



Shan Dong Dong-E E-Jiao Co., Ltd. [DEEJ]

Transforming to a direct-to-consumer sales organization

Overview

The need

Shan Dong Dong-E E-Jiao Co., Ltd (DEEJ) sold medicines via distributors, limiting insight into customer preferences. How could it sell direct to consumers, capture preferences and boost loyalty?

The solution

DEEJ implemented a customer management and loyalty solution based on Oracle Customer Relationship Management and Oracle Database solutions, with assistance from IBM® Global Business Services®.

The benefit

Repeat purchases increased by 30 percent; registered Loyalty Club membership raised by 20 percent; annual sales growth of over 100 percent.

Shan Dong Dong-E E-Jiao Co., Ltd. (DEEJ), based in Shandong Province, China, manufactures, markets and sells both traditional Chinese medicines and conventional pharmaceuticals. The company has transformed itself in recent years, expanding to reach a greater range of customer sectors through multiple retail channels, achieving annual sales of CNY 3.5 billion (around USD 600 million) and net profits of more than 30 percent.

Driving more targeted sales

Like many pharmaceutical companies in China, DEEJ historically sold its products to hospitals and pharmacies via distributors, which meant it had little insight into end users or consumers. Lacking true knowledge of customer preferences severely limited DEEJ's marketing accuracy.

The company decided to develop its own sales and service systems, and by 2012 was running more than 100 retail stores alongside a direct-to-the-consumer online channel. Very rapidly, DEEJ accumulated data on more than 200,000 repeat customers, and could identify some 50,000 high-end customers who would buy products regularly.

Initially, different departments at DEEJ recorded their own sales data, with multiple spreadsheets circulating throughout the company. To develop its customer marketing accuracy and encourage repeat purchasing, DEEJ decided to create a Member Loyalty Project. This would allow the company to segment customers, and fine-tune its service and sales policy to meet individual member needs.



“With the Oracle Siebel CRM and Oracle Database solution designed and implemented by IBM Global Business Services, customers can log in to their own account and check the discounts they have earned. Customers now trust us to offer them the correct deals, and our loyalty team’s workload has been dramatically reduced,” says Xiangxin Tian, General Manager of Shandong DEEJ Health Management China Co., Ltd.

Solution components

Software

- Oracle Siebel Customer Relationship Management
- Oracle Database

Services

- IBM® Global Business Services®
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See the DEEJ case study video



<http://youtu.be/xG7Ve6AHKhQ>

The objectives were to build an accurate picture of repeat customers and create a one-to-one sales model that would integrate online and offline retail store activities. By segmenting customers, DEEJ would be able to lay the foundations for increased marketing precision that would build customer loyalty and boost sales.

Launching a loyalty program with IBM

DEEJ joined forces with IBM Global Business Services to design, develop and implement a complete consumer-oriented membership database, built on Oracle Siebel Customer Relationship Management and Oracle Database software.

Xiangxin Tian, General Manager of Shandong DEEJ Health Management China Co., Ltd., comments, “The big advantage in selecting IBM Global Business Services was the experience brought from similar projects in both the consumer goods and pharmaceuticals industries. Following two workshops setting out the project plan, IBM also assisted with the internal co-ordination between the DEEJ departments, to resolve the challenges as we moved to the direct sales model. IBM’s project management method, project development approach, knowledge sharing and system testing methods contributed significantly to project success.”

Throughout the project, IBM Global Business Services worked closely with DEEJ to adapt the Oracle solutions to meet the company’s unique needs; for example, introducing enhanced functionality to help manage gift card and voucher schemes.

Xiangxin Tian remarks, “Chinese companies have some particular needs around the management of gift cards and vouchers. Many businesses issue pre-paid cards and paper vouchers and IBM helped us develop this area within the Oracle Siebel CRM solution.”

IBM was able to design and implement the entire solution in just eight months, including development, data building and workflow design. Today, DEEJ uses its Oracle Siebel CRM solution to capture customer data from sales transactions and related sources, such as social media, to enable finely tuned marketing campaigns that promote membership and enhance customer loyalty. All transactions from every sales channel are recorded in the Oracle Database, which provides shared customer records – including historic purchases and payments – to the sales and marketing teams.

Deeper customer insight

Currently, the DEEJ loyalty program has 200,000 members. By capturing rich information about its customers, DEEJ will be able to better understand their preferences and needs. With this insight, DEEJ can serve customers more effectively, increasing their satisfaction and loyalty, and helping to boost sales.

“We were very satisfied with the contribution from IBM Global Business Services to our customer value program, with excellent project management, development approach and system testing methodologies. IBM also delivered on best-practice sharing through workshops and training seminars, with system implementation and development, data building and workflow design.”

— Xiangxin Tian, General Manager of Shandong DEEJ Health Management China Co., Ltd

Xiangxin Tian explains, “Working with IBM Global Business Services, we created a customer loyalty program that enables us to track and understand customers’ purchasing habits, and develop campaigns that are targeted to specific groups. For example, based on analysis of our loyalty system, we launched a successful health seminar, which was attended by 100 VIP members.

“Our relationship with our customers is enhanced, and we can also increase customers’ loyalty. Employees can set up different criteria for a marketing campaign, extract the customer information, and then customize and target the communication. Depending on customer histories, promotional conditions can be set up, such as a different discount for products not yet tried by that customer. The ability to fine-tune our marketing efforts has delivered great results – we have seen a 30 percent increase in repeat purchases.”

Xiangxin Tian continues, “In the past, marketing campaign development and discounts based on loyalty relied on people’s memory and manual records. If mistakes arose, it eroded trust, and customers would challenge the discount percentage they were offered.

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Underlying the customer-facing benefits, the new solution also brings reduced maintenance and support costs, by replacing the total IT footprint with a smaller, more powerful infrastructure. IBM helped DEEJ to build its internal capability for both the Oracle Database and related solutions, ensuring that the DEEJ team can continue to benefit independently from future developments.

Xiangxin Tian comments, “We have achieved a remarkable marketing transformation of a traditional company, including the transformation of marketing management itself, by combining technology with new business processes. It would not be possible to solve the challenges purely through technology or simply from the marketing management angle. Only when you combine management consulting with system design, steered for us by IBM Global Business Services, do you gain the true business value.”

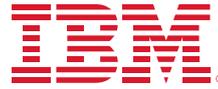
Growing direct sales

To date, just over 10 percent of sales turnover at DEEJ is now direct to consumer. The company has a five-year plan to increase this figure to 50 percent, even as total sales are growing by almost 100 percent annually. DEEJ is in the process of reinventing itself as a direct-to-consumer company, with precision marketing based on detailed understanding of its customers.

Xiangxin Tian concludes, “The Member Loyalty Project developed in collaboration with IBM and based on Oracle Siebel CRM and Oracle Database is only a start. In this era of cloud computing and big data, DEEJ is certain that IBM has the capacity to continuously meet our needs, helping us develop greater sales and provide the best service to our customers.”

For more information

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25/F
Pangu Plaza
No. 27, Central North Fourth Ring Road,
Chaoyang District
Beijing 100101
PRC

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