

THE MARKETING COMPASS

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Insights to Help Guide You to True Marketing Intelligence from Ruf Strategic Solutions

Martin Baier — Pushing the Envelope

Martin Baier knows direct marketing. He is a DMA Hall of Fame member and has been dubbed the "Father of Direct Marketing." This came about because



Baier did not limit his thinking to defined precepts. In partnership with Jacob Ruf, founder of Ruf Strategic Solutions, the two developed the first ZIP Code model together.

Baier was working at Old American Insurance Company and he needed a better way to target their

audience. But it was the early 1960's and the only marketing units available were states, counties and cities. He knew he needed a marketing unit that was more homogenous.

In the 1960's, Old American Insurance, a mail-order insurance company, was doing very well marketing using basic logic and assumptions. They were targeting the older segment because other insurance agents didn't see this as a desirable market. Old American capitalized on their strong relationship with this market by cross-selling other products

in addition to insurance.

Old American hired Martin Baier to further penetrate their market. Baier realized only using logic and assumptions in their marketing was limiting their opportunities. Using sophisticated means to reach their target market would leave the competition in the dust. His idea was "birds of a feather flock together." Baier also realized not all individuals over the age of 50 are the same. But where do you start? Jacob Ruf came to mind. The two had met previously while

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Do You Know Who is Visiting Your Destination?

Your goal is to attract visitors to your destination. You have some information about your inquirers, but what if you knew who was visiting frequently, spending more and staying longer? Would that help you better market to them? Until now, destinations were limited to inquiry

data on which to base their marketing analysis, without knowing if those inquirers were actual visitors. Ruf's VISITOR ANALYSIS reveals your destination's actual visitors while providing insight into their travel behaviors and preferences.

VISITOR ANALYSIS is a unique and comprehensive analysis of your destination's actual visitors. This analysis is two-fold, as it consists of a profile of your visitors and a profile of your inquirers. The results give you a complete view of the demographic, psychographic and lifestyle traits, as well as travel behaviors of your visitors and inquirers. Through a

Scottsdale CVB will achieve more than a 20:1 ratio in economic impact for the dollars the city invests in destination promotion.

cross-reference of the two profiles, you will learn the differences and similarities between your visitors and your inquirers.

Whether we use your local partner data or our partner data, transactional visitor information is summarized into meaningful data and is analyzed at the household level. The following are

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working together on a project for another company. Ruf was using a clustering technique to segment large groups into smaller groups with similar characteristics by using statistical calculations. Also, Ruf was recognized in Kansas City for his work helping the Census Bureau. While others laughed at the idea, Baier and Ruf both believed clusters could be an effective way to segment consumers by their demographic and psychographic traits.

Before ZIP Codes, the postal service used "postal zones" which consisted of two digits and were only used for large cities. In 1963, non-mandatory ZIP Codes were announced for the entire country. In 1967, these were made mandatory for second- and third-class bulk mailers.

When the postal service announced the mandatory usage of ZIP Codes, the mail-order marketers moaned and groaned about the amount of work it would cause them. The DMA (which stood for Direct Mail Advertising at that time) arranged a pro/con debate. Baier represented the pro side of the debate, supporting the theory that "birds of a feather flock together" and ZIP Codes would help marketers target their audience.

After the debate, Baier was approached by Edward Bursk, the editor of the *Harvard Business Journal*,

to write an article about his theory. "You have an interesting idea," Bursk told him. This article became a landmark study for the industry and was published in 1967 to coincide with the release of mandatory ZIP Code usage for second- and third-class bulk mailers.

Martin Baier is listed as the "founder of ZIP Code marketing" in the ZIP Code article of Wikipedia.

Lawrence O'Brian, Postmaster General at the time, read the *Harvard Business Journal* article and contacted Baier to learn how he could help get the concept universally accepted. O'Brian went to the Census Bureau and suggested the addition of the ZIP Code information. By the next census, in 1970, all data had ZIP Code information.

In addition to sharing the idea with all marketers, Baier and Ruf had great success with their ideas for Old American Insurance. They started with a list of over 10 million people. Old American would send mailings and track responses by ZIP Code. Ruf would then cluster similar ZIP Codes into larger units. They also measured

lifestyles or psychographics according to responses. Each iteration of mailings and cluster groupings became smarter.

In 1989, Martin Baier was recognized by his peers for his use of ZIP Codes for marketing with an induction to the Direct Marketing Association Hall of Fame.

Of course, it didn't stop at ZIP Codes. Through the years, methods have become more sophisticated. In 1992, Ruf Strategic Solutions, continually striving to revolutionize the industry, was the first to create household-level targeting.

When asked how all of this affected the modern marketing landscape, Baier replies, "The Internet stumbled a few years ago, creating the 'dot-com bust.' They didn't understand databases. Amazon figured it out and succeeded because of it."

Regarding the current status of the Internet, Baier says, "It has naturally evolved. I see the next revolution as multi-media."

These methods are the foundation for today's targeted marketing, and it all began with the simple idea to market smarter. Martin Baier wasn't limited by the fact that the technology didn't yet exist to accomplish his goals. He knew that by laying the tracks the technology would come, and it did. ☺

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THE MARKETING COMPASS

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 delivers a full suite of marketing and business intelligence solutions designed to help organizations acquire new customers, retain existing customers, and develop one-to-one relationships to maximize profitability. Founded in 1976, Ruf Strategic Solutions has been helping organizations maximize the return on their marketing investment through superior customer intelligence. Ruf's unique ability to integrate vast arrays of data, technology tools, and 30 years of expertise empowers organizations with truly actionable and measurable intelligence.

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Who is Visiting *continued from page 1*

Whether you have an existing database of visitors or not, we can provide the intelligence you need on your visitors.

samples of visitor transaction data to be analyzed:

- Visitor name and address
- Method of booking
- Booked date
- Date of arrival: month, weekday and season
- Length of stay
- Property where stayed
- Revenue per night
- Return visitor

Our analysis will segment your visitors and inquirers into similar groups based upon shared demographic characteristics and purchase behaviors to uncover your best groups of prospects from a national file of travelers. This information can be used to locate households of your best prospective visitors throughout the nation. Finding these gold nuggets allows you to target your best prospects without wasting your money on uninterested or unqualified prospects.

Empowered with this intelligence about your visitors and inquirers, you can increase the return on your marketing efforts, just like the Scottsdale CVB.

Scottsdale Convention and Visitors Bureau (CVB) wanted to develop a targeted marketing campaign to attract more tourists to the city of Scottsdale. The CVB needed detailed consumer information about past leisure visitors and destinations inquirers. Specifically, they needed to know:

- Who was visiting and inquiring about Scottsdale?
- How were current visitors similar and different?
- When do visitors inquire, book, stay and return?

In this case, the CVB's member partners (i.e., resorts and hotels) collectively decided to share their data with the organization for this marketing endeavor. As a result of this collaboration, Ruf collected and analyzed:

- Booking data
- Length of stay information
- Revenue figures per night/per visit, month, week and season of arrival
- Repeat visit data

This collected data was then overlaid with rich demographic, geographic, psychographic, behavioral and preference data from Ruf's vast proprietary consumer database.

“Ruf’s experience and database management tools enable us to strategically target our marketing and promotional messages to our valuable customers and leads with the highest propensity to respond.”

— Lauren Simons, vice president of marketing for Scottsdale CVB

As a result, Scottsdale will achieve more than a 20:1 ratio in economic impact for the dollars the city invests in destination promotion. The VISITOR ANALYSIS identified the CVB's:

- Core visitor base
- Best converting inquirer segments
- Potential growth market opportunities

Plus, the CVB learned which potential visitor segments will:

- Travel the farthest
- Stay the longest
- Spend the most during their stay

This critical information allows the Scottsdale CVB to execute marketing campaigns that provide the highest return on investment for the city.

VISITOR ANALYSIS provides you with meaningful information such as demographic, psychographic, travel behaviors and patterns of your actual visitors and inquirers. Armed with the understanding of your visitors and inquirers, you can better communicate and market to them through targeted and timely messages that resonate with their interests and values.

Effectively communicating with your best potential visitors increases your conversion rate. VISITOR ANALYSIS will help you pinpoint households, neighborhoods or ZIP Codes of consumers similar to your best visitors. This is perfect for media placement decisions or direct mail. You will gain valuable insight about your visitors, enabling you to match activity interests with the correct prospects who will stay longer, spend more and visit more often.

Regardless of whether you have an existing database of visitors or not, we can provide the intelligence you need on your visitors. Armed with the knowledge of who is visiting, you will increase marketing effectiveness through precision targeting, timing and messaging. VISITOR ANALYSIS gives you the insight you need to better market your destination to the right people. 📍



Working to Improve Ruf's CRM Product

Don Buck, database marketing analyst, has been with Ruf since August of 2006. Don assisted with the latest version of NAVIGATOR's Campaign Management System and is currently assisting with the next version as well. Don works with many web services, adding functionality such as real-time address verification and online automatic market analysis, as well as creating interfaces to these web services.



In regards to his Ruf experience, Don appreciates the familial feeling of the workplace. He likes his coworkers and working in a team where each person has a different specialty. "Everyone brings their unique skills to each project," says Don.

Don and his family live outside the hustle and bustle of city life on six acres of land. Their 105-inch projection television is only used for Kansas City Chiefs football games and every type of movie. Don's wife, Laurie, has home schooled all five of their children, aged 5 to 15 years old.

A New Voice to Greet You



Lin Dearing is our new assistant office manager. There's not much Lin isn't involved in at Ruf. Lin can be found assisting Sharon Crozier by answering phones, creating and assembling client outputs, internal tracking, travel planning and just generally being helpful.

Of her new position with Ruf, Lin says, "I really like the small company environment at Ruf. I came from a large company where it was hard to build interpersonal relationships. Also, I feel I can actually see the difference I make here."

Outside of Ruf, Lin shares her home with Steve, her husband of five and a half years, and their year-old beagle Sadie. Lin and her husband enjoy outdoor activities such as gardening and indoor activities such as home improvement. They recently renovated their basement and added a bathroom and are planning to further enjoy their home by adding a hot tub.

In Memory of Bob Stone, 1919 – 2007

Bob Stone was known internationally for his work in the direct marketing field and for his bestselling book *Successful Direct Marketing Methods*. Bob spent his career blazing a path for all future direct marketers to follow. We had the privilege to work with Bob on many projects in his 88 years. We count ourselves lucky to have known him personally.

MEET THE RUF TEAM

Director of Business Development *Jerry Rosenquist*

A problem solver at heart, Jerry started his career in electrical engineering. While working on and building computers, Jerry found that he prefers selling and explaining technology more than building it. Also, Jerry explains, "Understanding a product from a technical perspective really helps me work with my customers."

Working with Ruf Strategic Solutions for the past 6 years, Jerry says he appreciates the company's willingness to embrace his ideas and "get the job done without politics." He says the flexibility that comes from

working for a smaller company allows him to better meet his customers' needs.

As for client relations, Jerry explains, "My goal is to create a long-term, mutually beneficial relationship with a customer. I know I'm doing something right when a client feels comfortable enough to call me at home to talk about how we can make their business better."

Jerry has two kids, Kevin, 18 and Wendy, 9. Kevin is getting ready for college in the fall. Wendy spends her time being "the cutest, smartest little girl in existence." Oh, Dad!

In his spare time, Jerry enjoys working with wood, building cabinets and other oak furniture. Jerry is a former pilot with 15 years experience flying both small airplanes and helicopters. Saying everyone should ride in a helicopter at least once, Jerry describes flying a helicopter as "controlled panic."



To reach Jerry Rosenquist you can call 630-231-8601 or email at jerry@ruf.com.