

This is a football!

An article written for STORES magazine

by Brian Woolf (April 1, 2001)

When Vince Lombardi, the great football coach, ever sensed that his team was losing sight of the fundamentals of the game, he would run a special Basics training program which began with: This is a football!

Today, we need a similar session as we are faced with CRM, Loyalty Marketing, One To One Marketing, and other variations of the theme. The primary purpose of all of these descriptors is to get the customer to return. For most retailers, the tool that helps measure such progress and encourages customers to return is a loyalty card program.

Two questions that can be fairly asked are:

- How can such a program help build a better relationship with customers?
- Is it sustainable over time?

Better customer relationships are built through card-based knowledge. Information has always been more powerful—and profitable—than ignorance! The biggest challenge of traditional retailers is ignorance. They see the sales surface but are unaware of the under-currents and customer churning below. They are ignorant of their customer acquisition, conversion and defection rates. They are ignorant of the spending erosion of their best customers. In fact, they don't know who their best customers are! (It's not just those the manager can recognize!) The point is that it's much easier to build a relationship with customers and to encourage them to return when you know who your customers are and you have the metrics to measure your progress.

With information, we communicate with, recognize and reward our customers. We develop retention and defection prevention programs. We develop price and reward filters to favor our best customers and reduce the losses from unprofitable customers. In my experience, not only do well-designed programs accomplish all of the above but increase company profits in their first year as well!

Given this, sustaining the inflow of customer knowledge becomes critical to the company's success—unless, of course, a retailer isn't interested in truly understanding his customers. In which case, he should never have introduced the program in the first place!

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About the author...

Brian Woolf is a global leader in loyalty marketing and has written three definitive works on the subject, *Measured Marketing: A Tool to Shape Food Store Strategy*, *Customer Specific Marketing*, and *Loyalty Marketing: The Second Act*. He devotes his time to helping retailers develop, critique and strengthen their loyalty programs.

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