

CREATING CUSTOMERS FOR LIFE WITH EFFECTIVE LEAD MANAGEMENT

>> No business stays the same forever. Markets evolve, competitors come and go, while margins and product shipment volumes change dramatically. All of these business issues play a significant role in an organization's strategic planning.

Sharp's experience with Pivotal MarketFirst showed quick return on investment (ROI). After nine months of use, the company reports:

- Improved follow-up rates from 42 percent to more than 90 percent
- Increase in the number of sales leads from 6,500 in the whole to 2001 to more than 28,000 in the first seven months of the system's use
- A reduced cost per lead — from \$388 per lead in 2001 to \$58 per lead in 2002
- A 75 percent reduction in literature fulfillment expenses
- A 28 percent reduction in advertising expenses

Irrespective of the industry or a company's leadership position, today's competitive landscape demands that organizations be agile and flexible to be able to adapt to an ever-changing market place.

Such was the case with Sharp Electronics' New Jersey-based Liquid Crystal Display (LCD) Product Group over the past decade. As a brand leader in its category for more than 30 years, Sharp soon realized that it needed to make major changes in the way that it reached and served its customers.

Keeping pace with change

According to Fred Krazeise, director of strategic marketing at Sharp's LCD Products Group, the challenge for Sharp lay in the fact that although the competitive landscape for sales of its LCD projector products has evolved dramatically in recent years, the company's marketing and sales lead management strategies had not quite kept pace with this change.

"When we introduced our first LCD multimedia projector eight to ten years

ago, we were the first. We invented the product category and we were the only ones out there — we had a monopoly on it," he said. "We also had a strong distribution base through professional audio visual dealers and we were a leader in the marketplace through some innovative distribution strategies. We protected our dealers' territories and gave them something unique to sell within geographic boundaries. Now there are at least 50 manufacturers of products similar to ours and quite honestly they are all pretty good — no-one really has a tremendous competitive edge in terms of the technology. Some are easier to use, some are a little harder — but, by and large, they work. When we were unique and had protected territories within which dealers could go out and pitch, we had high margins."

Sharp faced what many organizations experience at one time or another — the challenge to maintain their competitive edge and brand leadership position when product offerings begin to commoditize. Observing consumers overwhelmed by countless choices and the company's

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need to reaffirm its brand leadership position, Sharp set out to develop a marketing approach focused on winning and keeping “customers for life”. The process entailed building long lasting customer relationships with multiple cross-sell and up-sell opportunities and active engagement with its channel partners. Sharp realized that to reach and retain customers, especially in today’s competitive economic climate, meant amassing and managing much richer information sets about customers, and coordinating the distribution and management of this information to sales and channel partners more effectively.

The company began its “customers for life” program by re-examining its distribution and follow-up of sales leads to VARs (Value Added Resellers) and channel partners.

“We basically were looking for ways to differentiate ourselves from other manufacturers in a highly competitive environment,” explained Krazeise. “Everybody in our particular industry tends to be more technology-focused and they forget about things like customer service, warranty programs and things like that — which aren’t necessarily to do with product. And you do have to have a good product. But you also have to have long term relationships. So we launched this effort to do what I call ‘brand direct’ marketing and take the Sharp LCD product message direct to end users and create awareness, preference and demand for our products through our dealers and reseller base.”

Doing things differently

As the market evolved, Sharp recognized that it had to handle things differently in terms of how best to support its distribution network in a fast-changing marketplace. “Now the selling price for our products is dropping — and it can change by 15 to 20 percent very quickly,” said Krazeise. “So given those lower margins and a need for higher volumes, we have to go out and market products on our own for the dealer base. We want to make sure that we create this sense of preference for Sharp products for the end user — and that we have a strong dealer network to serve and support them. We have good products and we want one-to-one relationships with end users.”

In order to reach that goal, Sharp recognized that it needed a more efficient and focused approach to handling leads. At that time, the company typically would receive leads from one of three sources: print advertising, the Sharp Web site or calls to a Sharp 1-800 number. All these leads would go through a qualification process and would then be ranked based on how customers had answered a series of qualification questions.

Lead management: the old way

For Sharp, moving forward meant taking a hard look at how the company had been handling its leads — and what might be done to handle them more effectively. “Depending on the ranking (hot, warm or cold), that lead would automatically be sent out to the dealer by fax,” he explained. “It was not the most effective way to do it — as the receiving

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fax could be out of paper, the information could be stuck in the fax machine’s buffer memory — or the leads could get buried under 20 other pages of faxed information.” As a result, 58 percent of leads sent to dealers and VARs were never followed-up.

In addition to inefficiencies in the way that leads were distributed to dealers and VARs, Sharp also discovered that the way in which leads were ranked and qualified had room for improvement. In the early stages of reviewing its lead handling and management process, Sharp surveyed the buying history of a representative sample of prospects and made a fascinating discovery. The company found that in excess of 60 percent of those prospects which were tagged as “cold” leads actually did make a purchase of a Sharp LCD product within six months of making contact with Sharp.

So it was clear from this research that Sharp had a great deal to gain from improving not only its lead management process, but also the tools with which it managed that process.

Finding the right lead management tool

Most companies receive leads from multiple sources resulting from both online and offline marketing activities, including trade shows, direct mail, e-marketing campaigns, newsletter subscriptions, website, referrals, print and online advertising, call centers, partners and telemarketing. Source tracking standards are established

during the initial design process to identify the lead source by channel, media or campaign.

Sharp Electronics understood the benefit of identifying the lead source — and then tracking outcomes — in order to qualify leads more effectively and provide its sales team with better ammunition to target prospects with more relevant information. Fred Krazeise said Sharp also knew that it could enable marketing to assess the value of its activities and re-direct efforts and expenditures based on response and conversion rates.

The company looked at a variety of solutions and, within a very short time, settled on a solution from Pivotal MarketFirst. One big attraction of the solution was its flexibility — allowing Sharp to quickly and easily make changes to data that affected sales, marketing and lead management.

“One of the inefficiencies of previous solution was that it was outsourced — so if we needed to make a change in a dealer, for example, it could take a long time to make the programming changes necessary,” he said. Krazeise said that instead of taking weeks to make a change in the dealer database or modify a call center script, those changes can get into use very quickly.

“With the tools in Pivotal MarketFirst, we can change a territory or add a dealer in five minutes — and serving up new scripts through our call center is no longer a

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multi-day or week-long process,” he said. “If you can’t be instantaneous in this day and age, it’s a failure.”

Krazeise explained that the company wanted a lead management solution that would enable it to start achieving both financial and lead management process improvements in the quickest possible time.

“We didn’t want it to be an MIS solution, it had to meet our budget criteria — and we had to be able to implement very quickly,” he said. “We expected it to be implemented in hours, days or weeks — not in weeks, months or years.”

Krazeise said he also wanted the people who were going to be using the solution to be part of the implementation process — rather than having those people cajoled into using the solution when it had been built without their comment. “Marketing people had to be able to implement it,” he said. “People who are not programmers had to be able to maintain, develop and sustain the system.”

An integrated sales and marketing approach

Sharp’s Fred Krazeise now uses his Pivotal MarketFirst lead management system to integrate his group’s online and offline marketing efforts and drive and manage more leads into the sales channel.

According to Krazeise, “Pivotal MarketFirst delivered a world-class lead-generation and management system that improved our success with dealers and resellers

significantly. In less than three weeks of using the lead management solution, Sharp generated, qualified and distributed 96 percent of the entire previous year’s leads to our top dealers and resellers. We have also achieved a 100 percent follow-up on those leads. Thanks to this solution, we are now experiencing an unprecedented lead conversion rate, which means more business for everyone involved.”

Getting the right lead to the right place — quickly

Nothing goes stale more quickly than a customer whose initial enquiries are not followed up. And that’s why it’s important to get sales leads to the right people in the sales team or the channel as quickly as possible.

Sharp’s Fred Krazeise explained that his challenge lay in making sure that leads not only went to the right channel partners, but also in ensuring that Sharp was able to properly track what happened to them after they were distributed.

“We had a problem in how we distributed leads, in our dealer follow-up — and with how we ranked leads,” said Krazeise. “We were missing opportunities because we were saying ‘follow up when you can’ (to dealers). We had to do it differently. Now that we have Pivotal MarketFirst, we have changed our ranking system and took it out of hands of human beings. Pivotal MarketFirst automatically ranks the prospect according to our pre-determined business rules. So if you are

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decision maker and you have a budget approved — and your timing to purchase is within 30 to 60 days and we have the product to meet your needs — you are an ‘A’ lead.”

He said that for decision makers who want to buy — but their time to purchase is 60 to 120 days away, they become a ‘B’ lead. “What we still rely on the human being to do is to collect the best possible information. We collect information from our Web site or people calling into our call center — and we rely on human beings at our call center to take accurate information and code it properly — and the system automatically ranks it.”

Learning from sales

Through its implementation of Pivotal Marketfirst, Sharp learned a great deal about how to track the sales leads generated by its marketing efforts through to closure of sales — and then evaluate the effectiveness of the marketing.

One of key pieces of data that Sharp wanted to look at was what happened to leads after they were passed to dealers — and which of those leads turned into sales over what kind of timeframe.

“We do that in one of two ways: electronically and telephonically,” said Krazeise. “We have a campaign that we run within Pivotal MarketFirst that automatically sends out follow-up email to prospects — and all of our literature requests are fulfilled automatically like that. People don’t have to walk down

to the mailroom (to get brochures) — we send out product information electronically through Pivotal MarketFirst.”

He said that within the call center, Sharp can now also respond quickly and electronically to customer requests. “Most people typically want a brochure or specification sheets — and as they go through the qualification process, the caller says I am interested in this specific product or this category of products,” he explained. “The call center person just checks off information that the individual is requesting — and when they close out the conversation — they can tell the caller that they will receive information shortly. Then they press a button and it sends out an email with text already generated, pulls out the appropriate PDF, attaches it to the email and off it goes. If people are coming in and requesting information from the Web site, they just fill in a form and click off appropriate boxes and the same kind of email is sent with the appropriate product information.”

Strong results

In less than one year, LCD Product Group within Sharp Electronics has increased the number of qualified leads ten-fold, decreased the cost per lead by 85 percent, and reduced advertising costs by 28 percent using Pivotal MarketFirst.

“It gives us the ability to take the Sharp LCD product message direct to end users and create awareness, preference and demand for our products throughout our dealer network — an essential strategy

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to building long-term relationships,” concluded Krazeise. “We began to see results within three weeks of using Pivotal MarketFirst. Now that I have it, I can’t live without it.”

Pivotal MarketFirst enables Sharp to manage approximately 100,000 one-to-one, simultaneous direct campaigns allowing the company to drive dynamic, personalized, and relevant information to prospects and customers. With the system’s ease-of-use and flexibility, marketers can quickly make changes to the system, such as adding surveys to outbound telemarketing campaigns.

In addition to giving Sharp powerful campaign management capabilities, Pivotal MarketFirst also enables the company to significantly improve its lead management processes and enhance

support of its distribution network. In fact, by using Pivotal MarketFirst, the company has completely realigned the manner in which sales leads are captured, ranked and distributed to its resellers.

In less than three weeks of using the solution, Sharp generated, qualified and distributed 96 percent of the entire previous year’s leads to its top dealers and resellers. The company has also achieved a 100 percent follow-up on those leads, giving it an unprecedented lead conversion rate, which means more business for everyone involved, and better, faster service to end customers.

Pivotal MarketFirst has also helped Sharp reduce literature fulfillment expenses by 75 percent by giving the company the tools to quickly and electronically respond to customer requests for product collateral. ■

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