



THE RUF REPORT

Business Intelligence from the Pioneers of Database Marketing

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Looking into the Motivations and Habits of Customers

by Alpa Agarwal

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Outsmarting competitors is really very simple. To do this, a commitment of resources is needed to "customer intelligence technology." Although many companies do not even have the category, customer intelligence technology is the most important element of any business's marketing budget.

The most precise and succinct way of describing customer intelli-

gence technology is it helps companies make more money in a smart and cost-effective manner. It helps executives learn more about their customers at the click of a mouse, so smart marketing plans can be developed. With

Effective customer intelligence technology ... means promotions that work can continue to be utilized and ones that don't can be discontinued immediately.

As past president of the American Marketing Association's Kansas City chapter, published author and MBA program instructor, Alpa Agarwal is a recognized consummate marketing professional in Internet marketing and international business.



these plans, cash registers will keep ringing.

Understanding the way customer intelligence technology works sheds some light on why it's a necessary expenditure for business owners. It also shows how owners can cut costs by discontinuing promotional campaigns that don't work.

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What IS a Loyalty Program? ... and How Can You Make It Work for You?

by Ray Jutkins

A database marketing program is the most effective way to build loyalty, increase customer frequency, improve customer retention, and boost sales!

It gives you a significant competitive advantage by offering your cus-

tomers a powerful reason to choose you over your competition.

A loyalty program is an expression of your company's culture. It brings the hospitality of your business into the customer's home or office. A loyalty program tells your customers you care and recognize their importance.

The best loyalty programs strive to obtain a greater "share of customer." By providing a unique incentive, you "hook" them so they visit your place,

they buy from you, and they buy more often.

Your "best" customers are easily identified with these programs, allowing you to give them the special attention they deserve. These customers yield a higher unit volume — 80% of your business comes from 20% of your customers. Your "best" pay the bills!

Members of loyalty clubs value their membership. They believe in the host company, its products, its

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Ray Jutkins has been involved with direct marketing for nearly four decades. He is the 1999-2000 winner of the Arizona Direct Marketing Association's Lifetime Achievement Award.



Looking into the Motivations and Habits of Customers *continued from page 1*

A good illustration of how all of this works is through the example of running a golf course.

A golf course manager with access to the technology can describe the course's top customers, all 10,000 or more of them, in a statistically precise manner. With the click of a button on the keypad, the manager can see what zip codes the course's best customers

come from, their average income and what kind of vehicles they drive. The information will also tell what professions the golfers are likely to be employed in, their average age and how many are men and how many are women. The information will even tell the golf course manager what changes in customer patterns have occurred since last year.

Having this type of information creates a window for bringing in more golfers. This is because customer intelligence technology gives golf course managers the means to get the names and addresses of potential customers based on similar lifestyle information of current top customers.

With this information, the most likely customers can be courted instead of wasting money by going after the whole neighborhood.

Effective managers will also know which promotions brought the most golfers out to their greens and then keep using these same avenues. This means knowing which hotels sent over the most out-

of-town clients and which charity sponsorships have been most successful. Managers will also use customer intelligence technology to assess whether the twosome-for-\$48 promotion drew more customers than one featuring free use of a golf cart.


All of these elements and more are ones managers and owners across all industries should be in tune with. Access to them should be available at the click of a mouse, without having to sort through reams of data.

Effective customer intelligence technology, designed with accessibility in mind, means promotions that work can continue to be utilized and ones that don't can be discontinued immediately. Customer intelligence technology helps makes pricing decisions and also draws a road map on how to convert inquiries about company services to purchase.

To quote Sergio Zyman, former chief marketing officer, The Coca-Cola Company, in his book, "The End of Marketing As We Know It." "The sole purpose of marketing is to get more people to buy more of your product, more often, for more money.

That's the only reason to spend a single nickel, pfennig, or peso. If your marketing is not delivering consumers to the cash register with their wallets in their hands to buy

your product, don't do it."

Put another way, investing in customer intelligence technology delivers more people to the cash register and outsmarts competitors. 

Customer intelligence technology is the most important element of any business's marketing budget.

Customer intelligence technology ... helps companies make more money in a smart and cost-effective manner.



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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What IS a Loyalty Program?

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services, and its people. They feel a special sense of belonging to the host company. Communications to these “best” are read, saved and acted upon.

Getting New Business, Keeping What You Have, and Building Your Base

The cost of acquiring new customers is expensive. It’s usually much higher than getting more business from existing customers. Why?

Existing customers require less attention because they already know you. They use your products. They

know your people. They understand your services.

Also, because of this understanding, they are likely to return to you again and again, with less incentive than it takes to get new customers to try you for the first time.

This is why loyalty programs work!

Measuring results is absolutely critical. You must know what is happening in order to make the right changes at the right time for your marketplace.

The overall success of a loyalty program is dependent on several things:


- Your organization must be committed to the program.
- The program must be executed as it was designed to be.
- It must be simple enough for your staff to use consistently.
- It must be easy for your customers to see and understand its benefits.
- It must offer rewards that will motivate increased response and retention.

The primary objectives of a loyalty program are:

- To create measurable increases in sales AND profits.
- To increase frequency of visits or use by your customers.
- To improve customer retention by offering an incentive for loyalty.

In addition, many companies use loyalty programs:

- To decrease reliance on mass marketing media tools.
- To use the customer intelligence the database provides for site selections, media selections, product development, etc.

Evaluating the success of your loyalty program begins with establishing measurable objectives and ends with comparing the results/responses to these objectives. Remember, a loyalty program works much like compound interest. The results increase with each repeated customer contact ... and so does your success! 

Creating a successful loyalty program involves five critical steps:

1. Integrate the program into your existing marketing plan and (this is important) into your company culture. Personalized relationships with customers is not a here-today-gone-tomorrow concept. The idea must become a part of your organization, your products, your services, AND your people.
2. Use the knowledge you collect about your customers to learn what they really want from you. Listen to them! They will tell you how to gain a greater share of their business.
3. Target specific and appropriate messages to the right customers. Not all of your customers are created equal ... some are worth more than others and some need more attention than others. Make the right offer to the right customers, and at the right time.
4. Set realistic goals. Your expectations should be high but realistic. Be sure to provide the resources of people, money and time to make it all happen.
5. Plan from the beginning to measure all the results. All. Not just some and not just some of the time.

FREQUENTLY ASKED QUESTIONS

... Simplified

Q How can Ruf help me to maintain my long-term competitive advantage?

In the ever-changing business environment of the 21st Century, you need to focus your energies and resources to meet your core business challenges.

Ruf Strategic Solutions acts as an extension of your marketing, customer relations and data management departments, helping to ensure your long-term competitive advantage.

The expertise Ruf offers can enable you to:

- Maintain focus on your core competencies.
- Reduce your product time to market.

- Reduce your overhead costs associated with hiring full-time professionals as well as costs associated with taking existing personnel from their current duties to solve problems they may not have the skills to tackle.
- Complement and supplement your in-house efforts.
- Immediately expand your company's marketing and online capabilities and capacity.
- Increase your flexibility to meet business needs by assigning your valuable resources where you need them.

Q How can my company achieve "strategic wisdom" about our customers?

Organizational "strategic wisdom" can be achieved through an iterative approach known as full circle marketing.

Full circle marketing enables you to enhance customer loyalty, reduce customer attrition, increase your ROI, decrease your costs and focus your resources. The foundation of full circle marketing includes four steps that repeat in a never-ending loop.

- Plan and identify objectives for acquisition, retention, development, etc.
- Research, which includes segmentation, profiling, and detailed data analysis.
- Test to evaluate successes and failures through multiple media touch points.
- Validate results, examine ROI, refine your target and start over.

Watch for more information on full circle marketing in future issues of The Ruf Report.

If you have a question you would like included in the next issue of the Ruf Report, please contact Sharon Crozier at sharon@ruf.com.

WHAT'S NEW AT RUF

New COO Unanimously Elected

Eric Ruf Receives Much Deserved Promotion



Eric J. Ruf has been promoted to Chief Operating Officer of Ruf Strategic Solutions, by a unanimous vote of the Board of Directors. Eric has been instrumental in the progress Ruf has made to its strategic goal of providing marketing intelligence.

He will maintain his roles in directing product development and project fulfillment, and will be responsible for corporate-wide management and accountability, defining long-term vision and strategies that will grow the business while aligning the organization toward achievement of goals.

Eric joined Ruf Strategic Solutions in 1982, and is a co-owner and board member. He received his master's of science in engineering management and bachelor's of science in electrical engineering from the University of Kansas. Eric also holds a professional direct marketing certification from the University of Missouri in Kansas City.

Ruf Celebrates 25 Years of Service Excellence

1976 - 2001



Ruf Strategic Solutions, founded by Jacob F. Ruf in 1976, is celebrating 25 years in business this year. In its first 25 years, Ruf has developed and provided productivity marketing tools and services to a wide range of businesses and organizations worldwide.

Ruf's rich history includes the development of the first ZIP Code model, the first commercially available relational database (IMPRS), the first truly household-level consumer clustering system, and the first business clustering system using proprietary "corporate lifestyles."

In the database marketing industry as in so many others, experience counts. The more quality work we do, the more we learn about our customers' needs and how to serve them better. Our 25 years in business proves it.