

Publisher's Message



Navigating a Maturing Marketplace by Kirk Grundahl

"Advertising is salesmanship mass produced. No one would bother to use advertising if he could talk to all his prospects face-to-face. But he can't." -Morris Hite, quoted in Adman: Morris Hite's Methods for Winning the Ad Game, 1988, Dallas, TX: E-Heart Press, p. 203.

Traditionally, component manufacturers have not had to do too much in the way of marketing their companies or products because trusses have essentially sold themselves with their framing cost-savings. This cost-saving benefit, combined with a relatively low amount of local competition and an increasing truss market share during the industry's growth period, created room for all competitors in the same market to reasonably grow and profit.

Times are changing. Today there is greater competition overall and often that competition is entering your market from further away. There are fewer opportunities to convert builders from stick framing to components. There are greater costs (labor, government regulation, insurance, health insurance) with less ability to raise prices to cover those cost increases; hence, there is much greater pressure on margins. Customers are focusing more on "shopping around" to get the lowest possible price for your products while still demanding four-star service. Quite simply, our marketplace is becoming more mature.

EVALUATE YOUR MARKETING PLAN

To continue to get a reasonable return on investment in a maturing market, you should consider looking at your marketing plan to evaluate all aspects of it. A few considerations might be:

- Market Research & Brand Management: How is your company perceived by the market?
- Sales Management: How effective are your inside and outside sales people? How much do they cost compared to industry costs?
- Product & Quality Management: What do your customers think about the products you provide?
- Customer Service Management: How is staff treating your customers?
- Price Management: Are you the low or high price manufacturer in your market?
- Place Management: Are you successful in meeting your customers' needs by delivering a product precisely when they need it, exactly the way they want it?
- Advertising Management: Do all your customers and potential customers know about the products and services that you can provide and do they call you when they have a need?

Advertising, while important, is only a supplemental part of your marketing plan. Advertising alone, by definition, cannot make a sale. What it can do is convey a message about your company that a potential customer may not know, until he/she has a specific need that arises. Let's take an ordinary example to illustrate the point. Let's say you are in the market for a new car. What happens automatically?

- You page through the newspaper and magazines and each car ad now catches your attention.
- You look at the classified ads in the paper with renewed focus to see if the best deal is a new or used car, compare prices and scope out the sales.
- You pay special attention to the car commercials on TV, instead of taking that trip to the fridge during a commercial.

The advertiser is depending on you to see their commercial, which is enticing enough to make you pick up the phone or go to the dealership. Advertising is clearly the best way to get your product or service in front of thousands of people simultaneously with the hope that the readers or viewers of your ad will find that you can fill their immediate need. Advertising is great at generating awareness, but it will never generate sales by itself.

The flip side is that you may advertise all the time and seemingly not generate a lead from the ads you are placing. Should you quit advertising? There are several questions to ask:

- How old is the ad? Has its message saturated the market that you are trying to reach?
- Is it getting the key messages about your products and services across in a fresh and memorable way?
- Are you truly reaching your target customers with your message?
- Is it a message your target customers can easily understand?
- Is it a message that is crafted in a way that has the potential to get them thinking about the needs they have and that your product and service can truly meet those needs?
- What is the risk of stopping your advertising? How many potential customers did you just miss that were just now "looking for that new car?" Can you afford to take the risk of not having your name in front of them when they have a specific need that you may be able to fill?

Growing up as Wisconsin farm kid, I'll use a milk analogy to emphasize a key point about advertising and sales. If advertising automatically generated sales, you would expect that the ten-year-old ubiquitous "Got Milk" campaign would have increased milk sales to all-time highs. Today milk prices are at an all-time low and there is talk of a campaign to kill 90,000 cows as a start on reducing the supply of milk. This is clearly intended to raise prices by taking direct action on the "real milk" problem—"got too much milk" (similar to the softwood lumber dispute where the objective is to reduce supply from Canada to increase lumber prices).

The trouble with advertising effectiveness with the "Got Milk" example is that you are trying to sell a commodity to a mass market that pretty much already knows everything they need to know about milk. What has changed about milk in the last 6,000 years? That is the key: there is nothing new about milk to be aware of.

What would catch your attention, however, is if there was "new milk" on the market that

guaranteed to increase your life expectancy by ten years if you drink four glasses a day. That new product attribute would catch your attention, wouldn't it?

MEET A NEED & DELIVER WHAT YOU PROMISE

Clearly, there is much more to sales than advertising all by itself. In fact, advertising will fail miserably at anything other than creating awareness. In our business, a few of the key attributes that will help meet critical builder needs and turn needs into sales include:

- Get the product there on time and have it fit properly.
- Provide the lowest in-place cost possible, in which everyone in the stream of commerce profits.
- Provide cost stability.
- Help to find reductions in construction cycle time.
- Help to improve field labor efficiency.
- Find more labor or labor replacements.
- Provide a durable product with great quality so that there are no calls backs.
- Reduce their risk of construction defect litigation.

Eye-catching advertising can play a key role in ensuring that as many potential target customers as possible are aware of your innovative approach to meeting these critical builder needs. But even the cleverest of advertising campaigns will be foiled by unhelpful salespeople, bad customer service, slow turnaround, unfilled expectations and broken promises. It all comes down to balance—the right product, at the right time, advertised effectively and followed up with a positive, rewarding buying experience for the customer.

[SBC HOME PAGE](#)

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