

Where is the Clinton Effect?

By Sergei Kochkin, PhD

When the announcement of the results of President Clinton's physical examination, which uncovered news of a hearing loss, hit the airwaves on October 3, 1997, a marvelous opportunity was presented to the hearing care field. The hearing aid industry has historically been plagued by a product which has been indelibly etched in the minds of consumers as being only for deaf people over 70 years of age. To have one of the most powerful individuals on the planet who is only 51 years old as a potential role model is something we have always dreamt of, since this provides the opportunity to create a revolution in our industry and the markets we serve, namely: 1) to reposition hearing loss as *not* a medical problem or a result of aging, but as a result of an *active lifestyle*; and 2) to show that the technology to help "baby boomers" maintain their active lifestyles is available *now*.

The Hearing Industries Assn. (HIA) market development committee met on the Monday following the event, and HIA acted promptly in getting some well-crafted public relations materials to

the media. The story was in nearly every paper (often on the front page) and most news programs in the U.S. Two months later, HIA statistics indicated that the sales increase immediately following the Clinton announcement remained around 8.9% (October-November), leading many to conclude that perhaps there was no *Clinton Effect*.

Was There a Clinton Effect?

I polled a number of manufacturers and dispensing professionals (audiologists and hearing instrument specialists) to get their perspectives. Nearly everyone felt there was little or no Clinton Effect. Yet, so many said that this was "...their best month in history," "I had the best

response to a direct mail piece that I have ever had," "I had more calls from the Sunday ad than I can possibly handle," "I had 200 calls from the WXYZ TV ad," "We experienced 60% growth over last October, yet sales in September were flat," "I saw 90% growth over last year and the average age dropped 10 years in our chain of practices," "Sales the first two weeks of October were flat, but 33% higher the two weeks

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following the announcement." Nearly always, the respondent indicated that their sales increase was *not* due to President Clinton but to their news release, a fine ad, direct mail, print campaign, etc.

Granted, the poll showed that growth was spotty, and this was an informal poll, not a statistical survey. Yet, a definite pattern emerges. Prior to the Clinton announcement, I believe that industry growth was

declining. This can be seen in Fig. 1 which shows that growth declined by half from the first through the third quarters. Knowles Electronics' transducer sales, which can be taken as an indicator of industry sales, had in fact turned negative as early as August '97, and in all respects, the trend appeared to be recessionary. If the dispensing professional or manufacturer happened to be advertising and used such words as "digital" or "completely-in-the-canal" or, better yet, mentioned the President's action, then it would appear as if they did well in seizing the opportunity. Those who did not advertise or did not use such words as "digital" in their ads did not do as well.

So was there a Clinton Effect? I believe there was. However, it went unnoticed by some because they were expecting the *Reagan Effect* (30% growth in the quarter he announced his decision to wear hearing instruments). The Reagan Effect, in my opinion, was synergistically caused by the pent-up demand from a long recession and the wide scale introduction of in-the-canal (ITC) hearing instruments at that time. In other words, Reagan was a catalyst.

The Clinton Effect did not achieve

Growth in Net Hearing Aid Sales Over Previous Year (U.S.)

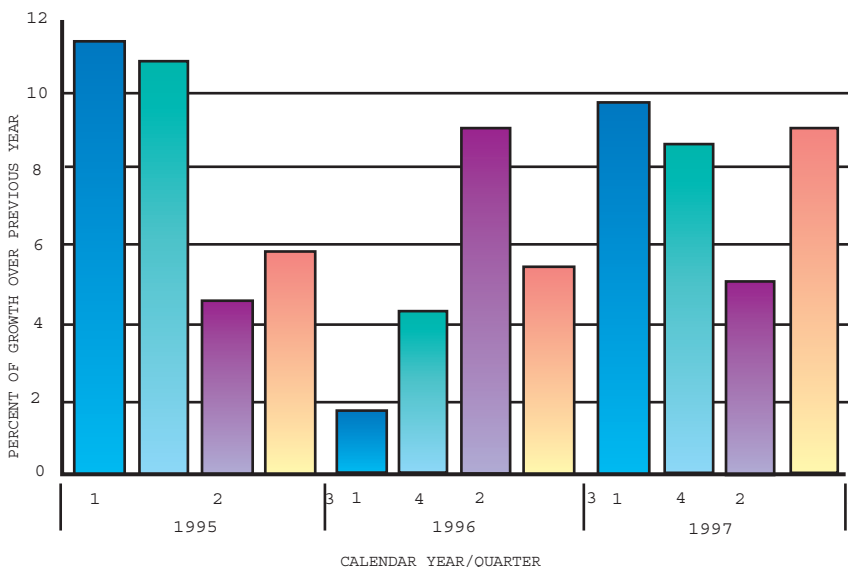


Fig. 1. Percentage growth in net hearing instrument sales over the previous year (U.S.).

explosive growth for this industry. However, there is good evidence that the President stimulated growth at a time when sales looked like they were declining. More important, the true Clinton Effect is to be realized in the millions of seeds which were planted in the minds of younger hearing-impaired (and future hearing-impaired) individuals who have up to now decided not to purchase hearing instruments.

A Revolution Requires Revolutionaries

Clinton's use of hearing instruments has created tremendous awareness about hearing loss and newer technology. The

next time a hearing care professional's ad is seen or a direct mail piece is received, it will be noticed more. This type of success was experienced by those who advertised immediately following the Clinton announcement.

The true benefits from the Clinton Effect, however, will not be handed to us on a silver platter as with Reagan's announcement. Hearing instrument manufacturers and dispensing professionals will have to work together to turn those seeds of consumer perception into a bumper crop. The industry will need to invest significant funds in aggressive long-term public relations.

We are on the verge of a revolution

in the hearing instrument market with the possibility of managed double-digit growth. Yet, as an industry, we have not embraced a comprehensive plan that would capitalize on the Clinton Effect. This is a once-in-a-lifetime opportunity which, by all appearances, we are letting slip through our fingers. Contact the HIA and other industry/professional organizations and urge them to seize the opportunity *now*. ♦

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