

PIZZA SMARTS

Strategic Marketing And Response Tracking System

Database Marketing Manual

*Green Advertising Services
Oxford MS*

1997 EDITION · DIGITAL EDITION 2026

Why I'm Sharing My 1997 PizzaSMARTS Marketing Manual — For Free

PizzaSMARTS — Strategic Marketing and Response Tracking System

I believe that some of the most effective principles of restaurant marketing are timeless. Although technology has changed dramatically over the past 40 years, understanding customer behavior and communicating with customers effectively remains fundamental to building a successful pizza business.

That's why I've decided to share this original 1997 PizzaSMARTS marketing manual.

My journey into computer-assisted pizza marketing began at my own Domino's Pizza store at 3563 Sheridan Avenue in Buffalo, New York.

After developing a proprietary computer program and marketing algorithm, I discovered how dramatically sales could be improved by understanding customers, targeting the right households, and measuring the results of individual marketing campaigns.

Using these techniques, I tripled the sales of my own Domino's store.

That experience led me to establish GreenMail in 1986, a computerized database marketing company that initially served Domino's Pizza franchisees exclusively.

In 1990, when Domino's decided to compete in the database marketing business, I created PizzaSMARTS to serve independent pizzerias, regional pizza chains, and other restaurant operators.

Between 1986 and 1997, GreenMail and PizzaSMARTS helped operators manage direct-mail, doorhanging, and telemarketing campaigns using proprietary software and marketing strategies.

Our services eventually expanded beyond the pizza industry. We applied these principles to a large video store chain, a pharmacy chain, and even a bank in Memphis, Tennessee.

What made these programs successful wasn't simply the computer technology. It was the understanding that different customers respond to different messages, and that effective marketing requires identifying the right audience, delivering the right offer, and measuring the response.

The technology has changed. The underlying marketing principles haven't.

Today, nearly four decades after I began developing these systems, we have extraordinary new capabilities involving digital ordering, artificial intelligence, customer loyalty programs, mobile communications, and sophisticated point-of-sale technology.

I believe these developments make the original PizzaSMARTS philosophy more relevant than ever.

As part of our work developing the Pizza Experience Platform, I intend to revisit and modernize these marketing strategies, combining the lessons learned from decades of restaurant marketing with today's digital capabilities.

My goal is to make sophisticated marketing tools more accessible, affordable, and effective for independent pizzeria operators.

I'm sharing this original manual at no charge because I believe its principles can still provide valuable insights to restaurant owners, marketers, technology developers, and others interested in helping independent businesses become more successful.

I also hope it encourages new ideas, collaboration, and discussion about what the next generation of pizza marketing could become.

I welcome your comments, suggestions, and ideas.

Steve Green

Founder, PizzaSMARTS and GreenMail

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PIZZA SMARTS

Marketing Manual

This manual updated as of January 1, 1997

Your **PIZZA SMARTS** Marketing Manual will always be a work in process as new pizza marketing ideas and technology are being discovered and information becomes available. This manual is updated each quarter. Please add and replace pages as per instruction. Place your quarterly newsletters inside it's special section within this manual.

Please be aware that the information contained within this manual is confidential.. I hope you will use this information and share it with all members of your organization. However, please do not share this with anyone outside of your organization. This will limit the number of competitors with the same level of marketing technology that you enjoy as a SMARTS network member.

PIZZA SMARTS

Strategic Marketing And Response Tracking System

A Service of Green Advertising <http://www.pizzasmarts.com>

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SECTION 1

Introduction

Congratulations

About the Author

Welcome to Pizza Smarts

Your Marketing Database

The Pizza Smarts Marketing Process

Marketing Activities Possible with Database Marketing

Commonly Asked Questions

PIZZA SMARTS

Congratulations!

You've discovered database marketing.

There is no question about it. There is a critically important role for the computer in the successful marketing of your pizza store. As a by-product of delivering pizza, you have an asset that other competitors in fast food wish they had (Customer Information). Like pools of crude oil that plagued farmers for centuries before there was a use for oil, your customer information that used to fill closets and hard drives is about to be put to good use. The computer, along with a well designed and executed database marketing plan, will make your customer information usable and very valuable. Database marketing can provide you with an overwhelming competitive advantage. Or it can be as useless as a good tool box without a carpenter.

That's where this manual comes in. If you will learn and understand the database marketing principles and technology contained in this manual, you will be unstoppable as a competitor, as many of your database marketing predecessors have discovered..

Database marketing is not new. It was being used by a small group of pizza operators as early as the mid 80's well before Pizza Hut, Domino's, and Little Caesar's invested heavily in this technology. Before that time only the big companies had the computer power (mainframe) and programming capability to manage and take advantage of their customer information. Many companies during the 70's, such as Radio Shack, Penney's, Time/Life, invested millions of dollars in database marketing for one simple reason.... It worked!

And now those same marketing principles that worked so well before are about to work for you. Computer power is now affordable to all and database marketing is cost effective for any delivery operation. Now it is time for you to understand and take advantage of this technology. Database marketing will allow you to maintain a relationship with each customer as if you personally made every delivery and had a photographic memory. The information is there. Let's put it to use now. And remember . . .

Treat your customers like the individuals that they are and you will be rewarded with improved sales, profits, and market share.

Steve Green

About the Author

Steve Green is President of Green Advertising Services and creator of the **PIZZA SMARTS** computer marketing system. He has been helping Pizza Merchants use their computers to sell more pizza since 1986.

Steve first used computer marketing to increase the sales of his own pizza store in the very competitive Buffalo New York market. Sales climbed from \$3,000 to over \$9,000 per week during a 6 month period while using the computer as his primary marketing tool. Having seen the success of this kind of marketing, but also realizing the technical difficulty and detail management of the process, he started Greenmail in 1987.

Greenmail set up and executed computer mailing and evaluation programs for over 500 pizza stores between 1987 and 1991. At one time, ten percent of all Domino's Franchisees were "on Greenmail".

Steve has been a store manager, multi-store Domino's Pizza franchisee, marketing director, marketing consultant and advertising executive. He holds a Marketing degree from San Jose State University and an MBA from the University of Mississippi.

As the former marketing director for the largest Domino's Pizza Franchisee, he was responsible for setting the national Domino's Pizza grand opening sales record at \$37,000 first week sales. The record setting Tupelo Mississippi Grand Opening was one of many new store marketing plans that Steve designed and executed during 1982 and many of his innovative marketing techniques were adopted by and became part of Domino's renowned marketing savvy of the 1980's.

In addition to providing the **PIZZA SMARTS** marketing service to pizza operators throughout the United States, Steve has worked with chains in Canada and Europe as well. Current clients include many independent operations and these chains:

Johnny's Pizza Monroe, LA 22 Stores	Eureka Pizza Fayetteville, AR 6 Stores	Steak-Out Atlanta, GA 88 Stores
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15 Years of PizzaMarketing Innovation

"As a store manager, marketing director, pizza store owner, and marketing consultant, raising sales was always my first goal. Database marketing gave me the control and efficiency that I needed to raise sales over the long run while maintaining profit goals."

Green Advertising Services - Consultant

May 1994 - Present

Chosen by Pizza Today Magazine to deliver seminar on Database Marketing at Pizza Expo95. Currently manages database marketing programs for non-competing Pizza Clients. Sets up and trains in the operation of internal company database marketing programs. Designs and executes strategic mailing programs. Provides post mailing analysis.

Advertising Rep/Morris Advertising/Memphis, TN

August 1992 - May 1994

Created and executed database marketing programs for several national manufacturers, Southland Greyhound Park, Oakley Kessie Ford and the Fred's Pharmacy Chain. Launched national database marketing software (Pizza Force) program and service to pizza store owners nationwide. Database marketing work published in John Wiley publication and "Pizza Today."

President of GREENMAIL/Oxford, MS

February 1987 - August 1993

Created a highly successful database driven mail marketing system for the fast food industry (over 500 stores). Developed software that identified and classified customers and then wrote and implemented specific, highly measurable, direct marketing plans.

Domino's Pizza Franchisee

June 1984 - February 1987

Owned 4 stores in California, New York and Mississippi. Opened three at record sales levels. Tripled sales of Buffalo New York store while developing database marketing technology for the pizza industry. Sold stores to Domino's corporation.

Operations Manager/Oxford Mall (Oxford, MS)

September 1983 - May 1984

Mall manager and promotions director. Managed the maintenance of mall and assisted with leasing function. Managed staff of 15 employees.

Marketing Director/RPM Pizza of Gulfport, MS

March 1982 - September 1983

Hired as store opening specialist for 13 store Domino's Pizza franchisee. Created company renowned store opening team and program. Became marketing director in September, 1982 after setting a number of national sales records. Created and executed 6 month marketing plans for all store and coop markets. Created all TV, radio and print. Designed and executed store opening plan in Tupelo, MS which created first week sales of \$37,000, a record which stood for 5 years.

MILITARY

U.S. Coast Guard
Radar Specialist (E-5)
Honorable Discharge

PERSONAL

Married, Age 41
6 ft. 2 in., 180 lbs.
Health: Excellent

EDUCATION

B.S. Marketing
M.B.A.
University of MS

COMPUTER SKILLS

DOS Dbase
Spreadsheets
Data Conversions

Steve Green 605 Edison St. Oxford, MS 38655

In-Field Consulting – Average Grand Opening — \$21,000

Steve Green's in-field success was unmatched within Domino's Pizza between 1982 and 1987. Of the 14 new store openings that he directed, the average first week sales were \$21,000.

Analyzed market, designed, and executed the following store marketing plans:

Place	When	Franchisee	First Week Sales
Gretna, LA	Jun 1982	Richard Mueller	\$20,000
New Orleans, LA	Jul 1982	Richard Mueller	\$18,000
Tupelo, MS	Aug 1982	Richard Mueller	\$37,000
Ocean Springs, MS	Sep 1982	Richard Mueller	\$16,000
Huntsville, AL	Sep 1982	Jay Newby	\$35,000
Lancaster, CA	Jun 1984	Jeff Eaton	\$22,000
San Rafael, CA	Aug 1984	Steve Green	\$20,000
Petaluma, CA	Dec 1984	Dave McClain	\$20,000
South San Fran	Jan 1985	Wally Wilcox	\$18,000
Pacifica, CA	Feb 1985	Tammy Hardin	\$16,000
Union City, CA	Apr 1985	Joe Urban	\$22,000
Sunnyvale, CA	Aug 1985	Nock/Midlick	\$12,000
Carson City, NV	Sep 1985	Grey Condon	\$20,000
Thousand Oaks, CA	Nov 1985	Jill Lederer	\$18,000

Breathing New Life Into Old Stores by Doubling Sales

Place	When	Franchisee	Marketing Week
Santa Clara CA	Aug 1985	Avg. Sales \$7,000	\$18,000
Novata CA	Aug 1985	Avg. Sales: \$5,000	\$10,000
Buffalo, NY	Mar 1986	Avg. Sales \$3,000	\$8,000

Database Marketing: Sales up 41% – Marketing Costs Down

"Russ Levine (Paramount, CA) was just one pizza store owner who used my help in using database marketing. After one year, his sales were up 41% and he had cut his marketing budget (Case Study Available upon request). There are many other success stories."

Jan 1990 — Installed database marketing department and data entry center for 80 of Richard Mueller's Domino's Pizza stores. Trained client to take over system.

April 1991 — Installed 61 store video chain with database marketing program. Set up ongoing database marketing program for Alfalfa Video (Hammond, LA).

Jan 1993 — Installed database marketing program for Papa John Franchisee Coop in Little Rock, Memphis and Huntsville.

Current Retainer Clients

Johnny's Pizza 22 Store Chain Monroe, LA	Eureka Pizza 5 Store Chain Fayetteville, AR	Steak-Out 84 Store Chain Atlanta, GA
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Welcome to Pizza Smarts

Effective database marketing is a process. It is communicating with customers regularly and then improving the next communication by listening to the reaction of the previous communication. It's a continuous cycle of marketing and listening in an effort to make each customer in your market the best customer they can be.

Your database marketing program will have three major advantages—

- ◆ **Your marketing will be more persuasive.** You will be able to send the right message to the right customer. You will be able to establish a relationship with the customer as if you were an old fashion general store owner.
- ◆ **You will place your marketing dollars exactly where they need to be.** Determining the market penetration rate of each postal carrier route in your market will lead you to the highest yield customer pools. A carrier route with a 30% market penetration is nearly twice as likely to produce new customers as a carrier route with a 15% market penetration rate.
- ◆ **You will make smarter marketing decisions.** The measurability of marketing results provided through database marketing will allow you to understand the causal relationship between advertising (cause) and sales (effect).

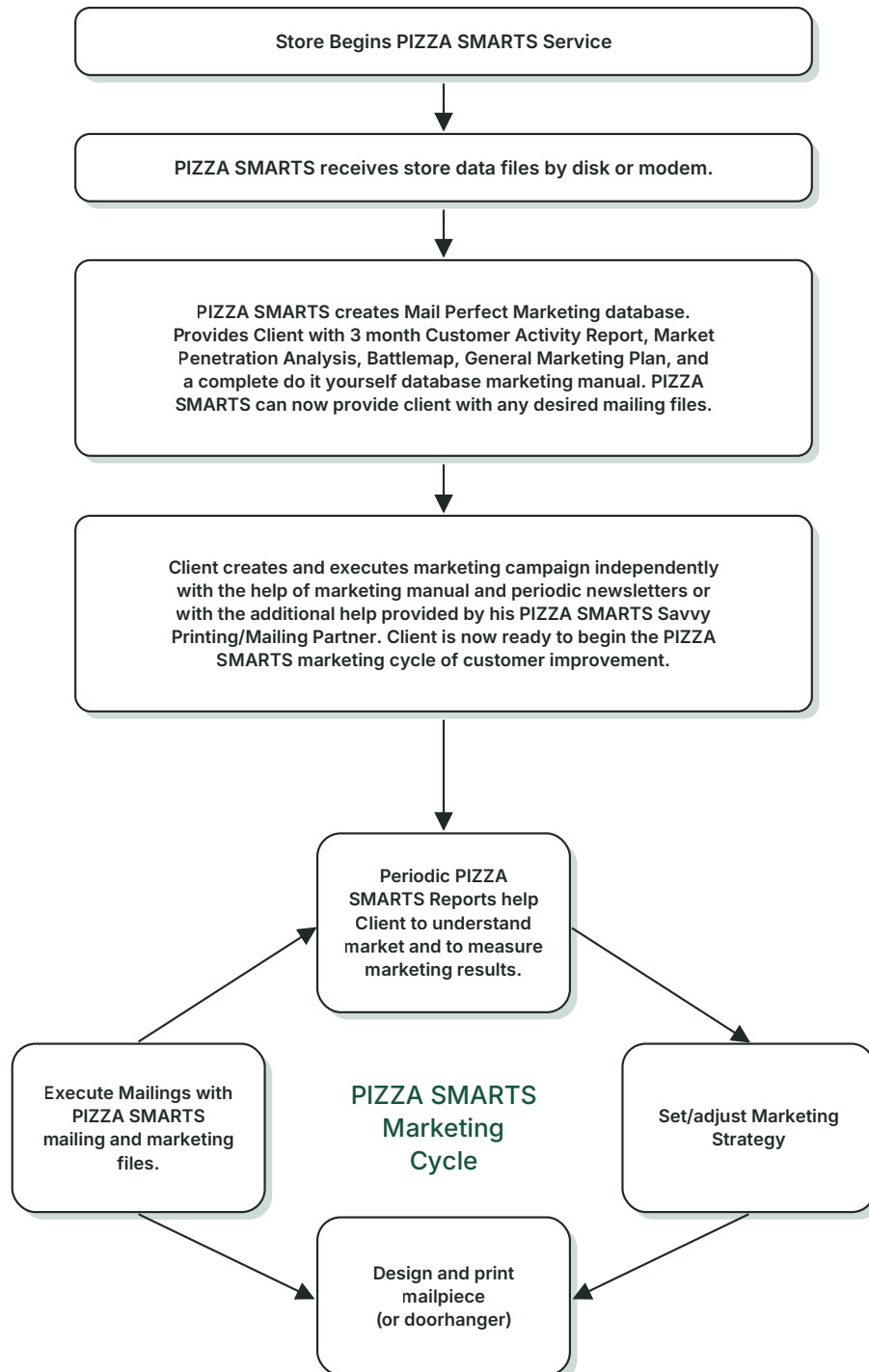
The most powerful predictor of future customer activity is previous customer activity. Your database has been sorted into various frequency categories. The five monthly reports that measure this customer activity are as follows:

- Market Penetration Analysis
- Customer Activity Report
- Rear View Mirror
- Mailing Quantity Report
- Mailing Response Report

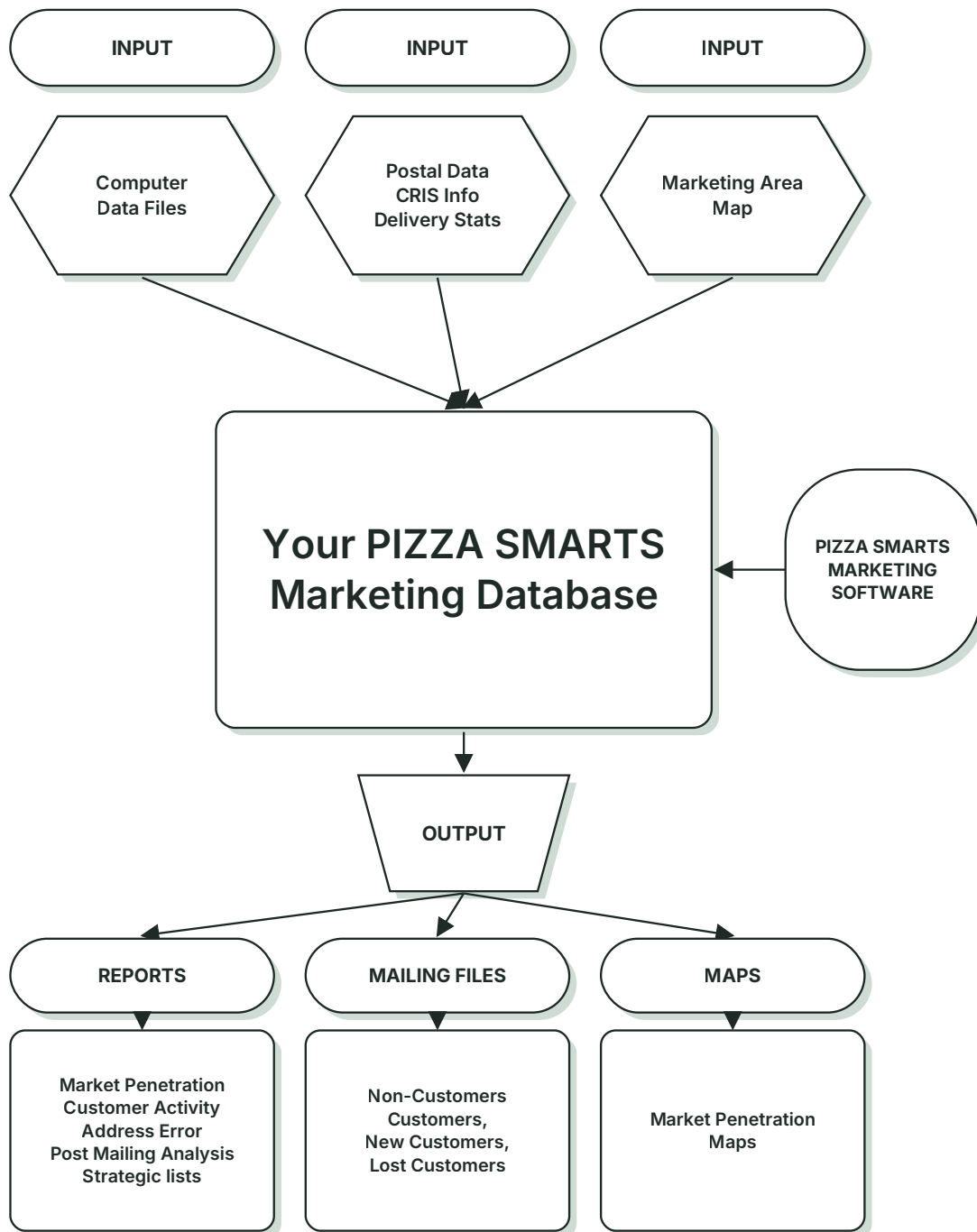
With the first mailing of these reports, you will receive a map of your store's trade area with the significant postal carrier routes indicated. The map will be shaded as appropriate to be a red, yellow or blue zone.

You will also receive a monthly Error Report consisting of unmailable addresses. Refer to the Error Code Report to assist you in identifying the source of the problem so that you can revise your database. A goal of 5% unmailable addresses can be achieved by monthly maintenance of your database using this Error Report. We recommend that you clean up the Error Report prior to sending any mailings.

PIZZA SMARTS Client Service Process



The necessary changes that need to be made with your customer information requires that your marketing database be set up separately from your POS database. Your POS database must remain in its original form in order to run your store, but your marketing database needs to be very flexible. Your POS database will be used instead to simply update your marketing database which is then allowed to be updated and contorted in several important ways



What is Pizza Database Marketing?

Using the computer's ability to remember every detail, we can now market to customers as if each one were a personal friend.

Database Marketing is a method of marketing made possible by the recent practical availability of computer power. Once you have identified your trading area and placed the residents of that trading area into a computer database, you have created a marketing tool that can dramatically leverage your ability to view customer activity, communicate persuasively, and measure marketing results.

Effective database marketing is a process. It is communicating with customers regularly and then improving the next communication by listening to the reaction of the previous communication. It's a continuous cycle of marketing and listening in an effort to make each customer in your market the best customer they can be.

How Can Database Marketing Help Me?

a) Your marketing will be more persuasive.

You will be able to send the right message to the right customer. You will be able to establish a relationship with the customer as if you were an old fashioned general store owner. No more "one message fits all" marketing.

b) You'll place your marketing dollars exactly where they need to be.

Determining the market penetration rate of each postal carrier route in your market will lead you to the highest yield customer pools. A carrier route with a 30% market penetration is twice as likely to produce a new customers as a carrier route with a 15% market penetration rate. Protect your precious supply of customers with constant attention. (7% of your market buys 40% of your pizza).

c) You'll make smarter marketing decisions.

The measurability of marketing results provided through database marketing will allow you to understand the causal relationship between advertising (cause) and sales (effect). Since your marketing is now directed by measurable customer reactions you have in effect hired each customer to be their own individual marketing director.

Marketing Activities Possible with Database Marketing

1. Expand your market share by mailing specifically to non-customers with messages that work because they are designed specifically for the non-customer. (Remember, these guys are rejecting your ads now).
2. Know exactly where to concentrate on recruiting new customers. Your MPA report will identify those geographic hot spots within your area that produce most of your new customers.
3. Have guaranteed successful promotions by focusing on your regular customer base. Mail to customers only and get 80% of the impact of a total mailing for only 20% of the cost, meaning more promotions and more results.
4. Send a new customer welcome kit to all new customers. This critical group of customers is especially fickle and in need of special attention. Without intervention many will be lost.
5. Mail to or call and interview customers who have stopped buying from your store.
6. Get into the actual apartment mailboxes (not the community pit) by using first class mail.
7. Never have to throw away expired printed material. Print the expiration data on the label.
8. Use a special seeded doorhanging list to make sure your doorhangers actually get hung.

Commonly Asked Questions About PIZZA SMARTS

1. What is PIZZA SMARTS?

PIZZA SMARTS is a computer tracking and mailing service based on the idea that certain marketing strategies work best with different kinds of customers. PIZZA SMARTS divides customers into the most relevant categories possible. Since the most powerful predictor of future customer activity is previous customer activity, the PIZZA SMARTS customer classification system uses your secret advantage: customer information that you automatically collect in the course of doing business. Not all businesses are fortunate enough to have access to this information.

2. Why do I need PIZZA SMARTS?

PIZZA SMARTS provides our clients with an unbiased monthly source of sophisticated and insightful market intelligence. You will be surprised to find out how much more there is to know about your delivery area, your customers, and your management.

3. What are some specific ways that PIZZA SMARTS can save money?

- A. When you have PIZZA SMARTS, you never need to throw away expired printed material. You can have your expiration date printed directly on your address label instead of the mail piece allowing you to always have a current expiration date.

- B. When you have PIZZA SMARTS, you won't be paying to have mail delivered outside of your delivery area. PIZZA SMARTS takes the time to actually determine your functional delivery area down to the exact carrier route.
- C. When you have PIZZA SMARTS your marketing dollars will buy more influence. PIZZA SMARTS allows you to test and select the most effective marketing message for each individual market. Since your message will be more powerful, the marketing expense needed to get the message out will be less.
- D. The number of mail pieces going out can be reduced. You'll be able to mail often to the few who buy much and mail less frequently to the many that buy little.

4. What kind of results can I expect with PIZZA SMARTS?

The kind of results you need – measurable results. Since marketing results are always mixed up with the results of other factors such as management, timing, and competition, you're at the mercy of the experts, the sales people, and your gut feelings when it comes to knowing the real impact of a campaign. With PIZZA SMARTS, your monthly report gives you the numbers that separate fact from fiction. As long as you have measurable results you'll know what really worked, and just as importantly what didn't work.

5. What kind of store benefits the most from PIZZA SMARTS? An old store or a new one?

The old store. The longer a store has been around the more PIZZA SMARTS is needed. This is because the pool of potential new customers has shrunk leaving you with two distinct groups of customers; those that like you (customers) and those who don't (non-customers). Over time these groups stabilize in size and become even more opinionated. While your regular customers zero in on your marketing, your non-customers tune it out. Both of these situations are easy work when you can deliver different messages to different customers.

6. Does PIZZA SMARTS work better for a high volume or low volume store?

Both types. PIZZA SMARTS simply improves the efficiency of your marketing. If your goal is to raise sales you will be able to do it easier. If you're satisfied with your sales level, use PIZZA SMARTS to reduce your marketing cost. If you have high sales and spend no money on marketing, use PIZZA SMARTS as an early warning detection system. Your monthly reports will detect negative customer sales trends even during a period of increasing sales.

7. Why should I use PIZZA SMARTS when I can't handle my sales now?

PIZZA SMARTS allows you to control sales. Direct mail used to mean getting "blown away". Not any more. With PIZZA SMARTS you can do a series of small mailings that will mesh well with operations. By moving away from "big push" marketing to background sales building, your sales will be steadier and your customers happier.

8. How can PIZZA SMARTS reduce my coupon cost?

You will soon discover that not only will your coupon return rates go up significantly but the dollar amount of the coupon that you need to give your customers will go down. This is because your regular customers need less incentive to order than the average unknown customer.

9. How does PIZZA SMARTS help improve doorhanging results?

PIZZA SMARTS helps in two ways. Each month, as part of your report, you can receive a customer roster. This can be used by your doorhanging manager to deliver different messages to the different kinds of customers. In addition it can be “seeded.” This provides you with a doorhanging security system that lets you know if the job is being done properly.

10. My sales have really been hit by a competitor. What can I do?

Let’s first start by constructing a list of your former customers as of the day the competition opened. Let’s use the same strategy to win them back that your competition used to steal them in the first place.

SECTION 2

Analyzing Market

Analyzing Your Market

Market Penetration Analysis

Marketing Battle Map

Divide and conquer

Customer Activity Report

Qualitative Information

PIZZA SMARTS

Analyzing Your Market

The first step in the database sales building process begins with an analysis of your market. In analyzing your market, we are trying to find out what is special and unique about your market so that we can deliver the right messages to the right people in your area.

We are not overly concerned with the demographic, lifestyle, or psychographic characteristics of your area. Your store is already located where it is and it is now your job to sell more to the people who live there regardless of their demographics or any other classification. Since we can't change the demographics of your customers, we will instead concentrate on changing their minds about your business.

Your database contains information that is far more powerful than any demographic, lifestyle, or psychographic statistical model. Nothing. Nothing has the power to predict the future buying behavior of your customers better than previous buying behavior. Recency and frequency are the key factors that we will be using to classify customers in your market because this tells us precisely just how each resident of your market feels about your business. If actions speak louder than words, then we will be hearing very clearly from your customers because their actions are recorded within your database.

There are three major ways that we will statistically analyze your market. This is important to know before we begin marketing but it is even more important as time goes on to observe the changes in these statistics and relate them to our marketing efforts.

1. **Market Penetration**

This will tell us precisely where your business is coming from and how cost effective it is to market in various areas of your market.

2. **Purchase Frequency**

This will tell us how loyal your customers are and how responsive they are to promotions.

3. **Qualitative Information**

This information is gathered through periodic short-and-simple telephone surveys to determine the competitive position and image of your business and your competition's.

*Market Penetration and Purchase Frequency should be to marketing,
what Food and Labor statistics are to operations.*

Market Penetration Analysis

This section will help you understand your report entitled “MPA” report

The market penetration rate is a very important statistic that measures your relative influence with potential customers based on their address location. A market penetration map is the closest thing to a photograph of your business you will ever see. You can see where your customers are coming from

Where you have the most influence. How competition and traffic patterns can warp the neat population radius you expected to see. A market penetration analysis is much more useful than the better known “sector analysis” because it compares success in each area to the actual number of people that live in that area. Notice in the MPA report that each significant postal carrier route is listed with the number of customers and total households for each carrier route. The market penetration rate (Pen/Rate) is calculated for each postal carrier route by dividing the number of customers by the number of households that receive mail. Lastly, all carrier routes are ranked according to their MPA superiority. (Market Penetration Rate)

This is a highly important statistic to know. For whatever reason it might be—the right demographic, lack of competition, proximity to the store—you’ll have much more influence with some carrier routes in your market than others. This would be unknown to you without this analysis. The most favorable one-third of carrier routes according to their market penetration percentage are called red zone carrier routes. The next important one-third of carrier routes are called yellow zone carrier routes. The least important one-third of carrier routes are called blue zone carrier routes. Red (hot), Yellow (medium), Blue (cold).

The map provided shows where each of the postal zones or carrier routes are located. The carrier routes on the map represent 90-95% of your total customers. The bottom 5-10% have been deleted due to low penetration in the carrier route. It is not worthwhile marketing to them since they represent an average market penetration rate of less than 2%.

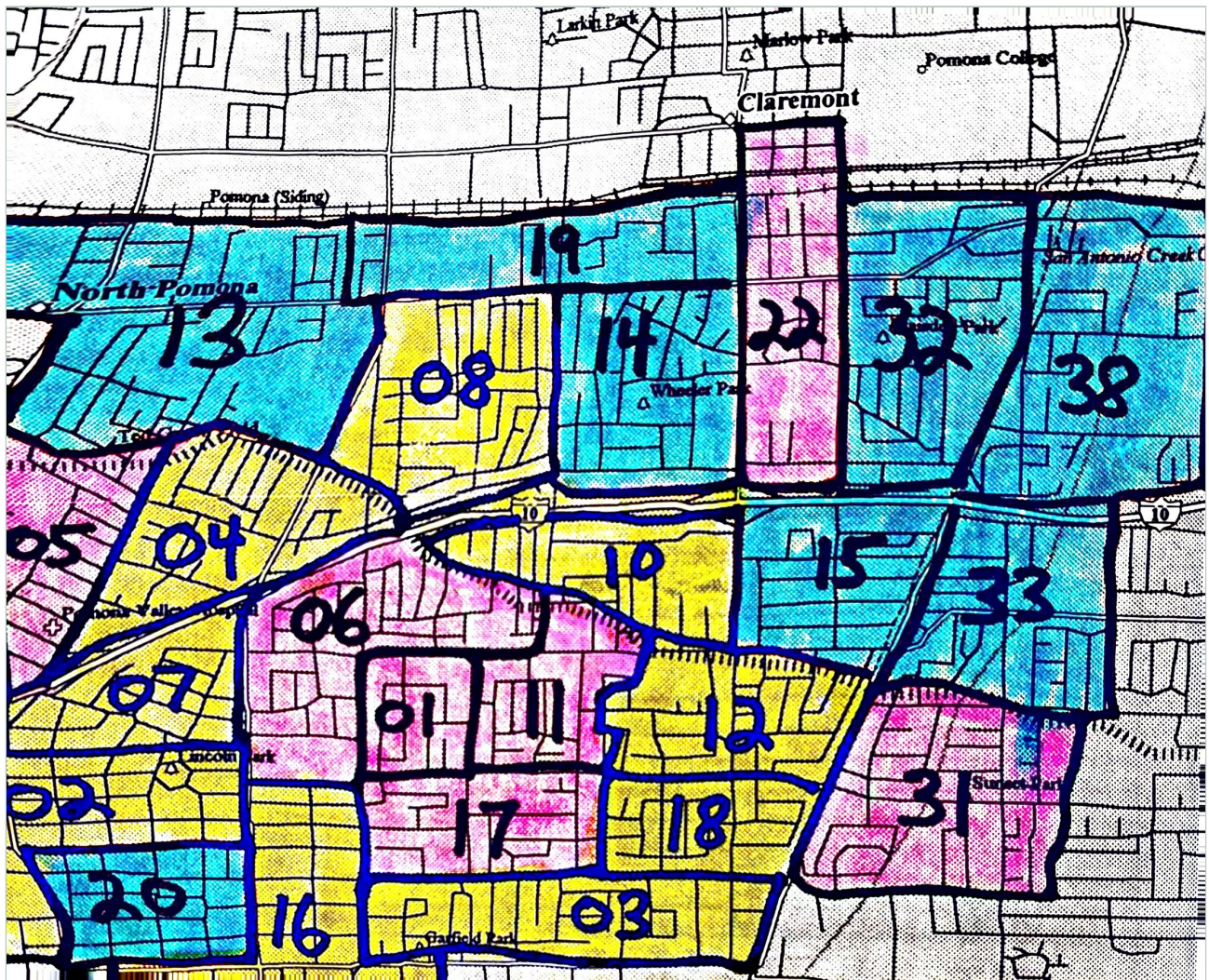
The number of customers within each postal zone have been counted and then compared to the number of addresses reported by the Post Office to exist within the postal zone. Only those customers having ordered during the last three months are considered to be customers.

We recommend marketing to all customers regardless of where they are in your market. However, when it comes to recruiting non-customers, the red zones are the best place to start recruiting. Here your non-customer response rates will be significantly higher than from other parts of your market.

Code

Zip	Zip Code
Cart	Carrier route
Cust	The number of customers within the carrier route
Pop	Population of carrier route from US Postal Data
Penrte	Penetration Rate (3 months) Customers as a percentage of carrier route population
Map	Color code reference on map
Totrat	Subtotal of market penetration rate for each of the three map color zones

* The zone numbers on the map are made up of the zip code and the carrier route. The first two numbers are the last two numbers of the zip code and the last two numbers are the last two numbers of the carrier route. If there is an "R" in the number, it refers to a rural route.



Sample market penetration battle map. Carrier route zones are hand-shaded red (shown pink), yellow and blue, and numbered as in the table that follows.

Pizza Customer Market Penetration

Map	Cart Zone	Customers	Households	Penetration Rate
Red	Map 05	71	122	58.20%
Red	Map 22	171	350	48.86%
Red	Map 31	62	128	48.44%
Red	Map 06	121	259	46.72%
Red	Map 01	110	251	43.82%
Red	Map 11	40	92	43.48%
Red	Map 08	163	390	41.79%
Red	Map 17	106	263	40.30%
Subtotal	All Red	844	1855	45.50%
Yellow	Map 18	103	258	39.92%
Yellow	Map 04	156	412	37.86%
Yellow	Map 10	135	372	36.29%
Yellow	Map 07	86	251	34.26%
Yellow	Map 12	144	428	33.64%
Yellow	Map 02	104	311	33.44%
Yellow	Map 16	128	385	33.25%
Yellow	Map 03	128	388	32.99%
Subtotal	All Yellow	984	2805	35.08%
Blue	Map 14	70	215	32.56%
Blue	Map 19	82	258	31.78%
Blue	Map 32	84	274	30.66%
Blue	Map 13	108	354	30.51%
Blue	Map 33	89	366	24.32%
Blue	Map 20	140	643	21.77%
Blue	Map 15	42	348	12.07%
Blue	Map 38	55	457	12.04%
Subtotal	All Blue	670	2915	22.98%
Total	All	2498	7575	32.98%

Nothing helps you visualize your otherwise intangible business like a market penetration battle map. It's the closest thing to a photograph of your business.

The map can be used to graphically determine your functional market reach and it allows you to focus your marketing efforts more surgically. You will be able to monitor progress and take action in the same way that a general would want to command his forces while engaged in battle.

Refer to your battle map each month when reviewing your market Penetration Report. You will witness geographic victories and losses depending on your marketing efforts. Combine and focus your marketing efforts by zone, or by customer type. Managers will now be able to see the actual results of doorhanging and other local store marketing efforts. Pursue customers wherever they live, but focus on non-customers in the red zones first. (Your response rates will be higher).

Divide and Conquer

Nothing predicts purchasing potential better than previous purchasing activity. The information within your sales records allows you to divide your customers into the most significant and relevant marketing groups. They are grouped by how they feel about your business, as expressed by their purchasing patterns.

a) **Regular Customer** (Anyone ordering during last three months).

Purchase frequency and ticket price can be improved by sending messages designed to influence customers towards buying more and more often. If you can induce just one additional purchase per customer every two months, your store sales will increase by 25%. Successful marketing to this group should produce a positive impact on Customer Activity Report, Statistic 22 (Purchase Frequency).

b) **Non-Customer** (Hasn't ordered during last three months)

Enlarge your customer base. Increase your market penetration by converting non-customers into customers. Since you know who your customers are, a database merge/purge will allow you to market directly to non-customers. Send non-customers advertising that is radically different from what you have sent them in the past. After all, they have consistently rejected your previous advertising. Successful marketing to this group should produce a positive impact on Customer Activity Report, Statistic 10 (3 Month Penetration Rate).

c) **New Customer** (First time to appear in computer database)

This is a relatively small but very important group that is critical in the building of your business. These customers are especially fickle, difficult to retain, and usually go unnoticed. Be sure to give them a special welcome and a good reason to return. Successful marketing to this group should produce a positive impact on Customer Activity Report, Statistic 21 (First-Time Customer Retention Rate).

d) **Fading Customer** (Last ordered three months ago but not since)

Increase the rescue rate of fading customers by contacting them when they have broken their favorable buying patterns. Successful marketing to this group should produce a positive impact on Customer Activity Report, Statistic 18 (C Customer Rescue Rate).

Do You Know Your Customers...?

Customer Types

Type A

Great Customer. He always buys. Increase purchasing by promoting bigger pizzas, promotional items, etc.

RECOMMENDATIONS:

- ★ Light offers.
- ★ Premium offers.
- ★ Thank you card from manager.



Type B

Good Customer. She sometimes buys. Needs moderate offers. This is an average customer.

RECOMMENDATIONS:

- ★ Moderate offers.
- ★ Dollar off questionnaire postcard.
- ★ Offer a lunch special.



Type C

Fading Customer. He used to buy. You are losing this customer. He hasn't bought a pizza in over 2 months. He may be dissatisfied. Get him back, Quick!

RECOMMENDATIONS:

- ★ Heavy offers.
- ★ Phone call.
- ★ Survey, give \$2.00 coupon for filling out survey.



Type D

Non-Customer. She does not buy. Heavy coupons may bring her into your shop. As you improve her customer status, you can wean her from her dependency on coupons.

RECOMMENDATIONS:

- ★ Very heavy offers.
- ★ Earn \$5.00 coupon by answering survey.
- ★ Letter and gift certificate.



Customer Activity Report Guide

There are two ways to increase sales. Getting more customers and getting the customers you already have to buy more often. We now have a statistic to measure each of these sales components.

As discussed with regard to the MPA, the market penetration rate will tell us how successful we have been in recruiting new customers. The other statistic that we are very interested in is our purchase frequency as reported on the Customer Activity Report (CAR). Observing changes in this number will tell us how well we are able to get the customer to increase their purchases.

Purchase frequency is calculated by taking the number of transactions during the month and dividing it by the number of households that made a purchase that month. Purchase frequency is broken down by geography and by customer type in order to be able to measure doorhanging, mailing, or even telemarketing impact.

If you have a very high market penetration rate but a relatively low purchase frequency rate, you may want to spend your first marketing dollars on raising purchase frequency. If you have a very high purchase frequency among a limited group of customers, then your biggest potential may be with enlarging the size of your customer base.

CODE

Please understand that the following is to be used as a reference to your Customer Activity Report. The two most important statistics are Market Penetration and Purchase Frequency, and secondarily Lost Customer Rescue Rate and New Customer Retention Rate.

A customer is defined by a unique phone number and address together. This means that one household with two phone numbers will be counted as two customers. A mailing target or household is defined as a unique address only, as in the case of a mailing where only one mail piece would be sent to each mailable address.

1. **Total Database** - This the total number of ordering phone numbers that have a mailable address plus all of the addresses of non-customers that are capable of being mailed.
2. **Customers Ordering** - This is the number of active customers (A's, B's and C's). Active customers are those who have ordered during the last three months. When you look back over the history of an average store for a six month period, 85% of all of your customers appear during the last three months. The average number of customers ordering is between 15% and 35% of all addresses in the delivery area.
3. **"A" Customers** - These are your best customers. They buy frequently and often. An "A" customer must have, at a minimum, bought continuously for the last two months.
4. **"B" Customers** - These customers show a moderate but uncertain loyalty. "B" customers may be too new to have shown a discernible buying pattern, or they may go for short periods without ordering.

5. **"C" Customers** - A "C" customer is a customer who has gone for two straight months without ordering. Now he is a "C" customer for one month and one month only. Paying special attention to your "C" customers can result in plugging the customer drain and getting valuable customer feedback. If a "C" customer buys during the next month, he will become a "B" customer. If he doesn't, he becomes a "D" customer.
6. **"D" Customers** - A "D" customer is a non-customer. On the average, 75% of everyone living in a delivery area is a non-customer. There are two kinds of "D" customers.
7. **Former "D" Customers** - These are customers who have tried your product, but have failed to become a regular customer (former customers).
8. **Never "D" Customers** - These are customers who have never tried your product.
9. **GPA** - The GPA (Grade Point Average) gives you a relative measurement of the quality of your sales. GPA is calculated by assigning four points for every "A" customer, three points for every "B" customer, and two points for every "C" customer. "D" customers get no points. These figures are added together and then divided by the number of customers. The result will indicate your average customer type. For example, if your GPA is 3.0, your average customer is a "B" customer. As loyalty among your customers grows, and the number of "A" customers increase, your GPA will go up. Long term gain in the GPA indicates a growth in the customer satisfaction level.
10. **3 Month Market Penetration** - This is one of the two most important statistics generated each month. The number of customers is compared to the number of residents in your market. The number of area residents is calculated by taking the US Postal Delivery statistics for each carrier route within your primary delivery area.
11. **Monthly Customers** - The total number of customers within this store marketing area which actually made a purchase during the report month. Viewing changes here gives you direct response information to any mailings which occurred during the report month.
12. **New Customers** - The total number of new customers which purchased during the report month. This is the response statistic you would view when evaluating the success of a mailing to all "D" or non-customers. There are two sub-categories of new customers: first time customers and recaptured customers.
13. **First Time Customers** - These are new customers who have purchased during the report month but had no previous record of purchasing. This is the report statistic to view when evaluating the success of a mailing to "Never 'D' customers."
14. **Recaptured Customers** - This is the number of customers who have purchased during the report month that made a purchase previously, but not recently. They were, until this month, considered to be non-customers. This is the statistic to view when evaluating the success of a mailing for "Former 'D' customers."
15. **Regular Customers** - This is the number of customers ordering this month that were "A," "B," or "C" customers last month.

16. **Last Month's "C" Customers** - This statistic looks at the number of last month's "C" or facing customers. This will be a comparison statistic for evaluating the next statistic.
17. **Lost Customers** - This statistic looks at "Last Month's 'C' customers," telling us how many of them came back and how many continued their pattern of inactivity becoming lost customers.
18. **"C" Customers Rescue Rate** - The percentage of customers that were rescued. The percentage of last month's "C" customers that ordered this month.
19. **Last month's First Timers** - This is the number of customers who ordered for the first time last month.
20. **Purchase Again** - This statistic looks at "Last Month's First Timers," telling us how many of them ordered again this month.
21. **First Timer Retention Rate** - The percentage of first time customers making a come back and ordering again.
22. **Purchase Frequency** - This is one of the most important statistics generated each month. This is the total number of orders made by customers, divided by the number of customers.
23. **"A" Customer Purchase Frequency** - The number of orders made by "A" customers divided by the number of "A" customers.
24. **"B" Customer Purchase Frequency** - The number of orders made by "B" customers divided by the number of "B" customers.
25. **First Timer Purchase Frequency** - The number of orders made by the first time customers this month, divided by the number of first time customers.
26. **Regular Customer Purchase Frequency** - The number of orders made by regular customers this month, divided by the number of regular customers.
27. **One Month Market Penetration Rate** - The number of customers active this month divided by the number of addresses within the primary marketing area.
28. **Address Error Rate** - This compares the number of unmailable addresses that appear on the error report to the total number of addresses from the newly downloaded computer database. As management corrects store database with regard to the addresses that appear on the address error report, the address error rate will decrease.

Johnny's Pizza**Store 2****Customer Activity Report**

Activity for July, 1999

Page No. 1
1/19/00 12:23:18 PM

	Last Month	This Month	Monthly Change (%)
1. Total Database Records	5435	5524	1.64
2. Customers	2613	2660	1.80
3. A Customers	791	828	4.68
4. B Customers	1356	1326	-2.21
5. C Customers	466	506	8.58
6. D Customers	2911	3310	13.71
7. Former	981	971	-1.02
8. Never	1930	2339	21.19
9. GPA (%)	3.12	3.12	0.00
10. 3 Month Penetration Rate (%)	30.37	29.35	-3.36
11. Households Ordering This Month	1437	1633	13.64
12. New Customers	365	425	16.44
13. First Time Customers	266	309	16.17
14. Recaptured Customers	99	116	17.17
15. Existing Customers	1072	1208	12.69
16. Last Month's C Customers	501	466	-6.99
17. Lost Customers	401	378	-5.74
18. C Customer Rescue Rate (%)	19.96	18.88	-5.41
19. Last Month's First Timers	263	266	1.14
20. Purchased Again	69	91	31.88
21. First Timers' Retention Rate (%)	26.24	34.21	30.37
22. Total Purchase Frequency (%)	1.81	1.71	-5.52
23. A Customers (%)	2.15	2.20	2.33
24. B Customers (%)	1.40	1.36	-2.86
25. First Timers (%)	1.26	1.28	1.59
26. Regular Customers (%)	1.94	1.94	0.00
27. 1 Month Penetration Rate (%)	16.70	18.02	7.90

Qualitative Information

The third way that we want to measure our market is less exact and a little more intuitive than the strictly mathematical process used in the calculation of market penetration and purchase frequency. What we would like to measure now is customer perceptions.

Now that we have classified our market residents into various customer and non-customer groups, it is time to figure out what to say to them. What is it that, if customers knew, would cause them to buy more product? Is there a certain message that, if known by our non-customers, would cause them to try us? Who is getting the most business in town? Why do people like you and why do others not like you? The answers to these questions will help us compete with the other guys even if they have more money to spend.

Measuring customer perceptions will help us decide what to tell our various customer groups, know who our real competition is, and how well we are succeeding in our marketing efforts. (Even beyond increases in sales.) There are very real occasions when a marketing campaign will not show immediate payoffs in sales but will have a positive long term benefit nonetheless. And measuring customer perception is one way to know if we are on the right track.

The survey that can be seen on the next page measures the consumer's perceptions of your strengths and weaknesses as well as your competition's. Local customers rank the decision making importance of quality, price and service.

The survey quickly and easily determines how important quality (taste), price and service are to your customers and your competition's customers. It will help you slant your message to be more effective, especially when you discover the tremendous difference in perception between your customers and your non-customers. By knowing what your chief competitor's customers think about you, it will make the task of stealing them much easier.

The survey is designed to be quick and simple and it takes less than a minute of the subject's time. Besides having a higher subject participation rate, it also takes less time for you to do. Therefore, it is more likely you will actually do it every quarter. Try it. You'll be glad you did it. You only need to do one survey per market—not per store. And a friendly voice can do the survey in about 20-man hours.

Taking a periodic long view to re-evaluate your market every quarter is highly recommended. Take a look at your battle map, your market penetration and purchase frequency, and view the changes made in customer perception regarding your business. Measuring progress is the first step to making progress. See what worked and what didn't work. Repeat the good stuff and drop the bad.

Surveying Your Marketing Area

1. Select 400 names from your local phone book. Divide 400 by the number of pages and pick that number of addresses from each page in a consistently random manner. That will provide you with the 400 names. For example, the 10th phone number from the top should be selected from each column provided that that number is not a business phone. Pick the next residential number from that point.
2. After you have selected the phone numbers, write them to the right of the word “phone” on the survey form. Make enough copies of this original that you can have enough copies to enter 400 numbers. Note that there are 16 forms per page so that you will need 25 copies of the original.
3. Read the phone script the exact same way to each respondent and call no later than 9 p.m. You will get many people not at home or unwilling to respond. Be sure to jot a mark or note to indicate if a person has been called but has not been at home. If they don’t want to respond — write this in their blank and go on to the next person. Do not continue to try reaching a respondent who has not been home for three attempts. Go on to the next. You can quit when either you have 200 good respondents or when you have run through and exhausted all 400 numbers.

Tabulate the results in a spreadsheet in a way similar to the example provided. From this you will be able to tell what percentage of the market you own. And you will know how differently your customers perceive you compared to your non-customers. A customer is identified as one who says his next meal is coming from you compared to a non-customer who says he will get his next meal from someone else.

Quality, Service, Price Survey

Used by Telephone Surveyor

Pizza Marketing Survey 1: Determining market position and customer perceptions.

Script: Hello, my name is Steve Green with Green Advertising, and I am doing a survey to determine who has Springfield's favorite pizza. May I ask you five very quick questions that will take less than a minute of your time?

Q1) From which restaurant delivery service in Springfield are you most likely to order your next pizza?

Q2) What is it that you most like about (*insert respondent's answer to question 1*)

Choosing from Domino's Pizza, Papa John's, Pizza Hut or Sal's Pizza,

Q3) Who do you think has the best tasting food?

Q4) Who do you think has the best service?

Q5) Who do you think has the best prices? Thank you so much. I very much appreciate your time.

Phone _____ 1) _____ 2) _____ 3) _____ 4) _____ 5) _____	Phone _____ 1) _____ 2) _____ 3) _____ 4) _____ 5) _____	Phone _____ 1) _____ 2) _____ 3) _____ 4) _____ 5) _____	Phone _____ 1) _____ 2) _____ 3) _____ 4) _____ 5) _____
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HOW MONROE VIEWS THE PIZZA MARKET

Pizza Market Share: Which pizza store has the most customers?

Store	Little Caesar's	Domino's	Pizza Hut	Papa John's	Johnny's	Other	Total
Customers	85	36	71	68	339	4	603
Market	14.1%	6.0%	11.8%	11.3%	56.2%	0.7%	100%

Survey participants said the following pizza stores had the:

Best Taste	83	28	85	69	331	7	603
	13.8%	4.6%	14.1%	11.4%	54.9%	1.2%	100%
Service	100	57	100	75	266	5	603
	16.6%	9.5%	16.6%	12.4%	44.1%	0.8%	100%
Price	219	77	40	56	206	5	603
	36.3%	12.8%	6.6%	9.3%	34.2%	0.8%	100%

Johnny's Pizza Customers the following pizza stores had the:

Best Taste	10	0	16	4	306	3	339
	2.9%	0%	4.7%	1.2%	90.3%	0.9%	100%
Service	24	17	44	15	238	1	339
	7.1%	5%	13%	4.4%	70.2%	0.3%	100%
Price	99	28	10	14	187	1	339
	29.2%	8.3%	2.9%	4.1%	55.2%	0.3%	100%

Johnny's Pizza Non-Customers said the following pizza stores had the:

Best Taste	73	28	69	65	25	4	264
	27.7%	10.6%	26.1%	24.6%	9.5%	1.5%	100%
Service	76	40	56	60	28	4	264
	28.8%	15.2%	21.2%	22.7%	10.6%	1.5%	100%
Price	120	49	30	42	19	4	264
	45.5%	18.6%	11.4%	15.9%	7.2%	1.5%	100%

Papa John's customers said the following pizza stores had the:

Best Taste	4	0	3	56	5	0	68
	5.9%	0%	4.4%	82.4%	7.4%	0%	100%
Service	5	1	4	51	7	0	68
	7.4%	1.5%	5.9%	75%	10.3%	0%	100%
Price	20	5	1	36	6	0	68
	29.4%	7.4%	1.5%	52.9%	8.8%	0%	100%

Survey Results for Sal's Pizza

Pizza Market Share:

	Domino's	Pizza Hut	Papa John's	Sal's	Total
Customers	108	133	59	100	400
Market %	27%	33%	15%	25%	100.0%

Overall public perception of Pizza Market:

	Domino's	Pizza Hut	Papa John's	Sal's	Total
Has the best taste	46 12%	184 46%	39 10%	131 33%	400 100.0%
Has the best service	175 44%	51 13%	89 22%	85 21%	400 100.0%
Has the best price	159 40%	35 9%	111 28%	95 24%	400 100.0%

Sal's customers' perception of pizza market:

	Domino's	Pizza Hut	Papa John's	Sal's	Total
Has the best taste	1 1%	10 10%	3 3%	86 86%	100 100.0%
Has the best service	40 40%	6 6%	14 14%	40 40%	100 100.0%
Has the best price	30 30%	5 5%	15 15%	50 50%	100 100.0%

Sal's non-customers' perception of pizza market:

	Domino's	Pizza Hut	Papa John's	Sal's	Total
Has the best taste	45 15%	174 58%	36 12%	45 15%	300 100.0%
Has the best service	135 45%	45 15%	75 25%	45 15%	300 100.0%
Has the best price	129 43%	30 10%	96 32%	45 15%	300 100.0%

How the customers of Sal's strongest competitor perceive the local pizza market.

	Domino's	Pizza Hut	Papa John's	Sal's	Total
Has the best taste	3 2%	118 89%	4 3%	8 6%	133 100.0%
Has the best service	28 21%	64 48%	31 23%	10 8%	133 100.0%
Has the best price	40 30%	41 31%	32 24%	20 15%	133 100.0%

Notice how helpful this information is in designing new messages. We now know what our customers and non-customers think of us. Our next message can be more focused and more effective.

SECTION 3

Developing Plan

Marketing Strategies to Consider

Marketing Plan Questionnaire

Campaign Development Kit

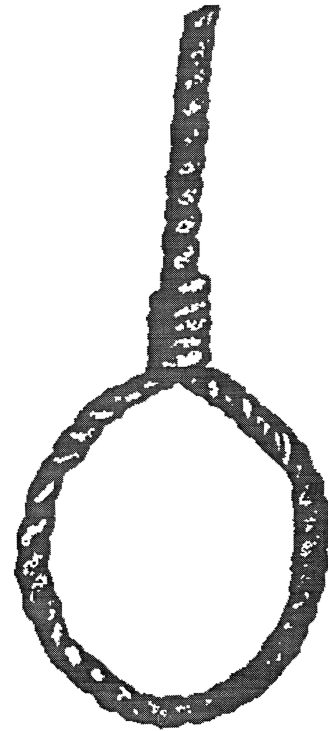
PIZZA SMARTS

COMPETITOR EXTERMINATION PROGRAM

Do you have a competitor that you would like to do something about? Here's a strategy that you may be interested in.

1. Identify your target competitor. You may already know who this is or a mail survey can determine this information for you.
2. Determine the battlefield. Just as most of your sales come from the area closest to your store, so do your competitor's. Mark his primary area of influence on your SMARTS battlemap. The battle will take place in his backyard.
3. Find out your competitor's marketing strategy and beat it! Is it price? Is it a particular promotion? Whatever it is that he is doing, you'll want to give his customers an offer they can't refuse.
4. Mail and/or doorhang a very powerful offer only to your non-customers in his area of influence. This will not interfere with your regular customer income flow but will instead concentrate on customers that you don't have anyway.

Use your MPA to measure market impact down to the exact postal carrier route.



With nothing to lose, you can turn your competitor's bread-and-butter customers into gravy for you.

*And other **SMARTS**TM Marketing Strategies.*



COMPETITOR EXTERMINATION PROGRAM

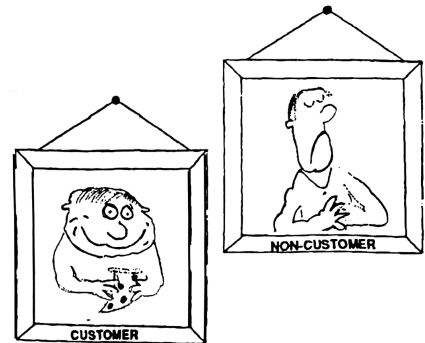
Do unto others before they do unto you.

This first strike strategy is not for the squeamish.

REGULAR CUSTOMERS OR NON-CUSTOMERS?

Two Entirely Different Strategies!

Want to go for the easy sale or the hard sale? Pizza Smarts reports will tell you which strategy is best for you.

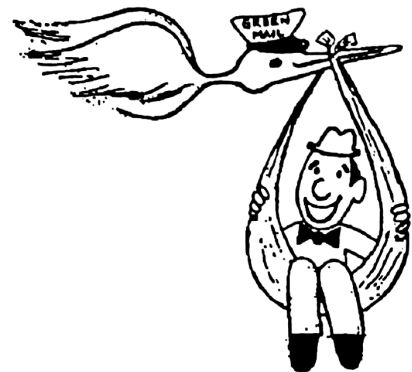


C-RESCUE

Identify and mail to the customers who have just stopped buying from you. Are they dissatisfied with you, or are they more satisfied with your competitor?

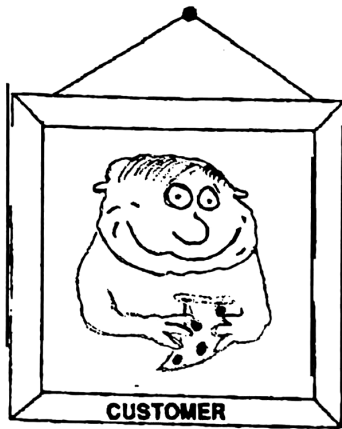
NEW CUSTOMER TREATMENT

Identify and mail to the customers who have just bought from you for the first time. Could they use a refrigerator magnet? A coupon book? How about a thank-you letter from the manager?



THE REGULAR CUSTOMER AND THE NON-CUSTOMER

TWO ENTIRELY DIFFERENT STRATEGIES



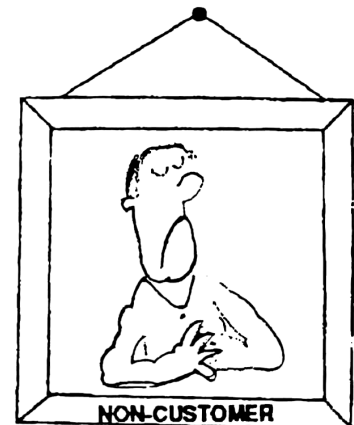
REGULAR CUSTOMER

Regular customer - he's easy. Save your coupon expense here. These 20% buy 80% of the pizza. Stimulate his pizza purchasing frequency by promoting toppings, nutrition, cola combinations. How about a refrigerator magnet? This usually offers the least expensive way to raise sales.

NON-CUSTOMER

Non-customer - he's tough. Raising his awareness level of you may only remind him that he doesn't like you. Design your marketing to get past his defenses. Remember that he has rejected all of your previous marketing attempts - so do something different.

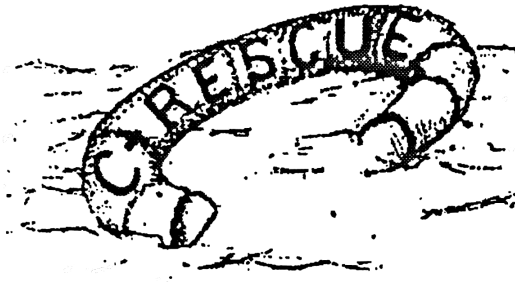
Most people think of sales as the one way to measure the health of a business, but . . sales are really composed of two distinct elements that require an entirely different approach.



Since sales are really composed of the number of customers you have times the number of pizzas they buy, you should be trying both to get your present customers to buy more, and to get more new customers. See statistic 22 to see how often your regular customers are buying. Check statistic 10 to see how well you are converting non-customers into customers. Many marketers still use the one-message-fits-all approach hoping to accomplish both goals at the same time. However, since you have the ability to delivery separate messages to these two groups, you have a secret advantage that can give you more influence with both customer groups

When you first start computer marketing, which way should you first try to raise sales?

Determine your monthly customer purchase frequency and your market penetration rate. Start marketing and let your statistical data measure you real impact.



DON'T LET YOUR LOST CUSTOMERS GET AWAY

Each month a lifeline can be thrown to those customers identified as “most likely to secede”. The dollar effectiveness of C-Rescue can be calculated each month by comparing dollar cost with the improved rescue rate.

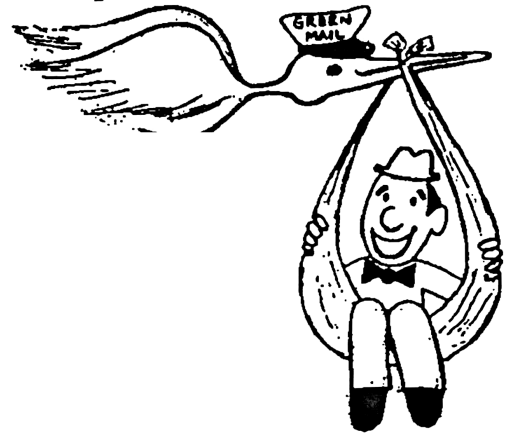
C-Rescue allows you to do more than just worry about lost customers. C-Rescue provides 4 benefits:

1. It improves your customer rescue rate.
2. It provides you with information from your dissatisfied customers.
3. It identifies non-existent addresses that are a result of entry errors.
4. Gives the customer the message that you value him as a customer.

C-Rescue gets its name from the SMARTS “C” customer who is the customer that ordered 3 months ago but not again. Your customized and automated C-Rescue system can mail a satisfaction questionnaire to all fading (C) customers each month. The questionnaire can be returned by the fading customer for \$2 or \$3 off the customers next order, or if he is not interested in buying a pizza, he can drop it in the mail, and it will be returned to you or to the PIZZA SMARTS Business Return System. The questionnaire is mailed first class so that it is more likely to reach its target quickly and so that when it is returned it will have the information needed to correct any address errors contained within the database.

NEW CUSTOMER TREATMENT

Now you can give your new “first-time” customers the special attention they need to make sure they come back a second time.



There are two kinds of new customers: Former customers who have come back after a long absence, and a smaller but very critical group identified as new “first-time” customers. See statistic 13 on your customer activity report to see how many new customers you’ve received during the last month. See statistic 21 to see how well you retain these customers.

SMARTS research shows that “first-time” customers are not as likely to order again as are the other customer groups. Because this group is critical to the continuing growth of your business, and because they are always tougher to keep, it is worth employing one or more of the strategies listed below.

- 1) When your POS system identifies that you have just taken an order for a new customer, deliver a pre-packaged new customer welcome package. This can be a small pizza box with a ribbon around it that contains a store magnet, menu, a free movie rental or a gift from a co-operating business, and a welcome letter from the manager. A card or letter should go with it with the first name of the customer written on it.
- 2) A new customer kit can be mailed at the end of the month to all new customers that have been identified during the last 30 days. SMARTS can suggest a standard New Customer Welcome Kit coupon book that explains all of the things that a new customer should know about your business. The most important features are highlighted by coupons in order to create a purchase pattern that will convert this candidate into a good customer.

Marketing Plan Questionnaire

STORE

DATE

(1) What main strategy(s) would you like to employ in your 6-month marketing plan?

Fourteen Basic Strategies:

- | | |
|--|--|
| 1. Increase purchases among regular customers. | 9. Increase sales within specific mail zones. |
| 2. Recruit new customers. | 10. Sell the idea of delivery. |
| 3. Recruit employees. | 11. Promote different menu items. |
| 4. Recapture lost (D) customers. | 12. Create excitement with customer contests |
| 5. Rescue fading (C) customers. | 13. Build mass awareness quickly with grand opening style blitz. |
| 6. Increase lunch sales. | 14. Conduct marketing research to answer specific marketing questions. |
| 7. Special promotion | |
| 8. Increase out-of-the-area carry-out sales. | |

(2) For planning purposes, how much would you like to budget for monthly database marketing?

(3) What type of things do you want to see in your marketing campaign?

(4) Is the store primarily residential, campus or military?

(5) What percentage of business come from Business/residential customers?

Business _____ % Residential _____ %

(6) How long has this store been open?

(7) Is it open for lunch?

(8) What kind of things have you done previously that have worked?

(9) What kind of things have you done previously that have not worked?

Campaign Development Kit

Campaign Development Kit

Campaign Development Kit

The benefits of a long-term marketing plan cannot be overstated. Your costs will be lower, your mails will be on schedule, and your marketing message will be more relevant to your customer.

- Step 1:** Estimating the cost of using each marketing tool
- Step 2:** Determining your marketing budget
- Step 3:** Scheduling your marketing events.
- Step 4:** Determining message and producing creative material.

Developing Your Marketing Budget

There are at least three ways to set your Pizza Smarts marketing budget. Consider these three approaches below:

PLAN A (Basic Monthly Mailing Program)

1. Mail current customers every other month. Earn customer loyalty, increase purchase frequency, and reduce customer defections by establishing an ongoing line of communication with your regular customers. Use a different selling approach each month. Emphasizes variety one month, delivery and service another. Other monthly mailings could highlight product quality, premium offers, price discounts, monthly promotion, or a simple reminder. Remember only 7% of your delivery area accounts for 40% of your sales. You can afford to keep in touch with your relatively small customer base.
2. Mail fading (C) customers every month. Your C-Rescue mail piece will reach unhappy customers and breath new life into ho-hum customers. If you do this every month, you will always have the last word with your fading customers.
3. Mail first-time customers every month. Improve the chance of winning over the very important "first-time customers." Your "First-time Customer" mailing will give the unimpressed first-time customer new reasons to give you a second chance. The impressed customer will use the coupons provided to establish a long-term buying habit.
4. Mail to 1/3 or 1/2 of your non-customers every month. Mailing to non-customers helps to increase your store sales by expanding the size of your customer base. With all the new customers you'll be getting as a result of a stronger non-customer mailing, you'll want your operations to be at their best. Instead of mailing all of your non-customers once a quarter, get the same result by mailing to 1/4 or 1/3 of your non-customers every month. This will allow you to give better service to your customers by spreading out the load on your store operations. It also spreads out your marketing expenditures.

PLAN B (Fixed Monthly Budget Determines Mailing Program)

This budget approach uses the same marketing elements as Plan A but differs because the budget is set first, and then a plan is designed based on the budget. Your report will suggest which marketing strategies will yield the most cost-effective results. A marketing plan will utilize the highest return strategies first and continue until the remaining budget dollars are used. A minimum of 2% of your stores' sales should be spent on database marketing if you are to take real advantage of this marketing technology.

PLAN C (Customized Plan)

Step 1: Estimating the Cost of Using Each Marketing Tool

Marketing Tool Chest

Estimate, in cents, the cost of Printing, Posting, and Mailing costs associated with each Tool.

	Marketing Tool	Cost: Cents per piece			
		Printing	Postage	Mailing	Total
1	New Customer Kit	15.0	12.5	5.0	32.5
2	Customer Rescue	10.0	12.5	5.0	27.5
3	Postcard	3.0	12.5	5.0	20.5
4	2 Perf Coupon Card	4.0	12.5	5.0	21.5
5	Custom Jumbo Card	5.0	12.5	5.0	22.5
6	Envelope with Letter	12.0	12.5	5.0	29.5
7	Coupon Book	13.0	12.5	5.0	30.5
8	Magnet Mailing	32.0	12.5	5.0	49.5
9	Fake Newspaper	25.0	12.5	5.0	42.5
10	Message in Bottle	48.0	55.0	5.0	108.0
11	Doorhanger	4.0	6.0	5.0	15.0
12	4 color slick sheet	9.0	12.5	5.0	26.5
13	Idea A	10.0	12.5	5.0	27.5
14	Idea B	50.0	12.5	5.0	67.5
15	Idea C	20.0	12.5	5.0	37.5
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

Marketing Targets

Enter the number of Customers, Non-customers, 1st Time Customers, and Fading Cust. from MQR Report

[illegible]

HIT TABLE

Step 2: Determining Your Marketing Budget

Enter this data to determine your Budget:		
Your average weekly Sales (\$)?	4000	
% of Sales for SMARTS Mktg?	3.2%	
Weeks this budget will cover?	52	

Marketing Targets		
Select the number of full, half, & 1/3 hits of each tool to use during the budget period. Add & subtract hits till your Scheduled Total approximates your Budget Total.		

Total Cost		\$6,654	
Amount of Budget		\$6,656	
Variance		\$2	

	Marketing Tools		Customers			Non-Cust.			1st Time			Fading			All Targets			TOTAL COST
			1499			3619			225			225			5118			
	Cost per Piece in cents		Full	half	1/3	Full	half	1/3	Full	half	1/3	Full	half	1/3	Full	half	1/3	
1	New Customer Kit	32.5																
2	Customer Rescue	27.5																
3	Postcard	20.5	1			2	1											\$2,162
4	2 Perf Coupon Card	21.5	1															\$322
5	Custom Jumbo Card	22.5																
6	Envelope with Letter	29.5	1															\$442
7	Coupon Book	30.5	1				1											\$1,009
8	Magnet Mailing	49.5								1			1					\$111
9	Fake Newspaper	42.5	1			1				1			1					\$2,271
10	Message in Bottle	108.0								1			1					\$243
11	Doorhanger	15.0								1			1					\$34
12	4 color slick sheet	26.5								1			1					\$60
13	Idea A	27.5																
14	Idea B	67.5																
15	Idea C	37.5																
16																		
17																		
18																		
19																		
20																		
21																		
22																		
23																		
24																		
25																		
26																		
27																		
28																		
29																		
30																		
	Total \$		\$2,166			\$3,945			\$272			\$272						\$6,654

SUM TABLE

Summary Table

Marketing Tools			Customers			Non-Cust.			1st Time			Fading			All Targets			TOTAL COST
			1499			3619			225			225			5118			
Cost per Piece in cents			Full	half	1/3	Full	half	1/3	Full	half	1/3	Full	half	1/3	Full	half	1/3	
1	New Customer Kit	32.5																
2	Customer Rescue	27.5																
3	Postcard	20.5	307			1484	371											\$2,162
4	2 Perf Coupon Card	21.5	322															\$322
5	Custom Jumbo Card	22.5																
6	Envelope with Letter	29.5	442															\$442
7	Coupon Book	30.5	457				552											\$1,009
8	Magnet Mailing	49.5							56			56						\$111
9	Fake Newspaper	42.5	637			1538			48			48						\$2,271
10	Message in Bottle	108.0							122			122						\$243
11	Doorhanger	15.0							17			17						\$34
12	4 color slick sheet	26.5							30			30						\$60
13	Idea A	27.5																
14	Idea B	67.5																
15	Idea C	37.5																
16																		
17																		
18																		
19																		
20																		
21																		
22																		
23																		
24																		
25																		
26																		
27																		
28																		
29																		
30																		
TOTAL HITS			\$2,166			\$3,945			\$272			\$272						\$6,654

SECTION 4

Executing Plan

with Mail, Doorhanging and Telephone

Use MQR to select your target

Preparing your own mailing

Strategic doorhanging

Telemarketing applications

PIZZA SMARTS

Mailing Quantity Report

The Mailing Quantity Report (MQR) looks at your database and filters out all but one customer per address. Although there may be more than one ordering phone number per household, when it comes to communicating to one household, we will only send one mail piece. This will reduce the cost of the mailing plus avoid the perception by the customer that we are wasteful or incompetent because they have received two mail pieces.

The MQR is very useful for calculating the cost of any mailing. Your mailing quantity amounts are listed by geography, customer type, and by whether a mailable address ends with an odd or even number. If you choose to mail by geography, customer type, odd/even house number, or a combination of the three, the exact size of your mailing is readily known.

We track by odd and even house numbers so we can test the effectiveness of any marketing effort. By applying our marketing to only the odd section of a mailing, we have a ready made control group for comparison. For example, we could direct a mailing to our odd numbered non-customers. If sales from the odd numbered group go up by 10% and at the same time sales from our even numbered non-customers go down by 5%. We can attribute a 15% point spread to the marketing effort.

This applies to doorhanging as well. Any marketing activity can be done by odd and even with the ability to track the results. When you doorhang your odd numbered groups and get 15 new customers and at the same time you lose 5 customers from the even group that you didn't doorhang, you soon realize that doorhanging really does make a difference that is worth the effort.

There are five **geographical breakdowns** included on the report as follows:

All Areas	All mailable addresses in database.
Red Zone	All mailable addresses in red zone.
Yellow Zone	All mailable addresses in yellow zone.
Blue Zone	All mailable addresses in blue zone.
All Zones	All mailable addresses in red, yellow, and blue zones.

There are five **customer type** mailing groups:

Total	Total customers and non-customers.
Customers	All mailable addresses ordering during last three months.
Non-Cust.	All mailable addresses not ordering during last three months.
1st Time	All mailable addresses ordering for the first time.
Fading	All mailable addresses that have stopped ordering.

MQR Continued:

The number of addresses contained in “All Area” will be larger than the number contained in “All Zones” because the All Area includes all customers known to the database including those outside of the primary market area. (Red, Yellow, Blue Zones)

The column to the right of the quantity statistic is expressed as a percentage. This number compares this months quantity to last months number and shows the increase or decrease from last month. On your initial report this column will appear as zeros since it has no previous month to compare.

Divide and Conquer

The whole concept of GREENMAIL is based on the idea that it pays to divide your customers into different groups so that you may more successfully sell them on the idea of Domino's Pizza.

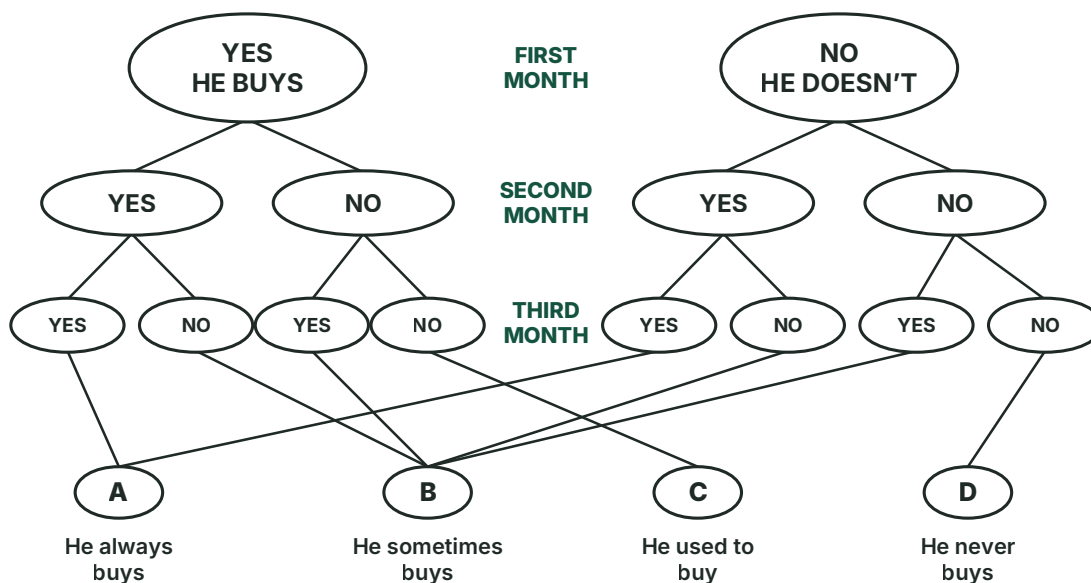
This section explains how our customer classification system is used to do this.

Since you'll be directing mail or doorhanging to different kinds of customers in your delivery area, it will be helpful to know exactly what an A, B, C, or D customer is. A, B, and C are types of customers, and D customers are non-customers.

The GREENMAIL customer classification system measures a customer's loyalty and stability by observing purchasing regularity over the immediately preceding three-month period. Depending on whether a delivery area resident buys or does not buy a Domino's Pizza during a given month, he will receive or not receive a computer credit.

This provides us with a way of classifying the customers that is highly relevant to the particular marketing strategy that will be employed. It more accurately predicts a customer's propensity to buy pizza since it considers a customer's long-term purchasing habits. It also allows us to put every customer into one of four mutually exclusive categories that do not change from month to month. This enables the customers to move freely from category to category while holding the marketing strategy constant.

After three months, every customer will have forged one of eight possible histories according to the following diagram. The diagram goes on to define specific customer types.



GREENMAIL COMPUTER TRACKING SERVICE

The GREENMAIL Customer Tracking Service enables you to direct thousands of individual marketing campaigns all at the same time. Like a heat-seeking missile, your marketing will lock onto each and every resident in your delivery area. Every time any resident changes his Domino's Pizza buying pattern, the GREENMAIL system will pick up that change and make a corresponding marketing course change.

The GREENMAIL Computer Tracking Program is designed specifically for attaining marketing results. It provides no-nonsense useable marketing information that is easily applied to your store. The unique approach that GREENMAIL offers to a marketing manager can be summed up in the following statement:

Not only does GREENMAIL track and report on every single resident in your delivery area, every month, but it prescribes a specific marketing course of action for every single resident in your delivery area.

The way GREENMAIL is able to handle what appears to be millions of marketing decisions may seem complicated but it really isn't. The GREENMAIL Customer Tracking Program measures a customer's loyalty and stability by observing purchasing habits over the immediately preceding three month period. After three months of DOOR sheets are entered, every customer and potential customer will fall into one of the four customer categories. Thereafter, customer status will be updated monthly.

*****CUSTOMER TYPES*****

A	B	C	D
Great Customer He always buys	Good Customer He sometimes buys	Fading Customer He used to buy	Non-Customer He doesn't buy
Increase purchasing by promoting bigger pizzas, Noid dolls, etc.	Needs moderate offers. This is an average customer.	We are losing this customer. He hasn't bought a pizza in two months.	Heavy coupons may bring him into our camp. As we improve his customer status, we will wean him from his dependency on coupons.
Light coupons Premium offers	Use moderate approach with this type. If he slips into the C category, we can use stronger medicine.	He may be a dissatisfied customer. He may need a phone call, a survey or a strong coupon.	

The A, B, C, and D, classification system organizes all delivery area residents into these categories for a very good reason. Once a customer is classified, a mailing or doorhanging strategy is automatically implied; "A" customers receive "A" mailpieces or doorhangers; "B" customers receive "B" mailpieces or doorhangers and so on.

LIST OF POSSIBLE A, B, C, AND D, MAIL/DOORHANGER OFFERS TO BE MADE TO A, B, C, AND D CUSTOMERS

Customer Type "A"

Great Customer (always buys)

Coupon Offers

3 Cokes for 99 cents

Free Onions

Free Green Peppers

Premium with purchase

Recommend light offers

Non-Coupon offers

Domino's Pizza Nutrition Brochure

Thank You Card from Manager

Refrigerator magnet with phone number

"What-a-week" special mailing

Customer Type "B"

Good Customer (sometimes buys)

Coupon Offers

2 free Cokes w/any pizza

Any free item coupon

Dinner for 2 and for 4

\$3.00 off any 2 pizzas

Recommend moderate offers

Non-Coupon Offers

Yes/No Postcard

"What-a-week" special mailing

Special promotion of lunch, premium items, or the

ExtravaganZZa

Customer Type "C"

Fading Customer (used to buy)

Coupon Offers

Dough-book

\$2.00/\$3.00 off any pizza

6-pack Coke w/any pizza

Expirable Fast or Free delivery coupon. (Maybe we didn't make it last time and that's why he is a "C" customer. If that is true, then he may think he has a good chance of winning the bet.)

Recommend heavy offers

Non-Coupon offers

Earn \$2.00/\$3.00 coupon by filling out survey.

An offer that guarantees satisfaction or double money back (They may be a fading customer because they felt gypped on their last pizza.)

Customer Type "D"

Non-Customer (he doesn't buy)

Coupon Offers

\$2.00 to \$5.00 off coupons depending on how many tries you've made on customer.

A letter with a \$5.00 gift certificate in it.

Recommend very heavy offers

Non-Coupon offers

Earn \$5.00 coupon by answering survey.

Nutrition Brochure



THE LOST CUSTOMER HOTLINE

*Is saving a customer worth a phone call?
Some customers spend up to \$1,000.00 a year.*

GREENMAIL can put you in touch with your lost customers every month. Now you may order an optional report that lists your newly determined lost customers. That is, those customers not ordering for three consecutive months. Last month's "C" customer is this month's lost customer if he continued not to buy. You'll receive a special list of these customers with their phone numbers, and a printout of their purchase history. Knowing their phone number and history will allow you to make a highly relevant and timely phone call that will increase the chance of winning these customers back. Measure your success by seeing whether the customers you call show up on the next customer roster.

Possible phone script for the lost customer who has broken a long-term buying pattern.

Hello, this is Steve Green with Domino's Pizza in San Rafael. I'm calling because it's been a long time since we delivered a pizza to your home. I know you used to order more regularly from us and I was worried that there may have been a problem with your last pizza. Do you know if there was? Customer Response:

I'd like to mail you a special coupon book to reacquaint you with our menu. Would that be alright? Would you like me to put a six week or three month expiration date on the book?

Possible script for the customer who ordered just once, but not again.

Hello, this is Steve Green with Domino's Pizza in San Rafael. I'd like to thank you for ordering a pizza back in September. May I ask how you liked the pizza? Customer Response: ?*!?!+*!?

I'm sorry to hear that. Perhaps you'd be interested in trying our original-style pizza instead. It is the more popular choice among our customers.

Would it be o.k. if I sent you a coupon book worth \$12 in savings? It highlights all of the major pizza options that are available to you.

This is just one way to use the phone to sell more pizza. Can you think of others? Share your results with us and we'll let you know how other franchisees are using their GREENMAIL phone information. Inexpensive generic coupon books and offers are available for franchisee use to back up telemarketing efforts. Call Green Marketing 1-800-338-3216.

Strategic Doorhanging: The PIZZA SMARTS Way

TO: Marketing Manager:

From: Steve Green (PIZZA SMARTS)

When you think of doorhanging, you may be thinking of getting a bunch of neighborhood kids together and baby-sitting them for a few days until the last doorhanger is hung. Even with constant supervision you may still have the suspicion that the doorhanging operation wasn't all that efficient. What if the US Postal Service used this same method to deliver the mail. How much of your mail would you be getting? Since doorhanging is perhaps your most valuable marketing tool, maybe it's time to adopt a new way of doorhanging that is much more reliable and effective.

Let me introduce you to a new approach to doorhanging made possible by PIZZA SMARTS marketing technology. Now you can deliver messages to the residents of your market just as reliably as if they were being delivered by men wearing postal uniforms. But..... at only half the cost.

How to establish an effective doorhanging marketing program.

- 1) Read the enclosed doorhanging marketing guide.
- 2) Hire a reliable and friendly person who would like to begin a healthy exercise program, earn a good part-time income, and knows nothing about your kitchen.
- 3) Have your new employee read the enclosed manual.

There are really two improvements with the PIZZA SMARTS doorhanging method.

- 1) The delivery system. Instead of hiring and managing a crew to do the job periodically, we'll have one steady and reliable person who will do the job continuously and will be managed by a check system.
- 2) Right message—right customer approach. On occasion, we will use different doorhanging messages for different types of customers. And we will measure the response of your marketing just as if we were executing a measurable mailing program.

Doorhanging Manager's Guide

INDEX

1. Your Job as Doorhanging Manager
2. Why Doorhanging is so Important
3. Four Doorhanging Strategies
4. Doorhanging Verification System
5. Ordering Doorhanging Lists

Your Job as Doorhanging Manager

Congratulations! You have been selected to play a very important role in the success of this store.

If you have been hired according to the proper qualifications for this job, then you are an honest, dependable, and thorough person.

Your job title is Doorhanging Manager. You are responsible for managing the delivery of all doorhangers and keeping an accurate and updated delivery area address list. Your job is to thoroughly complete and report on your doorhanging assignments with the same degree of care and seriousness you would display if you were a letter carrier for the US Postal Service.

Instead of relying on a group of part-timers to cover the area quickly, we are relying on you to cover the entire marketing area steadily, responsibly, thoroughly, and single-handedly. Because delivering our doorhangers is as important to this business as our periodic mailings are, it will be necessary for you to adopt the following postal motto:

“Neither snow, nor rain, nor heat, nor gloom of night stays these couriers from the swift completion of their appointed rounds.”

HERODOTUS 430 BC

You are expected to stick to your schedule regardless of temperature or precipitation. Dress appropriately.

Why Doorhanging is So Important

Nothing shows the customer that we really want their business like doorhanging. Because our business is a service business, the customers will take our commitment to service more seriously when they see us going to the trouble of doorhanging their homes.

Simply put, doorhanging works. When you doorhang homes, there will be increased sales that same day. Doorhanging works as well as, if not better than, direct mail. When doorhanging doesn't work, it is almost always because the doorhangers never made it to the customer's door.

Four Doorhanging Strategies

You may be required to doorhang in different ways, depending on how the doorhanging assignment fits in with the current marketing plan. We will be segmenting our market geographically by carrier routes and also by customer type. (Current customers, non-customers, new customers, and fading customers.)

In some cases you will follow a list that is prepared for you in walk-down-the-street order. You may need to deliver more than one kind of mail piece. You may even need to deliver unconventional types of advertising material such as a message-in-a-bottle, or an updated frequent customer statement.

The four different methods of doorhanging are as follows:

1. One message (Doorhanger) to all customer types (For general advertising). This is the most common method of doorhanging.
2. One message (Doorhanger) to one customer type.
When sales are needed quickly, you may just doorhang the best customers for quick results. Or you may deliver an unusually strong message only to non-customers.
3. Multiple messages (Doorhangers) to one customer type. (For Testing) A variety of different doorhangers may be distributed to a particular customer group to test the effectiveness of the different messages.
4. Multiple messages (Doorhangers) to multiple customer types. (For the highest response rates.)

To test any of the above methods odd numbered addresses can be hung while even numbered addresses are ignored. Since PIZZA SMARTS reports track results by odd and even house numbers, you may accurately measure the impact of your marketing efforts.

You may be given a list to follow if you are doorhanging by customer type. You will need a map when doorhanging by geography. In some cases your doorhangers will be pre-labeled.

Doorhanging Verification System

WARNING: The company that works for us and produces the list that you will be using has a security check built into the list. Be sure that you pay very close attention to your list keeping responsibilities because any errors in your work will be detected. There will be at least 10 “seeded” addresses inserted into each list. The seeded addresses are decoy addresses that really don’t exist but are put on the list for you to find during the course of your work.

During the course of delivering doorhangers we will want you to update our customer list. Although there will be 10 seeds there for you to find, there will be many more non-existent addresses which have occurred as a result of data entry errors at the store and possibly from a bad customer list. It will be important for you to make notes and add corrections directly to the list. The store will need this list to make corrections to its computer database and it will be needed to properly grade your performance.

Ordering Doorhanging Lists

A doorhanging list is a list of any group of addresses you like that lists your targets in walk-down-the-street-order. Order by carrier route, by colored zone, by odd or even house numbers.

This list will allow your doorhanger to cover carrier routes systematically so that no home dismissed. It also allows you to coordinate simultaneous doorhanging and direct mail hits.

Doorhanging lists may include each physical address or it may simply define the exact path of travel.

TELEMARKETING APPLICATIONS

Is Saving a Customer Worth a Phone Call?

(Some of your customers now spend over \$1,000 per year.)

Why not get a list of fading customers and give them a call.

Here are a couple of sample phone scripts to get you started.

For the fading customer who used to be a great customer:

CALLER:

Hello, this is Steve Green with Steakout in Oxford.

I'm calling because it's been a long time since we delivered a meal to your home. I know you used to order more regularly from us and I was worried that there may have been a problem with your last order.

CUSTOMER: ?!=#\$&!?!!

CALLER:

I'd like to mail you a special coupon book to reacquaint you with our menu. Would that be all right? Would you like me to put a six week or 12 week expiration date on the book?

For the fading customer who tried you once but not again:

CALLER:

Hello, this is Steve Green with Steakout in Oxford.

I'd like to thank you for ordering a meal back in September. May I ask how you like it?

CUSTOMER: ?!=#\$&!?!!

CALLER:

I'm sorry to hear that. I wish you would have tried our sirloin special instead. It is the more popular choice among our customers. Would it be okay if I sent you a coupon book worth \$12 in savings? It highlights all of the major meal choices that you can make.

Database Marketing is really Customer Relationship Marketing. Use direct mail, doorhanging, and telemarketing to treat each customer like an individual.

SECTION 5

Measuring Results

Probe Mailings

Pizza Smarts Case Study:

Period to Period Statistical Comparison

Rear View Mirror

Using Your Mailing Response Report

PIZZA SMARTS

Measuring Results

a) Probe Mailings

Test the water before you take the big plunge. Mail a small test mailing to a randomly selected representative group of customers. The mailing should include two or more different mail-pieces that have been mixed and shuffled. The response rates from your test will tell you which mail-piece will be more successful before you commit to the big mailing. You may want to determine what the minimum level of incentive is that will trigger a purchase. You will not only save marketing costs but food costs as well.

b) Period to Period Statistical Comparison

Every customer group that you will be mailing has a built-in statistic to gauge mailing response. Non-Customer mailing success can be seen by an increase in the number of new customers. Regular customer response can be measured by an increase in the monthly purchase frequency. Lost customer rescue attempts can be graded by viewing the rescue rate. New customer welcoming success can be determined by the new customer retention rate.

c) Split Population Testing

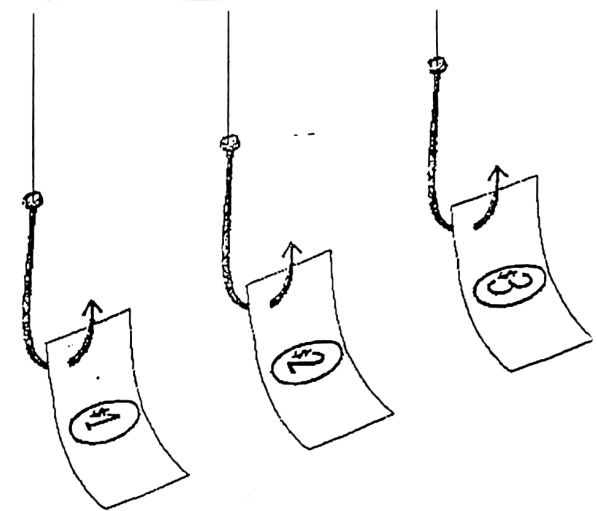
Mail to half of the population by odd or even house numbers using the unmailed population as your control group. Compare the mailed group with the unmailed group and see what the change is in the monthly activity rates. The difference between the percentage change between these groups can be attributed to the mailing. Divide the improved results by the cost of the mailing to determine your cost per person recruited (or activity increased).

PROBE MAILING

Test the waters—
before taking the big plunge.

Know your response rate before
you make that big investment.

Improve the response of your mailing so that it is worth that big investment.



Probe Mailings

Test the waters before you make the big plunge.

How would you like to know the results of your mailing before you make the big investment? Wouldn't you like to make sure your mailing will be successful?

Definition of a Probe Mailing:

A probe mailing is a small test mailing consisting of different mailing offers. These offers are mailed to your customers and, if used, are returned to your store. Here the return rates are calculated and it can then be used to forecast future mailing outcomes. Since these various probe offers hit your delivery area all at the same time you will know that the only factor affecting results is the message or coupon offer itself. This removes timing as a factor.

Two Major Advantages of Probe Mailings.

1) *It substantially reduces coupon cost.*

This is because the probe will tell you exactly how much coupon incentive is necessary to trigger a purchase. Knowing this before the big mailing will prevent you from overselling your easy customers.

2) *It increases the success of the mailing.*

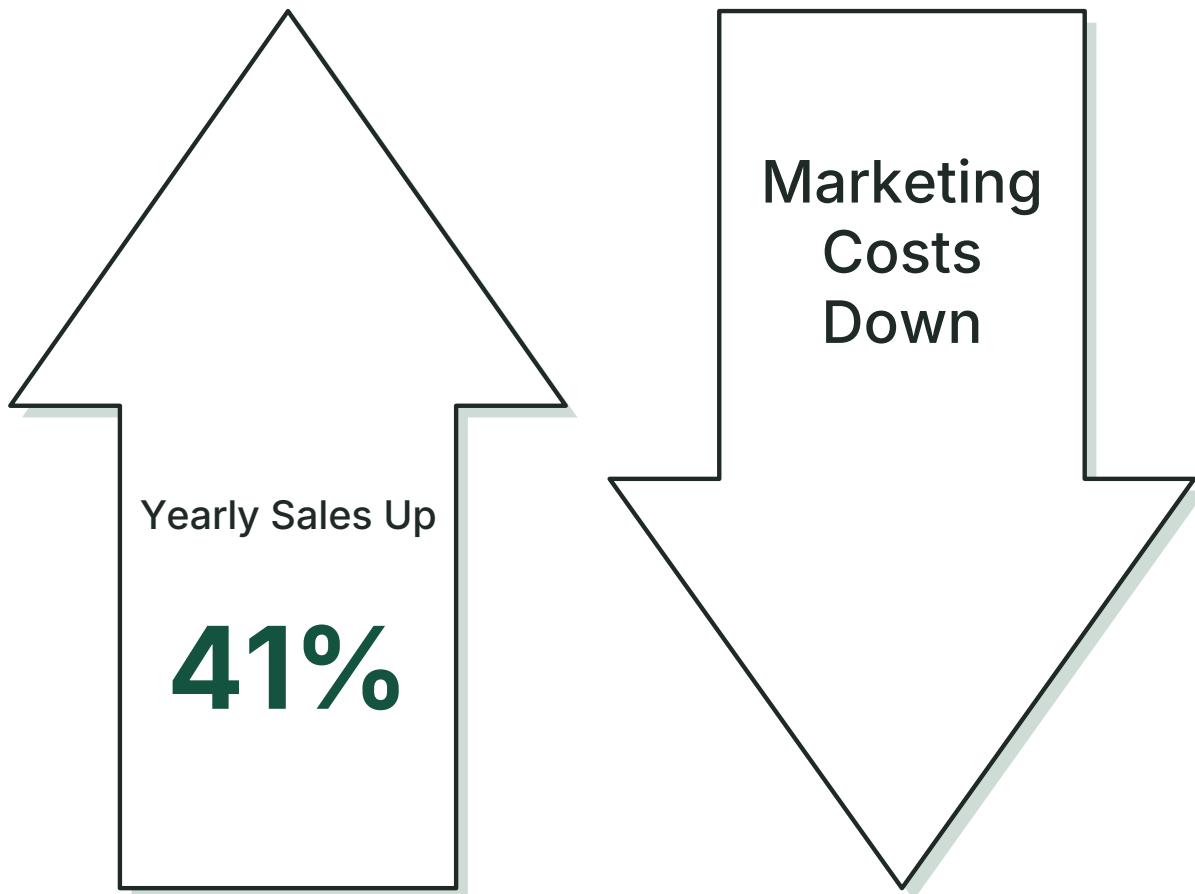
A probe can also tell you exactly what it will take to win over a new customer. It may be a price point or a special strategy that your probe can identify. Since you will know ahead of time what the best mailpiece reaction will be, your mailing is practically guaranteed to succeed.

Probe mailings can be used to test customers, non-customers, or any sub-customer group. Test premium offers, order options, or Coke combinations. Once you find out what's hot in your delivery area, you may decide to make a general campaign out of the idea while using radio, newspaper, or any other medium.

PIZZA SMARTS

Strategic Marketing and Response Tracking System

One Case Study



PIZZA SMARTS (Greenmail 1987-1991) has been used by over 500 delivery operations since 1987.

The following case study follows the progress of one store in Southern California between Dec 1989 and December 1990. The owner of this store, while achieving significant marketing goals, was able to reduce his marketing budget at the same time.

The information attached includes the timing, target, message and consequence of each mailer. Note how each mailing modestly contributes to sales but how over time sales gains are dramatic.

RESULTS

Case Study XXXXXX Southern California	December 1989	December 1990
Customers Ordering During Month	2574	3674
Market Penetration Rate	15%	20%

MARKETING PLAN THAT WORKS

- 1) Mailed to Lost Customers Every Month
- 2) Mailed to First Time Customers Every Month
- 3) Mailed to Non-Customers Every Other Month
- 4) Mailed to Regular Customers every 2 or 3 months

SCHEDULE OF MAILINGS

Mail Piece	Mailing Date	Expiration Date	Results
Lost Customer Rescue	Every Month	4 to 6 weeks	B Customers Up 36%
New Customer Welcome Kit	Every Month	4 to 6 weeks	A Customers Up 37%
Non-Customer Mailing	March 1990	4/30/95	1st Timers Increased 50% in March 22% in April-Over Feb
Non-Customer Mailing	June 1990	7/29/90	1st Timers Increased Up 66% in July
Customer Mailing	July 1990	9/29/90	Purchase Frequency Up 22% In August
Customer Mailing	October 1990	10/31/91	Purch/Freq Up 4%
Non-Customer Mailing	October 1990	11/18/90	1st Timers Up 4%
Customer Mailing	December 1990	1/31/91	Purchase Frequency Up 7% In December

Rear View Mirror Report

The Rear View Mirror Report provides trend information for the past six months. The first section of the report contains 10 statistics which are calculated based on the last three months customer history. This is due to the fact that it takes three months of data to define each customer type. Below the dotted line are 18 more statistics which chronicle customer activity for the current month. Viewing month to month changes here gives you the ability to see changes in the long term development of your customer base.

The Rear View Mirror Report allows a marketing manager to spot intermediate term trends by lining up monthly data and looking at each element with a long view.

Month:	Dec-89	Jan-90	Feb-90	Mar-90	Apr-90	May-90	Jun-90	Jul-90	Aug-90	Sep-90	Oct-90	Nov-90	Dec-90	Jan-91
Total Addresses	8567	10230	9783	10785	11270	12149	12551	13272	14018	14790	15416	16092	16802	17429
Customers Ordering	5191	5844	5141	5610	5357	5715	5612	5812	5973	6414	6658	6954	7121	7165
A Customers	974	918	878	909	999	1006	1120	1033	1217	1268	1332	1497	1512	1523
B Customers	3055	3720	3073	3389	3320	3438	3303	3518	3703	3896	4060	4153	4240	4165
C Customers	1162	1206	1190	1312	1038	1271	1189	1261	1053	1250	1266	1404	1369	1477
D Customers	3376	4386	4642	5175	5913	6434	6939	7460	8045	8376	8758	9136	9681	10264
Current Months Custs	2574	2982	2266	2905	2643	2862	2666	3113	3171	3455	3512	3676	3785	3647
First Timers	1297	1663	898	1346	1097	1193	824	1369	1153	1299	1346	1357	1294	1226
Recaptured Custs	0	0	116	158	177	226	258	237	301	350	334	350	343	315
Regular Custs	1277	1319	1252	1401	1369	1443	1584	1507	1717	1806	1832	1969	2148	2106
New Customers	1297	1663	1014	1504	1274	1419	1082	1606	1454	1649	1680	1707	1637	1541
Lost Customers	0	1010	871	1009	1052	886	1091	927	1036	875	1018	1023	1146	1145
GPA	3.0	3.0	2.9	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Batting Average	456	432	425	409	490	442	485	450	536	504	513	499	525	508
Number of Orders	4906	5333	4700	4989	4435	5337	5432	5706	7074	6229	6614	6696	7389	6599
Purchase Frequency	1.91	1.79	2.07	1.72	1.68	1.86	2.04	1.83	2.23	1.80	1.88	1.82	1.95	1.81

Mailing Response Report

Please take time to understand this report. This report is the most important tool you have with regard to measuring the effectiveness of your marketing. The Mailing Response Report is a mirror presentation of your Mailing Quantity Report. In fact, notice that the numbers in the “total” column in the above MQR report match the “total” column below in the MRR report.

The MQR reports on the exact number of unduplicated mailings or marketing targets within each of the three categories. (Geography, Customer Type, Odd/Even). In contrast to the MQR report, the MRR reports on the marketing statistic that indicates possible success or failure with that particular target group.

For example, among the following target groups:

Example:	Customers	Non-Customers	1st Timers	Fading Cust
MQR	3000 5.00% Quantity	9000 1.00% Quantity	150 15.00% Quantity	200 7.0% Quantity
MRR	1.8 10.00% Purchase Frequency	20.00% 5.00% Market Penetration	32.00% 18.00% Retention Rate	24.00% 8.0% Rescue Rate

The “3000” under Customers would come from the MQR report. This number means that there are exactly 3000 mailing targets that we would hit if we were to do a mailing this month. The “5%” under “Customers” means that the number 3000 is 5% higher than last months number of customers.

The “1.8” under “Customers” comes from the MRR report and this is the purchase frequency statistic for all customers. The “10%” under “Customers” means that the customer’s purchase frequency was up by 10% from last month.

If successful, a marketing effort to:

- 1) Customers should produce an increase in Purchase Frequency.
- 2) Non-Customers should produce an increase in Market Penetration.
- 3) 1st Timers should produce an increase in the Retention Rate.
- 4) Fading Customer should produce an increase in the Rescue Rate.

You may want to apply your marketing only to the odd numbers in your target group in order to better measure your effectiveness. That is why the additional breakdown appears on your report, so that you can measure more accurately marketing impact by geography or by target group.

How do you Market? Steering Wheel or Divining Rod?

by Steve Green

How does your company make marketing decisions?

Is it based on gut instincts or measurable results?

Before POS systems were common, marketing decisions were only scrutinized on a theoretical basis. No one really knew who made the best marketing decision because not many people really knew how to measure results. The most successful marketing directors were those that had the ability to convince others that their decisions were, in fact, the correct ones based on esoteric theories and unexplainable insights. In today's reality no one always makes the right decisions, and a good marketing director knows that and welcomes measurement or results so they can use it to make corrections in their marketing plan.

With measurable results favorable and unfavorable information can be used like a steering wheel to move your company along a forward moving course.

Without measurable results you are required to rely on gut feelings and the old marketing divining rod.

This wasn't a problem in the old days because the competition was using their gut feelings too. But now, POS systems have replaced the mystery of marketing with factual data. But even though the information is in your computer, you have to be able to get it out and be willing to look at it.

I once had a client who decided that the mailing he did was a flop because his sales didn't go up. Although this conclusion seemed to make sense at the time, the conclusion was wrong. How could this be? I analyzed his monthly activity and discovered something very interesting. The mailing he did was an especially attractive offer designed to recruit new customers. It was sent only to non-customers and resulted in three times the normal rate of new customers for the month. The mailing was obviously successful with the group that it reached, however since regular customer sales dropped at the same time of the mailing, it looked as though the mailing didn't work.

If we didn't have the insight provided through our database marketing program, we would have assumed that the mailing was a failure and would have scrapped an excellent sales building effort. Most marketing directors are required every day to make important decisions based on their gut feelings. If you never get contrary feedback, you'll always think your assumptions and analyses are correct. After all, since you never know what you don't know, there is no reality check. Savvy marketers who know how to use their computer data have discovered that their assumptions are wrong about 20% of the time. That's because when a mailing is done one of four events occur.

1. The mailing worked and we thought it worked.
2. The mailing worked and we thought it didn't work.
3. The mailing didn't work, but we thought it worked.
4. The mailing didn't work and we thought it didn't work.

Most of the time the gut level marketer and the measurable result marketer will agree and make a correct evaluation as in situation 1 and situation 4. But then . . . what about situations 2 and 3. Why believe information that is 80% truthful when you can get information that is nearly 100% truthful. You'll end up being 20% smarter and probably spend a lot less money.



a service of **GREEN ADVERTISING SERVICES**

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Top Ten Marketing Promotions

Promotion #1	New Customer Welcome Kit
Promotion #2	Fading Customer Rescue Card
Promotion #3	Magnetic Postcard Mailer
Promotion #4	Classic Non-Customer Postcard
Promotion #5	Scratch'N Win
Promotion #6	Message in a Bottle
Promotion #7	Holiday Greeting Cards
Promotion #8	Lunch Money
Promotion #9	Customized Letter Containing Check
Promotion #10	4 Color Menu & Coupon Mailer

PROMOTION #1

NEW CUSTOMER WELCOME KIT

An Ongoing Monthly Mailing Program



The New Customer Welcome Kit goes to every customer who is identified as a brand new customer. The Welcome Kit tells the new customer that there are many worthwhile menu items to select from (just in case the customer didn't like what he ordered).

Coupons are used to highlight the most important selling points of your business. Now you can give your "first-time customers" the attention this fickle group of customers needs to come back for a second time.

ESTIMATE FOR BUDGET	
All costs, including printing, mailing, postage	48¢ Per Piece

PROMOTION #2

FADING CUSTOMER RESCUE CARD



C-RESCUE: Don't let your lost "C" customer get away! Each month a life line can be thrown to those customers the **PIZZA SMARTS** system identifies as "the most likely to secede". The dollar effectiveness of C-Rescue can be calculated each month by comparing dollar cost with the improved rescue rate. C-Rescue allows you to do more than just worry about lost customers. C-Rescue provides 4 benefits:

1. It improves your customer rescue rate.
2. It provides you with information from your dissatisfied customers.
3. It identifies non-existent addresses that are a result of entry errors.
4. Gives the customer the message that you value him as a customer.

C-Rescue gets its name from the **PIZZA SMARTS** "C" customer which is the customer who ordered 3 months ago but not again. Your customized C-Rescue system can mail a satisfaction questionnaire to all fading (C) customers each month. The questionnaire can be returned by the fading customer for \$3 or \$3 off the customer's next order, or if he is not interested in buying a pizza, he can drop it in the mail and it will be returned to you by the **PIZZA SMARTS** Business Return System.

The C-Rescue system is your chance to get feedback ... and retrieve nearly lost customers.

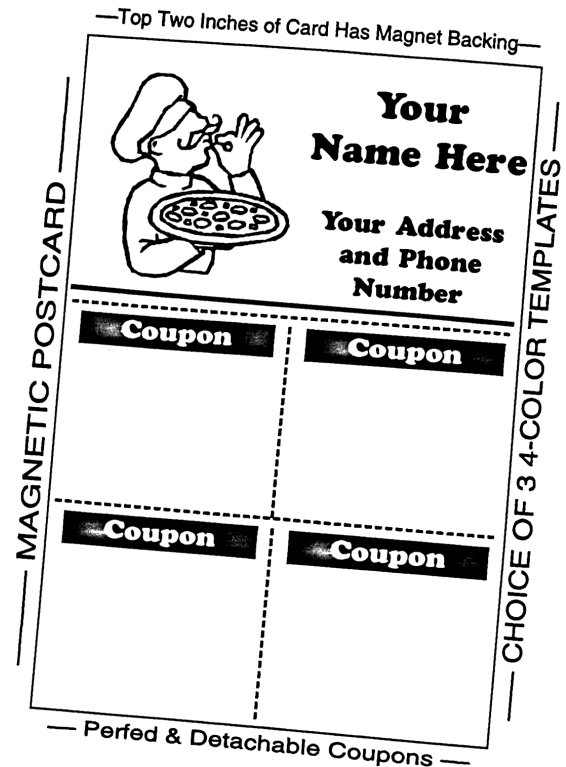
ESTIMATE FOR BUDGET	
All costs, including printing, mailing, postage	50¢ Per Piece

PROMOTION #3

MAGNETIC POSTCARD MAILER

Here's the **PIZZA SMARTS** way to get your coupons in front of your customers . . . A refrigerator coupon magnet from your store! These high quality coupon magnet mailers feature your logo and telephone number, plus four valuable coupons. Once the coupons are redeemed, your customers are left with the magnet, containing your logo and phone number, attached to their refrigerator.

The **PIZZA SMARTS** coupon magnet mailer is the perfect way to build sales and create valuable top of mind awareness.



New technology makes it possible. Promotional information is applied directly onto this flexible one-piece magnet card creating a cost efficient postcard magnet. Mailing address and indecia are printed on back of card making this the first one piece magnet mailer and making this all-time favorite customer mailing very, very affordable.

Dimensions: 3 1/2" x 5", 8 point card stock

Jumbo Size Magnetic Mailer Available:

4" x 10" on 8 point card stock.

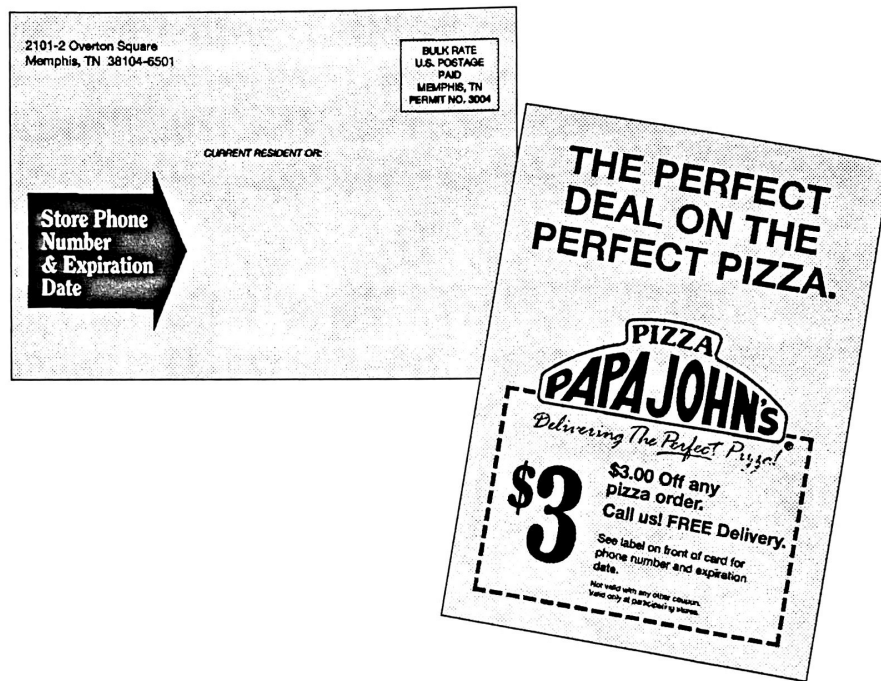
Add 5¢ to cost.

4 Color Quality

ESTIMATE FOR BUDGET	
All costs, including printing, mailing, postage	46¢ Per Piece

PROMOTION #4

CLASSIC NON-CUSTOMER POSTCARD



It may not look like much . . . but that's exactly why it works!

In those markets where your non-customers continue to recognize and then reject your marketing messages, use this card.

The front of the card, which is first seen by your prospect does not reveal who the card is from.

Only after turning the card over does the prospect realize who the marketing is from, and only after he gets your very clear message.

Great way to reach the hard-core non-customer. If \$3 off doesn't get him to try you, offer him \$5 off.

ESTIMATE FOR BUDGET	
All costs, including printing, mailing, postage	32¢ Per Piece

PROMOTION #5

SCRATCH'N' WIN



A **SCRATCH'N WIN** promotion is the **PIZZA SMARTS** way to build an exciting in-store or delivery promotion. This time-tested promotional tool will be a big draw to your store ... and **PIZZA SMARTS** is pleased to offer you a very cost effective and flexible Scratch'n Win game format. These eye-catching scratch' win cards are four color with a special scratch area located at the bottom of each card. Your customers will enjoy this promotion and you'll love how cost effective it is to implement.

ESTIMATE FOR BUDGET

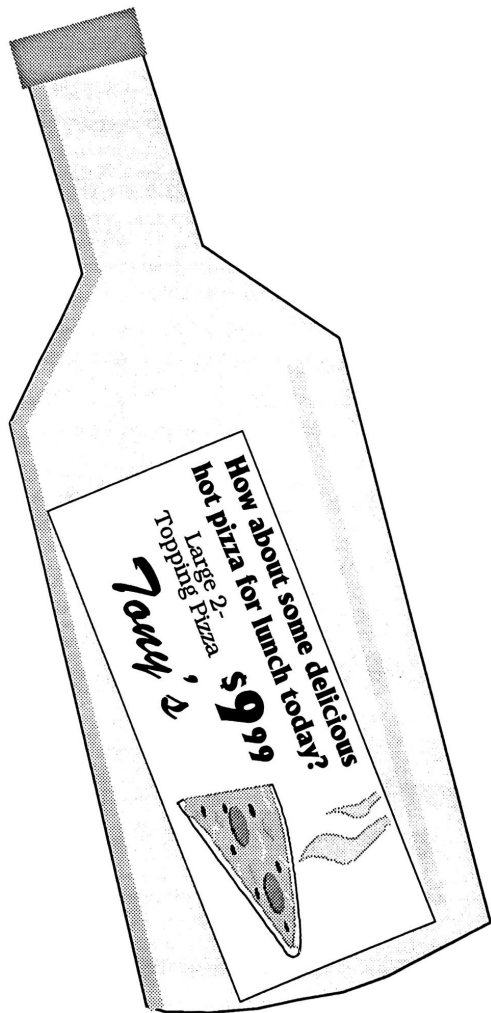
All costs, including
printing, mailing, postage

36¢

Per Piece

PROMOTION #6

MESSAGE IN A BOTTLE



Wouldn't it be exciting to find a message in a bottle? Well, here's your chance to bring this excitement to your customers when they find a bottle in their mail box with your message contained inside. Imagine the attention this unique mailer will generate within the businesses you're targeting. **Message in a Bottle** is the **PIZZA SMARTS** promotion for catching the attention of the hard to reach customers and businesses in your trading area.

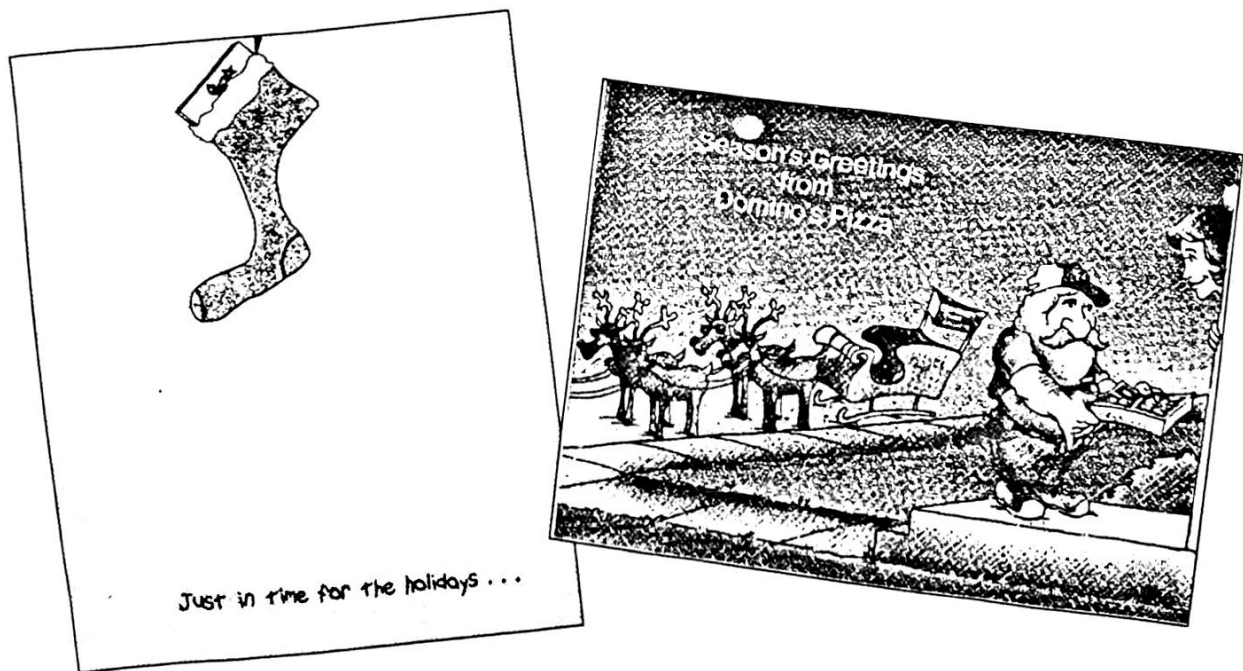
ESTIMATE FOR BUDGET	
All costs, including printing, mailing, postage	\$2 Per Piece

PROMOTION #7

HOLIDAY GREETING CARDS

Everyone loves to receive holiday greeting cards, especially when there's a valuable coupon included. **PIZZA SMARTS** has developed a series of attention getting greeting cards designed to deliver your message and a coupon. You can choose from CHRISTMAS, VALENTINES and HALLOWEEN. The **PIZZA SMARTS** Greeting Cards feature a festive two color design and are ready for mailing. This next holiday, send your customers a warm greeting and a valuable coupon.

Did we miss a holiday that's important to your trading area? Allow us to give you a quote on a custom card.



ESTIMATE FOR BUDGET

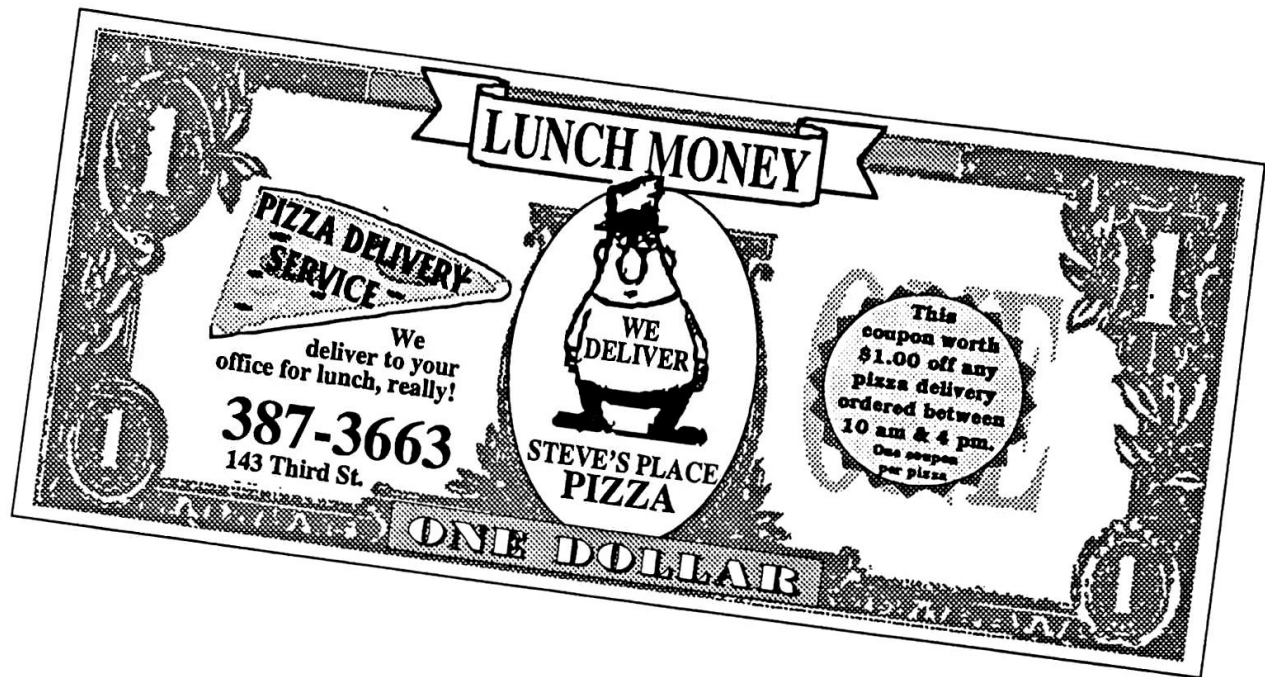
All costs, including
printing, mailing, postage

38¢

Per Piece

PROMOTION #8

LUNCH MONEY



Everyone could use an extra dollar for lunch ...

or dinner! Here's the **PIZZA SMARTS** way to get promotional dollars in the hands of customers and prospective customers. LUNCH MONEY looks like real dollars, but they can only be redeemed at your locations. Each LUNCH MONEY packet contains ten (10) one dollar coupons to be used any way you see fit. All the redemption information is contained on the back of each Lunch Buck so you can customize it's use. Use them as in-store handouts, box stuffers or door hangers. They're perfect handouts when you're visiting businesses in your trading area.

LUNCH BUCKS are slightly smaller than a real one dollar bill and are printed green on the cover and one color on the reverse side.

ESTIMATE FOR BUDGET

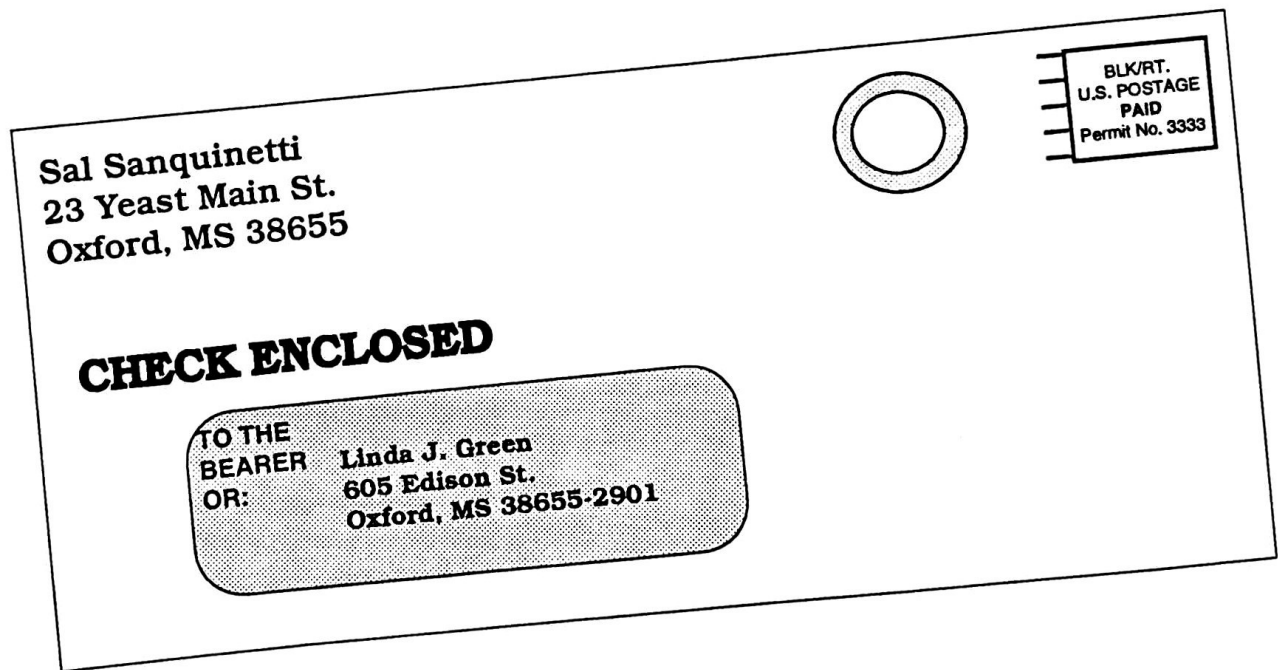
This book is not intended
to be mailed.

40¢
Per Piece

PROMOTION #9**CUSTOMIZED LETTER CONTAINING CHECK**

You've gotten them in the mail yourself. A check from AT&T, from gas card company.

A recent article in Direct Mail Industry Publication reported on a study showing that this marketing tool is currently the most effective response device. Why not test this offer on a group of hard-core non-customers? What is their breaking point? \$4? \$7? Who can resist cashing a check?



Please note: Advance planning and quantity of order will affect actual piece price.

ESTIMATE FOR BUDGET	
All costs, including printing, mailing, postage	48¢ Per Piece

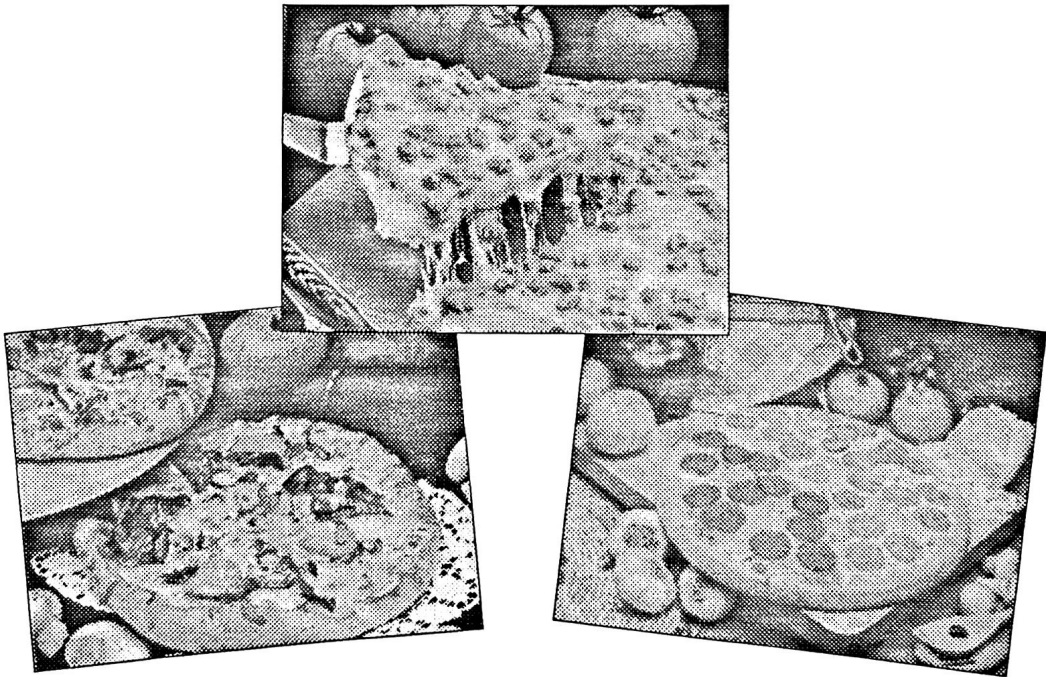
PROMOTION #10

4 COLOR MENU AND COUPON MAILER

If they can smell it . . . you can sell it. Although they'll only smell printer's ink, a good 4 color picture of a pizza can trigger hunger pangs just as if they were walking past your store.

Why would so much money go into 4 color mailing and inserts if this strategy didn't work?

4 color is a different way to hit customers. it's visual, emotional, primal. 4 color art menu works great with customers who already like you. It will increase their purchase frequency. If director towards non-customers, it will free them to see you in a new light.



ESTIMATE FOR BUDGET	
All costs, including printing, mailing, postage	40¢ Per Piece

The 7 Ways to Sell More Pizza

If at first you don't succeed-Try another approach

When designing your ad remember that there are more ways to sell more Pizza than just the regular "Here are some coupons -Please buy from us" approach.

- Quality:** Promote your superior quality. Nutrition Brochure. 4 color ads make mouths water.
- Variety:** Promote different menu items and choices. Baskin Robbins 31 flavors approach instead of just chocolate or vanilla.
- Delivery:** Only store with 29 Minute delivery. Quick solution to hunger. You're too busy to wait! Leave the driving to us.
- Carryout:** Save time and money. Be in control of the purchase. It's on your way home. Be a hero when you go home.
- Personality:** Show manager's or owner's photograph. Create empathy with the customer. Let them think of your business as a place they're welcome as a friend. Don't let your business just be a logo. Since you are a service business, remember that nothing personifies service like a person. "I guarantee your satisfaction".
- Deal:** Make them an offer they can't refuse. An offer that captures their imagination. An offer they help create by multiple choice response or scratch off participation. Fun sounding prices. Ridiculous sales events.
- Premium:** Free coke with purchase. Drinking glasses. Football. T-Shirt. Candy Bar. Box of Cereal. Squeeze bottle free with purchase.

Offers Cooked Up For Each Customer Type

For Customers - Light and Moderate Offers:

(both the great customer who always buys and the good customer who sometimes buys)

COUPON OFFERS

3 Cokes for 99 Cents
Free Onions
Free Green Peppers
Premium with purchase
2 free cokes w/any pizza
Any free item coupon
Dinner for 2 and for 4
\$3.00 off any 2 pizza

NON-COUPON OFFERS

Domino's Pizza Nutrition Brochure
Thank-You Card from Manager
Refrigerator magnet with phone number
"What-a-week" special mailing
Yes/No Postcard
Special promotion of lunch, premium items,
or the ExtravaganZZa

For Fading Customers - Heavy Offers

(used to buy)

COUPON OFFERS

Dough-book
\$2.00/\$3.00 off any pizza
6-pack Coke with any pizza
Expirable fast or free delivery coupon
(Maybe we didn't make it last time and that's why he is a fading customer. If that is true, then he may think he has a good chance to winning the bet)

NON-COUPON OFFERS

Earn \$2.00/\$3.00 coupon by filling out survey

An offer that guarantees satisfaction or double money back (They may be a fading customer because they felt gypped on their last pizza.)

For Non-Customers - Very Heavy Offers

(he doesn't buy)

COUPON OFFERS

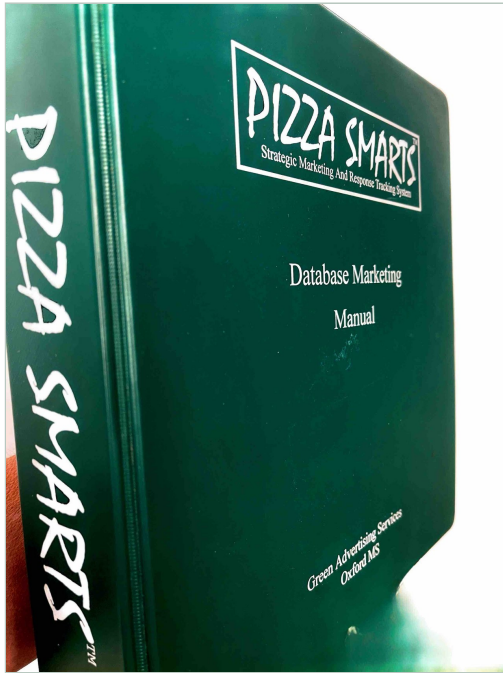
\$200 to \$5.00 off coupons
depending on how many tries you've made on customer.

NON-COUPON OFFERS

Earn \$5.00 coupon by answering survey
Nutrition Brochure

A letter with a \$5.00 gift certificate in it.

About This Edition



The original PizzaSMARTS binder, Green Advertising Services, Oxford, Mississippi.

This digital edition was re-typeset from a hand-made page-by-page scan of the original PizzaSMARTS Database Marketing Manual binder, as updated January 1, 1997. Steve Green's foreword introduces the original manual, which follows in the binder's page order.

The text is reproduced as it appears in the binder, including its original wording, spelling and names, so that it reads as the historical document it is. The one exception is arithmetic: calculation errors in the original tables and worksheets have been corrected. Page layouts have been rebuilt; flowcharts, diagrams, tables, worksheets and the sample computer reports have been reset from the originals; and the illustrations, sample mailers and hand-colored battle map have been restored from the scan.