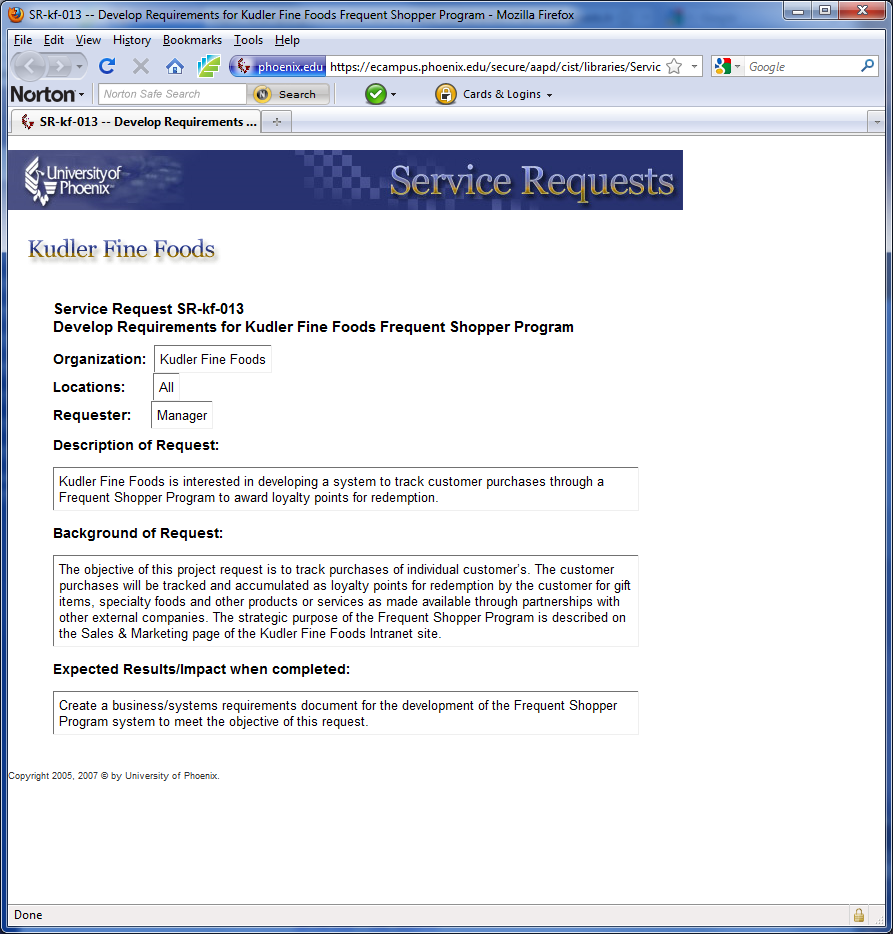
**Individual Assignment:** Prepare a 3-5 page (double space) paper describing the potential benefits for the company and/or customers as they relate to the development of the Kudler Fine Foods Frequent Shopper Program.  You will include the legal, ethical and security considerations for the development of this program.  Details for this program are described in the Service Request Sr-kf-013 and on the Sales and Marketing page of the Kudler Fine Foods Intranet site.



Sales & Marketing

[Home](https://ecampus.phoenix.edu/secure/aapd/cist/vop/Business/Kudler/KudlerHome002.htm) | Marketing Overview | [Sales Plan - 2007](https://ecampus.phoenix.edu/secure/aapd/cist/vop/Business/Kudler/Sales/KudlerSM002.htm) | [Market Surveys](https://ecampus.phoenix.edu/secure/aapd/cist/vop/Business/Kudler/Sales/KudlerSM003.htm) | [Communications](https://ecampus.phoenix.edu/secure/aapd/cist/vop/Business/Kudler/Sales/KudlerSMComm.htm)

Kudler Fine Foods has experienced significant growth and is now focused on expanding the services, improving the efficiency of its operations and increasing the consumer purchase cycle as a means to increasing the loyalty and profitability of its consumers.

Strategic Objective: Increase Loyalty and Profitability of Consumers

* Expanding Services (Revenue Increase) � Kudler is offering parties in the store to show customers how to prepare specialty foods. The draw for the consumers is to be trained by world-renowned chefs, local celebrities, other food experts, and even Kathy Kudler herself, and to be invited to exclusive, upscale events. The anticipated outcomes will be to increase the customer purchase rate of high margin food and beverage items and to get consumer to make an evening at Kudler Fine Foods part of their social network. This increased time in the store will increase the overall revenue per visit and increase the frequency of visits to the store. Consumers will receive multiple entries in high-ticket item contests by bringing a friend to the parties. While the firm�s preference is to have the events in-store, guests can have Kudler cooking classes at their home for a price premium. Programs such as this encourage consumer loyalty and word-of mouth marketing.
* Frequent Shopper Program (Revenue Increase) � Kudler�s new initiative is tracking purchase behavior at the individual customer level and providing high value incentives through a partnership with a loyalty points program. The customer purchase behavior patters will help Kudler refine its processes and offerings to best satisfy their valued customers. Price is not the primary differentiating factor for Kudler consumers; these consumers are focused on quality and finding specialized items. Therefore, rather than providing everyday discounts to the customers for their purchase frequency like lower end markets, Kudler has partnered with a loyalty points program to provide customers with points which can be redeemed for high end gift items, airline first-class upgrades, or other specialty foods.
* Increased Efficiency (Cost Reduction) � Kudler's is now in a position to focus on internal (both front line and behind the scenes) processes, and how those can be improved to deliver increased value to the customer. From a service perspective, Kudler is benchmarking Nordstrom department stores. In addition, the firm is developing employee training programs and integrating new software systems to facilitate the effort. Marketing has encouraged the purchasing department to find ways to reduce costs of ordering foods and minimize the amount of food to be stored, while also having a zero stock out policy. In response, purchasing has developed a supplier relations program and has solicited the help of marketing to help roll out the program.

Historical Sales Data and Financials

Historically, Kudler Fine Foods has tracked information such as dollar value and profit margin per transaction, dollar sales and profit levels by day, and dollar sales and profit margins by item. However, in an effort to leverage the information to create a more intimate relationship with their customers, the firm is integrating a system to track customer purchase behavior over time. The firm is in the process of developing this system now.

Marketing Budget

The marketing budget is primarily comprised of new initiatives, marketing communications, and marketing research.

New Initiatives

* Research, development, and rollout of new programs
* Cooking Classes
* Frequent buyer points program
* Supplier relations program

Marketing Communications activities include:

* Radio, Newspaper and Television advertising
* Public relations, events, and sponsorships

Marketing Research expenditures include:

* Market size / opportunity studies
* Food marketing trends studies
* Services benchmarking study

Growth Strategy

Within the next 12 months, Kudler plans to increase customer loyalty by offering added high-margin services, leveraging the firm�s better understanding of customer purchase patterns, and providing more efficient operations. Profitability will also be increased by cost reductions accomplished through supplier partnering programs. New customers will be acquired through social network marketing and word of mouth.

**Sales Plan**

**2007**

The purpose of this sales plan is to help Kudler’s managers prioritize and focus resources in a way that reaches the organization’s objectives. During 2007, Kudler plans to increase customer loyalty by offering added high-margin services, leveraging the firm’s better understanding of customer purchase patterns, and providing more efficient operations. New customers will be acquired through social network marketing and word of mouth. The selling function will support the expansion of services and programs to increase loyalty and profitability of existing customers and to gain new high-margin customers. The theme for this year is outlined below. Let’s make it a great year!

**Kudler Sales Plan 2007**

**Theme: Delight Our New and Existing Customers Through -**

* New Customer Focused Programs
* Better Information Management
* Targeted Awareness Building
* Increased Behind the Scenes Efficiency and Cost Containment

**Sales Plan Contents**

[Part 1: Strategic sales objectives with corresponding financial goals and roll-out schedules](https://ecampus.phoenix.edu/secure/aapd/cist/vop/Business/Kudler/Sales/KudlerSM002.htm#001)

New Customer Focused Programs  
Better Information Management  
Targeted Awareness Building  
Increased Behind the Scenes Efficiency

[Part 2: Tactics by marketing mix, timing, and relationship to strategic sales objectives](https://ecampus.phoenix.edu/secure/aapd/cist/vop/Business/Kudler/Sales/KudlerSM002.htm#002)

Product (existing products and new offerings)  
Pricing (pricing, promotions, and discounts)  
Promotions (customer and sales)  
Place (expansion, emphasis on locations or customer regions)

[Part 3: Customer Relationship Management Strategies and Tactics](https://ecampus.phoenix.edu/secure/aapd/cist/vop/Business/Kudler/Sales/KudlerSM002.htm#003)

**Part 1: Strategic sales objectives with corresponding financial goals and roll-out schedules**

**Strategic Sales Objectives**

The objective of the sales organization is to successfully implement programs designed to increase revenue and decrease costs. The sales group will support the rollout of new customer focused Programs, leverage customer information to support sales growth of existing customers, initiate targeted activities to recruit high-profit new customers, and support operational cost-cutting efforts taking place company-wide.

This section will review the following strategic initiatives:

* New Customer Focused Programs
* Better Information Management
* Targeted Awareness Building
* Increased Behind the Scenes Efficiency

**New Customer Focused Programs: Cooking Class Socials**

We will initiate specialty cooking classes as a way to increase the consumption of high-margin items among existing customers and to build awareness, trial, and regular shopping among new customers.

Kudler is offering parties in the store to show customers how to prepare specialty foods. The draw for the consumers is to be trained by world-renowned chefs, local celebrities, other food experts, and even Kathy Kudler herself, and to be invited to exclusive, upscale events. The anticipated outcomes will be to increase the customer purchase rate of high margin food and beverage items and to get consumer to make an evening at Kudler Fine Foods part of their social network. This increased time in the store will increase the overall revenue per visit and increase the frequency of visits to the store. Consumers will receive multiple entries in high-ticket item contests by bringing a friend to the parties. While the firm’s preference is to have the events in-store, guests can have Kudler cooking classes at their home for a price premium. Programs such as this encourage consumer loyalty and word-of mouth marketing.

*Role of the sales group:* The sales group will actively promote these programs to the existing customers and targeted potential new customers in key high-income zip codes. We anticipate that initially, the majority of participants will be existing customers, however, over time, new customers will participate in the programs. The projected mix of existing and new customers is outlined in the table below, along with the projected lift in revenue resulting from the programs.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Cooking Class Socials*** | | | | |
|  | | **Existing Customers** | **New Customers** | **Projected Revenue Lift** |
| **Q1** | Direct mail re: classes.  18 Specialty Cooking Classes | 90% | 10% | .75% |
| **Q2<** | 24 Specialty Cooking Classes | 75% | 25% | 1.25% |
| **Q3<** | Direct mail re: classes.  12 Barbeque Buster Classes  18 Specialty Cooking Classes | 65% | 35% | 1.75% |
| **Q4<** | 12 Customer In-Home Parties  24 Specialty Cooking Classes | 50% | 50% | 3.75% |
| **Total** |  |  |  | 7.50% |

**Better Information Management: Frequent Shopper Program**

Our new initiative is tracking purchase behavior at the individual customer level and providing high value incentives through a partnership with a loyalty points program. The customer purchase behavior patterns will help us refine its processes and offerings to best satisfy their valued customers. Price is not the primary differentiating factor for Kudler consumers; these consumers are focused on quality and finding specialized items. Therefore, rather than providing discounts to the customers for their purchase frequency like lower end markets, Kudler has partnered with a loyalty points program to provide customers with points which can be redeemed for high end gift items, airline first-class upgrades, or other specialty foods.

*Role of the sales group:* Sales will be trained on these programs, including in-depth training on data analysis. This is an important facet of our quest to delight the customer.

|  |  |  |
| --- | --- | --- |
| ***Frequent Shopper Program*** | | |
|  | | **Projected Revenue Lift** |
| **Q1** | Employee-wide training session  Frequent shopper program rollout | .25% |
| **Q2** | Assessment and refinement of program  Frequent shopper promotion, increased customer satisfaction | .50% |
| **Q3** | Frequent shopper promotion, increased customer satisfaction | 1.75% |
| **Q4** | Frequent shopper promotion, increased customer satisfaction | 2.25% |
| **Total** |  | 4.75% |

**Targeted Awareness Building: Direct Marketing and Word of Mouth**

Direct mail promotional literature will be sent to high-income zip codes to solicit customers. These pieces will contain information about the array of products and services offered by Kudler. Kudler will be positioned as a place to interact with others interested in exceptional quality foods for entertaining and everyday use.

*Role of the sales group:* Provide input during the development stages. Participate in the training sessions. Support the roll out of the direct mail piece.

**Increased Behind the Scenes Efficiency: Cost Cutting Initiatives**

Kudler is now in a position to focus on internal (both front line and behind the scenes) processes, and how those can be improved to deliver increased value to the customer. From a service perspective, we are benchmarking Nordstrom department stores. In addition, an employee training program and new software systems will facilitate the effort. Marketing has encouraged the purchasing department to find ways to reduce costs of ordering foods and minimize the amount of food to be stored, while also having a zero stock out policy. In response, purchasing has developed a supplier relations program and has solicited the help of marketing to help roll out the program.

*Role of the sales group:* Support cost cutting efforts as needed.

**Part 2: Tactics by marketing mix, timing, and relationship to strategic sales objectives**

**Product**

The frequent purchase program will give us valuable data on customer purchase patterns. Beginning in Q1, sales will work with purchasing to adjust the product offerings on shelf to reflect the needs of our customers. This analysis will evaluate frequently purchased items with their corresponding profit margin and fit within the product mix.

**Pricing**

The promotions introduced during Q1 such as the frequent purchaser and the cooking classes are designed to be self-funding. We are using a cost-plus minimum pricing strategy to hit our minimum 5% margin threshold, combined with a market-based strategy to build in additional margin around what the market is willing to bear. Rather than offer discounts to our customer, we offer value added services.

**Promotions**

For the sales department, our bonus is contingent, in part, on the successful implementation of the customer promotion programs discussed in this plan. If we meet 100% of the targeted revenue each quarter for the cooking class socials and the frequent purchaser program, then we receive a 1.25% bonus above our base salary and standard commission. If we meet our targets for every quarter, we will earn an additional 2% bonus. ***This means we have the potential to earn a bonus of up to 7% of our base salary.***

**Place**

At this time, we are focusing on improving our existing locations. However, sales is encouraged to actively consider new ways that we can expand our business geographically in the future.

**Part 3: Customer Relationship Management Strategies and Tactics**

Our emphasis this year is delighting our new and existing customers. As a sales organization, this means we must actively analyze our customer data to provide products and services that exceed customer needs. Every person influencing the sales organization will be expected to complete the course “Using Customer Data to Create Happy, Profitable Customers” within the first quarter of 2007.