

# DIVECenter™

BUSINESS

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From the Publishers of *Dive Training*

## WHO is the OPEN WATER *diver?*

### Prospecting for New Customers In the 'New Normal' Going Way Beyond Word of Mouth

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HEAD OF HOUSEHOLD

65% MALE

35% FEMALE

30-45 YEARS OLD

46-55 YEARS OLD

56-65 YEARS OLD

66-75 YEARS OLD

76+ YEARS OLD



92% OWN THEIR OWN HOME



76% ARE MARRIED



59% ARE COLLEGE GRADUATES



56% HAVE CHILDREN UNDER 17

### ISSUE HIGHLIGHTS:

**'Til Depth Do Us Part**  
*Sharing the Dive Center Ownership Life With Family*

**OPERATIONAL SURVEY**  
*How Stable Is Diving's Retail Base?*

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**Travel Department**  
*What a Trip!*  
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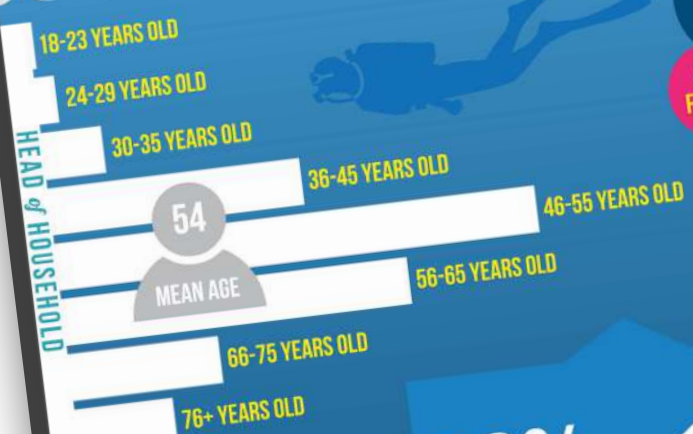
**...And Much More**

**Asking Wrong**  
*Vet Employee Applicants ... Without Breaking the Law*  
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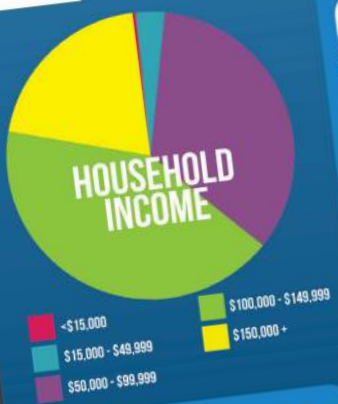
# PROSPECTING FOR CUSTOMERS IN THE 'NEW NORMAL'

## WHO is the DIVER BUYING equipment\* \*hard goods



78% MALE  
22% FEMALE

54  
MEAN AGE



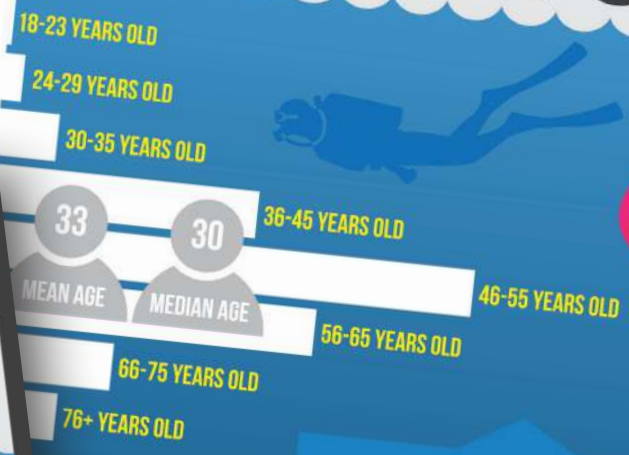
92% OWN THEIR OWN HOME

75% ARE MARRIED

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## WHO is the OPEN WATER diver?



65% MALE  
35% FEMALE

33 MEAN AGE  
30 MEDIAN AGE



92% OWN THEIR OWN HOME

76% ARE MARRIED

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**EDITOR'S NOTE:** We asked Tom Ingram from DEMA to write this article to explain their newest program designed to assist retailers in marketing for new customers. We studied their presentation about the program and believe it is something that retailers should seriously consider.



# GOING WAY BEYOND WORD OF MOUTH

**THIS KIND OF INFORMATION TELLS RETAILERS 'WHO' LIVES NEAR THEIR STORE, AND WITH A LITTLE MARKETING KNOW-HOW, TELLS THE RETAILER 'WHAT' THEY CAN DO TO REACH THOSE POTENTIAL CUSTOMERS MOST EFFECTIVELY. WHILE THE MARKETING SYSTEM AND TECHNOLOGY IS HIGHLY DEVELOPED AND ELABORATE, FOR THE RETAILER USING THE DATA GENERATED BY THE SYSTEM IT IS PRETTY SIMPLE.**

**MOST DIVE CENTERS NEED CONSTANT ACCESS TO NEW CUSTOMERS.** It is no secret that new divers are the lifeblood of our industry and creating more new divers is one of the critical tasks of a dive center owner and manager.

Of course, word of mouth, by asking current customers for their help in recruiting family and friends, is a very effective way to get new divers. But reaching new people also requires a variety of marketing and promotional strategies, including a great website, using direct mail campaigns, targeted email, inexpensive cable television, radio ads, and even bringing in media outlets through public relations activities.

By itself, just finding genuine “target” customers for diving can also be expensive. With limited marketing budgets, most dive centers simply can’t afford to spend upward of \$5,000 to \$7,000 to have a retail consultant or marketing firm create an objective evaluation of their retail location and the potential customers living nearby. Unfortunately, for us as an industry, many of the activities with which diving competes (skiing/snowboarding, video gaming, SUP, tennis, golf, and a host of others) are already using different and more progressive methods to select a location for their brick-and-mortar operations and locate where potential new customers live. These businesses are reaching out to the same customer segments that would enjoy diving and sometimes they are winning the battle.

Until now.

DEMA members now have access to a sophisticated but inexpensive and easy-to-use system of evaluating their current retail store location, and finding more potential customers living nearby. Called AnySite, this state-of-the-art marketing computer information system is the same type of tool used by retailers, hotels and restaurants all over the world to find new customers and evaluate physical business locations. DEMA has picked up the tab for making this system available to DEMA

members, cutting costs while making it possible for storeowners to understand more about potential customers living near their operations. Retailers can now pinpoint where these prospective customers live, giving those dive center operators who use the information system a competitive advantage over other businesses and activities angling for our same customer.

DEMA first used AnySite in 2007 in an industry research program to study and understand the dive consumer as a part of the U.S. nationwide “Be A Diver” advertising campaign. Most recently it was used in a DEMA-sponsored diving consumer research project completed in late 2013 and early 2014.

AnySite provides objective insights into today’s diving customer and, more importantly, actually describes their buying behaviors, attitudes and beliefs as well as their demographics (age, ethnicity, income, etc). Since DEMA now has direct access to the subscription-based system, information useful for retailers at a local level anywhere in the United States is also available. This kind of information tells retailers “who” lives near their store, and with a little marketing know-how, tells the retailer “what” they can do to reach those potential customers most effectively. While the marketing system and technology is highly developed and elaborate, for the retailer using the data generated by the system it is pretty simple.

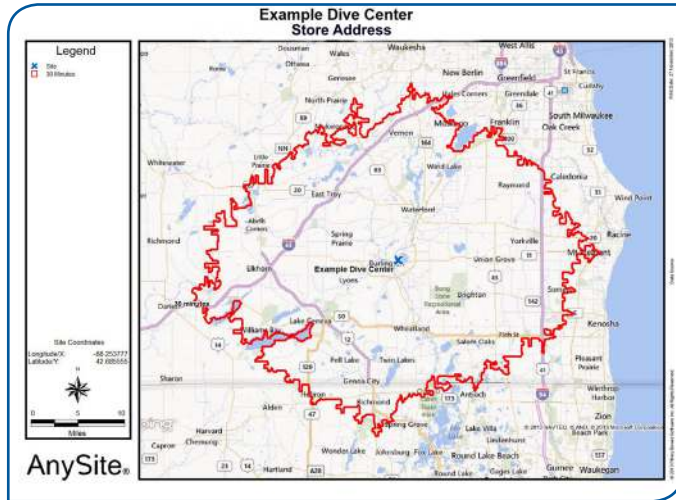
## How Can A Retailer Obtain This Information?

DEMA-member retailers can request a *free* evaluation of their store’s location, including an objective evaluation of the customers living nearby who, based on specific criteria, are “most likely to buy.” Called a “Neighborhood Brief,” the evaluation starts with the store’s street address as a central point and gathers information on each of the people living in the households close by. Retailers can request information on any-size market area, but most stores benefit from evaluating the households that are within a relatively short driving distance away;

BY TOM INGRAM

typically 15-30 minutes. Still, AnySite can be adjusted to evaluate an area that includes any drive-time distance from the store. It can also be used to evaluate the location of competing operations.

Critical information is then generated about the customers who live inside the drive-time area (“retail market area”), mak-



ing it possible for the dive retailer to understand the prospective customer’s buying behavior and where to find more customers the retailer wants to target.

### Understanding the Customer

We all have an understanding of the customers we already have, insofar as their behavior inside our stores or classes. But AnySite helps us understand their current stage of life, giving us more insight into their actual buying behavior, and providing a greater understanding than we can get from their attendance in a scuba class or in-store activities. For example, when a consumer makes a major purchase, such as a car or a house, a number of factors influence their decision-making processes:

- Age.
- Household income.
- Presence and age of children.
- Marital status.
- Estimated net worth.
- Home ownership status.
- Where do they live?
- Length of residence.
- Market value of home.
- Dwelling unit size.
- Occupation.
- Education.
- Ethnicity.
- How many in the household?
- Buy online or by mail?
- Buying channel preferences.

You can easily imagine that your own decision of which car to purchase might be different if you were (or were not) married, had a higher income, or all the kids were out of the household. To a greater or lesser degree, each of these same factors influence whether a customer makes a greater or lesser purchase, such as buying a full kit of scuba equipment, or even finding the time to take a scuba class.

26-Savvy Singles					
	Group %	National %	Index		
<b>Age - Head of Household</b>				<b>Length of Residence</b>	
18-23 Years	0.0	2.3	0	<2 Years	21.7 12.7 171
24-29 Years	0.0	7.6	0	2-5 Years	41.5 30.2 137
30-35 Years	38.4	10.5	365	6-14 Years	26.5 32.0 83
36-45 Years	59.5	21.5	277	15+ Years	10.2 25.0 41
46-55 Years	2.1	21.5	10		
56-65 Years	0.0	15.4	0		
66-75 Years	0.0	10.7	0	<b>Dwelling Unit Size</b>	
76+	0.0	10.5	0	Single Family Dwelling	78.9 86.0 92
<b>MEAN AGE</b>			<b>37.1</b>	Multiple Family Dwelling	21.1 14.0 150
	Group %	National %	Index	Group %	National %
<b>Estimated Income</b>				<b>Market Value of Home</b>	
<\$15,000	0.0	10.1	0	<\$50,000	4.9 10.3 48
\$15,000-\$19,999	0.0	4.7	0	\$50,000-\$99,000	10.8 19.1 57
\$20,000-\$29,999	0.0	8.8	0	\$100,000-\$124,999	8.2 8.8 93
\$30,000-\$39,999	0.0	10.8	0	\$125,000-\$149,999	8.7 8.0 108
\$40,000-\$49,999	0.0	11.2	0	\$150,000-\$199,999	15.7 12.9 122
\$50,000-\$74,999	75.4	24.2	311	\$200,000-\$299,999	20.6 15.9 130
\$75,000-\$99,999	14.6	13.9	105	\$300,000-\$500,000	20.3 14.7 138
\$100,000-\$124,999	1.6	6.3	26	\$500,000+	10.8 10.5 105
\$125,000-\$149,999	0.0	4.7	0		
\$150,000+	8.3	5.1	163		
	Group %	National %	Index	Group %	National %
<b>Marital Status</b>				<b>Highest Education</b>	
Completed High School				Completed High School	57.7 53.1 109
Single	93.5	44.0	213	Completed College	31.8 33.1 96
Married	6.5	56.0	12	Completed Grad School	9.9 13.2 75
				Attended Vocation/Tech	0.6 0.6 95
	Group %	National %	Index	Group %	National %
<b>Presence and Age of Children</b>				<b>Occupation</b>	
No Children Present	100.0	65.9	152	Professional/Technical	37.3 30.4 123
Ages 0-2	0.0	6.5	0	Administrative/Managerial	6.5 6.8 97
Ages 3-5	0.0	7.0	0	Sales/Service	2.3 1.7 130
Ages 6-10	0.0	11.1	0	Clerical/White Collar	27.5 16.7 165
Ages 11-15	0.0	10.6	0	Craftsman/Blue Collar	16.7 18.7 89
Ages 16-17	0.0	7.5	0	Student	1.5 0.8 190
	Group %	National %	Index	Housewife	1.9 6.0 31
<b>Home Ownership Status</b>				Retired	0.9 12.1 8
Renter	51.2	23.2	221	Other	3.2 3.8 84
Home Owner	48.8	76.8	64	Self Employed	2.2 3.1 70

These buying behaviors are influenced by the customers’ “life stage.” In the analysis of the retail market area, the retailer is provided with information about the life stage of each customer’s household, using a collection of 70 specific, mutually exclusive market segments. Each segment has a unique name and set of characteristics.

For example, one such segment is called “Savvy Singles.” As you might expect by the name, more than 93 percent of these customers are single. In addition, more than 97 percent are between 30 and 45 years old with a mean age of 37, and fewer than 50 percent are homeowners.

Perhaps it is easy to see that in a neighborhood near a dive center with a large population of Savvy Singles, the dive center might consider a “singles dive trip” or sponsor a monthly “singles night at the beach” party to attract these potential customers. Especially when one considers that more than 90 percent of this customer segment makes between \$50,000 and \$100,000 a year, knowing that this prospective customer lives near the store could help the retailer develop additional promotional and business tactics. Each of the 70 different customer segments contains information vital to making the retail dive business in any area a success.

## Finding More Customers

What makes using DEMA's AnySite program even more attractive for retailers is that decisive prospecting action can be taken with the information provided. Not only is there insight into the "life stages" of customer segments living nearby, but using a chart of ZIP codes and per-capita income in the household, actual locations of the most attractive potential customers are provided.

Zip Codes	26 Savvy Singles HHs	2013 Total Households	Percentage of Cluster 26 HHs	2013 Total Population	2013 Total Daytime Population	2013 Per Capita Income
12345	264	18,563	1.4%	38,333	42,006	\$23,596
23456	247	23,517	1.1%	73,435	63,317	\$14,309
34567	104	9,708	1.1%	34,420	30,618	\$12,516
45678	423	13,403	3.2%	38,749	52,687	\$18,554
56789	506	19,797	2.6%	61,247	38,092	\$20,555
54321	144	14,336	1.0%	46,612	51,478	\$16,325
65432	339	13,230	2.6%	47,340	34,440	\$18,404
76543	266	8,296	3.2%	16,688	15,564	\$43,839
87654	412	17,342	2.4%	39,309	43,813	\$21,617
98765	712	18,931	3.8%	45,578	61,869	\$28,816
32121	789	22,483	3.5%	65,655	53,749	\$20,940
32129	1,366	22,131	6.2%	62,009	56,411	\$22,510
87562	349	11,348	3.1%	29,482	28,182	\$33,676
21098	666	21,806	3.1%	60,809	53,776	\$28,873
31234	223	7,633	2.9%	25,031	19,133	\$33,156

Retailers can use these free ZIP code charts, which are included with the Neighborhood Brief, to locate and target the households of potential new customers.

When locations of relatively affluent and available new customers are known, a variety of methods can be used to reach them, such as purchasing a mailing list or email list of households within these ZIP code areas and using it to create a direct mail or email campaign. We'll come back to that later.

## More On Locating Attractive Customer Segments

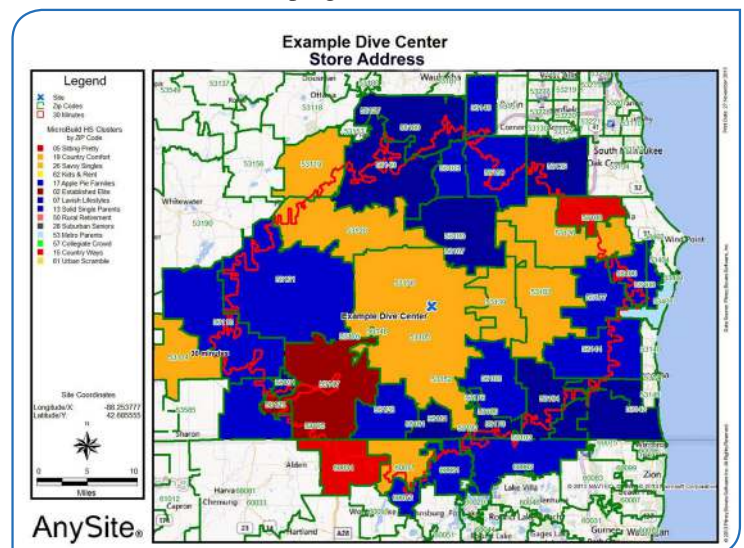
In addition, a map that indicates the location of the various customer segments near the retail dive center is provided as part of the Neighborhood Brief. This reference map helps identify the areas where prime customers can be found, making it easier to visualize these locations. The map even contains ZIP code boundaries for each customer segment, shading each ZIP code based on the customer segments encompassing the majority of households in the area.

## An Important Benefit – Mailing Lists

DEMA has also arranged to work with Acxiom, a major company in the mailing list business, to provide targeted mailing lists at a deeply discounted price to DEMA members. Retailers can purchase a mailing list consisting of only the customer segment households they wish to reach for less than \$20 per thousand names/addresses, and use those names and addresses for an *unlimited* number of times for one year. This is in contrast to the typical cost of a mailing list, which costs more than \$120 per thousand names for a *single* mailing use. This benefit represents more than a 75 percent discount on physical address lists, and gives the retailer a fighting chance to reach out to potential customers numerous times. Because multiple mailings are needed, we recommend starting with a mailing list of 3,000-5,000 households, and no more. That allows

you to test to expand from there, and makes it financially feasible to reach the consumer multiple times in a more targeted manner.

Email lists are also available, although the accuracy of email lists tends to be lower than for physical residential street addresses. In fact, Acxiom will guarantee that 90 percent of the street addresses in their list are accurate, as opposed to only 10 percent of email lists. For the retailer, the trade-off of using a low-cost email list with limited accuracy must be weighed against the much higher accuracy of prospecting for new customers with a street address list. In addition, the use of a physical mailer makes it more likely that a potential consumer will actually look at the marketing piece, rather than just hit the delete button on their email program.



## A Marketing Mix

All of this information is helpful in finding the location of customers who are most likely to buy, but the rules of prospecting for a new customer still apply. Rarely will one email or one postal mailing ever induce a buying response from a potential customer who is not already a diver. Multiple mailings and multiple marketing platforms are always necessary.

In fact, no one really knows how many contacts are required to generate a response from a potential customer, but using multiple contacts — for example, five postcards, along with two email contacts, a good website and various other forms of advertising (collectively a "marketing mix") — will help get the interest of a new customer and generate a response.

Of course, in prospecting for new customers this marketing mix will affect cost for the retailer; the cost of developing a marketing piece, along with postage and printing costs can become expensive. But it is an investment, and the return can be substantial when you realize that the average new diver purchases \$1,200 to \$1,500 in equipment, courses and dive travel during the first 12 months after Open Water certification.



## Help From DEMA

Fortunately, to help reduce the cost of prospecting, DEMA members have access to electronic files that include professionally predesigned postcards, fliers



and other mailers, including electronic images from such photographers as David Doubilet, for use in their prospecting campaigns. DEMA also has made professionally produced cable television and radio commercials available to members, all of which can be customized with the store's information.

### Media Information — Where to Advertise?

All the predesigned mailers and radio commercials will be more effective if the retailer can target the potential customer by knowing where they are looking, reading or listening. Recognizing this need, DEMA can also provide the retailer with access to an objective analysis that includes the cable television and radio channels, programs and publications their target consumers listen to, read and watch on cable television, as well as how they use the Internet.

Available information includes radio format and day parts (time of day), cable television programming and day parts and even whether they use Yellow Pages

to find services and products (you'd be surprised how many still do, but mostly online). The information on media is included in the Customer-Site Survey at no additional cost (addressed later), and for a small charge with the free Neighborhood Brief.

### Location of a New Store

By now you have probably recognized that this kind of information could also be useful in finding a good location for opening a second store or when considering opening a dive store for the first time. In fact, using this information is exactly how many of the larger retail operations, hotels and chain restaurants select their location sites. Fortunately, this technology, though expensive for a single retail operator, is far more accessible for retailers when they are DEMA members.

Other uses for the free Neighborhood Brief include providing information to banks when they evaluate business loans and also in preparing to sell a dive store location, adding value to the store's location because of the number of targeted potential customers revealed in an objective analysis.

### The Customer-Site Survey: Mirroring Current Customers for the Most Effective Prospecting

Up until now I have explained how the program finds potential customers who live near the retail store, considering only that certain customer segments live within an easy driving distance.

The retailer can take another step to increase the effectiveness of their prospecting campaign: Analyze the customers already coming into the store and determine the customer segments into which they fall. This is the Customer-Site Survey.

Knowing this information about your current consumer is akin to "picking the low hanging fruit." An awareness of which customer segments are already being attracted to the store makes it possible to locate more customers from the same

segments living close by, and reach out to them using targeted advertising tactics.

### How Does the Customer-Site Survey Work?

The process is a little different from a Neighborhood Brief in that a list of the store's current customers and addresses is analyzed in the AnySite system. An analysis of the customer segments is generated from the store's actual, current customer list, and the segments "most likely to buy" are identified. As with the Neighborhood Brief, a series of ZIP code charts and maps revealing the location of more of these customer segments are created, showing exactly where to look to find customers like the ones the store has now.

With a greater understanding of the "Life Stages" of these existing dive customers, it is also possible to gain insights that can help create new promotions and offers with a greater appeal to these valuable customers; family promotions for households with children and teenagers, "Zombie" parties or holiday events that resonate with your current customers more than ever before, bringing them back to the store more often because the promotions now fit their "life stage." Understanding the customers' needs and life stage opens the door to many different promotional and business possibilities.

A retailer can use the targeted ZIP code list to prospect for more customers just like the ones who are coming in now. After reviewing their Customer-Site Survey, one retail store in Florida, happy with the customer segments they already reach, discovered more than 30,000 additional attractive households (largely untapped) within a 30-minute drive from their store. The possibilities of reaching many of these with a targeted advertising campaign are very high, especially in comparison with blind direct mail promotions.

### Low Cost for a Customer-Site Survey

Because DEMA is managing these

evaluations for members, the cost for a Customer-Site Survey is far less than a retailer could find in the marketplace. Stores seeking such an evaluation directly from a marketing firm or from the software producer could expect to pay more than \$5,000 for a similar analysis.

DEMA charges 20 cents per customer record to conduct a Customer-Site Survey. A sample of customer records as small as 300-500, costing between \$60 and \$100 for analysis, is sufficient to develop a statistically valid Customer-Site Survey. From that a detailed marketing report is provided to the retailer. That's the total cost of the survey.

All customer records are confidential and are destroyed once the analysis has taken place. DEMA does not contact customers directly and does not, under any circumstances, sell or otherwise allow anyone else to use these confidential customer records.

### You Need a Marketing Mix

As with the Neighborhood Brief, a mix of marketing tactics and multiple promotional "hits" is needed to generate a response from a prospect. To get the most out of your direct mail campaign or to get a better idea of how useful, far-reaching and inexpensive cable television advertising can be, go to [DEMA.org](http://DEMA.org) to download the Cable TV Buying Guide and the Direct Mail Guide. Both are free to DEMA members.

### Your Next Steps?

Prospecting for new customers beyond word of mouth just got easier and more effective. In the "new normal" of a changed economic, technological and customer-centered business landscape, using tools that make prospecting more effective, along with such traditional methods as word of mouth, are a must.

Retailers who don't take advantage of these tools are missing the competitive boat. Other activities and industries are beating the diving industry in part because they have realized that using sophisticated marketing analysis provides a

## HOW IS THE DATA DETERMINED?

For more than 25 years different platforms have been available to accomplish the goal of helping retailers and others understand "psychographics" (attitudes, behaviors and beliefs), how they apply to making purchases, and how to use the data to find more customers.

The consumer data files used in a Neighborhood Brief or Customer-Site Survey and provided to a dive retailer by DEMA contain millions of records with in-depth demographic data about households. Data found in the database is gathered from various public information sources: driver's license files, birth records, self-reported surveys, county tax assessors and many other public sources of data. The data from these sources is merged to create a single view of the household. The database contains 125 million households, which is very close to the U.S. Census count for the total number of U.S. households, making it an excellent database from which to select a sample for analytical purposes. The data elements used in creating this marketing information system include:

- Core demographic data elements, such as age, presence of children, occupation, marital status and length of residence.
- Socio-economic data elements, such as estimated income, types of credit cards, homeowner/renter, home market value and home equity.
- Purchase behavior data elements, such as mail-order buyer and mail-order donor.
- Auto data elements, such as vehicle value and auto type.
- Life stage consumer behavior data elements, such as an interest in recreational activities, fashion, personal computers, gardening, travel, investing, home improvement and other elements.
- An additional set of 12 separate data elements containing 100 percent coverage for households on the database.

In total more than 300 data elements are used to analyze households within the marketing information system.

An additional key element in understanding the use of the AnySite system is recognizing that where people live affects how they experience their stages of life, and that very often, people who live near each other shop in the same stores, buy many of the same products and services, and have many other striking similarities.

Using all of these life stage elements allows users of this information system to help predict buying behaviors, and provides substantial assistance in finding more customers for the dive retailer.

substantial competitive advantage. That means that other activities could be beating your retail store too. Don't miss out on customers and lose them to other activities. For a minimal investment in a DEMA membership, you get access to

free and low-cost tools that give your store a competitive advantage. You simply won't find a better value.

For more information, contact DEMA. Tom Ingram can be reached at 858-616-6408 and [tingram@dema.org](mailto:tingram@dema.org). **DCB**