



THE RUF REPORT

Business Intelligence from the Pioneers of Database Marketing

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INSIDE

FROM THE COVER

CRM Enhanced through New Solution . . .page 2
Developing a Data Warehousepage 3

Garbage In, Garbage Out — Don't
Jeopardize the Integrity of Your
Data Warehousepage 3

What's New at Ruf

BTA Tourism Challengespage 4

Developing a Data Warehouse: Insource or Outsource?

by Kurtis Ruf

When done right, a data warehouse can be an incredibly powerful tool for maximizing a company's profitability. A data warehouse enables marketers and managers to look at customer and transaction data in a number of ways. With the intelli-

gence the data warehouse can provide, they can identify their most profitable customers, their hottest prospects and communicate with them in timely, effective ways.

But how do you develop a successful data warehouse? Well, one of the first decisions you have to make is whether you should develop in-house or use the services of an outside provider.

The returns on a data warehouse are not carved in stone. You need to

understand both market forces and the technology required to deal with them. Before you make up your mind about insourcing or outsourcing, you should consider the benefits and disadvantages to all the methods. Despite the marketing hype, off-the-shelf software seldom yields meaningful results without having the technical expertise to support customization.

Constructing a data warehouse from scratch requires foresight,

continued on page 3

Kurtis Ruf is a recognized authority on database marketing and co-author of one of the industry's leading books, *Contemporary Database Marketing: Concepts and Applications*. This book offers powerful, cutting-edge information and training tools for students and practitioners of database marketing.



Air Carriers' CRM can be Enhanced through a New Solution

by Jerry Rosenquist

Customer relationship management (CRM) is more important than ever. In these days, this has never been more true, particularly for the travel industry. Organizations have to be ready and able to respond to our

constantly changing marketing environment.

In an effort to meet these challenges, Airline Automation, Inc. (AAI) and Ruf Strategic Solutions have formed an alliance to create AirPower Direct™ — an advanced customer database solution sourced from an airline's reservations systems.

AirPower Direct (APD) combines an air carrier's passenger reservation data with demographic, mail order

"AirPower Direct is the future today in airline marketing."

**— Scott Kimbriel,
AAI's CEO**

and proprietary Ruf lifestyle information to provide a new source of marketing data to improve marketing decisions, grow customer loyalty and

continued on page 2

Jerry Rosenquist, entrepreneur and CRM expert, has over 25 years experience in direct marketing. His special strengths are adapting results to exceed customer expectations and providing superior service through high levels of customer involvement.



CRM Enhanced through New Solution *continued from page 1*

assist travel partners. APD offers airlines the means to develop and utilize a customer database containing data well beyond their current frequent flyer database and improve the productivity of targeting and promotions.

APD is the result of AAI's ability to extract airline passenger data from the major airline and travel reservation systems and Ruf Strategic Solution's ability to greatly enhance customer records through a variety of external data sources to improve both the quality and usability of the result-

“We are very pleased to have been able to work with Airline Automation, Inc. to develop this powerful suite of products. We're confident that AirPower Direct will take airline customer loyalty and retention marketing to new heights!”

**— Kurtis Ruf,
executive vice president
of marketing and sales for
Ruf Strategic Solutions**

ant customer database.

APD leverages the fact that often fewer than 20% of passengers belong to a carrier's frequent flyer program and that reservation systems discard the valuable passenger data of the other 80%. This precludes any opportunity for the carrier to establish contact and begin to engender the loyalty of these many customers.


"AirPower Direct is the future today in airline marketing. It's always amazed me that when, for example, a customer books a first-class ticket from say LAX to London and doesn't bother to enroll in the airline's frequent flyer program - the airline does not capture the customer information for remarketing. Now they can," said Scott Kimbriel, AAI's CEO.

APD is a suite of products designed to facilitate an airline's customer relationship management (CRM) and direct marketing strategies. APD can deliver a CRM solution quickly and affordably, while offering a robust data set and query tools.

A few of the key benefits and features APD offers are:

- Detail-level travel data from airline reservation systems.
- Email addresses for most records.

- The ability to select by travel dates, past and future.
- Full lifestyle and demographic selections, including Ruf's proprietary travel lifestyles.
- The ability to contact your visitors *before* they arrive.
- Customer profiling and analysis services to optimize your selection.

"We are very pleased to have been able to work with Airline Automation, Inc. to develop this powerful suite of products," said Kurtis Ruf, executive vice president of marketing and sales for Ruf Strategic Solutions. "We're confident that AirPower Direct will take airline customer loyalty and retention marketing to new heights!" 

Airline Automation, Inc. provides airlines and travel-related companies with innovative technology-based solutions since 1984. These include reservations processing, flight firming, duplicate ticket identification, e-ticket confirmation, flight schedule automation systems, Internet booking engine, frequent flyer systems, and customer relationship management systems.



Published to provide news, innovative ideas, practical tips, and tools to enhance the strategic advantage of our clients and friends.
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Ruf Strategic Solutions' proprietary decision support technologies produce highly accurate, cost-effective intelligence for predicting the buying behavior of businesses and consumers. Ruf offers customer profiling, modeling, segmentation, scoring, lifetime value analysis, media analysis, data warehousing, and integrated online services that help to create and strengthen vital customer relationships. We offer a seamless link to more than 100 million households and over 14 million businesses across the nation.

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<http://www.ruf.com>

Developing a Data Warehouse *continued from page 1*

extremely meticulous planning, on average \$2 million to \$3 million, and one to two years of development time. If all of that is not enough to scare you off, keep in mind that even the best planned data warehouses cannot guarantee results. The true value of a data warehouse can only be measured in terms of its ability to manage the flow of data, which is wholly dependent on the design.

With all the risks of creating a data warehouse in-house, many companies are turning toward strategic outsource companies. Outsourcing your data warehouse activities provides the lowest risk and, more importantly, the most economically viable route to access and harness the power of the data warehouse. Relying on the expertise of companies that specialize in these techniques can literally save you hundreds of thousands of dollars, in addition to creating new revenue hand over fist.

A word of caution: With the increased demand in the business arena for this type of service, hundreds of companies are springing up every year. Look for a company with a proven track record and a reputation for delivering quick and accurate results. Remember, you are outsourcing to take advantage of another company's experience.

Regardless of whether your company partners with an outsource firm or chooses to go it alone, one thing is certain — you had better get moving. With the convergence of industries and technology, and the internal and external forces playing havoc with our economy, the corporate landscape is crowding with new competitors who will not hesitate to capitalize on the tools necessary to gain an edge. The real question is are you going to let them sneak past you, or are you going to embrace the technology that will help you expand your market share? 

Ten Questions to Ask When Selecting a Data Warehouse Partner

- 1) What approach do the decision support tools utilize?
- 2) What size of data samples will achieve statistical confidence?
- 3) What interfaces are available?
- 4) What kind of database structure is used?
- 5) Are there data minimums or maximums?
- 6) How often can the data be updated and accessed?
- 7) Are results provided in a timely and meaningful fashion for you?
- 8) What type of customer support is available after the sale?
- 9) How much experience does the company have? Be sure to check references.
- 10) Is the company's experience related to your specific needs?

Garbage In, Garbage Out — Don't Jeopardize the Integrity of Your Data Warehouse

by Kurtis Ruf


If data is not properly consolidated into a data warehouse, the results or any decisions based thereupon may be contaminated, if they are possible to derive at all. The old saying “garbage in, garbage out” is the functional motto of data warehousing.

After data from the various sources has been standardized, cleansed and consolidated, it should be made more useful through summarizing, packaging and distributing processes. The summarizing step selects relational data and summarizes

statistical analyses, such as clustering. Once the data has been summarized, it is packaged into more user-friendly templates for text documents, spreadsheets, charts or other graphical or online formats. These packages can then be distributed to or accessed by appropriate end users.

The health of the data warehouse depends upon the maintenance and removal of old data. Data should be moved out of the warehouse into archival storage when it can no longer

be effectively maintained. Moving this information should keep the warehouse processing speeds at an optimal level.

A data warehouse is not a static structure. The best data warehouses are marked by their flexibility and ability to respond to ever-changing environments. To ensure the continued success of a data warehouse, it needs the constant refinement and tracking of data inflow and business relationships. 

WHAT'S
NEW AT **RUF** 

Ruf Strategic Solutions Helps British Tourist Authority Overcome Tourism Challenges

Ruf Strategic Solutions®, a leader in market research and data analysis, recently assisted the British Tourist Authority (BTA) in promoting Britain as a tourism destination for senior citizens. The BTA mailed to 750,000 seniors across the U.S. and received nearly 8,000 direct responses and over 28,000 website hits from the one mailing. The mailing list was selected using Ruf's proprietary household clusters.

"I expected a one to one-and-a-half percent response rate," explains Cheryl Brazier, senior marketing executive for the BTA. "I would have been happy with a two percent response. The actual was nearly four percent! These powerful results are in no small part due to the quality of the intelligence Ruf has provided us."

Around the world, the tourism industry has had to deal with more challenges in recent times than at any time other than during a world war. With terrorists threats, increased security complications, fear of disease, and economic concerns, tourists are more reluctant to travel and more

selective in their destination choices. The BTA is actively working to overcome these challenges by targeting top tourism-producing markets and audiences.

"We are delighted to have been able to help in producing such dramatic results to the BTA's mailing," said Terry Berggren, global tourism sales manager for Ruf Strategic Solutions. "These are turbulent times for the tourism industry. Our successes with the BTA and other tourism organizations are some of the most mutually rewarding relationships we have."

Ruf's household clusters are built from a rich array of data sources and represent years of extensive research, development and testing. The clusters are differentiated by demographics; lifestyle traits, including Ruf's proprietary travel lifestyles; summarized credit traits; and automotive traits. By choosing households that fall within clusters most likely to perform based on a customer analysis or through an intuitive select, these lists consistently produce powerful results.

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**— Cheryl Brazier,
senior marketing executive
for the BTA**

The BTA provides impartial information to potential visitors and gathers essential market intelligence for the hugely fragmented UK tourism industry. The BTA operates through a network of 27 overseas offices in 27 markets and works closely with the British Council providing reactive information services in 11 additional markets. For more information, visit www.visitbritain.com on the Web. 