Editorial

Journal of Database Marketing & Customer Strategy Management (2011) **18**, 1–4 doi:10.1057/dbm.2011.6

Writing, as I do, for the national press – as well as this somewhat more erudite journal – I sometimes come across stories that reflect the customer side, in a way that often makes me want to laugh or cry, of what we attempt to achieve as professionals. Examples of abysmal service delivery, together with the frantic public relations paddling that follows, usually in an attempt to explain why what happened was not the organisation's fault; or if it was, its very sorry and such things happen only rarely.

Sometimes that will be true. Sometimes, the claim will be wholly false – or at very least misleading – and its very falsity will later come back and bite the organisation making it. Sometimes, the poor service will be so outstanding that news editors will eventually tire of reporting it. That happened about 2 years ago in the United Kingdom, as stories of government and civil service losing personal data seemed, for a while, to be happening on an almost daily basis.

In fact, that was but the half of it. In 1 year, the UK's Information Commissioner reported something like 2000 instances of data lost by government. As these came to light, they were initially viewed as news: an outrageous lapse in good governance. But then, as a steady trickle of such stories turned to flood, editors gradually lost interest in time restricting reporting to only the worst, the most outlandish cases.

It was the sheer scale of government inefficiency that took the issue out of the headlines.

Sometimes, an issue is too complex, too integrated to be subject to easy analysis. That seems to be what is going on today with two separate but not entirely

unrelated trends: the use of social media to maintain customer relationships; and the increasing outsourcing of core business functions using informal services to achieve this.

Let us start with outsourcing. One story that I came across recently was the sorry tale of a photographer who had built up a business online, both storing and making his work available through one of the sites used as an aggregator for such work. The model worked, allowing this individual to structure his work, and put it out in the world without major additional investment on his part.

Or at least, it worked until the point where another subscriber to this service created an account, which 'borrowed' work from his – essentially, breaching copyright, and almost certainly harming the value of the photographs used. The individual complained requesting that these pictures be removed. The site responded by taking down his site.

It was an error. A simple mistake. But at a stroke, he lost access to several thousand pictures that were his livelihood. My understanding was that not all of these were backed up offline. Therefore, worse, he possibly lost finished items that he had worked hard to create.

The initial reaction of the picture host was not encouraging. Fulsome apologies: it was a mistake and they had not intended to do what they had done. Compensation was offered, in terms of an offer, to provide a free subscription for a limited period: and they were not at all sure they could recover all the work lost.

There is, of course, the issue of whether anyone in business should be so foolish as

to entrust their life's work entirely to one supplier. Putting that aside – because despite frequent advice to all of us to back up work, put in place fallback procedures, and similar, we rarely succeed 100 per cent in doing so – there is the much larger issue of the legal and moral responsibilities at play in this instance.

The law is likely to be mind-numbingly complex, with issues of jurisdiction being the first that need to be settled. After that come, questions such as whether any form of contract existed between the two individuals; whether terms and conditions laid down on site users can be put forward as evidence of such a contract; and whether any further duty – of care, for instance – comes into play.

In this case, it is to be hoped, some form of amicable solution may be found. In general, though, the legal action following the accidental destruction of someone else's business is likely to be considerable. If this case, highlights anything, it is two issues: first, the inadequacy of the host's response that appears to have been made at too low, a level within the organisation and to have been too focussed on administrative, rather than business issues; and second, far more important, the relationship of the individual involved to the supplier.

He placed his pictures on site without checking out the obligations that the service provider had to him. He trusted them: they let him down'; and now both parties are left picking up the pieces.

Could your business be next? You may think that you have nailed down most of your key suppliers with hard contracts, making clear to both parties what the consequence of failure would be. However, the current zeitgeist is for businesses increasingly to move toward informality: managers working away from the office, enabled by means of portable computing or intelligent phones.

There are now two conflicting models of work: the traditional, involving the placing

of software and function on the mobile device; and the new, in which individuals travel light with function and data held centrally. Sometimes that will be on their own business' servers, raising only issues of connectivity: but increasingly, key data is held outside the organisation often as a result of individuals – particularly in the sales area – deciding what works best for them.

In the United Kingdom again, holding an address list on a site like that belonging to the national telecoms provider – BT – may seem a fairly safe option. The moment, however, that an individual starts down that route, issues begin to multiply. Who is responsible for maintaining access to the data? Who owns the data (on some sites, a small clause in the terms and conditions highlight the fact that all content submitted to a site belongs to the site owner)? How is the data kept synchronous with data on other systems?

And what are the legal obligations in this relationship? Who is the client? The organisation for which the manager works? Or the manager? What happens if/when that manager moves elsewhere? How does the organisation force the list back in-house? Especially, if it is a list of clients – or even key clients. Last but by no means least, what happens when things go wrong?

That may not be such a big deal when you are talking just an individual contact list: the scope for damage rises exponentially as individuals set up larger lists outside their organisation's core function. Not just lists: many websites now offer analytic tools – either of the use of particular websites, or of supplied data?

They may offer electronic and other mailing services: Publishing and Translation. In fact, almost any core business service is now just a click away. As they are so easy to access, the decision to sign up to them is viewed as a no-brainer, and before an organisation is aware of it, it may find itself dependent on a dizzying array of external

suppliers to manage and analyse data, communications and even, in some cases, handle orders.

One answer is to return to formality: but that is not the way we do things now.

Our relations with our customers are increasingly informal, leading to the development of 'social CRM', which this journal has been covering in greater and greater depth of late: in this issue, a paper by Neil Woodcock on 'Social CRM as business strategy'.

There are now business models that are wholly focussed on social networking – Facebook and Myspace are just two. There are, however, increasingly aspects of social networking that creep into the activities of major business organisations. These can act in different ways.

First off, places like Facebook are acting as hosts for a large number of other businesses. In being hosts, they run the same risk as our picture hoster outlined above of getting it wrong. One major threat to Facebook's international reputation comes in respect of the issue of breastfeeding: for mothers and mothers-to-be, this is both natural activity and an area for discussion. It is also an area around which a range of businesses have set up.

However, the topic also comes with pictures, and over the last 2 or 3 years, Facebook has on more than one occasion taken down entire groups, consisting of tens of thousands of women, on the grounds that the associated pictures could be construed as obscene. This is public relations disaster on many fronts: it shows up Facebook's moderation process as flawed. It sets it on a collision course with approximately half the world's population (in online circles, Facebook has a growing reputation for intolerance in this area). And it suggests lack of competence: to make such a mistake once is allowable. To repeat it several times is not.

The damage done by Facebook may be mostly to individual groups and pages,

and to a few associated (small) businesses. Nonetheless, the same issues recur whenever a large organisation decides to dabble in using social networking as a means to cement relationships with its customer base.

First, because such a step is a massive shift to the informal again. Organisations that have historically been good at setting up and running formal processes must now learn how to 'manage' the informal in such a way that it is not obvious. The more used an organisation is to a control model of customer relationships, the harder this task is going to be.

Second, like Facebook, but on a smaller scale, organisations rapidly become mini-clouds in their own right. First, customers or prospects are encouraged to subscribe to a site and possibly to some associated services. That subscription usually entails the handing over of information, which must be held securely and managed professionally.

Recent settlements both in and out of court reveal just how expensive failure to maintain customer confidence can be.

Then, the services proliferate, as in order to make a site 'sticky', organisations add more and more useful gadgets on-site for customers to use. Again, for most, this is not at the same level as the issues that Facebook has in hosting apps, many originating outside their own control. Nonetheless, there are issues.

If you hold a customer's address book for them, then there is a reasonable expectation that it will be available. It is expected, too, that its security will not be compromised. Hold pictures – and in most cases, individuals do not expect their image to be easily liftable from a site.

Provide services – like a tax calculator, or a mortgage buying app – and there is almost certainly an obligation to accuracy. Provision of misleading information could, again, be a quick route to court.

And so it goes on. The theme of this editorial – a theme we will return to in

future issue – is that of informality. Businesses are out-sourcing function to other businesses ‘in the cloud’, without necessarily having a clear idea of the obligations due should matters go wrong. Businesses are, in their turn, providing services to their customer base, with much the same issues in play. No one has quite thought through the implications of responsibility.

In most cases, that will make little difference. Things tend not to go wrong, and when they do, it will be in small ways:

an irritant, but nothing major. Still, things do go wrong – and very occasionally, they do so in a big way.

When that happens, it will be a lucky business, in the current environment, that has put in place the contractual and support network to extricate itself from the incompetence of its informal support.

Jane Fae Ozimek
Managing Editor