

## **Follow the lead: lead generation and follow-up are crucial for spa retailers who want to make the sale.(Close Up: Portable Spas)(Company overview)**

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Rix Pool & Spa Supply Center went from selling 30 portable spas a year to well over 100. This dramatic leap in sales took just 24 months.

To what does the East Hanover, N.J., firm credit such phenomenal growth? It hired an employee who, in addition to working the sales floor, devotes a substantial part of his day to lead generation and follow-up.

"We may have closed only three out of 10 opportunities before. With someone dedicated to working on this, we are now closing maybe six or more out of 10," says Rix owner Jim Silverstein. "It's not that we're generating more leads, although we are. It's that we are being more effective with the leads we get."

To attract, cultivate and convert leads into sales, retailers must make a commitment to following up with every customer they encounter. Here, retailers and experts discuss the power of leads. They also share suggestions on how to make a lead-generation system work.

### **Must-do marketing**

A spa retailer's primary business function is, of course, to sell spas. But sometimes in the day-to-day shuffle on the showroom floor, lead generation and follow-up may get lost. This is a grave mistake, experts say.

"Without customers, there is no business, and without leads, there are no customers," says marketing coach John Jantsch, whose book *Duct Tape Marketing* is due out this fall ([www.DuctTapeMarketing.com](http://www.DuctTapeMarketing.com)).

Customer acquisition is important to retail and service businesses across industries, but even more so in the competitive world of pools and spas. Luxury items with large price tags don't have the mass appeal of everyday goods such as groceries or clothing.

"These stores cannot simply depend on walk-in traffic," says Russell Kern, founder and president of The Kern Organization, a direct-marketing firm in Woodland Hills, Calif. "They must use other strategies to bring people to the showroom."

Aquarius Pools offers a textbook example of how to pursue sales leads. The Dover, N.H., retailer/builder often relies on local home shows to attract prospects. These events draw hundreds of attendees. A few people come ready to buy, while others gather ideas for future purchases and some are simply there for fun. It's not always easy to tell who is who. That's why the staff treats each individual as a potential customer.

Last April, one attendee examined three spas on display at Aquarius' booth, then said he wasn't ready to make a purchase. The salesperson thanked him for stopping by and asked him to fill out a contact card before exiting the booth.

Immediately following the show, the company's marketing director, Jane Durfey, sent a card to the prospect (and all the others who stopped by that day). She also attached literature about the company and its products. The prompt, personal touch paid off. Within two weeks, the man came to the store to buy a spa. Shortly afterward, he received another thank-you card from Aquarius.

### **Leader of the pack**

There is no one-size-fits-all method for lead generation. The best bet, experts say, is to incorporate a mix of strategies. "No single lead generator is good or bad all by itself. It needs to be viewed in the big picture," says Kevin Stirtz, author of *Marketing for Smart People* (Lulu Press, 2006). "You need to do a variety of things to see what works for your business and market."

Nevertheless, the following simple steps will give you the basic tools to start your own lead-generation system:

#### **1 Establish contact.**

Any new-customer relationship naturally starts with the initial contact. Retailers' marketing efforts focus on two

primary types of leads: raw (or unqualified) and qualified.

\* A raw lead is someone about whom you have little demographic or psychographic information.

\* A qualified lead, on the other hand, is someone about whom you have enough information to be sure he or she fits your typical customer profile.

"Different lead sources provide different quality leads," Stirtz says. "The best lead generators are those that help you make contact with people who are interested in buying a pool or spa, and that help you develop trust and credibility with them."

While every lead is worth pursuing, a raw one can take far more effort to convert to a sale than one that's qualified. That's because raw leads are untested--they may or may not be in the market for a spa, have the necessary budget or even know about your company.

Without an idea of whom you are reaching out to (where they live, their income, whether they actually want a spa and so forth), your efforts can be futile. For example, cold calls to homeowners may turn up dozens of people in the market for new spas, but you could just as easily come up empty.

Far better leads seek you out on their own (walk-ins, Web site visitors) or respond to your targeted marketing efforts (an advertised sale or event). These leads are most promising because they've already expressed an interest in purchasing a spa, and in your company specifically.

## 2 Keep in touch.

Generating leads is only one piece of the customer-acquisition puzzle. An organized system of follow-up is just as critical. It takes persistence to convince a person to make a purchase and, more importantly, to make it from you.

"Pools and spas are not impulse items," Kern notes. "The sales process can take weeks, if not months, depending on where the prospect is in the sales cycle, so follow-up is crucial."

An effective system is one that is thorough. It starts immediately after the initial contact, and continues until the purchase and beyond. The campaign should integrate multiple media, such as postcards and phone calls, and every contact should heighten the prospect's interest in the product and your company.

Aquarius Pools has seen its sales skyrocket since implementing a comprehensive lead system three years ago, Durfey says. Its follow-up plan begins as soon as a lead is captured. Potential customers receive a handwritten note thanking them for stopping by its booth, visiting the store, testing a spa, or for whatever action they took.

"It takes more work, but I think that comes through," Durfey says. "They think it's a nice touch, and it keeps our name right in front of them."

The prospect's contact information is then entered into Aquarius' database. The person continues to receive monthly mailings that promote sales or events until a purchase is made.

"The more personal your follow-up is, the better," Stirtz says. "To be most successful, make sure the follow-up offers something of value to the customer. Show them you're trying to help them rather than just trying to make a sale."

Offering an incentive increases the likelihood of getting people to come into the store and make purchases. Aquarius sends e-mail coupons to its leads on their birthdays. You may also want to invite the prospect to an in-store demonstration or seminar, send them an informational guide about buying a spa or offer them a bonus accessory with purchase.

## 3 Commit to the process.

Why do you think some companies are so successful at converting leads into sales? It's because they invest lots of energy into their lead-generation systems. Without a strong commitment, such a program can easily fizzle.

"Mom-and-pop shops typically have only small budgets to spend on leads," Kern says. "As a result, they often rely on sporadic walk-in traffic that is hit-or-miss at best. Even the smallest shop needs a strategy for lead generation."

Companies must determine for themselves how much time and money they are able to spend on lead generation

and follow-up. For Rix, the costs involved hiring an extra staff member to focus on leads. While this may be financially challenging for some retailers, Rix's investment in this additional employee has paid off, Silverstein says, thanks to the boost in portable spa sales.

For its part, Aquarius made a decision three years ago to overhaul its business. Management wanted to demonstrate that it was serious about attracting more pool and spa customers. The firm built a 6,000-square-foot facility, expanded its spa line--and added a full-time position devoted exclusively to marketing. This was a big commitment for a small firm with just six employees.

"We wanted to find ways to not only maintain our customer base, but also to grow it," Durfey says. "I work on lead generation every day."

4 Know when to taper off your efforts.

Clearly, persistence and dedication can reap many rewards. But there may come a time in any lead-generation process when it makes more financial sense to drop a lead than to continue following it. It could be called "the diminishing law of returns."

"This is a tough question for any business," according to marketing expert Stirtz. "If you give up too soon, you might lose a sale, but if you invest too much into a lead that doesn't buy, then you feel you've wasted that time, energy and money."

Typically, the fresher the lead, the more likely it will turn into a sale. If you can get prospects to come to your store within a month of the initial contact, their excitement level will still be high and their willingness to purchase will be strong. With high-ticket items such as spas, however, the conversion process may take much longer.

"There are some sales philosophies that you keep a lead on the books until they buy or die," Silverstein says. "We're not that assertive."

Like most retailers, Rix and Aquarius tend to curtail their efforts after about a year. Never delete a lead from your records entirely, though. Just make a note of your last contact with them and then put them on a once-a-year mailing. Or, if you prefer, hold off on communicating with them until they contact you again.

5 Enjoy the payoff.

Inevitably, there will be losses associated with a lead-capture system. But most experts and business owners agree that it's well worth the time and energy.

"Putting in a few hours to write postcards or place stamps on thank-you notes is well worth a \$5,000 to \$15,000 sale," Durfey says.

Silverstein agrees. He encourages his peers to become proactive in customer acquisition, even if it has never been a priority.

"Don't just do it once and give up on it. Continue to modify it so it works for you and gives you a return on investment," he says. "It's never too soon or late to get started."

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When following up on leads, use these five helpful tips:

1 Respond quickly. Prompt follow-up can make the difference between closing a sale or losing it to a competitor. As soon as you get a lead, act on it.

2 Expect the best. Anticipating rejection as you dial the phone for a follow-up call will only increase your chances of failure. On the other hand, a positive attitude will be apparent in your voice and put the lead at ease.

3 Show enthusiasm. Don't treat lead generation and follow-up as a routine, business-as-usual process. Make potential customers feel special by expressing your excitement to work with them at every point of interaction.

4 Stay focused. Looking for leads in the wrong place or conducting follow-up without a purpose are futile efforts. Understand your reason for every action. If you don't, the prospect certainly won't either.

5 Use a light-hearted touch. Heavy-handed sales pitches filled with loads of technical jargon turn off most buyers. Interact with the prospect--in person and in writing--as you would a friend.

--B.M.