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**When the going gets tough
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The advertisement features a red background. On the left is the LOOP-LOC logo with the tagline "No Compromises... No Excuses!". In the center is a stack of US dollar bills. On the right is the headline "When the going gets tough LOOP-LOC gives you more".

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Sleepless In Seattle?

By Barrett Kilmer

July 2009

Seattle spa retailer addresses industry issues.

AQUA recently asked Alice Cunningham, co-owner of Olympic Hot Tub Company, to share her ideas about the state of the hot tub retailing industry. And while she may be a little restless, she hasn't been losing sleep.

Obviously, spa sales are down nationwide. How are things up in the Northwest?

Well, we're definitely not as down as some other places in the country. In fact, the Northwest is still doing pretty well. But what affects people living here is the national news. I just talked to a woman not 10 minutes ago who is thinking of getting a new hot tub, and she said, "Oh, my husband might be laid off, so I can't make a decision right now." So that's the kind of thing that we're running into. But why is she shopping? Because she really wants a new hot tub. So as soon as she finds out — should be within the next couple of weeks — she's on the program.

But I think the economic news, every single day, is just so bad. I avoid it.

That's been affecting shoppers?

Arbitron ranks radio stations in markets by listeners. Well, it's absolutely turned this market upside down. The two news talk stations, which used to be on top, they're down in the nine and 10 spots now. People want easy listening. They do not want any more bad news: "Don't even tell me about the economy!" People are tired of it.

So you think part of the problem has less to do with reality and more to do with perception?

Definitely. This situation is like a slow bleed, whereas 911 was shocking. The difference is we came to work that day thinking nobody would be coming in. But we sold three tubs just in the Seattle store. I wanted to say, "Hello? Have you seen the news? What brought you in?" Every one of them said, "This just said to me that I could die tomorrow, and I've wanted one of these forever. Life is short." So it's a different kind of thing. When you have a terrible disaster, people say, "Wow. I've got to live for



today. I've got to make sure I'm living."

I heard a great word the other day. It's not a recession, it's a re-assessment. People are re-assessing everything in their lives. Do they want to eat meat? Do they want to shop at Whole Foods? Where do they want to go on vacation? People are really up in the air. That's affecting things. It's just the national mood.

One manufacturer told me that when this is over, manufacturers and dealers will be better businesspeople for having gone through it. Do you see it that way?

Absolutely. And when I look back at the way we used to spend money? Ack! We were on a budget before, but it was kind of elastic. People call you all the time for advertising and marketing and all kinds of stuff. You could jump at anything that looked interesting. You just can't do that now.

So you have to stick to one plan of attack and go forth.

The other thing is we can't allow our salespeople to "freelance" in terms of their presentation. We're really talking about consistency. Everybody's got to have the same message: This is who we are and this is what we represent. It's more directed. In the past few years we have been more about relationships. Make a friend. We're still friendly, but our message is, "The only hot tub you should buy is this one."

Now, I did meet a wonderful guy at a dinner party. He's a brain researcher named John Medina. He says that in the past, the back brain, the more primitive brain that sees something and likes it and goes for it, totally impulsive, was in charge. The front brain, which is the fear center, was asleep because times were good. But for the past 10 months or so, the message has been, "Times are bad. You must save." So the forebrain, in which it takes a long time for thought to form compared to the impulsive back brain, has now gotten the message: Don't spend.

So it's going to take a while of good news for consumers to overcome that. One way that we do it is with financing. We're fortunate in this area to have some phenomenal financing available. So when you break it down into monthly costs, the front brain goes, "Oh. Well, I can afford that."

You mentioned that you've got to be more selective with marketing money. What aren't you willing to cut?

The Internet. That is your 24/7 storefront. I'm just amazed at how funky some people's Web sites are. So I'm always tinkering with ours. That could be my full-time job. The Web is so influential; there are reports that anywhere from 74 to 80 percent of people shopping for anything these days go to the Web first before they'll go to a brick-and-mortar store. So the Web is our priority.

Do you see any signs of hope?

Oh, yeah. Moody's bond-rating service just put out a report about a week ago saying that certain states are going to recover in the third quarter of 2009. And Washington is one of them. The rest of the country should see a turnaround sometime in 2010.

But I don't think we'll go back to the free-spending ways for a long time. If ever. The new frugality, the idea that it's fun to save money, people not wanting to be ostentatious, will stick around.

Do you think given the slow sales lately, that demand is building up?

I do. I definitely do. But people are going to be coming on line in a different frame of mind. Summer here makes people more optimistic. I mean winter was disgusting this year. People were pretty depressed. But people are more optimistic now. And that helps.

I think, too, that the hot tub industry needs to put out more positive messages about what good a hot tub will do for you. I just hung up the phone with the woman whose husband might be laid off. She says that since her daughter became a teenager,

getting into a hot tub has been better than therapy. They have a standing date. They go in for an hour, two or three nights a week. And her daughter still remembers conversations they had in that hot tub. So she wouldn't be without one.

Barrett Kilmer, has been on the editorial staff of AQUA magazine since 2000. He has a B.A. in English from the University of Wisconsin - Madison, and currently lives in Madison, Wisc.

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