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Thane Flexes Global Marketing Muscle With Fitness Products

When it comes to marketing fitness products, few flex their muscles like Thane Intl. The result? A bulging bottom-line.

By Doug McPherson

When Thane Intl., the direct marketing giant, took on the AB-DOer — a weight bench folks use to firm up their midsection while seated — the product was embarking on its second effort to break into the market. Just three months after its release by Thane, it pumped in more than \$75 million in sales. And the Orbitrek, a stationary cardiovascular machine, has done just as well and even better in international markets.

So how did the company — less than 11 years old — become the Arnold Schwarzenegger of direct marketing success for fitness products? For starters, go back to college. Remember the four Ps in marketing 101 — product, price, promotion and packaging? Thane says it's the product that helps most in making the grade.

“It all begins with the product. We're very selective when it comes to products,” says Denise DuBarry-Hay, Thane's chief creative officer. “We say no [to products] a whole lot more than we say yes.”

She estimates that Thane officials saw 3,000 products last year and chose less than 200 to whip into shape. Some of those products came to Thane as simple drawings on paper and others as failed products with inventory. (Perhaps surprising — the AB-DOer was one of those failed products with inventory. DuBarry-Hay says Thane enhanced it mechanically, gave it a “harder push” in the market and tested more than 30 different promotions to make it work.)

“The product has to work and benefit the customer. We want the long-term reputation, and the customer has to get benefits from what we're selling for us to have that long-term reputation,” she says.

After picking the right product, DuBarry-Hay says employees from marketing and product development meet together to talk about the product.

“We’re fortunate to be able to have marketing and product development work so closely together,” says DuBarry-Hay. “A lot of companies don’t have that situation, and that’s a big advantage for us. It’s important that these two groups understand each other and work well together.”

When the two departments meet it’s much like a mind-reading session. “We’ve done this so much that we all think a lot alike. It’s funny to watch,” she says. “We can look at a product on the table in front of us and yell out basically at the same time, ‘That’s \$79. It needs this kind of packaging, and if we can make it do that, it will do really well on TV.’ We all usually have a pretty good idea of what works.”

After the meetings, Thane writes the script, shoots footage and then edits in one of three in-house editing bays with a top-of-the-line digital non-linear editing system. Thane says this in-house capability lets the company increase production, reduce costs and make quick changes.

As for media schedules, DuBarry-Hay says Thane uses 10 years of facts and figures (Thane has methodically monitored and charted its history) to choose the best time slots, stations and days of the week for maximum exposure. She says the company’s experience often predicts a show’s success in only a matter of hours after it airs. “We can then get a jump on allocating media dollars and planning the aftermarket strategy or fix what isn’t working,” she says.

Thane is also meticulous about testing — the company says it’s “critical to success.” Thane tests everything from the offer and inbound phone scripts to the best pulling time slots. Then it starts all over again and tests new concepts against the control.

After testing Thane uses its marketing channels — each like a super-wide express lane — to reach millions of consumers: infomercials, home shopping, retail, catalogues, Internet and international markets.

Of those express lanes, Bill Hay, Thane's president and CEO, says TV is particularly strong for the company's fitness line.

"That's one of the reasons we sell in the fitness category, it fits TV so well. Fitness needs audio-visual demonstration and that means TV," Hay says. "You have to show the before and after and let the consumer know that when they get the product and use it, it will work for them."

DuBarry-Hay adds that matching the price with the perceived value is also important. "They have to feel they're getting good value for the cost of goods."

Fitness Without Borders

Thane has stretched its reach well beyond U.S. borders and now sells its fitness line in countries around the globe.

"We sell across Europe, Latin America, Japan, Australia, New Zealand, everywhere except China," says Amir Tukulj, president and chief operating officer with Thane Direct in Canada, who oversees international marketing efforts.

One might expect selling to all those regions and cultures might be difficult, but Tukulj says that's not the case. He says marketers argue that some countries need a softer sell and others need a harder sell, but Thane sells basically the "same way in all countries."

"There are subtle differences in all cultures and we try to be sensitive to those differences, but the expansion of waist lines is a global phenomenon. Bodies are bodies, no matter what country they're in so our marketing strategy doesn't change too much from country to country," Tukulj says. "We just change the language for the infomercial and the collateral pieces and that's usually about it."

Tukulj says of the differences that do exist, they're most noticeable in Japan and Germany. "Consumer tastes are more similar to the United States in the United Kingdom and Australia, but Japan and Germany's cultures are somewhat different."

One example is that the AB-DOer sold well in the United Kingdom and Australia but not as well in Japan.

“I think one of the reasons might have been the price-point. You can’t really argue about the size of the AB-DOer taking up space in smaller homes in Japan because the Orbitrek takes up space, too, and it sold well in Japan. It’s tough to answer why sales performed as they did in that circumstance,” says Tukulj. “I think if we had to do it over in Japan, we might go with a different price, add Japanese testimonials and maybe make it more portable.”

Thane says its fitness products occasionally do run into international regulatory requirements. Tukulj says the United Kingdom is tougher, but that Thane is working with officials there to ease them. However in some countries, he says, the regulations aren’t “very tough at all.”

Tukulj says Thane hasn’t used celebrity endorsements in its foreign markets but is considering them for future campaigns. “I do think they [celebrities] would help in international markets, we just haven’t done that yet,” he says.

DuBarry-Hay says it’s often tough to find a celebrity who is “really passionate” about a fitness product. “We usually go with fitness experts because they really know what the equipment affects the body,” she says. “And for demonstrators, we use average consumers and those with beautiful bodies. It’s a nice mix when we use those two groups of people.”

Weaving a Strong Web

But one question remains about those average consumers: Do they buy fitness products from the Internet? Thane thinks so. And don’t tell the company the Internet is a dead sales channel.

“The dot-bomb phenomenon was a good thing. All those companies that failed just cleared the way for the companies that can survive using it to sell products,” says Marty Fahncke, vice president of Internet marketing.

It appears Thane is one of those companies that’s not only surviving but thriving on the Internet. It continues to funnel resources and cash into its Internet sales strategies.

The man making the decisions with that cash and resources is Fahncke, and he says the Internet is far from dead and predicts it will continue to grow as a place of commerce.

“People are still shopping on the Internet and, in particular, fitness products do well there,” he says.

The numbers back him up. He says in October 2001, for example, users searched the word fitness more than 640,000 times on a search engine called Overture. “That’s just one search engine,” Fahncke says. “People are getting more comfortable using the Internet to shop, and given the events of Sept. 11, they feel safer at home than at a mall.”

Thane, like many marketers, has started leveraging TV airtime to brand Web sites to garner visitors. And Thane is working hard to turn those visitors into buyers when they visit the site. A year ago, Thane added streaming video capability to its site that lets visitors view excerpts of infomercials and testimonials.

“To convert viewers into buyers they need that demonstration,” says Fahncke. “Our site is more than an electronic version of a catalog. Instead, it’s a multimedia vehicle that has combined the customer relationship qualities of the traditional shopping experience with the technology of the Internet to take E-commerce to higher levels.”

Evidently the moves Thane has made are working. Fahncke says an average conversion rate (the rate at which a site visitor actually buys something) on a commercial Web site is about .5 percent. For every 200 visitors, one person buys something. On Thane’s site, 15 people per 100 visitors buy.

Thane has also included on its site real-time order tracking, live customer service chat, integrated pages with product promotions and an affiliate program that lets other Web sites advertise Thane’s products. The owners of those other sites can earn a 20-percent commission for customers who buy as a result of the advertising. Fahncke says Thane now has more than 5,000 sites within this affiliate program. (For example, the word AB-DOer in one search engine on the Internet yielded 6,717 pages.)

Thane also plans to create more sites to sell in other countries.

As for the future of selling fitness goods, Hay believes the outlook is healthy.

“The future looks continuously good,” says Hay. “There’s always a parade of people looking to be more fit. Of course, young people think they don’t need it [fitness equipment], but older people get more interested the more they get out of shape. So we’ll be there with the right products.”

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