or practically any other online media content. A store owner who creates an RSS feed can provide customers with timely updates of Podcasts or blogs.

SEO

Search Engine Optimization (SEO) refers to the process of designing your Web site so that it is ranked as high as possible by a search engine.



Cable TV Inspires Hot Tub Sales

CHECK OUT THE FACTS

CAMPAIGN

Goal

To leverage cable television to drive traffic to hot tub dealer stores

Locations

4 locations, same city

Timeframe / 5 weeks

1 day  1 month

EFFORT

Personal Time / 30 hours

1 hour  40+ hours

Difficulty

Novice  Expert

COSTS

Total / \$28,292

No Cost  \$1000+

RESULTS

98 spa sales

Profit

Low  High

THINK CABLE TV ADVERTISING IS EXPENSIVE...THINK AGAIN! HOW DOES \$425 PER 30-SECOND AD SOUND?

It's common knowledge that television advertising is among the most expensive medias from which to generate leads, and ultimately sales. This is certainly true for the major networks such as ABC, NBC, CBS and FOX, but largely a myth on cable channels.

For example a local network ad in a major market on a show similar to 'Extreme Makeover' may cost \$9,000 for a 30-second spot, whereas the same ad may run for \$450 on cable channels like TLC or Discovery during off-peak times.

Obviously the audiences are quite different, which accounts for much of the disparity in pricing, but frankly the size of the audience is only part of the equation. Most media buyers would argue an equally important factor is the quality of the program as it relates to selling hot tubs. Many programs related to home improvement, vacation lifestyles and healthy living are well-suited for reaching an audience that likely would consider hot tub ownership.

Here is an example of a spa dealer who tried advertising on cable TV in Florida. To his surprise, the local cable operator assisted him with ad design and production, charging him a nominal \$500 fee. Over five weeks, the dealer ran a total of 55 30-second ads focusing on offering an in-home hot tub consultation and free site survey. The ad also contained a local telephone number that was installed to track consumer response. ■

RESULTS

- 371 calls in 45 days
- 137 appointments
- 98 spa sales
- Sale cost: less than \$288 per unit sale

PRODUCTION TIP

Many manufacturers offer their dealers 30-second, one-minute and extended infomercial advertisements that can be modified for local dealer usage.

If you have a promotional home run, we want to hear from you! If we publish your results, you will receive a one-year subscription to SpaRetailer magazine. Email your story to PR@BIGFISHPUBLICATIONS.COM.

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Crisp, clear and colorful signage helps reel in even the most casual consumer by focusing their attention, causing them to linger at your product display.



Size, Color and Visibility – Three Key Components of Good Signage

HOW TO USE SIGNAGE TO BRAND YOUR BUSINESS, EXTEND YOUR ADVERTISING AND INCREASE IMPULSE BUYS. BY PATRICIA BATHURST

According to the International Sign Association (ISA), the first thing any retailer needs to know about signage is this: your exterior sign brands your site and your business.

Sandy Wazeter, co-owner of Spa World in Hawley, Pennsylvania, understands that concept well. Spa World has an 18-foot, bright blue and yellow flood-lighted sign that Wazeter says has become a local landmark. "It gets attention and brings customers in," she notes.

CREATE CUSTOMER MEMORIES

David Hickey, ISA's director of government relations, explains that exterior signs create customer memories as well as recognition. "They also help extend recall of other advertising," he says. Hickey suggests that if local codes permit, businesses should add electronic message boards to exterior signage. Lighted and easily visible, the changing messages of electronic signs can greatly increase impulse stops by potential customers. In fact, if used consistently, experts believe they can boost small business sales anywhere from 15 percent to a whopping 150 percent.



DRESS YOUR SALES FLOOR

Inside on the sales floor, signs dress your store and helps customers identify and understand products. Colors and borders help by making signs more readable and providing cues about the type and style of products. "Your product does not talk," says Linda Overby, co-owner of Highland Pool & Spa in Highland, Illinois. "Signs let people know what you're selling and give a three-dimensional look to the store."

However, Overby cautions that you need to know when enough is enough. "Too many signs, or too much information on a sign, overwhelms the look of your display floor and confuses your customers," she explains.

SIZE DOES MATTER

So does color, lighting and placement. In fact, one of the key components of good exterior signage is visibility. It doesn't matter how large, colorful or well-lit a sign may be, if it can't be easily seen and read, it's of little value to the business.

So what's a signage expert's advice?

"If I had a small spa business, I would want a highly visible sign that included a unique type font and a picture," says Hickey of the ISA. "It's important, too, to know your community's sign codes and that you may need to apply for a variance." ■

For more information, visit SIGNS.ORG or NYSSBDC.ORG/WHATSYOURSIGNAGE.

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Business Marketing on a Budget

A SUCCESSFUL MARKETING PLAN DOESN'T HAVE TO INCLUDE AN ATHLETIC SUPERSTAR, PRIME-TIME PLACEMENT, STATE-OF-THE-ART COMPUTER GRAPHICS OR A MASSIVE BUDGET. BEING RESOURCEFUL AND SMART CAN BE JUST AS EFFECTIVE. BY VALERIE NELSON

Business promotion doesn't have to cost a fortune. Often, it's the personal touch that seals the deal. Here are several smart ideas gathered from marketing experts to help you make the most of a slim marketing budget.

USE PRESS RELEASE POWER

You might not realize it, but reporters sometimes need you as much as you need them. The key to getting their attention is coming up with a newsworthy item that is concisely written.

- Peg your release to real events, such as fundraising drives or a new service your business offers. Don't be witty to amuse yourself; the idea must have a concrete purpose.
- If you can't figure out why your store might be newsworthy, ask your friends what they find interesting about your business. You never know what nuggets might come out of a casual brainstorming session.

PUT A FACE ON IT

Placing your photograph on your business card creates a personal relationship, even if the recipient doesn't know you. Not only will people remember your name, they'll remember your face.

PRINT THE PRAISE

If someone says, "You do a great job," say "Thank you very much, that means an awful lot to me. I would appreciate it if you would write a testimonial letter." Then make the testimonial part of your promotional package and use it on your Web site

(with permission, of course). It's even better if you can find a customer who had a problem that you resolved honestly and efficiently and they write about what happened and how you helped them.

BORROW A MESSAGE

When you see an article on a subject that might interest your customers, send them an email or a photocopy with a note that says, 'I thought you might be interested in this.' You're making an additional personal connection with them and associating yourself with the authority quoted in the article in the process.

THINK OUTSIDE THE BOX

Always try to figure out how to give your customers something they can't find elsewhere, such as a children's play area. Add free snacks, and you've found a way to keep the kids happily occupied while you get a few more minutes to talk to mom and dad.

TRY THE 'OLD FAITHFULS'

Don't dismiss time-honored solutions that increase your company's community profile, such as sponsoring a charity event or outfitting a local children's sports team. For the price of some t-shirts and hot dogs, you'll get your name out there, and that's what counts.

Source: SMALLOFFICE.COM features business services, business communities, online applications and content for entrepreneurs.



NEW! Infinity 156 Spa

- 8' x 12' x 41" • 156 massage jets
 - Seating for 11
 - 5 Incredible Wave Seats
 - 18 Light LED Package
 - 4-5.0 hp Dual Speed Pumps



Luxury Swim Spa

- 14'7" x 8'1" x 53" • 23 massage jets
 - 4 swim current jets
- 2-5.0 hp Dual Speed Pumps - spa end
- 2-5.0 hp Single Speed Pumps - swim end



Monsoon

- 7'11" x 7'11" x 38" • 50 massage jets
 - Footdome Geyser Jet
 - Seating for 7



Hurricane

- 7'3" x 6'5" x 34" • 35 massage jets
- Single Lounge Seat with Leg Massage
 - Seating for 5-6

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- ✓ **No Worries:** High quality construction and materials and the extensive Sunbelt Warranty give every Sunbelt Spa owner peace of mind.
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ARCTIC SPAS

780-789-2626

ARCTICSPAS.COM



ABOUT BUSINESS

Number of Years in Business:	14 YEARS
Awards:	SC, EY, CB, IB
Portable Hot Tubs:	YES
Inground Hot Tubs:	NO
Swim Spas:	NO
Number of Spa Molds:	15 MOLDS
Lowest MSRP Model:	\$3,895
Highest MSRP Model:	\$16,000
Number of New Models: (Last 12- months)	4 MODELS

ARCTIC SPAS

Blue Falls Manufacturing is devoted to producing quality products to enhance your quality of life. Energy-efficient even in the world's harshest climates, our Arctic and Coyote Spas combine sound science and award-winning design to ensure the best in stress relief, relaxation or invigorating hydromassage-your choice at the twist of a dial.

New for 2008 is the Onzen automated water system, which combines ozone and natural sea salt into a single system to allow you to enjoy soft, sparkling water with a minimum of chemicals and fuss.



BAJA SPAS

800-845-2252

HOTTUBS.COM



ABOUT BUSINESS

Number of Years in Business:	36 YEARS
Awards:	SC
Portable Hot Tubs:	YES
Inground Hot Tubs:	YES
Swim Spas:	NO
Number of Spa Molds:	16 MOLDS
Lowest MSRP Model:	\$4,900
Highest MSRP Model:	\$11,998
Number of New Models: (Last 12- months)	5 MODELS

BAJA SPAS

Sportub series: Our affordable portable spa; an excellent alternative with mass merchandised spas.

Sportub XS series: Our mid-range portable spa; a variety of therapeutic jets, RIBS (Relief In Back System), and Weather-Wrap insulation system.

Performance XS series: TurboStream frontal body jet, lighted grab rails and the Kleen Spa self-cleaning system.

White Water XS series: Nearly everything in the Performance XS series plus a multi-hydrotherapy jet system, 2 powerful pumps and spacious spa seats for 6 adults with bucket seats, lounge or loveseat.

Marketing programs: Consumer leads at HOTTUBS.COM, showroom point-of-purchase materials, literature, videos, in-store sales education, co-op ad, sales events and floor planning.



Best Selling Hot Tubs

WANT TO SEE WHAT'S HOT IN THE HOT TUB INDUSTRY?

SpaZone is a one-stop-shop where you can find all you need to know about some of the top brands and brand-names in the industry. In this issue, we're highlighting some of the best-selling spas in the business. Enjoy!

CALDERA SPAS



ABOUT BUSINESS

Number of Years in Business:	31 YEARS
Awards:	SC, SA, CD, PS, QB
Portable Hot Tubs:	YES
Inground Hot Tubs:	NO
Swim Spas:	NO
Number of Spa Molds:	15 MOLDS
Lowest MSRP Model:	\$4,495
Highest MSRP Model:	\$11,295
Number of New Models: (Last 12- months)	1 MODEL

CALDERASPAS.COM

Awards

AT = Top Hot Tubs
 IA = Inspired Award
 SC = Spassearch Certified
 SA = Spassearch Approved
 CD = Consumers Digest
 PS = Poolandspa.com Best of Class
 EY = Ernst & Young Entrepreneur of the year
 CB = Canada's Best
 IB = International Business Award

HOT SPRING SPAS



ABOUT BUSINESS

Number of Years in Business:	30 YEARS
Awards:	SC, SA, CD, PS, QB
Portable Hot Tubs:	YES
Inground Hot Tubs:	NO
Swim Spas:	NO
Number of Spa Molds:	18 MOLDS
Lowest MSRP Model:	\$3,995
Highest MSRP Model:	\$11,895
Number of New Models: (Last 12- months)	1 MODEL

HOTSPRINGS.COM



BULLFROG SPAS

877-565-8112

BULLFROGSPAS.COM

ABOUT BUSINESS

Number of Years	
in Business:	12 YEARS
Awards:	EE, PS
Portable Hot Tubs:	YES
Inground Hot Tubs:	NO
Swim Spas:	NO
Number of Spa Molds:	10 MOLDS
Lowest MSRP Model:	\$5,995
Highest MSRP Model:	\$13,500
Number of New Models: (Last 12- months)	2 MODELS

BULLFROG SPAS

The Bullfrog Model 462 is a mid-size non-lounger spa that maximizes seating capacity for six people. This spa features four customizable, inter-changeable, and upgradeable JetPaks. The JetPak design makes the spa extremely energy efficient and is unique among conventional spas. This attractive model offers multiple seat heights to accommodate every body type including shorter seats for children or just for cooling down. Relaxation is enhanced by wrist and hamstring jets. The contoured lines in the spa flow from seat to seat and the design avoids traditional symmetrical predictability.



CLEARWATER SPAS

800-791-1190

CLEARWATERSPAS.COM

ABOUT BUSINESS

Number of Years	
in Business:	32 YEARS
Awards:	SC
Portable Hot Tubs:	YES
Inground Hot Tubs:	NO
Swim Spas:	NO
Number of Spa Molds:	22 MOLDS
Lowest MSRP Model:	\$2,999
Highest MSRP Model:	\$18,999
Number of New Models: (Last 12- months)	2 MODELS

CLEARWATER SPAS

With over 32 years of award-winning experience in design and engineering, the Clearwater Spas brand has become associated with the quality and customer satisfaction that is sought after in 18 countries.

It has been a passion for Ron Clearwater, the company founder, to bring comfort, reliability and innovative quality craftsmanship with each and every hot tub we manufacture. It is these principles that inspire us to build the best hot tubs in the world.



EMERALD SPAS

800-766-7727

EMERALDSPA.COM

ABOUT BUSINESS

Number of Years	
in Business:	29 YEARS
Awards:	QB
Portable Hot Tubs:	YES
Inground Hot Tubs:	NO
Swim Spas:	NO
Number of Spa Molds:	9 MOLDS
Lowest MSRP Model:	\$3,980
Highest MSRP Model:	\$9,000
Number of New Models: (Last 12- months)	0 MODELS

EMERALD SPAS

Emerald Spa's commitment to being one of the industry's most recognized and requested brands goes hand-in-hand with empowering dealers to be successful. Compelling marketing builds brand awareness and brings motivated buyers into your showrooms. Sales messages are reinforced with great point-of-sale materials including the most remarkable and inviting Retail Selling Environment in the business. Unparalleled support includes on-site training, ongoing education and service assistance. Emerald rewards dealers for commitment to the brand with the industry's leading co-op and warranty programs. Join the Emerald team. It's where you want to be!



GREAT LAKES SPAS

800-766-7727

LIFEISGREATLAKES.COM

ABOUT BUSINESS

Number of Years	
in Business:	30 YEARS
Awards:	CD, QB
Portable Hot Tubs:	YES
Inground Hot Tubs:	NO
Swim Spas:	NO
Number of Spa Molds:	6 MOLDS
Lowest MSRP Model:	\$3,495
Highest MSRP Model:	\$7,995
Number of New Models: (Last 12- months)	6 MODELS

GREAT LAKE SPAS

Great Lakes Spas is leveraging the power of owner, Emerald Spa Corporation to make product offerings more enticing and dealers more successful. An exciting Spa Designer program attracts a wider range of customers looking for choices. Buyers can upgrade a Basic Spa with premium features or opt for a fully equipped EXCEL™ Spa. Outstanding dealer support also is a high priority with a dedicated Dealer Service Department, aggressive incentive programs and innovative marketing materials that reinforce the Great Lakes Spas brand and support the customer's decision-making process in the showroom.

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L.A. SPAS

800-569-2344

LASPAS.COM

ABOUT BUSINESS

Number of Years
in Business: 32 YEARS
Awards: AT, SA, PS
Portable Hot Tubs: YES
Inground Hot Tubs: NO
Swim Spas: NO
Number of Spa Molds: 17 MOLDS
Lowest MSRP Model: \$2,995
Highest MSRP Model: \$17,995
Number of New Models: 2 MODELS
(Last 12- months)

L.A. SPAS

Since 1976 L.A. Spas has been a leading designer and manufacturer of premium above-ground spas, accessories and gazebos. The company is well-known for building high-quality customized spas. L.A. Spas dealers enjoy the versatility of the patented Aqua Klean® filtration system, along with customized jet and option packages, while maintaining the industry's fastest lead times. The company sells its products through a dealer network across North America, Australia, New Zealand, Europe and Asia.

L.A. Spas plans to grow its business organically over the next several years by: 1) developing new products; 2) furthering its commitment to quality; 3) implementing strategic marketing initiatives; and 4) growing its dealer network with proven retailers in open markets.



MASTER SPAS

800-860-7727

MASTERSPAS.COM

ABOUT BUSINESS

Number of Years
in Business: 30 YEARS
Awards: CD, SC, IA
Portable Hot Tubs: YES
Inground Hot Tubs: NO
Swim Spas: YES
Number of Spa Molds: 31 MOLDS
Lowest MSRP Model: \$2,995
Highest MSRP Model: \$20,995
Number of New Models: 6 MODELS
(Last 12- months)

MASTER SPAS

With five complete product lines covering every step of the price ladder, Master Spas offers exactly what your customers want. From the award-winning Spa Theater System to our new economy spa line, you'll finally be able to sell to every customer you see.

And don't forget, Master Spas is the largest spa manufacturer providing exclusive specialty retailer support while not offering products to any "big-box stores" or "Internet warehouses." Our main goal is to grow your business. It's the perfect time to sign on, see how our dealers continue to grow and succeed.



SUNBELT SPAS

800-258-7727

SUNBELTPAS.COM

ABOUT BUSINESS

Number of Years
in Business: 29 YEARS
Awards:
Portable Hot Tubs: YES
Inground Hot Tubs: YES
Swim Spas: YES
Number of Spa Molds: 70 MOLDS
Lowest MSRP Model: \$3,999
Highest MSRP Model: \$25,000
Number of New Models: 8 MODELS
(Last 12- months)

SUNBELT SPAS

Sunbelt Spas has been servicing the hot tub industry since 1979 so the experience Sunbelt Spas brings to their hot tubs is unprecedented. With over 60 models in active production, Sunbelt Spas has the models to fit every customer's need including swim spas. The small Econo Series for budget-minded customers to the Mega Storm Series for those that insist on all the bells and whistles possible in a hot tub are found in Sunbelt Spas extensive portable spa lines.

Sunbelt Spas Inground Specialist can help you design the inground for every application. From inground kidney spas to acrylic spillover spas, Sunbelt Spas can make any custom backyard solution just for your needs.



VIKING SPAS

800-254-9736

VIKINGSPAS.COM

ABOUT BUSINESS

Number of Years
in Business: 35 YEARS
Awards: CD
Portable Hot Tubs: YES
Inground Hot Tubs: NO
Swim Spas: NO
Number of Spa Molds: 5 MOLDS
Lowest MSRP Model: \$1,999
Highest MSRP Model: \$8,999
Number of New Models: 3 MODELS
(Last 12- months)

VIKING SPAS

Viking Spas has five models built in two to three different ways to attract the consumer who is looking for a therapeutic spa at a great price!

It is our commitment to provide the best value that has earned Viking Spas an impeccable reputation and gained us affiliations with the largest retailers in North America. Along with our lifetime shell warranty, six-year parts and labor warranty and "magical price point" program, Viking Spas is a great partner for serious spa retailers.

Contact us today for more information.







Multiple Personalities

HOW CREATING A CLONE OF YOURSELF WILL INCREASE YOUR REVENUE BY LEAPS AND BOUNDS

WRITTEN BY DAVID FREY

ILLUSTRATION BY CHIP DAVENPORT

THE THREE PRINCIPLES AND THREE-STEP FORMULA YOU ARE ABOUT TO LEARN COULD VERY WELL REVOLUTIONIZE YOUR SPA RETAIL BUSINESS. ■ After coaching literally thousands of business owners and implementing this formula in my own business, I can unequivocally tell you that what I'm going to share with you works.

PRINCIPLE #1: CLONE YOUR TOP 20% BEST CUSTOMERS

You can double your business if you simply double your best customers. You see, some people think that in order to double your business you need to double your customers. However, if you were to analyze your customer database, you would most likely find that 80 percent of your revenues come from 20 percent of your customers (the time-tested 80/20 Pareto Rule.) So what you need to do is clone the 20 percent of your customers that bring in 80 percent of your revenues – doing this will more than double your spa retail business.

PRINCIPLE #2: CREATE HIGH ROI PROCESSES

All business processes are not created equal. Some business processes generate bigger results and higher ROI than others. For instance, referral marketing processes such as staying in touch with your customers, asking them for referrals and sponsoring referral contests can be simple to implement, but generate substantial business.

PRINCIPLE #3: LEVERAGE YOUR TIME BY 'CLONING' YOURSELF

For years I had a high school student who would come into my office after school for a few hours and do relatively menial, yet important tasks. By realizing I needed to clone myself and by utilizing a part-time assistant, I was able to focus on other tasks that only I – the real 'I', not my 'clone' – could do. Once I did this, my business literally doubled.

HOW TO CREATE POSITIVE FINANCIAL RESULTS

So how do you use these principles in your spa retail business?

STEP 1: Create a spreadsheet that lists all your customers from the past 12 months including how much they spent with you. Next, sort your spreadsheet from your highest to lowest revenue-producing customers, then go down the list until you're at 80 percent of your total revenue. Voila! The result is a list of your best customers.

STEP 2: Create some simple follow-up referral systems, for example, sending out cards and gifts to your customers and asking them for referrals. A great start for doing this is investing in the Send Out Cards system described at HOTTUBCARDS.COM. In fact, when you invest in that system, you'll be sent the download link to a program entitled the "Referral Card Marketing System," which presents 17 different referral systems that you can easily implement using Send Out Cards. I use this greeting card system extensively in my own operations and it has made a huge positive impact on my business.

STEP 3: Create a 'clone' of yourself for those tasks that are critical to operations, but that don't require your full attention. How do I use my 'clone'? I hired an assistant who runs my referral systems, freeing me up from becoming mired in time-consuming micro-task management and allowing me to focus more on the macro aspects of my business such as strategies for growth and weathering financial ups and downs. Believe me, the investment you make in 'cloning' yourself will result in huge financial returns.

THE BOTTOM LINE

It really is as easy as 1-2-3:

1. Analyze your best customers.
2. Implement automated systems that easily keep you in touch with your customers.
3. Clone yourself by hiring an assistant. P.S.: Thank your 'clone' on a daily basis, for without them, your business would take a giant step backwards.

A DAY IN THE LIFE

To illustrate how this three-step process works in my own business, here's a description of what a day in the life of my 'clone' looks like.

ACTION #1: STAY-IN-TOUCH REFERRAL SYSTEM

I have a follow-up referral system consisting of 12 greeting cards that are sent out every month. Each greeting card in the campaign has a pre-written heartfelt message in it and is personalized using my own handwriting and my own signature. When my 'clone' comes in, she logs into my online shopping cart and downloads all my sales for the past 24 hours. She then enters all the contact information for my new customers into Send Out Cards. Finally, she attaches all my new customers to my 12-month follow-up campaign and pushes the "send" button.

ACTION #2: BIRTHDAY CARD REFERRAL SYSTEM

My 'clone' and I like to send birthday cards to all our customers and friends and have found that sending these special cards has increased our referrals by a minimum of 30 percent. To capture the information, we have been gathering birthdays and entering the dates into the Send Out Cards system.

Therefore, the second task my 'clone' does is log into Send Out Cards and send each person a birthday card according to the program's birthday card alert system. It takes about 30 seconds to send out 12 to 15 birthday cards a day.

ACTION #3: MONTHLY REFERRAL CONTEST

We have a monthly referral contest for all my affiliates; every month, the top three affiliates receive a prize. On the third Monday of the month, my 'clone' uses Send Out Cards to send out a greeting card announcing the different prizes. Our affiliate contest mailing generates tens of thousands of dollars in sales every month. You can do the exact same thing in your spa business.

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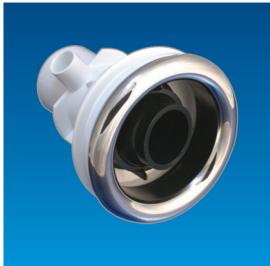
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Operations

Tools of the Trade

TROUBLESHOOTER

USING THE RIGHT SPECIALTY TOOL FOR THE RIGHT JOB MAKES A WORLD OF DIFFERENCE TO A SPA TECH – AND TO THEIR CUSTOMER. BY ROBERT STUART

One of the most common shortcomings for a spa tech today is the lack of proper tools, and even worse, the lack of understanding about those tools. A true craftsman is a master of their trade and the tools unique to it.

AMP CLAMPS TO THE RESCUE

In addition to screwdrivers, pliers, wrenches, hammers and socket sets, spa techs need a collection of specialty tools.

First and foremost is the test meter. To put it simply, a spa tech cannot do their job properly without one. However, meters vary so much and have so many different features that deciding which one to use can get confusing. In my opinion, the best meter by far for a spa tech is one that has an 'amp clamp'. An amp meter is vital to troubleshoot correctly and the ONLY way to properly test a heating element or verify a motor's performance. Why? Knowing how much power a component is pulling can help get to the heart of the matter much more efficiently.

To make a simple comparison, do you think that 80 percent of professional auto mechanics lack timing lights or computer diagnostic tools? Me neither. Yet Gary Dietzel, national service manager for Marquis Spas, and Chris Lawrence, national service manager for Dimension One Spas, were both asked independently how many techs they talk to use an amp meter. Both of these service professionals commented that, in their opinion, the answer is less than 20 percent. In addition, both agreed that getting at least 50 percent of field techs to use one would greatly decrease callbacks and avoid the needless replacement of many parts.

Likewise, when I questioned experts at component manufacturers Balboa Controls and Lange Heaters, they also were in agreement that less than 20 percent of the field techs they troubleshoot issues with over the phone have an amp meter with them.

Trust me, you will change less parts, be more effective and make more money in the long run if you train and require all your techs to use an amp meter. Dietzel prefers an analog meter over a digital one to prevent picking up 'line noise'. Although I agree that you get more accuracy with the analog, I use a backlit digital for low light conditions when working under a deck and/or in a spa cabinet.

OTHER SPECIALTY TOOLS

The other specialty tool that I see as a huge plus is a temp sensing unit. Not only does it allow you to test water temperature, but you can also find out how hot motors are running. Some of the other tools that will make your life easier are a wire saw, a set of large water pump pliers, a strap wrench and a heat gun. Along with a strap wrench, water pump pliers are ideal to tighten and loosen pump unions. I prefer water pump pliers to the strap wrench, but sometimes there's not enough room for the larger pliers.

Last but not least would be a heat gun. A spa tech will frequently find him/herself in a plumbing situation where one fitting is damaged but it's glued in a series of other fittings. Often you can cut the plumbing within an inch of the fitting, heat the inside of the pipe and pull it free at the glue joint so that you can replace just that fitting.

HELP IS JUST A PHONE CALL AWAY

Having, and knowing how to use, the proper tools will save you many hours and make your life much easier. (And we all know that a happy tech equals a happy customer.) If you're not familiar with the tools I've mentioned, call the appropriate factory service department and ask questions – they're there to help you. ■

Stuart is the owner of Spring Spas and Home Recreation, Inc. in beautiful Colorado Springs, Colorado. He owns the business with wife Tammy and his faithful dog Lakota.



It Takes Two to Tango Over Title 20

INDUSTRY EXPERTS, CALIFORNIA OFFICIALS CONTINUE NEGOTIATIONS OVER TESTING ISSUES. BY DAVID VOLK

"One example of the confusion is the requirement that a spa's temperature remain at 102 degrees over the course of the 72-hour test."

-Gary Fernstrom
Pacific Gas & Electric
Senior Program Engineer

Although a new California law regulating the energy efficiency of hot tubs went into effect almost two years ago, the agency that wrote the new rules and the spa industry are still wrangling over confusion the new law has created.

At the heart of the negotiations are the state's energy-efficiency formula and the proper testing methods to determine whether or not a spa meets the new standards.

"Even the spa industry wants to get rid of high-energy, inefficient spas," says Carvin DiGiovanni, the APSP's senior director of technical standards. "What we're trying to do is come up with a universal test with an energy-efficiency protocol that would apply across the board."

In order for a spa to meet the standard and be offered for sale in the state, the California Energy Commission's formula requires that the maximum standby power needed to run the unit with an outside temperature of 60 degrees should not exceed 5 watts times the volume of the spa squared and cube rooted ($5 \times V^2/3$).

Put more simply, a 350-gallon hot tub would have to use 248 watts or less to meet the standard.

While manufacturers understand the formula, they're less clear on testing methods because the state didn't standardize the details, leaving companies to fend for themselves. Some have opted for expensive private labs,

others have built their own testing chambers and all are coming up with widely varying, but frequently less than favorable results, DiGiovanni says.

One example of the confusion is the requirement that a spa's temperature remain at 102 degrees over the course of the 72-hour test, explains Pacific Gas & Electric Senior Program Engineer Gary Fernstrom.

"It's impossible to maintain 102 degrees," says Fernstrom, adding that the guidelines do not establish how much variation is acceptable.

Resolving the issue is critical to manufacturers not only because the new requirement bans non-compliant spas from the lucrative western market, but also because many states eventually adopt California's standards. In fact, Oregon has already passed a law based on California's Title 20, which will go into effect in September 2009.

According to APSP's weekly update, *Industry Currents*, as a result of testimony from the APSP and industry representatives during a hearing on the new regulations, Oregon has agreed to incorporate any of the compromises that can be reached with California. ■

If you have questions about the new law, please email us at PR@BIGFISHPUBLICATIONS.COM. We'll do our best to unweave the web of information and pass it on to you in an upcoming issue.

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Dial Into the Right Cell Phone Plan

IMPROVE SALES AND SERVICE BY FINDING A CELL PHONE COMPANY THAT FITS YOUR BUSINESS NEEDS. BY GERI KOEPPPEL

Gene Crock, owner of Cascade Spa, Stove, and Sauna in Issaquah, Washington, prides himself on excellent customer service.

One recent Friday, he delivered a spa and the customer wanted to start it up immediately. However, the new spa owner had a problem and called Crock as he was on his way to attend a play.

"We corrected the situation, and he was in his hot tub that night," Crock says.

This wouldn't have been possible if Crock hadn't had his cell phone, an absolute necessity for spa dealers when it comes to service as well as sales. But which cellular company is best for a small or mid-size spa dealer?

Andrea Rosas, owner of Frontera Communications, says business owners must assess the entire range of their needs when looking at plans. "Each one is good for a specific reason," she says.

Rosas believes that Sprint is a good choice for high-tech uses such as accessing the Internet and using email. Other companies such as Alltel and T-Mobile offer "My Circle" or "My Faves," which allows users to call a certain amount of other numbers — even outside the network or

on land lines — without using precious minutes.

"This could be helpful for businesses with salespeople or service technicians who are often out in the field calling the home office," says Rosas.

Sprint and Nextel offer free incoming minutes, so if your employees usually take rather than make calls, it's a good idea to check them out. Many plans also offer free calls within the network. In addition, it's important to understand where the phones will be used. For instance, Cricket has unlimited minutes, but its coverage area isn't as extensive as the big players such as Verizon, AT&T, Sprint, Nextel and T-Mobile. If you travel or are considering expanding, it's best to join a larger network.

Rosas advises people against getting enticed by offers of free phones or short-term incentives. "Look at your long-term needs" is the advice she gives to everyone.

Dealers can help businesses sort through the different plans, or you can visit each company's Web site for information. In any event, Crock says, "Look at the hidden charges. Look at the overall plan and really do some comparison, not just jump into it." ■

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Create an Entrepreneurial Culture Among Your Employees

MOST EMPLOYEES WANT TO BE BOTH VALUED AND VALUABLE. LEARN HOW TO INSTILL A CAN-DO SPIRIT THROUGH LEADERSHIP, RESPECT AND ENCOURAGEMENT.

Are your employees contributing to your company's growth through their energy and ideas? Or are they merely putting in the hours until a better opportunity comes along?

People want to contribute to a cause they believe in and one that recognizes the value of their participation. Your spa retail store is no different. Along with being the "eyes and ears" of your business, employees can help solve (and often avoid) problems, identify opportunities to improve efficiency and offer insights that you might otherwise have overlooked.

In other words, your employees should approach their jobs the same way you tackle the roles of owner and/or general manager – as entrepreneurs.

IT'S ALL ABOUT PEOPLE

Instilling that kind of thinking is not difficult, but it doesn't happen just because you include 'we will be entrepreneurs' in your mission statement. An entrepreneurial culture is created in part from your leadership.

But don't think that you need to adapt yourself into a General Patton or a Captain Kirk to make this happen: simply be yourself. The most effective leaders are those who set a good example-timeliness, thoroughness, integrity, consistency in words and actions, respect for others' opinions and an openness to new ideas.

Likewise, entrepreneurial employees must be creative, proactive thinkers. That's why it is important to look for these qualities during the interview and selection process. Employment consultants can help you develop methods to gauge a candidate's initiative and responsiveness, including their ability to craft life's proverbial lemons into lemonade.

INFORMATION SHARING CRITICAL

It just makes sense to make information sharing a routine part of your culture. Communication

Many retail businesses hire employees who are as much as possible like their customers. Because they understand where they're coming from, employees with similar lifestyles are in a better position to give people the service and information they want and need.

also reduces mistakes, miscommunications and other problems that can hold companies back or poison the working dynamic.

Jamie Walters, author of *Big Vision, Small Business* and founder of the enterprise leadership consulting firm Ivy Sea (IVYSEA.COM), notes that "sharing information about your business with employees can help them become better collaborators as you work to create your vision."

Employees are also better able to contribute when they understand the expectations and desired outcomes of their work, both individually and for the business as a whole. Writes Walters, "Knowing the big picture allows an employee to see where he might contribute talents other than the ones you've identified as applicable to the success of the business and his growth. Welcoming this participation builds commitment, too."

INCENTIVES AND MOTIVATORS

Of course, it doesn't hurt to augment this supportive environment with perks and other tangible rewards. But as EMPLOYER-EMPLOYEE.COM explains, you must understand the difference between 'financial incentives' such as benefits, vacation and salary; 'morale boosters' such as a parking spot or weekly pizza parties; and true 'employee motivators.' These include allowing employees input and choice in how they do their work, encouraging responsibility and leadership opportunities, tolerance of errors and other practices that promote job ownership.

Encouraging entrepreneurship among your employees will also remove some of the mental burden from your shoulders. You can draw on more resources to overcome challenges, capitalize on opportunities and improve productivity. With that kind of approach, the whole truly is greater than the sum of its parts. ■

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SPA RETAILERS NEED TO
UNDERSTAND THE VARIOUS
TYPES OF INSURANCE
COVERAGE REQUIRED TO
PROTECT THEIR BUSINESS.

The Spa Retailer's Guide to Business Insurance

BY FELICIA WILLIAMS

Spa retailers have undergone a difficult time in the insurance marketplace, but relief is on the horizon. With new carriers entering the arena, insurance premiums are stabilizing due to increased competition.

“Having an insurance agent that truly knows your type of business is very important,” advises Joe Poppie, Senior Account Executive for The Horton Group. The Horton Group specializes in providing insurance, risk management and employee benefit solutions for companies and individuals.

Relying on your agent is certainly essential, but **personal knowledge and preparation is also critical.** Retailers need to be aware of the coverages required for their business as well as those coverages not necessarily required, but highly recommended. They also should be cognizant of how insurance companies view and underwrite the spa and pool retailer class of risk.

FIVE IMPORTANT TYPES OF COVERAGE

There are many ancillary and specialty insurance coverages, however, there are five basic policies required for all retailers, regardless of size. They include:

Workers' Compensation: This two-part policy provides coverage for both the spa retailer and their employees.

The primary function of Workers' Compensation is to cover employees who sustain and/or incur work-related injuries or diseases. Injured and/or ill employees receive reimbursement for all medical expenses and lost wages based on a percentage determined by the state. The 'employer's liability' part of the coverage protects businesses from claims and/or suits brought against them by employees for job-related injuries or illnesses. All expenses related to the defense of such claims are also covered under this section. Minimum limits for employer's liability are set forth by each state, although most industry professionals recommend increasing these limits whenever possible.

Commercial General Liability (CGL): One of the most important coverages for any business, CGL provides protection against bodily injury and property damage claims arising from the retailer's operation, including the cost to investigate and defend such claims.

There are two categories of CGL policies: 'occurrence' and 'claims made'. An 'occurrence policy' responds based on the date the claim occurred regardless of when the claim is actually reported. The 'claims made policy' has a dual trigger and will only respond when the claim both occurs and is reported within the policy period (subject to the retroactive date listed on the policy).

When shopping liability coverages, it is important to understand that switching from a 'claims made' to an 'occurrence' policy will require special 'tail' and 'prior acts' endorsements. The assessment as to which is more appropriate should be discussed with a retailer's insurance agent.

CGL policies are generally written with 'per occurrence' and 'aggregate' limits. The 'occurrence limit' is the most an insurance company will pay for any one occurrence, while the 'aggregate limit' is the most that will be paid for all occurrences within the policy period, which is normally one year. For an additional premium, the policy can be endorsed to include a 'per project' aggregate which would aggregate the losses on a per project basis rather than annually.

In addition, specific endorsements can be added to CGL policies. As Poppie explains, "For example, one of the biggest concerns for contractors is property damage to their work from pool pop-up. Pop-ups occur when the water table rises while the pool is empty, and a pool literally pops out of the ground and falls apart. This coverage is excluded on standard insurance policies and needs to be added by endorsement."

Commercial Automobile: Vehicles purchased and registered in the name of a business must be insured under a commercial automobile policy. Unlike personal automobile coverage which follows the individual, coverage on a commercial policy follows the vehicle. Therefore, if a corporate officer is given a company car and does not have a personal auto with insurance, the only coverage afforded is from the commercial policy. That corporate officer then does not have coverage in the event of renting or borrowing a replacement or loaner car. To prevent such a

RETAILERS NEED
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OF THE
COVERAGES
REQUIRED
FOR THEIR
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situation, the ‘drive other car’ coverage endorsement should be added to the policy naming the corporate officer(s).

Umbrella Liability: This excess liability coverage steps in when the underlying primary liability limits of the auto liability, CGL or employer’s liability are exhausted. The general rule of thumb when it comes to selecting umbrella liability limits is to **buy as much as a business can reasonably afford.**

Property: A property policy provides coverage for the retailer’s building, contents and inventory. An ‘all-risk’ property policy is broader in its coverage than a ‘named peril’ policy. A named peril is more restrictive in that a loss has to occur by one of the perils named in the policy. Conversely, an all-risk policy covers the insured for all risks except for those perils specifically excluded. All-risk policies encompass more causes of loss than a named peril policy and thus will cost more.

SUBCONTRACTORS AND CERTIFICATES OF INSURANCE

Prior to signing a contract with a subcontractor, **the contract should be reviewed by the retailer’s attorney and insurance agent.** The indemnification terms are outlined in the contract and proper review may prevent the retailer from taking on more liability than an insurance policy will cover, potentially leaving the retailer financially exposed.

It is important to secure a certificate of insurance from each subcontractor evidencing current coverage with adequate limits and listing the retailer as an additional insured. In addition to the certificate, a written contract including a ‘hold harmless’ agreement should be used.

Reputable agents know the significance of providing certificates. “I won’t write a contractor that doesn’t use a written contract with their subs that includes additional insured, hold harmless and minimum limits,” says Poppie. “Not using a written contract can leave the general contractor exposed to liability from their subs, and may prevent them from securing their own coverage in the future.”

A final important point is to be sure to check the insurance company’s financial stability. To that end, the retailer’s insurance agent should check the AM Best rating. (The AM Best Company tracks the financial stability of all insurance companies). Insurance certificates evidencing coverage from financially unsound companies is tantamount to accepting the risk on your own if the insurance company becomes insolvent.

SMALL, MEDIUM OR LARGE

Smaller to medium-sized retailers must rely heavily on straightforward insurance programs to insure their business. Larger contractors are sometimes better able to retain more of the risk, thus opening the door to loss sensitive insurance programs, captives or self-insured options. As with any mission-critical business decision, the available courses of action should be discussed with an appropriate professional who intimately understands the nature of the spa and pool retailer’s business. ■

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WRITE A

CONTRACTOR

THAT DOESN’T

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WITH THEIR

SUBS THAT

INCLUDES

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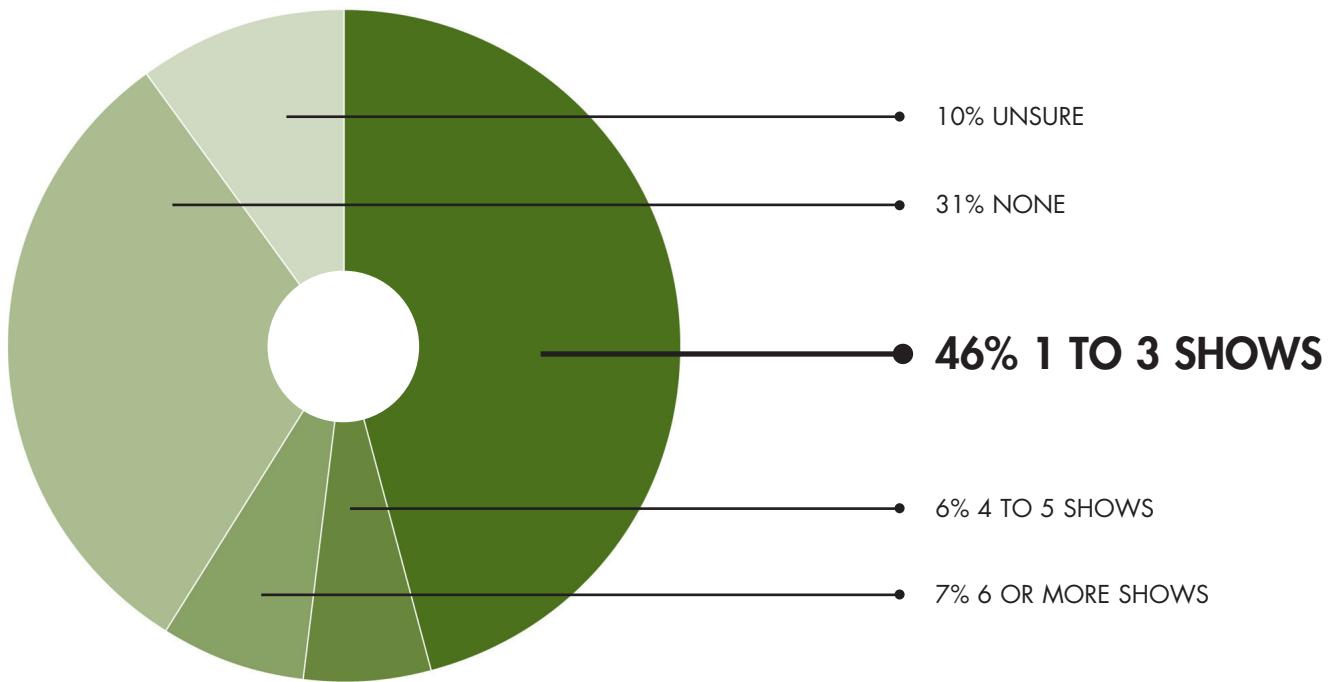


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Research

HOW MANY HOME SHOWS DID YOU EXHIBIT IN 2007?



Nearly 50% Exhibit At Least One Home Show Each Year

FAVORITE GRILL TYPES, PLACES AND FOODS ALSO SURVEYED

Each quarter, *SpaRetailer* interviews a cross sampling of spa retailers throughout the United States and Canada. The Home Show results are based on telephone interviews of 124 hot tub retailers conducted between January 7 and January 10, 2008. The findings indicate that nearly half of those surveyed exhibit between one and three shows per year, with a similar percentage noting that their top concern was the show attendance. Information about the grill survey is from WEBER.COM. ■

Are Home Shows worth the hassle? What are the do's and don'ts? Don't miss pages 42-45 and 75-76 where you'll find the latest scoop, including hot-off-the-press statistics and advice from industry veterans.

**HOME
SHOWS
SPECIAL**

Home Shows Survey 75) Weber Grill Survey 77)

HOME SHOWS SURVEY

In January of 2008, telephone surveys of 124 hot tub retailers were conducted. Questions asked include how many shows did they attend in the past year, how many spas (on average) did they sell per show and what their primary business concerns are regarding home shows. As the data shows, nearly half attended one to three shows last year, with 13 percent attending a minimum of four shows. While 32 percent said they sold less than ten spas per show, 9 percent said they sold at least 26 spas per show.

45%

OF HOT TUB RETAILERS SAY THAT THEIR BIGGEST BUSINESS CONCERN IS HOME SHOW ATTENDANCE.

21% say their biggest concern is spa competition

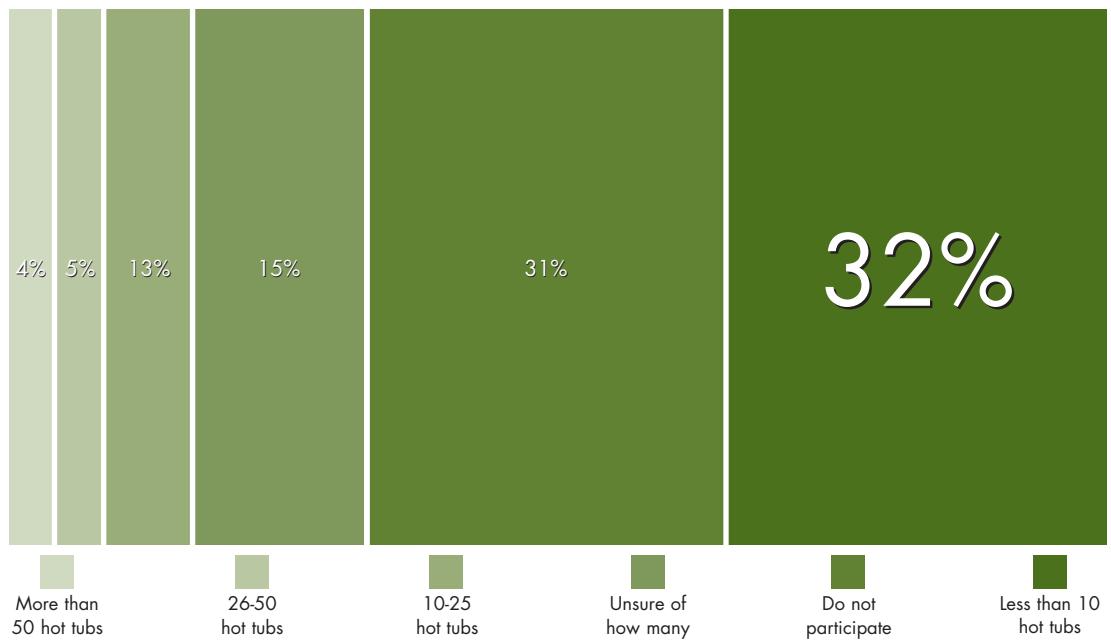
18% say their concern is Home Show costs

16% say their biggest concern is having few spa sales

31%

responded in this survey that they did not participate in Home Show events in the past year.

ON AVERAGE, HOW MANY SPAS DO YOU SELL AT A HOME SHOW EVENT?

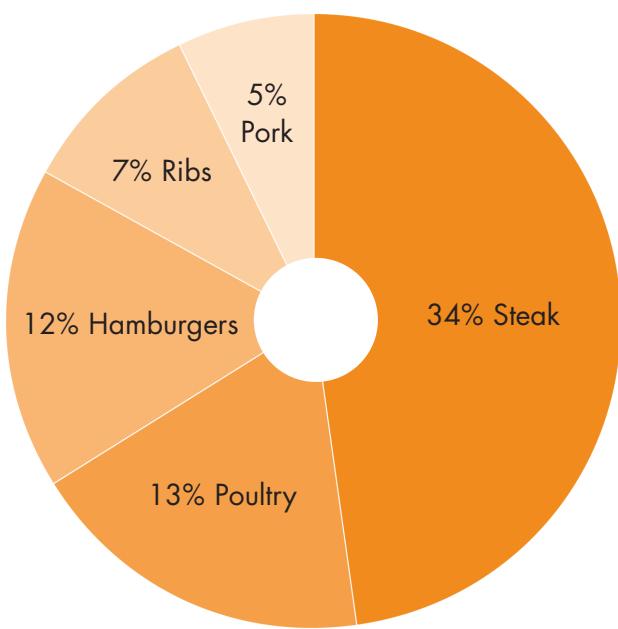


WEBER GRILL SURVEY

Charcoal, gas or smoker – when it comes to grilling, it all tastes great. An annual tradition, the Weber Grillwatch™ survey takes a tasty look at what, where, when, why and how we cook outdoors. One interesting fact that came to light is that when it comes to learning how to grill, if you're not self-taught, then it was most likely dear old dad who showed you how to fire up the 'barbie', as the Aussies would say. *Please note, the statistics can add up to more than 100% due to the possibility of multiple answers.*

WHERE DO YOU GRILL?

22% INDOORS	78% OUTDOORS
------------------------------	-------------------------------

WHAT ARE YOUR FAVORITE FOODS TO GRILL?

According to the survey, 54% of respondents said that they grill the same amount as last year, while 29% said they grill more than last year.

29%

OF RESPONDENTS SAID THAT THEY OWN MORE THAN ONE GRILL. 22% SAID THAT THEY HAVE PURCHASED A GRILL AS A GIFT.

WHAT TYPE OF GRILL DO YOU OWN?

67%

GAS GRILL

50%

CHARCOAL GRILL

17%

SMOKER GRILL

PAST ISSUES

Looking for an article? For your convenience we have provided a detailed index of all stories that have previously appeared in *SpaRetailer* Magazine and e-newsletters. Stories are color-coded based on the following criteria: ■ **STOREFRONT** ■ **MARKETING** ■ **OPERATIONS** ■ **RESEARCH**

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The spa industry is down, way down and shows no signs of recovering anytime soon. Manufacturers and dealers alike are struggling. "Ups" are down and costs are up.

The bottom line is that you can no longer rely just on your suppliers to teach you what you need to know to succeed in this type of market.

Plus most of the education you do get from the spa companies is just service & sales training.

“Being a Great Closer Only Helps Once a Customer Comes Into Your Store!”

But that's not really the problem these days is it? The problem is getting qualified prospects into the store in the first place!

It now takes more than your typical Sunday Ad and weekend home show to get the sales you used to get. Why? Because the dynamics of the spa market have changed dramatically. And if you're using the traditional marketing and lead generation methods out there today, then **you're working twice as hard for half the results.**

This intensive **2-day course** is jam-packed with ideas to help you outsmart, out-market, and outperform the competition. We've spent years and thousands of dollars collecting, testing, implementing, and perfecting these strategies with great success in hundreds of small businesses. We've learned what works and what doesn't so you don't have to.

Do you know the latest techniques in Internet marketing? You'll be amazed how much there is to know, how easy it is to get started and how much it can help you grow and automate your business.

You'll leave the Boot Camp with tons of **sales generating** systems that you can implement immediately to get a predictable and constant stream of sales regardless of what's happening in the spa market, housing market or stock market.

Time For a Different Strategy?



To get more information and find the Boot Camp nearest you, just call the 24-hour recorded hotline.

1-800-391-6309 x6100
SpaDealerBootCamp.com

Need a Business Partner?

Got Brochures! Highlighted below is our Spring 2008 advertiser index of major players devoted to the hot tub industry. To request brochures, simply circle the designated companies and/or product categories on the BRC card (shown right) and we will promptly forward your request for information. Don't forget to visit SPARETAILER.COM for additional online advertisers.



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