

HMAVIEWPOINT

Educate customers during turbulent times



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Any good marketer will tell you that selling involves more than a price tag and fancy packaging. A manufacturer or retailer's job is to give the buyer a reason to purchase the product.

The truly successful marketers are those who can produce a better product and sell it at a higher price and a healthier profit while building customers' trust and enhancing the company's brand.

A big part of marketing is educating consumers about why they should purchase a product and helping them understand its value in terms of the market. As an example, consumers need to know why oranges are in short supply after a cold spell in Florida. Or, that a certain brand of straws is no longer made of plastic to conform to environmental regulations.

Sometimes a situation that seems negative can be spun positively. If you've used paper straws, which are popping out of drinks in many eco-friendly cities (we were introduced to them last month in New Orleans), you know they are flimsy and cheap feeling. But a straw supplier can market a green fuzzy feeling and say it's doing its part to help make the planet a better place.

Whatever the circumstances, the marketer has an obligation to let the consumer know the "why" of a product. Hobbyists and other consumers want to be well informed about what they are buying and know that retailers and manufacturers are playing above board. Brand reputation depends on it.

The 25 percent U.S. tariff the Trump administration recently proposed is causing unrest in the hobby and toy industries. On this round of tariffs, scale models are included along with many other toys.

Since May, industry associations have braced for the tariffs and some have feared that entire businesses would be lost. Model railroaders and RC enthusiasts were among those starting to sweat. Some may say it's the final straw and drop out of their hobbies.

But this economic event has a bit of a silver lining. It's an opportunity for any industry affected by tariffs to educate its consumers and enhance its branding. We need to remind ourselves that, while the increase seems huge, it may mean that any additional costs passed on to consumers could be far less. Your customers need to know what they are really facing when trade disputes are in the headlines.

In my previous life in printing, our customers – many of them publishers like the folks who produce Hobby Merchandiser – feared paper price increases. Paper is a significant piece of the cost to print a magazine, and when pulp and timber markets shift or when supply and demand teeter out of balance, there is bound to be an adjustment.

In my 20-plus years in the printing industry, downward pricing was rare. When mills bumped up paper cost it usually went up 10 percent and tensions mounted. Many publishers assumed printing prices would increase by as much and they canvassed other companies for pricing.

We always told our customers that a paper cost increase didn't mean their print bill would go up by the same amount. Because paper was 45-50 percent of the job cost, the impact was far less. It really meant only a 4-5 percent hike in print prices.

The overall cost of the bill could be further diluted by charges for additional services like shipping, bindery work or mailing. Overall, a 10-percent increase in paper cost might really mean only 2 percent relative to the magazine's cover price.

This same theory can be applied to model railroading, RC or any other products facing higher costs. If only part of a model locomotive or dune buggy is manufactured in China, the overall cost of the finished product is likely only to increase by the net effect of the tariff. This all, of course, could be a moot point. At press time, the proposed tariff was in limbo.

But the point is, events like these dictate getting out in front of our customers and letting them know about potential impacts. Our print customers were grateful that we took the time to help them think it through and yours will be, too.

Yes, we lost a few customers who bolted to other printers. But, for the most part we were able to better our brand and enhance our reputation by letting our customers know the true impact so they could make informed decisions. **HMA**



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